

RUAPEHU ALPINE LIFTS >> 2018 ANNUAL REPORT



MISSION STATEMENT REAL FUN. UNSTOPPABLE.

2018 REFLECTIONS



28% increase in total visitation

40% Whakapapa
11% Tūroa



Additional \$11.7m of capital investment



Challenging year for staff

Two significant incidents including a tragic fatality

2018 ACHIEVEMENTS

Visitor & revenue growth > Winter 2018 saw a 28% increase in visitors to Mt Ruapehu and a 26% increase in revenue. This growth was the outcome of recent investments at the Whakapapa ski area, a successful winter with great snow, good weather, an increase to the length of the season and an increase to the operational day, with first tracks and night skiing offered at Whakapapa.

Record Sales > Heading into winter 2018 we had our most successful season pass campaign to date, this was a contributing factor to increased pre-committed revenue and visitors. Heading into winter 2019 we have already exceeded the results from our 2018 campaign illustrating confidence from the market and our customers for the 2019 season.

Secured funding for Sky Waka Gondola > A significant achievement in 2018 was securing funding to allow us to move forward with our investment in the Sky Waka gondola at Whakapapa. \$25m has been committed and construction is underway for the opening of the gondola in June 2019.



STATEMENT UNREAL PLACE LECTIONS



Closed day stats

7 closed days out of 143 at Whakapapa
19 closed days out of 115 at Tūroa



26% growth in revenue



Weekend peaks caused customer disruption



\$25m funding secured for the Sky Waka

2018/19 PRIORITIES

Communication > Each year we employ up to 700 staff and serve almost half a million customers, therefore it is extremely important that we are continuously improving our internal and external communication. We need to ensure all our staff are positive, trained well and empowered to serve our guests. We want our guests to have access to timely information and we want to ensure they know what's going on. We will continue to hold quarterly RAL CEO forum meetings and public updates to ensure our local communities and stakeholders are kept abreast of information relevant to the ski areas. We operate in a special mountain community and it is important we engage authentically and communicate effectively.

Consistency > We have achieved our consistency goal in some areas through our investment in snowmaking technology allowing us to open earlier, extend our season and guarantee snow at Whakapapa in June. We still have room to improve with our day-to-day consistency including our customer service which is a key area of focus for the future.

Reducing time to snow > We have recently changed how we sell products and are continuing to provide more products online in our e-commerce store. We are continuing to invest in our development team and resources, and are refining our off-mountain offerings. We are setting up additional points of sale and increasing staffing levels in our Ohakune office. We have recently invested in 25 'click and collect' kiosks allowing customers to redeem their online purchases on mountain or in our sales and information offices.

CONTENTS

>	Our mission	2
>	2018 Reflections	2
>	2018 Achievements	2
>	2018/19 Priorities	3
>	Contents	4
>	RAL purpose & report introduction	5
>	Our Values	6
>	Chair & CEO review	8
>	Sustainability Report	12
	> Kaitiakitanga	14
	> Manaakitanga	18
	> Passion	24
>	Board of directors	30
>	Senior Leadership team	32
>	Corporate Governance	34
>	Notice of Annual General Meeting	36
>	Directors Review	36
>	Shareholding information	37
>	Directory	37
>	Ruapehu Alpine Lifts Limited Trust	37
>	Financial Statements	38
>	Audit Report	56



RAL PURPOSE & REPORT INTRODUCTION

Ruapehu Alpine Lifts Limited (RAL) is a limited-purpose public benefit entity regulated under the Companies Act 1993 and our Constitution. What that means is that our 4,000 shareholders are philanthropic in that they do not receive any form of benefit. While we are not a taxpayer, we must invest our profits into the provision, promotion and development of amateur alpine sports for the public within the Tongariro National Park. We are the operators of the Whakapapa and Tūroa ski areas on Mt Ruapehu and are the largest employer in the Ruapehu region. We are also the largest business operating within the Tongariro National Park (a UNESCO Dual World Heritage Area).

We recognise we have a responsibility to our stakeholders to ensure sustainable business principles are at the heart of what we do. For us, it is important that we remain commercially viable while mitigating potential cultural, spiritual and environmental impacts on the sacred place in which we operate.

Our privileged position of guardianship within the National Park affirms our commitment to improve transparency for all our RAL stakeholders. The presentation of this 2018 report uses the internationally recognised Global Reporting Initiative (GRI) G4 guidelines. GRI is a non-financial reporting framework, used to make the report more relevant to all our stakeholders including: customers, shareholders, employees, suppliers, lenders, investors and kaitiaki of Mt Ruapehu.

On behalf of the board and leadership team we have pleasure in presenting the Annual Report for the seven-month period ended 30 November 2018.

This report is dated 9th April 2019 and has been approved on behalf of the board of RAL:

Murray Gribben, Chair



Geoff Taylor, Director



OUR VALUES

Our values are what drives us and guide everything we do

BE EXCELLENT

We incorporate professionalism in everything we do; we turn up on time, respect each other, take pride in our work and bring our 'A' game.

GOTCHA BACK

Safety is a priority for our customers and staff. We achieve this through looking out for each other, listening eagerly, planning ahead, pulling our weight and setting each other up for success.

LOVE THE CUSTOMER

Everything we do should benefit the customer in some way. We need to delight them, surprise them, smile, be friendly and laugh with them. Without them we wouldn't exist.

HAVE A CRACK

We want our team to be confident in trying stuff, be innovative, get creative, speak up and take responsibility for their own learnings and career.



CHAIR & CEO REVIEW

We will remember and reflect on the 2018 winter for many years to come. It was the first time in a few years that things came together and 'gelled' through the early season and July school holidays. We had excellent snowfall, our snowmaking and grooming team did a great job getting us open and, with the exception of a delayed opening of the Valley T-Bar after a mechanical upgrade, the lifts and systems were functioning nicely. The team was working well, the visitors were having terrific days on the snow and the year-on-year comparisons were strongly positive.



Then, in the space of two weeks, two major incidents rocked our team and the community. A fatal bus accident claimed the life of Hannah Francis and injured many others including some of her family. Words cannot express the magnitude of this tragedy and the impact on Hannah's family. Our thoughts and prayers remain with them.

A couple of weeks after the accident we experienced one of the biggest avalanches ever recorded at Tūroa. It came right over the return station of the High Noon Express causing extensive damage to towers, the haul rope, chairs and the station itself. A snow grooming machine was destroyed and the biggest capacity lift on the mountain was disabled for the rest of the season.

In the period after the bus accident our company took significant steps to reduce the risk of such a tragedy ever occurring again. The original fleet of buses was replaced with brand new 4x4 vehicles, GPS units were fitted, systems, processes and training manuals were scrutinised, and experts were brought in to study the vehicle and help us learn more about the situation. The company had progressively been outsourcing transport operations to contractors over the previous three years, with only the Tūroa services remaining partially in-house. It made sense to accelerate this outsourcing process and a decision was made to bring a specialist contractor on board to take over all transport operations commencing in 2019. RAL has taken a lead role coordinating an industry-wide review and the development of a new Alpine Vehicle Specification and Code of Practice.

Our location and environment continues to highlight why our commitment to maintain a safe workplace not only for our employees but also for our customers, contractors and all stakeholders using the ski area as a place of work or recreation is paramount.

Prior to the Tūroa avalanche we were on track to exceed the record 2009 winter. Ultimately, Tūroa skier days and revenues still grew versus 2017, but the growth curve was constrained with the High Noon Express out of action. The team made the most of the exceptional weather and snow conditions, and the grooming was widely reported as outstanding with new trails off the Giant (a real crowd pleaser). It is pleasing to report that in March 2019 the repair work to the High Noon was completed and the lift is ready to operate again for winter 2019.



>>

We will remember and reflect on the 2018 winter for many years to come.

>>

A record number of skiers and snowboarders hit New Zealand slopes in 2018.

Whakapapa continues to grow at an exceptional rate – the 2018 winter season was the biggest in the 65 year history of the field. With 143 operating days and just seven closed days. The advancements in the snowmaking and lift technology have made Whakapapa operations as reliable as any of our counterparts in the South Island. The longer season, addition of night skiing and premium beginner facilities have underpinned this growth.

Growth in the ski industry was experienced across the whole country. A record number of skiers and snowboarders hit New Zealand slopes in 2018, clocking up 1.9 million days. That was a 16% increase on 2017 – the previously highest year. The phenomenal snow conditions paired with additional marketing, sales and investment throughout the industry contributed to the growth.

The cost of operating two ski areas in a UNESCO World Heritage Area, atop the North Islands highest peak has risen at more than four times the rate of inflation, so it is clear that an austerity strategy has no chance of beating the rising costs to profitability - the only way forward is to grow the revenue pie and do so in a way that continues to make Mt Ruapehu attractive to a wider audience, so we can reliably retain a portion of cashflow to continue investing in our great customer experience.

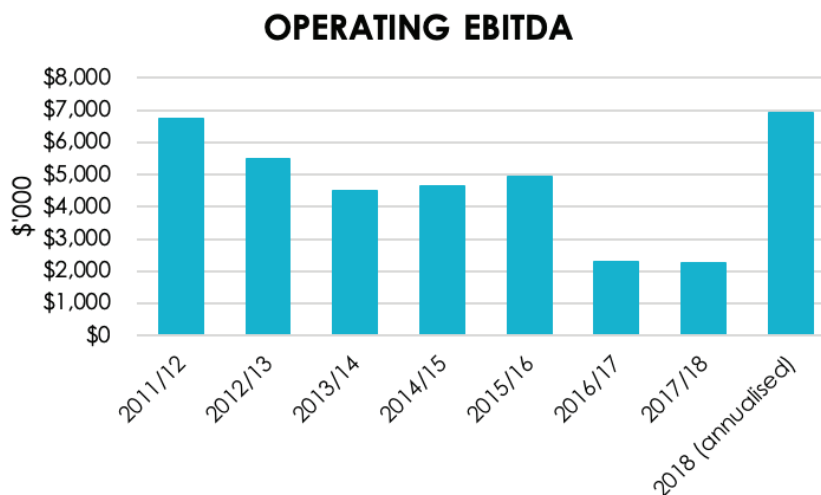
Revenue growth as a result of investment and enhancing the product offering has been pleasing. Total revenue was \$24.6m in 2016/17, \$28.9m in 2017/18 and \$36.2m for the 7 months ending November 2018, an increase of 26%. It is important to acknowledge the difficulty in analysing our 2018 financial results due to the short financial period. By way of explanation, we thought it would helpful to answer the following three questions:





1. How profitable are we?

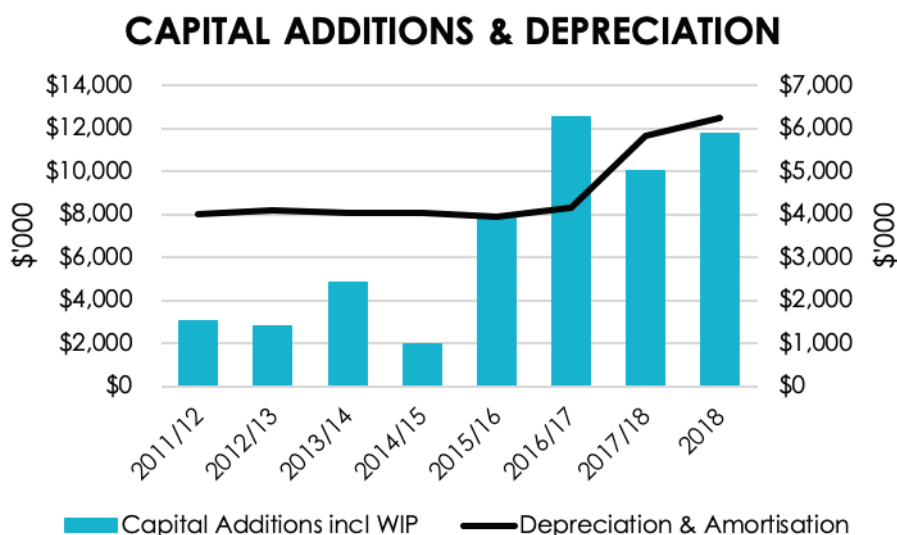
We operate the business on the basis of cashflow and look at EBITDA as our key indicator of profitability. The annualised 2018 year had an underlying EBITDA of \$6.9m and compares with our previous years' results as shown in the following graph:



We have determined the annualised number by taking revenue and costs incurred from the period from 1 December 2017 - 30 April 2018 (which fell in the previous financial period) and adding them onto the 7 months ending 30 November 2018. Refer note 18 in the financial statements for a reconciliation between profit/(loss) from operations to EBITDA.

2. What are the sources of funding?

This year we have materially changed our sources of long-term finance. To be able to continue with the aggressive programme of \$100m of new investment in the ski areas since license renewal, we knew we would have to access new forms of finance rather than just relying on life passes and bank debt (paid for by retained earnings). The graph below shows how significant that new capital investment has been compared with the period before license renewal:



We have determined the annualised depreciation by taking costs incurred from the period from 1 December 2017 - 30 April 2018 (which fell in the previous financial period) and adding them onto the 7 months ending 30 November 2018. The capex number represents Work in Progress as at 30 November 2019.

To support these significant investments, we have increased our long-term financial liabilities this year. These new liabilities range from MBIE and council loans through to investment Bonds to investors. While the detail of these liabilities are in the financial statements they are all similar in nature: sharing risk with us in the early stages of investment for a larger payoff when the returns are higher. In the gondola's case that means low costs to us of servicing the loans until customer milestones are met. At that stage we will pay higher annual returns to our investors until the loans/Bonds are repaid.

3. How much debt is too much?

We have an established internal guideline to limit our borrowings to a multiple of our annual EBITDA. Of course, we forecast summer returns from the gondola to increase our profitability, however, based on current winter profitability our borrowings are capped in the region of \$30m. With the increase in borrowings we need to prioritise our investments towards those things that make our earnings more reliable.

Significantly the reliability of earnings has improved through changes to pricing and marketing strategy, and investments in snowmaking technology, lengthening the operating season and the operating day.

One goal of our pricing strategy has been to drive greater pre-committed revenue to help cover the very high fixed costs we face. Season pass revenue has increased 10% in the past two years which has improved the timing of cashflows and reduced peak debt and financing costs.

We have continued our relentless programme of major lift upgrades and renewals. The 2017/18 summer brought a focus on the T-Bars at Whakapapa with the Far West T-Bar almost entirely replaced with brand new equipment; a \$1.4m project with Doppelmayr New Zealand; and the Valley and Knoll T-Bars had a substantial mechanical upgrade with new sheave assemblies and realignments.

Looking ahead, we anticipate the opening of the Sky Waka gondola at Whakapapa in time for the 2019 winter and can report solid progress by the team on site. The Knoll Ridge Chalet is currently undergoing a major refit in preparation for the gondola which will add nearly 50% more seating capacity. We would like to take the time to acknowledge those who have helped us to fund the Sky Waka gondola including:

- > Tūwharetoa Gondola Partnership;
- > Māori Investments Ltd;
- > Bay of Plenty Community Trust;
- > Mr Mark Dunatjschik;
- > The Provincial Growth Fund (MBIE);
- > Ruapehu District Council; and
- > Taupō District Council.

Pre-sales for 2019 have been strong with record season-pass sales assisting with cashflow through the first quarter of the 2019 financial year. The renewal of our Tūroa licence in September 2017 is confirmation of our continued right to operate on Tūroa is a major event for us and our skiers. We are also preparing to lodge planning applications for a major redevelopment of the Tūroa Ski Area in the second quarter of 2019. The updated Indicative Development Plan for Tūroa is live on www.mtruapehu.com and we encourage you to have a look and give us your feedback on the next phase of development.

Finally, we would like to acknowledge the mammoth efforts of our staff over the 2018 season and financial period. They dealt with some life changing events and one of the busiest seasons on record, all while continuing to adapt to the operational and commercial changes still occurring within the business. We would also like to thank our stakeholders, specifically our guests, iwi, investors and shareholders that continue to support our business. We have a few busy months ahead and we look forward to welcoming you on the mountain in winter 2019.

Murray Gribben, Chair



Ross Copland, Chief Executive



SUSTAINABILITY REPORT

As a business operating within a UNESCO Dual World Heritage Area, we recognise that we have a responsibility to our stakeholders to ensure sustainable business principles are at the heart of what we do. For us, it is important that our two ski areas on Mt Ruapehu remain commercially viable while acknowledging potential cultural, spiritual and environmental impacts on the sacred place where we operate.

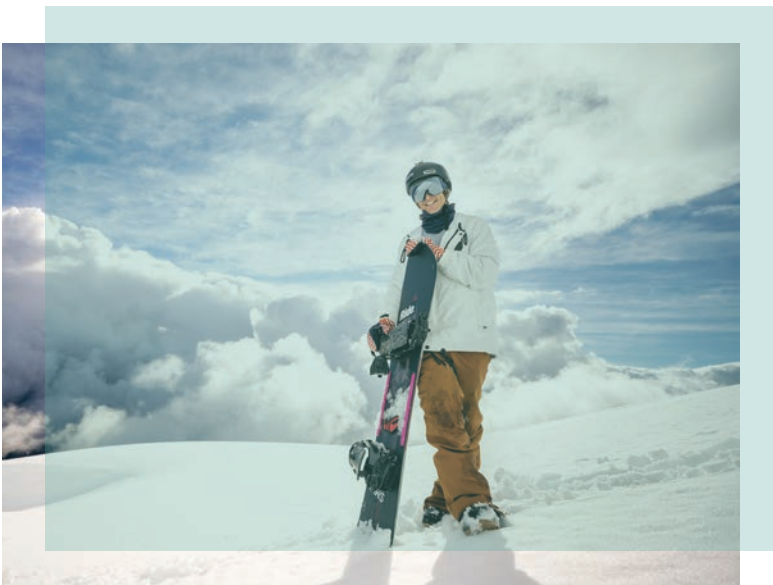
Why has RAL adopted 'non-financial reporting'?

We started our non-financial reporting journey in 2016 when we presented our results using Triple Bottom Line reporting. Since then we have gathered feedback and are looking to further improve our disclosures using the internationally-recognised sustainability reporting standard Global Reporting Initiative (GRI) G4. We use this as a guide to ensure we are reporting on the factors that matter for our industry.

We have taken significant steps to improve disclosures in this year's report and believe it's important to present a balanced view, highlighting items that we have had success in, as well as addressing those in which we haven't.

How did we decide what to report on?

In determining what to include in our sustainability report we have identified three critical success factors that are material to RAL's business and stakeholders. We have reported our performance in each of these areas and will remain accountable to our stakeholders by integrating these into our daily approach to business. We believe these success factors are critical to us delivering real fun in the unreal place that is Mt Ruapehu.



Kaitiakitanga – for the place

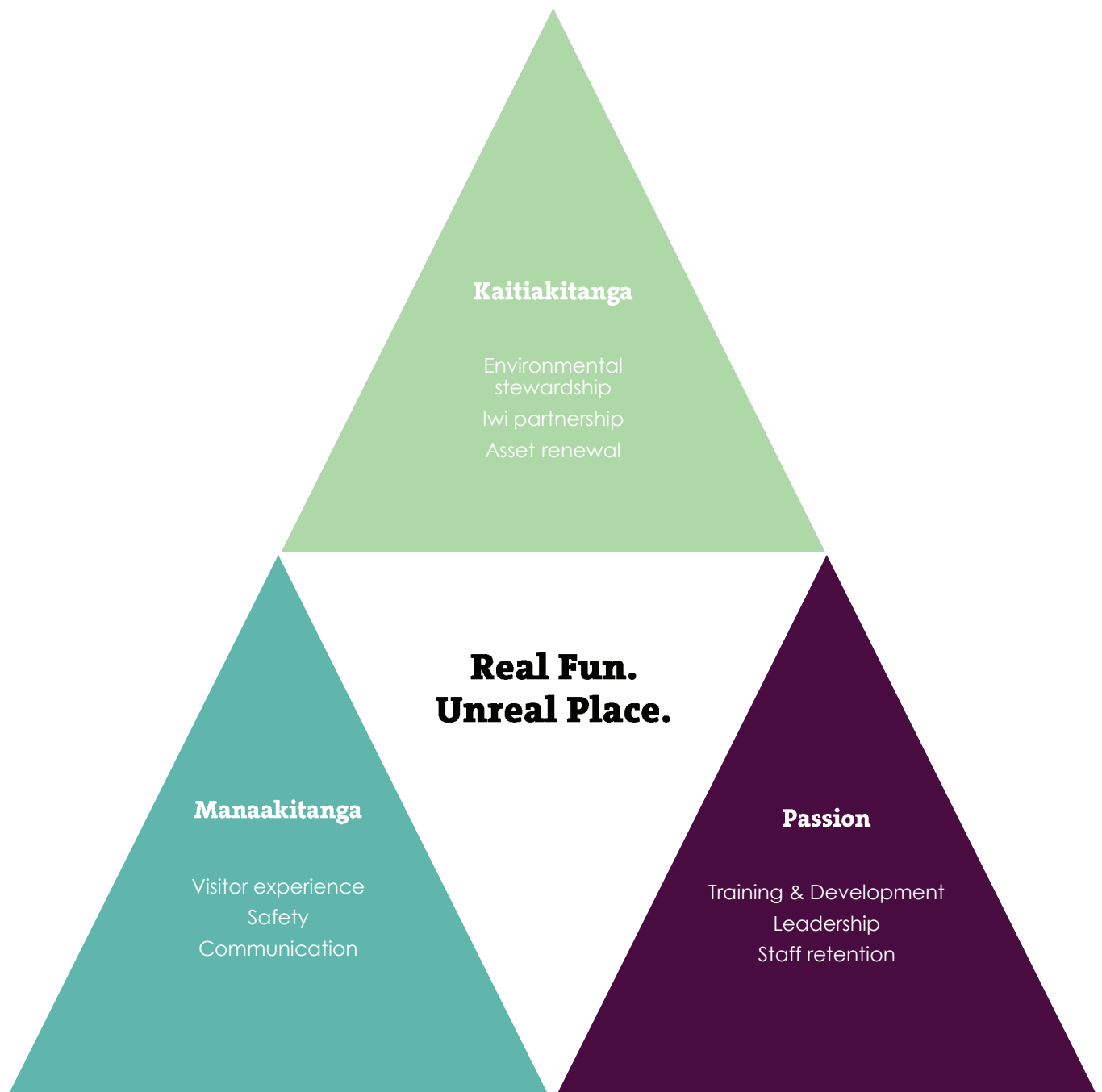
We have a responsibility to be an environmental guardian, steward and trustee for the place in which we operate.

Manaakitanga – for the people

We have a responsibility to be hospitable, kind, respectful, generous, caring, supportive and to communicate effectively with all stakeholders.

Passion – for the love of it

We have a responsibility to share our passion for this place. We want our people and stakeholders to be engaged, courageous, innovative and passionate about the place.



CAPITAL INVESTMENT

We continue to make progress with our capital renewal programme and have outlined examples for Whakapapa and Tūroa below:

Whakapapa >

In our 2018 annual report we provided an overview of the main capital upgrade for the 2018 winter. We focused on the rebuild of the Far West T-Bar as this asset was at the end of its useful life and we chose to rebuild it to ensure it remained as a reliable and safe lift servicing incredible terrain at Whakapapa.

Our recent focus for summer 2018/19 has been on the Sky Waka gondola. This is a \$25m investment, that will run 1.8km from the Top of the Bruce at Whakapapa ski area to the world-renowned Knoll Ridge Chalet. The gondola will have 50 cabins that feature floor to ceiling glass for breath taking views, internal ski racks, audio, lighting and individually stitched leather seats offering luxury to passengers there to enjoy the UNESCO Dual World Heritage site that is the Whakapapa Ski Area. Each cabin accommodates 10 passengers and even the tallest skiers will be able to stand upright in the cabin with more than 2m of internal clearance.

When we looked at names for our \$25m gondola, we wanted something that reflected our connection to our land, our sky and to our people. We wanted a name that was catchy, easy to remember and able to last a long time. We wanted a name that would resonate with not only our local community, but also our growing number of international visitors – for whom English is their second language.

We chose: Sky Waka.

As the highest and longest gondola upon Te Ika a Maui (North Island), this is more than a lift. It is a vessel to bring people together, to elevate them, together, upon this great maunga. It is a thread, weaving earth and sky.

The waka, celebrated by name in song and story by Māori poets and orators, is more than a voyaging canoe, more than a carrier of people – the waka carries family. All Māori, have lineal ties with the chiefs of the great waka.

In our name, we celebrate the waka and its symbolism of interconnectedness between the past, the present and the future. For this is surely a symbol of the future, ascending this ancient mountain.

With the Sky Waka positioned as a world class facility, we needed to ensure that Knoll Ridge Chalet would meet the expectations of our visitors. The building architecture itself is world-class and was recognised in 2015 as the world's best designed café by Design Curial. In recent years the offering and functionality hasn't met the same standards of its architecture.

The Knoll Ridge Chalet is currently undergoing significant changes that will be ready for winter 2019. We will provide an alley way street food concept downstairs; we will revitalise the express café to ensure the flow and customer experience is optimised; and we will be introducing a new premium buffet option for our guests, this will be positioned along the windows facing the Pinnacles and will be renamed the 'Pinnacles Restaurant – Nga Tohu'. These changes are designed to enhance the offering across the café and ensure that we have a premier product to showcase to our guests.

Tūroa >

The area of focus for Tūroa following winter 2018 was completing the rebuild of the High Noon Express chairlift. In August 2018, this lift sustained significant avalanche damage. Repair work commenced immediately and the New Zealand Doppelmayr team, along with support from the Tūroa maintenance team, finished the repair in March 2019. We have also completed an interior refurbishment of the Giant café, a welcome upgrade completed by a fresh menu for 2019.

Looking forward, we are extremely excited about our plans for Tūroa. In January 2019, we published a revised Tūroa indicative development plan which you can view on our website (www.mtruapehu.com). This plan outlines the proposed developments for the Tūroa ski area over the coming years. Our focus and planning going forward is on the Tūroa gondola that is to replace the Movenpick and Parklane chairlifts. This will be a single gondola lift terminating at the existing top station of the Movenpick Chairlift. However, to ensure the Wintergarden, that is currently serviced by the Parklane, is still easily accessible the gondola will have a mid-station at the Wintergarden area.

Our efforts currently are on obtaining the relevant consents and approvals, completing a feasibility study, and obtaining funding. Assuming we can tick all the required boxes, it is likely that this will be operational by winter 2020.

Vehicles & Transport >

Following the bus accident at Tūroa in July 2018 we made the decision to retire all buses older than 10 years and replace them with a new fleet. We also undertook a complete review of our transport operations and worked with leading operators, and we have also taken a lead role in coordinating an industry-wide review and development of a new Alpine Vehicle Specification and Code of Practice.

This work is progressing well and has been strongly supported by the industry and the Bus and Coach Association to ensure the increased risks of operating on alpine roads are clearly understood and well managed by operators across New Zealand's alpine areas. For winter 2019 we will be engaging with a specialist contractor to manage all passenger transport operations.



IWI RELATIONSHIPS

We are unique among concessionaires on Conservation Land in that we have established a model of co-governance with local iwi for both Whakapapa and Tūroa. We acknowledge the importance of our relationships with Ngāti Tūwharetoa, Ngāti Rangī, Ngāti Uenuku, Ngāti Hikairo and Ngāti Hauā.

Te Pae Maunga is the co-governance group which oversees Whakapapa. It is chaired by Sir Michael Cullen and includes membership from the RAL Board and Ngāti Tuwharetoa leadership, ensuring that we genuinely give effect to the principles of the Treaty.

In 2018 a similar group was formed with Ngati Rangī for the Tūroa ski area, Te Pae Toka, and we look forward to taking our first steps together in 2019.

These groups provide oversight for the cultural, environmental and community values associated with the Maunga ensuring that extensions of RAL's licence term for each of the ski areas is linked to performance against these key areas.

SAFETY, RISK & ENVIRONMENTAL MANAGEMENT

We demonstrate our commitment to safety and the environment in many ways throughout our organisation:

- > All new employees are inducted to the company, their induction includes an introduction to the business, mountain awareness, mountain hazards, company policies and our safety and environmental management frameworks.
- > Departmental inductions and training occur for all staff. These are specific to the area that they are working in and covers departmental specific risks and processes.
- > Cultural inductions are presented by local iwi and provide an opportunity for iwi to share their ancestral stories and beliefs. They also share their values with our staff and outline the privilege that we have in being able to work and recreate on this taonga.
- > Safety at Work Teams meet on a regular basis at both ski areas to discuss health and safety matters within the company. These teams are representative of the different departments within the company. Their meetings provide our staff with a formal and visible way to engage and participate in health and safety in their work place.
- > Environmental Committees meet on a regular basis and the mandate for these groups are to comment on company environmental incidents and to assist in audits. They also focus on ways that we can reduce the impact on the environment through our operations.
- > Safety and the Environment is a standing item on our departmental and management team meeting agendas. Our meetings allow us to unpack any incidents and share learnings amongst our teams.
- > Board reporting and meetings – regular reporting and discussions are held with the Board on all matters relating to Safety, Risk and the Environment. Regular site visits occur and during these visits the board perform deep dives into key risks in the business.



ENVIRONMENTAL STEWARDSHIP

In September 2018, some of our people along with DOC staff braved the fog and rain all in the name of conservation. As part of Conservation Week 2018 the team set out to clean up the mountain picking up rubbish in the gullies below Tūroa's Alpine Meadow and carparks where rubbish often accumulates.

During the exercise staff found less rubbish than prior years, but still picked up plenty of bottle lids, lolly pop sticks, and fragments of sweet wrappers. Educating mountain users on the importance of securing their waste carefully to avoid it being blow away or accidentally dropped is a key part of our ongoing strategy to reduce the presence of solid waste on the mountain.

Conservation Week is a great initiative to remind New Zealanders to look after and respect their environment. New Zealand is a beautiful place and we all need to work together to ensure this beauty lives on. Working on Mt Ruapehu we live and breathe the beauty of our setting every day and strive to protect it.

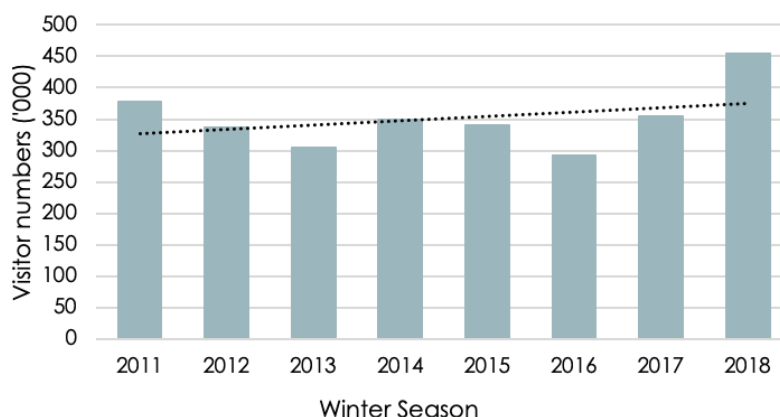
Great effort goes into constantly expanding Mt Ruapehu's sustainability initiatives to minimise our impact on the environment. In 2018 the mountain became Smokefree; achieved Qualmark Gold Sustainable Tourism Business Accreditation; maintained its industry leading ISO certification (International Benchmark for Environmental Best Practice); and removed a number of significant redundant structures from the mountain.

MANAAKITANGA

CUSTOMER ENGAGEMENT & WINTER VISITATION

A key initiative for us is to continue to grow our visitor numbers and improve the customer experience. The recent investment paired with an excellent snow year helped us deliver on the growth in visitors, but this took a toll on our customer engagement and satisfaction readings due to congestion on peak days.

MT RUAPEHU WINTER VISITORS



	2011	2012	2013	2014	2015	2016	2017	2018
WHAKAPAPA	46	35	33	NA	45	8	28	5
TŪROA	44	29	43	NA	49	19	38	11

Table 1: Whakapapa & Tūroa Net Promoter

We assess the Net Promoter Score (NPS) for both ski areas. This is a measure of the likelihood of a customer to recommend one of our ski areas. The reduction in our customer satisfaction from 2017 to 2018 is reflective of the fine balance of visitor participation and overall customer experience. This result illustrates the need to focus on managing weekend congestion to ensure visitors have a good experience when they visit.

Below we have summarised key themes that were apparent from our 2018 NPS surveys and what we are doing to address them:

- > **Food:** Pricing and the quality/range of food was top of mind for guests last year. An example illustrated was the removal of barista coffee in the Giant café which was a step back for many from previous years. Great news for Tūroa lovers is that we are currently refurbishing the Giant café, refining the offer and improving the experience (and that includes a return to barista coffee). We have also recruited an Executive Chef at Whakapapa who will play a crucial role in the success of the food offering. We are repurposing the Knoll Ridge Chalet (refer kaitiakitanga section) and are continuing to take this feedback on board to make improvements in the future.
- > **Communication:** A common theme from the complaints was that we don't communicate as well as we need to. This feedback came across all channels and the main theme was that customers (and in some instances our staff) weren't aware of what was going on throughout the day. A key focus moving forward is communication (including internal and external). We are currently developing a new communications strategy and working to implement the relevant processes to ensure that everyone knows what is going on, or has the tools to find out.

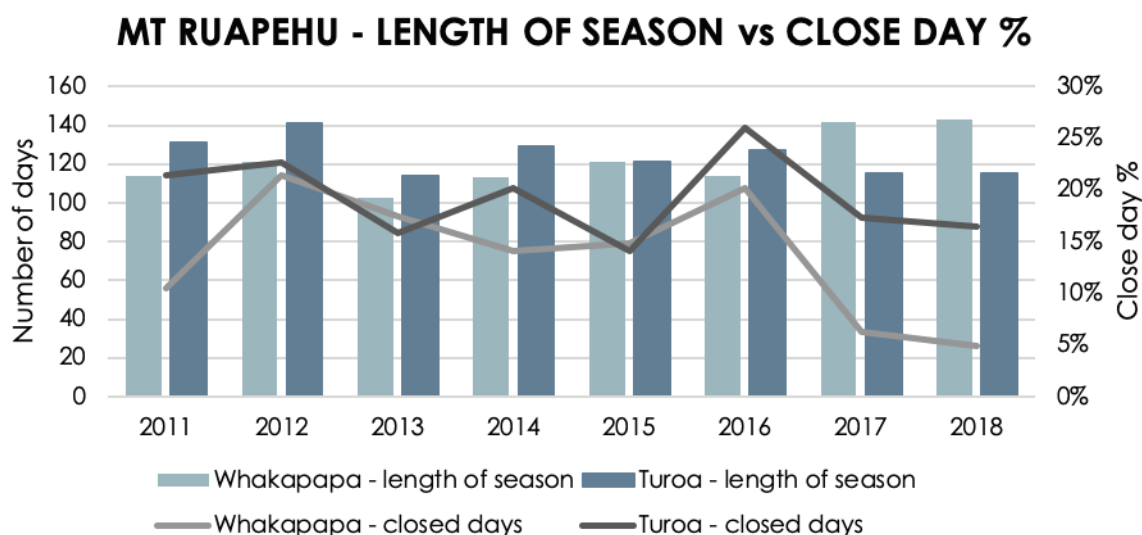
- > Queues: Exceptional snow paired with fine weekends and school holidays meant everyone wanted to be on the mountain at the same time. This created queues on the roads, for transport, tickets, cafes, toilets and lifts. Although we won't ever be able to say goodbye to queues, our focus is to reduce our customers' time to snow. Some examples that will be in place for winter 2019 include:
 - > Developing our e-commerce offering and we will have 25 'click and collect' kiosks for customers to redeem online purchases on the mountain, or in our sales and information offices.
 - > A new bus fleet with 'park and ride' facilities located in National Park and Ohakune.
 - > Re-purposing the Knoll Ridge Chalet to increase the offering and increase seating by an additional 50%.
- > Tūroa Lifts: Another area that was a common theme from our customers was the lack of upgrades to the Tūroa lifts – development plans are online and work is underway to build a new gondola as early as winter 2020 if all goes to plan (refer kaitiakitanga section).

In addition to the items that needed improvement, we were applauded for:

- > Grooming at Tūroa – after the avalanche customer numbers reduced at Tūroa. Those that still visited commented on the great job our grooming and operations team did by grooming wide and opening up additional trails.
- > Tūroa lifties – one department that does a good job and represents our values in everything they do is our Tūroa lift department. Feedback shone through from our customer surveys saying that our Tūroa lifties were friendly, smiled, acknowledged guests and provided them with updates when they could.

When reviewing the feedback from our customers it highlighted the importance of the goal we have set ourselves around consistency. It is evident that we need to work on our consistency in our day-to-day procedures and this is a key priority for winter 2019, especially with the opening of the Sky Waka.

Where we have had success in delivering on our consistency objective is through major snowmaking and lift upgrades at Whakapapa. This has enabled us to reduce the number of closed days and lengthen the season by four weeks (refer below graph). With the planned Tūroa upgrades we expect to achieve similar successes with a reduction in closed days and a potential increase to the length of the season.



RECORD SALES

In our last annual report, we noted that developing a sales mindset was a priority for winter 2018 – with the increase in customers we saw an increase in revenue. Our pre-season sales activity for 2019 is already showing confidence from the market and our customers on what 2019 could be like.

Our challenge is to spread our visitors throughout the week in order to take the pressure off the overall snow experience on the 'bluebird' weather weekends. An area that opens this opportunity up for us is in our trade and wholesale market. We are already receiving interest and commitments from customers wanting an all year-round experience from the Sky Waka gondola at Whakapapa in 2019.

SCHOOLS & GROUPS

We continue to see the School & Groups programs as an integral part of our business and our future. In 2018 the program went through significant change which we struggled to implement effectively. It proved to be administratively difficult to manage and meant that communications were not delivered in a timely manner. In short, we were not able to deliver to the standard that we had hoped, and this caused frustration for schools.



Through September and October 2018, we engaged with the school community, asking for their feedback on what they would like the program to look like for 2019 and beyond; what should be included; what should be optional and what are the important parts of the program.

From the results, we adjusted the school skiing program which addressed the main needs of the community while balancing the need manage the rapidly escalating cost of delivering this programme. This was confirmed and shared with schools much earlier with the aim to give our school communities enough time to prepare for school skiing in 2019.

MARKETING COLLABORATION

We have been continuing to create awareness and promote skiing in the central north island among New Zealanders and Australians. For winter 2018 a \$750k campaign promoting the Central North Island to Australians was a collaborative effort by RAL, Taupō and Ruapehu District Councils, Auckland International Airport Limited, Destination Rotorua and Tourism New Zealand. RAL's investment amounted to \$100k. For 2019 winter this marketing fund has increased to \$1m with our contribution remaining at \$100k.

GROWTH FOR OUR REGION

RAL isn't the only entity that benefits from a great season, the Ruapehu region does as well. For the 12-month calendar year ending 31 December there was a 13% increase in visitor regional spend (amounting to \$213m for the 12 months). The majority of this spend is across the winter. The summer months currently don't contribute as much to the annual spend as winter, but we have seen significant growth.

When reviewing the MBIE monthly regional tourism estimates for the Ruapehu region, the winter visitors are mainly domestic and summer visitors are mainly international (the peaks in spend for domestic visitors are in the winter months and for international visitors are in the summer months):

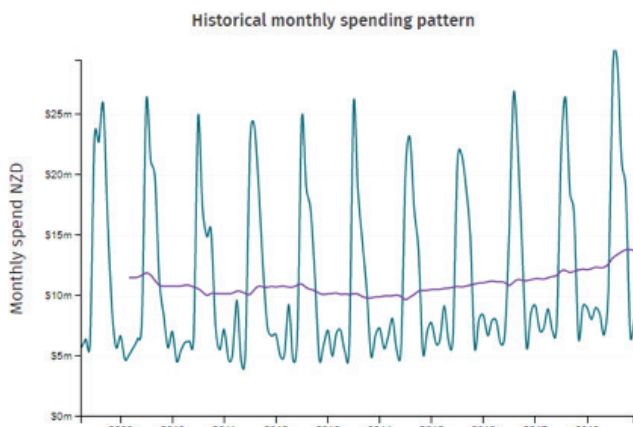


Figure 1: Domestic historical monthly spend Ruapehu region

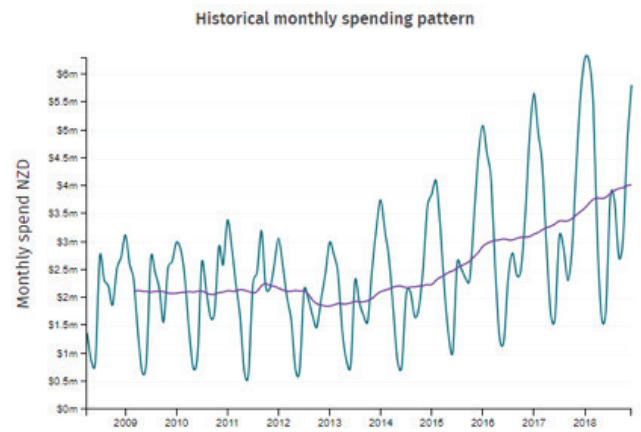


Figure 2: International historical monthly spend Ruapehu region

This opens an opportunity paired with the Sky Waka to encourage international visitors mid-week in the winter and domestic visitors in the summer. Research through Visit Ruapehu also suggests that international visitors in the summer tend to either day trip to the region or stay one night. We are working with stakeholders to grow this and lengthen their stay to further contribute to the regional spend.



SUBARU PARTNERSHIP

Subaru of New Zealand and RAL celebrated a momentous milestone in 2018 – 20 years of business. This long-standing partnership has seen Subaru hold the role of the Official Vehicle Supplier to RAL since 1998, initially with Tūroa, and with both Whakapapa and Tūroa since 2000 (when RAL acquired Tūroa). It is a partnership that we are proud of and one that we look forward to continuing.



**20 years of doing
Mt Ruapehu together.**

**>> 20 years of partnership
with Subaru**

STAKEHOLDER ENGAGEMENT

We operate in a UNESCO Dual World Heritage Area with environmental, historical and cultural significance. We are a complex business in that we have multiple product offerings and services on the mountain. In every aspect of our business, there are multiple stakeholders.

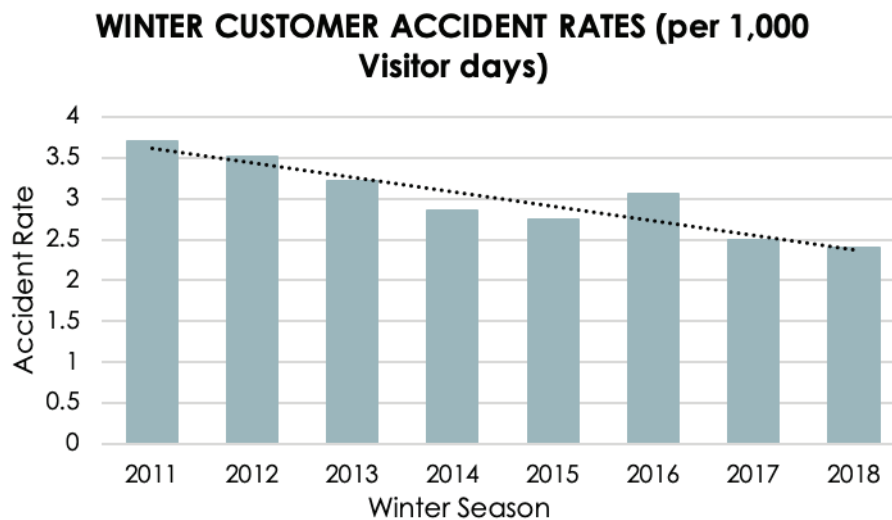
CEO Forum >

The RAL CEO forum has now been running for two years. During the 2018 period the group met twice with a focus of discussions being on future developments for both ski areas. There are approximately 70 individuals in this group that represent several of our stakeholder groups. The mandate of the group is to be actively involved in the conversations around our future and how we can play our part as a valued member of the Ruapehu region.

This group helps RAL ensure we are meeting the needs of key stakeholder groups with whom we don't have an existing structured engagement process, such as our relationships with iwi under the DOC licences. In addition to the formal meetings the group has regular engagement through a Facebook group.

CUSTOMER SAFETY

We operate in a high risk environment. With the increase in 2018 visitor numbers total accident numbers increased, but the rate per 1,000 skiers has continued to decrease at both ski areas. We want our customers to enjoy their experiences on Mt Ruapehu, but most of all we want them to go home having had a safe day. Through analysis of key information recorded on all accidents we know our ski patrol teams continue to improve the safety of visits. This analysis is an effective tool which enables us to monitor and achieve continuous improvement in safety on the ski areas. The graph below illustrates winter customer accident rates per 1,000 visitor days from winter 2011 – winter 2018.



Urgent Care Clinics >

With the growth in visitor numbers in winter 2018 we also saw a growth in patient numbers at our Urgent Care Clinics (UCCs). Our UCCs are unique among the clinics offered in other ski areas throughout New Zealand. Our clinics are the most advanced, offering a high level of care including x-ray facilities onsite. Our UCCs provide a crucial support function for our local communities and staff. Our clinics act as a gateway to other local health care providers, and provide initial, and in most cases, final treatment on mountain.

In 2018 our UCC team were acknowledged for going the extra mile. The team regularly followed up with patients and in some instances even conducted home visits. The feedback we receive for this crew is always positive and we are extremely privileged to be able to offer these services to our guests.

Our guests meet this team when things haven't gone to plan, however, regularly this team is acknowledged for turning a guest's day around, they even tell us that they plan to be back once they have recovered.

The 2018 season wasn't an easy one for this team as several of them were the first responders to the Tūroa bus accident. The New Zealand Defence Force, New Zealand Police and St John acknowledged the professionalism of this team and we are extremely proud of how they handled and helped in this situation.



In 2018 our UCC team were acknowledged for going the extra mile.

PASSION

EMPLOYEE ENGAGEMENT

YEAR	RESPONSES	RESPONSE RATE	ENGAGED	AMBIVALENT	DISENGAGED
2018	407	63%	105	169	133
2017	515	72%	172	229	114
2016	379	58%	94	146	139
2015	433	70%	122	190	121

Table 2: RAL Employee Engagement

Our annual Employee Engagement survey is run each year at the end of August and follows our mid-season temperature checks. In 2018, we saw a decrease in the level of staff engagement overall, an increase in the company commitment to safety and decreases in both communication and recognition. The engagement survey has highlighted the impacts of a very busy and ultimately tough season for all staff with two very significant events. It highlights a need for us to continue to focus on three key areas for improvement: communication; recognition; and customer service delivery.

In order to develop a strategic approach to improving these areas, and therefore engagement, we started with our permanent teams over the summer period. We are diving deeper into understanding our communications within RAL and how our teams define recognition. These insights will give us a basis to develop our leadership team and provide them with the tools to impact their team's engagement.

STAFF HEALTH & WELLBEING

Staff Safety >

Following two significant events at Tūroa in 2018, we engaged the services of Taupō Family Centre to introduce an Employee Assistance Programme. This has enabled us to support our teams with crisis debrief sessions and one-on-one counselling. We see this as a vital way that we can support many of our employees whether it is following critical incidents or dealing with personal situations that are affecting their employment.

The wellbeing of our teams, especially due to the remote nature of our workplace, has become increasingly important. Small steps were made in 2018 to create awareness around mental health in our workplace. 2019 will see us continue to incorporate events and awareness weeks into the consciousness of our employees through emails, participation in activities and organisation of staff events.

Staff Clinics >

The local towns of Ohakune and National Park have no General Practitioner services that can cater for the influx of our staff. We provide staff clinics as part of our UCCs on the mountain where our staff can be seen without having to travel to a GP.

Our staff clinics are a drop-in service held in the mornings. Staff can see doctors and nurses for medical advice and treatment. They have access to a wide range of services such as work accident cover, x-ray, free condoms, sexual health advice, Nicotine Replacement Therapy, and onward referrals such as Orthopaedics and Physiotherapy. We have a programme that currently includes free flu shots, and Hepatitis A&B vaccinations.

These clinics are valuable in assisting staff to remain at work, by getting them to a doctor in a timely manner, assisting with alternative duties, and reducing time off.

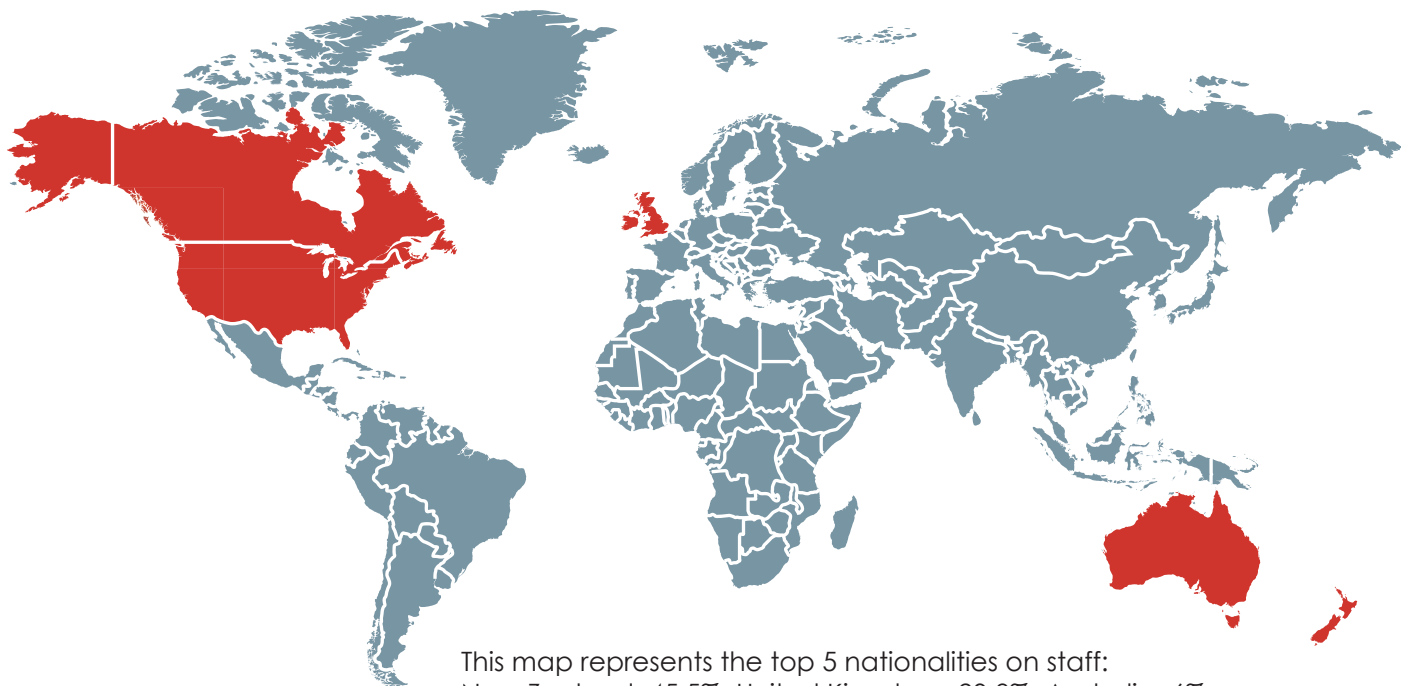
Reward and Recognition >

Fortnightly 'Shout Out' and 'Most Valuable Player' awards were continued in 2018 after their successful implementation in 2017. Staff were encouraged to nominate their peers for being awesome team members and demonstrating our values. To combine the wellbeing of our team with these awards, we incorporated prizes that promoted healthy eating and participation in activities.

The end of season leadership event saw the announcement of our Leadership Award winners. These awards recognise leadership that is aligned with our core values and nominations are received from across the whole company in October. These have proven to be coveted awards, with the winners of the three Takurua awards announced in our staff newsletter, and receiving vouchers that contribute to health and wellness and training and development.



DIVERSITY



This map represents the top 5 nationalities on staff:
New Zealand: 45.5%, United Kingdom: 20.8%, Australia: 6%,
USA: 4.9%, Canada: 3.9%

We recognise that diversity is a key opportunity for RAL to distinguish itself as an employer. By embracing diversity, we can recognise the unique contributions of each individual employee to increase innovation and build successful teams. In 2018 our key measures of diversity were nationality, gender and age. As our staff numbers fluctuate through the year, we have based our statistical data on our peak numbers in August 2018.

Gender >

At peak our staff were 59% male and 41% female.

At our management levels of the business, gender diversity drops to 33% female.



Age >

A look at our workforce shows that the full spectrum of working ages is represented. This highlights the need for understanding the workplace culture expectations across all generations. Our seasonal fluctuations also demonstrate the dynamic changes in our workforce from season to season.

- > All staff – most represented age group 20-29 year olds at 60%
- > Permanent staff – most represented age group 30-39 year olds at 33%, while 20-29 year olds drops to 17%

In 2019, we will begin to gather data that will identify our staff living locations as well as connection with iwi. We believe this data will help to establish strategic goals regarding accommodation and transport needs within our communities, and evaluate the impact of new developments on local employment and the community. Further, we hope to strengthen the representation of diversity at senior levels of the business.

TRAINING & OPPORTUNITIES

Training and development is an area that we continue to focus on to engage and retain our team. Our winter season sees approximately 600 staff come onboard over a two month period. This year highlighted our need to provide ongoing opportunities throughout the season for inductions and on-boarding due to the continuous recruitment occurring during the operating period. To improve this, we will look at different technologies and processes to make sure all our staff are well informed and develop capability through inductions at all times of the year.

We believe that our Team Leaders will be the biggest influencers of change and that their learning and development will greatly impact our ability to attract and retain staff from season to season. This year we implemented a variety of strategies to drive learning and encourage the development of leadership capability. Ongoing internal training in areas including recruitment, employment, finance, and health and safety provided opportunities for learning and discussion.

We continue to use in-house training, apprenticeships and external resources to provide training to further develop the skills of our people.

Mt Ruapehu Cadetship Programme >

The Mt Ruapehu Cadetship programme celebrated its fifth year in 2018. The cadetship aims to provide employment opportunities for young adults in the region, however, this year we removed the age restrictions to allow anyone with a connection to the area and on the Jobseeker benefit to apply for the cadetship.

Fourteen cadets were recruited in 2018 and came from Turangi, Taumarunui, National Park, Raetihi and Ohakune. Nine cadets were placed in teams at Whakapapa while the remaining five were placed at Tūroa. The cadets participated in a four week classroom period prior to induction into the operational teams.

This year we partnered with ServicelQ to incorporate the New Zealand Certificate of Tourism with a strand in Visitor Experience. This provided the cadets with a Level 3 certificate following successful completion. Nine cadets completed and received certificates in the Visitor Experience Qualification, a further cadet completed a Food Safety qualification and three cadets completed the Lift Operations qualification.

The cadetship provides RAL with a unique opportunity to connect with the local community and strengthen the relationship with key stakeholders. Further, it provides a unique pathway to employment for people in the local area.

Lift Operator Qualifications >

In an initiative with Skills Active, RAL was part of the re-designing of a lift operator qualification that was implemented across the teams at both Tūroa and Whakapapa. The programme involved all lift operators, including return staff, working through competencies to gain a Level 4 Certificate in Mountain Operations – Lift Operations. Team Leaders and Supervisors were provided with training to become qualified verifiers and assessors which now registers them to assess learners in this qualification. The aim of the qualification is to provide a structured learning and competency assessment approach to enhance both the safe operation and customer service within the Lift Operations at Mt Ruapehu.

The implementation of this programme saw 47 staff at Whakapapa and 40 staff at Tūroa complete the qualification. We expect this to continue with all new staff in 2019.

CELEBRATING SUCCESS

Long serving employees >

In September, we celebrated our long serving employees and leadership team with an evening held in Ohakune to celebrate the occasion. We recognised six employees in their 10th season and celebrated two long serving staff members from the Tūroa Safety Services Team: Richard Te Ua and Phil Couch. Brendon Nesbit, Safety Services Manager, presented the pair with gifts to acknowledge their service and contribution to Tūroa patrol. Long standing team member of 30+ years Richard Te Ua (Tup), hung up his ski patrol pack in winter 2018. RAL, Tūroa and ski patrol wanted to thank him for his blood, sweat, tears and good times throughout his tenure on the team. Tup has taken the opportunity to explore year round work, supporting the production of several upcoming films in New Zealand. He provided many years of hard work which we greatly appreciated and he will be missed on the team. Another staff member, Phil Couch (Couchy), celebrated working with Tūroa since 1978. Couchy is currently the Ski Patrol Supervisor and runs the search and rescue dog programme for the ski areas. The patrol team, Tūroa and RAL greatly appreciate his dedication and years of service. We expect to see Couchy back on the slopes in 2019 for another great year.



Fred Campbell

Fred was appointed to the role of Snow Trails Manager for Tūroa in 2011. Fred has worked for RAL since Tūroa was purchased. He started work with Tūroa in 1986 as a groomer driver, and worked his way up to the Snow Trails Manager. Fred had extensive experience and understanding of the complexities of running the Tūroa Ski Area. In 2018, he stepped back from his Snow Trails Manager role and continued to work as a groomer driver for Tūroa. We would like to thank Fred for his hard work and efforts over the years and wish him all the best for the future.



New appointments >

We would also like to welcome those new to leadership positions at RAL:

Jamie Sutherland GM – Maintenance

Jamie Sutherland joined RAL as General Manager, Maintenance in March 2019. In this newly created role, Jamie will bring a combination of strong leadership and exceptional planning to help RAL create a maintenance programme that is renowned for developing talent and leading the industry in reliability and performance.

RAL has opened up an opportunity to return to Taupō and bring up his young family with a lifestyle similar to the upbringing he had. Jamie is hoping to draw on his maintenance and management experience, gained over the last 20 years in the Air Force, to contribute to the successes that RAL has set out to achieve as we continue to drive towards industry leading ski area operations.

Cristel Craig – Finance Manager

Cristel was appointed as RAL's Finance Manager in July 2018. Reporting to the General Manager Finance, Cristel is responsible for providing oversight and management of RAL's financial budgeting, process and reporting activities for both the Whakapapa and Tūroa Ski Area. Cristel brings a diverse background to the team, most recently managing the finance team at The Lines Company and being part of the finance team at Ruapehu District Council, following her return to the Ruapehu region to raise her family. Prior to this Cristel had been working as an Authorised Financial Adviser with Westpac Bank in Auckland providing estate, insurance and investment advice within the trustee and insurance industries.

Cristel grew up in the Ruapehu region, being fifth generation in the area. She has fond memories of family ski trips and school holiday camps at Whakapapa. She is passionate about the Region and all it has to offer.



MEET OUR BOARD

1 Murray Gribben, Chair >

BA (Hons) ECON, MBA

Murray joined the board as a director in May 2010 and was appointed chair in October 2014. 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 has held a variety of senior roles within the finance sector, both in New Zealand and overseas, including managing director of AMP Capital Investors. Previously held governance positions include deputy chair of NZ Post Ltd and Directorships of Kiwibank Ltd, CS Ltd, Donaghys Ltd and Summerset Group Holdings Ltd. He is currently chair of the NZ Venture Investment Fund. Murray has had a long association with Mt Ruapehu and has been skiing on the mountain most of his life.

2 Duncan Fraser, Director >

BE (Hons), FIPENZ

Duncan joined the board as a director in October 2006 and was chair from October 2012 to September 2014. Duncan has had an association with skiing on 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.



3 Michelle Trapski, Director >

BMS

Michelle joined the board in February 2016. She has extensive experience in the tourism, snow sports and construction industries. She has over 25 years' experience in strategy, marketing and management and was the CEO of AJ Hackett Bungy for nine years and is the Managing Director of Active Adventures. Michelle is currently a director of The Headwaters and also Snow Sports NZ Based now in Queenstown, Michelle has had a long association with Mt Ruapehu, skiing on the mountain in her early years.

4 Debbie Birch, Director >

BSC

Debbie joined the board as an advisor in February 2016 and became a director in August 2016. She has over 30 years' senior management experience in financial markets including managing global investment portfolios in New Zealand, Asia and Australia. Currently she is a fulltime director of Tourism Holdings Limited (NZX listed), White Island Tours Limited, Ngāti Awa Group Holdings Ltd, LGNZ Independent Assessment Board, Te Puia Tapapa Ltd, THR GP Ltd, and is chair of Crown Irrigation Investments Ltd and Taupō Moana Investments Ltd. She is a trustee of Wellington Free Ambulance and Raukawa ki te Tonga. Her iwi affiliations are with Ngāti Tūwharetoa, Raukawa, Ngāti Apa, Ngāti Hauiti, and Ngāti Rangī, and she has deep connections to the region having learnt to ski at Whakapapa as well as having spent her childhood years living in Waiouru.



5 Geoff Taylor, Director >

BMS, FCTP

Geoff joined the board in July 2015. He is a professional director with experience in corporate finance and investment management. Geoff is a former member of the Institute of Chartered Accountants, is a member of the Institute of Directors, and is a fellow of the Institute of Finance Professionals of NZ. Geoff began skiing on the rope tows of Whakapapa and was a member of Christiana Ski Club.

6 Michael O'Donnell, Director >

BA (Hons)

Michael (Mike/MOD) O'Donnell joined the board as a director in September 2018. MOD is a professional director, writer and business advisor with a focus on digital, media and consumer issues. He is director of online global music company Serato, financial services company Kiwibank, destination-marketing agency Tourism NZ, software intelligence platform Raygun, investment company Kiwiwealth, online booking company Timely, Radio New Zealand and IP marketing agency G2G Knowhow. MOD is a weekly business columnist for Stuff and is involved in motorcycle safety and consumer rights.

MEET OUR SENIOR LEADERSHIP TEAM

① **Ross Copland, Chief Executive Officer**

MBA, BE(Hons), BCom

Ross Copland was appointed CEO in early November 2016. He was ski area manager at Coronet Peak for four years and in that time Coronet Peak experienced sustained growth and achieved several awards for visitor experience due to a strong focus on operational excellence and product development. Prior to that Ross had a career that included roles in engineering, construction and property, including as national operations manager for retail property company Westfield in Sydney. He is a founder and director of software start-up Zero Harm Farm in Queenstown, as well as a co-founder of Engineers Without Borders, a charitable organisation providing engineer volunteers for various infrastructure and relief projects.

② **Jessie Watling, GM – Finance & Company Secretary**

BMS (HONS), ACIS, CA Qualified NZICA

Jessie was appointed to the role of GM – Finance combined with her existing position of company secretary in September 2017. She worked for RAL as the finance manager for four years prior to this role. With a background in financial auditing, Jessie brings strong business acumen and proven skills in financial management. These strengths led to her being awarded Highly Commended in the Young Finance Manager section of the 2017 NZ CFO awards. Her previous work was with internationally recognised accountants PriceWaterhouseCooper.

③ **Andy Hoyle, GM – People & Performance**

BSC Geology, NZIM DIP FLM

Andy was appointed to this position in September 2017 having already served RAL in a number of capacities. Immediately prior to this appointment he was RAL's safety and environmental risk manager, before that he had worked at Whakapapa for 15 years as the safety services manager, following three seasons of work as a ski patroller on the field. Andy has also spent time in Canada as a ski patroller and ski guide, and in Mt Cook for the DOC Alpine Cliff Rescue Team.





4 Michelle Caldwell, GM – Sales & Marketing

BBus (Marketing)

Michelle joined RAL full time in August 2017 after running her own marketing consultancy business Destinate NZ for 2.5 years. During this time, she contracted to RAL on marketing and communications projects. Michelle has over 20 years' experience in the tourism industry having worked previously for two of its largest organisations; Tourism Holdings Limited (THL) and Ngai Tahu Tourism in a variety of operations, business development and marketing roles in NZ, Australia and the UK. Her expertise is in marketing strategy and implementation, branding, trade channel development and customer experience. She is currently vice chair (representing Allied members) of the Tourism Export Council of New Zealand Board of Directors.

5 Jonathan (Jono) Dean, GM - Whakapapa

BTM

Jono Dean was recently appointed to the role of general manager Whakapapa Ski Area and comes to the company with an expansive experience in the hospitality and tourism sector with particular experience in the commercial accommodation area. He has commercial experience through international hotel companies, IHG, Rydges Hotels and Resorts, and Accor Hospitality. Jono was most recently general manager for the Novotel and Ibis Christchurch and has had experience working in Australia managing some of Accor Hotel's properties.

6 JP Chevalier (Chev), GM - Tūroa

Plymouth State University

Chev was appointed to this position in August 2017. His career started on the PSIA National Alpine Team - the pinnacle of US Ski Instructing. Chev has also held senior positions in marketing, rentals, race development, coaching and operations across some significant ski areas around the world including Mammoth (Canada), Beaver Creek, Eldora and Copper Mountain (Colorado), Mt Buller (Australia), Mt Hutt and The Remarkables (NZ). He has also worked in the FMCG sector for Cadbury Schwepps in Australia where he built significant new business on the 'supplier side' of the industry.

CORPORATE GOVERNANCE

The Board's role >

The board is responsible for providing RAL with direction, leadership, strategy, integrity and judgement to ensure the ongoing sustainability of the company and to act in the best interests of the company in a transparent, accountable and responsible manner.

Focus and performance for 2018 >

RAL has been, and is still, in a period of organisational change. Our board meetings over the last 24 months have consisted of lengthy detailed discussions due to this change and significant capital projects at the ski areas. Our subcommittees continue to work with management to allow ideas and business cases to be trialled and tested before presenting and seeking a decision from the board.

We have a diverse board, our directors all have a wide range of skills and experience and therefore we have the appropriate individuals to chair our subcommittees.

Corporate Governance Principles and Guidelines:

The Financial Markets Authority (FMA) Corporate Governance Principles and Guidelines are used to measure RAL and provide an overview of our corporate governance.

Ethical Standards >

The board must adhere to high standards of ethical and corporate behaviour, acting in accordance with commonly accepted good business practice and professional ethics.

Board Composition and Performance >

The board consists of six directors – all appointed by the board and approved by our shareholders at the annual meeting.

Board appointments should provide proficient directors who add value and have independent judgement.

Board Committees >

The board has established four standing Subcommittees:

- > The Audit and Finance Committee (previously Audit and Risk Committee) consists of a minimum of three board members and is chaired by Geoff Taylor. The purpose is to assist the board to fulfil its responsibilities in relation to the integrity of the company's financial statements, the external audit and reporting, legal and regulatory compliance. The 'Risk' component of the committee was removed and combined with the Health, Safety and Environment committee.
- > The Health, Safety, Environment and Risk Committee (previously Health, Safety, and Environment committee) consists of all board members and is chaired by Duncan Fraser. The purpose is to assist the board to fulfil its responsibilities in relation to Health, Safety, Environment and Risk related matters arising out of the activities of RAL's operations and those activities that affect employees, contractors, clients, communities and the environment in which RAL operates.
- > The Investment Committee (established in the 2017/18 financial year) consists of a minimum of three board members and is chaired by Debbie Birch. The purpose is to make recommendations to the board regarding investment policy and procedure, receive and consider investment opportunities, oversee due diligence and recommend opportunities for investment and divestment.
- > The Remuneration and Nomination Committee (previously Remuneration Committee) consists of a minimum of three board members and is chaired by Michelle Trapski. The purpose of the Remuneration and Nomination Committee is to support and advise the board on matters relating to remuneration including RAL's remuneration strategy; remuneration for the chief executive officer, senior leadership team and directors; support the appointment and performance of the CEO; and the composition and performance of the board.

Current members of the subcommittees include:

- > Audit and Finance
Geoff Taylor (chair), Debbie Birch, Murray Gribben
- > Health, Safety, Environment and Risk
All directors, Duncan Fraser (chair)
- > Investment
Debbie Birch (chair), Duncan Fraser, Geoff Taylor, Murray Gribben
- > Remuneration
Michelle Trapski (chair), Murray Gribben, Michael O'Donnell

Reporting and disclosure >

During the 2018 financial period the board held six meetings over the 7 months covered by this reporting period. Attendance records have been included in the below table:

Name	Attendance Record	Comments
Murray Gribben	6/6	
Duncan Fraser	6/6	
Geoff Taylor	6/6	
Michelle Trapski	6/6	
Debbie Birch	6/6	
Michael O'Donnell	Advisor 3/3 Director 3/3	Joined board as an advisor in December 2017 Appointed as a director in September 2018

The board meeting agenda includes, but is not limited to, strategic issues, CEO updates, financials, health, safety and environment, capital expenditure proposals, departmental reports including (human resources, marketing, IT and development, Whakapapa and Tūroa) and risks facing the company.

In addition to the above board meetings Te Pae Maunga governance meetings were held with representatives of RAL and Ngāti Tūwharetoa. The RAL representatives are Murray Gribben, Michelle Trapski and Ross Copland. No formal meetings have been held with Te Pae Toka.

Remuneration >

Board remuneration is subject to shareholder approval. Once approved by shareholders, the board may allocate the remuneration between its members as it sees fit.

Risk Management >

The board is required to understand and identify key risk areas and key performance indicators of the company and monitor them, and define limits of acceptable risk and ensure that appropriate risk management and regulatory compliance procedures are in place.

Auditors >

The Audit and Finance Committee is required to review the independent auditor's qualifications and the annual appointment of the auditor is approved at the Annual General Meeting.

Shareholder Relations >

The board has been elected by the company shareholders to govern the company. The board needs to continually monitor economic, environmental, political, social, cultural and legal issues and other external factors that may influence the development of the business or the interest of shareholders and obtain external expert advice where it is considered necessary.

Stakeholder Relations >

A key function of the board is to identify the company's internal and external stakeholders and agree policies of how the company will relate to them; and ensure the company communicates effectively with shareholders and other stakeholders, particularly local iwi.

NOTICE OF ANNUAL GENERAL MEETING

The sixty-sixth Annual General Meeting of Ruapehu Alpine Lifts Limited will be held at the Happy Valley Bistro, Top of the Bruce, Whakapapa Ski Area, Mt Ruapehu on Saturday 11th May 2019 at 3:00pm.

Ordinary Business

1. Apologies.
2. Presentation of the Annual Report for period ended 30th November 2018.
3. Appointment of directors
In accordance with the Constitution the following directors retire by rotation, and being eligible, offer themselves for reappointment:
 - a) Murray Gribben by rotation and, being eligible, offers himself for reappointment.
 - b) Debbie Birch by rotation and, being eligible, offers herself for reappointment.The directors support these appointments.
4. To confirm the reappointment of Deloitte as auditor and authorise the directors to determine their remuneration for the ensuing year.
5. To approve the revised Directors remuneration to the aggregate value of \$210,000.
History of Directors Remuneration: Remuneration for directors to the aggregate value of \$70,000 was introduced in 2001 and approved by shareholders at the Annual General Meeting. In 2016 it was increased to \$150,000 and approved by shareholders at the Annual General Meeting. Since 2016 the demand of the directors time has continued to increase. Market research shows that companies of comparative turnover and size pay directors fees an aggregate in excess of this.
6. Chair review.
7. General.

Shareholders entitled to attend and vote at the meeting are entitled to appoint a proxy, who need not be a shareholder of the company.

Completed Forms of Proxy must be deposited at the company address not less than 48 hours before the time for holding the meeting. The company address is Bruce Road, Private Bag 71902, Mt Ruapehu, 3951 (Email: companysecretary@mtruapehu.com).

Jessie L Watling

GM – Finance & Company Secretary

Dated at Mt Ruapehu, New Zealand this Tuesday 9th day of April 2019

DIRECTORS REVIEW

Your directors have the pleasure in presenting to Shareholders the Annual Report for the seven month period ending 30th November 2018.

Principal Activities

The company's principal activity during the period was the operation of Whakapapa and Tūroa Ski Areas.

Results

Comprehensive Profit for the period	\$10,818,167
Total Equity at 1st May 2018	<u>\$26,726,022</u>
Total Equity at 30th November 2018	\$37,544,189

Dividends

Pursuant to the constitution the company is precluded from paying dividends.

Remuneration of Employees – in bands of \$10,000 greater than \$100,000

The following discloses the number of employees (including former employees) of the company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, to the value of which was or exceeded \$100,000:

	No of Employees
\$200,000 - \$210,000	1

Directors' Interests

No transactions were entered into by directors of the company during the period.

Directors' Share Dealings

Nil

Remuneration of Directors

The remuneration paid to directors totalled \$80,333.

During the year directors fees were paid to the following:

Murray I Gribben	\$27,792	Michelle Trapski	\$12,542
Duncan J Fraser	\$12,542	Geoff Taylor	\$12,542
Michael O'Donnell	\$ 5,375	Debbie Birch	<u>\$12,542</u>
		TOTAL	\$80,333

Mike O'Donnell was appointed as a director in September 2018. The remainder of 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

Murray Gribben chair Date: Tuesday 9th day of April 2019

Geoff Taylor director Date: Tuesday 9th day of April 2019

SHAREHOLDING INFORMATION

Number of Shares Number of Shareholders*

5 or less	3654
Between 6 & 10	246
Between 11 & 100	153
101 and over	4

In addition, the Ruapehu Alpine Lifts Limited Trust also holds 10,000 "D" shares. There are 4,057 shareholders on the register, with no known address for 2008 (49%) of these shareholders. There is a continuing process to contact these people, or their relatives, etc, which produces steady results.

Shares do frequently become available for purchase, normally from the estate of deceased shareholders. Purchase price is the face value of the shares – i.e. \$1 for "A" shares, \$20 for "B" and "C" shares. The company secretary facilitates sale and purchase of shares. Contact the Secretary at Private Bag 71902, Mt Ruapehu, 3951 (Email: companysecretary@mtruapehu.com) 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.

**At the time of publishing this report*

DIRECTORY

Auditor Deloitte

Secretary J Watling, Private Bag 71902, Mt Ruapehu 3951, companysecretary@mtruapehu.com

Banker ANZ Bank New Zealand

Share Register Private Bag 71902, Mt Ruapehu 3951

Solicitor Chapman Tripp

Company & Registered Address Top of Bruce Road, Whakapapa Ski Area, Mt Ruapehu 3951

Directors Refer page 30

Management Refer page 32

RUAPEHU ALPINE LIFTS LIMITED TRUST

The 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 who invested in the company were issued 10,000 "D" shares, which represent 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 hostile 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 were Roger Manthel, Tomas Huppert John Parker and Jo Bouchier. Roger Manthel retired as a Trustee in March 2019.

FINANCIAL STATEMENTS

RUAPEHU ALPINE LIFTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For period ended 30 November 2018

	Note	Nov - 18 (7 Mnths) \$	Apr - 18 (12 Mnths) \$
Operating Activities			
Revenue			
Lift Pass Sales		21,091,613	17,009,885
Sale of Goods and Services		13,957,224	11,562,708
Rent		241,862	298,273
Insurance Proceeds	20	1,000,000	-
Total Revenue		36,290,698	28,870,867
 Cost of Sales		 2,164,548	 2,152,453
 Gross Profit		 34,126,150	 26,718,413
 Expenses			
Auditor's Remuneration – Audit		35,000	32,500
Finance Costs		547,566	466,629
Depreciation	5	3,222,369	5,821,687
Amortisation	6	76,991	78,158
Directors' Fees	12	80,333	142,833
Insurance		769,266	987,387
Electricity Usage and Line Charges		1,275,905	2,065,109
Wages and Salaries		10,112,534	12,399,062
ACC		242,548	172,836
License Fees, Rates and Ski Area Levies	13	1,179,039	1,223,477
Marketing Campaigns		487,779	866,762
Lift Maintenance and Services		710,545	923,050
Grooming Maintenance and Services		159,661	191,994
Other Supplies and Services	15	6,249,987	5,463,493
Total Expenses		25,149,523	30,834,978
 Surplus/(Loss) from Operations	18	 8,976,627	 (4,116,564)
 Other Items			
Other Income			
Interest Received		15,450	33,062
Total Other Income		15,450	33,062
Other Expenses			
(Gain)/Loss on Sale / Disposal of Property, Plant and Equipment and Cost of Restoration		(47,295)	45,741
Impairment of Property, Plant and Equipment	5	243,370	-
Grant Income on Loans	9	(2,250,106)	-
Fair Value Loss/(Gain) of Derivatives & Foreign Exchange Losses	9	227,940	102,036
Total Other Expenses		(1,826,090)	147,777
 Gain/(Loss) from Other items		 1,841,540	 (114,715)
 Total Comprehensive Surplus/(Loss) for the Period		 10,818,167	 (4,231,279)

The accompanying notes on pages 43 to 55 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

as at 30 November 2018

	Note	Nov - 18 (7 Mnths) \$	Apr - 18 (12 Mnths) \$
CURRENT ASSETS			
Financial Assets			
Cash at Bank	9	6,717,415	-
Restricted Funds in Trust	9	9,307,281	-
Trade and Other Receivables	3	2,107,966	246,145
Life Pass Finance Plan		130,442	237,427
Total Current Financial Assets		18,263,104	483,572
Inventories	4	423,587	672,991
Prepayments	5	575,129	59,649
Total Current Assets		19,261,819	1,216,212
NON CURRENT ASSETS			
Life Pass Finance Plan		-	69,765
Property, Plant and Equipment	5	74,547,631	66,409,755
Intangible Assets	6	1,130,247	1,207,700
Total Non Current Assets		75,677,879	67,687,220
TOTAL ASSETS		94,939,699	68,903,432
CURRENT LIABILITIES			
Financial Liabilities			
Overdraft Facility		-	3,690,928
Lease Liabilities	11	356,221	105,466
Trade and Other Payables	7	5,545,718	3,794,287
Deferred Grant Income on Loans	9	2,854,249	-
Bank Borrowings	9	3,700,000	600,000
Fair Value of Derivatives	9	15,372	23,889
Total Current Financial Liabilities		12,471,559	8,214,570
Revenue in Advance	8	7,760,842	7,281,097
Life Pass Deferred Revenue		1,759,727	1,775,683
Total Current Liabilities		21,992,128	17,271,350
NON CURRENT LIABILITIES			
Lease Liabilities	11	547,925	123,044
Bank Borrowings	9	3,800,000	6,900,000
Ministry of Business, Innovation and Employment Loan	9	5,260,234	-
Ruapehu District Council Loan	9	256,139	-
Tourism Infrastructure Bonds	9	9,500,000	-
Life Pass Deferred Revenue		16,039,083	17,883,016
Total Non Current Liabilities		35,403,381	24,906,060
TOTAL LIABILITIES		57,395,510	42,177,410
NET ASSETS		37,544,189	26,726,022
EQUITY			
Share Capital	2	138,200	138,200
Retained Earnings		37,405,989	26,587,822
TOTAL EQUITY		37,544,189	26,726,022

The accompanying notes on pages 43 to 55 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For period ended 30 November 2018

	Note	Share Capital \$	Retained Earnings \$	Total \$
Balance at 1 May 2018		138,200	26,587,822	26,726,022
Comprehensive Surplus for the Period		-	10,818,167	10,818,167
Total Recognised Income and Expenses		-	10,818,167	10,818,167
Balance at 30 November 2018	2	138,200	37,405,989	37,544,189
Balance at 1 May 2017		138,200	30,819,101	30,957,301
Comprehensive Loss for the Period		-	(4,231,279)	(4,231,279)
Total Recognised Income and Expenses		-	(4,231,279)	(4,231,279)
Balance at 30 April 2018	2	138,200	26,587,822	26,726,022

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

Murray Gribben, Chairman

Date: 18 March 2019



Geoff Taylor, Director

Date: 18 March 2019



The accompanying notes on pages 43 to 55 form part of these financial statements

CASH FLOW STATEMENT

For period ended 30 November 2018

	Note	Nov - 18 (7 Mnths) \$	Apr - 18 (12 Mnths) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		25,268,017	22,507,127
Revenue Received in Advance	8	7,760,842	7,281,097
Receipts from Life Pass Sales	17	196,624	368,360
Interest Received		15,450	33,062
Cash was applied to:			
Payments to Suppliers and Employees		(22,386,974)	(26,971,426)
Interest Paid		(426,839)	(466,629)
Net Cash Flows from Operating Activities		10,427,120	2,751,592
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of Property, Plant and Equipment		68,865	-
Cash was applied to:			
Purchase of Property, Plant and Equipment	5 & 6	(10,780,362)	(9,912,589)
Net Cash Flows from Investing Activities		(10,711,497)	(9,912,589)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Bank Borrowings		-	3,100,000
Ministry of Business, Innovation and Employment Loan		10,000,000	-
Ruapehu District Council Loan		500,000	-
Tourism Infrastructure Bonds		9,500,000	-
Cash was applied to:			
Current Portion of Term Loans		-	(600,000)
Net Cash Flows from Financing Activities		20,000,000	2,500,000
NET INCREASE/(DECREASE) IN CASH			
Opening Cash		(3,690,928)	970,070
Closing Cash		16,024,695	(3,690,928)
COMPOSITION OF CASH AND CASH EQUIVALENTS:			
Cash on Hand		17,411	87,812
Restricted Funds in Trust	9	9,307,281	-
Cash at Bank		6,700,004	(3,778,740)
Closing Cash Carried Forward		16,024,695	(3,690,928)

The accompanying notes on pages 43 to 55 form part of these financial statements

RECONCILIATION OF TOTAL COMPREHENSIVE SURPLUS/(LOSS) WITH CASH FLOW FROM OPERATING ACTIVITIES

For period ended 30 November 2018

	Nov - 18 (7 mnths) \$	Apr - 18 (12 mnths) \$
Reported Net Surplus/(Loss) for the period	10,818,167	(4,231,279)
Add / (Less) Non Cash Items:		
Depreciation	3,222,369	5,821,687
Amortisation of Intangible Assets	76,991	78,158
Impairment of Property, Plant and Equipment	243,370	-
Fair Value Movement in Derivatives & Foreign Exchange Loss/(Gain)	227,940	102,036
Effective Interest on MBIE and RDC loans	9 120,728	-
Movements in Working Capital:		
Movement in Trade and Other Payables	1,346,247	(587,768)
Movement in Inventories	249,404	91,066
Movement in Trade and Other Receivables	(1,861,821)	241,192
Movement in Life Pass Finance Plan	176,750	386,281
Movement in Prepayments	(515,480)	143,979
Movement in Season Pass Revenue & Revenue in Advance	479,745	2,545,489
Movement in Life Pass Deferred Revenue	(1,859,889)	(1,884,991)
Items Classified as Investing Activities		
(Gain)/Loss on Disposal of Assets	(47,295)	45,741
(Gain)/Loss on loans	(2,250,106)	-
Net Cash Flow from Operating Activities	10,427,120	2,751,592

The accompanying notes on pages 43 to 55 form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

1. SUMMARY OF KEY ACCOUNTING POLICIES

1.1 Statement of Compliance

Ruapehu Alpine Lifts Limited (the 'Company') is a company registered under the Companies Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993 which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The Company is a public benefit entity all profits are reinvested into the maintenance and further development of facilities at the ski areas for the benefit of the public to promote snow sports on Mt Ruapehu.

These financial statements have been prepared in accordance with Public Benefit Entity (PBE) IPSAS Standards and comply with those standards.

1.2 Basis of Preparation

The financial statements have been prepared on the basis of historical cost except for the valuation 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.

In the past there has been an ongoing mismatch in the short-term liquidity position at the previous balance date of 30 April where short term liabilities are materially greater than short term assets. This was a consequence of the seasonal nature of cashflows where RAL commits to costs in advance of the cashflow from customers from the winter opening of the skifields, however the Board maintained access to committed financing facilities of a larger amount than the funding mismatch to ensure solvency. The Board feel the more meaningful measure of the short-term trade position is after the winter season is finished; that is why the Board have changed the balance date to the year ending 30 November. The Directors are comfortable that the going concern assumption is appropriate.

1.3 Changes in Accounting Policies

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

1.4 Prior Year Comparatives

Prior year comparatives have been reclassified, where appropriate, to facilitate comparison with the current year. There has been no material impact on the Statement of Comprehensive Income or Statement of Financial Position.

1.5 Key Sources of Judgment or Estimation

A key area of estimation is in relation to the revenue recorded for life passes where the revenue is transferred from deferred revenue based on an estimated life over the relevant 25 and 20 year period on an average estimated days of use by the pass holder. A standard life pass has an estimated life of 20 years and the life plus pass has an estimated life of 25 years (due to these being transferable after 10 years).

A key area of estimation is in relation to determining the Fair Value of the Ministry of Business, Innovation and Employment and Ruapehu District Council concessionary loans. The repayment and interest accrual profiles have been modelled using market value interest rates and forecast visitor forecasts for the Whakapapa Sky Waka Gondola.

Depreciation rates approximate the reasonable expectation of the useful life of each asset group based on the environment the Company operates in and from historical outcomes.

1.6 Adoption of New and Revised Standards and Interpretations

All mandatory standards, amendments and interpretations have been adopted in the current year. None had a material impact on these financial statements.

1.7 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 and multi-day passes, is recognised on day of use.

Interest Received

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

1. SUMMARY OF KEY ACCOUNTING POLICIES (continued)

Operating Rent

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

1.8 Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except for receivables and payables that are recognised inclusive of GST.

1.9 Taxation

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

1.10 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.

1.11 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	2 - 33 years
Ski Lifts & Components	5 - 33 years		

1.12 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 are 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
Whakapapa Licence	60 years (term of the licence)
Turoa License	60 years (term of the license)

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.

1.13 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

1. SUMMARY OF KEY ACCOUNTING POLICIES (continued)

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.

1.14 Financial Instruments

Financial Instruments include financial assets and financial liabilities, but excludes season and life 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.

Cash and Equivalents

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

Trade and Other Receivables

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.

Life Pass Finance Plan

Loans to customers to finance the purchase of life passes are recorded at amortised cost.

Financial Liabilities and Financial Assets at fair value through the profit or loss

Financial liabilities consist of foreign exchange derivative contracts held for trading, and are valued at fair value through the profit or loss.

Financial Liabilities

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

Other Financial Liabilities

Financial liabilities such as concessionary loans (the Ministry of Business, Innovation and Employment and Ruapehu District Council Loans) are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense of the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding

1.15 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.

1.16 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.

1.17 Cash Flow Statement

Cash and cash equivalents comprise cash on hand and cash in banks net of outstanding bank overdrafts. 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 comprises the change in equity and debt capital structure of the Company.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

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.

Fully Paid Ordinary Shares	A Shares	B Shares	C Shares	D Shares	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the period 1 May 2018	6,000	28,000	94,200	10,000	138,200
Shares issued during the period	-	-	-	-	-
Balance at the end of the period 30 November 2018	6,000	28,000	94,200	10,000	138,200

Number of Shares					
Balance at the beginning of the period 1 May 2018	6,000	1,400	4,710	10,000	22,110
Shares issued during the period	-	-	-	-	-
Balance at the end of the period 30 November 2018	6,000	1,400	4,710	10,000	22,110

3 TRADE AND OTHER RECEIVABLES

	Nov - 18 (7 Mths)	Apr - 18 (12 Mths)
	\$	\$
Trade & Other Receivables	1,632,920	251,594
GST Receivable	475,046	(5,449)
	2,107,966	246,145

Trade and Other Receivables includes a receivable for \$1,000,000 as a partial settlement of the Turoa avalanche insurance claim (refer note 20 for additional information relating to the avalanche insurance claim). This amount was received on the 11 December 2018.

4 INVENTORIES

	Nov - 18 (7 Mths)	Apr - 18 (12 Mths)
	\$	\$
Retail	238,108	416,694
Food and Beverage	22,503	36,556
Fuel	32,495	13,203
Sundry	130,481	206,538
	423,587	672,991

5 PROPERTY, PLANT AND EQUIPMENT

30 November 2018	Opening Cost	Additions	Disposals	Impairment	Transfers	Closing Cost
	\$	\$	\$	\$	\$	\$
Ski Lifts	33,672,127	-	-	(685,000)	1,382,973	34,370,100
Buildings and Fixtures	31,563,293	-	(109,499)	-	5,142	31,458,936
Car Parks and Roads	6,750,579	-	-	-	143,418	6,893,997
Motor Vehicles	10,073,386	-	(1,172,717)	-	932,539	9,833,208
Plant and Equipment	30,523,118	-	(3,740,694)	-	283,352	27,065,776
	112,582,503	-	(5,022,911)	(685,000)	2,747,425	109,622,017
Assets Under Development	1,489,950	11,775,672	(163,340)	-	(2,747,426)	10,354,856
Total Property, Plant and Equipment	114,072,453	11,775,672	(5,186,251)	(685,000)	-	119,976,874

30 April 2018	Opening Cost	Additions	Disposals	Impairment	Transfers	Closing Cost
	\$	\$	\$	\$	\$	\$
Ski Lifts	29,617,651	-	-	-	4,054,476	33,672,127
Buildings and Fixtures	28,626,218	-	-	-	2,937,075	31,563,293
Car Parks and Roads	6,547,492	-	-	-	203,087	6,750,579
Motor Vehicles	9,343,328	-	(1,139,869)	-	1,869,927	10,073,386
Plant and Equipment	23,783,929	-	-	-	6,739,189	30,523,118
	97,918,618	-	(1,139,869)	-	15,803,754	112,582,503
Assets Under Development	7,635,769	9,657,935	-	-	(15,803,754)	1,489,950
Total Property, Plant and Equipment	105,554,387	9,657,935	(1,139,869)	-	-	114,072,453

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

5 PROPERTY, PLANT AND EQUIPMENT (continued)

30 November 2018

	Opening Accumulated Depreciation \$	Depreciation \$	Disposals \$	Impairment \$	Closing Balance \$
Ski Lifts	11,990,754	925,547		(441,630)	12,474,671
Buildings and Fixtures	11,467,774	538,690	(109,499)	-	11,896,965
Car Parks and Roads	2,877,510	119,641	-	-	2,997,150
Motor Vehicles	6,605,833	641,559	(1,164,001)	-	6,083,391
Plant and Equipment	14,720,827	996,932	(3,740,694)	-	11,977,065
Total Property, Plant and Equipment	47,662,698	3,222,369	(5,014,195)	(441,630)	45,429,242

	Opening Accumulated Depreciation \$	Depreciation \$	Disposals \$	Impairment \$	Closing Balance \$
30 April 2018					
Ski Lifts	11,112,454	878,300	-	-	11,990,754
Buildings and Fixtures	10,520,855	946,919	-	-	11,467,774
Car Parks and Roads	2,675,500	202,010	-	-	2,877,510
Motor Vehicles	5,490,982	2,033,569	(918,718)	-	6,605,833
Plant and Equipment	12,959,938	1,760,889	-	-	14,720,827
Total Property, Plant and Equipment	42,759,729	5,821,687	(918,718)	-	47,662,698

Balance as at 30 November:

Net Carrying Value as at 30 November 2018: **\$74,547,631**

Net Carrying Value as at 30 April 2018: **\$66,409,755**

In August 2018 an avalanche damaged part of the High Noon Chairlift. An impairment of \$243,370 has been recognised against this asset whilst it is being repaired.

With the construction of the Whakapapa Gondola the Waterfall Chairlift is planned to be removed. Depreciation was accelerated for this asset to reflect the remaining life of the chairlift. The impact of this is an increase in depreciation for the financial period of \$69,190.

In the financial period ending 30 November 2018 it was decided the depreciation rate for chairlift cables be revised from 33 years to 10 years to reflect the current trend of replacement cycles. The impact of this is an increase on depreciation for the financial period of \$399,408. The new depreciation rate for chair lift cables increased from 3% to 10% per annum on 1 December 2018.

In the financial year ending 30 April 2018 it was decided the depreciation rate for Snow Groomer Vehicles was to be revised from 10 years to 6 years as a reflection of current trend to trade-in the vehicles rather than use them for their useful life. The impact of this had an increase on the prior year depreciation of \$965,758 from all Snow Groomers purchased before 30 April 2017. The new depreciation rate for Snow Groomers increased from 10% to 16.67% per annum on 1 May 2018. This assessment includes residual values.

Within the prepayments amount of \$575,127 on the face of the Statement of Financial Position there is a prepayment of \$440,772 which was the prepaid portion at the end of the financial period for the equipment for the Sky Waka Gondola at Whakapapa Ski Area.

6 INTANGIBLE ASSETS

	Opening Cost \$	Additions \$	Disposals \$	Transfers \$	Closing Cost \$
30 November 2018					
Intangible Assets	1,967,354	-	(111,681)	7,327	1,863,000
	1,967,354	-	(111,681)	7,327	1,863,000
Assets Under Development	9,049	1,260	(1,722)	(7,327)	1,260
Total Intangible Assets	1,976,403	1,260	(113,403)	-	1,864,260

	Opening Cost \$	Additions \$	Disposals \$	Transfers \$	Closing Cost \$
30 April 2018					
Intangible Assets	1,251,136	-	-	716,218	1,967,354
	1,251,136	-	-	716,218	1,967,354
Assets Under Development	335,017	390,250	-	(716,218)	9,049
Total Intangible Assets	1,586,153	390,250	-	-	1,976,403

	Opening Accumulated Amortisation \$	Amortisation \$	Disposals \$	Transfers \$	Closing Balance \$
30 November 2018					
Intangible Assets	768,703	76,991	(111,681)	-	734,014
	768,703	76,991	(111,681)	-	734,014

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

6 INTANGIBLE ASSETS (continued)

30th April 2018	Opening Accumulated Amortisation	Amortisation	Disposals	Transfers	Closing Balance
	\$	\$	\$	\$	\$
Intangible Assets	690,545	78,158	-	-	768,703
	690,545	78,158	-	-	768,703

Balance as at 30 November:

Net Carrying Value as at 30 November 2018: **\$1,130,248**

Net Carrying Value as at 30 April 2018: **\$1,207,700**

7 TRADE AND OTHER PAYABLES

	Nov - 18 (7 Mnths)	Apr - 18 (12 Mnths)
	\$	\$
Trade Creditors	911,727	440,323
Tourism Infrastructure Bond Coupons (Sept to Nov)	59,342	-
Short Term Employee Entitlements	422,490	477,465
Other Accruals and Sundry Creditors	4,152,158	2,876,499
	5,545,718	3,794,287

Of the total value of trade and other payables, \$405,184 relates to capital purchases (Apr - 18 (12 Mnths): \$761,656), the majority of this balance for Nov - 18 (7 Mnths) is captured in the 'other accruals and sundry creditors' line above along with our DOC licence fee accrual and purchase order accruals. In Apr - 18 (12 Mnths) within the 'other accruals and sundry creditors' includes creditor balances for two vehicles capitalised with deferred payments totalling \$667,482, these are now captured separately under Finance Leases. Note 11.

8 REVENUE IN ADVANCE

	Nov - 18 (7 Mnths)	Apr - 18 (12 Mnths)
	\$	\$
Deferred Revenue Season Passes	7,399,202	6,724,880
Other Revenue in Advance	361,640	556,217
	7,760,842	7,281,097

The deferred revenue relates to season pass sales between October 2018 and November 2018 for the 2019 winter season. These passes cannot be utilised until the opening of the 2019 ski season, as such, the revenue is recognised as deferred revenue and will be drawn down throughout the 2019 season.

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 (including a 1.9% margin) on the term borrowings are between 5.01% and 5.62% (Apr - 18 (12 Mnths): 5.74% and 6.93 %).

Credit Risk

Credit risk is the risk of failure of a debtor or counterparty to honour its contractual obligation. Financial instruments that 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 that 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. The Material Damage Policy is placed with one insurer with the following rating in accordance with the Insurance Companies (Rating and Inspections) Act 1994: Lloyds of London A+.

Currency Risk

The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, as well as foreign exchange forward contracts, arising from normal trading activities. Where exposures are uncertain it is the Company's policy to hedge these risks. At balance date the contracted amount of forward exchange contracts outstanding was NZD \$312,184 (Apr - 18 (12 Mnths): \$828,327).

The following table details the forward foreign currency exchange (FC) contract as at 30th November 2018.

30 November 2018	Average Exchange Rate	Foreign Currency	Contract Value	Fair Value
			NZ	NZ
Forward Exchange Contracts			\$	\$
Buy EUR				
Greater than 3 months	\$0.58	EUR €177,000	306,691	15,318
Buy USD				
Less than 3 months	\$0.68	USD \$3,740	5,492	55
			312,184	15,372

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

9 FINANCIAL INSTRUMENTS (continued)

30 April 2018

	Average Exchange Rate	Foreign Currency	Contract Value NZ \$	Fair Value NZ \$
Forward Exchange Contracts				
Buy EUR				
Less than 3 months	\$0.58	EUR €63,000	101,384	7,413
Greater than 3 months	\$0.58	EUR €421,307	726,943	16,476
			828,327	23,889

The net movements in the Fair Value of Derivatives and Foreign Exchange Gains/(Losses) were (\$227,900) (Apr - 18 (12 Mths): (\$102,036)) and are included in Other Expenses on the Statement of Comprehensive Income.

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 has an overdraft facility of \$50,000 (Apr - 18 (12 Mths): \$50,000) available and a flexible facility of \$5,000,000 (Apr - 18 (12 Mths): \$5,000,000) with the banker to assist the Company in meeting its obligations. In addition to the flexible facility the Company had access to a capital facility of \$4m (Apr - 18 (12 Mths): \$4m) for the 2017/18 capital programme. As at balance date the cash at bank position was \$6,717,415 (Apr - 18 (12 Mths): (\$3,690,928)), the additional \$50,000 overdraft facility or \$4m capital facility is not being utilised. The maturity analysis of the Company is as follows and represents the future cashflows to the Company (and therefore does not reconcile to the Statement of Financial Position):

30 November 2018

Financial Assets	< 1 Year	1 – 5 Years	5 + Years	Total
	\$	\$	\$	\$
Cash at Bank	6,717,415	-	-	6,717,415
Restricted Funds in Trust	9,307,281	-	-	9,307,281
Trade and Other Receivables	2,107,966	-	-	2,107,966
Life Pass Finance Plan	130,442	-	-	130,442
Total Financial Assets	18,263,104	-	-	18,263,104

Financial Liabilities

Trade and Other Payables	5,545,718	-	-	5,545,718
Finance Lease	385,835	566,742	-	952,577
Bank Borrowings	3,925,020	3,984,010	-	7,909,030
Ministry of Business, Innovation and Employment Loan	-	-	11,606,261	11,606,261
Ruapehu District Council Loan	-	-	587,033	587,033
Tourism Infrastructure Bonds	59,342	5,101,626	19,950,362	25,111,330
Fair Value of Derivatives	15,372	-	-	15,372
Total Financial Liabilities	9,931,286	9,652,378	32,143,656	51,727,320

30 April 2018

Financial Assets	< 1 Year	1 – 5 Years	5 + Years	Total
	\$	\$	\$	\$
Trade and Other Receivables	246,145	-	-	246,145
Life Pass Finance Plan	237,427	69,765	-	307,192
Total Financial Assets	483,572	69,765	-	553,337

Financial Liabilities

Cash and Cash Equivalents	3,690,928	-	-	3,690,928
Trade and Other Payables	3,794,287	-	-	3,794,287
Finance Lease	105,466	123,044	-	228,510
Bank Borrowings	622,162	7,460,027	-	8,082,189
Fair Value of Derivatives	23,889	-	-	23,889
Total Financial Liabilities	8,236,732	7,583,071	-	15,819,803

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

9 FINANCIAL INSTRUMENTS (continued)

Categories of Financial Instruments

The Company's financial instruments are classified into the following categories:

30 November 2018

<u>Financial Assets</u>	Cash and equivalents	Through Profit or Loss	Loans and Receivables	Financial Liabilities at Amortised Cost	Other Financial Liabilities	Total
	\$	\$	\$	\$		\$
Cash at Bank	6,717,415	-	-	-	-	6,717,415
Restricted Funds in Trust	9,307,281	-	-	-	-	9,307,281
Trade and Other Receivables	-	-	2,107,966	-	-	2,107,966
Life Pass Finance Plan	-	-	130,442	-	-	130,442
Total Financial Assets	16,024,695	-	2,238,408	-	-	18,263,104

Financial Liabilities

Accounts Payable	-	-	-	5,545,718	-	5,545,718
Finance Lease	-	-	-	904,146	-	904,146
Bank Borrowings	-	-	-	7,500,000	-	7,500,000
Ministry of Business, Innovation and Employment Loan	-	-	-	-	5,260,234	5,260,234
Ruapehu District Council Loan	-	-	-	-	256,139	256,139
Tourism Infrastructure Bonds	-	-	-	9,500,000	-	9,500,000
Fair Value of Derivatives	-	15,372	-	-	-	15,372
Total Financial Liabilities	-	15,372	-	23,449,863	5,516,372	28,981,608

30 April 2018

<u>Financial Assets</u>	Cash and equivalents	Through Profit or Loss	Loans and Receivables	Financial Liabilities at Amortised Cost	Other Financial Liabilities	Total
	\$	\$	\$	\$		\$
Trade and Other Receivables	-	-	246,145	-	-	246,145
Life Pass Finance Plan	-	-	307,192	-	-	307,192
Total Financial Assets	-	-	553,337	-	-	553,337

Financial Liabilities

Cash at Bank	3,690,928	-	-	-	-	3,690,928
Accounts Payable	-	-	-	3,794,287	-	3,794,287
Finance Lease	-	-	-	228,510	-	228,510
Borrowings	-	-	-	7,500,000	-	7,500,000
Fair Value of Derivatives	-	23,889	-	-	-	23,889
Total Financial Liabilities	3,690,928	23,889	-	11,522,797	-	15,237,614

Fair Value Measurements Recognised 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). Financial instruments that fall into level 3 for the Company include the Ruapehu District Council and Ministry of Business, Innovation and Employment loans.

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

Security

ANZ Bank New Zealand Limited has a security agreement over all present and after acquired property of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

9 FINANCIAL INSTRUMENTS (continued)

Borrowings and Finance Costs

During Nov - 18 (7 Mnth) the Company was not subject to an event review under the terms of its loan agreement with the ANZ Bank New Zealand Limited. The term borrowings includes a committed interest component of \$258,028 (Apr - 18 (12 Mnth): \$582,189). The term borrowings are in place until 2021 and have a \$600k repayment in December each year. Each year the seasonal facility agreements are determined and negotiated. The effective interest rates (including a 1.9% margin) on the term borrowings are between 5.01% and 5.62% (Apr - 18 (12 Mnth): 5.74% and 6.93 %).

Interest charges on finance leases and lease liabilities were \$48,431 (Apr - 18 (12 Mnth) \$45,774). Security over these assets exists until repayment in full. The effective interest calculations for the period were \$115,121 and \$5,606 for the MBIE and RDC loans respectively (Apr - 18 (12 Mnth) \$0). The interest accrual on the Tourism Infrastructure bonds were \$59,342 (Apr - 18 (12 Mnth) \$0).

Restricted Funds Held In Trust

The Restricted Funds Held In Trust is an account held in Trust with Macalister Mazengarb (Wellington legal firm) as the funds are specific to the construction of the Sky Waka Gondola at Whakapapa. The MBIE and RDC loan facilities were paid into this account along with the funds from the Tourism Infrastructure Bonds. Payments are then released from this account by Macalister Mazengarb once the payments have been verified by the engineer to the contract.

Ministry of Business, Innovation and Employment Loan

The Ministry of Business, Innovation and Employment (MBIE) entered into a loan agreement with the Company as part of their Provincial Growth Fund (PGF) to the value of \$10,000,000. The funds of this loan are specific to building the Sky Waka Gondola at the Whakapapa Ski Area. The term of the loan is 10 years and the repayment for principal and the accrual for interest is triggered when a 'repayment event' occurs. In the agreement a 'repayment event' has been specified when the number of non-ski passengers exceeds 300,000 in any given financial year. The interest rate in the agreement is 2.78% based off the 10-year government bond rate at the date of signing the agreement. The repayment profile has been modelled using the expected visitor forecasts prepared by external consultants as part of the feasibility study and application for the PGF funding. This loan is a 'concessionary loan' as the terms are below standard market conditions. When assessing the market value of similar funding arrangements we used a rate of 8.95% as that is what is currently offered for asset/equipment financing. The face value of the loan was \$10,000,000 and the Fair Value at initial recognition amounted to \$5,145,111. A gain of \$2,090,793 has been recognised in the financial period as Grant Income on Loans in the Statement of Comprehensive Income and \$2,764,095 has been deferred in the Statement of Financial Position as Deferred Grant Income on Loans. The gain recognised in the Statement of Comprehensive Income is a non-monetary gain. The values disclosed in the maturity analysis is reflective of the expected cashflows associated with this agreement.

Ruapehu District Council Loan

The Ruapehu District Council (RDC) entered into a loan agreement with the Company to the value of \$500,000. The funds of this loan are specific to building the Sky Waka Gondola at the Whakapapa Ski Area. The term of the loan is 10 years with interest accruals and payments of interest triggered when a 'repayment event' occurs. In the agreement a 'repayment event' has been specified when the number of non-ski passengers exceeds 300,000 in any given financial year. The interest rate in the agreement is 2.81% based off the 10-year government bond rate at the date of signing the agreement. The interest accrual and payment profile has been modelled using the expected visitor forecasts prepared by external consultants as part of the feasibility study and application for the PGF funding. This loan is a 'concessionary loan' as the terms are below standard market conditions. When assessing the market value of similar funding arrangements we used a rate of 8.95% as that is what is currently offered for asset/equipment financing. The face value of the loan was \$500,000 and the Fair Value at initial recognition amounted to \$249,466. A gain of \$159,313 has been recognised in the financial period as Grant Income on Loans in the Statement of Comprehensive Income and \$90,153 has been deferred in the Statement of Financial Position as Deferred Grant Income on Loans. The gain recognised in the Statement of Comprehensive Income is a non-monetary gain. The values disclosed in the maturity analysis is reflective of the expected cashflows associated with this agreement.

Tourism Infrastructure Bonds

The company established 'Tourism Infrastructure Bonds' to fund of the Sky Waka Gondola at the Whakapapa Ski Area. \$14.5m of bonds were available and at the end of the financial year \$9.5m had been subscribed and committed to. The bond holders include Taupo District Council, seven Tūwharetoa Trusts and one private entity. These bonds attract a minimum quarterly coupon of 3% and uncapped upside depending on the non-ski passenger tickets sold once its operational. The upside is determined by calculating an inflation-adjusted toll of NZD\$0.50 for every sightseeing ticket sold per bond held in multiples of \$1m. The payment profile has been modelled using the expected visitor forecasts prepared by external consultants as part of the feasibility study and application for the PGF funding with the assumption that the bonds are repaid at the end of year 10.

Gondola Underwrite

The Company also has an underwrite agreement of \$5m in place for the Gondola. As at the end of the financial period the Underwrite hadn't been drawn down. RAL paid an underwrite fee of 3% as disclosed in note 15. The term of the underwrite is 12 months and should it not be taken out and be called it is convertible to bonds on the same terms as the bond holders but with an restriction on RAL not undertaking other significant capital investments until these bonds are repurchased from the underwriter.

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 borrowings that are on fixed interest rates.

As interest rates are fixed the only sensitivity for the Company's borrowings is around the payment profile for MBIE Loan and Tourism Infrastructure Bonds. The below sensitivity analysis has been performed for the cashflows of these facilities as payments are triggered off visitor numbers.

Nov - 18 (7 Mnth) Sensitivity Analysis	MBIE	Bonds
	\$	\$
Increase in maturity profile + 10% Visitor Numbers	(346,629)	(1,526,699)
Decrease in maturity profile - 10% Visitor Numbers	379,504	1,526,699

The below sensitivity analysis has been performed for the foreign exchange risk on the derivatives open as at 30 November 2018. The following table details the Company's sensitivity to a 100 basis point increase and decrease in USD and EUR Exchange rates:

Nov - 18 (7 Mnth) Sensitivity Analysis	USD	EUR
	\$	€
Total Comprehensive Loss for the period + 100 basis points	(80)	(5,255)
Total Comprehensive Loss for the period - 100 basis points	83	5,441
Total Equity for the period + 100 basis points	(80)	(5,255)
Total Equity for the period - 100 basis points	83	5,441

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

9 FINANCIAL INSTRUMENTS (continued)

Apr - 18 (12 Mnths) Sensitivity Analysis	USD	EUR
	\$	€
Total Comprehensive Loss for the period + 100 basis points	-	(5,255)
Total Comprehensive Loss for the period - 100 basis points	-	14,463
Total Equity for the period + 100 basis points	-	(13,976)
Total Equity for the period - 100 basis points	-	14,463

10 TRANSACTIONS WITH RELATED PARTIES

During the period the Company didn't receive services from or sold to companies in which current Directors and Management have an interest.

11 COMMITMENTS

	Nov - 18 (7 Mnths)	Apr - 18 (12 Mnths)
	\$	\$
Capital Commitments		
Estimated capital expenditure contracted for at balance date but not provided for, was for the completion of the Whakapapa Gondola (April - 18 (12 Mnths) and for the purchase of new parts for the Far West T-Bar.	13,433,443	466,153
Operating Lease Commitments		
Lease commitments under non-cancellable operating leases:		
Not later than one year	362,609	429,686
Later than one year and not later than five years	802,305	969,712
Later than five years and not later than ten years	-	-
	1,164,912	1,399,397

These operating leases are for staff accommodation, workshop facilities, and a sales and information office. Total expenditure for Nov - 18 (7 Mnths) amounted to \$270,697 (Apr - 18 (12 Mnths): \$470,020).

Finance Lease Commitments

The Company leases eight motor vehicles which have a net carrying value of \$1,056,766 (Apr - 18: \$279,823 (2 Vehicles)). These assets are classified as finance leases as the ownership of the vehicles transfers to the Company at the end of the minimum lease term.

30 November 2018	Minimum Lease Payments	Interest	Principal	Present Value
	\$	\$	\$	\$
Not later than one year	385,835	29,614	356,221	385,835
Later than one year and not later than five years	566,742	18,817	547,925	558,509
Later than five years and not later than ten years	-	-	-	-
	952,577	48,431	904,146	944,344

30 April 2018	Minimum Lease Payments	Interest	Principal	Present Value
	\$	\$	\$	\$
Not later than one year	105,466	21,126	84,340	105,466
Later than one year and not later than five years	123,044	24,648	98,396	119,551
Later than five years and not later than ten years	-	-	-	-
	228,510	45,774	182,736	225,017

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

12 DIRECTORS FEES

Directors	Nov - 18 (7 Mnths) \$	Apr - 18 (12 Mnths) \$
During the period Directors' fees were paid to the following:		
Murray I Gribben	24,792	42,500
Duncan J Fraser	12,542	21,500
Phil J Royal	-	14,333
Geoff Taylor	12,542	21,500
Michelle Trapski	12,542	21,500
Debbie Birch	12,542	21,500
Michael O'Donnell	5,375	-
	80,333	142,833

13 License Fees, Rates and Ski Area Levies

License fees, rates and ski area levies are split as per below:	Nov - 18 (7 Mnths) \$	Apr - 18 (12 Mnths) \$
DOC License Fees	712,681	506,826
Rates and Ski Area Levies	466,357	716,651
	1,179,039	1,223,477

14 KEY MANAGEMENT PERSONNEL

Key management personnel of the Company include the Directors and Senior Leadership team.

Board Members

Remuneration	\$80,333	\$142,833
Full-Time Equivalent members	5.5	5.7

Senior Leadership Team

Remuneration	\$599,743	\$884,638
Full-Time Equivalent members	5.8	5.4

Total Key Management personnel remuneration	\$680,076	\$1,027,471
Total Full Time equivalent personnel	11.3	11.1

The amounts disclosed above are the amounts recognised as an expense during the reporting period related to key management personnel. Related party disclosures have been included in Note 10 to the financial statements.

The Company provided compensation to close family members of key management personnel during the period to the value of \$24,669 (Apr - 18 (12 Mnths): \$89,221). The Company did not provide any loans to key management personnel or their close family members.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

15 OTHER SUPPLIES AND SERVICES

The Company's Other Supplies and Services are classified into the following categories based on key functions:

	Nov - 18 (7 Mnths) \$	Apr - 18 (12 Mnths) \$
Accommodation Leases & Supplies and Services	238,155	436,642
Bank Fees	52,867	80,161
Board and Governance Expenditure	57,414	78,581
Cadetship	(131,425)	(77,733)
Consumable and Cleaning Supplies	220,262	251,370
Corporate Support and Services	274,429	368,788
Credit Card Commission Paid	353,406	317,259
FBT	42,724	43,609
Field Operations Supplies and Services	74,564	95,414
Food and Beverage Supplies and Services	17,394	89,182
Fuel Expenditure (Vehicles, Groomers and Transport)	415,682	365,345
Gondola Underwrite	150,000	-
Kiwisaver	191,377	243,704
Maintenance and Service of Buildings and Equipment	612,604	361,603
Medical Centre Supplies and Services	62,548	68,607
Motor Vehicle Expenditure and Maintenance	351,750	267,352
Ohakune & Taupo Office Lease, Supplies and Services	59,662	92,891
Postage, Courier, Printing and Stationary	48,758	68,640
Professional Fees	118,953	10,840
Rentals Supplies and Services	27,573	41,029
Retail Supplies and Services	1,323	7,443
Road and Carpark Maintenance	133,801	146,688
Safety & Environmental Risk	87,494	43,150
Ski Patrol Supplies and Services	115,790	101,672
Snow School Supplies and Services	55,180	57,535
Snowmaking Supplies	135,110	254,060
Software Fees & IT Services and Supplies	354,036	415,308
Staff Training Expenditure	79,577	74,934
Staff Uniform	96,255	500,080
Strategic Planning	517,855	44,408
Summer Operation Supplies and Services	15,593	12,341
Telephone Rental	49,830	68,522
Ticket Stock Consumed	234,335	90,565
Transport (excl. Fuel)	536,144	352,413
Travel & Entertainment	124,983	91,089
Turoa Avalanche	473,985	-
Total	6,249,987	5,463,493

17 RECEIPTS FROM LIFE PASS SALES

In Nov - 18, these figures represent money received from payments for the Life Pass Finance Plan and do not represent new life pass sales

18 RECONCILIATION OF PROFIT/(LOSS) FROM OPERATIONS TO EBITDA

	Nov - 18 (7 Mnths) \$	Apr - 18 (12 Mnths) \$
Profit/(Loss) from Operations	8,976,627	(4,116,564)
<i>Add back:</i>		
Finance Costs	547,566	466,629
Depreciation	3,222,369	5,821,687
Amortisation	76,991	78,158
<i>Less</i>		
Insurance Proceeds	1,000,000	-
EBITDA	11,823,554	2,249,910

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For period ended 30 November 2018

19 SUBSEQUENT EVENTS

The Company has entered into a purchase agreement to purchase a further 5 Utes for a total purchase price of \$218,000 on finance. These were purchased to replace an aging fleet which will be sold off through vehicle auctioneers over the next few months.

The company has a \$3.1m facility with ANZ bank classified as a current liability in the financial statements. Subsequent to period end, the Company has entered into a facility extension agreement with the ANZ bank to extend the \$3.1m facility out to 31 January 2021. This is a non-adjusting subsequent event.

The Company received a \$1m partial settlement of the insurance claim for the Turoa avalanche, this was received on the 11 December 2018 and is an adjusting subsequent event.

20 INSURANCE CLAIM

On the 6th August 2018 during routine avalanche control operations, an avalanche at the Turoa ski area was triggered and as a result caused damage to the Highnoon Chairlift (towers, haul rope, and sheave assemblies) and wrote off a groomer. RAL has lodged a material damage and business interruption insurance claim. These claims have been accepted but not yet settled. As at 30 November a partial settlement of the claim of \$1,000,000 was offered (and subsequently paid in December 2018), this partial settlement was non-specific to the material damage or business interruption. The claim remains outstanding as at the end of the financial period.

Independent Auditor's Report

To the Shareholders of Ruapehu Alpine Lifts Limited

Opinion

We have audited the financial statements of Ruapehu Alpine Lifts Limited (the 'Company'), which comprise the statement of financial position as at 30 November 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the seven months then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 38 to 55, present fairly, in all material respects, the financial position of the Company as at 30 November 2018, and its financial performance and cash flows for the seven months then ended in accordance with Public Benefit Entity Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in the Company, except that partners and employees of our firm deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

Other information

The Directors are responsible on behalf of the Company for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's Shareholders, as a body, in accordance with Section 207B 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.

The logo for Deloitte Limited, featuring the company name in a stylized, cursive script.

Deloitte Limited
Wellington, New Zealand
18 March 2019

This audit report relates to the financial statements of Ruapehu Alpine Lifts Limited (the 'Company') for the seven months ended 30 November 2018 included on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 18 March 2019 to confirm the information included in the audited financial statements presented on this website.

