



**PALMERSTON NORTH AIRPORT LIMITED**

**INTERIM REPORT**

**TO 31 DECEMBER 2018**

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

M A Georgel – Chairman  
G F Gillespie  
J E Nichols  
J M K B Adlam  
C G Cardwell

**MANAGEMENT:**

D J Lanham	Chief Executive
D J Yorke	Infrastructure Manager
G E Clark	Commercial Manager
V van Gysen	Finance Manager
A C Scott	Visitor Development Manager
J Gutry	Marketing Manager
B D Lawry	Terminal Manager
T B Cooney	Safety and Security Manager
D J Humphreys	Manager Valet and Agency Services
J M van Vuuren	Infrastructure Development Engineer

**REGISTERED OFFICE:**

Palmerston North Airport  
Terminal Building  
Airport Drive  
PALMERSTON NORTH 4442

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Web: [www.pnairport.co.nz](http://www.pnairport.co.nz)

**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 & CHIEF EXECUTIVE OFFICER FOR THE SIX MONTHS ENDING 31 DECEMBER 2018**

The first six months of the 2018/19 financial year has been busy for the management team with multiple infrastructure projects being completed or in progress, the highlight being the completion of Stage 1 of the \$5 million Massey University School of Aviation training facility.

The Board and Management of Palmerston North Airport Limited (PNAL) continue to implement the Company's strategy and strive to be the leading regional airport in New Zealand. The vision reflects the importance that Palmerston North Airport places on proudly portraying our regional identity and to the range of airport facilities and services offered to regional residents and visitors alike.

The vision also reflects PNAL's desire to work closely with a wide range of stakeholders both from a business and visitor perspective, and our regional communities and iwi.

In the twelve months to December 2018, Palmerston North Airport accommodated 675,867 travellers, an increase of 6.1% on the prior twelve-month calendar year. Auckland – Palmerston North services continue to grow at a double-digit pace and highlight the ongoing investment by our airlines in this important route and gateway to the rest of the world.

During the six-month period \$3.7 million of infrastructure projects were in progress, including reconstruction of the two primary taxiways and the airfreight apron, and construction of a replacement rescue fire facility.

Continuous improvement in the airport experience for travellers and other airport users was again a key driver of infrastructure development and airport operations. The extension of the Long Stay Car Park was commissioned earlier than envisaged due to the unprecedented demand from our regional catchment. The Long Stay Car Park offers the lowest airport car parking prices available at any airport within the lower North Island. The relocation of the rental car park to a larger area and commencement of upgrades to the General Car Park also commenced during the period.

Commercialisation of Ruapehu Business Park continued with construction of Stage 2 of the \$5 million Massey Aviation training facility and the subdivision of land on the corner of Railway Road and Airport Drive commencing. Significant interest is being shown in land adjoining Airport Drive from a range of industry types.

Community engagement activities gathered pace during the period with planning continuing for the PNAL-funded undercover barbecue facility at Rangitāne's Te Rangimarie Marae. In recognition of the airport's role as a gateway to the wider region community, engagement within the region continues to expand.

During the period PNAL undertook further soil, sediment, surface and ground water sampling for historical PFOS contamination. PNAL also managed a comprehensive community engagement exercise which involved liaising with over 100 property owners on the airport's northern, eastern and western boundaries about the testing programme.

Following consultation with private bore owners, ground water samples were taken from properties predominantly located to the north and west of the airport, who have some reliance on bores for drinking water. All samples were found to comply with Ministry of Health drinking water guidelines.

PNAL continues to develop a roadmap to carbon neutrality. During the period, PNAL selected the Airports Council International Airport Carbon Accreditation programme and was close to completing Level One of the four stage programme.

Due to the level of infrastructure development and community engagement activity being undertaken by the management team, two further additions were made including a second civil engineer, and a full-time marketing resource.

Revenue of \$5.206 million was 3.1% ahead of budget and 22.1% ahead of last year. Operating expenditure of \$2.404 million was on budget.

EBITDAE (excludes PFOS related expenditure) of \$2.801 million was 6.1% ahead of budget, and 37% ahead of last year.

Net surplus after taxation of \$1.055 million was on budget, and 25% above last year. PFOS testing related expenditure of \$0.147 million to date was the primary reason the strong EBITDAE performance did not translate into an equally strong net surplus result.

An on-budget EBITDA and Net Profit after tax result remains achievable by financial year-end.

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

Murray Georgel  
**Chairman**

David Lanham  
**Chief Executive**

**STATEMENT OF FINANCIAL PERFORMANCE**  
For the Six Months Ended 31 December 2018

	Note	31-Dec-18 6 Months Unaudited	31-Dec-17 6 Months Unaudited	30-Jun-19 12 Months SOI	30-Jun-18 12 Months Audited
<b>REVENUE</b>	4	5,205,868	4,261,757	9,952,224	8,482,757
<b>OPERATING EXPENSES</b>					
Airfield Services		354,212	354,212	819,364	719,620
Other Operating Expenses	5	768,571	815,668	1,435,213	1,513,154
<b>TOTAL OPERATIONS AND MAINTENANCE</b>		<u>1,122,783</u>	<u>1,169,880</u>	<u>2,254,577</u>	<u>2,232,774</u>
<b>Administration:</b>					
Audit Fees		15,787	16,393	29,988	29,488
Bad Debts Written Off					
Changes in doubtful debt provision		11		10,000	18,816
Directors' Fees		50,350	45,000	90,000	90,000
Employee Expenses	6	615,628	456,207	1,183,413	979,802
Administration	7	489,130	426,801	1,010,292	1,057,981
Market Development		110,913	101,180	205,000	
<b>TOTAL ADMINISTRATION:</b>		<u>1,281,819</u>	<u>1,045,581</u>	<u>2,528,693</u>	<u>2,176,087</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>2,404,602</u>	<u>2,215,461</u>	<u>4,783,270</u>	<u>4,408,861</u>
Extraordinary Items	19	147,077			
<b>Operating Surplus before interest, depreciation &amp; taxation (EBITDA)</b>		<u>2,654,189</u>	<u>2,046,296</u>	<u>5,168,954</u>	<u>4,073,896</u>
<b>Finance Costs &amp; Depreciation:</b>					
Finance costs	8	253,656	132,401	682,794	279,238
Depreciation	15	938,764	741,244	1,832,625	1,582,752
Loss on Sale of Assets					922
<b>TOTAL FINANCE COSTS &amp; DEPRECIATION:</b>		<u>1,192,420</u>	<u>873,645</u>	<u>2,515,419</u>	<u>1,862,912</u>
<b>Operating Surplus before taxation</b>		<u>1,461,769</u>	<u>1,172,651</u>	<u>2,653,535</u>	<u>2,210,984</u>
Taxation Expense on operating surplus	9	406,384	326,706	742,990	601,965
<b>NET SURPLUS AFTER TAXATION</b>		<u>1,055,385</u>	<u>845,945</u>	<u>1,910,545</u>	<u>1,609,019</u>

For and on behalf of the Board

Murray Georgel - *Chairman*

Date :

Jon Nichols - *Director*

Date :

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

*These financial statements are unaudited.*

<b>STATEMENT OF SERVICE PERFORMANCE</b>
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The Company's current Statement of Intent is dated June 2018.

The Company is trading as Palmerston North Airport Limited.

Palmerston North Airport Limited 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.

### Performance Measures:

	<b>Dec 2018 6 Months</b>	<b>Dec 2017 6 Months</b>	<b>SOI Target 6 Months</b>
1. Ratio of Net Surplus before interest and tax to Total Assets:	2.1%	1.7%	2.2%
2. Ratio of Net Surplus after interest and tax to consolidated Shareholders funds:	1.7%	1.4%	1.7%
3. Ratio of shareholder funds to total assets (of or above):	75.3%	80.4%	72.1%
4. Interest cover ratio of Net Surplus before interest tax and depreciation to interest, at or above 2.5 times:	10.5	15.5	8.9
5. Maintain a tangible net worth (of or above) \$35m	\$61.1M	\$59.9M	\$62.7M
6. Total Passenger Throughput	352,000	327,000	322,000
7. CAA Part 139 Certification	Achieved	Achieved	Achieve
8. Lost time due to injuries of those who work within our airport community	Zero	Zero	Zero

**STATEMENT OF COMPREHENSIVE INCOME**  
For the Six Months Ended 31 December 2018

<i>Note</i>	31-Dec-18 6 Months Unaudited	31-Dec-17 6 Months Unaudited	30-Jun-19 12 Months SOI	30-Jun-18 12 Months Audited
<b>NET SURPLUS AFTER TAXATION</b>	<b>1,055,385</b>	<b>845,945</b>	<b>1,910,545</b>	<b>1,609,019</b>
Gains on revaluation of land and buildings	-	-	-	0
Movement in deferred tax	-	-	-	0
Reversal of valuation surplus on disposal				0
<b>Comprehensive income attributed to the shareholder</b>	<b>1,055,385</b>	<b>845,945</b>	<b>1,910,545</b>	<b>1,609,019</b>

**STATEMENT OF CHANGES IN EQUITY**  
For the Six Months Ended 31 December 2018

<i>Note</i>	31-Dec-18 6 Months Unaudited	31-Dec-17 6 Months Unaudited	30-Jun-18 12 Months SOI	30-Jun-18 12 Months Audited
<b>EQUITY AT THE BEGINNING OF THE YEAR</b>	<b>60,704,107</b>	<b>59,614,743</b>	<b>60,574,210</b>	<b>59,614,744</b>
Total Comprehensive (loss) income	1,055,384	845,947	1,910,545	1,609,019
Movement in Asset Revaluation Reserve				
Distribution to shareholders during the year	(643,650)	(519,653)	(591,515)	(519,656)
<b>EQUITY AT THE END OF THE YEAR</b>	<b>61,115,841</b>	<b>59,941,037</b>	<b>61,893,240</b>	<b>60,704,107</b>

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

*These financial statements are unaudited.*



## STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	31-Dec-18 Unaudited	31-Dec-17 Unaudited	30-Jun-19 SOI	30-Jun-18 Audited
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	10	325,025	188,570	109,973	196,233
Trade accounts receivable	11	727,131	509,519	697,677	615,811
Sundry receivables and prepayments		120,098	93,776	1,858	166,949
Assets intended for sale					288,151
<b>TOTAL CURRENT ASSETS</b>		<b>1,172,254</b>	<b>791,865</b>	<b>809,508</b>	<b>1,267,144</b>
<b>Less: CURRENT LIABILITIES</b>					
Income in advance		124,815	97,203	90,000	122,884
Trade accounts payable	12	556,909	822,877	500,000	1,344,788
Other creditors		92,829	121,204	250,000	504,431
Employee benefit liabilities	13	319,604	88,651	135,000	114,742
Tax payable		67,960	48,965	22,501	
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,162,117</b>	<b>1,178,900</b>	<b>997,501</b>	<b>2,086,845</b>
<b>WORKING CAPITAL</b>		<b>10,137</b>	<b>(387,035)</b>	<b>(187,993)</b>	<b>(819,701)</b>
<b>Add: NON CURRENT ASSETS</b>					
Property, Plant & Equipment	15	79,375,226	73,228,798	84,424,068	76,052,004
Investment Property		575,000	575,000	575,000	575,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>79,950,226</b>	<b>73,803,798</b>	<b>84,999,068</b>	<b>76,627,004</b>
<b>Less: NON CURRENT LIABILITIES</b>					
Deferred tax liability	16	7,844,320	8,075,726	8,075,726	7,844,320
Borrowings	14	11,000,202	5,400,000	14,842,108	7,258,876
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>18,844,522</b>	<b>13,475,726</b>	<b>22,917,834</b>	<b>15,103,196</b>
<b>NET ASSETS</b>		<b>61,115,841</b>	<b>59,941,037</b>	<b>61,893,241</b>	<b>60,704,107</b>
<b>Represented by:</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Paid in Capital		9,380,400	9,380,400	9,380,400	9,380,400
Retained earnings		19,800,285	18,625,481	20,577,685	19,388,551
Asset revaluation reserve		31,935,156	31,935,156	31,935,156	31,935,156
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>61,115,841</b>	<b>59,941,037</b>	<b>61,893,241</b>	<b>60,704,107</b>

For and on behalf of the Board

Murray Georgel - *Chairman*

Date :

Jon Nichols - *Director*

Date :

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These financial statements are unaudited.

**CASH FLOW STATEMENT**  
For the Six months Ended 31 December 2018

	Note	31-Dec-18 6 Months Unaudited	31-Dec-17 6 Months Unaudited	30-Jun-19 12 Months SOI	30-Jun-18 12 Months Audited
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash was provided from:					
Receipts from Customers		5,088,120	4,352,745	9,827,002	8,466,891
Refund of Income tax					
Interest Received		1,267	2,095	152	2,183
		<u>5,089,387</u>	<u>4,354,840</u>	<u>9,827,154</u>	<u>8,469,074</u>
Cash was disbursed to:					
Payment to Suppliers and employees		3,321,915	1,849,870	4,780,689	4,192,162
Payment of Income Tax		583,782	562,152	780,000	690,702
Interest Payments		253,662	132,401	682,794	279,238
		<u>4,159,359</u>	<u>2,544,423</u>	<u>6,243,483</u>	<u>5,162,102</u>
Net cash flow from operating activities	17	<u>930,028</u>	<u>1,810,417</u>	<u>3,583,671</u>	<u>3,306,972</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Cash was provided from:					
Sale of Fixed Assets				2,700,000	49,971
				<u>2,700,000</u>	<u>49,971</u>
Cash was applied to:					
Purchase of Fixed Assets		3,898,906	1,940,234	12,620,000	5,337,965
		<u>3,898,906</u>	<u>1,940,234</u>	<u>12,620,000</u>	<u>5,337,965</u>
Net cash flow from investing activities		<u>(3,898,906)</u>	<u>(1,940,234)</u>	<u>(9,920,000)</u>	<u>(5,287,994)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Cash was provided from:					
Borrowing		5,649,807	1,400,000	7,322,000	11,850,000
		<u>5,649,807</u>	<u>1,400,000</u>	<u>7,322,000</u>	<u>11,850,000</u>
Cash was applied to:					
Repayment of borrowings		1,908,488	850,000	600,000	10,600,000
Payment of Dividends		643,650	519,649	591,515	519,649
		<u>2,552,138</u>	<u>1,369,649</u>	<u>1,191,515</u>	<u>11,119,649</u>
Net cash flow from financing activities		<u>3,097,669</u>	<u>30,351</u>	<u>6,130,485</u>	<u>730,351</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts					
		128,791	(99,466)	(205,844)	(1,250,671)
Cash, cash equivalents and bank overdrafts at the beginning of the year					
		196,233	288,036	315,842	288,028
Cash, cash equivalents and bank overdrafts at the end of the year	10	<u>325,024</u>	<u>188,570</u>	<u>109,998</u>	<u>(962,643)</u>
Made up of:					
Cash and Bank Balance		325,024	188,570	109,998	196,233
Current portion of short term loan					(1,158,876)
<b>CLOSING CASH BALANCE</b>		<u>325,024</u>	<u>188,570</u>	<u>109,998</u>	<u>(962,643)</u>

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

*These financial statements are unaudited.*

**Statement of Commitments**

For the Six Months Ended 31 December 2018

**Non-cancellable Commitments - Operating Lessee**

Not more than one year	36,176
One to two years	28,168
Two to five years	23,148
Over five years	
Total	\$ 87,492

**Non-cancellable Commitments - Operating Lessor**

Not more than one year	682,350
One to two years	717,634
Two to five years	958,118
Over five years	470,810
Total	\$ 2,828,913

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the six months ended 31 December 2017**
**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 2018 have been applied consistently to all periods presented in these financial statements.

	<u>31-Dec-18</u>	<u>31-Dec-17</u>	<u>30-Jun-19</u>	<u>30-Jun-18</u>
	<u>6 Months</u>	<u>6 Months</u>	<u>12 Months</u>	<u>12 Months</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>SOI</u>	<u>Audited</u>
<b>4. ANALYSIS OF OPERATING REVENUE:</b>				
Landing, departure & facility fees	3,208,749	2,568,789	5,900,000	5,021,996
Car park, rent and advertising	1,840,946	1,537,702	3,755,427	3,276,917
Other	149,613	155,245	296,645	183,818
Interest	6,560	21	152	26
	5,205,868	4,261,757	9,952,224	8,482,757
<b>5. OTHER OPERATING EXPENSES</b>				
Rates	186,991	177,566	366,840	357,380
Power and Insurance	174,648	152,767	292,681	310,943
Repairs and maintenance	393,955	485,335	819,364	844,831
	755,594	815,668	1,478,885	1,513,154

	<u>31-Dec-18</u> <u>6 Months</u> <u>Unaudited</u>	<u>31-Dec-17</u> <u>6 Months</u> <u>Unaudited</u>	<u>30-Jun-19</u> <u>12 Months</u> <u>SOI</u>	<u>30-Jun-18</u> <u>12 Months</u> <u>Audited</u>
<b>6. EMPLOYEE EXPENSES</b>				
Salaries and wages	581,164	454,304	1,126,301	942,454
Employer Contribution to Kiwi Saver	17,474	12,082	33,623	31,419
Movement in employee entitlements	16,990	(10,179)	23,489	5,929
	<u>615,628</u>	<u>456,207</u>	<u>1,183,413</u>	<u>979,802</u>
<b>7. ADMINISTRATION</b>				
Legal	29,981	56,353	150,000	84,646
Consultancy	68,643	94,405	200,000	169,470
Contactors	143,638	104,738	211,960	216,598
General Administration	188,327	171,305	237,060	247,989
	<u>430,589</u>	<u>426,801</u>	<u>799,020</u>	<u>718,703</u>
<b>8. FINANCE COST</b>				
Interest on term loans	253,656	132,401	682,794	279,238
Interest on overdraft				
	<u>253,656</u>	<u>132,401</u>	<u>682,794</u>	<u>279,238</u>
<b>9. TAXATION:</b>				
Current year tax payable	406,384	326,706	742,990	833,371
Prior year adjustments	-	-	-	-
Movement in deferred tax	-	-	-	(231,406)
Total	<u>406,384</u>	<u>326,706</u>	<u>742,990</u>	<u>601,965</u>
<b>10. CASH &amp; CASH EQUIVALENTS</b>				
BNZ Current account	290,281	172,429	109,973	167,432
Cash on hand	23,896	5,301	0	17,957
Short term deposits	10,848	10,840	0	10,844
Total	<u>325,025</u>	<u>188,570</u>	<u>109,973</u>	<u>196,233</u>
<b>11. TRADE ACCOUNTS AND OTHER RECEIVABLES</b>				
Debtors and other receivables	847,229	820,374	699,535	628,196
Receivables from related party	0	2,503	0	2,431
Provision for impairment	0	0	0	(14,816)
Total	<u>847,229</u>	<u>822,877</u>	<u>699,535</u>	<u>615,811</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.

	<u>31-Dec-18</u> <u>6 Months</u> <u>Unaudited</u>	<u>31-Dec-17</u> <u>6 Months</u> <u>Unaudited</u>	<u>30-Jun-19</u> <u>12 Months</u> <u>SOI</u>	<u>30-Jun-18</u> <u>12 Months</u> <u>Audited</u>
<b>12. TRADE ACCOUNTS PAYABLE</b>				
Trade accounts payable	1,094,157	820,374	975,000	1,344,788
Payables to related party	0	2,503	591,515	643,650
<b>Total</b>	<b>1,094,157</b>	<b>822,877</b>	<b>1,566,515</b>	<b>1,988,438</b>
<b>13. EMPLOYEE BENEFIT LIABILITIES</b>				
Accrued Pay	124,242	34,287	135,000	51,959
Annual leave		52,312		61,176
Sick leave		2,052		1,607
<b>Total</b>	<b>124,242</b>	<b>88,651</b>	<b>135,000</b>	<b>114,742</b>
<b>14. BORROWINGS</b>				
Borrowings	11,000,197	5,400,000	14,842,108	6,100,000
Current portion of borrowings			-	1,158,876
<b>Total</b>	<b>11,000,197</b>	<b>5,400,000</b>	<b>14,842,108</b>	<b>7,258,876</b>

The Company has a bank facility of \$11.1 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 Company also has an additional facility of \$5m for the construction of the Massey Aviation Training facility.

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

#### 15. PROPERTY, PLANT AND EQUIPMENT

	<b>30-Jun-18</b>		<b>Disposals</b>			<b>31-Dec-18</b>
	<b>Carrying Amount</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accum Dpn</b>	<b>Depreciation</b>	<b>Carrying Amount</b>
Land	28,000,000					28,000,000
Buildings	11,629,587	1,457			158,879	11,472,165
Infrastructure	31,713,141	1,138,818			566,313	32,285,646
Plant & Equipment	1,031,567	156,090	84,258	84,258	107,833	1,079,824
Furniture & Fittings	156,823				13,944	142,879
Computer Equipment	48,820	5,730			22,453	32,098
Motor Vehicles	517				221	296
Intangibles	17,304				2,318	14,986
	<b>72,597,759</b>	<b>1,302,095</b>	<b>84,258</b>	<b>84,258</b>	<b>871,961</b>	<b>73,027,893</b>

It is Management's opinion that there is no reason that any of the assets of the Company should be impaired, as at 31 December 2018.

## 16. DEFERRED TAX ASSETS/(LIABILITIES)

	<b>Property, plant and equipment</b>	<b>Employee entitlements</b>	<b>Other provisions</b>	<b>Total</b>
Balance at 30 June 2018	7,874,733	(25,979)	(4,435)	7,844,320
Change to profit and loss				
Balance at 31 December 2018	<u>7,874,733</u>	<u>(25,979)</u>	<u>(4,435)</u>	<u>7,844,320</u>

## 17. CASH FLOW RECONCILIATION

Reconciliation of surplus after taxation with net cash flow from operating activities

	<b>31-Dec-18</b>	<b>31-Dec-17</b>	<b>30-Jun-19</b>	<b>30-Jun-18</b>
	6 Months	6 Months	12 Months	12 Months
	<b>Unaudited</b>	<b>Unaudited</b>	<b>SOI</b>	<b>Audited</b>
Net surplus after tax	1,055,385	845,945	1,330,987	1,609,019
Add Depreciation	938,764	741,244	1,685,551	1,582,752
Add loss of sale of assets	0	0	77,000	922
Net movement in deferred tax	0	0	0	(231,406)
Net movement in working capital	<u>(1,064,121)</u>	<u>223,228</u>	<u>490,133</u>	<u>345,685</u>
Net cash flow from operating activity	<u>930,028</u>	<u>1,810,417</u>	<u>3,583,671</u>	<u>3,306,972</u>

## 18. CONTINGENCIES

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

## 19. EXTRAORDINARY ITEMS

The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream resulted in costs of \$0.147 million being incurred during the six months to 31 Dec 2018.