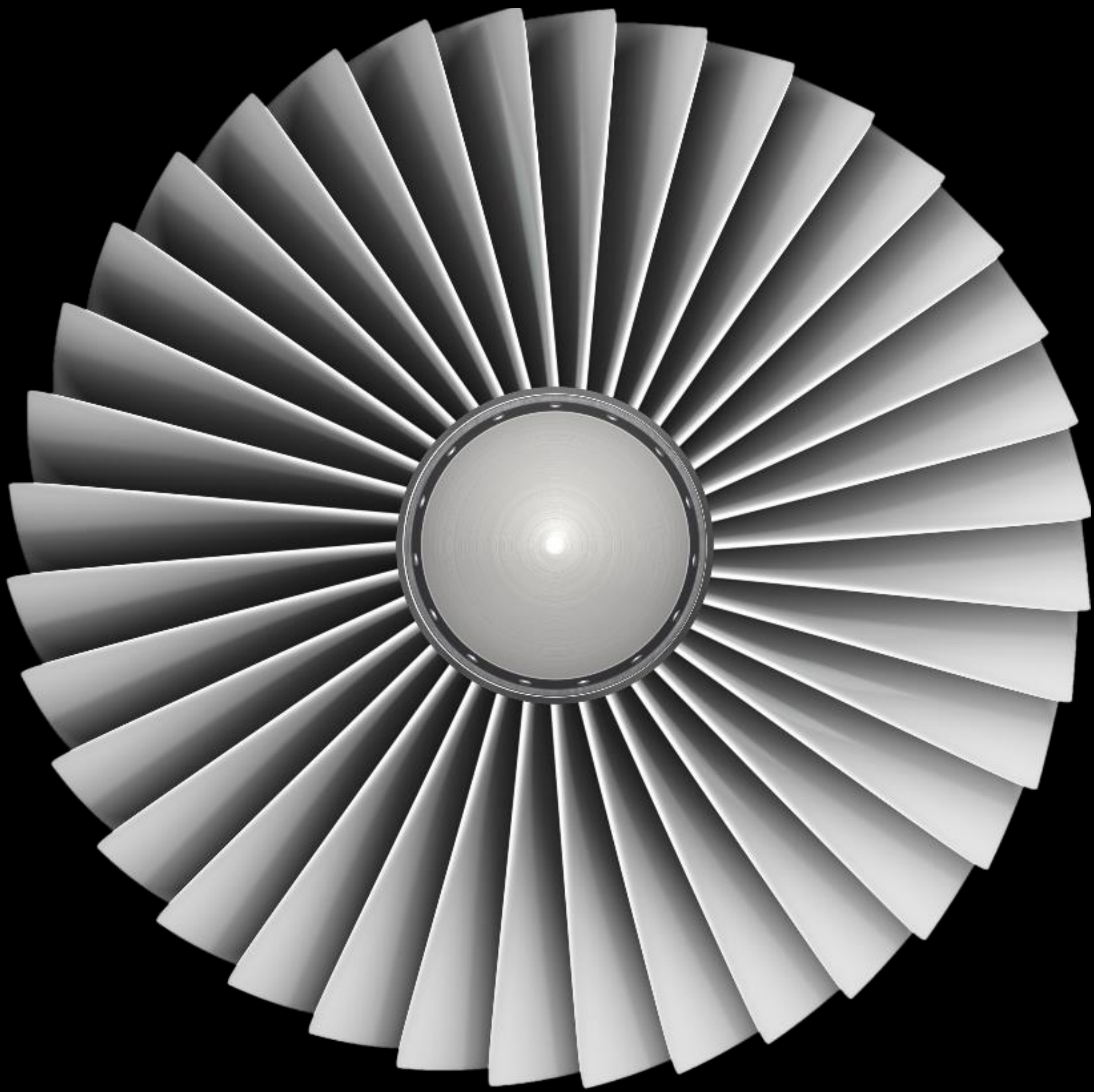
2017 Disclosure Financial Statements

Dunedin International Airport Limited



Dunedin International Airport Limited
Identified Airport Activities
Disclosure Financial Statements

table of contents

company particulars

Directors

S J McLauchlan, BCom, FCA(PP), AF Inst D (Chairman, Member – Audit Committee)
T Allison, BCom, BA, CA, CMinstD (Chairperson – Audit Committee)
P A Oakley, BCom, M Inst D (Chairperson – Remuneration Committee)
M Rogers, BA(Hons), M Inst D, MNZIM (Chairperson – Health and Safety Committee)

Chief Executive

R Roberts, BEng (Hons), M Inst D

General Manager Commercial

C Cope, B Com, Dip Grad, CA

General Manager Infrastructure & Service Delivery

D Debono, BAvMan

General Manager Business Development

M Crawford, BA, BCom, M Inst D

Registered Office

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Dunedin International Airport
Private Bag 1922
DUNEDIN

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E-mail	admin@dnairport.co.nz
Website	www.dunedinairport.co.nz

Banker

Westpac
101 George Street
DUNEDIN

Solicitors

Gallaway Cook Allan
123 Vogel Street
DUNEDIN

Auditor

Julian Tan of Audit New Zealand
On behalf of the Auditor-General

Airlines

FOR THE YEAR ENDED 30 JUNE 2017

Airline	Aircraft Type
DOMESTIC	
Air New Zealand	Boeing 737-300
Air New Zealand	Airbus 320-200
Mount Cook Airline	ATR 72
Air Nelson	Dash 8-300
Jetstar	Airbus 320-200
Kiwi Regional Airlines	SAAB 340
INTERNATIONAL	
Virgin Australia	Boeing 737-800
CHARTER, FLIGHT TRAINING AND COMMUTERS	
Mainland Air Services	Cessna 152
	Piper PA31-350 Chieftain
	Piper PA34-200 Seneca
	Socata TB10 Tobago

Chairman's report

The Directors have pleasure in presenting the Disclosure Financial Statements of Dunedin International Airport Corporation Limited (the Company) for the year ended 30 June 2017. These statements present the results of the aeronautical operations of the Company and additional information and have been prepared for the purposes of, and in accordance with the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, as amended in 2014.

1. Board of Directors

The Directors of the Company during the year under review were:

S J McLauchlan, BCom, FCA(PP), AF Inst D (Chairman, Member – Audit Committee)
T Allison, BCom, BA, CA, CMinstD (Chairperson – Audit Committee)
P A Oakley, BCom, M Inst D (Chairperson – Remuneration Committee)
M Rogers, BA(Hons), M Inst D, MNZIM (Chairperson – Health and Safety Committee)

2. Principal Activities of the Company

The principal activity of the Company during the year was airport operator.

There has been no material change in the Company's business that the Company is engaged in, during the year that is material to an understanding of the Company's business.

For and on behalf of the Board

Stuart McLauchlan
Chairman

30 November 2017

Dunedin International Airport Limited
Identified Airport Activities
Disclosure Financial Statements

statement of comprehensive income

For the year-ended 30 June

	Notes	2017	2016
Operating revenue		6,739,465	6,287,568
Total revenue		**6,739,465**	**6,287,568**
Audit fees	4	41,677	38,767
Directors fees		62,521	55,523
Finance costs – interest expense		485,524	542,918
Ineffective hedges		(66,190)	29,788
Depreciation		2,179,428	2,052,391
Employee Benefit Expense		1,283,895	1,256,258
Runway maintenance		701,031	685,093
Other operating expenses		1,597,697	1,397,642
Total expenses		**6,285,584**	**6,058,380**
Operating surplus before income tax		**453,881**	**229,188**
Income tax expense	5	112,183	66,541
Operating surplus/(deficit) after income tax		**341,698**	**162,647**
Other comprehensive income			
Ineffective hedges amortised to expense		53,686	56,928
Revaluation of Property, Plant and Equipment		9,140,013	-
Cash flow hedges gain/(loss) taken to equity		42,296	(94,785)
Income tax expense (benefit) on items of other			
Comprehensive Income	5b	(3,651,554)	26,540
Total comprehensive income/(deficit)		**5,926,139**	**151,330**

statement of changes in equity

For the year-ended 30 June

Equity at the beginning of the year		**24,376,891**	**24,345,920**
Comprehensive income/(deficit) for the year		5,926,139	151,330
Less distribution to owners			
- Final dividend	8	(202,199)	(120,359)
Closing equity		**30,100,831**	**24,376,891**

These statements are to be read in conjunction with the notes on pages 8 to 32

balance sheet
As at 30 June

	Notes	2017	2016
Shareholders' equity			
Share capital	6	5,328,475	5,328,475
Hedge reserve	7	30,214	(59,413)
Revaluation reserve	7	19,070,017	13,575,202
Retained earnings	9	5,672,126	5,532,627
		30,100,831	**24,376,891**
Current liabilities			
Trade & other payables	10	543,053	587,818
Current Loans	14	750,000	-
Other liabilities	11	10,403	45,696
Tax payable	5	139,346	-
Provisions	12	87,108	82,268
		1,529,910	**715,782**
Non-current liabilities			
Term loans	14	9,517,371	7,913,293
Deferred taxation	15	12,866,614	9,337,105
Hedge derivatives		296,310	421,804
		22,680,294	**17,672,202**
Total equity & liabilities		**54,311,036**	**42,764,875**
Represented by:			
Current assets			
Trade & other receivables	16	358,087	336,944
Prepayments	17	-	15,385
Tax receivable		-	19,321
Cash & cash equivalents	13	787,663	131,725
		1,145,750	**503,375**
Non-current assets			
Property, plant & equipment	18	53,165,286	42,121,679
Deferred taxation	15	-	139,821
		53,165,286	**42,261,500**
Total assets		**54,311,036**	**42,764,875**

For and on behalf of the directors.

S J McLauchlan
Chairman
30 November 2017

T Allison
Director

These statements are to be read in conjunction with the notes on pages 8 to 32

Dunedin International Airport Limited
Identified Airport Activities
Disclosure Financial Statements

cash flow statement
As at 30 June

	Notes	2017	2016
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		6,727,730	6,438,295
Interest received		9,913	11,044
Cash was applied to:			
Payments to suppliers		2,405,532	1,883,706
Payments to employees		1,340,695	1,273,583
Interest paid		449,274	536,125
Taxation paid		(44,938)	581,328
Net cash flows from operating activities	21	2,587,081	2,174,597
Cash flows from investing activities			
Cash was applied to:			
Purchase of assets		4,083,022	111,199
Net cash flows from investing activities		(4,083,022)	(111,199)
Cash flows from financing activities			
Cash was applied to:			
Repaid Loans		(2,354,078)	2,009,585
Dividends Paid		202,199	120,359
Net cash flows from financing activities		2,151,879	(2,129,944)
Net increase/(decrease) in cash held		**655,938**	**(66,546)**
Plus opening cash brought forward		**131,725**	**198,271**
Cash and cash equivalents held at 30 June	13	**787,663**	**131,725**

These statements are to be read in conjunction with the notes on pages 8 to 32

notes to financial statements

For the year-ended 30 June 2017

1. ESTABLISHMENT

Dunedin Airport Limited, is a NZ registered and domiciled company which was established under the Airport Authorities Act 1966 and incorporated on 30 September 1988. The Company changed its name to Dunedin International Airport Limited on 22 December 1999.

The Company purchased assets from the Dunedin Airport Authority on 1 November 1989 and commenced trading 1 November 1989.

2. REPORTING ENTITY

The financial statements presented here are for the reporting entity Dunedin International Airport Limited (the Company).

Dunedin International Airport Limited was established under the Airport Authorities Act 1966 and incorporated in New Zealand under the Companies Act 1993.

The registered address of the Company is Terminal Building, Dunedin International Airport, Momona, Dunedin.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Company operates. The financial statements are rounded to the nearest dollar.

The disclosure financial statements are presented in accordance with the Airport Authorities Act 1966 as amended by the Airport Authorities Amendment Act 1997 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 as amended in 2014 (the "Regulations").

The disclosure financial statements are for the reporting entity's Identified Airport Activities. Identified Airport Activities are defined as:

Airfield activities means the activities undertaken (including the facilities and services provided) to enable the landing and take-off of aircraft and includes:

a) The provision of any one or more of the following:
   (i) Airfields, runways, taxiways, and parking aprons for aircraft
   (ii) facilities and services for air traffic and parking apron control
   (iii) Airfield and associated lighting
   (iv) Services to maintain and repair airfields, runways, taxiways and parking aprons for aircraft
   (v) Rescue, fire, safety and environmental hazard control services
   (vi) Airfield supervisory and security services

b) The holding of any facilities and assets (including land) acquired or held to provide airfield activities in the future (whether or not used for any other purpose in the meantime).

Aircraft and freight activities means the activities undertaken (including the facilities and services provided) to enable, within a security area or areas of the relevant airport, the servicing and maintenance of aircraft and the handling of freight transported, or to be transported, by aircraft and includes:

a) provision within a security area of areas or the relevant airport, of any one or more of the following:
(i) Hangars
(ii) Facilities and services for the refuelling of aircraft, flight catering and waste disposal
(iii) Facilities and services for the storing of freight
(iv) Security, customs and quarantine services for freight

b) holding of any facilities and assets (including land) acquired or held to provide aircraft and freight activities in the future (whether or not used for any other purpose in the meantime).

Specified passenger terminal activities (specified terminal) means the activities undertaken (including the facilities and services provided) in relation to aircraft passengers while those passengers are in a security area or areas of the relevant airport and includes:

a) provision, within a security area or security areas of the relevant airport of any one or more of the following:
(i) Passenger seating areas, thoroughfares and air bridges
(ii) Flight information and public address systems
(iii) Facilities and services for the operation of customs, immigration and quarantine checks and control
(iv) Facilities for the collection of duty-free items
(v) Facilities and services for the operation of security and police services

b) Any activities undertaken (including the facilities and services provided) in a passenger terminal to enable the check in of aircraft passengers, including services for baggage handling.

c) The holding of any facilities and assets (including land) acquired or held to provide specified passenger terminal activities in the future (whether or not used for any other purpose in the meantime) but does not include the provision of any space for retail activities. Each segment also includes an allocation of supporting infrastructure. Also included in each of the above Identified Airport Activities are assets specifically held for use in that activity.

The numbers presented in these financial statements are for the Identified Airport Activities unless it is stated they are for the "Whole Company".

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) and the Regulations, which includes the requirement to comply with NZ GAAP.

Under the Accounting Standards Framework, although the Company is not publicly accountable and not large, it has elected to be a "tier one" entity. Therefore, these financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, and comply with the New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, except in so far as the Regulations require reporting solely on the activities of the Company comprising Identified Airport Activities and segment reporting of those Identified Airport Activities under NZ IFRS 8: Operating Segments.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and certain items of property, plant and equipment.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as Lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as Lessee
Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Foreign Currencies
The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements the results and financial position of the Company are expressed in New Zealand dollars, which is the functional currency of the Company.

Transactions in currencies other than New Zealand dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. The Company does not hold non-monetary assets and liabilities denominated in foreign currencies.

In order to hedge its exposure to certain foreign exchange risks, the Company may enter into forward contracts and options (see below for details of the Company's accounting policies in respect of such derivative financial instruments).

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Employee Entitlements
Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at appropriate rates of pay.

Payments made to a defined contribution retirement benefit scheme are dealt with as an expense when they fall due.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding

tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Property, Plant and Equipment
Property, Plant and Equipment are those assets held by the Company for the purpose of carrying on its business activities on an ongoing basis.

Land and buildings are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

Any revaluation increase is credited in equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Plant and Equipment are stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

Self-constructed assets include the direct cost of construction including borrowing costs to the extent that they relate to bringing the Property, Plant and Equipment to the location and condition for their intended service.

Depreciation is charged so as to write off the cost of assets, other than land and capital work in progress, on the straight-line basis. Rates used have been calculated to allocate the asset's cost less estimated residual value over their estimated remaining useful lives.

Depreciation of capital work in progress commences when the assets are ready for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation rates and methods used are as follows:

	Rate	*Method*
Runway, apron and taxiway	3% - 6.66%	SL
Buildings	1% - 33.3%	SL
Machinery & plant	4% - 10%	DV & SL
Motor Vehicles	9.5% - 25%	DV
Fixtures, fittings, office and computer equipment	20% - 40%	DV

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial Instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and Cash Equivalents
In the statement of cashflows, 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. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Receivables
Receivables are stated at cost less any allowances for estimated irrecoverable amounts.

Loans and Other Receivables
Loans and other receivables are financial instruments that are measured at amortised cost using the effective interest method. This type of financial instrument includes cash and bank balances, and demand deposits.

Investments
Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including directly attributable transaction costs.

Investments in Equity Securities
Investments in equity securities are designated as financial assets at fair value through profit or loss. Any resultant gains or losses are recognised in the income statement.

Financial Liability and Equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Payables
Payables are stated at cost.

Term Loans
Term loans are initially recorded at fair value net of directly attributable transaction costs and are measured at subsequent reporting dates at amortised cost. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the Income Statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity Instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative Financial instruments and Hedge Accounting

The Company's activities expose it primarily to the financial risks of changes in interest rates resulting in variation of cash flows on floating rate debt. The Company uses interest rate swaps to hedge these exposures.

The Company does not use derivative financial instruments for speculative purposes. However, derivatives that do not qualify for hedge accounting, under the specific NZ IFRS rules, are accounted for as trading instruments.

The use of financial derivatives of the Company is governed by the interest rate hedge accounting policy approved by the Board of directors. The policies provide written principles on the use of financial derivatives.

Derivative financial "instruments are recognised initially at fair value. Subsequent to initial recognition derivative financial instruments are remeasured to fair value.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the Income Statement. For a cash flow hedge amounts deferred in equity are recognised in the Income Statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Income Statement for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the Income Statement.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditures required to settle the obligation at the Balance Sheet date, and are discounted to present value when the effect is material.

Segment Reporting

For the purposes of reporting in accordance with NZ IFRS 8: Operating Segments, section 8(3) of the Regulations prescribe the industry segments as airfield activities, aircraft and freight activities and specified terminal passenger activities, as defined in note 2, above. These do not necessarily meet the definition of "operating segments" per NZ IFRS 8 itself, but have been treated as operating segments to meet the requirements of the Regulations.

4. AUDIT FEES

Audit Fees	2017	2016
Fees for audit services – Audit New Zealand	26,023	23,767
Fees for audit of disclosure accounts – Audit New Zealand	24,471	15,654
	41,677	**38,767**

On behalf of the Auditor General, Audit New Zealand are the auditors of the Company.

5. TAXATION PROVISION

(a)Income tax

	2017	2016
Operating surplus/(deficit) before income tax	453,881	229,188
Taxation @ 28%	127,087	64,173
Plus / (Less) the tax effect of differences		
Expenses not deductible	3,629	4,582
(Gain)/Loss on Investments	-	-
Hedge Instruments	(18,533)	(2,214)
Under / (over) tax provision	-	-
Tax effect of differences	(14,904)	2,368
Tax expense (credit)	**112,183**	**66,541**
Effective tax rate	24.7%	29.0%
Represented by		
Current tax provision	(584,097)	(493,195)
Deferred tax provision	471,914	426,656
Income tax expense	**112,183**	**66,541**

(b)Tax on Other Comprehensive Income

	2017	2016
Property Revaluation Reserve:		
Deferred Tax	(3,645,198)	-
Hedge Reserve:		
Deferred tax	(6,356)	26,540
	(3,651,554)	**26,540**

	2017	2016
(c)Imputation Credit Account (whole company)		
Imputation credits available for use in subsequent periods	**5,928,892**	4,814,176

The imputation credit balance relates to Dunedin International Airport Limited as a tax paying entity and includes balances relating to items which may not be reported in these disclosure statements.

6. EQUITY – SHARE CAPITAL

Issued Capital		
5,328,475 ordinary authorised and issued shares	**5,328,475**	5,328,475

All shares have equal voting rights and share equally in dividends and any surplus on winding up. There are no par values for these shares.

7. RESERVES

a) Hedging Reserve

Balance at beginning of year	(59,413)	(48,096)
Net Revaluations included in other comprehensive income	95,983	(37,857)
Deferred tax arising on hedges	(6,356)	26,540
Balance at 30 June	**30,214**	**(59,413)**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to interest payments that have not yet occurred.

b) Revaluation Reserve

Balance at beginning of year	13,575,202	13,575,202
Property Revaluations		
included in other comprehensive income	9,140,013	-
Deferred tax arising on revaluations	(3,645,198)	-
Balance at 30 June	**19,070,017**	**13,575,202**

The properties revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained profits.

8. DIVIDENDS

Final Dividend	202,199	120,359
	202,199	120,359
Dividends Per Share	**3.8 cents**	**2.3 cents**

	2017	2016

9. RETAINED EARNINGS

	2017	2016
Balance at beginning of year	5,532,627	5,490,339
Net profit / (loss) for the year	341,698	162,647
Dividend distributions	(202,199)	(120,359)
Balance at 30 June	**5,672,126**	**5,532,627**

10. TRADE & OTHER PAYABLES

	2017	2016
Trade payables	456,440	454,796
Accruals	86,613	133,022
	543,053	**587,818**

11. OTHER LIABILITIES

	2017	2016
Current Liabilities		
GST payable	10,403	45,696
Other current liabilities	-	-
	10,403	**45,696**

12. PROVISIONS

Annual Leave

	2017	2016
Balance at the beginning of the year	82,268	54,180
Amounts used	(34,192)	(84,308)
Amount accrued	39,032	112,396
Balance at 30 June	**87,108**	**82,268**

Annual leave relates to staff leave not yet taken and is expected to be used in the next 12 months.

13. CASH

	2017	2016
Cash floats	6,400	6,400
Westpac cheque account	781,263	125,325
Balance at 30 June	**787,663**	**131,725**

The carrying amount of cash assets approximates their fair value.

14. TERM BORROWINGS (Secured)

Multi-Option Credit Facility	9,517,371	7,913,293
Short Term Borrowings	750,000	-
Balance at 30 June	**10,267,371**	**7,913,213**

Comparison of Borrowings for the Whole Company

	Statutory Financials 2017 $	Disclosure Financials 2017 $	Disclosure Financials 2016 $
Finance costs	464,232	485,524	542,918
Borrowings (secured):			
Current	750,000	750,000	-
Non-current	9,100,000	9,517,371	7,913,293
	9,850,000	10,267,371	7,913,293

(a) Westpac has provided a multi-option credit line facility of $15,500,000 with a maturity date of 31 October 2018. Interest is payable on the drawn down balance at BKBM plus a 1.05% margin (to the extent that the company does not have an interest rate swap – see note 19). The Westpac Banking Corporation holds as security for the advances a first mortgage over the property of the Company and a negative pledge over all other assets. The Company uses interest rate swaps to manage its exposure to interest rate movements.

Westpac has also provided a short-term advance of $750,000. Interest is payable on the advance at 3.0%. The advance is on call.

(b) Banking covenants relating to the term loan are:
-- Shareholders' funds are not less than 40% of total tangible assets.
-- Earnings (E.B.I.T.) are not less than 1.75 times funding costs.

Both requirements have been met at 30 June 2017 and 30 June 2016 and monthly during the financial year.

15. DEFERRED TAX

(a) 2017	Opening Balance	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Closing Balance Sheet Liabilities	Closing Balance Sheet Net at 30 June 2017
Property, plant and equipment	(9,337,105)	(3,645,198)	310,409	-	(12,671,894)	(12,671,894)
Employee benefits	20,861	-	(93,949)	-	(73,088)	(73,088)
Revaluations of interest rate swaps	118,960	(6,356)	(240,592)	-	(127,988)	(127,988)
Balance	**(9,197,284)**	**(3,651,554)**	**(24,132)**	**-**	**(12,872,970)**	**(12,872,970)**

(b) 2016	Opening Balance	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Closing Balance Sheet Liabilities	Net at 30 June 2016
Property, plant and equipment	(9,763,848)	-	426,743	-	(9,337,105)	(9,337,105)
Employee benefits	13,149	-	7,712	20,861	-	20,861
Revaluations of interest rate swaps	92,420	26,540	-	118,960	-	118,960
Balance	**(9,658,279)**	-	**434,455**	**139,821**	**(9,337,105)**	**(9,197,284)**

16. TRADE & OTHER RECEIVABLES

	2017	2016
Trade receivables	358,087	366,944

The directors consider that the carrying amount of the trade receivables approximates their fair value. Debtors overdue by 30 days or more for the whole company at 30 June 2017 were $63,163, 17.6% of trade receivables (2016: $78,936 18.4%).

17. PREPAYMENTS

	2017	2016
NZ Airports Association membership	-	13,055
Airports Council International	-	2,330
Balance at 30 June	-	**15,385**

18. PROPERTY, PLANT & EQUIPMENT

(a) 2017	Land	Runway, Apron, Taxiway	Buildings	Plant & Equipment	Office Equipment	Motor Vehicles	Work in Progress	Total
Cost or Valuation	2,788,259	28,017,840	16,017,610	7,219,368	95,766	383,816	46,358	54,569,114
Accumulated Depreciation	(71,554)	(6,039,449)	(2,053,479)	(2,134,959)	(68,372)	(176,028)	-	(10,543,841)
Revaluation	1,061,863	3,111,605	3,458,448	1,508,097	-	-	-	9,140,013
Balance at end of period	3,778,568	25,089,996	17,422,579	6,592,506	27,934	207,885	46,358	**53,165,286**

(b) 2016	Land	Runway, Apron, Taxiway	Buildings	Plant & Equipment	Office Equipment	Motor Vehicles	Work in Progress	Total
Cost or Valuation	2,360,903	27,784,907	14,137,033	5,563,055	-	789,548	-	50,635,446
Accumulated Depreciation	-	(4,734,237)	(1,610,021)	(1,581,838)	-	(587,671)	-	(8,513,767)
Revaluation	-	-	-	-	-	-	-	-
Balance at end of period	2,360,903	23,050,670	12,527,012	3,981,217	-	201,877	-	**42,121,679**

(c) Land, buildings and airside pavements were revalued at 30 June 2017 by independent registered valuers, Telfer Young (Canterbury) Limited and Opus International Consultants Limited. The total fair value of these assets at 30 June 2017, the effective date of the revaluation, was $52,883,648. Land was valued by reference to market sales, market comparison and investment valuation. Buildings were valued by using the Optimised Depreciated Replacement Cost (O.D.R.C.) methodology. The specialised

assets being runway, taxiways, aprons and infrastructure assets were valued using the Optimised Depreciated Replacement Cost (O.D.R.C.) methodology.

(d) If land, land improvements, buildings, building fit-outs, runway, taxiway and apron pavements were stated on the historical cost basis, the carrying value of these classes would be $25,787,856 (2016: $29,979,536).

(e) Segment Assets

	Specified Terminal	Airfield	Aircraft and Freight	Total
2017				
Additions	$2,683,854	$105,232	-	
$2,789,086				
Net Book Value	$25,797,076	$26,190,637	1,177,572	$53,165,286
2016				
Additions	$52,516	$101,747	-	$154,263
Net Book Value	$17,258,020	$23,844,366	$1,019,293	$42,121,679

19. CONTINGENT LIABILITIES

There were no other contingent liabilities outstanding at 30 June 2017 (2016: $Nil).

20. CAPITAL AND OTHER COMMITMENTS (WHOLE COMPANY)

Capital and other expenditure not provided for in the accounts at 30 June 2017 was $137,000 (2016: $Nil). This capital commitment relates to detailed design and construction management of the Airport carpark redevelopment project.

21. RECONCILIATION OF NET SURPLUS FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES

	2017	2016
Net Surplus for the year	341,698	162,647
Items not involving cashflows:		
Depreciation	2,179,428	2,052,391
Increase / (Decrease) in deferred tax	113,757	(460,140)
Loss on hedge instruments	(125,494)	63,843
Impact of changes in working capital items:		
(Increase) / Decrease in trade and other receivables	(1,822)	161,770
Increase / (Decrease) in trade and other payables	(64,673)	247,184
Increase / (Decrease) in provisions	4,840	28,088
Increase / (Decrease) in tax payable	139,346	(81,186)
Net cash inflows from operating activities	**2,587,081**	**2,174,597**

22. FINANCIAL REPORT STANDARDS ISSUED BUT NOT YET EFFECTIVE

All mandatory new or amended accounting standards or interpretations were adopted in the current year. None had a material impact on the financial statements.

The Company has not yet assessed the impact of the following new standards or interpretations on issue which have yet to be adopted:
- NZ IFRS 9 *Financial Instruments*
- NZ IFRS 15 *Revenue from Contracts with Customers;* and
- NZ IFRS 16 *Leases*

NZ IFRS 9 *Financial Instruments* is effective for annual periods beginning on or after 1 January 2018. NZ IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and relaxes the current NZ IAS 39 requirements for hedge accounting. The company is yet to assess NZ IFRS 9's full impact. The company intends to apply the standard from the period ending 30 June 2019.

NZ IFRS 15 *Revenue from Contracts with Customers* is effective for annual periods beginning on or after 1 January 2018. NZ IFRS 18 establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Company has not yet assessed the full impact of NZ IFRS 15. The Company intends to apply the standard from the period ending 30 June 2019.

NZ IFRS 16 *Leases* is effective for periods beginning on or after 1 January 2019. NZ IFRS 16 sets out the principles for the recognition, measurements, presentation and disclosure of leases. The Company has yet to assess the full impact of NZ IFRS 16. The Company intends to apply the standard from the period ending 31 June 2020.

23. RELATED PARTY TRANSACTIONS (WHOLE COMPANY)

(a) The shareholders of the Company are The Crown and Dunedin City Holdings Limited, which is wholly owned by the Dunedin City Council. Each owns 50%.

The Company undertakes many transactions with State Owned Enterprises, Government Departments and Dunedin City Council Controlled enterprises.

Businesses in which directors and key management personnel have a substantial interest and which provided services/supplies to the Company during the year were:

- Dunedin Venues Management Limited (Dunedin City Holdings Limited controlled) – corporate membership
- Delta Utilities Limited (Dunedin City Holdings Limited controlled) – ground maintenance

Transactions with entities with common ownership with details of purchases for the year and balances owing at 30 June being as follows:

	2017	2016	2017	2016
Dunedin Venues Management Limited	13,266	14,708	399	412
Delta Utilities Limited	51,420	48,734	3,799	5,818

(b) Businesses in which directors and key management personnel have a substantial interest and which provided services/supplies to the Company during the year were:

- Otago Community Hospice (S McLauchlan – chairman) – sponsorship
- Otago/Southland Employers Association (S McLauchlan – director) – membership
- University of Otago (S McLauchlan – pro chancellor) – meeting facilities
- Scenic Circle Hotels Limited (S McLauchlan – director) – meeting facilities
- iD Fashion Incorporated (T Oakley – board member. Resigned during 30 June 2017 financial year) – sponsorship
- New Zealand Airports Association (R Roberts – director. Appointed during 30 June 2017 financial year) – membership
- Dunedin Host Incorporated (M Crawford – board member. Resigned during 30 June 2017 financial year) – membership

Transactions with entities in which directors and key management personnel have an interest with details of purchases for the year and balances owing at 30 June being as follows:

	Annual Purchases		Owing at 30 June	
	2017	2016	**2017**	2016
Otago Community Hospice	500	200	500	-
Otago/Southland Employers Association	773	1,348	-	-
University of Otago	2,086	-	-	-
Scenic Circle Hotels Incorporated	1,784	-	590	-
iD Fashion Incorporated	8,050	5,750	-	-
New Zealand Airports Association	30,914	-	-	-
Dunedin Host Incorporated	100	100	-	-

(c) Compensation of key management personnel:

The remuneration of directors and other members of key management during the year was:

	2017	2016
Short-term benefits	806,621	732,383
Termination benefits	-	94,278

The remuneration of directors is agreed annually, after consultation with the shareholders, and approved at the Company's annual meeting.

The remuneration of the Chief Executive is determined by the Board and the remuneration of key management personnel is determined by the Chief Executive having regard to the performance of individuals and market trends.

(d) Transactions with shareholders with details of purchases for the year and balance owing at 30 June being as follows:

	2017	2016	**2017**	2016
Dunedin City Council rates & services	291,582	341,050	4,300	28,923

24. LEASE COMMITMENTS

(i) The Company has various operating leases with tenants at the airport. Minimum lease receivables under non-cancellable operating leases are as follows:

	2017	**2016**
Under 1 year	1,673,458	2,137,771
1 to 5 years	2,861,471	3,997,594
Over 5 years	657,180	400,400

(ii) The Company has various operating leases for vehicles and office equipment. Minimum lease commitments under non-cancellable operating leases are as follows:

	2017	**2016**
Under 1 year	6,976	12,253
1 to 5 years	6,145	9,898

25. SUBSEQUENT EVENTS

There were no significant events after balance sheet date.

26. SEGMENT INFORMATION

The company is located in one geographic segment in Dunedin, New Zealand, and operates in the airport industry. The company earns revenue from aeronautical activities and other charges and rents associated with operating an airport.

Management have assessed the activities of Dunedin International Airport Limited and allocated them to segments as required by the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

The Company is required to present segmented information for three specified airport activities. These activities are defined in the Regulations.

2017	Airfield	Aircraft & Freight Activities	Specified Terminal	Total
	$	$	$	$
Operating Revenue	3,646,341	260,119	2,833,005	6,739,465
Expenses				
Audit Fees	21,381	892	19,404	41,677
Directors Fees	32,075	1,338	29,108	62,521
Finance Costs	249,087	10,387	226,050	485,524
Ineffective Hedges	(33,957)	(1,416)	(30,817)	(66,190)
Depreciation	1,342,535	77,427	759,467	2,179,428
Employee Benefit Expense	835,074	10,610	438,211	1,283,895
Runway Maintenance	701,031	-	-	701,031
Other Operating Expenses	742,163	41,570	813,964	1,597,697
Total expenses	3,889,389	140,808	2,255,387	6,285,584
Segment operating surplus (deficit) before income tax	(243,048)	119,312	577,617	453,881
Income tax expense/ (credit)				112,183
Net operating surplus (deficit) after income tax				341,698
Total assets	26,559,255	1,194,423	26,557,357	54,311,036
Average Number of Full-Time Staff Equivalents	12.15	0.50	5.90	18.55

	Airfield	Aircraft & Freight Activities	Specified Terminal	Total
	$	$	$	$
Operating Revenue	3,272,259	256,373	2,758,937	6,287,568
Expenses				
Operating Expenses (Including Admin Costs)	659,346	39,348	698,948	1,397,642
Employee Benefits Expense	819,998	13,530	422,730	1,256,258
Depreciation Expense	1,346,042	77,427	628,922	2,052,391
Directors Fees	31,431	1,344	22,748	55,523
Audit Fees	21,945	938	15,883	38,767
Finance Costs	307,336	13,138	222,444	542,918
Runway Maintenance	685,093	-	-	685,093
Ineffective hedges	16,863	721	12,204	29,788
Total expenses	3,888,054	146,446	2,023,879	6,058,380
Segment operating surplus (deficit) before income tax	(615,795)	(109,927)	735,058	229,188
Income tax expense/ (credit)				66,541
Net operating surplus (deficit) after income tax				162,547
Total assets	24,423,728	1,022,853	17,318,294	42,764,875
Average number of full-time staff equivalents	10.75	0.50	5.25	16.50

27. ALLOCATION METHODOLOGY USED IN THE PREPARATION OF THESE STATEMENTS

Expenditure Categories and Allocation

Expenditure falls into one of the following categories:

- Direct operational costs are incurred solely by Identified Airport Activities, or another business unit of the airport, and have been allocated directly to the area affected.
- Indirect operational costs are either incurred by a number of Identified Airport Activities, or in conjunction with other business units. The company primarily allocates indirect costs on a share of space attributable to each activity in the terminal building, consistent with the most recent consultation. Each year an analysis is made for space in the terminal building attributed to Identified Airport Activities versus non-Identified Airport Activities.
- Non-operational costs have been allocated to the Identified Airport Activities on the following basis:

- o Depreciation allocated across segments consistent with the methodology used for assets (see below).
- o Interest expense is allocated to segments consistent with the methodology used for debt (see below).
- o Taxation is allocated based on a consistent allocation methodology applied to the relevant assessable expenses, for asset allocation (see below) and expenses (see above).

Expense items are generally analysed at the business unit level, however further analysis is conducted where significant costs within a business unit are known to have a different driver.

Allocation of Assets

The company maintains a detailed property, plant and equipment register. Each asset has been either coded directly to an Identified Airport Activity, a non-Identified Airport Activity or allocated using a specific rule. Where assets are allocated to a number of segments, they have been apportioned between the affected activities using an activity based cost methodology or the nearest proxy to it. Material asset classes and apportionment approaches are:

- o Terminal property, plant and equipment, including land and buildings, have been generally apportioned on the basis of an area analysis of terminal usage.
- o Land held for future airport development has been allocated between the various activities based on its intended future use.
- o Roads have been allocated using an estimation of their primary purpose and usage, excluding through traffic.
- o Wastewater assets have been allocated on the basis of water usage across the business units.

Allocation of Debt

Under the methodology applied in preparing these disclosure financial statements debt becomes the balancing figure in the disclosure financials and is therefore impacted by the profitability of each specified activity. Debts are allocated to segment consistent with the methodology used for assets.

Allocation of Equity

The equity position of each segment is calculated with reference to the following:

- o The opening level of equity.
- o Adjustment for movements due to net profit less dividends in the segment.
- o Adjustments for any capital issued or repaid.

28. WEIGHTED AVERAGE COST OF CAPITAL

The Company has estimated the prospective weighted average cost of capital (WACC) for its identified airport activities as at 1 July 2016, being the commencement of the current disclosure period.
The Company has applied a post-tax WACC model. The post investor tax version of the capital asset pricing model (CAPM) has been used to estimate the appropriate cost of equity capital. The debt premium has been based on the estimated margin over the swap rate that the company would pay for longer-term debt. The swap rate, and therefore the cost of debt, reflects the market conditions as at 1 July 2016.

The following table summarises the key parameters used in the company WACC model.

	2017	2016
	Parameter	Parameter
Marginal Tax Rate	28%	28%
Risk Free Rate	2.03%	3.11%
Asset Beta	0.60	0.60
Equity Beta	0.72%	0.72%
Market Risk Premium	7.00%	7.00%
Post Tax Cost of Equity	6.50%	7.28%
Debt Margin	0.92%	0.88%
Cost of Debt	3.30%	4.34%
Debt to Value Ratio	17.00%	17.00%
Equity to Value Ratio	83.00%	83.00%
Calculated WACC	5.96%	6.78%

Based on these parameters the company estimates that, as at 1 July 2016, the appropriate prospective WACC for its identified airport activities was 5.96% (2016: 6.78%) on a nominal after-tax basis.

The Company revises its WACC periodically to coincide with its aeronautical consultation processes or as required prior to a major aeronautical investment. The calculation of WACC for a particular portion of a company is subject to variables that require expert assessment and judgement.

The Company uses a generally-accepted approach to the calculation of the WACC. This represents the weighted average costs of equity (adopting the simplified version of the Brennan-Lally CAPM) plus the cost of debt, net of corporate tax deductions, as follows:

$\text{WACC} = r_D \times (1 - T_C) \times (D/V) + r_E \times (E/V)$

Where

r_D=The Company's pre-tax cost of debt.
T_C = The corporate tax rate.
D=The value of the Company's debt.
r_E=The Company's post –tax cost of equity.
E=The value of the Company's equity.
V=The Company's total enterprise value, i.e. (V = E + D).

29. METHODOLOGY USED TO DETERMINE AIRPORT AERONAUTICAL CHARGES

The Company's charges were increased from 1 December 2011, the first increase since 2001. Charges were set to fund the shortfall in total revenues from identified airport activities so that an adequate return on capital could be made after recovering the costs of providing identified airport facilities.

All Dunedin International Airport Limited's identified airport activities revenues and costs were used to determine the shortfall required from airport charges.

Revenues and expenses were identified and allocated among two facility categories:

- Airport Terminal
- Airfield, Runway and Apron

The terminal component of landing charges were set to balance the funding requirements for the Airport Terminal.

The runway component of landing charges were set to balance funding for the Airfield and Apron facilities.

Regular Air Transport Operations
A flight forming part of a series of flights performed by aircraft for the transport of passengers, cargo, or mail between the Airport and one or more points in New Zealand or in any other country or territory, where the flights are so regular and frequent as to constitute a systematic service, whether or not in accordance with a published timetable, and which are operated in such a manner that each flight is open to use by members of the public.

Maximum Certified Take-off Weight (MCTOW)
For an aircraft the lower of its maximum certified take-off weight as specified by the manufacturer (or as approved by the Civil Aviation Authority) and the maximum authorised operating weight as specified by the company.

Landing Charge – Runway Component
A landing charge is payable in respect of each arriving aircraft on a Regular Air Transport Operation and is calculated in accordance with the following formula.

30. SCHEDULE OF AIRPORT CHARGES

Airport charges are levied on an aircraft arrival basis on the following formula:

Landing charge = **a** x **b**

Where **a** is the MCTOW of the aircraft and **b** is the $ rate per tonne of MCTOW as set out in the table below.

Aircraft MCTOW (tonne)	$ Rate per tonne (excl GST)	
	As at 30 June 2017	As at 30 June 2016
0 to 10	$13.22	$13.22
10 – 19.999	$14.15	$14.15
20 – 39.999	$15.02	$15.02
40 – 54.999	$17.23	$17.23
55 and greater	$18.30	$18.30

Aircraft Parking Charge

For each aircraft parked in a designated aircraft parking area for a period in excess of one day an aircraft parking charge is payable per calendar day or part thereof as set out in the table below.

As at 30 June 2017

Aircraft MCTOW (tonne)	Charge (excl GST)	
	Free	**Thereafter (per day)**
0 to 10	First 3 Days	$15
10 – 19.999	First Day	$25
20 – 39.999	First Day	$35
40 – 54.999	First Day	$45
55 and greater	First Day	$55

As at 30 June 2016

Aircraft MCTOW (tonne)	Charge (excl GST)	
	Free	**Thereafter (per day)**
0 to 10	First 3 Days	$15
10 – 19.999	First Day	$25
20 – 39.999	First Day	$35
40 – 54.999	First Day	$45
55 and greater	First Day	$55

For the purposes of aircraft parking charges, “designated aircraft parking area” means an aircraft parking area owned or leased by the Company other than an aircraft parking area which is subject to a lease or license granted by the Company.

Passenger Charge – International Services

A charge of $2.69 (2016: $2.69) per seat (excluding GST) (excluding transit passengers, transfer passengers, infants and positioning crew) on fixed wing aircraft operating an international service is payable to Dunedin International Airport.

Passenger Charge – Domestic Services

A charge of $2.69 (2016: $2.69) per seat (excluding GST) (excluding transit passengers, transfer passengers, infants and positioning crew) on fixed wing aircraft operating a domestic service is payable to Dunedin International Airport.

Landing Statistics

Scheduled Domestic Services

Aircraft MCTOW (kg)	Aircraft Type	Year to 30 June 2017	Year to 30 June 2016
0-3,000	Turbo Prop	-	-
3,001 to 20,000	Turbo Prop	141	782
20,001 – 26,000	Turbo Prop	2,796	3,090
26,001 – 56,000	Jet	-	-
56,001 – 71,000	Jet	-	2
71,001 and greater	Jet	2,238	1,656

Scheduled International Services

Aircraft MCTOW (kg)	Aircraft Type	Year to 30 June 2017	Year to 30 June 2016
0 – 71,000	Jet	-	-
71,001 and greater	Jet	187	188

Other Landings

Aircraft MCTOW (kg)		Year to 30 June 2017	Year to 30 June 2016
All weights		3,286	3,062

31. PASSENGERS

Class of Passenger	Year to 30 June 2017	Year to 30 June 2016
Passengers arriving and departing on domestic flights	927,294	859,650
Passengers arriving and departing on international flights	45,795	49,964

32. PASSENGER CHARGE

The International Departure Fee has been set to contribute to the funding of facilities at Dunedin International Airport Limited.

Since 1 August 2011, the international departure fee has been included in the ticket price and Dunedin International Airport Limited receive $11.11 plus GST per arriving and departing passenger.

33. INTERRUPTIONS TO SERVICES

Interruption to services as required by the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 is set out below.

Planned Disruptions

Service	Number of Events		Total Duration (nearest 15 mins)	
	Year to 30 June 2017	Year to 30 June 2016	Year to 30 June 2017	Year to 30 June 2016
Runway Services	-	-	-	-
Stand Position Services	-	-	-	-
Airbridge Services	-	-	-	-
Baggage Handling Services	-	-	-	-

Un-planned Disruptions

Service	Number of Events		Total Duration (nearest 15 mins)	
	Year to 30 June 2017	Year to 30 June 2016	Year to 30 June 2017	Year to 30 June 2016
Runway Services	-	-	-	-
Stand Position Services	-	-	-	-
Airbridge Services	-	1	-	-
Baggage Handling Services	-	-	-	-

directors information

INTERESTS REGISTER

The following are particulars of general disclosures of interest given by the Company directors and key management personnel pursuant to section 140(2) of the Companies Act 1993

STUART MCLAUCHLAN

Analogue Digital Limited	Chairman
B Pac Clinical Solutions Limited	Chairman
Cargill Hotel 2002 Limited	Director
Compass Agribusiness Management Limited	Chairman
Dunedin Casinos Limited	Director
G S McLauchlan & Co	Partner
Marsh Advisory Board	Member
New Zealand Sports Hall of Fame	Board of Governors
Ngai Tahu Tourism Board	Director
Otago Community Hospice	Chairman
Otago/Southland Employers Association	Director
Pharmac	Chairman
Scenic Circle Hotels Limited	Director
Scott Technology Limited	Chairman
University of Otago	Council Member
University of Otago Foundation Studies Limited	Chairman
University of Otago Holdings Limited	Director
USC Investments Limited	Director
UDC Finance Limited	Chairman

TONY ALLISON

AA Cleaners (Otago) Limited	Director
City Forests Limited	Director
SCG Finance Limited	Director
Smiths City Finance	Director
Smiths City Group Limited	Director
Smiths City Properties Limited	Director
Smiths City (Southern) Limited	Director

TRISH OAKLEY

Dunedin Casino Charitable Trust	Trustee
Royal New Zealand Ballet	Trustee
University of Otago Foundation Studies Limited	Director

MARK ROGERS

Aoraki Development and Promotions Limited	Chairman
South Canterbury District Health Board	Board Member
Paul Smith Earthmoving 2002 Limited	CEO, Alternate Director
Paul Smith Aggregates Limited	Alternate Director
PSE Properties Limited	Alternate Director
AquaPro Plumbing and Drainage	Advisory Board Member

RICHARD ROBERTS

New Zealand Airports Association	Director
Taieri Gorge Railway Limited	Director

MEGAN CRAWFORD

Theomin Gallery Committee	Committee Member

Directors' Interests in Contracts

Details of contracts involving directors' interests entered into during the year ended 30 June 2017 are provided in Note 23 to the Financial Statements. All transactions were conducted on an arms' length commercial basis.

Directors' Insurance

In accordance with section 162 of the Companies Act 1993 and the Constitution, Dunedin International Airport Limited has arranged policies of Directors' Liability Insurance which, together with a deed of indemnity, ensure that the directors incur no monetary loss as a result of actions undertaken by them as directors, provided that they operate within the law.

Principal Activities of the Company

The Company's principal activity is the operation of Dunedin International Airport. Areas of land adjacent to the airport held for possible expansion purposes are dairy farmed in partnership with two sharemilkers. The Company also owns a small residential housing estate on land adjoining the airfield to the north and Momona Garage.

State of Affairs

The directors note that the financial position of the Company remains sound and the state of the Company's affairs is satisfactory.

Remuneration of the Directors

The directors of Dunedin International Airport Limited and their remuneration for the year ended 30 June 2017 are as follows:

Director	Qualification	Responsibilities	Remuneration
Stuart J McLauchlan	BCom, FCA(PP), AF Inst D	Chairman	31,500
Tony Allison	BCom, BA, CA, CMInstD	Chairperson – Audit Committee	21,000
Patricia A Oakley	BCom, M Inst D	Chairperson – Remuneration Committee	21,000
Mark Rogers	BA (Hons), M Inst D, MNZIM	Chairperson – Health and Safety Committee	21,000

The directors of Dunedin International Airport Limited and their remuneration for the year ended 30 June 2016 are as follows:

Director	Qualification	Responsibilities	Remuneration
Stuart J McLauchlan	BCom, FCA(PP), AF Inst D	Chairman	30,000
Kathy Grant (term completed 31 October 2015)	BA, LLB, Dip Law, CF Inst	Non-Executive Director	6,666
Tony Allison (appointed 1 November 2015)	BCom, BA, CA, CMInstD	Chairperson – Audit Committee	13,334
Patricia A Oakley	BCom, M Inst D	Non-Executive Director	20,000
Mark Rogers	BA (Hons), M Inst D, MNZIM	Non-Executive Director	20,000

Directors' Benefits

No director of Dunedin International Airport Limited has, since the end of the previous financial year, received or become entitled to receive a benefit other than a benefit included in the total remuneration received or due and receivable by the directors shown in the financial statements. There were no notices from directors of the Company requesting to use Company information received in their capacity as directors which would not otherwise have been available to them.

Employee Remuneration

The number of employees whose remuneration and benefits are within specified bands are as follows:

Remuneration Range	2017 - Employees
$100,000 - $110,000	1
$130,000 - $140,000	1
$140,000 - $150,000	1
$250,000 - $260,000	1

Remuneration Range	2016 - Employees
$100,000 - $110,000	1
$130,000 - $140,000	1
$240,000 - $250,000	1
$250,000 - $260,000	1

The directors are not aware of any other matters or circumstances since the end of the financial year not otherwise dealt with in this report or the Company's financial statements that has significantly or may significantly affect the operation of Dunedin International Airport Limited, the results of those operations or the state of affairs of the Company.

For and on behalf of the directors:

S J McLauchlan
Chairman

T Allison
Director

30 November 2017

Independent assurance report

To the directors of Dunedin International Airport Limited

In respect of Dunedin International Airport Limited's disclosure financial statements for the year ended 30 June 2017

The Auditor-General is the auditor of Dunedin International Airport Limited (the company). The company is required to prepare annual financial statements and performance information under the Local Government Act 2002. The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the annual financial statements and the performance information of the company on his behalf.

The company is also required by the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 (the Regulations) to prepare disclosure financial statements in respect of the company's identified airport activities. This means I have also been appointed by the Auditor-General, using the staff and resources of Audit New Zealand, to provide a conclusion in accordance with the Regulations on the company's disclosure financial statements which comprise:

- financial statements which must be prepared in accordance with generally accepted accounting practice, although only for the identified airport activities, and not for the other activities of the company; and
- additional information as specified in section 9 and Schedule 2 of the Regulations.

Unqualified conclusion

It is our conclusion that the disclosure financial statements are fairly reflected, and the financial statements included in the disclosure financial statements on pages 5 to 32 comply, in all material respects, with generally accepted accounting practice in New Zealand.

Our work was completed on 30 November 2017. This is the date at which our conclusion is expressed.

The limitations and use of this report is explained below. In addition, we explain the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Limitations and use of this report

This independent assurance report has been prepared solely for the Directors of the company in accordance with our responsibilities under the Regulations. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of the company, or for any purpose other than that for which it was prepared.

The Regulations require the disclosure financial statements to include financial statements for the company's identified airport activities, which are only a portion of the annual financial statements that we have previously audited. Other than as expressly stated below, we have not

carried out any additional procedures on the financial statements since signing our audit report on the company's annual financial statements on 31 August 2017 which contained an unmodified opinion. Explanation of the scope of our audit engagement on the company's annual financial statements and performance information is contained in that audit report.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance might occur and not be detected.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing disclosure financial statements that comply with the guidelines issued under the Regulations, and subject to the Regulations, comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of disclosure financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for the publication of the disclosure financial statements, whether in printed or electronic form.

Our responsibilities

We are responsible for expressing an independent conclusion on the disclosure financial statements and reporting that conclusion to you based on our work. Our responsibility arises from the Regulations and from the Public Audit Act 2001.

We have carried out our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information which has been issued by the External Reporting Board. A copy of this standard is available on the External Reporting Board's website.

Our work has been carried out to obtain reasonable assurance about whether the disclosure financial statements are free from material misstatement, and have been prepared in accordance with the Regulations, in all material respects. Material non-compliance with the Regulations relates to differences or omissions of amounts and disclosures that would affect an overall understanding of the disclosure financial statements. If we had found material non-compliance that was not corrected, we would have referred to the non-compliance in our conclusion.

The Regulations require the disclosure financial statements to include financial statements for the company's identified airport activities, which are only a portion of the annual financial statements that we have previously audited

The financial statements included in the disclosure financial statements are only for the company's identified airport activities. As a result, they have been extracted from the underlying accounting records of the company, and our work on the financial statements included in the disclosure financial statements was limited to:

- Obtaining an understanding of how the company has met the requirements of the Regulations to determine its identified airport activities.
- Obtaining an understanding of how the company has determined its allocation methodology which has been used to allocate shared expenditure, assets, debt and equity balances.
- Evaluating how the allocation methodology has been applied by testing the allocation of shared expenditure, assets, debt and equity balances.
- Agreeing the amounts and disclosures in the disclosure financial statements to the company's underlying records, and to the company's audited annual financial statements, where appropriate.

We also performed procedures to obtain evidence about the amounts and disclosures in the additional information included in the disclosure financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the additional information, whether due to fraud or error or non-compliance with the Regulations. In making those risk assessments, we considered internal control relevant to the company's preparation of the additional information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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

Independence and quality control

When carrying out this engagement, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

Other than this engagement carried out under the Regulations, and our audit of the company's annual financial statements and performance information, we have no relationship with or interests in the company.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand