Marlborough Airport Limited

Annual Report

For the Financial Year Ended
30 June 2011

Table of Contents

Company Directory

Company Number
517274

Directors
J Wallace (Chairman)
A R Besley
A T Sowman
P J M Taylor
FD Maher

Total number of shares
1,170,726

Shareholders

MDC Holdings Limited	1,170,726 shares

Manager
Dean Heiford
Marlborough District Council
Ph (03) 520 7400

Registered Office
Level 2, Youell House
1 Hutcheson Street
Blenheim

Auditor
Deloitte for the Office of the Auditor General

Banker
Bank of New Zealand
Market Street
Blenheim
Ph (03) 577 2712
Fax (03) 577 2721

Solicitors
Radich Law
21 Bells Rd
Blenheim
Ph (03) 577 8450

Shareholders
MDC Holdings Limited 100%

Review of operations

Nature of the Business

Marlborough Airport Limited operates Marlborough's principal airport at Woodbourne, west of Blenheim. The company owns a passenger terminal, aircraft hanger, vehicle grooming facility and carparks which are sited on land that, together with the runways and taxiways, the Company occupies under a licence from the Crown. There have been no material changes in the nature of the Company's business and the Company's affairs are considered to be satisfactory.

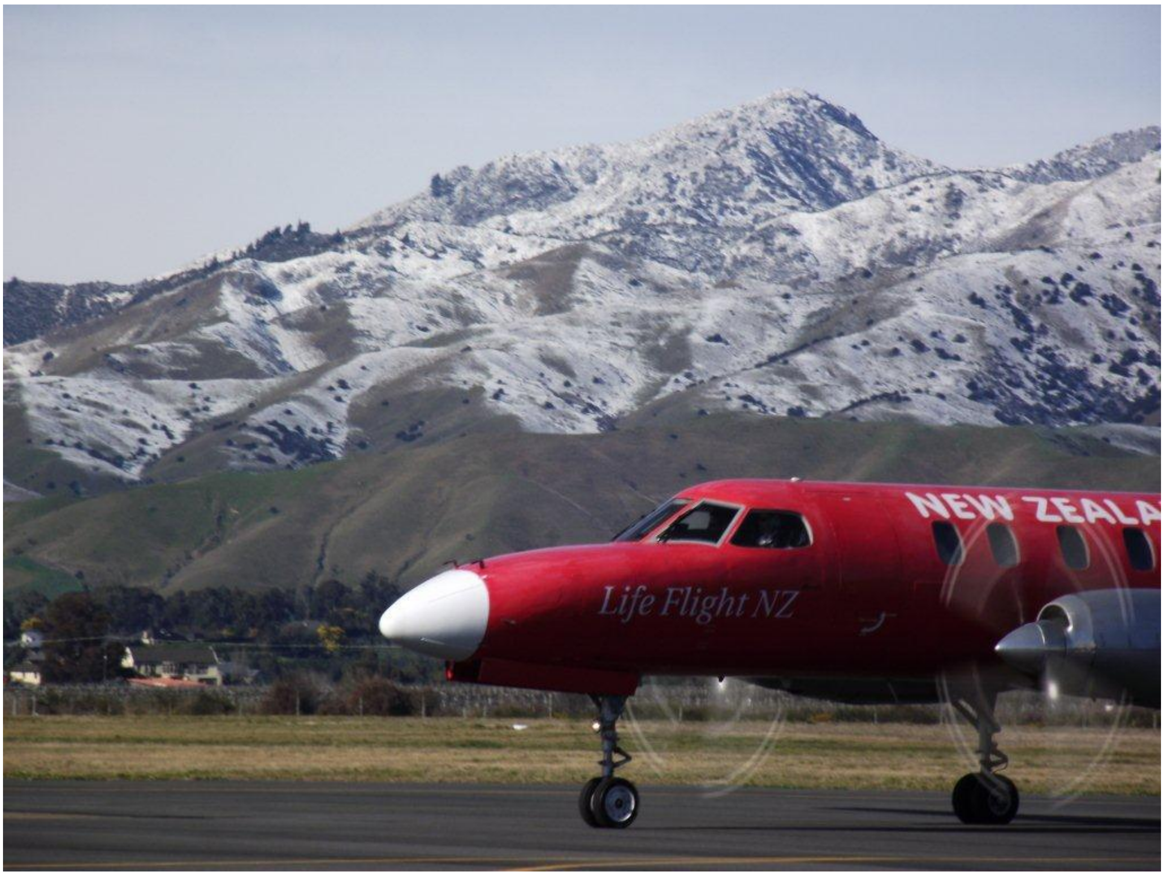
Measuring Performance

CAA Compliance

The Civil Aviation Authority (CAA) part 139 Annual Safety Audit was completed on 23rd March 2011 – excellent compliance was noted.

Emergency Response and Security
Two emergency incidents involving Air Nelson Q300 aircraft with nose wheel issues on 30th September 2010 and 9th February 2011 tested emergency services involved with the airport. In compliance with Ministry of Transport and Aviation Security requirements a second security forum was held on 08 August 2011. This was well attended by airport users and emergency services.

Managing Assets
The defects liability period for the runway surface was completed in April 2011.



Review of Activities

Financial Performance

	2011 $ '000	Target $ '000	2010 Restated $ '000
Income			
Aeronautical	744	706	540
Non Aeronautical (Rent)	201	200	194
Non Aeronautical (Parking)	211	205	210
Non Aeronautical (Misc)	44	52	56
Interest	11	2	40
	1,211	1,165	1,040
Expenses			
Aeronautical Admin	74	100	210
Aeronautical R&M	203	162	386
Non Aeronautical Admin (1)	775	778	802
Non Aeronautical R&M	165	64	92
Loss on financial derivative	24	-	29
Interest	117	138	26
	1,358	1,242	1,545
Net Profit/(loss) before Taxation	**(147)**	**(77)**	**(505)**
Less Tax (credit)/expense	(90)	23	129
Net Profit/(loss) after Taxation	**(57)**	**(100)**	**(634)**

(1) includes depreciation cost

The increase in aeronautical income from prior year relates to landing fee charges increase from 1 September 2010.

The decrease in interest income and increase in interest expense relates to loan money being raised to fund the cost of runway reseal and drainage and lighting.

Use of Facilities

	2009	2010	2011
Passengers	208,057	203,210	212,179
Landings	10,558	9,796	10,026

The increase in landings and passengers is attributed to the increased activity by Air New Zealand.

Development

New carpet in the lounge and office areas was laid in September 2010, replacing the carpet installed in 2002. During February and March the public conveniences were renovated in the terminal building. Attendance at the emergency response and security forum led to a number of security improvements including the extension of the security fencing between the Fire Station and West Hangar.

Directors' Report

The Directors of Marlborough Airport Limited are pleased to present to the Shareholder their Annual Report and financial statements for the year ended 30 June 2011.

The Directors are responsible for presenting financial statements, in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of Marlborough Airport Limited as at 30 June 2011 and the results of the operations and cash flows for the year ended on that date.

Auditors

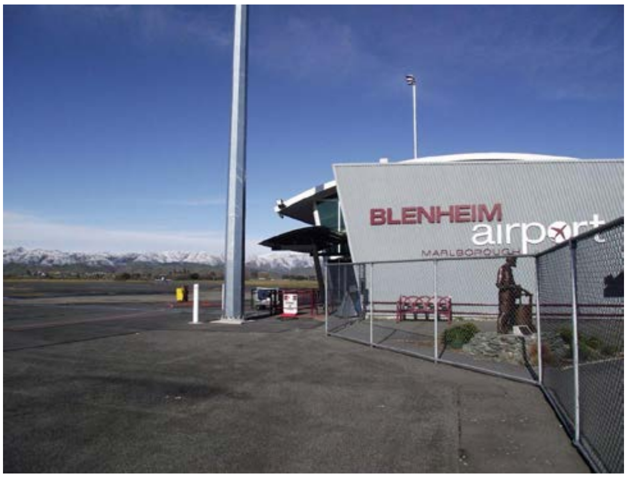
Paul Bryden of Deloitte, acting as agent for the office of the Auditor General is the auditor for Marlborough Airport Limited for the year ended 30 June 2011. The remuneration of auditors is disclosed in note 2 of the Notes to the financial statements.

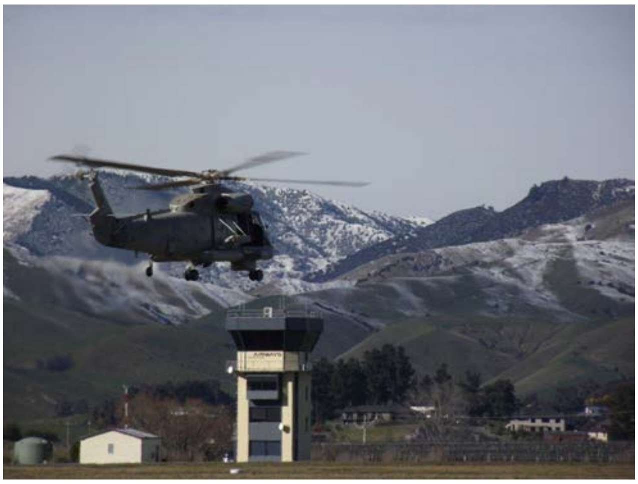
Dividends

No distribution by way of dividend is recommended.

Employee remuneration

There are no employees employed by Marlborough Airport Limited.





Interest Register

Directors' remuneration and benefits

No directors' fees have been paid by Marlborough Airport Limited for the 12 month period.

Directors' and Officers' Liability Insurance

Directors' and Officers' Liability Insurance with Jardine Lloyd and Thompson. This cover insures Directors against liabilities to other parties that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

Directors' Loans

There were no loans given by the company to Directors.

Directors' Interest Disclosure

The following Directors have declared interests in the identified entities. The declaration serves as a notice that the Director may benefit from any transaction between the Company and the identified entities.

J Wallace	
Fabian Forest Limited	Director
Indevin Group Limited	Director
MDC Holdings Limited	Chairman
Marlborough Regional Forest	Secretary
P J M Taylor	
RMB Trustee Limited	Director
Commerce Commission	Officer
MDC Holdings Limited	Director
Martin Jenkins & Associates	Chairman
Ngati Awa Group Holdings Limited	Member audit committee
Ryland Estate Limited	Director
Te Runanga O Ngati Awa	Member audit committee
A T Sowman	
MDC Holdings Limited	Director
Marlborough Business Enterprise Centre Ltd	Director
Marlborough District Council	Mayor
Wairau Products Limited	Director
F D Maher	
MDC Holdings Limited	Director
A R Besley	
Black Dog Vineyards Limited	Director
Marlborough District Council	CEO
MDC Holdings Limited	Director

Use of Company Information

During the year, the Board did not receive any notices from Directors of the company requesting the use of company information, received in their capacity as Directors, which would not otherwise have been available to them.

Directors Responsibility Statement

Statement of Responsibility

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of Marlborough Airport Limited as at 30 June 2011 and the results of its operations and cash flows for the year ended 30 June 2011.

The Directors consider that the financial statements of the company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all applicable New Zealand equivalents to International Financial Reporting Standards, as appropriate to Public Benefit Entities, have been followed.

The Directors have responsibility for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and enable them to ensure that the financial statements comply with the Financial Report Act 1993.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors have approved and are pleased to present the financial statements of Marlborough Airport Limited for the year ended 30 June on pages 11 to 32

Statement of Intent

In accordance with Schedule 8 of the Local Government Act 2002 the Board submits a draft Statement of Intent (SOI) for the coming financial year. The SOI sets out the company's overall objectives, intentions, and financial and performance targets. The SOI is approved by the shareholder, MDC Holdings Limited.

JWallace

J Wallace – Chairman

A R Besley - Director

On Behalf of the Directors of Marlborough Airport Limited

Date 28 September 2011

COMPLIANCE WITH AIRPORT AUTHORITIES (AIRPORT COMPANIES INFORMATION DISCLOSURE) REGULATIONS 1999

The financial statements have been prepared for the purpose of, and in accordance with, the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

JWallace

J Wallace – Chairman

A R Besley - Director

On Behalf of the Directors of Marlborough Airport Limited

Date 28 September 2011

Audit Report

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF
MARLBOROUGH AIRPORT LIMITED'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2011

The Auditor-General is the auditor of Marlborough Airport Limited (the company). The Auditor-General has appointed me, Paul Bryden, using the staff and resources of Deloitte, to carry out the audit of the financial statements and performance information of the company on her behalf.

We have audited:

- the financial statements of the company on pages 11 to 32, that comprise the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on page 5.

Opinion on the financial statements and performance information

In our opinion:

- the financial statements of the company on pages 11 to 32:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards and
  - give a true and fair view of the company's:
    - financial position as at 30 June 2011; and
    - financial performance and cash flows for the year ended on that date;
- the performance information of the company on page 5:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the achievements measured against the performance targets adopted for the year ended on 30 June 2011.

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 29 September 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and performance information whether due to fraud or error. In making those risk assessments, we

Deloitte.

consider internal control relevant to the company's preparation of the financial statements and performance information that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and performance information; and
- the overall presentation of the financial statements and performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance achievements.

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

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the company.

Paul Bryden
Deloitte
On behalf of the Auditor-General
Christchurch, New Zealand

Statement of Comprehensive Income
For the Financial Year Ended 30 June 2011

	Notes	2011 $'000	Restated 2010 $'000	Original 2010 $'000
			Note18	
Revenue	2.1	1,200	1,000	1,000
Interest Revenue	2.1	11	40	40
		1,211	**1,040**	**1,040**
Operations and maintenance	2.2	(1,028)	(1,351)	(1,938)
Finance costs	2.2	(141)	(55)	(55)
Depreciation, impairment and amortisation expense	6	(189)	(139)	(139)
Profit/(loss) before income tax		**(147)**	**(505)**	**(1,092)**
Income tax (credit)/expense	3	**(90)**	**129**	**(47)**
Profit/(loss) after income tax and comprehensive income net of tax		**(57)**	**(634)**	**(1,045)**
Attributable to: the equity holders of the parent entity		**(57)**	**(634)**	**(1,045)**

Statement of Changes in Equity
For the Financial Year Ended 30 June 2011

	2011 $'000	Restated 2010 $'000	Original 2010 $'000
		Note18	
Equity at the beginning of the year	879	1,513	1,513
Loss and Total Comprehensive income for the year, Net of tax	(57)	(634)	(1,045)
Balance at the end of the year	**822**	**879**	**468**

Notes to the financial statements are included on pages 14 to 32 and are an integral part of, and should be read in conjunction with these financial statements.

Balance Sheet
As at 30 June 2011

	Notes	2011 $ '000	Restated 2010 $ '000	Original 2010 $ '000
Current assets			Note18	
Cash and cash equivalents	15.1	220	72	72
Trade and other receivables	4	118	558	558
Current tax assets	3.2	110	1,107	1,283
Total Current assets		**448**	**1,737**	**1,913**
Non-current assets				
Property, plant and equipment	6	2,751	2,882	2,295
Total Non-current assets		**2,751**	**2,882**	**2,295**
Total assets		**3,199**	**4,619**	**4,208**
Current liabilities				
Trade and other payables	7	367	410	410
Derivative financial instruments	5	13	-	-
Total current liabilities		**380**	**410**	**410**
Non-current liabilities				
Derivative financial instruments	5	40	29	29
Provisions	8	199	43	43
Borrowings	9	1,600	3,000	3,000
Deferred tax liabilities	3.3	158	258	258
Total Non-current liabilities		**1,997**	**3,330**	**3,330**
Total Liabilities		**2,377**	**3,740**	**3,740**
Net Assets		**822**	**879**	**468**
Equity				
Share capital and other equity instruments	10	1,171	1,171	1,171
Retained earnings	11	(349)	(292)	(703)
Total Equity		**822**	**879**	**468**

Notes to the financial statements are included on pages 14 to 32 and are an integral part of, and should be read in conjunction with these financial statements.

Cash Flow Statement
For the Financial Year Ended 30 June 2011

	Notes	2011 $'000	Restated 2010 $'000	Original 2010 $'000
Cash flow from operating activities			Note18	
Receipts from customers		1,189	991	991
Receive subvention payment		969	-	-
Interest Received		11	40	40
Payments to suppliers and employees		(947)	(3,817)	(4,404)
Interest and other costs of finance paid		(119)	(7)	(7)
Income tax paid		19	(138)	(138)
GST (net)		471	(475)	(475)
Net cash provided by/(used in) operating activities	15.3	**1,593**	**(3,406)**	**(3,993)**
Cash flow from investing activities				
Payments for property, plant and equipment		(45)	(943)	(356)
Advance from related party		-	3,000	3,000
Net cash provided by/(used in) investing activities		**(45)**	**2,057**	**2,644**
Cash flow from financing activities				
Repayment of related party borrowings		(1,400)	-	-
Net cash provided by/(used in) financing activities		**(1,400)**	**-**	**-**
Net increase in cash and cash equivalents		**148**	**(1,349)**	**(1,349)**
Cash and cash equivalents at the beginning of the financial year		**72**	**1,421**	**1,421**
Cash and cash equivalents at the end of the financial year	15.1	**220**	**72**	**72**

Notes to the financial statements are included on pages 14 to 32 and are an integral part of, and should be read in conjunction with these financial statements.

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011. These statements include a restatement of comparative information for the year ended 30 June 2010 where the amounts have been revised from the original 30 June 2010. The nature of this restatement and a summary of each line item affected has been summarised in note 18.

The presentation currency is New Zealand Dollars ($), and amounts are rounded to the nearest $000.

1.1 Statement of compliance

The company is a public benefit company incorporated in New Zealand. It operates Marlborough's principal airport at Woodbourne, west of Blenheim. The company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act, the Companies Act 1993 and the Airport Authorities Act 1966.

The parent entity is MDC Holdings Limited, which is a 100% owned subsidiary company of Marlborough District Council.

The financial statements have been prepared in accordance with General Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for public benefit entities.

The financial statements were authorised for issue by the Directors on 28 September 2011.

1.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The principal accounting polices are set below.

1.2.1 Accounting judgements and major sources of estimation uncertainty

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period off the revision and future periods if the revision affects both current and future periods. The determination of the timing and cost of re-sealing the runway (note 8) is a key area of judgement/estimate.

1.3 Revenue recognition

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at reporting date. In the case of landing fee charges, the Company's primary source of revenue, revenue is recognised based on actual landings and take-offs.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

1.4 Interest and dividends paid

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

1.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 or substantively enacted by the end of reporting period.

1.5.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis 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 Discount on Acquisition) 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.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit 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 to the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

1.5.3 Current and deferred tax for the period

Current and deferred tax are recognised as a liability (or asset) in profit or loss, except when they relate to transactions recognised in Other Comprehensive Income or directly in Equity, in which case the tax is also recognised in Other Comprehensive Income or directly in Equity.

Tax assets and liabilities are offset when MDC Holdings Limited has a legally enforceable right to set off the recognised amounts.

1.6 Statement of cash flows

Operating activities include cash received from all income sources of the Company and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Company.

1.7 Property, plant and equipment

Property, Plant and Equipment are stated at their cost or deemed cost less any subsequent accumulated depreciation and impairment losses (if any).

Land improvements and buildings Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they related. If a resource consent application is declined then all capitalised costs are written off.

Depreciation Depreciation is charged on all Property, Plant and Equipment as to write off the cost or valuation of the assets, other than properties under construction (work in progress), over their estimated useful lives, using the straight-line method (SL). The useful lives and estimated residual values are reviewed at each balance date and amended if necessary.

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

Depreciation is charged to profit or loss. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

• Carpark and Land Improvements	2.5 – 12.5% SL
• Buildings	2.5 – 12.5% SL
• Plant and Equipment	3.0 – 8.0% SL
• Office Furniture and Fittings	5.5 – 40.0% SL

1.8 Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of market 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.

If the recoverable amount of an asset (or 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.

For non-revalued assets, impairment losses are 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, subject to the restriction 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.

1.9 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 (note 16.7).

1.9.1 Financial assets

Financial assets are classified into the following categories: “fair value through profit loss”, “available for sale”, “held to maturity” and “loans and receivables”. The classification depends on the nature and purpose of the financial assets as determined at the time of initial recognition. Policies in respect of individual categories of financial assets are outlined as follows:

Cash and cash equivalents Cash and cash fall into the “loans and receivables” category, and comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables Trade and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at initial recognition at fair value using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate

1.9.2 Financial liabilities

Financial liabilities are classified into the following specified categories: “fair value through profit or loss” and “other financial liabilities”. Policies in respect of individual categories of financial liabilities are outlined as follows:

Trade and Other Payables Trade and other payables fall into the category of “other financial liabilities” and are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments The Company enters into interest rate swaps to manage cash flow interest rate risk. Derivative financial instruments are classified as “fair value through profit or loss” category. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. Derivative instruments entered into by the company do not qualify for hedge accounting. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised in profit or loss. The Company does not use derivative financial instruments for speculative purposes.

Borrowing Costs Borrowings fall into the category of “other financial liabilities” and are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest rate method which allocates the cost through the expected life of the loan or borrowing. Amortised cost is calculated taking into account any issue costs, and any discount or premium on drawdown.

Bank loans are classified as current liabilities (either advances or current portion of term debt) unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.10 Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at balance date.

1.11 Goods and services tax (GST)

These financial statements have been prepared exclusive of GST, except receivables and payables, which are GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

1.12 Changes in accounting policies

There have been no significant changes in accounting policies.

1.13 Standards and Interpretations effective in the current period

There have been a number of standards, interpretations and amendments adopted. These have not led to any changes in the Company's accounting policies with measurement or recognition impact on the periods presented in these financial statements.

1.14 Standards and Interpretations in issue not yet adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted are:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be innitially applied in the financial year ending
NZ IAS 24 Related Party Disclosures (revised 2009)	01-Jan-11	30-Jun-12
NZ IFRIC - 9 Financial Instruments	01-Jan-13	30-Jun-14
*Revised NZ IFRS 9 Financial Instruments	01-Jan-13	30-Jun-14
Amendments to IFRIC 14 - Prepayments of Minimum Funding Requirement	01-Jan-11	30-Jun-12
Amendments to NZ IFRS 7 Financial Instruments: Disclosures and Appendix E	01-Jul-11	30-Jun-12
Improvements to New Zealand Equivalents to IFRS 2010: Improvements to other standards	01-Jan-11	30-Jun-12

* The revised NZ IFRS 9 adds guidance on the classification and measurement of financial liabilities and derecognition of financial instruments. The effective date remains the same as the previous version of NZIFRS 9, with earlier adoption permitted.

Directors expect to adopt the above standards and interpretations in the period in which they become mandatory. Initial application of these standards and interpretations is not expected to have any material impact to the financial statements of the Company.

2 PROFIT FROM OPERATIONS

2.1 Revenue from continuing operations

Revenue from operations consisted of the following items:	2011 $ '000	Restated 2010 $ '000	Original 2010 $ '000
Revenue			
Landing Charges	744	540	540
Rental lease and concessions	201	194	194
Parking	211	210	210
Outgoings recovered	44	56	56
	1,200	**1,000**	**1,000**
Interest Revenue			
Bank deposits/IRD use of money	11	40	40
Attributable to: Continuing operations	**1,211**	**1,040**	**1,040**

2.2 Loss before income tax

Loss before income tax has been arrived at after charging the following expenses attributable to continuing operations:	2011 $'000	Restated 2010 $ '000	Original 2010 $ '000
Operations and maintenance		Note18	
Audit fees	12	16	16
Administration expense	509	610	610
Management fees	164	164	164
Repairs and maintenance	335	472	1,059
Other operating expenses	8	89	89
	1,028	**1,351**	**1,938**
Attributable to: Continuing operations	**1,028**	**1,351**	**1,938**
Finance costs			
Interest expense on related party loans	117	26	26
Loss on held for trading derivatives financial instruments: Interest rate swaps	24	29	29
	141	**55**	**55**
Attributable to: Continuing operations	**141**	**55**	**55**
Depreciation, impairment and amortisation expense			
Depreciation of non-current assets	189	139	139
	189	**139**	**139**
Attributable to: Continuing operations	**189**	**139**	**139**

3 INCOME TAXES

The tax rate used in the reconciliation below is the corporate tax rate of 30% (2010: 30%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

As a result of the Government of New Zealand's Taxation (Budget Measures) Act 2010, the corporate tax rate was changed from 30% to 28% with effect from the 2011/2012 income year, therefore the deferred taxation account was measured and recorded in the current year to account for estimated reversals of temporary differences accordingly.

3.1 Income tax recognised in profit or loss

	2011 $'000	Restated 2010 $'000	Original 2010 $'000
Tax expense/(credit) comprises:		Note18	
Current tax expense/(income)	10	(969)	(1,145)
Arising from/ (reversal of) temporary differences	(100)	1,098	1,098
Total tax expense/(credit)	**(90)**	**129**	**(47)**
Attributable to: Continuing operations	**(90)**	**129**	**(47)**

	2011 $'000	2010 $'000	2010 $'000
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:			
Profit/(loss) before taxation	(147)	(505)	(1,092)
Income tax expense/(benefit) calculated at 30%	(44)	(152)	(328)
Effect on (reversal of) deferred tax balance due to building depreciation removal	(50)	299	299
Deferred tax on change in tax rate (30% to 28%) effective 1 April 2011	4	(18)	(18)
	(90)	**129**	**(47)**

3.2 Current tax asset

	2011 $'000	Restated 2010 $'000	Original 2010 $'000
		Note18	
Current tax receivable	110	1,107	1,283
	110	**1,107**	**1,283**

3.3 Deferred tax balances

Deferred tax assets/(liabilities) arise from the following:

	2011 $'000	Original & Restated 2010 $'000
Temporary differences	**(158)**	**(258)**
Balance at start of year	**(258)**	**840**
Timing differences reversed:		
Runway reseal provision	-	(839)
Current year timing differences:		
Derivative financial instruments provision	6	8
Runway reseal provision	44	12
Property, plant and equipment	50	(279)
Balance at the end of the year	**(158)**	**(258)**

2011	Opening Balance $'000	Charged to income $'000	Closing Balance $'000
Gross deferred tax assets/(liabilities):			
Provision for doubtful debts	1	-	1
Derivative financial instruments provision	8	6	14
Runway reseal provision	12	44	56
Property, plant and equipment	(279)	50	(229)
	(258)	**100**	**(158)**
2010 Original & Restated			
Gross deferred tax assets/(liabilities):			
Provision for doubtful debts	1	-	1
Derivative financial instruments provision	-	8	8
Runway reseal provision	839	(827)	12
Property, plant and equipment	-	(279)	(279)
	840	**(1,098)**	**(258)**

3.4 Imputation credit account balances

	2011 $ '000	Original & Restated 2010 $ '000
Balance at beginning of the period	1,274	1,146
Taxation paid	16	143
Taxation refunded	(35)	(5)
Other debits	-	(10)
Balance at end of the period	**1,255**	**1,274**

Imputation credits available direct to the shareholders of the company.

4 CURRENT TRADE AND OTHER RECEIVABLES

	2011 $ '000	Original & Restated 2010 $ '000
Trade and other receivables	120	90
Allowance for doubtful debts	(2)	(2)
Goods and services tax	-	470
Balance at end of the period	**118**	**558**

Fair value Trade and other receivables are non-interest bearing and receipt is normally within 30 – 90 days, therefore the carrying value of trade and other receivables approximates their fair values.

Impairment The impairment provision has been calculated based on expected losses for the Company's pool of debtors. Expected losses have been determined based on a review of specific debtors. Individually impaired receivables have been determined to be impaired because of significant financial difficulties being experienced by the debtor. An analysis of the aging of these individually impaired debtors is as follows:

	2011 $ '000	Original & Restated 2010 $ '000
Current	-	-
Past due 1 - 60 days	-	-
Past due 61 - 120 days	2	2
	2	**2**

4.1 Trade and other receivables past due but not impaired

Included in the Company's trade and other receivables balance are the debtors set out below which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold collateral over these balances.

	2011 $'000	Original & Restated 2010 $ '000
Past due by 30-60 days	9	6
Past due by 61-90 days	2	3
Past due by > 91 days	9	9
	20	**18**

4.2 Movement in the provision for impairment

	2011 $'000	Original & Restated 2010 $ '000
Opening Balance	**2**	**3**
Impairment losses reversed	(2)	(3)
Impairment losses recognised on receivables	2	2
Closing Balance	**2**	**2**

4.3 Re-negotiated trade and other receivables

There are no significant amounts included within trade and other receivables whose terms have been renegotiated.

5 DERIVATIVE FINANCIAL INSTRUMENTS

	2011 $'000	Original & Restated 2010 $ '000
At fair value:		
Interest rate swap	(53)	(29)
Total Other Financial Assets	**(53)**	**(29)**
Classified as:		
Current portion	(13)	-
Non current portion	(40)	(29)
	(53)	**(29)**

Fair Value The fair value of interest rate swaps have been determined using discounted cash flows based on quoted market prices.

Interest Rates Swaps The notional principal amounts of the outstanding rate swap contracts for Marlborough Airport Limited were $1,600,000 (2010: $1,600,000). At 30 June 2011 the fixed interest rates of cash flow hedge rate swaps vary from 4.37% to 5.27% (2010: 4.37% to 5.27%).

Information on the basis of valuation is provided under note 16 Financial Instruments.

6 PROPERTY, PLANT AND EQUIPMENT

	Carpark and Land Improvements at Fair value	Buildings at Fair value	Plant and Equipment at Cost	Office Furniture and Fittings at Cost	Work in Progress at Cost	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Gross carrying amount						
Balance at 01 July, 2009	**986**	**1,738**	**251**	**78**	**-**	**3,053**
Additions	-	79	-	-	302	**381**
Original Balance at 30 June, 2010	**986**	**1,817**	**251**	**78**	**302**	**3,434**
Increase in additions (note 18) due to restatement					587	**587**
Restated at 30 June, 2010	**986**	**1,817**	**251**	**78**	**889**	**4,021**
Additions	-	-	22	13	24	**59**
Transfers from capital works in progress	458	-	431	-	(889)	**-**
Disposals	-	-	(21)	(8)	-	**(29)**
Transfers	(2)	-	2	(5)	-	**(5)**
Balance at 30 June, 2011	**1,442**	**1,817**	**685**	**78**	**24**	**4,046**
Gross carrying amount						
Balance at 01 July, 2009	**209**	**600**	**129**	**62**	**-**	**1,000**
Depreciation expense	32	57	47	3	-	**139**
Original at 30 June, 2010	**241**	**657**	**176**	**65**	**-**	**1,139**
Depreciation expense						**-**
Restated at 30 June, 2010	**241**	**657**	**176**	**65**	**-**	**1,139**
Depreciation expense	59	58	67	5	-	**189**
Disposals	-	-	(25)	(8)	-	**(33)**
Balance at 30 June, 2011	**300**	**715**	**218**	**62**	**-**	**1,295**
Original Balance at 30 June, 2010	**745**	**1,160**	**75**	**13**	**302**	**2,295**
Restated Balance at 30 June, 2010	**745**	**1,160**	**75**	**13**	**889**	**2,882**
Balance at 30 June, 2011	**1,142**	**1,102**	**467**	**16**	**24**	**2,751**

7 CURRENT TRADE AND OTHER PAYABLES

	2011	Original & Restated 2010
	$ '000	$ '000
Trade creditors	104	262
Expenses accrued	225	111
Income in advance	20	18
GST payable	1	-
Related parties - Interest	17	19
Balance at end of the period	**367**	**410**

Fair Value Trade and other payables are non-interest bearing and receipt is normally within 30 – 90 days, therefore the carrying value of trade and other payables approximates their fair values.

8 PROVISION FOR RUNWAY RESEAL

To reflect the company's obligation to maintain the runway under their licence agreement with New Zealand Defence Force the provision for resealing is reviewed each year.

	2011 $ '000	Restated 2010 $ '000	Original 2010 $ '000
		Note18	
Opening balance	**43**	**2,797**	**2,797**
Additions	166	204	961
Transfers	(10)	(2,958)	(3,715)
Closing Balance	**199**	**43**	**43**
Classified as:			
Non current portion	199	43	43
	199	**43**	**43**

A retrospective restatement is required due to the expenditure incurred for runway reseal operating expenditure reducing by $757k, this is a result of $587k cost of Lighting and Drainage transferred to Property Plant and Equipment and $170k expenditure classified as other operating expenditure.

9 NON-CURRENT BORROWINGS

	2011 $ '000	Original & Restated 2010 $ '000
At amortised cost:		
Loans from MDC Holdings Limited	1,600	3,000
Total Borrowings	**1,600**	**3,000**
Classified as:		
Non current portion	1,600	3,000
	1,600	**3,000**

Security The Company's related party debt is not secured. This loan by MDC Holdings Ltd is regarded as term and the company has received confirmation that no portion of it will be called up in the next 12 months. Interest rates ranged between from 2.997% to 5.70% (2010: 2.90% and 5.57%) during the year.

10 SHARE CAPITAL

	2011 $ '000	Original & Restated 2010 $ '000
1,170,726 fully paid ordinary shares (2010: 1,170,726)	1,171	1,171

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

11 RETAINED EARNINGS

	2011 $'000	Restated 2010 $'000	Original 2010 $'000
		Note18	
Balance at the beginning of financial year	**(292)**	**342**	**342**
Net profit/(loss) for the year	(57)	(634)	(1,045)
Balance at the end of financial year	**(349)**	**(292)**	**(703)**

12 COMMITMENTS FOR EXPENDITURE

The Company has no capital commitments as at 30 June 2011 (2010:Nil).

13 CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 30 June 2011 (2010:Nil).

14 RELATED PARTY DISCLOSURES

14.1 Parent entities

The parent entity is MDC Holdings Limited which is 100% owned by the ultimate parent entity, Marlborough District Council.

14.2 Entities controlled/significantly influenced by the Crown

The Company enters into a large number of transactions with government departments, Crown entities, state-owned enterprises and other entities controlled or subject to significant influence by the Crown.

These transactions are not separately disclosed where they:
- are conducted on an arm's length basis
- result from the normal dealings of the parties; and
- meet the definition of related party transactions only because of the relationship between the parties being subject to common control or significant influence by the Crown.

14.3 Fellow subsidiaries of the MDC Holdings Limited

Port Marlborough New Zealand Limited (PMNZL) is a related party to the Company as it has the same parent. During the year Marlborough Airport Limited received a subvention payment of $969,128 (2010: Nil) from PMNZL.

14.4 Transactions with related parties

MDC Holdings Limited
Interest is charged on the outstanding related party loan at commercial interest rates. During the financial year Marlborough Airport Limited paid interest of $117,666 (2010:$ 25,710) on loans from its parent.

During the financial year Marlborough Airport Limited paid bank fees of $5,597 (2010:$ 2,158) in regards to the loan from its parent.

At balance date the loan balance outstanding was $1,600,000 (2010:$ 3,000,000) and there is a balance of interest accrued of $16,517 (2010:$18,711).

Marlborough District Council (MDC)
During the financial year Marlborough Airport Limited paid $39,745 (2010: $52,162) for services to MDC.
At balance date the amount owed to MDC was $25,344 (2010: $21,438).
During the financial year MDC paid $944 (2010: $583), and owed nil (2010 $72) at balance date.

15 NOTES TO THE CASH FLOW STATEMENT

15.1 Reconciliation of cash and cash equivalents

	2011 $'000	Original & Restated 2010 $'000
Cash and cash equivalents	220	72

Cash and cash equivalents at the end of the financial year as shown in the cash flow statements is reconciled to the related items in the Statement of Financial Position as follows:

15.2 Financing Facilities

	2011 $'000	Original & Restated 2010 $'000
Amount Used	1,600	3,000
Unsecured loan facility with MDC Holdings Limited (Refer Note 9)		

15.3 Reconciliation of net loss for the period to net cash flows from operating activities

	2011 $'000	Restated 2010 $'000	Original 2010 $'000
		Note18	
Loss for the year	(57)	(634)	(1,045)
Non-cash items:			
Depreciation and amortisation of non-current assets	189	139	139
Loss/(gain) on revaluation of FVTPL financial instruments	24	29	29
(Gain)/loss on sale or disposal of non-current assets	1	-	-
Increase/(decrease) in deferred tax balance	(100)	1,098	1,098
Increase/(decrease) in runway provision	156	(2,754)	(2,754)
(Increase)/decrease in assets:			
Current Tax asset	997	(1,107)	(1,283)
Current Receivables	440	(478)	(478)
Increase/(decrease) in liabilities:			
Increase/(decrease) in trade and other payables	(43)	326	326
Deduct items reclassified as investing activities	(14)	(25)	(25)

16 FINANCIAL INSTRUMENTS

16.1 Financial risk and capital management

The Company's capital includes share capital reserves and retained earnings. The objective of the Company's capital management is to support growth in the Marlborough region. The capital structure is managed and adjustments are made, with Board approval, to the structure in light of economics conditions at the time. There were no changes to objectives, policies or processes during the year.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

The Company's activities expose it primarily to the financial risk of changes in interest rates. The Company enters into a number of interest rate swaps to mitigate the risk of rising interest rates.

16.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability, are included in the statement of accounting policies.

16.3 Interest rate risk

Interest rate risk is the risk that the Company may be affected by changes in the general level of interest rates. The Company is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swaps contracts.

Interest rate swap contracts Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Average Contract		Notional Principal Amount		Fair Value	
		Original & Restated		Original & Restated		Original & Restated
Outstanding Fixed for Floating Contracts	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	%	**%**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Less than 1 year	4.37	-	800		(13)	-
1 to 2 years	-	4.37	-	800	-	(8)
2 to 5 years	5.27	5.27	800	800	(40)	(21)
	4.82	**2.64**	**1,600**	**1,600**	**(53)**	**(29)**

16.4 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure and the credit ratings of its counterparties are continuously monitored. The credit risk, on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has the following significant credit risk exposures to single counterparties or any group of counterparties having similar characteristics:

		Original & Restated
	2011	**2010**
	$ '000	**$ '000**
Eagle Airways	47%	20%
Air 2 There	14%	38%

The percentages shown above are calculated on the gross debtors balance before any provision for impairment has been deducted. Certain debtors, as indicated above have been provided for in the provision for impairment.

16.5 Fair value of financial instruments

16.5.1 Valuation Techniques

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis;
- the fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

16.5.2 Fair Value measurements recognised in the balance sheet

The financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $ '000	Level 2 $ '000	Level 3 $ '000	Total $ '000
2011 Financial Liabilities at FVTPL				
Derivative financial liabilities	-	53	-	**53**
	-	53	-	**53**
2010 Original & Restated Financial Liabilities at FVTPL				
Derivative financial liabilities	-	29	-	**29**
	-	29	-	**29**

There were no transfers between levels during the period.

16.6 Liquidity risk and Interest rate risk

Liquidity risk is the risk that the Company may encounter difficulty in raising funds at short notice to meet its commitments and arises from mismatch of the maturity of monetary assets and liabilities. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Interest rate risk is the risk that fluctuations in the level of interest rates may have a significant impact upon the performance of the Company.

The following table details the Company's exposure to interest rate and liquidity risk as at 30 June 2011:

2011	Weighted average interest rate %	Less than 1 year $ '000	1 - 2 years $ '000	2 - 5 years $ '000	Non interest bearing $ '000	Total $ '000
Financial assets/(liabilities)						
Cash and cash equivalents	-	220	-	-	-	**220**
Trade and other receivables	-	-	-	-	118	**118**
Trade and other payables	-	-	-	-	(367)	**(367)**
Interest rate swaps	4.82	(13)	-	(40)	-	**(53)**
Related party loans	4.67	-	(800)	(800)	-	**(1,600)**
Total financial assets/(liabilities)		**207**	**(800)**	**(840)**	**(249)**	**(1,682)**

The interest on related party loans is paid quarterly on $1.6m loan.
The $1.6m loans have matching swap agreements, $0.8m for a term of two years fixed rate 4.37% and 0.8%m for a term of 5 years 5.27%, the payment terms of swap interest matches the underlying loan.

The following table details the Company's exposure to interest rate and liquidity risk as at 30 June 2010:

Restated 2010	Weighted average interest rate %	Less than 1 year $ '000	1 - 2 years $ '000	2 - 5 years $ '000	Non interest bearing $ '000	Total $ '000
Financial assets/(liabilities)						
Cash and cash equivalents	-	72	-	-	-	**72**
Trade and other receivables	-	-	-	-	558	**558**
Trade and other payables	-	-	-	-	(410)	**(410)**
Interest rate swaps	2.64	-	(8)	(21)	-	**(29)**
Related party loans	3.13	-	(1,000)	(2,000)	-	**(3,000)**
Total financial assets/(liabilities)		**72**	**(1,008)**	**(2,021)**	**148**	**(2,809)**

16.7 Categories of Financial Instruments

2011	Loans and receivables $ '000	Fianancial Liabilities at Amortised costs $ '000	Designated as FVTPL $ '000	Total $ '000
Financial Assets				
Cash and cash equivalents	220	-	-	**220**
Trade and other receivables	118	-	-	**118**
Total Financial Assets	**338**	**-**	**-**	**338**
Financial Liabilities				
Trade and other payables	-	367	-	**367**
Interest rate swaps	-	-	53	**53**
Related party loans	-	1,600	-	**1,600**
Total Financial Liabilities	**-**	**1,967**	**53**	**2,020**

Original & Restated 2010	Loans and receivables $ '000	Fianancial Liabilities at Amortised costs $ '000	Designated as FVTPL $ '000	Total $ '000
Financial Assets				
Cash and cash equivalents	72	-	-	**72**
Trade and other receivables	558	-	-	**558**
Total Financial Assets	**630**	**-**	**-**	**630**
Financial Liabilities				
Trade and other payables	-	410	-	**410**
Interest rate swaps	-	-	29	**29**
Related party loans	-	3,000	-	**3,000**
Total Financial Liabilities	**-**	**3,410**	**29**	**3,439**

17 POST BALANCE DATE EVENTS

At the time of preparation of these financial statements there were no post balance date events requiring disclosure, (2010: Nil).

18 PRIOR PERIOD RESTATEMENT

A retrospective restatement is required due a change in the allocation of costs incurred during the runway reseal and upgrade in the prior year.

In the prior year the costs were apportioned between Property, Plant and Equipment and maintenance expenditure inline with the information available at the time, resulting in management assessing a higher portion of costs as being related to the runway maintenance as required under the Airfield Licence agreement with the New Zealand Defence Force.

In the current year additional information has been received that has provided a more detailed analysis of the costs incurred and management has been able to identify additional costs which have upgraded the airport runway beyond the requirements of the agreement and therefore constitute an asset to Marlborough Airport Limited.

This has resulted in a decrease of $587k to the prior year operations and maintenance costs with a corresponding increase in Property Plant and Equipment due to the new lighting and drainage costs now being recognized as an asset.

Statement of Comprehensive Income
Operations and Maintenance reduced $587k (note 2.2 & 3.1)
Tax expense increased $176k (note 3.1)
Net Loss decreased $411k (note11)

Cash Flow Statement
Cash flow from operating activities increase $587k
Cash flow from investing activities decrease $587k

Balance Sheet & Statement of Changes in Equity
Current Tax Asset reduced $176k (note 3.2 & 15.3)
Property Plant & Equipment increased $587k (note 6)
Equity increased $411k (note 11)