RUAPEHU ALPINE LIFTS LIMITED

2011 ANNUAL REPORT

For Year Ended 30th April 2011




RUAPEHU ALPINE LIFTS LIMITED

In the early 1950's a group of enthusiastic skiers decided to develop a ski area on the northwestern slopes of Mt Ruapehu and formed Ruapehu Alpine Lifts Limited to achieve this.

Ruapehu Alpine Lifts Limited has over 4,000 shareholders who do not receive dividends or any other specific benefit. All profits are reinvested in the improvement and development of facilities at the ski areas for the benefit of the public and to promote snow sports.

From incorporation in 1953 the company focused on the growth of Whakapapa Ski Area. In December 2000 the purchase of Turoa Ski Area was achieved. The company's business now comprises the operation of both ski areas.

CONTENTS

DIRECTORY

DIRECTORS

David A Pilkington
Chairman of Directors

Duncan J Fraser

Murray I D Gribben

Philip J Royal

John D Sandford

Kevin T Stanley

ADVISOR TO THE BOARD

Kerry McDonald

GENERAL MANAGER

A David Mazey

AUDITOR

Deloitte

BANKER

The National Bank of New Zealand

REGISTERED OFFICE

10 Brandon Street
Wellington 6011

COMPANY ADDRESS

Private Bag 71902
Mt Ruapehu 3951
Phone: 07 892-4000
Fax: 07 892-3732
Email: info@mtruapehu.com
Web: www.mtruapehu.com

SECRETARY: CD Williams, P O Box 3144, Wellington 6011
SHARE REGISTER: Deloitte, P O Box 1990, Wellington 6011

RUAPEHU ALPINE LIFTS LIMITED TRUST

A Trust was created in 1983 to protect the interests of the company and its shareholders, and to preserve the Company's integrity for future generations. The original Trustees invested in the company and were issued 10,000 "D" shares, which represents 45% of shares on issue. The Trust shareholding, and its stated aim of "preserving RAL in its current form", is intended to prevent any individual, group of individuals or organisation being able to action a takeover of the Company.
The original Trustees were Sir Bryan Todd, Sir Roy McKenzie and Peter Scott. Sir John Ingram was appointed as a Trustee in 1984. Trustees during the reporting year are Roger Manthel, Bill Fraser, Tomas Huppert and John Parker.

NOTICE OF ANNUAL GENERAL MEETING

For year ended 30th April 2011

The Fifty Seventh Annual General Meeting of Ruapehu Alpine Lifts Limited will be held at Happy Valley Bistro, Saturday 17th September 2011 at 5pm.

ORDINARY BUSINESS

1. Presentation of the Annual Report for year ended 30th April 2011.
2. Appointment of Directors
   In accordance with the Constitution the following Directors retire by rotation, and being eligible offer themselves for reappointment:
   (a) D A Pilkington retires by rotation, and being eligible offers himself for reappointment.
   (b) J D Sandford retires by rotation, and has advised he will not be seeking reappointment. The directors propose to nominate Mr. T K McDonald to fill the vacancy.
3. To confirm the reappointment of Deloitte as auditor and authorise the Directors to determine their remuneration for the ensuing year.
4. General

Members entitled to attend and vote at the meeting are entitled to appoint a proxy, who need not be a member of the Company. For the convenience of members a Form of Proxy is attached.

Completed Forms of Proxy must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting. The registered office of the Company is at the office of Deloitte, Chartered Accountants, 10 Brandon Street, P O Box 1990, Wellington 6011.

C D Williams
Secretary

Dated at Wellington, New Zealand this Saturday the 23rd day of July 2011.

SHAREHOLDERS & SHAREHOLDING

Number of Shares	Number of Shareholders
5 or Less	3,787
Between 6 & 10	250
Between 11 & 100	156
101 and over	1

In addition, the Ruapehu Alpine Lifts Limited Trust also holds 10,000 “D” shares. There are 4,223 shareholders on the register, with no known address for 1,974 (47%) of these shareholders.
Shares do frequently become available for purchase, normally from the estate of deceased shareholders. Purchase price is the face value of the shares – ie $1 for “A” shares, $20 for “B” and “C” shares. The Company Secretary facilitates sale and purchase of shares. Contact the Secretary at P O Box 1990, Wellington 6011 if there is interest in purchase of available shares.
Since the 26th September 1998 the Company Constitution precludes any shareholder holding, in aggregate, more than 100 shares, notwithstanding that the aggregate holding may be more than one class of shares.

BOARD OF DIRECTORS' & SENIOR MANAGEMENT TEAM

For year ended 30th April 2011

CHAIRMAN:

David A Pilkington

BSc, BE (Chem), Dip Dairy Sci & Tech

David has been a Director of Ruapehu Alpine Lifts since March 2005 and Chairman since October 2005. After spending almost 30 years with the dairy industry including senior management positions in Japan, North America and New Zealand, David became a fulltime company Director. He is Chair of Prevar Ltd and Tecpak Industries Ltd and holds directorships in companies which include Port of Tauranga Ltd, Zespri Group Ltd, Ballance AgriNutrients Ltd, Douglas Pharmaceuticals Ltd, Rangatira Ltd, Restaurant Brands NZ Ltd and Heller Tasty Ltd.

DIRECTORS:

Duncan J Fraser

BE(Hons), MIPENZ, CPEng

Duncan joined the Board as a Director in October 2006. Duncan has had an association with skiing at Mt Ruapehu since childhood and is a past President of Skyline Ski Club. His professional background is in mechanical engineering and project management. He is currently Managing Director of Acme Engineering Ltd, a long established heavy engineering business based in Wellington, and is an Executive Member of the Heavy Engineering Research Association of New Zealand.

Murray I D Gribben

Murray joined the Board as a Director on the 18th May 2010. His career started in the military before he moved into the finance sector where his professional career has been in investment banking and investment management. He is currently an Executive Director of Willis Bond & Co, a property development and investment company. He has held a variety of senior roles within the finance sector both in New Zealand and overseas. Previously held governance positions include Chair of AMP NZ Office Trust and Directorships at Zeacom Ltd, CS Limited, Donaghys Ltd and Summerset Group Holdings Ltd. He is currently a Director of NZ Post and Kiwibank.

Phil J Royal

MBA

Phil joined the Board as a Director in June 2006. Phil is a Partner at PriceWaterhouseCoopers. He has held directorships and CEO roles with organisations such as Virtual Spectator, Summerset Retirement Villages, Bearing Point and CGNZ. He has had significant experience around service orientated businesses and has managed a number of large Global and Government Reform projects across the UK, Australia and New Zealand. He is also current Chairman of the Audit Committee. Phil and his family have had a long association with the mountain.

John D Sandford

FNZIM, AMInstD

John joined the Board in September 2005. Born in Raetihi, he has a lifelong interest in the Ruapehu region through community involvement, snow sports and business. John is Chairman and a Director of Rodney Forests Ltd, founder and former CEO and current Director of Jasons Travel Media Ltd. He is a Board member of the New Zealand Institute of Management and founder, Chairman and Board member of Ski Racing New Zealand. John is also a Director of several private companies and Trustee of other charitable and community trusts.

Kevin T Stanley

Kevin was appointed to the Board of Ruapehu Alpine Lifts Ltd in March 2008. He has been skiing on Mt Ruapehu most of his life and is an honorary life member of the Matamata Ski Club. Kevin is Managing Director of Stanley Group, a Matamata and Auckland based commercial construction company. Kevin holds provisional Director accreditation and is the Chairman of Directors of construction guarantee company, Master Build Services Ltd.

ADVISOR TO THE BOARD

Kerry McDonald

BCom, MCom(hons), DCom(hc) FAICOD, AFIOD

Kerry joined the Board as an advisor in May 2010. He is a professional company director: Chairman of Opus International Consultants: Grant Thornton and i-lign and a Director of Leighton Contractors (including Leighton Mining, HWE, Nextgen and Visionstream), NZIER, WWFNZ and the National Army Museum. Previously a Managing Director with Comalco / RioTinto, Chairman of BNZ, GRD Macraes and OceanGold and a Director of National Australia Bank, Carter Holt Harvey, Ports of Auckland, Gough Gough and Hamer, ComalcoNZ and other companies.

SENIOR MANAGEMENT TEAM:

General Manager: Dave Mazey

Dip Parks & Rec, ONZM

Dave has been the General Manager since 1986, prior to this he held various management positions with DOC and has held Member/Chairman roles in a number of Industry Associations over the past 20 years.

Finance Manager: Michelle Ellis

CA, BCom

Michelle was appointed in February 2009. Prior to this, and after returning from working as a contractor in London, Michelle worked for Shell NZ , for a five year period, as their Financial and Economic Analyst. Prior to traveling she was Finance Manager for NZ Cricket.

Area Manager – Whakapapa: Steve McGill

Steve was appointed to this position in 2004. Prior to this he has worked at Whakapapa for over 25 years progressing through various operational, engineering and management roles.

Area Manager – Turoa: Chris Thrupp

NZCE

Chris was appointed to this position in 2001 with the purchase of Turoa. Prior to this he progressed through various operational and management roles at Turoa over an 11 year period.

Human Resource Manager: Jane McGechan

BA, Dip PUB, Dip TEFLA

Jane was appointed to this position in December 2007. Jane began work for Ruapehu Alpine Lifts in the Medical Centre at Turoa in 2001 and comes from a background in publishing, recruitment and teaching.

Marketing Manager: Mike Smith

BCom

Mike was appointed in 1999. Prior to this he worked in account and marketing management positions within advertising and corporate environments.

DIRECTORS' REVIEW

For year ended 30th April 2011

Your Directors have the pleasure in presenting to Shareholders the Annual Report for the year ended 30th April 2011.

PRINCIPAL ACTIVITIES

The Company's principal activity during the year was the operation of Whakapapa and Turoa Ski Areas.

RESULTS

Comprehensive Income for the year	**$1,742,112**
Total Equity at 1st May 2010	**$27,691,680**
Total Equity at 30th April 2011	**$29,433,792**

DIVIDENDS

Pursuant to the Constitution the Company is precluded from paying dividends.

REMUNERATION OF EMPLOYEES – in bands of $10,000 greater than $100,000

	No of Employees		No of Employees
$130,000 - $140,000	1	$230,000 - $240,000	1
$140,000 - $150,000	2		

DIRECTORS' INTERESTS

The following transactions were entered into by Directors of the Company during the period:

- Services were purchased from a company in which J Sandford, a Director, has an interest.
- Goods and services were purchased from a company in which K Stanley, a Director, has an interest.
- Goods and services were purchased from a company in which D Fraser, a Director, has an interest.

The details of these transactions are in Note 10 to the Financial Statements – "Transactions with Related Parties". In each case the full extent of any interest was disclosed to the Board and the Directors concerned took no part in the decision.

DIRECTORS' SHARE DEALINGS

During the year the following Director acquired shares in the company:

Director	No. of Shares Acquired	Class of Shares	Consideration Paid	Date of Acquisition
M I Gribben	20	C	$400	28th October 2010

REMUNERATION OF DIRECTORS

The Directors received $70,000 remuneration during the period. Details of any other entitlements available to the Directors are detailed in Note 10 "Transactions with Related Parties".

During the year Directors fees were paid to the following:

David A Pilkington	$20,000	Phil J Royal	$10,000
Duncan J Fraser	$10,000	John D Sandford	$10,000
M I Gribben	$10,000	Kevin T Stanley	$10,000
		TOTAL	$70,000

The above named Directors held office during and since the end of the financial year.

USE OF COMPANY INFORMATION

During the period the Board received 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.

On behalf of the Board

Phil Royal Director Date: 23rd July 2011

David A Pilkington Chairman Date: 23rd July 2011

CHAIRMAN'S REVIEW

For year ended 30th April 2011

It is my pleasure, on behalf of my fellow Directors, to report on the activities of RAL for the year ending 30th April 2011.

THE YEAR IN REVIEW

The 2010 winter season was a poor one marked by below average snow fall and warm moist North Westerly wind patterns. Ruapehu skier days were the lowest experienced since 2007 reflecting the poor on-mountain conditions. While the depressed state of the global economy, higher fuel prices and the downturn in NZ consumer discretionary spending generally are likely contributors in part to lower visitor numbers, the over-riding factor affecting skier day numbers is the amount and condition of the snow. The 2010 winter was well below the 10 year average and rivalled 2003 and 2007 for poor snow cover.

The new cafe facilities constructed at Knoll Ridge, following the February 2009 arson attack, have proved very popular with Whakapapa visitors. The building is a big improvement on the previous facility and I would like to take this opportunity to congratulate Stanley Construction Limited for winning the recent 2011 Waikato Registered Master Builders Supreme Award for Commercial Project of the year for the work undertaken.

In addition to the disappointment of a poor winter season, it was also disappointing that we continue to make little progress in upgrading our ageing lifts particularly at Whakapapa. This situation is both untenable and unsustainable and we must find a way through the Resource Management Act and economic investment issues. The Board of Directors have spent considerable time trying to find a solution and are working actively on a couple of initiatives I will touch on later.

FINANCIAL RESULTS

The Net Loss from operations for the year ending 30th April, 2011 was $171,412; this was well down on the $1,202,734 comparative profit figure achieved in the prior year. This is the first year since 2002 that the company has made an operating loss.

Total operating revenue was down 7.1% ($2,227,238) driven off a 3% decrease in skier days. Total expenses decreased by 1.2% ($322,000) reflecting the lower operating costs and on-going cost control.

During the year we increased our total bank borrowings by $2,861,369 with term debt ending the year at $5,250,000. The poor annual operating result coupled with the additional capital expenditure over and above the bare replacement costs of the assets destroyed in the arson attack contributed to this extra borrowing. The extra capital spent above that necessary simply to replace the fire damaged assets as they existed had not been planned, however, the opportunity to improve the functionality and quality of these upper mountain facilities at Whakapapa was too good to ignore.

As we go to print we are experiencing excellent snow conditions and while it is early days, prospects for a good 2011 ski season look encouraging.

NEW DEVELOPMENTS

Last year I outlined the frustration we had been experiencing whilst endeavouring to gain the necessary consents to allow the replacement of ageing facilities on the upper slopes of Whakapapa. We enlisted assistance from the Minister of Conservation Kate Wilkinson to meet with Ngati Tuwharetoa to try to develop a programme to promote the cultural significance of Mt Ruapehu to local Iwi. Suffice to say we are continuing to support such a project but to date have been disappointed with the slow rate of progress.

The World Heritage Park status and the very strong cultural Iwi links to Mt Ruapehu differentiate the ski areas from other New Zealand locations and we are looking at ways in which we can accentuate the special linkages with Iwi going forward. We believe the whole Central Plateau is underdeveloped from a tourism perspective and we are keen to encourage broader investment in the region. We need to find a pathway forward, one which will see a strong engagement and partnership with Iwi in the region.

We have indicated previously our desire to upgrade our facilities on both sides for the mountain and we have outlined these to the Department of Conservation in our recently submitted Indicative Development Plans for Turoa and Whakapapa. These plans are required to be submitted as a condition of our licence and form part of the Tongariro National Park Management Plan. They outline our thinking in regard to lift and facilities development over the next 5 -10 years.

To fund the level of development outlined in the plan we will need to significantly improve the current economic performance of the business and we have undertaken an organisation review looking at the key management roles within the business and how we can improve every aspect of our business all year round. We are starting to see some positive benefits flow from the business review in the current season.

Shareholders will be aware of the growth in social media use and the growing importance of this as a marketing tool. This year we have conducted our season pass marketing programme almost exclusively through the internet channels. We reverted to traditional print media as a trial in a short extension to the selling period. The results confirmed that our internet marketing economically reaches the vast bulk of our customers. We need to continually look to our website and the internet to improve our communication. We are actively looking to increase our skills and performance in this area. The internet though brings with it new challenges and risks as we saw with the recent Australian based $1 day pass offer in association with Tourism New Zealand on the Living Social website. What was originally presented to us as an offer to Australian residents in fact turned out to be accessible to New Zealanders and the offer quickly "went viral". An unintended consequence was that a number of these $1 passes were purchased by New Zealanders and we quickly moved to put a stop to the process.

BOARD MEMBERS

As outlined in the Notice of Meeting John Sandford will be retiring after serving 6 years on the Board and will not be seeking re-election. John is a passionate skier and shareholder; this coupled with his extensive business experience in the tourism marketing area, has seen him take a very keen interest across all aspects of the company's activities. John has brought a strong desire to see RAL continuously improve its operational and financial performance and I take this opportunity on behalf of my fellow directors to thank John for his valuable contribution. We trust we will continue to see John on and about the mountain for many years to come.

Shareholders will be aware that Kerry McDonald joined the board of RAL as an advisor in May, 2010. Kerry brings extensive management and governance experience to the board and Directors are proposing to recommend his appointment to the vacancy arising from John Sandford's retirement.

ACKNOWLEDGEMENTS

I would like to thank all our shareholders and, in particular, the Trustees of our major shareholder, Ruapehu Alpine Lifts Limited Trust, for their continued interest and support over the last twelve months.

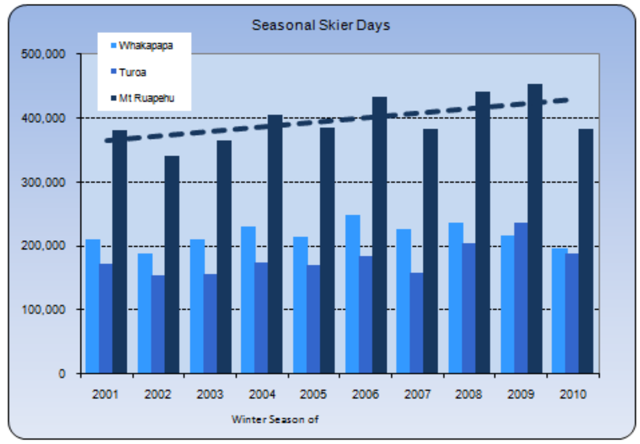
Finally, I wish to thank my fellow directors, management and staff of RAL for their excellent contribution over the past year.

David A Pilkington

CHAIRMAN

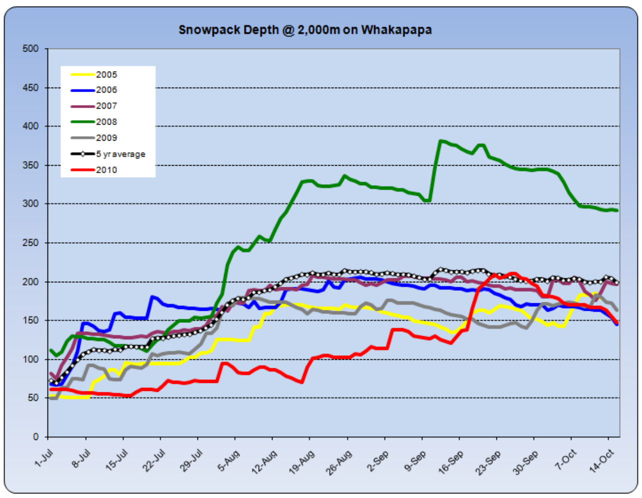
2010 WINTER SEASON

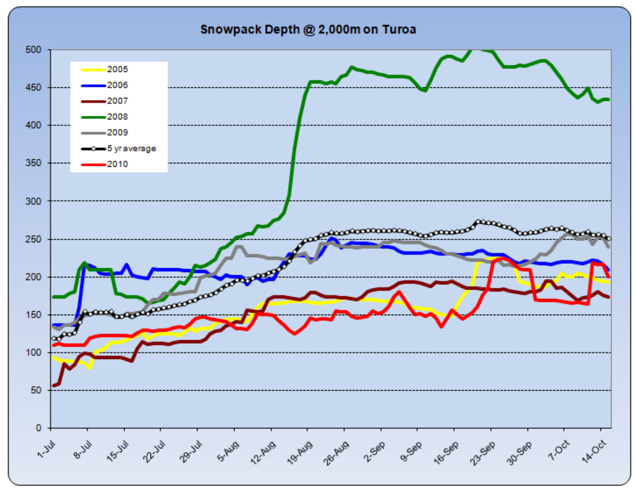
This was a below average snow season - well reflected in our reduced skier days and in the operating financial result.



It was one of those winters when our previous investment in snowmaking infrastructure and equipment provides a very fast payback. Even with very light natural snow cover we were able to ski "top to bottom" at both ski areas for the full season. During recent years there has been an annual addition of two or three snow guns purchased as part of our ongoing capital program and now our snowmaking capacity has secured the ability to offer good skiing and boarding even in light snow years.

The first day of the season was Friday 17th June at Turoa and Saturday 26th June at Whakapapa. These were our target opening dates. Whakapapa closed on Labour Day and the Turoa season was extended for a further two weeks through to Sunday 7th November.





HIGH NOON EXPRESS

We installed this lift for the 2007 season and it has transformed skiing at Turoa. It is long, it is fast, it is comfortable – a massive improvement on the High Noon T-Bar which it replaced. Unfortunately when it is in a "rope only" configuration (ie all the chairs are stored in the chair barn) the lift was quite susceptible to derailing in high winds. If this is combined with ice build up, which is a reasonably frequent occurrence on Mt Ruapehu, the derailed rope cannot be easily deiced and then cannot be easily lifted back up onto the sheaves. During the four seasons that the lift has operated we have worked with Doppelmayr to review and develop operating and deicing procedures to mitigate these effects of high winds and ice build up.

When the ice does build up the weight of this ice load causes the cable to be in "high tension". In this situation a then natural release of the ice load releases the high tension in the cable which results in a consequent wave motion going up and down the line. This release, and consequent motion of the cable, can generate extreme loads on the towers, the tower yokes and the assemblies; occasionally resulting in damage. The most severe of these occurrences was in July and then again in September 2010 when this release of tension and consequent "wave" motion down the cable caused the collapse of two towers – one in each month. In each instance we had the damaged tower removed, repaired and replaced within ten days.

Following these events Doppelmayr undertook further review of the tower layout between the two terminals and the sheave assembly configuration. This review decided that mitigation of the effect of these severe events would require change to the tower layout. This was agreed to and during the 2010/11 summer the following changes were implemented:

- four additional towers
- two towers have been relocated
- most towers are now 5 to 8 meters shorter
- most sheave assemblies have been modified

This has been a significant work program and we fully expect it will reduce the instances of cable derails.

The only downside has been that the most effective tower layout configuration for the long term life of the lift could only be achieved if the High Flyer Quad chairlift was relocated. You may all recall the High Noon Express passed over the High Flyer top bull wheel. Our long term plans for new lifts at Turoa has the High Flyer being relocated to a line with the top terminal on Blyth Flat and the bottom terminal in Sou' East Basin. This will open up new terrain, increase the intermediate trails available in the mid mountain and provide much improved lift access from out of the lower return trail from the Triangle and Mangaehuehu Glacier runs.

We were not able to progress the planning and consenting of the relocation of the High Flyer for installation during this 2010/11 summer. We have though decided this is a higher priority within our capital program and are now actively engaging in the required planning and consent processes. We expect this to be completed in sufficient time to allow the lift to be reinstalled at its new location during the 2011/12 summer.

KNOLL RIDGE CHALET

We had access to the full building from the second week of September and for the last half of the winter season enjoyed what is a stunning space to take food and refreshment at 2,000 meters on the mountain. The atmosphere, the ambience, the experience have all exceeded our expectations.

During the summer of 2010/11 contractors completed the external work including entry and deck areas. We also completed the restoration ground works on the sites of all buildings in this area – both old and new. You may not notice it when visiting during the months of winter snow cover but the general Knoll Ridge area is now much cleaner and tidier than previously – from an environmental perspective we have achieved a significant improvement.

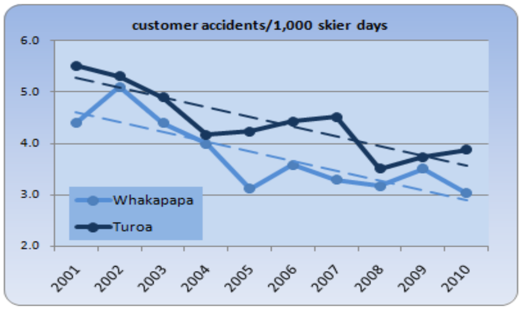
KNOLL RIDGE FIRES – INSURANCE CLAIM

In February 2011 the Insurers agreed to settle the claim at the loss limit of $10,250,000.

The ongoing processing of the claim has consumed significant management time over the two years since the arson attack. We can now focus this time on more positive activity.

SAFETY STANDARDS

For many years we have been committed to an over-arching strategy of making our two ski areas safer places to visit and to work at. As well as changing our staff attitude and culture to "safety" we have invested in safety related changes in our signage, our trails, our snow management and with activity to make our customers more aware of our national safety responsibility code.



The most pleasing outcome of this strategy is when we analyse our accident statistics there are significantly less skiers and boarders injured in 2010 than would have been injured ten years ago. This reduction in accidents is as illustrated in the accompanying graph; in 2001 there were 1,800 Mt Ruapehu skiers and boarders who had an accident but by 2010 this had reduced to just under 1,300. This is a great outcome.

DEVELOPMENTS FOR 2011

New facilities for the 2011 winter include a carpet lift in Happy Valley to replace the top platter and a further five snow guns at the two ski areas.

A carpet lift is the ideal beginner lift and technology is now allowing for longer lifts and they are a unit of equipment that has proven to be operable in our unique climate. We have few doubts that over time these lifts will replace all of the chairlifts and platter lifts remaining in our Alpine Meadows and Happy Valley beginner areas.

THE FUTURE

The company is still committed to the next major development being at Whakapapa Ski Area and our current intention is this would be a Knoll Ridge Express. The preferred line for this lift would have a bottom drive terminal adjoining the bottom of the Waterfall T-Bar and the top terminal would be at the location of the Knoll Ridge T-Bar bull-wheel. The lift will be a four seat detachable chairlift and will replace both the Valley and Knoll Ridge T-Bars – it will provide uphill capacity that is 50% higher than the combined capacity of these two T-Bars.

As noted earlier the upgrade of the High Noon Express necessitated the removal of the High Flyer. We are progressing with planning and consent applications to relocate this lift down into Sou' East basin during the forthcoming 2011/12 summer.

For both of these projects we are consulting with those Iwi groups who have tangata whenua status for the mountain; including Ngati Hikairo and Tuwharetoa Maori Trust Board for Whakapapa terrain and Ngati Rangi and Uenuku Tribal Authority for Turoa terrain.

Dave Mazey
GENERAL MANAGER

STATEMENT OF COMPREHENSIVE INCOME

For year ended 30th April 2011

	Note	2011	2010
		$	$
Revenue			
Lift Pass Sales		16,133,122	17,245,145
Sale of Goods and Services		11,415,036	12,507,361
Rent		322,683	235,573
Total Revenue		27,870,841	29,988,079
Cost of Sales		2,170,158	2,591,173
Gross Profit		**25,700,683**	**27,396,906**
Expenses			
Auditor's Remuneration – Audit		30,000	25,000
Auditor's Remuneration – Other Advisory Services	14	8,281	15,233
Finance Costs		574,543	346,092
Depreciation	4	3,818,558	3,588,587
Amortisation	5	87,721	87,771
Unrealised Foreign Exchange Loss		29,665	-
Directors' Fees	15	70,000	64,167
Bad Debts Written Off		809	12,429
Insurance		1,249,172	1,079,286
Electricity		1,720,236	1,529,857
Wages and Salaries		10,444,512	11,072,383
ACC		494,583	340,743
License Fees, Rates and Ski Area Levies		1,135,636	1,023,080
Marketing Campaigns		728,329	727,991
Lift Maintenance and Services		531,493	803,820
Grooming Maintenance and Services		556,827	732,152
Other Supplies and Services		4,391,730	4,745,581
Total Expenses		**25,872,095**	**26,194,172**
(Deficit) / Surplus from Operations		**(171,412)**	**1,202,734**
Other Income			
Interest Received		1,599	7,521
Gain on Sale of Property, Plant and Equipment		8,381	192,049
Unrealised Foreign Exchange Gain		-	10,605
Fair Value of Derivatives		121,981	7,266
Reinstatement of High Noon Express	13	1,050,000	-
Total Other Income		**1,181,961**	**217,441**
Other Expenses			
High Noon Express Tower Repairs		186,492	-
Total Other Expenses		**186,492**	**-**
Knoll Ridge Fires			
Insurance Proceeds	12	**777,893**	**(6,561)**
Costs - Supplies and Services (Surplus)	12	(140,162)	404,724
Excess Recovery / (Loss)	12	**918,055**	**(411,285)**
Comprehensive Income for the Year		**1,742,112**	**1,008,890**

The accompanying notes on pages 14 to 23 form part of these financial statements on pages 9 through to 13.

STATEMENT OF CHANGE IN EQUITY

For year ended 30th April 2011

	Note	Share Capital	Retained Earnings	Total
		$	**$**	**$**
Balance at 1st May 2010		138,200	27,553,480	27,691,680
Comprehensive Income for the Year		-	1,742,112	1,742,112
Total Recognised Income and Expenses		**-**	**1,742,112**	**1,742,112**
Balance at 30th April 2011	2	**138,200**	**29,295,592**	**29,433,792**
Balance at 1st May 2009		138,200	26,544,590	26,682,790
Comprehensive Income for the Year		-	1,008,890	1,008,890
Total Recognised Income and Expenses		**-**	**1,008,890**	**1,008,890**
Balance at 30th April 2010	2	**138,200**	**27,553,480**	**27,691,680**

The accompanying notes on pages 14 to 23 form part of these financial statements on pages 9 through to 13.

STATEMENT OF FINANCIAL POSITION

As at 30th April 2011

	Note	2011	2010
		$	$
CURRENT ASSETS			
Financial Assets			
Fair Value of Derivatives		32,539	-
Trade and Other Receivables		66,368	84,049
Life Pass Finance Plan		-	5,384
Insurance Proceeds Receivable	12	262,632	2,087,889
Total Current Financial Assets		361,539	2,177,322
Inventories	3	647,784	858,265
Prepayments		364,980	309,776
Total Current Assets		**1,374,303**	**3,345,363**
NON CURRENT ASSETS			
Property, Plant and Equipment	4	54,375,033	49,138,943
Intangible Assets	5	262,724	350,445
Total Non Current Assets		**54,637,757**	**49,489,388**
TOTAL ASSETS		**56,012,060**	**52,834,751**
CURRENT LIABILITIES			
Bank Overdraft		395,092	783,723
Trade and Other Payables	6	9,798,420	9,982,153
Life and Term Pass Deferred Revenue		1,267,475	1,333,516
Borrowings	9	750,000	750,000
Fair Value of Derivatives		-	89,442
Lease Liabilities	7	43,159	9,491
Total Current Liabilities		**12,254,146**	**12,948,325**
NON CURRENT LIABILITIES			
Borrowings	9	5,250,000	2,000,000
Life and Term Pass Deferred Revenue		8,991,348	10,194,746
Lease Liabilities	7	82,774	-
Total Non Current Liabilities		**14,324,122**	**12,194,746**
TOTAL LIABILITIES		**26,578,268**	**25,143,071**
NET ASSETS		**29,433,792**	**27,691,680**
EQUITY			
Share Capital	2	138,200	138,200
Retained Earnings		29,295,592	27,553,480
TOTAL EQUITY		**29,433,792**	**27,691,680**

For and on behalf of the Board who authorised the issue of these financial statements on:

Phil Royal **Director** **Date: 23rd July 2011**

David A Pilkington **Chairman** **Date: 23rd July 2011**

The accompanying notes on pages 14 to 23 form part of these financial statements on pages 9 through to 13.

CASH FLOW STATEMENT

For year ended 30th April 2011

	Note	2011	2010
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		20,826,940	22,652,697
Advance Season Pass Sales		5,835,185	5,557,903
Receipts from Insurance Proceeds	12	2,603,150	6,176,657
Interest Received		1,599	7,521
Cash was applied to:			
Payments to Suppliers and Employees		(23,604,961)	(24,682,194)
Payments to Suppliers for Knoll Ridge Fires		(124,129)	(1,608,796)
Interest Paid		(519,329)	(330,959)
Net Cash Flows from Operating Activities		**5,018,455**	**7,772,829**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of Property, Plant and Equipment		43,761	346,723
Cash was applied to:			
Purchase of Property, Plant and Equipment		(7,923,585)	(9,478,844)
Net Cash Flows from Investing Activities		**(7,879,824)**	**(9,132,121)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Term Loans		4,000,000	-
Cash was applied to:			
Current Portion of Term Loans		(750,000)	(750,000)
Net Cash Flows from Financing Activities		**3,250,000**	**(750,000)**
Net increase / (Decrease) in Cash		388,631	(2,109,292)
Opening Cash		(783,723)	1,325,569
Closing Cash		**(395,092)**	**(783,723)**
Composition of Cash:			
Cash on Hand		27,400	29,040
Cash at Bank		(422,492)	(812,763)
Closing Cash Carried Forward		**(395,092)**	**(783,723)**

The accompanying notes on pages 14 to 23 form part of these financial statements on pages 9 through to 13.

RECONCILIATION OF OPERATING PROFIT WITH CASH FLOW FROM OPERATING ACTIVITIES

For year ended 30th April 2011

	2011	2010
	$	**$**
Reported Net Surplus for the year	1,742,112	1,008,890
Add / (Less) Non Cash Items:		
Depreciation	3,818,557	3,588,587
Amortisation of Intangible Assets	87,721	87,771
Loss / (Gain) on Foreign Exchange	29,665	(10,605)
Bad Debts	809	12,429
Fair Value Movement in Derivatives	(121,981)	(7,266)
Contribution to High Noon Express	(1,050,000)	-
Movements in Working Capital:		
Movement in Trade and Other Payables	(490,680)	(824,519)
Movement in Inventories	210,481	(259,239)
Movement in Trade and Other Receivables	16,872	(57,132)
Movement in Insurance Proceeds Receivable	1,825,257	6,183,218
Movement in Prepayments	(55,204)	(36,909)
Movement in Season Pass Deferred Revenue	277,282	(493,387)
Movement in Life and Term Pass Deferred Revenue	(1,269,439)	(1,319,647)
Movement in Life Pass Finance Plan	5,384	92,687
Items Classified as Investing Activities		
Gain on Disposal of Assets	(8,381)	(192,049)
Net Cash Flow from Operating Activities	**5,018,455**	**7,772,829**

The accompanying notes on pages 14 to 23 form part of these financial statements on pages 9 through to 13.

1. SUMMARY OF KEY ACCOUNTING POLICIES

1.1 Statement of Compliance

Ruapehu Alpine Lifts Limited (the 'Company') is a public benefit entity registered under the Companies Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993. The Company's principal activity is to promote snow sports in the North Island.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), as appropriate for a public benefit entity.

1.2 Basis of Preparation

The financial statements have been prepared on the basis of historical cost except for the revaluation of certain Financial Instruments.

Cost is based on the fair value of the consideration given in exchange for the transaction.

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 the substance of the underlying transactions or other events as reported.

These financial statements are presented in New Zealand Dollars, rounded to the nearest dollar.

1.3 Changes in Accounting Policies

There have been no changes in accounting policies throughout the year.

1.4 Key Sources of Judgment or Estimation

Note 12 describes the Insurance Proceeds recognised and expenditure to repair buildings, demolish buildings and contents, replace consumables and stock and erect temporary café and toilet facilities as a result of the fires at Knoll Ridge. During 2011 the Material Damage Policy has been settled in full to the loss limit of $10,000,000 with $250,000 excess payable by the Company.

Note 13 describes the revaluation of the High Noon Express Chairlift at Turoa due to modifications made to mitigate damage caused by adverse weather events.

Another key area of estimation is in relation to the revenue recorded for Life and Term Passes where the revenue is transferred from Deferred Revenue based on an estimated life over the relevant 25, 20 or 5 year period on an average estimated days of use by the pass holder.

The Directors consider it appropriate to use depreciation rates that approximate the reasonable expectation of the useful life of each asset group based on the environment the Company operates in and from historical outcomes.

1.5 Adoption of New and Revised Standards and Interpretations

a) Standards and Interpretations effective in the current period: Standards that have come into effect in the current period have not led to any material changes in the Company's accounting policies with measurement or recognition or disclosure impact on the periods presented in the financial statements:

Standard and Standard Name:	**Nature of Amendment:**
NZ IFS 5 Non-current Assets Held for Sale and Discontinued Operations	Amendment to clarify that NZ IFRS 5 specifies the disclosures required in respect of non-current assets classified as held for sale or discontinued operations.
NZ IFRS 8 Operating Segments	Minor textual amendment and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the General Manager.
NZ IAS 1 Presentation of Financial Statements	Clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent.
NZ IAS 7 Statement of Cash Flows	Amendment to require that only expenditures that result in a recognised asset in the Statement of Financial Position can be classified as investing activities.
NZ IAS 17 Leases	Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification.
NZ IAS 36 Impairment of Assets	Amendment to clarify that the largest cash-generating unit to which goodwill should be allocated for the purposes of impairment testing is an operating segment.
NZ IAS 38 Intangible Assets	Amendments to clarify the requirements regarding accounting for intangible assets acquired in a business combination.
NZ IAS 39 Financial Instruments: Recognition and Measurement	Clarification that prepayment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss for reinvestment risk, should be considered closely related to the host debt contract.

b) Standards or Interpretations Not Yet Effective

At the date of authorisation of these Financial Statements various standards, amendments and interpretations have been issued by the Accounting Standards Review Board but have not been adopted by the Company as they are not yet effective. Application of the below standards, amendments and interpretations, is not expected to have a material impact on the Company's financial position, results or disclosure in the period of initial application:

Standard and Standard name:	**Effective for Annual Reporting periods beginning on or after:**	**Expected to be initially applied in the financial year ending:**
Amendments to NZ IAS 24 – Related Party Disclosures	1 January 2011	31 March 2012
NZ IFRS 9 – Financial Instruments	1 January 2013	31 March 2014
Improvements to NZ IFRS 3 and NZ IAS 27	1 July 2010	31 March 2012
Improvements to other standards	1 January 2011	31 March 2012
Amendments to NZ IFRS 7 – Financial Instruments: Disclosures	1 July 2011	31 March 2013
Amendments to NZ IFRS 7 – Appendix E	1 April 2011	31 March 2012

There are other Standards and Interpretations in issue but not yet effective and these are not expected to have a material impact on the Company.

1.6 Revenue

Sale of Goods

Revenue earned by the Company from the supply of goods is measured at the fair value of consideration received. Revenue received from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Sale of Services

Revenue from the supply of season passes is recognised in full from the first day of the ski season. Revenue from life passes is recognised by reference to the stage of completion (usage) of the life pass. All other revenue, including revenue from day passes, is recognised at point of sale.

Interest Received

Revenue is recognised on a time proportionate basis that takes into account the effective yield on financial assets.

Operating Rent

Operating Rent is recognised in the Statement of Comprehensive Income when received for the provision of staff accommodation.

1.7 Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except for receivables and payables which are recognised inclusive of GST. With the exception of Insurance Proceeds Receivable for which GST is not accounted for until monies received.

1.8 Taxation

The Company is exempt from income tax under section CW40 (1) of the Income Tax Act 2007.

1.9 Inventories

Inventories are valued at the lower of cost (calculated using weighted average method) and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

1.10 Property, Plant and Equipment

Items of Property, Plant and Equipment are initially recorded at cost. When an asset is acquired for no or nominal consideration the asset will be recognised initially at fair value, where fair value can be reliably determined, with the fair value of the asset received, less costs incurred to acquire the asset, also recognised as revenue in the Statement of Comprehensive Income.

Capital works in progress are recognised as costs incurred. Capital works in progress are carried in the Property, Plant and Equipment schedule as Assets Under Construction. The total cost of this work is transferred to the relevant asset category on its completion and then depreciation commences.

Realised gains and losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

The carrying amounts of Property, Plant and Equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income in the period in which they arise.

Depreciation

Depreciation is provided on Property, Plant and Equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight-line basis so as to write off the cost of each asset over its useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

Buildings and fixtures	5 - 33 years	Motor Vehicles	5 - 10 years
Car Parks and Roads	33 years	Plant and Equipment	5 - 33 years
Ski Lifts	33 years		

1.11 Intangible Assets

Intangible Assets are initially recorded at cost. Intangible Assets with finite lives are subsequently recorded at cost less any amortisation and any impairment losses. The estimated useful life of finite life intangibles is reviewed annually. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the useful life of the asset. Software is regarded as an Intangible Asset. Typically the useful lives of Intangible Assets are as follows:

Software	5 years

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Income in the period in which the transaction occurs.

Intangible assets with finite lives are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Income in the period in which they arise.

1.12 Leases

The Company leases certain office equipment, motor vehicles, software, land and buildings. Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

1.13 Financial Instruments

Financial Instruments include Financial Assets and Financial Liabilities, but excludes Season, Life and Term Pass Deferred Revenue for which only a constructive obligation exists. Financial Instruments are initially recorded at fair value plus any transaction costs. Subsequent to initial recognition, the measurement of Financial Instruments is dependent upon the classification determined by the Company.

<u>Cash and Equivalents</u>

Cash and Cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

<u>Loans and Receivables</u>

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less any impairment.

<u>Financial Liabilities and Financial Assets at fair value through the profit or loss</u>

Financial Liabilities at fair value through the profit or loss consist of foreign exchange derivative contracts held for trading, revalued to fair value.

<u>Financial Liabilities</u>

Financial Liabilities such as Trade Payables and Borrowings are recorded at amortised cost.

1.14 Foreign Currency

All foreign currency transactions are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

1.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provisions can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. The carrying amount is the present value of those cash flows.

1.16 Cash Flow Statement

Cash and cash equivalents comprise cash on hand and cash in banks net of outstanding bank overdrafts. Bank overdrafts are shown in the borrowings in Current Liabilities in the Statement of Financial Position.

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

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

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

1.17 Life Pass Finance Plan

Life Pass Finance Plan is the value of loans that customers have with the Company where the customer is financing the purchase of Life and Term Passes. The loans are payable over a period of 12, 24 or 36 months. All balances outstanding were repaid during 2010.

1.18 Borrowing Costs

All Borrowing Costs are expensed in the Statement of Comprehensive Income in the period in which they occurred.

1.19 Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual and sick leave. These provisions are expected to be settled within 12 months and have been measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

2. SHARE CAPITAL

All shares have equal voting rights attached. No share has any right to receive dividends or other pecuniary benefit, or to participate (in excess of the amount of consideration paid on issue of the share) in the distribution of any surplus assets on liquidation of the Company. Surplus assets on wind-up shall be divided among those organisations, societies or other persons nominated by shareholders under special resolution.

2011/2010

Fully Paid Ordinary Shares	**A Shares**	**B Shares**	**C Shares**	**D Shares**	**Total**
Balance at the beginning of the year	$6,000	$28,000	$94,200	$10,000	$138,200
Shares issued during the year	-	-	-	-	-
Balance at the end of the year	$6,000	$28,000	$94,200	$10,000	$138,200
Number of Shares					
Balance at the beginning of the year	6,000	1,470	4,710	10,000	22,180
Shares issued during the year	-	-	-	-	-
Balance at the end of the year	6,000	1,470	4,710	10,000	22,180

3. INVENTORIES

	2011	**2010**
Retail	$522,641	$732,181
Food and Beverage	$27,189	$20,019
Fuel	$4,451	$29,103
Sundry	$93,503	$76,962
	$647,784	$858,265

4. PROPERTY, PLANT AND EQUIPMENT

30th April 2011

	Opening Cost	**Additions**	**Disposals**	**Transfers**	**Closing Cost**
Ski Lifts	$21,934,696	$4,081	-	-	$21,938,777
Buildings and Fixtures	$16,910,718	$9,454,427	-	-	$26,365,145
Car Parks and Roads	$5,308,187	$825,562	-	-	$6,133,749
Motor Vehicles	$7,090,141	$774,875	($55,012)	-	$7,810,004
Plant and Equipment	$19,698,456	$1,446,653	-	-	$21,145,109
	$70,942,198	**$12,505,598**	**($55,012)**	**-**	**$83,392,785**
Assets Under Construction	$5,947,585	$8,954,700	-	($12,370,272)	$2,532,013
Total Property, Plant and Equipment	**$76,889,783**	**$21,460,298**	**($55,012)**	**($12,370,272)**	**$85,924,797**

30th April 2010

	Opening Cost	Additions	Disposals	Transfers	Closing Cost
Ski Lifts	$21,600,726	$333,970	-	-	$21,934,696
Buildings and Fixtures	$16,926,922	$25,226	($41,430)	-	$16,910,718
Car Parks and Roads	$5,047,437	$260,750	-	-	$5,308,187
Motor Vehicles	$4,990,433	$2,166,018	($66,310)	-	$7,090,141
Plant and Equipment	$17,700,863	$1,997,593	-	-	$19,698,456
Land	$110,000	-	($110,000)	-	-
	$66,376,381	**$4,783,557**	**($217,740)**	**-**	**$70,942,198**
Assets Under Construction	$1,688,672	$9,469,353	-	($5,210,440)	$5,947,585
Total Property, Plant and Equipment	**$68,065,053**	**$14,252,910**	**($217,740)**	**($5,210,440)**	**$76,889,783**

30th April 2011

	Opening Accum Depn	Depreciation	Disposals	Transfers	Closing Balance
Ski Lifts	$9,684,014	$618,331	-	-	$10,302,345
Buildings and Fixtures	$4,968,141	$725,407	-	-	$5,693,548
Car Parks and Roads	$1,336,323	$178,977	-	-	$1,515,300
Motor Vehicles	$3,710,132	$620,947	($19,633)	-	$4,311,446
Plant and Equipment	$8,052,230	$1,674,896	-	-	$9,727,126
Total Property, Plant and Equipment	**$27,750,840**	**$3,818,558**	**($19,633)**	**-**	**$31,549,765**

30th April 2010

	Opening Accum Depn	Depreciation	Disposals	Transfers	Closing Balance
Ski Lifts	$8,872,982	$811,032	-	-	$9,684,014
Buildings and Fixtures	$4,472,043	$512,312	($16,214)	-	$4,968,141
Car Parks and Roads	$1,175,134	$161,189	-	-	$1,336,323
Motor Vehicles	$3,207,817	$549,167	($46,852)	-	$3,710,132
Plant and Equipment	$6,497,343	$1,554,887	-	-	$8,052,230
Total Property, Plant and Equipment	**$24,225,319**	**$3,588,587**	**($63,066)**	**-**	**$27,750,840**

Balance as at 30th April:

Net Carrying Value as at 30th April 2011: **$54,375,033**

Net Carrying Value as at 30th April 2010: **$49,138,943**

Assets Under Construction for 2011 includes computer hardware and software worth $129,476 for which the Company has a finance lease. The finance company has security over this asset until full repayments are made.

5. INTANGIBLE ASSETS

30th April 2011	Opening Cost	Additions	Disposals	Transfers	Closing Cost
Intangible Assets	$482,325	-	-	-	$482,325
	$482,325	-	-	-	$482,325
30th April 2010					
Intangible Assets	$55,442	$426,883	-	-	$482,325
	$55,442	$426,883	-	-	$482,325

30th April 2011	Opening Accum Amort	Amortisation	Disposals	Transfers	Closing Balance
Intangible Assets	$131,880	$87,721	-	-	$219,601
	$131,880	$87,721	-	-	$219,601
30th April 2010					
Intangible Assets	$44,109	$87,771	-	-	$131,880
	$44,109	$87,771	-	-	$131,880

Balance as at 30 April:

Net Carrying Value as at 30th April 2011: **$262,724**

Net Carrying Value as at 30th April 2010: **$350,445**

6. TRADE AND OTHER PAYABLES

	2011	2010
Trade Creditors	$1,569,664	$2,312,972
Short Term Employee Entitlements	$311,782	$317,918
Deferred Revenue Season Passes	$5,835,185	$5,557,903
Other Accruals and Sundry Creditors	$2,081,789	$1,793,360
	$9,798,420	**$9,982,153**

The Deferred Revenue relates to Season Pass sales during November 2010 and April 2011 for the 2011 winter season. These passes cannot be utilised until the opening of the ski season. This revenue is therefore recognised at the start of the season.

7. OTHER FINANCIAL LIABILITIES

	2011	2010
Lease Liability	$125,933	$9,491
Less Current Portion	$43,159	$9,491
Total Long Term Lease Liabilities	$82,774	-

	2011	2010
Lease Liability		
Within 1 Year	$43,159	$9,491
Between 1 - 2 Years	$43,159	-
	$86,318	$9,491

Interest charges on finance leases and lease liabilities were $2,540 (2010: $2,068) which are included in Finance Costs on the Statement of Comprehensive Income. The difference between the Net Present Value and total future minimum lease payments is immaterial. Security over these assets exists until repayment in full. Three finance leases were entered into post balance date, two relating to Motor Vehicles for a term of 36 months with annual repayments of $36,638 and one for computer hardware for a term of 36 months with annual repayments of $74,676.

8. CONTINGENT LIABILITIES

In 2005, Ruapehu Alpine Lifts Limited entered into an underwrite agreement for an accommodation block in National Park. This was being used as staff accommodation for the 2006 and subsequent winter seasons. The total contingent liability for this underwrite agreement is currently NIL (2010: $238,720), negotiations are in process to renew this contract for an additional 5 years post the expiry date of 31st July 2011. Ruapehu Alpine Lifts Limited has guaranteed to underwrite accommodation in this property to a minimum level for each winter season. Should staffing levels not be sufficient to fulfill the required level of accommodation, Ruapehu Alpine Lifts Limited will be required to fund the difference between the level of accommodation occupied and the required level.

9. FINANCIAL INSTRUMENTS

Interest Rate Risk

The Company has exposure to Interest Rate Risk to the extent that it borrows for a fixed term at fixed rates and has an overdraft facility with interest rates that vary quarterly. The Company manages its Interest Rate Risk by securing short and medium term fixed interest rates. The effective interest rates on the term borrowings are 7.06% (2010: 6.03%).

Credit Risk

Credit Risk is the risk of failure of a debtor or counterparty to honour its contractual obligation. Financial instruments which potentially subject the Company to Credit Risk principally consist of cash, accounts receivable and the Life Pass Finance Plan. The Company has established credit policies which are used to manage the exposure to Credit Risk. The maximum exposures to Credit Risk are considered the carrying value of these financial assets. No collateral is held in relation to any financial asset. The Company is not exposed to any concentrations of Credit Risk other than the Insurance Proceeds Receivable at year end. The Material Damage Policy is placed with three insurers with the following ratings in accordance with the Insurance Companies (Rating and Inspections) Act 1994: Lumley General Insurance Company Limited A- (60%), AWAC (A Syndicate at Lloyds) A+ (25%), NZI (A Division of IAG New Zealand Limited) AA- (15%).

Currency Risk

The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. Where exposures are uncertain it is the Company's policy to hedge these risks, for a maximum period of 12 months forward. At balance date the contracted amount of forward exchange contracts outstanding was NZD $399,643 (2010: $1,029,393).

The following table details the forward foreign currency exchange (FC) contract as at 30 April 2011:

	Average Exchange Rate	Foreign Currency 2011	Contract Value 2011 NZ	Fair Value NZ
Cash Flow Hedges				
Buy USD				
Less than 3 months	$0.73	$292,698	$400,175	$32,539
		$292,698	$400,175	$32,539

Liquidity Risk

Liquidity Risk arises from a mismatch in the final maturity of Statement of Financial Position Assets and Liabilities. Guidelines have been set to ensure that all obligations of the Company are met in a timely and cost effective manner. The Company also has an overdraft facility of $50,000 (2010: $50,000) available and a flexible facility of $5,500,000 (2010: $5,200,000) with the banker to assist the Company in meeting its obligations. The maturity analysis of the Company is as follows:

As at balance date the net cash position was in overdraft to the value of $395,092 (2010: $783,723), the additional $50,000 overdraft facility is not being utilised.

2011

Financial Assets	< 1 Year	1 – 5 Years	5 + Years	Total
Trade and Other Receivables	$66,368	-	-	**$66,368**
Insurance Proceeds Receivable	$262,632	-	-	**$262,632**
Fair Value of Derivatives	$32,539	-	-	**$32,539**
Total Assets	**$361,539**	**-**	**-**	**$361,539**
Financial Liabilities				
Bank Overdraft	$395,092	-	-	**$395,092**
Accounts Payable	$3,963,235	-	-	**$3,963,235**
Lease Liability	$43,159	$82,774	-	**$125,933**
Current Portion of Term Borrowings	$780,825	-	-	**$780,825**
Term Borrowings	-	$6,621,331	-	**$6,621,331**
Total Liabilities	**$5,182,311**	**$6,704,105**	**-**	**$11,886,416**

2010

Financial Assets	< 1 Year	1 – 5 Years	5 + Years	Total
Cash and Cash Equivalents	-	-	-	**-**
Trade and Other Receivables	$84,049	-	-	**$84,049**
Insurance Proceeds Receivable	$2,087,889	-	-	**$2,087,889**
Life Pass Finance Plan	$5,384	-	-	**$5,384**
Total Assets	**$2,177,322**	**-**	**-**	**$2,177,322**
Financial Liabilities				
Bank Overdraft	$783,723	-	-	**$783,723**
Accounts Payable	$4,153,466	-	-	**$4,153,466**
Foreign Exchange Payable	$270,784	-	-	**$270,784**
Lease Liability	$9,491	-	-	**$9,491**
Current Portion of Term Borrowing	$801,209	-	-	**$801,209**
Fair Value of Derivatives	$89,442	-	-	**$89,442**
Term Borrowings	-	$2,136,559	-	**$2,136,559**
Total Liabilities	**$6,108,115**	**$2,136,559**	**-**	**$8,244,674**

Categories of Financial Instruments

The Company's Financial Instruments are classified into the following categories:

2011

Financial Assets	Cash and Equivalents	Fair Value Through P or L	Loans and Receivables	Financial Liabilities at Amortised Cost	Total
Trade and Other Receivables	-	-	$66,368	-	**$66,368**
Insurance Proceeds Receivable	-	-	$262,632	-	**$262,632**
Fair Value Movement in Derivatives	-	$32,539	-	-	**$32,539**
Total Assets	**-**	**$32,539**	**$329,000**	**-**	**$361,539**
Financial Liabilities					
Bank Overdraft	$395,092	-	-	-	**$395,092**
Accounts Payable	-	-	-	$3,963,235	**$3,963,235**
Lease Liability	-	-	-	$125,933	**$125,933**
Borrowings	-	-	-	$6,000,000	**$6,000,000**
Total Liabilities	**$395,092**	**-**	**-**	**$10,089,168**	**$10,484,260**

2010

Financial Assets	Cash and Equivalents	Fair Value Through P or L	Loans and Receivables	Financial Liabilities at Amortised Cost	Total
Trade and Other Receivables	-	-	$84,049	-	**$84,049**
Insurance Proceeds Receivable	-	-	$2,087,889	-	**$2,087,889**
Life Pass Finance Plan	-	-	$5,384	-	**$5,384**
Total Assets	**-**	**-**	**$2,177,322**	**-**	**$2,177,322**
Financial Liabilities					
Bank Overdraft	$783,723	-	-	-	**$783,723**
Accounts Payable	-	-	-	$4,424,250	**$4,424,250**
Fair Value Movement in Derivatives	-	$89,442	-	-	**$89,442**
Lease Liability	-	-	-	$9,491	**$9,491**
Borrowings	-	-	-	$2,750,000	**$2,750,000**
Total Liabilities	**$783,723**	**$89,442**	**-**	**$7,183,741**	**$8,056,906**

Fair Value Measurements Recognized in the Statement of Financial Position

Financial instruments subsequent to initial recognition are grouped into Levels 1 to 3 based on degrees to which the fair value is observable:

- Level 1

  Fair Value Measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and 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).

The Company has derivatives in place at balance date and these are valued at Level 2 on the hierarchy.

Security

ANZ National Bank Limited has a security agreement over all present and after acquired property of RAL.

Borrowings

During 2011 the Company was subject to an event review under the terms of its loan agreement with the ANZ National Bank Limited, the outcome of which was deferred until the annual review, at which time the commitment to continue to provide long term financing to the Company was confirmed.

Sensitivity Analysis

The Company is exposed to market risks such as Interest Rate Risk and Foreign Exchange Risk during the course of the Company's normal trading activities. No sensitivity analysis has been performed for the Company's exposure to Interest Rate Risk given the majority of the Company's exposure to Interest Rate Risk is on the Term Borrowings that are on fixed interest rates.

10. TRANSACTIONS WITH RELATED PARTIES

During the year the Company acquired services from companies in which Directors and Management have an interest:

John Sandford: Advertising services were purchased from Jason's Travel Media Limited a company in which John Sandford, a Director, is a shareholder and Director. $260 was paid to Jason's Travel Media Limited during the year. Of this amount $28 was outstanding at year end.

Duncan Fraser: Engineering services were purchased from Acme engineering Limited a company in which Duncan Fraser, a Director, is the Managing Director and a shareholder. The services that were acquired from his company for relate to the fabrication of replacement tower sections for tower 8 and 9 on the High Noon Express. $91,705 was paid to Acme Engineering Limited during the year. Of this amount none was outstanding at year end.

Kevin Stanley: Building services were acquired from a company in which Kevin Stanley, a Director, is the Managing Director and a shareholder. The services that were acquired from his company relate to the buildings destroyed in the Knoll Ridge Fires. During the financial year ending 30 April 2011, Stanley Construction was paid $4,322,269. Of this amount $187,095 was outstanding at year end.

Chris Thrupp: Land and Buildings were leased from a company in which Chris Thrupp, Area Manager of Turoa, is the Director and a shareholder. The lease is for a term of 6 years commencing October 2009 with the right of renewal of a further 2 times 6 years, expiring in 2027. During the financial year ended 30 April 2011, Red Sand was paid $61,240. Of this amount $1,648 was outstanding at year end.

The Directors are entitled to receive complimentary use of ski lifts and discounts in the retail, rental and cafeteria outlets.

No related party debts were written off or forgiven during the year.

11. COMMITMENTS

Capital Commitments	**2011**	**2010**
Estimated capital expenditure contracted for at balance date but not provided for, was for the purchase of groomers, snow guns and snowmaking equipment and lift components. Post balance date RAL has entered into finance leases for capital expenditure see note 7 for details.	$1,462,635	$758,609

Operating Lease Commitments

Lease commitments under non-cancelable operating leases:

Not later than one year	$119,263	$113,837
Later than one year and not later than two years	$109,702	$40,451
Later than two years and not later than five years	$165,024	$46,154

These operating leases are for office, point of sale equipment and motor vehicles.

12. KNOLL RIDGE FIRES

At midnight on 13th February 2009 an arsonist set fire to three buildings at Whakapapa Ski Area. The Knoll Ridge Chalet and contents, Cat Shed building housing three groomers, digger and lift and groomer parts were completely destroyed. Superficial fire damage was also sustained to the Waterfall Express Return station building and contents.

Insurance Proceeds Receivable and Expenditure have been recognised as per the judgment and estimation of directors outlined in Note 1.

Insurance Proceeds and Costs in the Income Statement relating to the Knoll Ridge Fires are further itemised in the table below.

	2011 Supplies and Services	2011 Property Plant and Equipment	2011 Total	2010 Supplies and Services
Insurance Proceeds	-	$777,893	$777,893	($6,561)
Costs:				
Supplies and Services:				
Repairs to Waterfall Express Chairlift	-	-	-	$59,395
Temporary Facilities – 2009 winter operations	($20,640)	-	($20,640)	$345,329
Demolition of Knoll Ridge Chalet and Cat Shed	($26,028)	-	($26,028)	-
Replacement of Consumables and Stock	($122,121)	-	($122,121)	-
Contract Works Insurance cover	$28,626	-	$28,626	-
Total Supplies and Services	($140,163)	-	($140,163)	$404,724
Excess Recovery / (Loss) to date	**$140,163**	**$777,893**	**$918,056**	**($411,285)**

Current Assets and Current Liabilities in the Balance Sheet, which are relating to the Knoll Ridge Fires, represent the balance of Insurance Proceeds and Supplies and Services outstanding at year end.

Current Assets:	2011	2010
Insurance Proceeds	$2,865,782	$8,271,107
Receipts from Insurance Proceeds	($2,603,150)	($6,183,218)
Insurance Proceeds Receivable	**$262,632**	**$2,087,889**

13. REINSTATEMENT OF HIGH NOON EXPRESS CHAIRLIFT

During the winter season of 2010 we had two towers collapse on the High Noon Express chairlift due to two separate weather events. During early 2011 the lift line was modified to mitigate the risk of further damage. Existing towers were lowered and additional towers put in place. The financial statements reflect the valuation of the chairlift due to these modifications, up to the value of completion at year end. Further work was completed post balance date.

14. AUDIT REMUNERATION – Other Advisory Services

Other Advisory Services provided by Deloitte for 2011 and 2010 are for fees in relation to reviewing the accounting treatment required as a result of the fire and additional assurance services.

15. DIRECTORS' FEES

Over the two years 2010 and 2011 rate of fees paid to Directors remained unchanged. During 2010 there was a vacancy for part of the year due to the retirement of Graham W Painter.

16. SUBSEQUENT EVENTS

In 2011 there were no significant subsequent events that impact on these financial statements.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF RUAPEHU ALPINE LIFTS LIMITED

Report on the Financial Statements

We have audited the financial statements of Ruapehu Alpine Lifts Limited (the Company) on pages 9 to 23, which comprise the statement of financial position as at 30 April 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with or interests in Ruapehu Alpine Lifts Limited, with the exception of other advisory services provided by Deloitte in relation to reviewing the accounting treatment required as a result of the fire and additional assurance services.

Opinion

In our opinion, the financial statements on pages 9 to 23:
- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of Ruapehu Alpine Lifts Limited as at 30 April 2011, its financial performance and its cash flows for the year ended on that date.

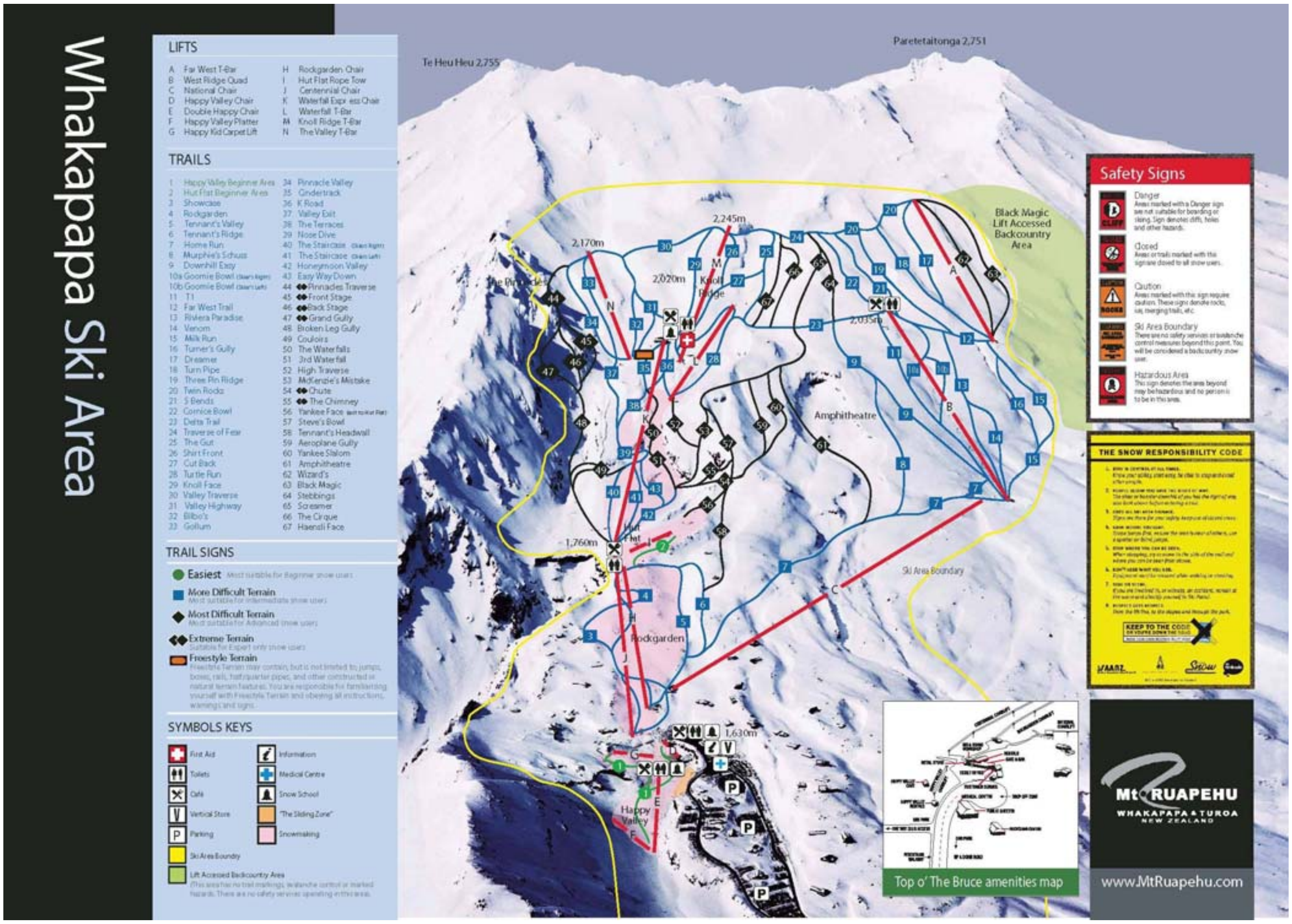
Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 April 2011:

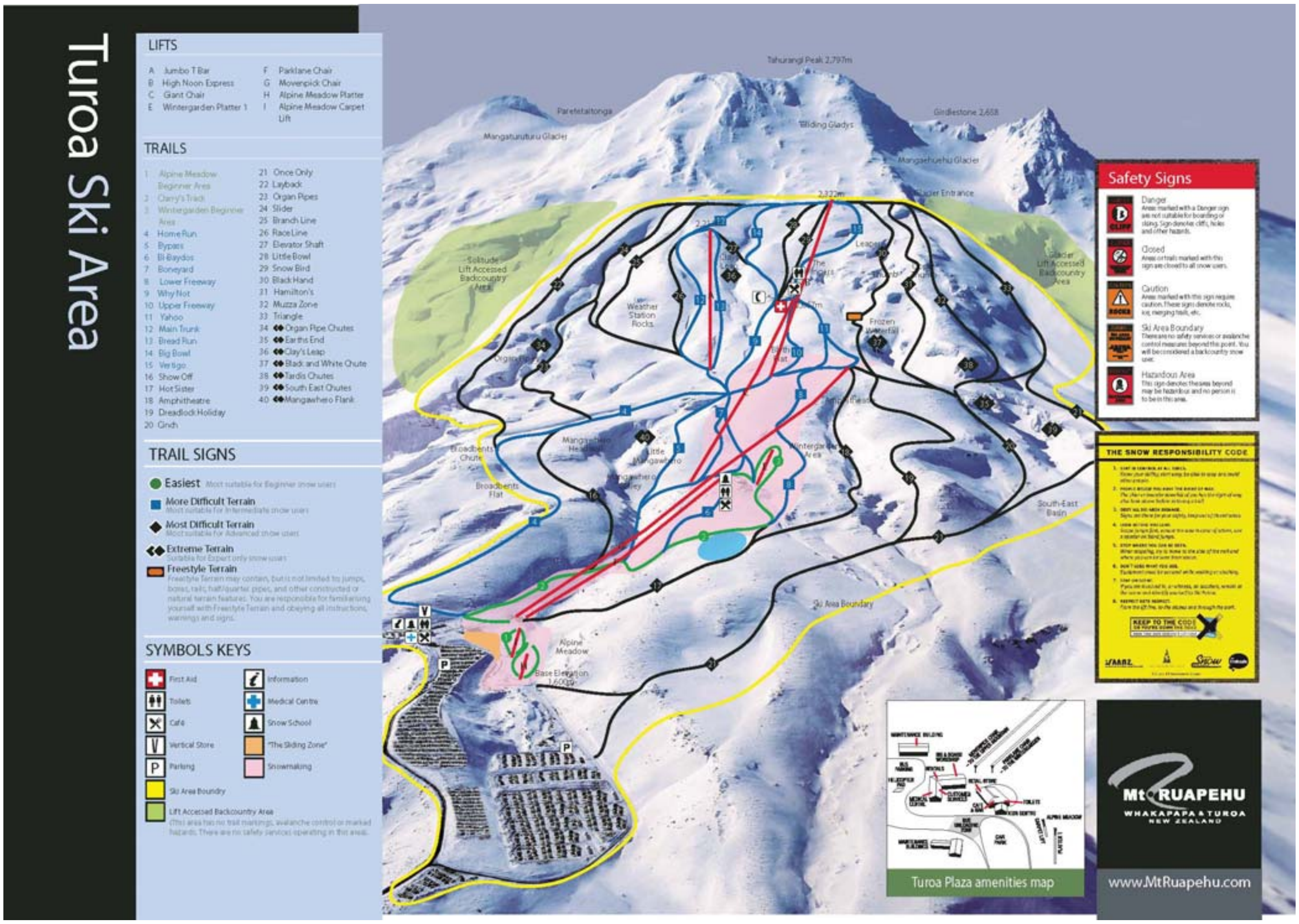
- we have obtained all the information and explanations we have required
- in our opinion proper accounting records have been kept by Ruapehu Alpine Lifts Limited as far as appears from our examination of those records.

Deloitte

Chartered Accountants
23 July 2011
Wellington, New Zealand



Images are from the 2010 “Love Winter” Campaign



Images are from the 2010 "Love Winter" Campaign

HISTORY OF DEVELOPMENT AT WHAKAPAPA SKI AREA

1938
Scoria Flat rope tow installed by Tourist Department.
1946
Portable rope tow operated on Hut Flat.
1947
Salt Run tow (Scoria Flat) & Rockgarden rope tow.
1949
Staircase rope tow, Meads Wall rope tow.
1950
Tennants Valley rope tows, Cinder Track tow.
1951
Rockgarden tows, Staircase tow.
1952
Walter Haensli granted a license to operate chairlifts at Whakapapa. 1952-54 Salt Run, Rockgarden, Staircase & Cinder Track tows operated by Tourist Hotel Corporation (THC).
1953
Ruapehu Alpine Lifts Ltd formed and purchases Haensli's license.
1954
Rockgarden Single Chairlift.
1955
Staircase T-Bar, Nose Dive rope tow.
1956
No 2 Single Chairlift (Staircase to top of Knoll Ridge).
1957
No 2 Chairlift cut in half and lower section reinstated to bottom of Knoll Ridge.
1958
Top section reinstalled as No 3 Chairlift.
Manawatu Tramping club install rope tow behind their lodge.
1960
Ski Enterprises Ltd installs rope tow on the National Downhill slopes.
1961
Te Heu Heu Valley Poma.
1964
Knoll Ridge Poma, Home Run rope tow, Hut Flat rope tow.
Happy Ski Valley Ltd commences operation of rope tows in Happy Valley and at Meads Wall.
1965
Loop Rd from lf Salt Hut to Top O Bruce completed.
1966
National Downhill Poma
Ski Enterprises Ltd replaces rope tow with T-Bar.
1967
National Downhill Access Chairlift (ex No 3 Chair), second tow on Hut Flat.
1969
Rockgarden Poma.
1974
Waterfall Poma (ex Rockgarden) two rope tows in the Pinnacles slopes.
1975
RAL took over National Downhill operation.
1976
Rockgarden Double Chairlift. Schuss Haus built to replace old Staircase Kiosk.
1977
First snow groomer purchased.
1978
Waterfall Double Chairlift.
1979
Waterfall T-Bar.
1980
Cinder Track Platter.
1981
Te Heu Heu Valley T-Bar.
1982
Knoll Ridge T-Bar, original Knoll Ridge Chalet built.
1983
National Downhill Double Chairlift, National Downhill No 2 T-Bar, Pinnacles Platters (twin).
1987
Waterfall Express Quad Chairlift, Centennial Double Chairlift (ex Waterfall Double).
1988
RAL purchases facilities and operations of Happy Ski Valley Ltd and Tourist Hotel Corporation.
1989
Far West T-Bar (ex National Downhill No 2). West Ridge Quad Chairlift, Happy Valley Access Chairlift.
1990
Happy Valley snowmaking system, Creche, Knoll Ridge Chalet Stage 1 redevelopment.
1992
Happy Valley Platter
West Ridge Kiosk, Happy Valley Rental Building.
1993
Knoll Ridge Chalet completion, Happy Valley Bistro.
1994
Lorenz's Bar & Café redevelopment.
1998
Top O Bruce building redevelopment of Retail and Rental spaces.
2002
Snowmaking system enlarged to cover Happy Valley and Rockgarden and lower Staircase slopes. Double Happy Chairlift and an extra Platter Lift replace all rope tows in Happy Valley.
2003
Cinder Track & Pinnacle Platters removed.
2005
Snowmaking system enlarged to cover upper Staircase & Waterfall slopes.
2010-11
New Knoll Ridge Chalet & Cat Shed built to replace buildings destroyed by an arsonist in 2009.
2011
Carpet Lift in Happy Valley.

HISTORY OF DEVELOPMENT AT TUROA SKI AREA

1952
Ohakune Mountain Road Association formed to construct a road to Mangawhero Falls (13km barrier). Opened at this level in 1963. Extended to present road end by 1967.
1962
First rope tow installed by Rod Winchcomb.
1967
Three more rope tows installed by Robin Reid.
1978
AHI open Turoa with Park Lane and Giant Chairlifts plus Alpine Meadows rope tows.
1979
High Noon T-Bar.
1981
Wintergarden Platter No 1.
1982
Wintergarden Platter No 2.
1983
Jumbo T-Bar.
1985
Alpine Meadow Teleski No 1.
1986
NZ Skifields Ltd (a public company listed on the NZ Stock Exchange) formed to purchase ski area from Carter Holt Harvey (formerly AHI).
Movenpick Quad Chairlift.
Alpine Meadow Teleski No 2.
1988
Moro Race T-Bar.
Sealing of Mountain Road completed.
1990
NZ Skifields Ltd privatised by a takeover offer from Turoa Holdings Ltd.
1991
Mains power reticulation installed.
New 1000 set ski hire and significant additions to base area facilities.
1994
High Flyer Quad Chairlift.
2000
Enlarged snowmaking system on Alpine Meadows
Ski area purchased by Ruapehu Alpine Lifts Ltd (operator of Whakapapa Ski Area).
2003
Removal of Moro T-Bar & Wintergarden Platter #1.
2005
Additional 550 car parks.
Redevelopment of Customer Service/Rental Building
New Maintenance Workshop.
2007
High Noon Express chairlift.
Alpine Café & Retail redevelopment.
Snowmaking systems enlarged to cover to Blyth Flat including 45,000 cum reservoir.
2008
Carpet Lift on Alpine Meadows.
Yeti Kid's Centre opens in base area.
2011
High Noon Express tower modifications.
Removal of High Flyer Chairlift.

THE GIFT

In September 1887 the sacred mountain peaks, Ruapehu, Ngauruhoe and Tongariro, were gifted to the people of New Zealand by the Paramount Chief of Ngati Tuwharetoa, Horonuku Te Heu Heu Tukino thus ensuring their protection for all people for all time. This gift formed the nucleus of Tongariro National Park, the first in New Zealand.

Whakapapa Ski Area is located on the northern slopes of Mt Ruapehu which are the traditional lands of Ngati Tuwharetoa people. The upper slopes are within the original gifted area.

Turoa Ski Area is located on the southern slopes of Mt Ruapehu which are the traditional lands of the Ngati Rangi and Ngati Uenuku people.

DEPARTMENT OF CONSERVATION

Whakapapa and Turoa Ski Areas are located within Tongariro National Park and are operated under separate licenses issued by the Department of Conservation pursuant to Section 49 National Parks Act 1980.

RUAPEHU ALPINE LIFTS LIMITED

Operators of Whakapapa & Turoa Ski Areas