

# **QUARTERLY REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2018**



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Cover photo: Forsyth Barr Stadium – Ed Sheeran Concert

# HIGHLIGHTS

**The airport recorded its busiest 12 months to the end of December 2018 with 1,048,004 passengers.**

**Terminal Expansion (TXP) construction started**

**Fuel to Fly continue to demonstrate outstanding performance.**

**Fire Station officially opened.**



# ISSUES

**Working with Environmental Protection Agency on potential PFAS issues.**

**Passenger numbers remain under pressure on trans-Tasman services.**

**Terminal capacity is under pressure due to increased domestic passenger numbers.**

**Risk of Mycoplasma Bovis at Airport dairy farms.**

**DCC proposed landfill site near airport.**

**Passenger screening for all passengers seems high on the agenda for regulators.**

**Appeal submitted against some of the outcomes in the DCC's 2nd Generation District Plan that affect the airport.**

## 1. REVIEW OF THE SIX MONTHS ENDED 31 DECEMBER 2018



We are pleased to report an unaudited operating surplus after tax for the six months to 31 December 2018 of \$1,948,400, compared to the budgeted surplus of \$1,784,700 and a surplus in the prior year of \$2,169,750.

### Revenue

Aeronautical income is \$133,300 (3.4%) above the corresponding six-month period last year. This increase is representative of:

- A decrease in the landing charge revenue per passenger, representing (2.1%) of the increase. This decrease is caused by a change in airline mix, and
- a higher number of scheduled services passengers against the prior period representing 5.5% of the increase.

Further, Terminal Departure Fee revenue is \$20,000 behind prior year due to a reduction in the number of international passengers.

Non-aeronautical income, excluding unrealised losses on the revaluation of investments in shares, is up \$106,500 (2.3%) on last year. This increase has been driven by the increase in passenger movements through the airport and the associated increase in other revenue streams. This includes carparking revenue, which has increased \$131,200 (8.4%) against prior year, and the Momona Garage, which has increased against prior year by \$32,500 (3.8%). The increasing fuel prices have meant that this growth in revenue was achieved despite a 9.6% decrease in the volume of fuel sold.

Offsetting these increases is the year to date performance of the airport owned dairy farms which, as a result of unfavourable weather conditions during the quarter, have resulted in a \$7,850 (2.1%) decrease in dairy farm revenue against the prior year.

Staying with the dairy farm theme, prior year to date revenue included \$45,600 of interim dividends paid by Fonterra. No such interim dividend was declared in the current year.

### Expenditure

At \$5,800,000 expenses are \$245,600 (4.1%) below budget and \$187,800 (3.4%) ahead of prior year.

The primary expenditure variances compared to prior year to December 2018 are:

- Wages and salaries are \$380,000 ahead of prior year as a result of airport headcount increasing from FTE staff of 30.9 for the 2018 financial year, to 35.6 for the six months to 31 December 2018.
- Offsetting the increased revenue noted above, increased fuel prices have resulted in Momona garage purchases being \$56,000 ahead of the prior year to date
- Terminal maintenance is \$40,000 ahead of prior year. Note this expenditure is not expected to be consistent between periods and is driven by need.
- Health & Safety expenses are \$37,500 ahead of prior year due to engagement of our Safety Management System (SMS) Manager, and the purchase of the associated reporting application annual licence.

- Rental repairs are \$24,600 ahead of prior year due to the prior year Mainland Air flooding remedial work undertaken.

Offsetting these negative variances against prior year, rental housing expenditure is \$367,00 behind prior year as a result of the significant asbestos and repairs operational spend incurred in the prior year to date.

All other expenditure variances against budget are immaterial in nature and represent timing slides between actual spend and budget.

## 2. SUMMARY OF FINANCIAL RESULTS

	Actual	Budget	Variance to Budget	Prior Year	Variance to Prior Year
<b>Aeronautical Revenue</b>					
Landing Charges	4,015,410	3,871,596	3.71%	3,882,147	3.43%
<b>Non-Aeronautical Revenue</b>					
<b>Services to Passengers</b>					
Passenger Service Charge	216,350	195,559	10.63%	235,550	(8.15%)
Terminal Rentals & Concession Fees	978,916	992,897	(1.41%)	1,012,801	(3.35%)
Carparking	1,698,861	1,602,164	6.04%	1,567,614	8.37%
<b>Property</b>					
Rentals and Rental Housing	537,242	503,138	6.78%	488,768	9.92%
Dairy Farms	367,060	461,049	(20.39%)	374,880	(2.09%)
Other incl. Momona Garage	940,904	898,054	4.77%	953,255	(1.30%)
<b>Total Non-Aeronautical Revenue</b>	<b>4,739,334</b>	<b>4,652,861</b>	<b>1.86%</b>	<b>4,632,868</b>	<b>2.30%</b>
Gain/(Loss) in the value of investments (unrealised)	(178,901)	-	0.00%	91,053	(296.48%)
<b>Total Revenue</b>	<b>8,575,842</b>	<b>8,524,457</b>	<b>0.60%</b>	<b>8,606,068</b>	<b>(0.35%)</b>
<b>Total Expenditure</b>	<b>5,800,122</b>	<b>6,045,731</b>	<b>(4.06%)</b>	<b>5,612,355</b>	<b>3.35%</b>
<b>Operating Surplus before Taxation</b>	<b>2,775,720</b>	<b>2,478,726</b>	<b>11.98%</b>	<b>2,993,714</b>	<b>(7.28%)</b>
Taxation	827,294	694,045	19.20%	823,964	0.40%
<b>Operating Surplus after Taxation</b>	<b>1,948,426</b>	<b>1,784,681</b>	<b>9.18%</b>	<b>2,169,750</b>	<b>(10.20%)</b>

Refer to SECTION 2 for:

- STATEMENT of COMPREHENSIVE INCOME
- STATEMENT of MOVEMENTS in EQUITY
- STATEMENT of FINANCIAL POSITION
- STATEMENT of CASH FLOWS

## 3. OPERATING CASH FLOW

Net operating cash flow for the six months ended 31 December 2018 were \$2,549,000, compared to the corresponding period last year of \$2,296,000, an increase of \$253,000. This increase is primarily caused by the increase in the landing charges revenue (due to increased passenger numbers) and increases in carpark and garage revenue streams. These are offset by an increase in salaries and wages, an increase in operating expenditure, and an increase in the year to date provisional tax payments compared to the prior year following the strong 2018 financial year performance.

## 4. STAFF NUMBERS



**FTE**

as at 31 DECEMBER 2018

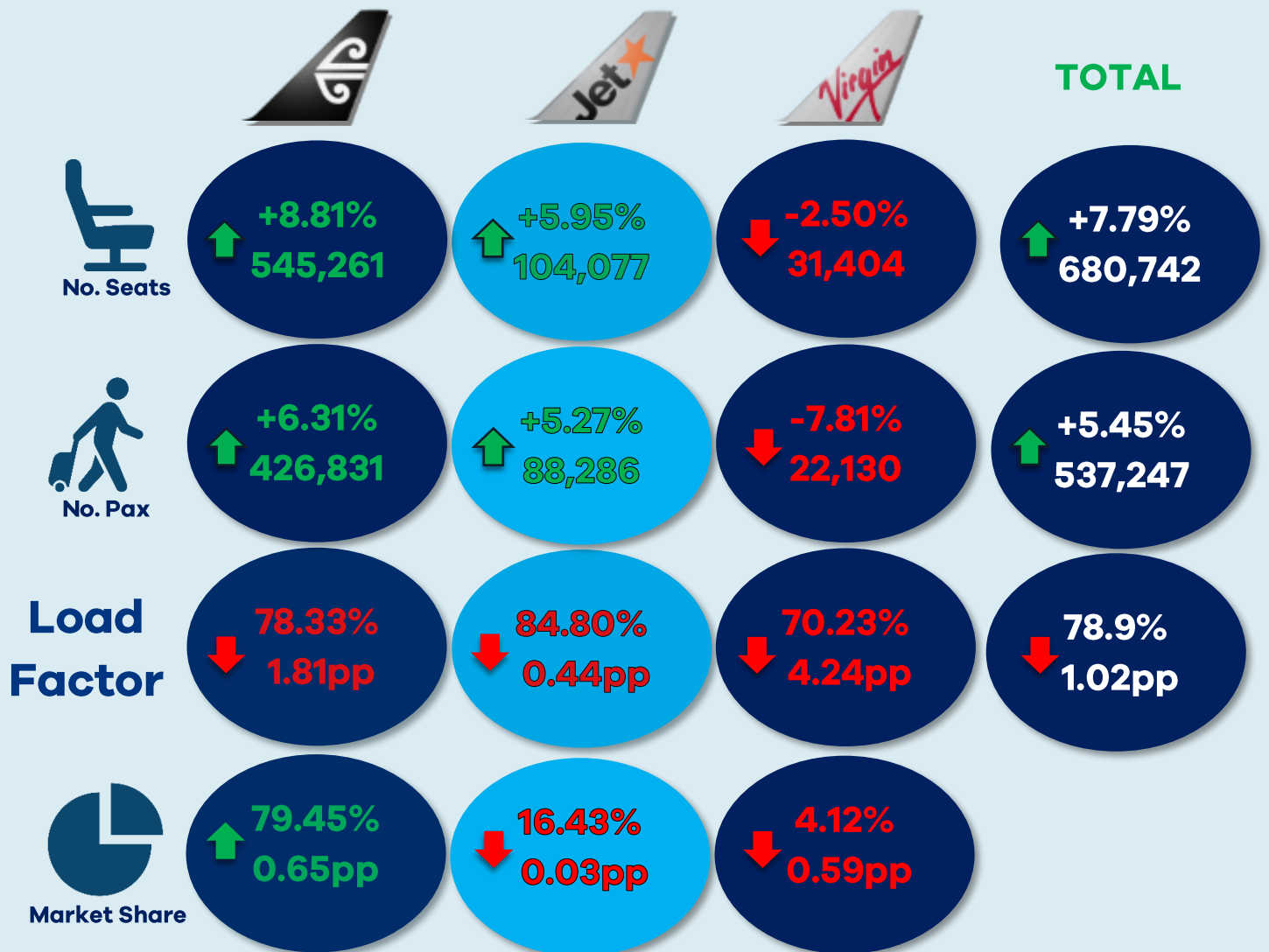
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as at 30 JUNE 2018

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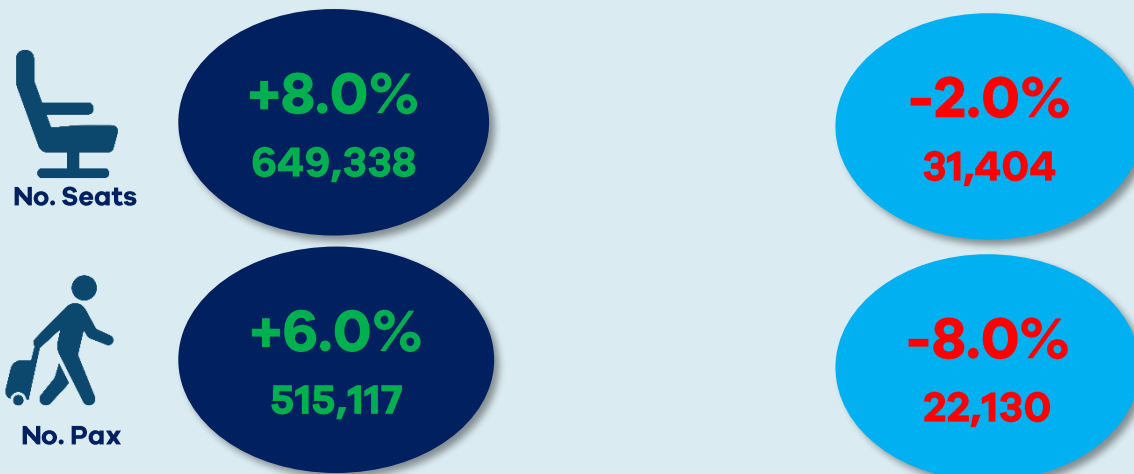


## 5. WHERE WE'VE BEEN



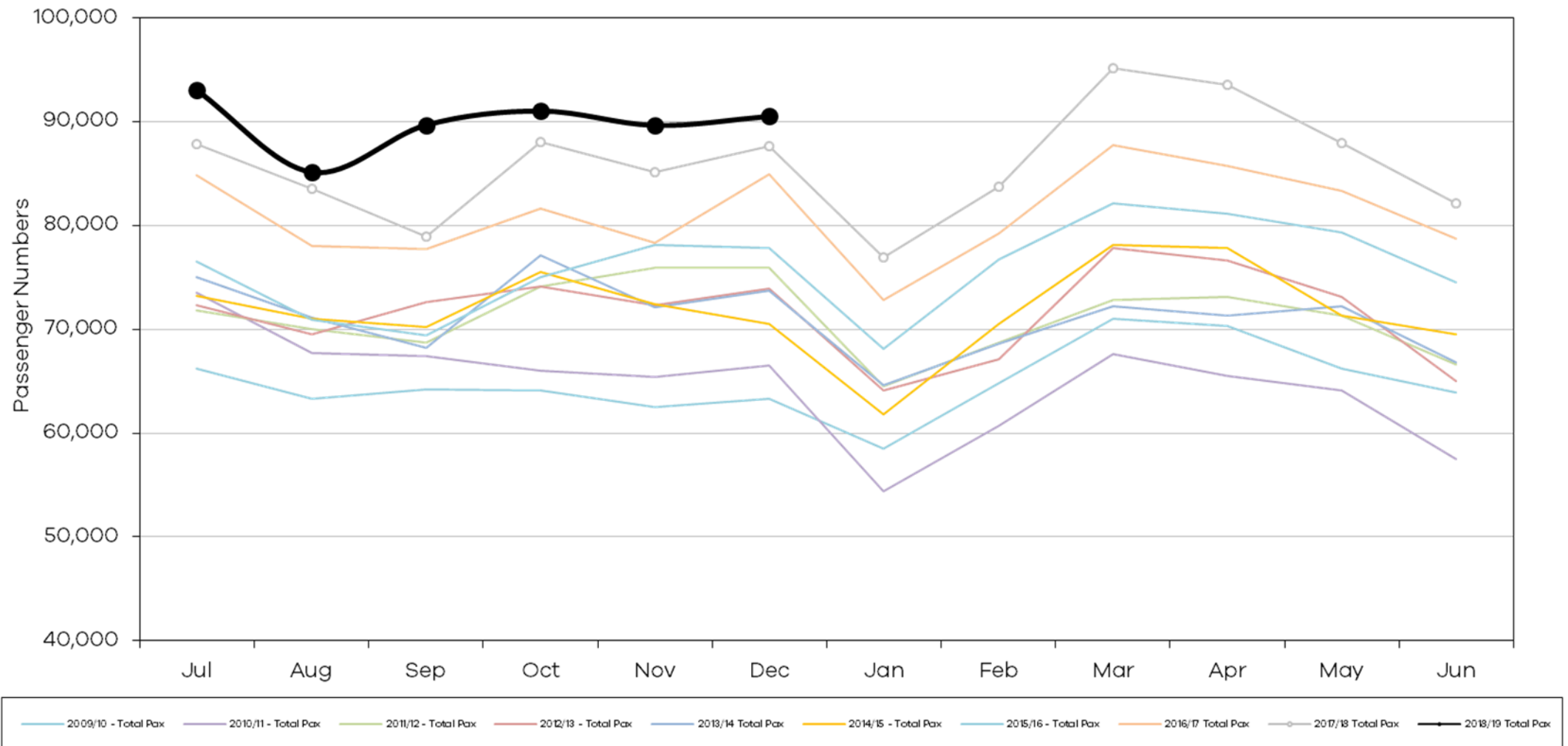
### DOMESTIC

### INTERNATIONAL





## TOTAL PASSENGERS 2009 - 2019



## PASSENGERS



- Over recent months, the 12-month rolling passenger total continues to break previous records. The 12 months to the 31<sup>st</sup> December 2018 saw the busiest period on record with **1,058,400** passengers passing through the airport.

## INTERNATIONAL SERVICES



### Virgin Australia

- Since the split with Air New Zealand at the end of October 2018, we have seen a significant fall in passengers on the Virgin services. We were aware that up to 70% of passengers under the Alliance were booking through Air New Zealand channels, therefore this is not unexpected. We continue to have open dialogue with all our airline partners on international services and continue to concentrate our efforts on Virgin at present.
- We continue to look for opportunities to create and promote a lower south message to the Queensland market, supporting our Brisbane service in or out of Dunedin.

## DOMESTIC SERVICES



### Air New Zealand, Jetstar

- We continue to see good growth from our two domestic carriers with overall domestic passenger numbers to December 2018 up 6% (29,620). We will continue to support our airline partners in sustaining, and in pursuit of continued growth, of our domestic capacity. We continue dialogue with other Regional Tourist Organisations as they form a large part of our inbound demand.

## SAFETY & COMPLIANCE



- CAA conducted a Surveillance Audit on the 18<sup>th</sup> December 2018. The focus was on aerodrome compliance and SMS implementation progress. There were no findings for the aerodrome compliance aspects. CAA were comfortable with the SMS implementation progress and have provided some additional information to consider prior to the Feb 19 SMS audit.
- Safety Management System (SMS) implementation has continued with the contractor e-inductions being built and ready to launch. The completed SMS implementation remains on track for the 1<sup>st</sup> of April 2019.
- VAULT training was conducted in December 2018. This training focused on the VAULT Manager level, AES Crew Chiefs and AES Training Officer. VAULT is now in use and under a period of data review and refinement.
- Independent audits were held with regulatory bodies, Customs and MPI. Both parties were happy with the Dunedin Airports approach to continuous improvements of policies and procedures.

## 6. WHERE WE'RE GOING



### OVERVIEW

The airport continues to engage and bring together partnerships that will benefit the region through air connectivity. As we seek to grow volume, all parts of our business and economy benefit.

Our core priorities remain as follows:

- to sustain and grow our trans-Tasman services,
- to sustain and grow our inbound and outbound connectivity to Auckland, NZ's largest gateway,
- to improve domestic schedules and volumes, and
- to improve our non-aeronautical revenue opportunities.

The business remains in a very positive position across its portfolios except for the international services now provided solely by Virgin Australia (VA), which are proving very challenging. Since the Alliance split with Air New Zealand, international passenger numbers have fallen from previous year which was not entirely unexpected (see INTERNATIONAL SERVICES above).

We are currently working on a trans-Tasman Lower South Island strategy which will ultimately involve the whole region including Waitaki, Central Otago, Southland, Queenstown Lakes with DIAL as the main driver.

Having visited a number of the VA team in Australia late in 2018 we have invited senior executives to Dunedin to meet the Board, city leaders and the business community.

Our non-aeronautical business continues to perform very well, and we have capitalised on opportunities with our rental car partners in their new lease agreements. We continue to see exceptional results against previous year from our new café offer by Fuel to Fly. Currently their revenue for the first 6 months of operation is nearly at the same level as the previous operators last 12 months. We have currently allowed a small Sushi operation out of their lease due to poor performance and are in negotiations to provide what could be another exciting retail opportunity for the airport.



## AIRLINES



**Jetstar**



- Jetstar continue to review the New Zealand domestic network. We are awaiting information as to the outcome of this review.
- We continue to communicate regularly with the Jetstar Commercial team and share information on market activity, particularly around trans-Tasman movements.

**Air New Zealand**



- See above for progress on services.
- Following our destination campaign with Air NZ that launched at the start of September, the high level results were:
  - Overall media delivered 14.1 million impressions,
  - Campaign drove 17,422 clicks through to 'Flights to Dunedin' page on airnz.co.nz,
  - Average click through rate of 0.16% vs industry benchmark of 0.08%,
  - 259,976 video views,
  - Highest ever number of comments for an #AirNZFindMe social post, and
  - Highest engagement in 90 days on Mindfood.com for 72 hours in Dunedin article.
- As part of the work we are doing with the Air NZ data team, we conducted some survey work within the terminal to gather more information on our student market. We recruited two University students to conduct surveys across three days in November during periods where Air NZ had indicated students were travelling. The survey was compiled of questions to find out how often students travelled, where they were travelling to and who paid for their fares. This survey work will be conducted again during the start of the 2019 University year.
- We hosted a number of the Air NZ Executive team at the OUSA Beer and Food Festival in November. Ian Collier, Michael Williams, Kate O'Brien and Reuben Levermore (new Head of Regional Affairs). Duncan Small, previous Head of Government for Air NZ, attended which was great. Again the team really enjoyed their Dunedin experience and appreciated the opportunity to be there.

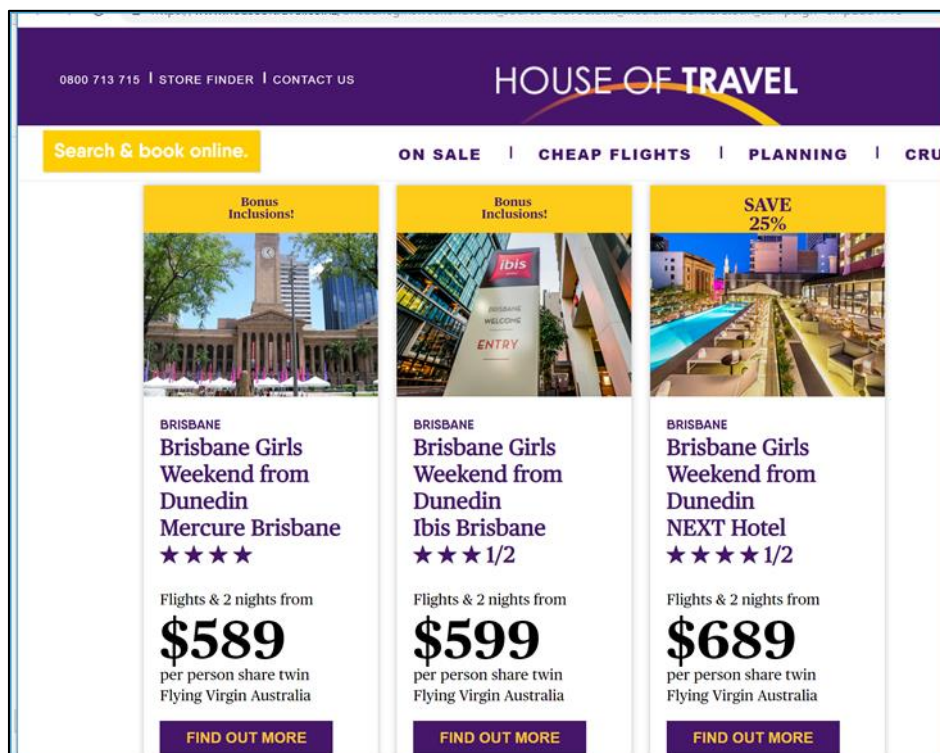
**Virgin Australia**



- The Northern Summer 19 schedule is currently in draft and our Brisbane service is part of this. At this stage the BNE flight is due to change DUD departure time to 7.10am from March 2019. This will allow connectivity through to Bali.
- Regan Mitchell is the new Virgin Australia NZ Country Manager. We met with Regan before Christmas when he visited us in Dunedin. Regan will join our monthly calls with the VA Commercial and Scheduling team.
- Virgin Australia have announced they will be opening lounges in Auckland, Wellington, Christchurch and Queenstown. We made contact with Virgin Australia to discuss what we can do at Dunedin Airport for VA business class passengers.

David Frilay, VA Product Specialist, was in Dunedin to discuss offering additional benefits to these customers in lieu of lounge access.

- To increase the awareness of our Brisbane services that allow for weekends in Brisbane, we ran a campaign in conjunction with MediaWorks, Virgin Australia, Next Hotels, Brisbane Marketing and House of Travel.
  - The campaign targeted females 25-59 living in the greater Dunedin, Southland and Oamaru area.
  - We launched the campaign on the 5th November with a competition to win a "Long Weekend for two to Brisbane".
  - The prize package included flights for two to Brisbane, two nights at Next Hotel and experiences in the City organised by Brisbane Marketing.
  - Directly following the competition we launched a special Brisbane promotion through House of Travel. Through our relationship with Virgin Australia we secured extremely competitive fares along with great accommodation deals. These deals will run through to the 10th December. We will report on how many packages were sold.

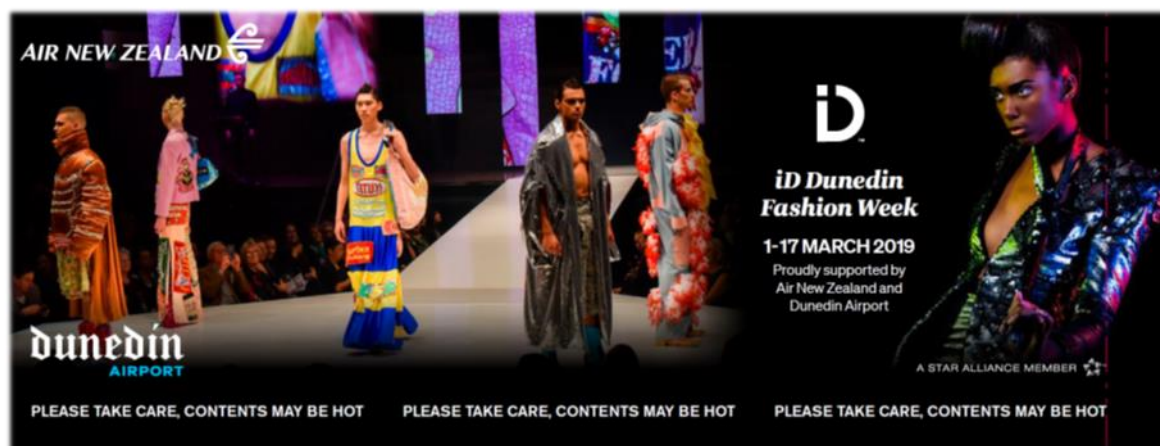


We are currently working with a Aviation Consultant and Marketing Consutlant in Queensland to develop an inbound Tasman strategy focusing on promotoin of the lower south region of New Zealand. This strategy would incorporate promotion of Waitaki, Clutha, Central Otago, Dunedin and Southland to the Queensland market via our direct Brisbane service. Over the next month we will be working with the consutlants and the regional RTO teams to develop the strategy and 12 month campaign.

- We visited Brisbane on the 3rd and 4th December. We met with Russell Shaw, Matt Yarrow, Andrew Fyfe and the RM team from Virgin Australia. We also met with Ann Elliott , VA Regional Manager, Charles Morley, VA Queensland Sales Manage, Rick Walker, VA Manager Asia and Pacific Sales and some of the VA Marketing team.

## 7. OTHER STUFF

- Relay, Duty Free and Discover Dunedin have all had relatively similar months of trading. Their revenue has not fluctuated a great deal throughout the quarter. We recently met with the newly-appointed New Zealand Retail Manager for Lagardere. We believe this as an exciting opportunity for growth and development with these particular stores over the coming months.
- Fuel to Fly has continuously exceed expectations, with revenue growing month on month. At present, Fuel to Fly's revenue performance is just short of \$450,000 for the quarter, which is almost double the revenue made by the previous tenant in the same period. Their offerings have been consistent in quality and presentation, with positive feedback being received from passengers and visitors alike.
- Chamber of Coffee has not been affected by the success of Fuel to Fly, with sales exceeding their figures for same period last year.
- Again we did our best to create a wonderful Christmas experience at the Airport during December. This year, in conjunction with MediaWorks, we ran a childrens competition asking them to draw pictures of what Christmas in Dunedin means to them. Pictures were displayed in the terminal and a winner selected by our CEO. We also invited the Momona Playcentre to the Airport for a visit to the AES station and a morning tea at Fuel to Fly with Santa.
- In November Dunedin hosted the NZ Airports Association Annual Conference. The Dunedin conference had the highest attendance of any previous Conference.
- Through our relationship with Air NZ, iD Fashion will feature on the inflight cups (see image) in Feburary 2019. Air NZ and Dunedin Airport will again be joint sponsor of the event.



## RENTAL CARS

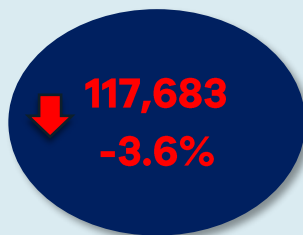


- We now have agreement with all our rental car partners to move forward with a concession-based lease which is approximately 6% of their revenue. The result of this change in commercial relationship will see an increase in revenue paid to the airport of approximately \$500,000 per annum.

## DAIRY FARMS



### KGMS



### FORECAST PAYOUT \$/ KGMS



- A significant rain event occurred in November 2018 during the normal peak milk production time which saw a drop-in milk production against the corresponding period in the previous year to date.
- Our sharemilker has received email confirmation from MPI that there was no traces of Mycoplasma Bovis in the milk samples taken during last years testing.

## SERVICE STATION



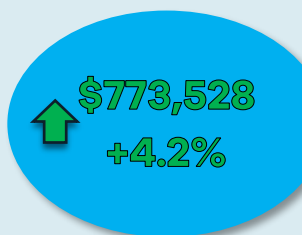
### FUEL SALES

Litres



### FUEL SALES

\$



### NON-FUEL SALES

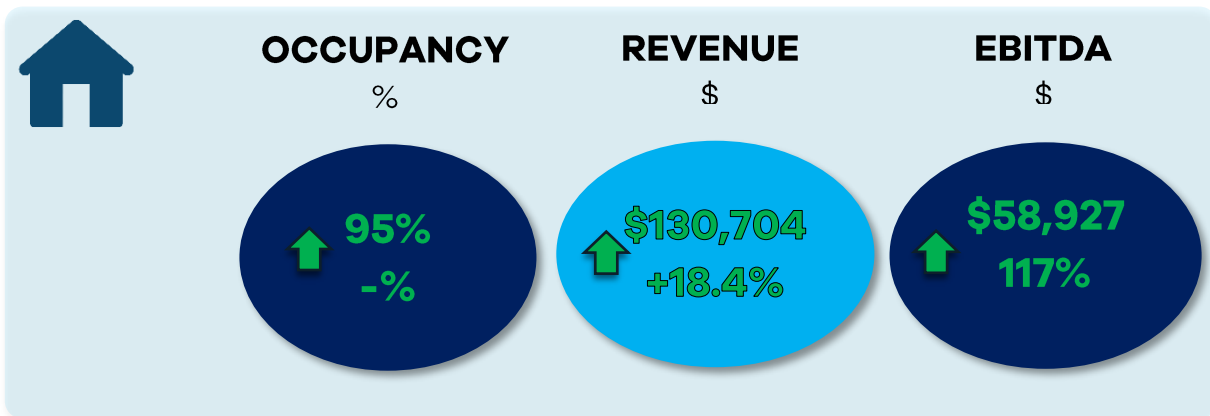
\$



- The airport service station continues to perform well and is now in its 6th year of operation under the Airports ownership. Despite a 9.0% decrease in the volume of fuel sold, strong fuel prices at the pump have resulted in a 4.2% increase in fuel sales revenue against the corresponding six-month period in the prior year.

Increase sales prices have however been offset by the increasing purchase price, resulting in a fuel sales margin in line with prior year.

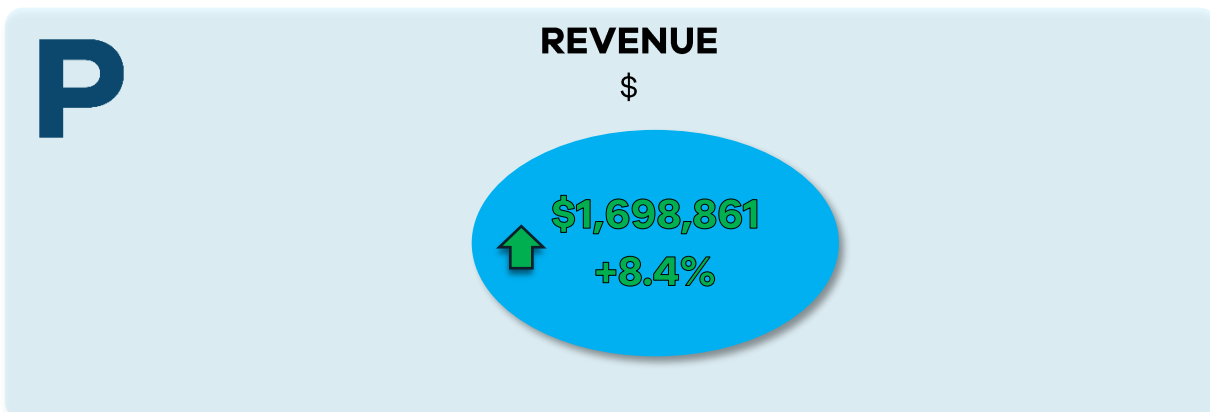
## RENTAL HOUSING



## Asbestos

- Encapsulation of the asbestos board behind the fire appliances continued with 24 of 25 properties now completed.
- The last contents settlement claim remains unresolved with the tenant yet to confirm their expectation of the value of the items unable to be cleaned.

## CAR PARK



## INFRASTRUCTURE



- The team continue to work hard with the project team on design, construction and communication.
- We continue to consider public and airport community communication on the project. New customer drop off and pick up arrangements are being assisted in partnership with our local Lions groups.
- The Terminal Expansion Project continues with good progress in spite of the significant wet weather during November 2018. Concrete works continue with steelwork to commence on 27<sup>th</sup> January 2019.
- The completion date has been delayed due to the inability of AVSEC to meet the programme with the delivery of their new screening equipment.



- Approximately 95% of construction work has been tendered and the project to date remains on budget of \$13,494,000.



## AIRPORT EMERGENCY SERVICE



- The redeveloped airport fire station was officially opened on 21<sup>st</sup> December 2018.
- Three AES staff members were appointed to the position of Crew Chief and three additional AES staff members were appointed to the position of Deputy Crew Chief.
- Three further staff members have been employed to join AES team and will commence training in January 2019.



## RUNWAY & APRON



- The annual airside pavement inspection was completed by BECA.
- An additional Ground Service Equipment (GSE) parking space was completed.
- A significant weather event hit the Otago region in November with extensive surface water surrounding the airfield for a number of days.

## GOVERNMENT & REGULATORY

Unchanged from our prior report, excluding **LANDFILL SITE**. These items remain areas of focus for the company.

- The DCC have commenced a consultation process on location of a landfill site in the vicinity of the airport. We will have a watching brief on this and submit if required. The DCC came to meet with management at the airport to explain that the proposed landfill would pose no risk to the airport. We asked for further information on this which should also be circulated to all airlines and the NZ ANZALPA
- Dunedin Airports new passenger-based airport charges (landing charges) came into effect from 1<sup>st</sup> July 2017.

### ○ **2GDP**

The Dunedin City Council-recently released its decisions on the Second-Generation District Plan (2GDP). The following areas of our submission were **ACCEPTED**.

1. The Momona Service Station has been added to our Airport Zone
2. Any land sold by us in the future will maintain its "Airport Zone" status under the plan.
3. Peculiar landscaping closes imposed on airport car park developments were removed.

The following areas of our submission were **REJECTED**.

1. We sought to have the introduction to The Airport Zone amended to reflect flexibility around the development of activities that may not have a 'clear' connection to the operation of the Airport.
2. DIAL considers that internal and onsite amenity is an issue for the airport to manage and there is no valid resource management purpose served by inserting internal amenity controls at the airport.
  - Council rejected these submissions on the basis that they do not accept that the airport is privately owned and that the plan is the appropriate place controls matters of amenity. Council do not consider that the policy and rule framework to be unduly onerous in relation to amenity controls.
3. We sought the introduction of offices to be a permitted activity and a broader definition of 'airport office' to facilitate this. The central issue was whether development is more appropriately directed towards the Central Business District.
4. We sought removal of restrictive conditions on external commercial advertising at the airport.

We are to appeal points 3 and 4 above. We will be given financial assistance in the appeal by our 2 advertising partners. Total costs of appeal estimated at \$10,000.

- The Company continues to monitor Clutha District Council's activity on its District Plan including protection of take-off and landing fans.

- The company will continue to be actively involved in the implementation of the Border Security Levy through our involvement with the NZAA.
- The company will continue to participate in the Government's development of a "National Airspace Policy and a National Airspace and Air Navigation Plan" through the Company's membership of the New Zealand Airports Association (NZAA).
- The company will continue to monitor national and local discussions around the "Tourism Levy" and how this will ultimately be funded.
- The CEO no longer holds a position on the NZAA Executive Committee.

# SECTION 2

2

STATEMENT of  
COMPREHENSIVE  
INCOME

2

STATEMENT  
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IN EQUITY

3

STATEMENT  
of  
FINANCIAL  
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STATEMENT  
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CASHFLOWS

5

RECONCILIATION  
OF NET SURPLUS  
TO CASH FLOWS  
FROM OPERATING  
REVENUE

# STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31 December 2018	Budget 6 months to 31 December 2018	Unaudited 6 months to 31 December 2017	Audited 12 months to 30 June 2018	Budget 12 months to 30 June 2019
Operating Revenue	8,746,612	8,495,617	8,458,827	17,017,000	16,780,455
Interest Received	6,235	3,000	8,597	20,000	6,000
Bad Debts Recovered	-	840	-	-	1,680
Gain/(Loss) On Investment	(178,901)	-	91,053	(130,000)	-
Depreciation Recovered	-	-	-	-	-
Dividend Received	1,897	25,000	47,591	72,000	50,000
<b>Total Revenue</b>	<b>8,575,842</b>	<b>8,524,457</b>	<b>8,606,068</b>	<b>16,979,000</b>	<b>16,838,135</b>
Audit Fee	44,388	28,002	27,877	55,000	56,004
Directors Fee	49,752	49,554	47,250	98,000	99,108
Interest Paid	231,621	249,750	241,222	474,000	611,834
Ineffective hedges	(68,070)	-	(13,093)	(60,000)	-
Wages and Salaries	1,415,319	1,194,522	1,035,975	2,264,000	2,590,272
Depreciation	1,503,459	1,562,451	1,468,084	2,956,000	3,166,031
Operating Exp	2,623,654	2,961,452	2,805,039	6,430,000	6,297,207
<b>Total Expenses</b>	<b>5,800,122</b>	<b>6,045,731</b>	<b>5,612,355</b>	<b>12,217,000</b>	<b>12,820,456</b>
Operating Surplus /(Deficit)					
Before Income Tax	2,775,720	2,478,726	2,993,714	4,762,000	4,017,679
Income Tax	827,294	694,045	823,964	1,502,000	1,124,952
Tax Prior Year Adjustment	-	-	-	(15,000)	-
<b>Operating Suplus/Deficit</b>	<b>1,948,426</b>	<b>1,784,681</b>	<b>2,169,750</b>	<b>3,275,000</b>	<b>2,892,727</b>
<b>Other Comprehensive Income</b>					
Ineffective Hedges Amortised to Expense	-	-	32,735	139,000	-
Cash Flow Hedges Gain/(Loss)	(135,318)	-	70,602	(10,000)	-
Revaluation of Property, Plant & Equipment	-	-	-	-	-
Income Tax on Items of Other Comprehensive Income	37,889	-	(19,769)	226,000	-
<b>Total Comprehensive Income/(Deficit)</b>	<b>1,850,997</b>	<b>1,784,681</b>	<b>2,253,318</b>	<b>3,630,000</b>	<b>2,892,727</b>
<b>Statement of Movements in Equity</b>					
Equity at Beginning of Year	61,778,518	61,120,811	46,456,389	59,559,000	61,120,811
Comprehensive Income/(Deficit)	1,850,997	1,784,681	2,253,318	3,630,000	2,892,727
Less Dividends Paid	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000
<b>Closing Equity</b>	<b>62,221,515</b>	<b>61,497,492</b>	<b>47,301,707</b>	<b>61,781,000</b>	<b>62,605,538</b>



## STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months to 31 December 2018	Budget 6 months to 31 December 2018	Audited 12 months to 30 June 2018	Budget 12 months to 30 June 2019
<b>Shareholders Equity</b>				
Share Capital	8,800,000	8,800,000	8,800,000	8,800,000
Hedge Reserves	(145,644)	(90,452)	(49,000)	(90,452)
Property Reserves	34,072,794	21,672,638	34,073,000	21,672,638
Reserves	18,953,938	30,738,625	17,090,000	30,738,625
Current Surplus/Profit	1,948,426	1,784,681	3,275,000	2,892,727
Final Dividend	(1,408,000)	(1,408,000)	(1,408,000)	(1,408,000)
	<b>62,221,515</b>	<b>61,497,492</b>	<b>61,781,000</b>	<b>62,605,538</b>
<b>Current Liabilities</b>				
Payables and Accruals	1,842,031	2,337,130	2,506,000	1,803,578
Short Term Advance	1,750,000	-	350,000	-
Provision for Taxations	626,889	594,045	846,000	774,952
	<b>4,218,919</b>	<b>2,931,175</b>	<b>3,702,000</b>	<b>2,578,531</b>
<b>Non Current Liabilities</b>				
Term Loans	8,000,000	14,000,000	8,000,000	21,100,000
Interest rate term derivatives	272,689	215,000	205,000	215,000
Deferred Taxations	14,675,876	15,020,000	14,969,000	14,720,000
	<b>22,948,565</b>	<b>29,235,000</b>	<b>23,174,000</b>	<b>36,035,000</b>
<b>Total Equity &amp; Liabilities</b>	<b>89,389,000</b>	<b>93,663,667</b>	<b>88,657,000</b>	<b>101,219,069</b>
Represented by				
<b>Current Assets</b>				
Cash On Hand	6,400	6,400	6,000	6,400
Cash and Cash Equivalents	727,750	196,517	693,000	241,665
Receivables and Prepayments	1,249,487	961,934	1,233,000	1,106,768
Stock on Hand Momona	56,283	44,000	43,000	44,000
	<b>2,039,920</b>	<b>1,208,852</b>	<b>1,975,000</b>	<b>1,398,833</b>
<b>Non Current Assets</b>				
Fixed Assets	86,084,814	90,589,821	85,259,000	97,955,236
Investments	1,127,511	1,700,000	1,306,000	1,700,000
Deferred Tax Asset	136,754	165,000	117,000	165,000
Interest Rate Hedge Derivative	-	-	-	-
	<b>87,349,079</b>	<b>92,454,821</b>	<b>86,682,000</b>	<b>99,820,236</b>
<b>Total Assets</b>	<b>89,389,000</b>	<b>93,663,673</b>	<b>88,657,000</b>	<b>101,219,068</b>
<b>Equity Ratio (Equity over Total Assets)</b>	<b>69.61%</b>	<b>65.66%</b>	<b>69.69%</b>	<b>61.85%</b>
<b>Debt to Equity Ratio (Liabilities over Equity)</b>	<b>43.66%</b>	<b>52.30%</b>	<b>43.50%</b>	<b>61.68%</b>

## STATEMENT OF CASHFLOWS

	Unaudited 3 months to 31 December 2018	Unaudited 3 months to 31 December 2017
<b>Cash Flows from Operating Activities</b>		
Cash was provided from:		
Receipts from Customers	(8,717)	(7,687)
Interest Received	(6)	(9)
Dividends Received	(2)	(48)
Cash was applied to:		
Payments to Suppliers	3,228	3,035
Payments to Employees	1,393	1,024
Interest Paid	232	241
Taxation Paid	1,323	1,148
<b>Net Cash Flows from Operating Activities</b>	<b>2,549</b>	<b>2,296</b>
<b>Cash Flows from Investing Activities</b>		
Cash was provided from:		
Sale of Assets	-	-
Cash was applied to:		
Purchase of Shares	-	27
Purchase of Fixed Assets	2,505	792
<b>Net Cash Flows from Investing Activities</b>	<b>(2,505)</b>	<b>(819)</b>
<b>Cash Flows from Financing Activities</b>		
Dividend Paid	1,408	1,408
Net Loan Facilities (Drawdown)/Repaid	(1,400)	-
<b>Net Cash Flows from Financing Activities</b>	<b>(8)</b>	<b>(1,408)</b>
Net Increase/(Decrease) in Cash Held	36	69
Plus Opening Cash Brought Forward	699	788
<b>Closing Cash Held</b>	<b>735</b>	<b>857</b>

## RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASH FLOWS FROM OPERATING REVENUE

	Unaudited 3 months to 31 December 2018	Unaudited 3 months to 31 December 2017
<b>Operating Surplus after Taxation</b>	1,948	2,170
<i>Items not Involving Cashflows</i>		
(Increase)/Decrease in value of Investments	179	(91)
Depreciation	1,503	1,468
Increase/(Decrease) in Deferred Tax	(276)	(169)
Loss/(Gain) on disposal of fixed asset	-	-
Ineffective Hedges	(68)	(13)
<i>Impact of changes in working capital items</i>		
(Increase)/Decrease in payables and accruals	(664)	(121)
Increase/(Decrease) in receivables and prepayments	(18)	(775)
Increase/(Decrease) in tax payable	(219)	(155)
(Increase)/Decrease in stock	(13)	6
Movements in working capital items classified as Investing	177	(24)
<b>Net Cash Flows from Operating Activities</b>	<b>2,549</b>	<b>2,296</b>