ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

airwork
HOLDINGS LIMITED

CONTENTS:

$9.8m
NET PROFIT AFTER TAXATION

17%
HIGHER THAN PFI

13.1%
RETURN ON CAPITAL EMPLOYED

5ppt*
ABOVE PFI

21.1c
EARNINGS PER SHARE

39%
INCREASE FROM PRIOR YEAR

15.0c
ANNUAL DIVIDEND PER SHARE

1.0c
HIGHER THAN PFI

* ppt – percentage points.

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Dear Shareholders

The Directors of Airwork Holdings Limited ("Airwork" or "the Company") are pleased to present to shareholders the annual report and financial statements for the year ended 30 June 2014.

Net profit after tax of $9.8 million was 17.0% above the prospective financial information (PFI) in the prospectus for the successful Initial Public Offering (IPO) and NZX listing in December 2013, and 52% ahead of the prior year ($6.5 million). Earnings per share of 21.1 cents were 38.8% ahead of the prior year.

The Directors are satisfied with the performance, capping off what has been a watershed year for the Company following the IPO and NZX listing in December 2013, and a number of challenges presented including the strong New Zealand dollar, the landing incident in Honiara, and no earnings recognised from the Company's South Island helicopter fleet due to an ongoing commercial dispute.

DIVIDEND

The Directors have declared a fully imputed final dividend of eight (8.0) cents per share, making a total dividend of 15.0 cents for the year, ahead of the prospectus PFI dividend of 14.0 cents (50% imputed) and prior year (10.0 cents, fully imputed).

BOARD

During the year, we welcomed Rob Flannagan and Chris Hunter as additional Directors of the Company, alongside Hugh Jones and myself. I would like to acknowledge the contributions from my fellow directors during the year, and look forward to our continued role as a Board, providing strategic oversight and governance.

MANAGEMENT

During the year, Chris Hart was appointed Chief Executive Officer of the Company and has provided the management team with sound direction and leadership. I would like to record my appreciation to Chris, the management team and staff for their continued dedication and efforts during the past year, in what has been again a very busy and challenging year.

OUTLOOK

In his operations review Chris Hart describes some of the growth opportunities available to both the Fixed Wing and Helicopter sectors of the business. I can report the new financial year has started well reflecting some early benefits from these and other initiatives. Given a continuation of present trading conditions we can expect another good result for the year ending 30 June 2015.

In closing, I would like to express my thanks to those shareholders who have supported the Company during the 2014 financial year, and welcome all new shareholders to the register.

Mike Daniel

Mike Daniel
Chairman
Airwork Holdings Limited

CHIEF EXECUTIVE'S REPORT

OPERATIONAL REVIEW

The 2014 result is affected by some significant and unusual items, namely: insurance proceeds, costs and impairment expense associated with an aircraft incident; IPO and listing costs; and the movement in fair value of derivative financial instruments. A comparison of the financial performance to the Prospectus PFI is summarised in the following table (more detailed analysis is provided in Note 35 of the financial statements):

	TOTAL INCOME	EBITDA[1]	EBIT[1]	NPBT[1]	NPAT[1]
Reported results	138,993	48,651	19,172	14,502	9,828
Prospectus PFI	124,787	38,965	17,531	12,279	8,398
Variance to Prospectus PFI	**14,206 F**	**9,686 F**	**1,641 F**	**2,223 F**	**1,430 F**
Significant items:					
• Aircraft incident and insurance settlement[2]	(10,229)	(8,254)	193	287	201
• IPO costs	–	1,254	1,254	1,254	1,254
• Movement in fair value of derivatives	–	–	–	3,107	2,175
Actual FY14 adjusted for significant items	128,764	41,651	20,619	19,150	13,458
Underlying Prospectus PFI[3]	124,787	40,336	18,902	16,453	11,731
Variance to underlying Prospectus PFI	**3,977 F**	**1,315 F**	**1,717 F**	**2,697 F**	**1,727 F**

Notes:

1. *The Annual Report and the table above contains non-GAAP measures, which are useful in measuring underlying earnings performance. All items identified in the first line as "Reported results" can be reconciled directly to the audited Income Statement:*
   - *EBITDA: Operating profit before depreciation, amortisation and impairment expenses*
   - *EBIT: Operating profit after depreciation, amortisation and impairment expenses*
   - *NPBT: Operating profit before taxation*
   - *NPAT: Net profit after taxation*
   - *Net debt: Loans less cash and cash equivalents*
   - *Return on Capital Employed: EBIT divided by Average Total Equity and debt less cash and cash equivalents*
2. *The variance to Prospectus PFI includes the impact of: the receipt of insurance proceeds; revenue lost as a result of the aircraft incident; direct and indirect costs incurred and avoided; aircraft impairment; lease break costs; and the tax effect of these items*
3. *Underlying Prospectus PFI is adjusted for the impact of IPO costs and movements in the fair value of derivatives (refer to page 42 of Investment Statement)*

F Favourable to Prospectus PFI

Winning new business in new geographies whilst maintaining existing revenue streams were the main drivers of the Company's financial performance for the 2014 year.

Helicopter engineering revenues benefitted from the certification achieved from the European Aviation Safety Agency (EASA) and certification for additional modifications from Transport Canada and the Federal Aviation Authority (FAA) in the USA. Airwork traded ahead of expectations in Europe servicing its principal customer, the German search and rescue and medical services provider ADAC.

The helicopter leasing fleet was expanded ahead of expectations with a net increase of six BK117 helicopters. Aircraft were acquired and refurbished to meet the demands of existing and new customers, servicing the mining, onshore oil and gas, and emergency services industries. During the year, the Company acquired and integrated the business of a helicopter operation in South Africa, and reached an exclusive contract with a large operator in the United States to acquire up to 38 BK117 helicopters, as required, over the next four years.

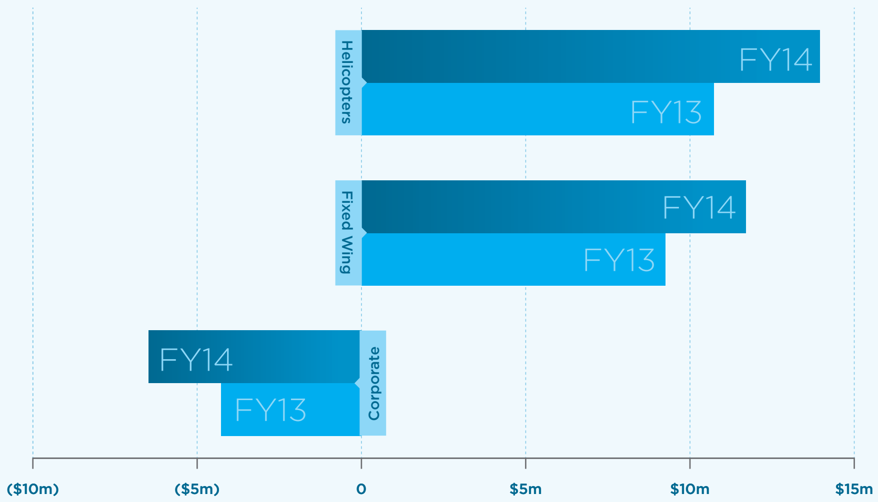
CHIEF EXECUTIVE'S REPORT (CONTINUED)

These are significant growth opportunities for our helicopter engineering and leasing businesses. The US aircraft are being progressively acquired, refurbished at our workshops at Ardmore and leased or sold generating new customers with of course the ongoing revenue streams for Airwork.

During the year, the Company invested in a helicopter leasing joint venture based in Hong Kong. The Company now has operations in Africa, South East Asia, Australia, New Zealand, Europe and North and South America.

The fixed wing division delivered customers with a strong on time performance in Australia and in New Zealand, an outstanding achievement given the disruption caused following a landing gear incident in Honiara in January 2014 resulting in the constructive loss of an aircraft. Overall revenues were comparable with 2013 while a focus on dry leasing has delivered improved margins. One further Boeing 737-400 was leased into Europe along with an additional two CFM56 engines. The Company has transitioned out of Australasian/Pacific Boeing 737 passenger operations, with the conversion of a previously Australian-based Boeing 737-400 previously fitted for passengers, to an all freight aircraft which became operational in Australia in August this year.

REPORTED EBIT



NET DEBT AND CAPEX

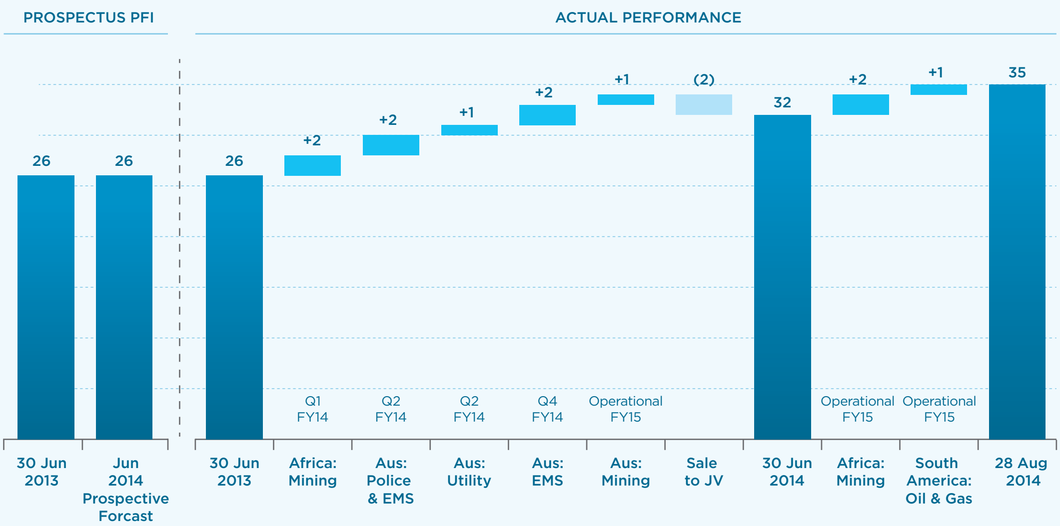
The Company continues to hold a conservatively geared balance sheet and capital structure. Net debt was $52.4 million at 30 June 2014, compared to $80.2 million in the prior year. As expected, certain proceeds from the IPO were used to reduce debt and provide additional working capital to allow the Company to be responsive to growth opportunities as they arise. Certain leases and a term loan that matured during the 2014 financial year were refinanced into a new amortising facility expiring in May 2018.

Aggregate capital expenditure during the year (comprising property, plant and equipment (including aircraft); intangible assets; purchase of subsidiary company; and investment in a joint venture company) totalled $41.7 million. The Group defines growth capex as investments in new assets or product development to increase the Group's earnings capacity; all other capex is defined as maintenance capex, including the regular maintenance of the Group's aircraft.

Growth capex of $30.7 million for the year included extension of the Group's helicopter engineering certification, the expansion of the Group's aircraft leasing fleet across both businesses, and conversion of a passenger aircraft to a freight aircraft which was in progress at balance date. Also included within Growth capex is the purchase of a subsidiary company domiciled in South Africa that provides the foundation for helicopter activities in Africa, and an investment of a 50% interest in a joint venture helicopter leasing business based in Hong Kong.

Maintenance capex was $10.9 million for the year, $2.5 million and $8.2 million for the Helicopter and Fixed Wing businesses respectively. Two Fixed Wing heavy maintenance events were deferred into the 2015 financial year due to operational requirements.

HELICOPTER LEASING FLEET

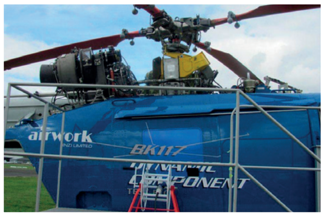


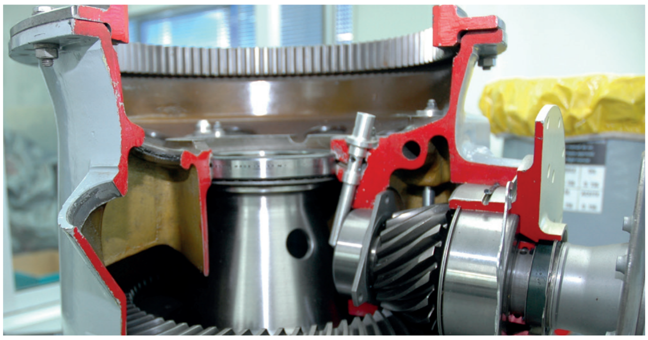
THE YEAR AHEAD

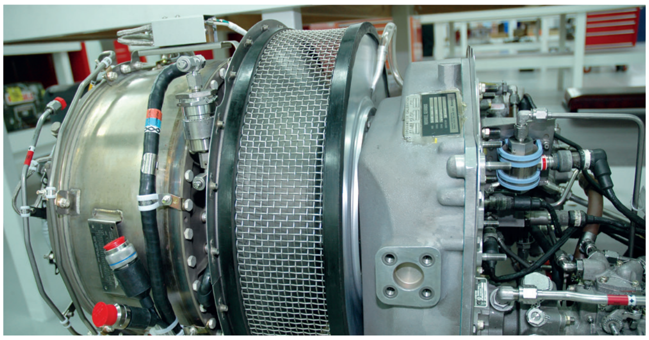
The helicopter business will focus largely on organic growth, with increased engineering and maintenance capacity to be provided through the expansion of our workshop capacity commencing in October 2014. The business will continue to partner with original equipment manufacturers. Market growth will be achieved alongside further expansion of the Company's engineering certification, which, when added to the significant bank of intellectual property already held, provides ongoing opportunity. The leasing fleet will progressively expand in emerging markets, with further helicopters introduced into Africa and South America in August 2014.

The fixed wing business will focus largely on its existing customers, with the expansion of the dry lease fleet and customer base to complement current activities and support margin improvement. The business will continue to deliver a world class on-time performance and focus on core customer requirements.

Chris Hart
Chief Executive Officer
Airwork Holdings Limited


airwork
BK117






ZS-RZY

AIRWORK is a global aviation provider with the unique capability to provide a fully tailored aviation service from heavy maintenance and engineering through to operations and charter of aircraft ranging from Boeing 737s to light turbine helicopters.

OUR FLEET

Airwork owns and/or operates 34 helicopters (excluding trading inventory) and 19 fixed wing aircraft as at 30 June 2014, as shown below.

HELICOPTER FLEET

	EUROCOPTER AS 355F1	EUROCOPTER / KAWASAKI BK-117	AGUSTA WESTLAND A109	EUROCOPTER AS 350 SERIES	MCDONNELL DOUGLAS 500	ROBINSON R44	BELL 427
							
Number Owned	10	16	–	3	1	–	–
Number Operated	–	1	1	–	–	1	1
Capacity	5 passengers	9 passengers	5 passengers	6 passengers	4 passengers	3 passengers	7 passengers
Cruise Speed	224kph	250kph	260kph	245kph	224kph	200kph	265kph
Max Range	703km	500km	990km	660km	605km	560km	685km

FIXED WING FLEET

	BOEING 737-300	BOEING 737-400	JET STREAM 32	FOKKER F27-500	FAIRCHILD SA227 METROLINER	PIPER PA31 CHIEFTAIN
						
Number Owned	4 freight 1 passenger	2 freight 2 passenger	–	–	2	1
Number Operated	–	–	2	2	3	–
Capacity	17,000kg 136 passengers	19,500kg 162 passengers	1,908kg 19 passengers	5,500kg	2,200kg 18 passengers	800kg 8 passengers
Cruise Speed	800kph	800kph	426kph	407kph	450kph	396kph
Max Range	6,000km	6,000km	1,875km	2,000km	2,750km	2,750km

Financial Statements

APPROVAL BY DIRECTORS

Dear Shareholders,

Your Directors have pleasure in presenting the Financial Statements for the year ended 30 June 2014.

The Directors have approved the Financial Statements of Airwork Holdings Limited for the year ended 30 June 2014 on pages 10 to 55.

Signed for and on behalf of the Board of Directors on 28 August 2014:

Michael W Daniel
CHAIRMAN

Robin A Flannagan
DIRECTOR

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	GROUP 2014 $000	GROUP 2013 $000	PARENT 2014 $000	PARENT 2013 $000
Helicopter revenue		64,343	53,020	–	–
Fixed wing revenue		61,009	65,305	–	–
Other revenue		13	14	21,106	11,597
Total revenue		**125,365**	**118,339**	**21,106**	**11,597**
Other income		13,628	–	–	–
Total income	2	**138,993**	**118,339**	**21,106**	**11,597**
Operating expenses	3, 4	(89,400)	(81,326)	(5,046)	(4,228)
IPO and listing costs		(1,254)	–	(1,254)	–
Equity accounted profits of joint venture and associate companies	15	312	52	–	–
Operating profit before depreciation, amortisation and impairment expenses		**48,651**	**37,065**	**14,806**	**7,369**
Depreciation, amortisation and impairment expenses	4, 13	(29,479)	(21,364)	(57)	(68)
Operating profit after depreciation, amortisation and impairment expenses	2, 4	**19,172**	**15,701**	**14,749**	**7,301**
Finance income	5	190	87	9	4
Finance expenses	5	(4,673)	(5,402)	(2,004)	(1,828)
Other gains/(losses)	6	(187)	(1,704)	469	(418)
Operating profit before taxation		**14,502**	**8,682**	**13,223**	**5,059**
Income tax expense	7	(4,674)	(2,213)	(4,058)	(1,423)
Net profit after taxation		**9,828**	**6,469**	**9,165**	**3,636**
Earnings per share					
Basic earnings per share (cents per share)	25	21.1	15.2		
Diluted earnings per share (cents per share)	25	20.8	15.2		

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	GROUP 2014 $000	GROUP 2013 $000	PARENT 2014 $000	PARENT 2013 $000
Net profit for the year as per Income Statement	9,828	6,469	9,165	3,636
Other comprehensive income – items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(2,569)	(117)	–	–
(Loss)/gain on cash flow hedges	(309)	(8)	–	–
Income tax credit/(expense) on other comprehensive income	87	2	–	–
Total comprehensive income for the year	**7,037**	**6,346**	**9,165**	**3,636**

The accompanying Statement of Accounting Policies and Notes form an integral part of and should be read in conjunction with these Financial Statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	SHARE CAPITAL $000	RETAINED EARNINGS $000	SHARE BASED PAYMENT RESERVE $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	HEDGING RESERVE $000	TOTAL EQUITY $000
GROUP							
As at 1 July 2012		**11,200**	**54,943**	**–**	**(516)**	**–**	**65,627**
Net profit for the year		–	6,469	–	–	–	6,469
Other comprehensive loss		–	–	–	(117)	(6)	(123)
Total comprehensive income/ (loss) for the year		**–**	**6,469**	**–**	**(117)**	**(6)**	**6,346**
Dividends paid to shareholders	26	–	(3,191)	–	–	–	(3,191)
As at 30 June 2013		**11,200**	**58,221**	**–**	**(633)**	**(6)**	**68,782**
Net profit for the year		–	9,828	–	–	–	9,828
Other comprehensive loss		–	–	–	(2,569)	(222)	(2,791)
Total comprehensive income/ (loss) for the year		**–**	**9,828**	**–**	**(2,569)**	**(222)**	**7,037**
Dividends paid to shareholders	26	–	(6,708)	–	–	–	(6,708)
Contribution by new shareholders from the issue of new share capital	23	37,500	–	–	–	–	37,500
Repurchase of share capital	23	(17,500)	–	–	–	–	(17,500)
IPO and listing costs charged against equity	23	(495)	–	–	–	–	(495)
Movement in share based payment reserve	24	–	–	149	–	–	149
As at 30 June 2014		**30,705**	**61,341**	**149**	**(3,202)**	**(228)**	**88,765**
PARENT							
As at 1 July 2012		11,200	2,070	–	–	–	13,270
Net profit for the year		–	3,636	–	–	–	3,636
Total comprehensive income for the year		**–**	**3,636**	**–**	**–**	**–**	**3,636**
Dividends paid to shareholders	26	–	(3,191)	–	–	–	(3,191)
As at 30 June 2013		**11,200**	**2,515**	**–**	**–**	**–**	**13,715**
Net profit for the year		–	9,165	–	–	–	9,165
Total comprehensive income for the year		**–**	**9,165**	**–**	**–**	**–**	**9,165**
Dividends paid to shareholders	26	–	(6,708)	–	–	–	(6,708)
Contribution by new shareholders from the issue of new share capital	23	37,500	–	–	–	–	37,500
Repurchase of share capital	23	(17,500)	–	–	–	–	(17,500)
IPO and listing costs charged against equity	23	(495)	–	–	–	–	(495)
Movement in share based payment reserve	24	–	–	149	–	–	149
As at 30 June 2014		**30,705**	**4,972**	**149**	**–**	**–**	**35,826**

The accompanying Statement of Accounting Policies and Notes form an integral part of and should be read in conjunction with these Financial Statements

BALANCE SHEET

AS AT 30 JUNE 2014

	NOTES	GROUP 2014 $000	GROUP 2013 $000	PARENT 2014 $000	PARENT 2013 $000
ASSETS					
Current assets					
Cash and cash equivalents	8	2,434	4,693	1,056	1,185
Accounts receivable	9	12,965	18,376	55	1,734
Property, plant and equipment held for sale	10	–	4,930	–	–
Income tax receivable		131	715	–	229
Inventory and work in progress	11	27,690	21,682	–	–
Derivative financial instruments (at fair value)	20	–	3,333	–	–
Other assets	12	1,358	1,040	136	15
Advances to subsidiary companies	31	–	–	73,705	58,292
		44,578	**54,769**	**74,952**	**61,455**
Non current assets					
Property, plant and equipment	13	128,763	126,109	196	178
Intangible assets	14	1,926	1,658	53	–
Investments in associate and joint venture companies	15	3,944	266	–	–
Investments in subsidiary companies	16	–	–	2,236	2,236
Other assets	12	749	1,016	–	–
Deferred tax asset	22	4,746	765	1,028	806
		140,128	**129,814**	**3,513**	**3,220**
Total assets		**184,706**	**184,583**	**78,465**	**64,675**
LIABILITIES					
Current liabilities					
Loans	17	13,546	33,999	4,658	3,260
Accounts payable	18	12,633	10,989	1,778	2,826
Income tax payable		108	2,418	1,028	–
Provision for employee entitlements	19	3,011	2,713	2,002	1,908
Derivative financial instruments (at fair value)	20	–	8	–	–
Other liabilities	21	12,819	10,528	1,248	840
Advances from subsidiary companies	31	–	–	8,224	7,161
		42,117	**60,655**	**18,938**	**15,995**
Non current liabilities					
Loans	17	41,248	50,893	23,596	34,870
Provision for employee entitlements	19	126	119	105	95
Derivative financial instruments (at fair value)	20	317	–	–	–
Other liabilities	21	4,479	1,352	–	–
Deferred tax liability	22	7,654	2,782	–	–
		53,824	**55,146**	**23,701**	**34,965**
Total liabilities		**95,941**	**115,801**	**42,639**	**50,960**
NET ASSETS		**88,765**	**68,782**	**35,826**	**13,715**
EQUITY					
Share capital	23	30,705	11,200	30,705	11,200
Retained earnings		61,341	58,221	4,972	2,515
Share based payment reserve	24	149	–	149	–
Foreign currency translation reserve		(3,202)	(633)	–	–
Hedging reserve		(228)	(6)	–	–
TOTAL EQUITY		**88,765**	**68,782**	**35,826**	**13,715**
NET TANGIBLE ASSETS PER SHARE ($'S)		**1.73**	**1.58**		

The accompanying Statement of Accounting Policies and Notes form an integral part of and should be read in conjunction with these Financial Statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

		GROUP		PARENT	
	NOTES	2014 $000	2013 $000	2014 $000	2013 $000
Cash flows from operating activities					
Receipts from customers and insurance proceeds		158,698	126,990	79	110
Interest received		190	87	9	4
Income taxes refunded		785	–	–	–
Dividends received	15	25	35	–	–
Management fees received		–	–	21,094	11,583
Payments to suppliers and employees		(104,111)	(96,482)	(4,701)	(3,950)
Interest paid		(4,803)	(5,479)	(2,136)	(1,905)
Income taxes paid		(6,178)	(2,651)	(5,623)	(1,521)
Net cash flows from operating activities	32	**44,606**	**22,500**	**8,722**	**4,321**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		5,233	728	–	1
Purchase of property, plant and equipment	13	(35,998)	(16,318)	(75)	(79)
Purchase of intangible assets	14	(514)	(911)	(53)	–
Purchase of subsidiary company	27	(811)	–	–	–
Investment in joint venture company	15	(3,391)	(75)	–	–
Advances to and repayments from subsidiary companies, net		–	–	(12,314)	(6,705)
Net cash flows from investing activities		**(35,481)**	**(16,576)**	**(12,442)**	**(6,783)**
Cash flows from financing activities					
Proceeds from issue of shares	23	37,500	–	37,500	–
Repurchase of shares	23	(17,500)	–	(17,500)	–
Proceeds from bank loan draw downs		56,818	76,097	35,990	76,097
Proceeds from subordinated debt draw down		–	5,000	–	5,000
Repayment of bank loans		(48,748)	(77,005)	(40,321)	(75,470)
Repayment of subordinated debt		(5,000)	–	(5,000)	–
Repayment of finance lease liabilities		(28,379)	(4,535)	–	–
Dividends paid to shareholders	26	(6,708)	(3,191)	(6,708)	(3,191)
IPO and listing costs charged against equity		(495)	–	(495)	–
Net cash flows from financing activities		**(12,512)**	**(3,634)**	**3,466**	**2,436**
Net (decrease)/increase in cash and cash equivalents		(3,387)	2,290	(254)	(26)
Net foreign exchange differences		1,128	(234)	125	–
Cash and cash equivalents at start of year		4,693	2,637	1,185	1,211
Cash and cash equivalents at end of year	8	**2,434**	**4,693**	**1,056**	**1,185**

The accompanying Statement of Accounting Policies and Notes form an integral part of and should be read in conjunction with these Financial Statements

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2014

A. REPORTING ENTITY

Airwork Holdings Limited is a profit-oriented company incorporated and domiciled in Auckland, New Zealand, registered under the Companies Act 1993, is listed on the NZX Main Board securities market, and is an issuer in terms of the Securities Act 1978 and the Financial Reporting Act 1993. The address of its registered office is Level 4, 32 Mahuhu Crescent, Auckland, New Zealand.

Financial statements are presented for Airwork Holdings Limited ("Parent" or "the Company") and its subsidiary, associate and joint venture companies ("the Group"). The financial statements were authorised for issue by the Directors on 28 August 2014.

B. NATURE OF OPERATIONS

Airwork Holdings Limited ("the Company") and its subsidiaries (together "the Group") provide chartering, leasing, crewing and engineering support services to helicopters and fixed wing aircraft principally in New Zealand, Australia, Asia-Pacific, Europe, Africa and North America.

C. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and other applicable New Zealand Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain assets and liabilities. Derivative financial instruments are measured at fair value, and non-current assets held for sale or discontinued operations are measured at the lower of historic cost and fair value less costs to sell.

The preparation of financial statements in conformity with New Zealand equivalents to International Financial Reporting Standards requires the Directors and management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. These estimates and associated assumptions are based on market data, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from those estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 1.

The accounting policies have been applied consistently throughout the Group for the purposes of this financial report. Where relevant, the accounting policies applied to the comparative period have been disclosed if they differ from the current year's policy.

The following standards and amendments were adopted for the first time by the Company and Group in the preparation of these financial statements:

- NZ IFRS 13 Fair Value Measurement.

Application of NZ IFRS 13 has not materially affected the fair value measurements of the Group. Additional disclosures, where required are provided in the individual notes relating to the assets and liabilities whose fair values were determined. The fair value hierarchy is provided in Note 33.

In addition the Group adopted the following standards for the first time in the preparation of these financial statements:

- NZ IAS 19 Employee Benefits revised;
- NZ IAS 27 Separate Financial Statements revised;
- NZ IAS 28 Investments in Associates and Joint Ventures revised;
- NZ IFRS 7 Financial Instruments: Disclosures;
- NZ IFRS 10 Consolidated Financial Statements;
- NZ IFRS 11 Joint Arrangements; and
- NZ IFRS 12 Disclosure of Interests in Other Entities.

The adoption of these standards did not have a material effect on the Group's or Company's financial statements.

The following standards and amendments were available for early adoption but have not been applied by the Company or Group in the preparation of these financial statements:

- NZ IFRS 9 Financial Instruments; and
- NZ IFRS 15 Revenue from contracts with customers.

While the adoption of these standards is not expected to have a material effect on the Group's financial statements, the Group has yet to perform a detailed analysis of the new standards.

D. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of consolidation

Subsidiary companies

Subsidiary companies are those entities that are controlled, directly or indirectly, by the Group. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, and is generally accompanied by a shareholding of more than one half of the voting rights. The financial statements of subsidiary companies are included in the consolidated financial statements using the purchase method of consolidation from the date that control commences to the date that control ceases.

Associate and joint venture companies

Associate companies are entities in which the Group has significant influence, but not control, over the operating and financial policies. The Group generally considers it has significant influence if it has between 20% and 50% of the voting rights.

Joint venture companies are entities in which the Company has joint control under a contractual arrangement with another party. Joint control is measured by a requirement for unanimous agreement between the parties to govern the financial and operating decisions of an entity so as to obtain the benefits from their activities.

The consolidated financial statements include the Group's share of the net profit or loss of associate and joint venture companies on an equity accounted basis. Investments in associate and joint venture companies are stated at the Group's share of their fair value of the net assets at acquisition date plus the share of post acquisition movements in reserves. Goodwill relating to associate and joint venture companies is included in the carrying amount of the investment and is not amortised. In the consolidated financial statements, dividends receivable from associate and joint venture companies are recognised as a reduction to the carrying amount of the investment.

When the Group's share of losses in associate and joint venture companies equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture. The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves.

Associate and joint venture companies' accounting policies conform to those used by the Group for similar transactions and events in similar circumstances.

Investments in associate and joint venture companies are assessed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount is estimated to ensure that the carrying amount does not exceed the recoverable amount.

Business Combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for an acquisition is the fair values of the assets transferred, the liabilities incurred and the equity interests issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition related costs are recognised as an expense in the period in which the costs are incurred and the services are received, with the following exceptions: costs to issue equity securities are recognised directly in equity as a reduction to share capital; costs to issue debt securities are deferred and recognised over the life of the debt security.

Except for non current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Income Statement.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the transaction. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Transactions eliminated on consolidation

The effects of all intra-group balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in preparing consolidated financial information.

2. Property, plant and equipment

Property, plant and equipment is shown in the financial statements at historical cost, less accumulated depreciation and any impairment losses.

Owned assets

All property, plant and equipment owned by the Group is initially recorded at cost and depreciated. Initial cost includes the purchase consideration, or fair value in the case of subsidised assets, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. These costs include, where applicable, consent costs, all materials used in construction, direct labour on the project, delivery costs, duty and other non recoverable charges, financing costs that are directly attributable to the project, and an appropriate portion of variable and fixed overheads. All feasibility costs are expensed as incurred.

Third party capital contributions

Third party contributions towards the capital cost of an asset are included within operating revenue at fair value. Accordingly, the contribution is recorded in the Balance Sheet at its fair value at the date of acquisition.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained, and that expenditure would have been included in the initial cost of the item had the expenditure been incurred at that time.

Expenditure, including inventory, relating to major aircraft overhauls is capitalised. The carrying amount of a replacement part is derecognised. Repair and maintenance costs are charged as an expense in the Income Statement.

Disposal

On disposal or permanent withdrawal of an item of property, plant and equipment the difference between the disposal proceeds (if any) and the carrying amount is recognised in the Income Statement.

3. Depreciation

All property, plant and equipment is written off or, where applicable, written down to its residual value over its estimated useful life. Depreciation commences from the date the asset enters service.

All property, plant and equipment are depreciated at rates which will write off their cost, less estimated residual value, over their expected useful lives. Depreciation rates and methods for each component group of fixed wing aircraft and helicopters are as follows:

- Airframe: straight line basis over a period of up to 20 years
- Engines: hours/cycles flown to next major overhaul
- Hot section inspection: hours flown to next major overhaul
- Propellers: hours flown to next major overhaul
- Other life components: hours flown, cycles or calendar time to next major overhaul

All other property, plant and equipment are depreciated at the following rates:

- Buildings on leasehold land: straight line over remaining life of lease
- Motor Vehicles: 7% to 20% straight line
- Plant and Equipment: 3% to 80% straight line

Capital work in progress is not depreciated until the asset is commissioned.

4. Intangible assets

Intangible assets acquired separately or in a business combination are recognised initially at cost. An intangible asset with a finite useful life is amortised either on a straight line basis over its useful life, or on a basis representative of the expected benefit of the underlying assets. If there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows, the asset is not amortised but is tested annually for impairment.

Goodwill

Goodwill arising on the acquisition of a subsidiary company represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary company recognised at the date of acquisition. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which the goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Contractual customer relationships

Contractual customer relationships acquired separately or in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite life and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight line basis over a period of between five and ten years.

Intellectual property

Intellectual property relating to specialised product development and industry certification costs are carried at cost less accumulated amortisation. Amortisation is calculated with reference to the expected market size and on the basis of expected future sales, and is charged as an expense as those sales are recognised as revenue.

Intellectual property relating to training and generational manuals acquired in a business combination are recognised at fair value at the acquisition date and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight line basis over a period representative of the benefit and use of the underlying assets. At 30 June 2014, the Group did not record any intellectual property acquired in a business combination.

Computer software

Computer software is a finite life intangible asset and is recorded at cost less accumulated amortisation and any impairment losses. Amortisation is charged as an expense on a straight line basis over periods of up to ten years.

Other intangible assets

Internally generated intangible assets, excluding intellectual property, are not capitalised and expenditure is recognised in the Income Statement in the year in which the expenditure is incurred.

5. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Operating leases

Operating leases are defined as leases under which substantially all the benefits and risks of ownership of the applicable asset or assets remain with the lessor.

The Group is lessee of certain property, plant and equipment under operating leases. Where the Group is the lessee, operating leased assets are not recorded on the Group's Balance Sheet. Expenses relating to operating leases are charged to the Income Statement on a basis that is representative of the pattern of benefits expected to be derived from the leased asset.

The Group is also lessor of certain property, plant and equipment under operating leases. Assets leased to third parties under operating leases are included in property, plant and equipment in the Balance Sheet and depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

Preliminary expenses and establishment costs incurred in connection with operating leases as lessor are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Finance leases

Finance leases are defined as leases under which substantially all the benefits and risks of ownership of the applicable asset or assets remain with the lessee. No material finance leases have been entered into by the Group as lessor.

Finance leases payments are apportioned between the finance charge and the reduction in the outstanding principal. The interest expense component of the finance lease payments is recognised in the Income Statement using the effective interest rate method. Assets acquired by way of finance lease are included in property, plant and equipment, initially at an amount equal to the lower of their fair value and the present value of future minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policies applicable to that asset. Capitalised finance lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, except where there is a reasonable expectation that the Group will obtain ownership by the end of the lease term in which case the asset is depreciated over its expected useful life.

Preliminary expenses and establishment costs incurred in connection with finance leases are capitalised as part of the cost of the asset.

Sale and leaseback transactions

Sale and leaseback transactions involve the sale of aircraft and the subsequent leasing of those assets by the Group. The rentals and the sale price are usually interdependent as they are negotiated as a package and need not represent fair values. The accounting treatment of a sale and leaseback transaction depends on the type of lease involved.

If the leaseback is a finance lease, then the transaction is a means whereby the lessor provides finance to the Group with the asset as security. For this reason, it is not appropriate to regard the excess of the sale proceeds over the carrying amount of assets as a realised profit, but such excess is deferred and amortised over the term of the lease.

If the leaseback is an operating lease, and the rentals and the sale price are established at fair value, there has in effect been a normal sale transaction and any profit or loss is recognised in the Income Statement. If the sale is below fair value, any profit or loss is recognised immediately unless the loss is compensated by future lease payments below market prices, in which case it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over the fair value is deferred and amortised over the period for which the asset is expected to be used.

6. Impairment of non financial assets (excluding goodwill)

The carrying amounts of the Group's non financial assets (excluding goodwill) are reviewed at each reporting date to determine if there is any indication of impairment. If any such indication exists, the recoverable amount will be estimated for the asset and it will be tested for impairment by comparing the asset's recoverable amount to its carrying amount. If it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit to which the asset belongs will be determined. A cash generating unit is the smallest identifiable group of assets that generate cash flows largely independent of other assets or groups of assets.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss will be recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses recognised in respect of a cash generating unit will be allocated to reduce the carrying amount of the assets in the unit on a pro-rata basis to their carrying amounts. Any impairment loss is recognised in the Income Statement in the period in which it arises.

7. Foreign currency translation

Functional currency

Both the functional currency of the Parent and presentation currency of the Group is New Zealand dollars. Except where otherwise specified, all dollar amounts shown in the financial statements are stated in New Zealand dollars.

Translation of foreign currency transactions

All exchange differences arising on the translation of monetary assets and liabilities in foreign currencies, whether realised or unrealised, are recognised in the Income Statement. Foreign currency transactions are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities in foreign currencies at balance date are translated at exchange rates ruling at balance date. Non monetary assets are translated to New Zealand dollars using the exchange rates at the date of the initial transaction. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of foreign operations

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Income and expenses for each subsidiary company whose functional currency is not New Zealand dollars are translated at exchange rates that approximate the rates ruling at the dates of the transactions. Assets and liabilities of those subsidiary companies are translated at exchange rates prevailing at balance date, and all resulting foreign exchange differences are recognised in the foreign currency translation reserve, which is a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency investments designated as hedges of such investments are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the Income Statement as part of profit or loss on sale.

8. Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of goods

The Group sells aircraft spare parts to both trade and retail customers. Sales of goods are recognised when a group entity has delivered the goods to the customer. Except where the Group agrees to deliver the goods to the customer's premises, delivery occurs when the goods have been released to a carrier. In general, delivery occurs when the risk of obsolescence and loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance has been satisfied.

Sales are recorded based on the price specified in the sales contracts. No element of financing is deemed present as the sales are generally made with 30-day credit terms, which is consistent with market practice. Retail sales are usually in cash or by credit card.

Sale of services

The Group provides aircraft operations and support services to customers. Services include both aircraft only and full service (aircraft, crew, maintenance and insurance) leasing, generally to customers involved in oil and gas exploration, transport operations and providing emergency medical services (EMS). These services are provided on either a flying time basis, as a fixed-price contract or a mixture of both; with contract terms generally ranging from less than one year to seven years. Revenue is generally recognised when the services have been performed, at the contractual rates.

Aircraft maintenance

Maintenance revenue is recognised and measured at the fair value of the consideration received or recoverable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Where aircraft maintenance contract revenues cannot be reliably measured, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recovered. When it is probable that total contact costs will exceed revenue, the expected loss is expensed immediately.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions have been complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Third party capital contributions

Third party contributions towards the capital cost of an asset are included within operating revenue at fair value.

9. Taxation

Income tax expense is charged against net profit before taxation comprising current and deferred taxes. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it will be recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes. The following temporary differences will not be provided for:

- the initial recognition of assets and liabilities that affect neither accounting or taxable profit;
- differences relating to goodwill; and
- differences relating to investments in subsidiary companies to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantially enacted at each reporting date. Deferred tax assets and liabilities are not discounted.

A deferred tax asset will be recognised in the financial statements for all deductible temporary differences and for the carry forward of unused tax losses and tax credits only to the extent that it is probable that future taxable profits will be available against which the asset base can be utilised. Deferred tax assets are recognised to the extent that it is probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

10. Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Trade receivables and trade payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authorities is included as a current asset or current liability in the Balance Sheet. Operating cash flows are included in the Statement of Cash Flows on a gross basis in respect of GST. The GST component of cash flows arising from investing and financing activities, which are recoverable from or payable to the tax authorities, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authorities.

11. Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share amounts are calculated on the same basis, but adjusted for the effects of conversion of all dilutive potential ordinary shares.

12. Segmental reporting

The determination of the Group's operating segments and the information reported for the operating segments is based on the management approach as set out in NZ IFRS 8 Operating Segments. The Group's Board has been identified as the Group's chief operating decision maker for the purpose of applying NZ IFRS 8.

13. Accounts receivables

Accounts receivables are initially recorded at fair value which is typically their original invoice amount and subsequently reduced by appropriate allowances for non recoverable amounts. Bad and doubtful debts are expensed to the Income Statement when a debt is identified as being impaired.

14. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the specific identification costing method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour and other direct costs including an appropriate share of directly attributable overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

On 30 June 2013 the Group reclassified inventories used to repair aircraft owned within the Group as property, plant and equipment. The Directors determined that it is impracticable to determine either the period-specific effects or the cumulative effect of the change. As such, the reclassification that occurred as at 30 June 2013 has been applied prospectively.

15. Loans

Loans including finance lease liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any differences between the initial recognised amount and the principal amount being recognised in the Income Statement over the period of the loan using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financing costs

Financing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset or assets are capitalised as part of the cost of the asset or assets. Capitalisation of financing costs cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

16. Accounts payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and due to their short term nature, payables are typically not discounted.

17. Provisions

Provisions are recognised when:

- the Company or Group has a present obligation (legal or constructive) as a result of a past event;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the future cash flows using a current pre-tax discount rate that reflects the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision for the passage of time is recognised as a finance cost.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

18. Employee entitlements

Employee benefits are all forms of consideration given in exchange for services rendered by employees. Employee benefits include:

- short term employee benefits e.g. salaries and wages;
- profit sharing and bonus plans;
- short term compensated absences e.g. sick leave and annual leave;
- long term employee benefits e.g. long service leave;
- other benefits e.g. contributions to superannuation plans; and
- termination benefits.

Provisions for employee entitlements are recognised as a liability in respect of benefits earned by employees not yet paid at balance date. The liability for employees' compensation for future absences is accrued in respect of employees' services already rendered and where the obligation relates to rights which have vested. The provision is determined by reference to the benefits vested, the current rate of pay adjusted for consideration of future increases in wage and salary rates, and the inclusion of related on-costs.

Additionally the Group estimates the liability for leave to be provided at the time an employee qualifies for long service leave on an actuarial basis and accrues the estimated future liability. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Contributions to superannuation plans

Certain employees are members of defined contribution schemes and the Group contributes to those schemes. A defined contribution scheme is a plan under which the employee and the Group pay fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions in relation to employee service in the current and prior periods. The contributions are recognised as employee benefit expense in the Income Statement when they are due.

19. Investments and other financial assets

Investments and financial assets in the scope of NZ IAS 39 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. The Group determines the classification of its financial assets on initial recognition, and when allowed and appropriate, re-evaluates this designation at each financial year end.

Classification

- Financial assets at fair value through profit or loss – financial assets classified as held for trading are included in the category "Financial Assets at Fair Value through Profit or Loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in the Income Statement and the related assets/liabilities are classified as current assets/ liabilities in the Balance Sheet.
- Loans and receivables – the predominant financial assets held by the Group are trade and other receivables. Receivables are non derivative financial assets with fixed or determinable payments that are not quoted on an active market. Receivables are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non current assets.
- Held-to-maturity investments – non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the effective interest rate ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs. The Group did not have any held-to-maturity investments during the years ended 30 June 2014 and 2013.
- Available for sale financial assets – available for sale financial assets are non derivatives that are either designated in this category or not classified in any other of the categories. They are included in non current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Income Statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the Income Statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Income Statement as 'Gains/(losses) from investment securities'. Interest on available for sale securities calculated using the effective interest rate method is recognised in the Income Statement as part of other income. Dividends on available for sale equity instruments are recognised in the Income Statement as part of other income when the Group's right to receive payments is established.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Income Statement.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Income Statement.

20. Derivative financial instruments

The Group uses derivative financial instruments within predetermined policies and limits in order to hedge its exposure to fluctuations in foreign exchange rates and interest rates. Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. The Group designates certain derivatives as either:

- hedges of the exposure to changes in the fair value of recognised assets or liabilities or an unrecognised firm commitment (fair value hedge); or
- hedges of the exposure to variability in cash flows associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of net investments in foreign operations (net investment hedge).

Where hedge accounting is adopted, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non current asset or a non current liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or current liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or current liability.

The fair value of derivative financial instruments are determined by reference to the market values for similar products of similar maturity.

- Fair value hedge – changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
- Cash flow hedge – the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity as other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

  Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, the purchase of inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

  When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.
- Net investment hedge – hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity and in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Gains and losses accumulated in equity are included in the Income Statement when the foreign operation is partially disposed of or sold.

The Group does not engage in speculative transactions or hold derivative financial instruments for trading purposes. Within the aviation industry, aircraft asset values are transacted in US$, therefore the Group's ultimate exposure to the realisation of residual aircraft asset values is in US$. Instances arise where the Group has hedged its financial risk exposures economically, but the hedges are deemed ineffective hedges under NZ IFRS and therefore fall within the classification as held for trading. In these circumstances, movements in the fair value of derivative financial instruments are recognised in the Income Statement.

21. Non current assets/liabilities held for sale and discontinued operations

Non current assets and liabilities including those associated with discontinued activities, are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset (or disposal group) is recognised at the date of disposal.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Income Statement.

22. Cash flow

The following are the definitions of terms used in the Statement of Cash Flows:

- cash is cash on hand, current accounts in banks and short term deposit accounts with a maturity date of less than three months;
- investing activities are those activities relating to acquisition, holding and disposal of property, plant and equipment and of investments, and include the purchase and sale of interests in other entities;
- financing activities are those activities which result in changes in the size and the composition of the capital structure. This includes both equity and debt not falling within the definition of cash; and
- operating activities include all transactions and other events that are not investing or financing activities.

23. Share capital

Ordinary shares are classified as equity. Share capital is recognised at the fair value of the consideration received for the issue of shares. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Transaction costs related to the listing of new shares and the simultaneous listing of existing shares on the NZX are allocated to those shares on a proportionate basis. Transaction costs relating to the listing of existing shares are not considered costs of an equity instrument as no equity instrument is issued and consequently costs are recognised as an expense in the Income Statement when incurred. Transaction costs related to the issue of new share capital are recognised directly in equity as a reduction of the share proceeds received.

24. Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share based payment reserve. Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of each reporting period.

25. Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's Balance Sheet in the period in which the dividends are approved by the Company's Directors.

E. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. Uniform accounting policies have been applied by the Group on a consistent basis with those of the previous year.

Certain comparative amounts have been reclassified in order to conform with the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions and the differences may be material. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Estimated impairment of non financial assets

Non financial assets (including property, plant and equipment, intangible assets, investment in associate company, investment in joint venture company and investments in subsidiary companies) are reviewed at each reporting date to determine whether there are any indicators that the carrying amount may not be recoverable.

Residual values and useful lives of assets

Estimates and judgements are applied by management to determine the expected useful life of aircraft related assets. The useful lives are determined based on the expected service potential of the asset and lease terms. An asset's residual value, at the expected date of disposal, is estimated by reference to external projected values.

Judgement is also applied in the identification of depreciation and amortisation rates that are indicative of the period over which the carrying value of each asset will be realised.

Capital v repairs and maintenance expenditure

The Group maintains and services its own aircraft, including aircraft owned under finance lease arrangements. Judgements are applied by management to determine whether expenditure on existing property, plant and equipment is of a capital nature, in which case it is capitalised, or whether the expenditure is repairs and maintenance in which case it is expensed.

Commercial dispute

Judgement is applied in the recognition of revenue and impairment assessment of accounts receivable and aircraft carrying values in relation to a contract which is the subject of a commercial dispute with a customer. During the year the customer ceased using the fleet of eight helicopters with a carrying value of $7.6 million as at 30 June 2014. The Group has initiated legal action to enforce its rights under the contract. The directors consider the Group has taken a prudent approach to the recognition of revenue and receivables in respect of this customer contract.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. The preparation of the financial statements requires management to make estimates about items that are not known at balance date or prior to the Group reporting its result. Judgements are required about the application of income tax legislation and the determination of the worldwide provision for income taxes. These judgements and assumptions are subject to risk and uncertainty, which may ultimately impact the amount of tax payable by the Group. In such circumstances, some or all of the carrying amounts of recognised tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Income Statement.

Deferred tax assets are recognised for deductible temporary differences and income tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (e.g. over the counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

2. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on its products and services and has two reportable operating segments as follows:

- The Fixed Wing business, providing contract aircraft leasing, charter, aircraft flight operations and maintenance, repair and overhaul ("MRO") services to a number of sectors including air freight and logistics operators; and
- The Helicopter business, providing helicopter MRO services in New Zealand and internationally including turbine engine and dynamic component repair and overhaul, and helicopter leasing, crewing and charters for emergency medical services, police, search and rescue, oil, gas and mineral exploration and tourism.

No operating segments have been aggregated to form the above reportable operating segments.

The Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and is measured consistently with operating profit in the consolidated financial statements. Group financing (including finance costs and finance income), income taxes, management fees and balance sheets are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

YEAR ENDED 30 JUNE 2014	FIXED WING $000	HELICOPTERS $000	TOTAL SEGMENTS $000	ADJUSTMENTS AND ELIMINATIONS $000	CONSOLIDATED $000
Revenue					
External customers	61,009	64,343	**125,352**	13	**125,365**
Other income	13,628	–	**13,628**	–	**13,628**
Inter-segment	902	299	**1,201**	(1,201)	**–**
Total income	**75,539**	**64,642**	**140,181**	**(1,188)**	**138,993**
Depreciation, amortisation and impairment expenses	(23,861)	(5,562)	**(29,423)**	(56)	**(29,479)**
Share of profit of associates and joint ventures	112	204	**316**	(4)	**312**
Segment operating profit/(loss) after depreciation, amortisation and impairment expenses	**11,693**	**13,952**	**25,645**	**(6,473)**	**19,172**
Other disclosures					
Capital expenditure	**17,398**	**19,689**	**37,087**	**127**	**37,214**

Other income relates to insurance proceeds following an aircraft incident in January 2014. Inter-segment revenues are eliminated upon consolidation and reflect in the 'adjustments and eliminations' column. Finance income, finance expenses and other gains/(losses) are not allocated to individual segments as the underlying instruments are managed on a group basis. Capital expenditure consists of additions of property, plant and equipment, and intangible assets. All other adjustments and eliminations are part of the detailed reconciliations further below.

YEAR ENDED 30 JUNE 2013	FIXED WING $000	HELICOPTERS $000	TOTAL SEGMENTS $000	ADJUSTMENTS AND ELIMINATIONS $000	CONSOLIDATED $000
Revenue					
External customers	65,305	53,020	**118,325**	14	**118,339**
Inter-segment	2	653	**655**	(655)	**–**
Total revenue	**65,307**	**53,673**	**118,980**	**(641)**	**118,339**
Depreciation, amortisation and impairment expenses	(14,970)	(6,326)	**(21,296)**	(68)	**(21,364)**
Share of profit of associates and joint ventures	25	25	**50**	2	**52**
Segment operating profit/(loss) after depreciation, amortisation and impairment expenses	**9,251**	**10,729**	**19,980**	**(4,279)**	**15,701**
Other disclosures					
Capital expenditure	**9,557**	**7,599**	**17,156**	**73**	**17,229**

Geographic information

INCOME FROM EXTERNAL CUSTOMERS	2014 $000	2013 $000
New Zealand	35,417	32,518
Australia	64,022	57,244
Rest of World	39,554	28,577
Total income per consolidated income statement	**138,993**	**118,339**

The revenue information above is based on the locations of the customers. Revenue from one customer amounted to $33,383,000 (2013: $33,026,000), arising from sales by the fixed wing segment. Revenue from a second customer amounted to $13,395,000 (2013: $14,323,000), arising from sales by the fixed wing segment.

NON CURRENT ASSETS BY LOCATION	2014 $000	2013 $000
New Zealand	35,047	33,662
Australia	62,258	69,814
Rest of World	33,384	24,291
Total non current assets	**130,689**	**127,767**

Non current assets for this purpose consist of the location of property, plant and equipment, and intangible assets.

3. OPERATING EXPENSES

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Parts and material purchases	(38,446)	(31,638)	–	–
Parts sales commission and brokerage	(2)	(7)	–	–
Labour and related expenses	(32,695)	(35,284)	(3,507	(3,221)
Aircraft operating expenses	(4,647)	(4,148)	–	–
Other expenses	(13,610)	(10,249)	(1,539)	(1,007)
	(89,400)	**(81,326)**	**(5,046)**	**(4,228)**

4. OPERATING PROFIT/(LOSS)

The following items of revenue/(expense) are including in Operating Profit/(Loss):

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Auditor's remuneration: PricewaterhouseCoopers*				
› Auditing the financial statements	(105)	(114)	(105)	(113)
› Taxation services	(131)	(35)	(13)	(10)
› Review of interim financial statements	(20)	–	(20)	–
› IPO investment statement and prospectus assurance services*	(336)	–	(336)	–
› Other services	–	(21)	–	(21)

** The Group's auditors PricewaterhouseCoopers, received fees of $336,000 in relation to the Investment Statement and Prospectus issued by the Company dated 19 November 2013. Of these costs $286,000 are included in IPO and listing costs expense in the current year with the remaining $50,000 being attributed to the cost of issue of shares and offset in contributed equity.*

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Depreciation expense (refer Note 13):				
› Buildings	(220)	(203)	–	–
› Helicopters	(4,781)	(5,125)	–	–
› Fixed Wing:				
– Owned aircraft	(9,822)	(8,048)	–	–
– Aircraft subject to finance leases	(3,646)	(4,596)	–	–
› Capital stock	(374)	–	–	–
› Plant, vehicles and equipment	(737)	(1,164)	(57)	(68)
	(19,580)	**(19,136)**	**(57)**	**(68)**
Impairment expense: property, plant and equipment (refer Note 13)	(9,653)	(1,971)	–	–
Amortisation expense: intangible assets (refer Note 14)	(246)	(257)	–	–
Total depreciation, amortisation and impairment expenses	**(29,479)**	**(21,364)**	**(57)**	**(68)**
Labour and related expenses:				
› Wages and salaries	(29,384)	(31,362)	(3,173)	(2,517)
› Contractors and temporary staff	(1,672)	(2,652)	(138)	(669)
› Contributions to employee superannuation schemes	(1,270)	(1,057)	(47)	(29)
› Share based payment expense	(149)	–	(149)	–
› Other short term benefits	(220)	(213)	–	(6)
	(32,695)	**(35,284)**	**(3,507)**	**(3,221)**
Impairment loss on accounts receivable:				
› Written off as non recoverable	(14)	(7)	–	–
› Increase in provision for doubtful debts	(12)	(188)	–	–
	(26)	**(195)**	**–**	**–**

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Impairment (loss)/reversal on inventory:				
› Obsolete stock written back	8	67	–	–
› Increase in provision for inventory impairment	(172)	(609)	–	–
	(164)	**(542)**	**–**	**–**
Directors' fees	(118)	(36)	(116)	(36)
Gain/(loss) on disposal of property, plant and equipment	322	(70)	–	1
Operating lease expenses	(874)	(815)	–	–
Government grants (New Zealand Trade and Enterprise)	–	387	–	–
Third party capital contribution (refer Note 13)	–	658	–	–
Management fees charged to subsidiary companies	–	–	21,094	11,583

5. FINANCE INCOME AND EXPENSES

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Interest income	190	87	9	4
Interest expense	(3,803)	(4,852)	(1,406)	(1,278)
Finance fees	(598)	(550)	(598)	(550)
Finance lease break costs	(272)	–	–	–
	(4,483)	**(5,315)**	**(1,995)**	**(1,824)**
Represented in the income statement as follows:				
Finance income	190	87	9	4
Finance expenses	(4,673)	(5,402)	(2,004)	(1,828)
	(4,483)	**(5,315)**	**(1,995)**	**(1,824)**

No borrowing costs were capitalised in the year (2013: nil).

6. OTHER GAINS/(LOSSES)

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Net foreign exchange gains/(losses) comprises:				
› Realised foreign exchange gains/(losses)	2,943	2,066	362	(242)
› Unrealised foreign exchange gains/(losses)	(23)	(617)	107	(176)
	2,920	**1,449**	**469**	**(418)**
Net change in fair value of derivative financial instruments:				
› Derivatives measured at fair value through the income statement (refer Note 33)	(3,107)	(3,153)	–	–
	(187)	**(1,704)**	**469**	**(418)**

7. INCOME TAX EXPENSE

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Operating profit/(loss) before taxation	**14,502**	**8,682**	**13,223**	**5,059**
Prima facie taxation (expense)/credit at 28%	(4,061)	(2,431)	(3,702)	(1,417)
Taxation effect of permanent differences:				
Tax rate differential related to non-New Zealand earnings	37	51	–	–
Equity accounted profits of associate company	62	15	–	–
Non deductible IPO and listing costs	(351)	–	(351)	–
Other non assessable revenues and non deductible expenses (net)	216	(52)	(5)	(6)
Adjustment for prior years	(577)	204	–	–
Income tax (expense)/credit	**(4,674)**	**(2,213)**	**(4,058)**	**(1,423)**
Represented by:				
Current tax	(3,274)	(4,389)	(4,280)	(1,660)
Deferred tax (refer Note 22)	(823)	1,972	222	237
Adjustment for prior years	(577)	204	–	–
Total income tax (expense)/credit	**(4,674)**	**(2,213)**	**(4,058)**	**(1,423)**
Imputation credit account				
Balance at start of year	2,991	565	2,991	565
Tax payments	3,349	1,619	3,349	1,619
Credits attached to dividends received	11	16	11	16
Credits attached to dividends paid	(2,267)	(1,241)	(2,267)	(1,241)
Tax refunded	–	(119)	–	(119)
Balance of imputation credit account at end of year	**4,084**	**840**	**4,084**	**840**
New Zealand tax (refundable)/payable at end of year	(96)	2,151	(96)	2,151
Imputation credits available for subsequent periods	**3,988**	**2,991**	**3,988**	**2,991**

Airwork Holdings Limited (the Parent) and its significant trading New Zealand subsidiary companies form a tax consolidated group, therefore the imputation credits shown above are for the tax consolidated group.

The Group's effective tax rate for the year was 32.2% (2013: 25.5%).

8. CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Cash at bank and on hand	2,208	2,578	1,056	1,185
Aircraft reserves bank account	226	2,115	–	–
Cash at bank and on hand	**2,434**	**4,693**	**1,056**	**1,185**

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value. Cash held in the aircraft reserves bank account can be accessed only to fund capital expenditure on specific aircraft and with the consent of the customer.

9. ACCOUNTS RECEIVABLE

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Trade receivables	11,385	16,486	18	14
Provision for doubtful receivables	(636)	(624)	–	–
	10,749	**15,862**	**18**	**14**
Other receivables	2,216	2,514	37	1,720
	12,965	**18,376**	**55**	**1,734**

Trade receivables are non interest bearing and are generally on 30 day terms. Due to the short term nature of these receivables, their carrying value approximates fair value. At 30 June, the ageing of trade receivables was as follows:

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Not past due	9,465	11,823	18	14
Past due 0 – 30 days, not considered impaired	835	1,562	–	–
Past due 31 – 60 days, not considered impaired	169	463	–	–
Past due 60 – 90 days, not considered impaired	60	556	–	–
Past due more than 90 days, not considered impaired	220	1,458	–	–
Past due more than 90 days, considered impaired	636	624	–	–
	11,385	**16,486**	**18**	**14**

Other receivables are not past due and do not contain impaired assets.

10. PROPERTY, PLANT & EQUIPMENT HELD FOR SALE

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Balance at start of year	4,930	3,491	–	–
Transferred from property, plant and equipment (refer Note 13):				
› Cost	201	1,779	–	–
› Depreciation	–	(340)	–	–
› Net book value transferred from property, plant and equipment	**201**	**1,439**	**–**	**–**
Disposals	(3,942)	–	–	–
Transfer to trading inventory	(1,107)	–	–	–
Net foreign exchange movements	(82)	–	–	–
Balance at end of year	**–**	**4,930**	**–**	**–**

Trading inventories consist of helicopters purchased for refurbishment and resale.

11. INVENTORY AND WORK IN PROGRESS

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Inventory: materials and components	16,472	25,687	–	–
Trading inventory	2,896	5,298	–	–
Provision for inventory impairment	(1,248)	(1,076)	–	–
Transferred to property, plant and equipment (refer Note 13)	–	(12,569)	–	–
	18,120	**17,340**	**–**	**–**
Work in progress	9,570	4,342	–	–
	27,690	**21,682**	**–**	**–**

12. OTHER ASSETS

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Prepayments	851	663	136	15
Lease incentive	1,014	1,279	–	–
Other assets	242	114	–	–
	2,107	**2,056**	**136**	**15**
Represented by:				
Current	1,358	1,040	136	15
Non current	749	1,016	–	–
	2,107	**2,056**	**136**	**15**

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	BUILDINGS $000	FIXED WING AIRCRAFT UNDER FINANCE LEASE $000	FIXED WING AIRCRAFT $000	ROTABLES AND SPARE PARTS $000	HELICOPTERS $000	PLANT, EQUIPMENT AND MOTOR VEHICLES $000	TOTAL $000
Cost:							
Balance as at 1 July 2012	4,221	55,052	68,320	–	48,787	9,600	185,980
Additions (excluding third party capital contributions)	11	3,762	5,414	–	5,770	1,361	16,318
Net decrease in accrued capital expenditure	–	–	(271)	–	–	–	(271)
Third party capital contributions (refer Note 4)	–	–	658	–	–	–	658
Disposals	–	–	(8,871)	–	(1,243)	(196)	(10,310)
Reclassification	–	(4,938)	5,188	–	–	(250)	–
Transferred from inventory (refer Note 11)	–	–	–	12,569	–	–	12,569
Transfer to property, plant and equipment held for sale (refer Note 10)	–	–	–	–	(1,779)	–	(1,779)
Net foreign exchange movements	–	(4,029)	780	–	(141)	(25)	(3,415)
Balance as at 30 June 2013	**4,232**	**49,847**	**71,218**	**12,569**	**51,394**	**10,490**	**199,750**
Additions (excluding third party capital contributions)	85	3,550	11,942	1,212	18,184	1,025	35,998
Net increase in accrued capital expenditure	–	–	–	–	702	–	702
Additions through acquisition of subsidiary	–	–	–	–	1,751	15	1,766
Disposals	–	(15,951)	(39)	(29)	(4,048)	(311)	(20,378)
Reclassification	–	(33,574)	34,815	(1,416)	175	–	–
Transfer to property, plant and equipment held for sale (refer Note 10)	–	–	–	–	(201)	–	(201)
Net foreign exchange movements	–	(3,872)	(6,954)	–	(343)	(378)	(11,547)
Balance as at 30 June 2014	**4,317**	**–**	**110,982**	**12,336**	**67,614**	**10,841**	**206,090**
Accumulated Depreciation and Impairment:							
Balance as at 1 July 2012	(2,405)	(18,647)	(24,601)	–	(12,243)	(5,770)	(63,666)
Disposals	–	–	8,871	–	445	196	9,512
Depreciation expense (refer Note 4)	(203)	(4,596)	(8,048)	–	(5,125)	(1,164)	(19,136)
Impairment expense (refer Note 4)	–	–	(1,971)	–	–	–	(1,971)
Reclassification	–	3,139	(3,139)	–	–	–	–
Transfer to property, plant and equipment held for sale (refer Note 10)	–	–	–	–	340	–	340
Net foreign exchange movements	–	1,270	2	–	–	8	1,280
Balance as at 30 June 2013	**(2,608)**	**(18,834)**	**(28,886)**	**–**	**(16,583)**	**(6,730)**	**(73,641)**
Disposals	–	15,923	39	–	4,037	152	20,151
Depreciation expense (refer Note 4)	(220)	(3,646)	(9,822)	(374)	(4,781)	(737)	(19,580)
Impairment expense (refer Note 4)	–	(9,653)	–	–	–	–	(9,653)
Reclassification	–	14,556	(13,355)	(1,201)	–	–	–
Net foreign exchange movements	–	1,654	3,730	–	–	12	5,396
Balance as at 30 June 2014	**(2,828)**	**–**	**(48,294)**	**(1,575)**	**(17,327)**	**(7,303)**	**(77,327)**
Book Value:							
As at 30 June 2013	1,624	31,013	42,332	12,569	34,811	3,760	126,109
As at 30 June 2014	**1,489**	**–**	**62,688**	**10,761**	**50,287**	**3,538**	**128,763**

All buildings owned by the Group are located on leasehold land.

PARENT	PLANT, EQUIPMENT AND MOTOR VEHICLES $000	TOTAL $000
Cost:		
Balance as at 1 July 2012	616	616
Additions	79	79
Disposals	(151)	(151)
Balance as at 30 June 2013	**544**	**544**
Additions	75	75
Balance as at 30 June 2014	**619**	**619**
Accumulated Depreciation:		
Balance as at 1 July 2012	(449)	(449)
Disposals	151	151
Depreciation expense (refer Note 4)	(68)	(68)
Balance as at 30 June 2013	**(366)**	**(366)**
Depreciation expense (refer Note 4)	(57)	(57)
Balance as at 30 June 2014	**(423)**	**(423)**
Book Value:		
As at 30 June 2013	178	178
As at 30 June 2014	**196**	**196**

14. INTANGIBLE ASSETS

	GROUP				PARENT
	CERTIFICATION COSTS $000	COMPUTER SOFTWARE $000	FLYING CONTRACT $000	TOTAL $000	COMPUTER SOFTWARE $000
Cost:					
As at 1 July 2012	1,072	482	375	1,929	482
Additions	911	–	–	911	–
As at 30 June 2013	**1,983**	**482**	**375**	**2,840**	**482**
Additions	461	53	–	514	53
As at 30 June 2014	**2,444**	**535**	**375**	**3,354**	**535**
Accumulated Amortisation:					
As at 1 July 2012	(248)	(482)	(195)	(925)	(482)
Amortisation expense (refer Note 4)	(221)	–	(36)	(257)	–
As at 30 June 2013	**(469)**	**(482)**	**(231)**	**(1,182)**	**(482)**
Amortisation expense (refer Note 4)	(210)	–	(36)	(246)	–
As at 30 June 2014	**(679)**	**(482)**	**(267)**	**(1,428)**	**(482)**
Net Book Value:					
At 30 June 2013	1,514	–	144	1,658	–
At 30 June 2014	**1,765**	**53**	**108**	**1,926**	**53**

15. INVESTMENTS IN ASSOCIATE AND JOINT VENTURE COMPANIES

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Shares in associate and joint venture companies, at cost	3,466	75	–	–
Equity accounted earnings of associate and joint venture companies	478	191	–	–
Net equity investment in associate and joint venture companies	**3,944**	**266**	**–**	**–**

The associate and joint venture companies of the Group and their activities were as follows:

			GROUP		PARENT	
	CLASSIFICATION	**PRINCIPAL ACTIVITY**	**2014 % SHARES**	**2013 % SHARES**	**2014 % SHARES**	**2013 % SHARES**
Heliport Lease Holdings Ltd	Associate	Property company	33%	33%	–	–
Inflite Charters Ltd	Joint Venture	Aviation charter company	50%	50%	–	–
Allway Logistics Ltd	Joint Venture	Helicopter leasing company	50%	–	–	–

Allway Logistics Limited was incorporated on 3 May 2012 and commenced operations on 1 July 2012. Movements in investment in associate and joint venture companies during the year comprise:

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Balance at start of year	266	174	–	–
Shares subscribed for during the year	3,391	75	–	–
Share of current year profits	312	52	–	–
Dividends received	(25)	(35)	–	–
Balance at end of year	**3,944**	**266**	**–**	**–**

Heliport Lease Holdings Limited and Inflite Charters Limited have a balance date of 30 June, Allway Logistics Limited has a balance date of 31 December. The following table summarises the financial information relating to the Group's associate and joint venture companies, and represents 100% of the associate and joint venture companies' net assets, revenues and net profits.

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Extracts from associate and joint venture companies' balance sheets (unaudited):				
Current assets	3,928	563	–	–
Non current assets	9,654	410	–	–
Current liabilities	(785)	(295)	–	–
Non current liabilities	(5,497)	–	–	–
Net assets	**7,300**	**678**	**–**	**–**
Extract from associate and joint venture companies' income statement (unaudited):				
Revenue	9,789	5,073	–	–
Net profit after taxation	874	102	–	–

The associate and joint venture companies did not have any contingent liabilities or capital commitments at balance date (2013: nil).

16. INVESTMENTS IN SUBSIDIARY COMPANIES

The significant subsidiary companies of the Parent and their activities were as follows:

	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	2014 % SHARES	2013 % SHARES
AFO Aircraft (Aus) Pty Limited	Aircraft leasing and parts	Australia	100%	100%
AFO Aircraft (NZ) Limited	Aircraft leasing and parts	New Zealand	100%	100%
Airwork (NZ) Limited	Aircraft maintenance and overhaul	New Zealand	100%	100%
Airwork Africa Pty Limited	Helicopter operations	South Africa	100%	–
Airwork (Europe) Limited	Aircraft parts support	New Zealand	100%	100%
Airwork Flight Operations Limited	Aircraft charter and maintenance	New Zealand	100%	100%
Airwork Flight Operations Pty Limited	Aircraft charter and maintenance	Australia	100%	100%
Airwork Heli Engineering Pty Limited	Aircraft maintenance	Australia	100%	100%
Airwork Personnel Pty Limited	Personnel services	Australia	100%	100%
Baxolex Pty Limited	Investment holding company	South Africa	100%	–
Capital Aviation Investments Limited	Investment holding company	New Zealand	100%	100%
Contract Aviation Industries Limited	Aircraft trading and investment	New Zealand	100%	100%
Heli Holdings Limited	Aircraft leasing and charter	New Zealand	100%	100%
Heli Holdings Pty Limited	Aircraft leasing and charter	Australia	100%	100%
Helibip Pty Limited	Helicopter operations	South Africa	100%	–
Helilink Limited	Helicopter operations	New Zealand	100%	100%

All subsidiary companies have a balance date of 30 June with the exception of Baxolex Pty Limited and Helibip Pty Limited, which have a balance date of 28 February.

17. LOANS

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Loans comprise:				
Multi-currency cash advances facility (secured)	48,403	33,130	28,254	33,130
Term loans (secured)	6,391	15,990	–	–
Finance lease liabilities (secured)	–	30,772	–	–
Subordinated loan	–	5,000	–	5,000
	54,794	**84,892**	**28,254**	**38,130**
Represented by:				
Current	13,546	33,999	4,658	3,260
Non current	41,248	50,893	23,596	34,870
	54,794	**84,892**	**28,254**	**38,130**

Multi-currency cash advances facility (secured)

The Company has entered into a facility agreement with Commonwealth Bank of Australia ("CBA"), which provides:

- Facility 1: multi-currency facility of up to NZ$25.0 million, of which NZ$5.0 million can be utilised as an overdraft facility. Facility 1 was extended by one year during the year and now expires on 21 December 2016;;
- Facility 2: multi-currency facility of up to US$15.0 million. Facility 2 was extended by one year during the year and now expires on 21 December 2015;
- Facility 3: multi-currency facility of up to US$10 million available to fund capital expenditure purchases up to the point of commission or sale of the asset. Facility 3 was extended by one year during the year and now expires on 21 December 2015;
- Facility 4: bond issuance facility of up to NZ$250,000. Facility 4 was extended by one year during the year and now expires on 21 December 2014; and
- Facility 5: amortising term loan facility of up to US$22.7 million available to refinance the Group's aircraft finance leases and a term loan. Facility 5 is a four year facility and expires on 31 May 2018.

Advances drawn under the multi-currency facilities can be drawn in NZ$, US$ or A$. Interest is payable in arrears at the end of each period at a floating rate, with a margin at commercial rates above the applicable base interest rate for the currency of each advance. A facility fee at commercial rates is payable quarterly in advance. An establishment fee was payable at inception of the Facility Agreement and an extension fee was payable on the one year extensions.

17. LOANS (CONT.)

Multi-currency cash advances facility (secured) (cont.)

The facility is secured by a general security agreement dated 22 December 2005 as amended and restated from time to time, which provides security over the assets of Airwork Holdings Limited and certain of its subsidiary companies. Certain companies within the Group, representing at least 95% of the Group's earnings and total assets, are cross-guarantors of the facility under the general security agreement, and collectively form the charging group.

The facility agreement contains financial undertakings usual for a facility of this nature.

Term loan (secured)

In December 2010, the Group entered into a term loan facility agreement with CBA for US$8,150,000. The facility provides funding for the purchase of a Boeing 737-300 aircraft and expires on 30 April 2015. The balance of the term loan at 30 June 2014 was US$5,501,250 (2013: US$6,293,000). Loan payments are made quarterly in arrears and comprise principal and interest. Interest is payable at a fixed rate of 4.6% (2013: 4.6%), which is also the average rate for the year. The loan is secured by one of the Group's Boeing 737-300 aircraft under the terms of a specific security agreement dated 13 December 2010 together with the general security agreement (see above).

The financial undertakings of the facility agreement also apply to the term loan.

Finance lease liabilities (secured)

During the year the Group terminated and repaid one aircraft finance lease and refinanced the remaining aircraft finance leases with a new amortising loan facility under the multi-currency cash advances facility. As such the Group had the following lease commitments at balance date:

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Minimum future lease payments payable:				
› Not later than one year	–	24,179	–	–
› Later than one year but not later than two years	–	8,973	–	–
› Later than two years but not later than five years	–	–	–	–
Minimum lease payments	**–**	**33,152**	**–**	**–**
Less future finance charges	–	(2,380)	–	–
	–	**30,772**	**–**	**–**
Present value of minimum future lease payments:				
› Not later than one year	–	22,796	–	–
› Later than one year but not later than two years	–	7,976	–	–
› Later than two years but not later than five years	–	–	–	–
	–	**30,772**	**–**	**–**

Subordinated loan

On 20 December 2012, the Company entered into a subordinated loan agreement with Airlift Holdings Limited for NZ$5.0 million. The subordinated loan was drawn on 27 December 2012 and had a repayment date of 30 September 2017. The subordinated loan was unsecured and subordinated to the debt payable to Commonwealth Bank of Australia. Interest on the subordinated loan was payable monthly in arrears at a floating rate, with a margin at commercial rates above the applicable base interest rate. At 30 June 2013, the interest rate payable on the subordinated loan was 7.12%.
The subordinated loan was repaid during the year.

18. ACCOUNTS PAYABLE

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Trade creditors	5,122	4,435	217	75
Accrued capital expenditure (refer Note 13)	702	–	–	–
Accrued interest payable	1	112	–	7
Other accruals	6,808	6,442	1,561	2,744
	12,633	**10,989**	**1,778**	**2,826**

Due to their short term nature the carrying amount of accounts payable disclosed above is assumed to approximate fair value. They are non-interest bearing and are normally settled on 30 day terms.

19. PROVISION FOR EMPLOYEE ENTITLEMENTS

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Vested entitlements:				
› Annual leave	2,920	2,660	1,911	1,855
› Long service leave	91	53	91	53
	3,011	**2,713**	**2,002**	**1,908**
Unvested entitlements:				
› Long service leave	126	119	105	95
	3,137	**2,832**	**2,107**	**2,003**
Represented by:				
Current	3,011	2,713	2,002	1,908
Non current	126	119	105	95
	3,137	**2,832**	**2,107**	**2,003**

20. DERIVATIVE FINANCIAL INSTRUMENTS (AT FAIR VALUE)

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Current asset/(liability):				
Cross currency interest rate swap contracts	–	3,333	–	–
Interest rate swap contract	–	(8)	–	–
	–	**3,325**	**–**	**–**
Non current asset/(liability)				
Interest rate swap contract	(317)	–	–	–
	(317)	**–**	**–**	**–**

Interest rate swap contract

The Group has entered into interest rate swaps to mitigate interest rate risk relating to loans.

Forward exchange rate contract

On 30 June 2014 the Group entered into a number of forward exchange rate contracts to sell USD and purchase EUR at set dates. As the contracts were entered into on 30 June 2014, as part of a foreign exchange swap transaction, the fair value of these forward contracts is nil as at 30 June 2014.

21. OTHER LIABILITIES

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Deferred income and customer prepayments	7,552	5,703	–	–
Deferred inventory purchase liability	2,065	–	–	–
Security deposits	1,747	560	–	–
Other liabilities	5,934	5,617	1,248	840
	17,298	**11,880**	**1,248**	**840**
Represented by				
Current	12,819	10,528	1,248	840
Non current	4,479	1,352	–	–
	17,298	**11,880**	**1,248**	**840**

22. DEFERRED TAXATION

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Deferred tax asset (deductible temporary differences)	4,746	765	1,028	806
Deferred tax liability (assessable temporary differences)	(7,654)	(2,782)	–	–
Net deferred tax (liability)/asset	**(2,908)**	**(2,017)**	**1,028**	**806**

Movements in the net deferred tax (liability)/asset during the year comprise:

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Net deferred tax (liability)/asset at start of year	(2,017)	(3,992)	806	569
Credited/(charged) to the Income Statement (refer Note 7)	(823)	1,972	222	237
Net foreign exchange movements	(68)	–	–	–
Adjustment for prior years	–	3	–	–
Net deferred tax (liability)/asset at end of year	**(2,908)**	**(2,017)**	**1,028**	**806**

(Assessable)/deductible temporary differences arise from the following assets and liabilities at balance date:

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Property, plant and equipment	(9,941)	(14,754)	–	1
Work in progress	(1,053)	(305)	–	–
Finance lease liabilities	–	9.232	–	–
Accounts payable	1,453	717	284	105
Derivative financial instruments (at fair value)	–	(1,002)	–	–
Provision for inventory impairment	586	624	–	–
Provision for employee entitlements	1,080	978	744	700
Provision for doubtful receivables	707	172	–	–
Other items	90	193	–	–
Tax losses	4,170	2,128	–	–
Net deferred tax (liability)/asset	**(2,908)**	**(2,017)**	**1,028**	**806**

Deferred tax of $4,170,000 (2013: $2,128,000) has been recognised in relation to Australian tax losses; based on profit forecasts for the operations in Australia it is expected that these tax losses will be utilised in subsequent periods.

23. SHARE CAPITAL

	GROUP & PARENT			
	2014 No.	2014 $000	2013 No.	2013 $000
Authorised, issued and fully paid share capital				
Balance at start of year	42,549,190	11,200	42,549,190	11,200
Issue of share capital	14,423,077	37,500	–	–
Repurchase of share capital	(6,730,769)	(17,500)	–	–
IPO and listing costs charged against equity	–	(495)	–	–
Balance at end of year	**50,241,498**	**30,705**	**42,549,190**	**11,200**

Ordinary shares do not have a par value. All shares rank equally with regard to dividends and voting rights.

On 19 December 2013 the Company received gross proceeds of $37,500,000 from the issue of 14,423,077 new ordinary shares at an issue price of $2.60 per share, offered under the Investment Statement and Prospectus dated 19 November 2013 from the Initial Public Offering (IPO) of ordinary shares in Airwork Holdings Limited. On the same date the Company used $17,500,000 of the funds raised to repurchase 6,730,769 ordinary shares at a repurchase price of $2.60 per share.

Transaction costs directly related to the issue and listing of new shares of $495,000 were incurred in this transaction, which reduces the share proceeds received.

24. SHARE BASED PAYMENTS

	GROUP		PARENT	
	2014 $000	2013 $000	2014 $000	2013 $000
Balance at start of year	–	–	–	–
Share based payment expense	149	–	149	–
Balance at end of year	**149**	**–**	**149**	**–**

Employee Long Term Incentive Plan – Share Rights (Group and Parent)

On 19 February 2014 (but with economic effect from 19 December 2013), the Company issued 2,392,500 Share Rights to certain of the Group's senior managers as a long term incentive plan.

Each Share Right confers a right to subscribe for one fully paid ordinary share in Airwork for nil cash payment, subject to the satisfaction of performance hurdles. Vesting of one third of the Share Rights is conditional on Airwork Group achieving its Group EBIT budget in the financial year ended 30 June 2014, and achievement of certain Quality Assurance ("QA") and Safety KPIs over the period from 1 July 2013 to 30 June 2014. Vesting of a second third of the Share Rights is conditional on Airwork Group achieving its Group EBIT budget in the financial year ended 30 June 2015, and achievement of certain QA and Safety KPIs assessed over the period from 1 July 2014 to 30 June 2015. Vesting of a third tranche of the Share Rights is conditional on Airwork Group achieving its Group EBIT budget in the financial year ended 30 June 2016, and achievement of certain QA and Safety KPIs assessed over the period from 1 July 2015 to 30 June 2016. Vesting of the Share Rights is also dependent on achievement of Total Shareholder Returns ("TSR") from an initial base share price of $2.60 and gross dividends since 19 December 2013. The vesting period ends on 19 December 2016.

If the TSR over the vesting period is less than or equal to 10% per annum, then none of the Share Rights will become eligible to be exercised for Shares ("Eligible Share Rights"). Should this occur, then all of the Participants' Share Rights will lapse. If the TSR over the vesting period exceeds an average of 10% per annum, then up to 100% of the Share Rights will vest and become Eligible Share Rights. Vesting is on a linear pro rata basis by the Company between a 10% and 20% TSR over the vesting period (with 100% of Share Rights vesting if the TSR over the vesting period is 20% or greater per annum).

If the Share Rights vest, employees may elect to exercise them within a period of three years from the vesting date (ie, until 19 December 2019) at no cost provided they remain employed by a member of the Airwork Group at the time of exercise. If an employee ceases employment, their Share Rights will lapse.

The Share Rights are not listed on the NZX Main Board. The movement in the number of Share Rights outstanding under the Performance Share Rights Plan was as follows:

	GROUP & PARENT	
	2014 No.	2013 No.
Unvested Share Rights:		
At start of year	–	–
Granted during the year	2,392,500	–
Exercised during the year	–	–
Forfeited during the year	–	–
At end of year	**2,392,500**	**–**
Percentage of ordinary shares at balance date	4.8%	–
Ageing of unvested Share Rights (subject to achievement of performance hurdles):		
Share Rights to vest within one year	–	–
Share Rights to vest after one year but not more than two years	–	–
Share Rights to vest after two years but not more than three years	2,392,500	–
	2,392,500	**–**

The weighted average fair value of the share rights granted during the year, determined using a Monte Carlo valuation, was in aggregate $282,000 per annum. The significant inputs in the Monte Carlo valuation model were as follows:

- IPO price: $2.60 per share
- Cost of equity: 10%
- Standard deviation of returns (based on the volatility of four New Zealand stocks assessed to be similar to the Company's size and liquidity): 22.7%
- Dividend per share per annum: 14 cents

25. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated on the same basis, but adjusted for the effects of conversion of all dilutive potential ordinary shares. The following reflects the income and share data used in the earnings per share computations:

	GROUP	
	2014	**2013**
Earnings ($000's)		
Profit attributable to ordinary equity holders for basic earnings	9,828	6,469
Share based payment expense	149	–
Profit attributable to ordinary equity holders adjusted for the effect of dilution	**9,977**	**6,469**
Number of shares (thousands)		
Weighted average number of ordinary shares for basic earnings per share	46,659	42,549
Weighted average number of share rights	1,278	–
Weighted average number of ordinary shares adjusted for the effect of dilution	**47,937**	**42,549**

26. DIVIDENDS

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Recognised amounts:				
Final dividend for prior year: 7.5 cents (2013: 5.0 cents)	3,191	2,127	3,191	2,127
Interim dividend for current year: 7.0 cents (2013: 2.5 cents)	3,517	1,064	3,517	1,064
	6,708	**3,191**	**6,708**	**3,191**
Unrecognised amounts:				
Final dividend for current year: 8.0 cents (2013: 7.5 cents)	4,019	3,191	4,019	3,191

27. BUSINESS COMBINATIONS

On 30 August 2013 the Group acquired 100% of Baxolex Pty Ltd ("Baxolex"). Baxolex is the holding company for Helibip Pty Ltd ("Helibip" together "the African Group"), a helicopter operating business registered in South Africa and operating in Guinea, Africa. The acquisition provides the platform for the Group's helicopter leasing operations on the African continent.

On this date the Group acquired $1,814,000 of Property, Plant and Equipment and other sundry assets and loan accounts payable of equivalent amounts. Net consideration for the acquisition was nil. The Group's Cash Flow Statement includes an amount of $811,000 within investing activities, which reflects the net settlement of the African Group's pre-acquisition liabilities (excluding net amounts payable to the Group).

The African Group's external revenues, profits and losses in the period from 31 August 2013 to 30 June 2014 are not material to the Group. Had the African Group been consolidated from 1 July 2013, the consolidated income statement would remain materially unchanged.

28. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group has operating lease agreements in relation to land, buildings, vehicles and office equipment, ranging from less than one year to 15 years. Land lease contracts contain periodic market review clauses, and one building lease contract contains a five year right of renewal. The Group has the following commitments as lessee under non cancellable operating lease agreements:

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Not later than one year	959	576	99	–
Later than one year but not later than two years	879	522	103	–
Later than two years but not later than five years	1,829	1,108	330	–
After five years	2,169	1,112	59	–
	5,836	**3,318**	**591**	**–**

The Group as lessor

The Group leases the majority of its helicopter fleet across a range of customers involved in oil, gas and mineral exploration as well as emergency, medical, tourism and charter markets on leases ranging from less than one year to five years. The Group also leases its Boeing 737 fleet to freight operators in New Zealand and Australia, and to airlines in Australia, the Pacific Islands and Europe. Fixed wing aircraft are also leased to emergency medical service operators in New Zealand. Long term lease contracts contain market review clauses.

At balance date, one lease allows the lessee the option to purchase the leased aircraft at the expiry of the lease period. The Group has established the following rights to receive payments as lessor under non-cancellable operating lease agreements:

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Not later than one year	38,977	32,101	–	–
Later than one year but not later than two years	25,910	27,523	–	–
Later than two years but not later than five years	48,481	64,117	–	–
After five years	17,361	15,547	–	–
	130,729	**139,288**	**–**	**–**

29. CAPITAL COMMITMENTS

At 30 June 2014, the Group had capital commitments related to aircraft and inventory purchases totalling $14,547,000 (2013: nil), of which $3,401,000 is expected to be incurred in the year ending 30 June 2015.

The Parent did not have any capital commitments as at 30 June 2014 (2013: nil).

30. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Commercial dispute

The Group has initiated legal action to enforce its rights under a commercial contract. The Group has a contingent asset in relation to this dispute since its realisation is dependent on future events not wholly within the control of the Group. The Group has taken a prudent approach to the recognition of revenue and receivables in respect of this contract due to uncertainties created by the commercial dispute.

The counterparty to the dispute alleges a counterclaim against the Group. The Group believes that its defence will be successful, therefore this counterclaim is considered a contingent liability and no provision is recognised.

Lawsuits and other claims

Where the Group concludes that its defence will more likely than not be successful, such lawsuits or claims are considered a contingent liability and no provision is recognised. When it is more likely than not that the Group will be liable and that there will be an outflow of resources to settle a lawsuit or claim, a provision is recognised, unless the amount cannot be measured reliably.

Eurocontrol

At balance date, the Group had a contingent liability of $298,000 (2013: $322,000) in relation unpaid Eurocontrol charges due from a lessee of one of the Group's aircraft. In the event that the lessee does not settle the amounts due, the liability prima facie remains with the aircraft.

Guarantees

During the year the Group and Parent issued a guarantee to ANZ Bank related to 50% of the debt of Allway Logistics Limited, amounting to $3,151,000 at 30 June 2014.

Letters of credit and performance bonds

The Group has issued letters of credit and performance bonds of $87,000 (2013: $nil) (Parent: $75,000 (2013: $nil)). The Group treats these contracts as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the instrument.

Fixed and floating charges

One fixed and floating charge has been prepared in favour of CBA. The relevant charger is Heli Holdings Pty Limited. The maximum liabilities under the relevant charge are A$3.5 million (2013: A$3.5 million).

30. CONTINGENT ASSETS AND CONTINGENT LIABILITIES (CONT.)

CBA credit facilities

Under the terms of the Group's and Company's banking arrangements, the Parent is a member of the Guaranteeing Group. All members of the Guaranteeing Group have provided CBA with a cross-guarantee in relation to all loans drawn under any debt facility agreement with CBA (refer Note 17).

Deed of cross guarantee

The Parent is a party to a Deed of Cross Guarantee with each of its wholly owned Australian subsidiary companies to obtain the benefit of a Class Order available under Australian corporate legislation. Pursuant to the Deed of Cross Guarantee, all debts payable by each Australian subsidiary company are secured by a guarantee from the Parent.

31. RELATED PARTY DISCLOSURES

The ultimate holding company is Airwork Holdings Limited. Interests in associate, joint venture and subsidiary companies are set out in Notes 15 and 16. The Company transacts with other companies in the Group on an arms-length basis.

In addition to transactions disclosed elsewhere in these financial statements, the Group transacted with the following related parties during the period.

Related Party Relationships:

		GROUP	
NAME AND NATURE OF RELATIONSHIP OF RELATED PARTY	TYPE OF TRANSACTION	2014 VALUE OF TRANSACTIONS RECEIVED/(PAID) $000	2013 VALUE OF TRANSACTIONS RECEIVED/(PAID) $000
(i) Directors			
Hugh Jones Hugh Jones is a director and shareholder of Airlift Holdings Limited.	Director's fees	(41)	–
Airlift Trading Limited Hugh Jones is the sole director and shareholder of Airlift Trading Limited.	Engineering services provided by Airwork	63	155
Airlift Trading Ltd owns a Bell 427 helicopter, ZK-HVN, which is leased to Airwork under a commercial lease arrangement.	Lease of helicopter	(82)	(21)
	Director's remuneration	–	(100)
	Expenses	(20)	(5)
Airlift Holdings Limited Hugh Jones is the sole director and shareholder of Airlift Holdings Limited.	Subordinated loan (refer Note 17)	(5,000)	5,000
	Interest on subordinated loan	(164)	(180)
Michael Daniel Michael Daniel is a director and shareholder of Airwork Holdings Limited.	Director's fees	(41)	(36)
Christopher Hunter Christopher Hunter is a director of Airwork Holdings Limited.	Director's fees	(17)	–
	Consulting fees	(24)	–
Robin Flannagan Robin Flannagan is a director of Airwork Holdings Limited.	Director's fees	(17)	–
	Consulting fees	(24)	–
Alan Sain Alan Sain is a director of the Group's Australian subsidiary companies.	Director's fees plus expenses	(2)	(2)

31. RELATED PARTY DISCLOSURES (CONT.)

NAME AND NATURE OF RELATIONSHIP OF RELATED PARTY	TYPE OF TRANSACTION	GROUP 2014 VALUE OF TRANSACTIONS RECEIVED/(PAID) $000	GROUP 2013 VALUE OF TRANSACTIONS RECEIVED/(PAID) $000
(ii) Other Related Parties			
Heliport Lease Holdings Limited			
Heliport Lease Holdings Limited is a 33.3% owned associate of Airwork; this company owns a leasehold property that Airwork partly leases under a commercial lease arrangement.	Building rent and rates	(177)	(177)
	Accounting services	6	6
	Dividend	25	35
Inflite Charters Limited			
Inflite Charters Limited is a 50% owned joint venture of Airwork; this company is an aircraft charter operation, based in New Zealand.	Charter of aircraft	(95)	(16)
	Engineering services	419	452
	Operations and crewing charges	1,753	707
Allway Logistics Limited			
Allway Logistics Limited is a 50% owned joint venture of Airwork; this company is an aircraft leasing operation, based in Hong Kong.	Subscription for shares	(3,391)	–
	Sale of property, plant and equipment	6,927	–
	Engineering services	695	–
Key management personnel			
Key management personnel compensation:	Short term employee benefits	(2,046)	(2,239)
	Long term equity incentive plan	(61)	–

With effect from 7 March 2013, Condor Holdings Limited ("Condor"), a company owned and controlled by Hugh Jones, acquired and agreed to hold 4.1 million shares in the Company for certain borrowers, including certain senior executives and employees. Condor has lent the relevant borrowers $4.1 million at a commercial rate of interest, with 10% of the principal of such loans to be repayable over a period of up to 10 years. The loans have recourse to the shares held, supported, in certain cases, by a guarantee. Repayments of interest and part repayments of principal are to be made from Dividends paid. The relevant borrower may sell a sufficient number of shares to enable further repayments of principal, to enable total principal repayments of 10% of the initial loan amount each year. Accordingly up to 10% of the shares held by Condor may on each 12 month anniversary of 7 March be sold, subject to compliance with the Company's securities dealing policy, or will be transferred to the relevant borrower and released from the funding arrangements. Some of the shares held subject to the funding arrangements may become beneficially owned by Condor if the conditions of transfer are not satisfied or if a relevant borrower ceased to be employed by the Group or the commercial loans are not repaid when required. Neither the Company, nor any other member of the Group, has provided any funding to Condor, and has no rights to control Condor or the discretions Condor has under the funding arrangements.

AMOUNTS RECEIVABLE FROM/(PAYABLE TO) RELATED PARTIES:	GROUP 2014 $000	GROUP 2013 $000
Airlift Trading Limited	(2)	7
Airlift Holdings Limited: subordinated loan (refer Note 17)	–	(5,000)
Inflite Charters Limited:		
Trade receivables	203	415
Trade payables	(34)	(3)
Allway Logistics Limited	65	–
Heliport Lease Holdings Limited	(5)	–

31. RELATED PARTY DISCLOSURES (CONT.)

	PARENT	
ADVANCES TO/(FROM) SUBSIDIARY COMPANIES:	**2014 $000**	**2013 $000**
AFO Aircraft (Aus) Pty Limited	2	196
AFO Aircraft (NZ) Limited	224	10,777
Airwork (NZ) Limited	44,788	19,291
Airwork (Europe) Limited	(1,314)	–
Airwork Flight Operations Limited	10,134	(488)
Airwork Flight Operations Pty Limited	1,676	(243)
Capital Aviation Investments Limited	2,838	2,838
Heli Holdings Limited	16,881	24,759
Heli Holdings Pty Limited	(469)	(16)
Helilink Limited	(6,441)	(3,145)
	68,319	**53,969**
Provision for impairment	(2,838)	(2,838)
	65,481	**51,131**
Comprising:		
Advances to subsidiary companies	73,705	58,292
Advances from subsidiary companies	(8,224)	(7,161)
	65,481	**51,131**

32. RECONCILIATION OF NET PROFIT TO NET CASH FLOWS FROM OPERATIONS

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Net profit/(loss) after taxation for the year	**9,828**	**6,469**	**9,165**	**3,636**
Add/(deduct) non cash items:				
Depreciation, amortisation and impairment expenses	29,479	21,364	57	68
Movements in fair value of derivative financial instruments	3,107	3,153	–	–
Third party capital contribution	–	(658)	–	–
Unrealised foreign exchange (gains)/losses	23	617	(108)	176
Accounts receivable impairment losses, provisions and write offs	287	195	–	–
Equity accounted earnings of associate and joint venture companies net of dividends	(287)	(17)	–	–
Inventory impairment provisions and write offs	965	542	–	–
Share based payments expense	149	–	149	–
Increase/(decrease) in deferred tax liability	4,804	(4,387)	–	–
(Increase)/decrease in deferred tax asset	(3,981)	2,348	(222)	(237)
	44,374	**29,626**	**9,041**	**3,643**
Add/(deduct) movements in working capital:				
(Increase)/decrease in accounts receivable	3,721	(4,223)	1,664	(1,682)
(Increase)/decrease in inventory and work in progress	(8,083)	(7,522)	–	–
(Increase)/decrease in income tax receivable	584	(155)	229	(229)
(Increase)/decrease in other assets	45	284	(121)	1
Increase/(decrease) in accounts payable	127	1,716	(1,049)	2,049
Increase/(decrease) in provision for employee entitlements	363	712	94	208
Increase/(decrease) in income tax payable	(2,130)	1,757	(1,572)	369
Increase/(decrease) in other liabilities	5,926	235	436	(37)
	44,927	**22,430**	**8,722**	**4,322**
Add/(deduct) items classified as investing activity:				
Net (surplus)/deficit on sale of property, plant and equipment	(321)	70	–	(1)
Net cash flows from operating activities	**44,606**	**22,500**	**8,722**	**4,321**

33. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's principal financial instruments (other than derivatives) comprise: cash and cash equivalents; loans (comprising: bank loans; finance lease liabilities; and subordinated debt); accounts receivable; accounts payable; certain other liabilities; advances to/(from) subsidiary companies; and equity investments.

The Group also enters into derivative transactions, principally interest rate and currency swaps. The purpose is to manage the interest rate risks arising from the Group's operations and its sources of finance. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. The Group does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

The main risks arising from the Group's financial instruments are: interest rate risk (including fair value interest rate risk); liquidity risk; foreign currency risk; and credit risk. Currency swaps are entered into to mitigate the currency risks associated with the finance lease payments on aircraft purchases being denominated in a different currency from the revenue streams of the related aircraft. Hedge accounting was not applied to the cross currency interest rate swap contracts that matured or were closed during the 2014 financial year.

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the Statement of Accounting Policies.

(i) Fair value of financial instruments

All assets and liabilities recognised in the Balance Sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes. The methods for estimating fair values are outlined in the relevant notes to the financial statements.

(ii) Interest rate risk management

The Group is exposed to interest rate risk as it borrows at both fixed and floating interest rates. The policy of the Group allows for the management of interest rate exposures by balancing the levels of debt held at fixed versus floating interest rates. The Group's policy defines 'Fixed Rate' as an interest rate re-pricing date beyond 12 months forward on a continuing rolling basis; 'Floating Rate' is defined as an interest rate re-pricing within 12 months.

The Group has a policy of analysing its debt into Core Debt and Working Capital Debt. Working Capital Debt is not managed for its interest rate risk because of its short term nature. The Group's policy requires the interest rate profile for Core Debt to be within the following limits:

- Minimum debt on fixed rates 50%; and
- Maximum debt on fixed rates 90%.

To manage interest rate risk and volatility, the Group's policy provides for interest rate swaps to be used, whereby the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to a specified notional principal amount. At 30 June 2014, 49% (2013: 54%) of the Group's borrowings, including the impact of interest rate swaps, are at a fixed rate of interest.

The following table details the Group's and Company's exposure to interest rate risk at balance date:

GROUP		TOTAL $000	LESS THAN 1 YEAR $000	1-2 YEARS $000	3-5 YEARS $000	MORE THAN 5 YEARS $000
2014	**Floating rate instruments:**					
	Financial assets					
	› Cash and cash equivalents	2,434	2,434	–	–	–
	Financial liabilities					
	› Multi-currency cash advances facility	48,403	7,376	5,895	35,132	–
	Fixed rate instruments:					
	Financial Liabilities					
	› Term Loan	6,391	6,391	–	–	–
	› Interest rate swap: receive floating and pay fixed USD (notional amount)	26,995	3,241	3,485	20,269	–

33. FINANCIAL INSTRUMENTS (CONT.)

GROUP		TOTAL $000	LESS THAN 1 YEAR $000	1-2 YEARS $000	3-5 YEARS $000	MORE THAN 5 YEARS $000
2013	**Floating rate instruments:**					
	Financial assets					
	› Cash and cash equivalents	4,693	4,693	–	–	–
	Financial liabilities					
	› Multi-currency cash advances facility	33,130	–	12,247	20,883	–
	› Term loan	7,703	7,703	–	–	–
	› Subordinated loan	5,000	–	–	5,000	–
	Fixed rate instruments:					
	Financial assets					
	› Cross currency interest rate swap: receive fixed AUD (notional amount)	30,772	20,492	10,280	–	–
	Financial liabilities					
	› Finance lease liabilities	30,772	20,492	10,280	–	–
	› Term Loan	8,287	1,073	7,214	–	–
	› Cross currency interest rate swap: pay fixed USD (notional amount)	27,867	18,462	9,405	–	–
	› Interest rate swap: receive floating and pay fixed USD (notional amount)	7,703	7,703	–	–	–

PARENT		TOTAL $000	LESS THAN 1 YEAR $000	1-2 YEARS $000	3-5 YEARS $000	MORE THAN 5 YEARS $000
2014	**Floating rate instruments:**					
	Financial assets					
	› Cash and cash equivalents	1,056	1,056	–	–	–
	› Advances to subsidiary companies	73,705	73,705	–	–	–
	Financial liabilities					
	› Multi-currency cash advances facility	28,254	4,867	3,387	20,000	–
	› Advances from subsidiary companies	8,224	8,224	–	–	–
2013	**Floating rate instruments:**					
	Financial assets					
	› Cash and cash equivalents	1,185	1,185	–	–	–
	› Advances to subsidiary companies	58,292	58,292	–	–	–
	Financial liabilities					
	› Multi-currency cash advances facility	33,130	–	12,247	20,883	–
	› Advances from subsidiary companies	7,161	7,161	–	–	–
	› Subordinated loan	5,000	–	–	5,000	–

Interest on financial instruments classified as floating rate instruments have their rates re-priced at intervals of less than one year. Instruments classified as fixed rate instruments are fixed until the maturity of the instrument.

The following table details the weighted average interest rate of the Group's and Company's financial liabilities at balance date:

	GROUP		PARENT	
FINANCIAL LIABILITIES	**2014 %**	**2013 %**	**2014 %**	**2013 %**
Multi-currency cash advances facility:				
› NZD loan	4.67%	4.05%	4.67%	4.05%
› USD loan	2.33%	1.35%	1.17%	1.35%
› AUD loan	3.71%	–	3.71%	–
Term loans	4.61%	3.68%	–	–
Interest rate swap: receive floating USD; pay fixed USD	1.50%	–	–	–
Subordinated loan	–	7.03%	–	7.03%
Finance lease liabilities	–	8.08%	–	–
Cross currency interest rate swap:				
› Receive fixed AUD	–	8.08%	–	–
› Pay fixed USD	–	6.76%	–	–

The Group regularly analyses its interest rate risk exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date.

		NET PROFIT AFTER TAX HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
		2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
GROUP	+ 1% (100 Basis Points)	(186)	(241)	(186)	(241)
	– 1%	186	241	186	241
PARENT	+ 1% (100 Basis Points)	(196)	(266)	(196)	(266)
	– 1%	196	266	196	266

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The sensitivity changes as levels of borrowings change.

The Group has a policy of ensuring that its exposure to changes in interest rates on borrowings is predominantly on a fixed basis.

(iii) Liquidity risk management

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and financial liabilities. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and maintains adequate headroom on its credit facilities. Subject to the Company's request and CBA's approval, the Group's facility agreement provides for an annual extension of the facility's termination date at each anniversary date of signing the agreement.

At 30 June 2014, 16% of the Group's debt will mature in less than one year (2013: 40%).

33. FINANCIAL INSTRUMENTS (CONT.)

The table below reflects all undiscounted contractual commitments for repayments and interest resulting from recognised financial liabilities at 30 June 2014. For derivative financial instruments the market value is presented, whereas for the other obligations the contractual undiscounted cash flows for the upcoming fiscal years are presented. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2014.

GROUP		BALANCE SHEET $000	CONTRACTUAL CASH FLOWS $000	1 YEAR OR LESS $000	1-2 YEARS $000	3-5 YEARS $000	MORE THAN 5 YEARS $000
2014	**Financial liabilities**						
	Accounts payable	12,633	12,633	12,633	–	–	–
	Employee entitlements (vested)	3,011	3,011	3,011	–	–	–
	Other liabilities	15,281	15,281	12,779	2,298	204	–
	Loans	54,794	60,240	16,239	7,468	36,533	–
	Interest rate swap	317	317	38	41	238	–
		86,036	**91,482**	**44,700**	**9,807**	**36,975**	**–**
2013	**Financial liabilities**						
	Accounts payable	10,989	10,989	10,989	–	–	–
	Employee entitlements (vested)	2,713	2,713	2,713	–	–	–
	Other liabilities	10,528	10,528	10,528	–	–	–
	Finance lease liabilities	30,772	33,152	24,179	8,973	–	–
	Other loans	54,120	59,778	11,175	21,390	27,213	–
	Interest rate swap	8	8	8	–	–	–
		109,130	**117,168**	**59,592**	**30,363**	**27,213**	**–**

PARENT		BALANCE SHEET $000	CONTRACTUAL CASH FLOWS $000	1 YEAR OR LESS $000	1-2 YEARS $000	3-5 YEARS $000	MORE THAN 5 YEARS $000
2014	**Financial Liabilities**						
	Accounts payable	1,778	1,778	1,778	–	–	–
	Employee entitlements (vested)	2,002	2,002	2,002	–	–	–
	Other liabilities	1,248	1,248	1,248	–	–	–
	Loans	28,254	31,516	6,608	4,464	20,444	–
	Advances from subsidiary companies	8,224	8,224	8,224	–	–	–
		41,506	**44,768**	**19,860**	**4,464**	**20,444**	**–**
2013	**Financial Liabilities**						
	Accounts payable	2,826	2,826	2,826	–	–	–
	Employee entitlements (vested)	1,908	1,908	1,908	–	–	–
	Other liabilities	840	840	840	–	–	–
	Loans	38,130	42,990	1,870	13,907	27,213	–
	Advances from subsidiary companies	7,161	7,161	7,161	–	–	–
		50,865	**55,725**	**14,605**	**13,907**	**27,213**	**–**

The Parent has issued financial guarantees in relation to the financial liabilities of subsidiary companies that are party to a general security agreement (refer Note 17), and financial liabilities of subsidiary companies that are party to a Deed of Cross Guarantee to obtain the benefit of a Class Order available under Australian corporate legislation (refer Note 30). Accordingly, the Parent's maximum exposure to financial liabilities is as reported in the Group's disclosures above.

At 30 June 2014 the Group and Company had $27,879,000 (2013: $27,368,000) of unused credit facilities available for its immediate use.

(iv) Foreign currency risk management

Foreign currency risk is the risk that the value of the Group's assets, liabilities and financial performance will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign currency risk in relation to certain imported assets (primarily aircraft, inventory and parts purchases), insurance premiums, trading balances (accounts receivable and accounts payable), and loan values denominated in currencies other than the New Zealand dollar. These exposures arise through the Group's offshore trading businesses and export trading activities from New Zealand.

The Group is exposed to foreign currency risk as a result of its foreign operations. The risk to the Group is that the value of the overseas subsidiary companies' financial positions and financial performances will fluctuate in economic terms and as recorded in the Group's consolidated financial statements due to changes in foreign currency exchange rates. The Group does not currently hedge this risk.

Within the aviation industry, aircraft asset values (including parts) are usually transacted in US$, therefore the Group's ultimate exposure to the realisation of residual aircraft asset values is in US$. Where the Board considers appropriate, borrowings will also be denominated in US$. Instances arise where the Group has hedged its financial risk exposures economically, but the hedges are deemed ineffective hedges under NZ IFRS and therefore fall within the classification as held for trading. In these circumstances, movements in the fair value of derivative financial instruments are recognised in the Income Statement.

Foreign currency receipts are generally not hedged but may be designated as a natural hedge of payments in the same currency. The Group's policy provides for the use of the following foreign exchange management products, provided that they are used to hedged specific operational transactions where the purchase commitment is unconditional: spot and forward foreign exchange contracts; currency options (purchased only); currency collar options (1:1 only); and foreign currency deposits.

The following table sets out the Group's exposure the foreign currency risk in relation to financial assets and financial liabilities at balance date:

GROUP	RESTATED IN	US$ NZ$000	AU$ NZ$000	EURO NZ$000	ZAR NZ$000
2014	Cash and cash equivalents	2,063	256	6	107
	Accounts receivable	6,166	3,156	–	1
	Derivative financial instruments	–	–	3,173	–
	Total financial assets	**8,229**	**3,412**	**3,179**	**108**
	Accounts payable	2,055	827	296	61
	Loans	22,234	1,641	–	–
	Derivative financial instruments	3,173	–	–	–
	Other liabilities	1,431	481	2,065	–
	Total financial liabilities	**28,893**	**2,949**	**2,361**	**61**
	Net Balance Sheet exposure	**(20,644)**	**463**	**818**	**47**
2013	Cash and cash equivalents	3,520	1,573	–	–
	Accounts receivable	8,545	3,992	73	–
	Derivative financial instruments	–	30,772	–	–
	Total financial assets	**12,065**	**36,337**	**73**	**–**
	Accounts payable	3,475	2,408	16	–
	Loans	28,267	30,772	–	–
	Derivative financial instruments	27,867	–	–	–
	Total financial liabilities	**59,609**	**33,180**	**16**	**–**
	Net Balance Sheet exposure	**(47,544)**	**3,157**	**57**	**–**

The net US$ exposure in the table above relates predominantly to loans put in place to mitigate the Group's exposure to the underlying US$ values of fixed wing aircraft.

33. FINANCIAL INSTRUMENTS (CONT.)

The following table sets out the Parent's exposure the foreign currency risk in relation to financial assets and financial liabilities at balance date:

PARENT		US$ NZ$000	AU$ NZ$000	EURO NZ$000	ZAR NZ$000
2014	Cash and cash equivalents	1,036	20	–	–
	Advances to subsidiary companies	225	–	–	–
	Total financial assets	**1,261**	**20**	**–**	**–**
	Accounts payable	–	2	–	–
	Loans	2,074	1,641	–	–
	Total financial liabilities	**2,074**	**1,643**	**–**	**–**
	Net Balance Sheet exposure	**(813)**	**(1,623)**	**–**	**–**
2013	Cash and cash equivalents	578	607	–	–
	Advances to subsidiary companies	10,972	–	–	–
	Total financial assets	**11,550**	**607**	**–**	**–**
	Loans	12,247	–	–	–
	Total financial liabilities	**12,247**	**–**	**–**	**–**
	Net Balance Sheet exposure	**(697)**	**607**	**–**	**–**

The following sensitivity analysis is based on the foreign exchange exposures in relation to financial assets and financial liabilities at balance date:

		NET PROFIT AFTER TAX HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
		2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
GROUP	+ 10%	139	2,087	(2,013)	3,304
	– 10%	(170)	(2,551)	2,460	(4,039)
PARENT	+ 10%	159	6	159	6
	– 10%	(195)	(7)	(195)	(7)

(v) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that potentially expose the Group and Company to credit risk consist primarily of: cash and cash equivalents; accounts receivable; advances to subsidiary companies; and derivative financial instruments. The credit risk on cash and cash equivalents and derivative financial instruments is limited because the counterparties are financial institutions with at least a long term investment grade credit rating.

While the Group may be subject to losses up to the contract value of the instruments in the event of non performance by the counterparties, it does not expect such losses to occur. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their credit rating (if available), financial position, past experience and industry reputation. Credit risk limits are set for each individual customer in accordance with parameters set by the Board. Ongoing credit evaluation is performed on the financial condition of accounts receivable and customers' compliance with credit terms. Accounts receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

One customer, with whom the Group has a long term contract, represents approximately 27% (2013: 28%) of the Group's revenue; this customer is a listed public company and the Group reviews its results on a regular basis to ensure the risk remains acceptable. Another customer, with whom the Group has a long term contract, represents approximately 10% (2013: 12%) of the Group's revenue; this customer is wholly owned by the New Zealand Government and, as such, the Group believes the risk is acceptable. The Group does not have any other significant concentrations of credit risk.

The Group's policy does not require collateral to support financial instruments subject to credit risk although collateral is held in relation to certain customers in the form of a security deposit and prepaid lease charges, and one customer is the form of a bank guarantee. In addition, registered security interests, Romalpa clauses, parent company and personal guarantees may be obtained in support of the financial performance of certain customers.

The Group measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net of any collateral and allowance for losses, represents the Group's maximum exposure to credit risk. The maximum exposure to credit risk at balance date is as follows:

	GROUP		PARENT	
	2014 $000	**2013 $000**	**2014 $000**	**2013 $000**
Cash and cash equivalents	2,434	4,693	1,056	1,185
Accounts receivables (net of impairment losses)	12,965	18,376	55	1,734
Derivative financial instruments	–	3,333	–	–
Advances to subsidiary companies	–	–	73,705	58,292
	15,399	**26,402**	**74,816**	**61,211**
Collateral:				
› Bank guarantees	(1,729)	(1,959)	–	–
› Security deposits	(581)	(560)	–	–
› Prepaid income	(1,132)	(392)	–	–
	11,957	**23,491**	**74,816**	**61,211**

The ageing profile of trade receivables at balance date is disclosed in Note 9.

(vi) Capital management

When managing capital, the Board of Directors' (the "Board") objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity is achieved.

The Board is constantly reviewing and adjusting the capital structure to take advantage of favourable costs of capital. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board also monitors its profitability, debt servicing ability and equity/asset ratios to ensure that the Group meets its banking covenants. The Group satisfied its banking covenants throughout the year.

(vii) Financial instruments at fair value

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped into levels one to three depending on the degree to which fair value is observable:

- Level one: fair value in an active market – the fair value of financial instruments traded in active markets for the same instruments based on their quoted market prices at reporting date without any deduction for estimated future selling costs. Financial instruments are priced at current bid prices;
- Level two: fair value in an inactive or unquoted market using valuation techniques and observable market data – the fair value of financial instruments that are not traded in an active market is determined using valuation techniques for which all significant inputs are based on observable market data; and
- Level three: fair value in an inactive or unquoted market using valuation techniques without observable market data – the fair value of financial instruments that are not traded in an active market is determined using valuation techniques for which any significant input is not based on observable market data.

GROUP		**LEVEL 1 $000**	**LEVEL 2 $000**	**LEVEL 3 $000**	**TOTAL $000**
2014	**Liabilities**				
	Derivatives classified as hedge accounted	–	317	–	317
	Total liabilities	**–**	**317**	**–**	**317**
2013	**Assets**				
	Derivatives classified as held for trading	–	3,333	–	3,333
	Total assets	**–**	**3,333**	**–**	**3,333**
	Liabilities				
	Derivatives classified as hedge accounted	–	8	–	8
	Total liabilities	**–**	**8**	**–**	**8**

33. FINANCIAL INSTRUMENTS (CONT.)

(viii) Categories of financial assets and financial liabilities

GROUP		LOANS AND RECEIVABLES $000	AVAILABLE FOR SALE FINANCIAL ASSETS $000	DERIVATIVES CLASSIFIED AS HELD FOR TRADING $000	DERIVATIVES CLASSIFIED AS HEDGE ACCOUNTED $000	FINANCIAL LIABILITIES AT AMORTISED COST $000	TOTAL $000
2014	**Assets**						
	Cash and cash equivalents	2,434	–	–	–	–	2,434
	Accounts receivable	12,965	–	–	–	–	12,965
	Total financial assets	**15,399**	**–**	**–**	**–**	**–**	**15,399**
	Non financial assets						169,307
	Total assets						**184,706**
	Liabilities						
	Accounts payable	–	–	–	–	12,633	12,633
	Employee entitlements (vested)	–	–	–	–	3,011	3,011
	Other liabilities	–	–	–	–	15,281	15,281
	Derivative financial instruments	–	–	–	317	–	317
	Loans	–	–	–	–	54,794	54,794
	Total financial liabilities	**–**	**–**	**–**	**317**	**85,719**	**86,036**
	Non financial liabilities						9,905
	Total liabilities						**95,941**
2013	**Assets**						
	Cash and cash equivalents	4,693	–	–	–	–	4,693
	Accounts receivable	18,376	–	–	–	–	18,376
	Derivative financial instruments	–	–	3,333	–	–	3,333
	Total financial assets	**23,069**	**–**	**3,333**	**–**	**–**	**26,402**
	Non financial assets						158,181
	Total assets						**184,583**
	Liabilities						
	Accounts payable	–	–	–	–	10,989	10,989
	Employee entitlements (vested)	–	–	–	–	2,713	2,713
	Other liabilities	–	–	–	–	10,528	10,528
	Derivative financial instruments	–	–	–	8	–	8
	Loans	–	–	–	–	84,892	84,892
	Total financial liabilities	**–**	**–**	**–**	**8**	**109,122**	**109,130**
	Non financial liabilities						6,671
	Total liabilities						**115,801**

PARENT		LOANS AND RECEIVABLES $000	AVAILABLE FOR SALE FINANCIAL ASSETS $000	DERIVATIVES CLASSIFIED AS HELD FOR TRADING $000	DERIVATIVES CLASSIFIED AS HEDGE ACCOUNTED $000	FINANCIAL LIABILITIES AT AMORTISED COST $000	TOTAL $000
2014	**Assets**						
	Cash and cash equivalents	1,056	–	–	–	–	1,056
	Accounts receivable	55	–	–	–	–	55
	Advances to subsidiary companies	73,705	–	–	–	–	73,705
	Total financial assets	**74,816**	**–**	**–**	**–**	**–**	**74,816**
	Non financial assets						3,649
	Total assets						**78,465**
	Liabilities						
	Accounts payable	–	–	–	–	1,778	1,778
	Employee entitlements (vested)	–	–	–	–	2,002	2,002
	Other liabilities	–	–	–	–	1,248	1,248
	Advances from subsidiary companies	–	–	–	–	8,224	8,224
	Loans	–	–	–	–	28,254	28,254
	Total financial Liabilities	**–**	**–**	**–**	**–**	**41,506**	**41,506**
	Non financial liabilities						1,133
	Total liabilities						**42,639**
2013	**Assets**						
	Cash and cash equivalents	1,185	–	–	–	–	1,185
	Accounts receivable	1,734	–	–	–	–	1,734
	Advances to subsidiary companies	58,292	–	–	–	–	58,292
	Total financial assets	**61,211**	**–**	**–**	**–**	**–**	**61,211**
	Non financial assets						3,464
	Total assets						**64,675**
	Liabilities						
	Accounts payable	–	–	–	–	2,826	2,826
	Employee entitlements (vested)	–	–	–	–	1,908	1,908
	Other liabilities	–	–	–	–	840	840
	Advances from subsidiary companies	–	–	–	–	7,161	7,161
	Loans	–	–	–	–	38,130	38,130
	Total financial Liabilities					**50,865**	**50,865**
	Non financial liabilities						95
	Total liabilities						**50,960**

34. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2014.

35. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION

The Group's prospective financial statements included in the Investment Statement and Prospectus dated 19 November 2013 included prospective financial information ("Prospective" or "PFI") for the twelve month period from 1 July 2013 to 30 June 2014. Below is the actual trading result for this twelve month period, which has been compared to the prospective financial information.

Comparison between Actual and Prospective Income Statement for the year ended 30 June 2014

	NOTES	ACTUAL $000	PROSPECTIVE $000
Helicopter revenue	(a)	64,343	61,044
Fixed wing revenue	(b)	61,009	63,732
Other revenue		13	11
Total revenue		**125,365**	**124,787**
Other income	(b)	13,628	–
Total income		**138,993**	**124,787**
Operating expenses	(c)	(89,400)	(84,881)
IPO and listing costs		(1,254)	(1,371)
Equity accounted profits of joint venture and associate companies		312	430
Operating profit before depreciation, amortisation and impairment expenses	(d)	**48,651**	**38,965**
Depreciation, amortisation and impairment expenses	(e)	(29,479)	(21,434)
Operating profit after depreciation, amortisation and impairment expenses	(d)	**19,172**	**17,531**
Net financing expenses	(f)	(4,483)	(4,370)
Other gains/(losses)	(g)	(187)	(882)
Operating profit before taxation		**14,502**	**12,279**
Income tax expense		(4,674)	(3,881)
Net profit after taxation		**9,828**	**8,398**

Comparison between Actual and Prospective Statement of Comprehensive Income for the year ended 30 June 2014

	NOTES	ACTUAL $000	PROSPECTIVE $000
Net profit for the year as per Income Statement		9,828	8,398
Other comprehensive income – items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(h)	(2,569)	(103)
(Loss)/gain on cash flow hedges		(309)	8
Income tax credit/(expense) on other comprehensive income		87	(2)
Total comprehensive income for the period		**7,037**	**8,301**

Comparison between Actual and Prospective Statement of Changes in Equity for the year ended 30 June 2014

	NOTES	ACTUAL $000	PROSPECTIVE $000
Opening balance (1 July 2013)		68,782	68,782
Net profit after tax for the period		9,828	8,398
Other comprehensive income/(loss)		(2,791)	(97)
Total comprehensive income for the period		**7,037**	**8,301**
Transactions with shareholders:			
Contribution by new shareholders from the issue of new share capital	(i)	37,500	40,000
Repurchase of share capital	(i)	(17,500)	(20,000)
Dividends paid to shareholders		(6,708)	(6,708)
IPO and listing costs charged against equity		(495)	(512)
Increase in share based deferred compensation reserve		149	185
Total comprehensive income for the year		**88,765**	**90,048**

Comparison between Actual and Prospective Balance Sheet as at 30 June 2014

	NOTES	ACTUAL $000	PROSPECTIVE $000
ASSETS			
Current assets			
Cash and cash equivalents	(j)	2,434	4,635
Accounts receivable	(k)	12,965	15,428
Income tax receivable	(l)	131	–
Inventory and work in progress	(m)	27,690	22,897
Derivative financial instruments (at fair value)	(n)	–	530
Other assets		1,358	1,040
		44,578	**44,530**
Non current assets			
Property, plant and equipment	(o)	128,763	134,876
Intangible assets	(p)	1,926	3,654
Investments in associate and joint ventures companies		3,944	3,574
Deferred tax asset	(l)	4,746	1,381
Other assets		749	750
		140,128	**144,235**
Total assets		**184,706**	**188,765**
LIABILITIES			
Current liabilities			
Loans	(j)	13,546	18,633
Accounts payable	(q)	12,633	12,512
Income tax payable	(l)	108	816
Provision for employee entitlements		3,011	2,828
Other liabilities	(q)	12,819	5,599
		42,117	**40,388**
Non current liabilities			
Loans	(j)	41,248	48,731
Provision for employee entitlements		126	119
Derivative financial instruments (at fair value)	(n)	317	–
Other liabilities		4,479	5,129
Deferred tax liability	(l)	7,654	4,350
		53,824	**58,329**
Total liabilities		**95,941**	**98,717**
NET ASSETS		**88,765**	**90,048**
EQUITY			
Share capital		30,705	30,688
Retained earnings		61,341	59,911
Reserves		(3,281)	(551)
TOTAL EQUITY		**88,765**	**90,048**

35. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONT.)

Comparison between Actual and Prospective Statement of Cash flows for the year ended 30 June 2014

	NOTES	ACTUAL $000	PROSPECTIVE $000
Cash flows from operating activities			
Receipts from customers and insurance proceeds	(a),(b)	158,698	143,112
Interest received		190	–
Income taxes refunded	(l)	785	244
Dividends received		25	44
Payments to suppliers and employees	(c)	(104,111)	(100,543)
Interest paid	(e)	(4,803)	(4,409)
Income taxes paid	(l)	(6,178)	(4,286)
Net cash flows from operating activities		**44,606**	**34,162**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		5,233	5,189
Purchase of property, plant and equipment	(o)	(35,998)	(31,192)
Purchase of intangible assets	(p)	(514)	(2,009)
Purchase of subsidiary company	(r)	(811)	–
Investment in joint venture company		(3,391)	(2,922)
Net cash flows from investing activities		**(35,481)**	**(30,934)**
Cash flows from financing activities			
Proceeds from issue of shares	(i)	37,500	40,000
Repurchase of shares	(i)	(17,500)	(20,000)
Proceeds from bank loan draw downs	(s)	56,818	35,239
Repayment of bank loans	(s)	(48,748)	(25,561)
Repayment of subordinated debt		(5,000)	(5,000)
Repayment of finance lease liabilities	(t)	(28,379)	(20,744)
Dividends paid to shareholders		(6,708)	(6,708)
IPO and listing costs charged against equity		(495)	(512)
Net cash flows from financing activities		**(12,512)**	**(3,286)**
Net (decrease)/increase in cash and cash equivalents		(3,387)	(58)
Net foreign exchange differences	(h)	1,128	–
Cash and cash equivalents at start of year		4,693	4,693
Cash and cash equivalents at end of year		**2,434**	**4,635**

Comparison between Actual and Prospective foreign exchange rates for the year ended, and as at 30 June 2014

	ACTUAL AVERAGE 2014	PROSPECTIVE AVERAGE 2014	ACTUAL 30 JUNE 2014	PROSPECTIVE 30 JUNE 2014
NZD:USD	0.8168	0.7959	0.8608	0.8000
NZD:AUD	0.8952	0.8777	0.9140	0.8800
AUD:USD	0.9124	0.9068	0.9418	0.9091
NZD:EUR	0.5995	0.6055	0.6280	0.6100

Explanation of variances:

(a) Helicopter revenue:

	ACTUAL $000	PROSPECTIVE $000
Engineering revenue	42,935	39,912
Helicopter leasing revenue	21,408	21,132
Total helicopter revenue	**64,343**	**61,044**

Engineering revenue exceeded PFI with growth in component and engine overhaul revenues underpinned by the new customers generated predominantly by European and Canadian aviation certifications. Additionally revenues in the European parts supply contract exceeded PFI, in part due to delays to the customer's fleet replacement schedule.

The helicopter leasing fleet size increased by a net six aircraft to a total of 32 helicopters compared to PFI 26. One of these helicopters will commence operations in the 2015 financial year and did not generate earnings during the current year. Flying hours were 5% behind PFI due largely to a delay in major projects in PNG. The purchase and lease of two helicopters in May 2014, and one helicopter in June were not included in the PFI. One leased aircraft forecast to be purchased by the customer continues on lease following the lapse of the purchase option.

(b) Fixed wing revenues are below PFI due to a reduction in revenue following an aircraft incident in January 2014, and the repositioning of one of the Group's passenger aircraft for freight conversion to maintain the Group's freighter fleet size. Other income relates to the receipt of insurance proceeds following this incident. The Boeing fleet therefore reduced by one aircraft compared to PFI, however overall fixed wing flying hours slightly exceeded PFI, with increased utilisation absorbed across the remaining freight aircraft. An unforecast lease of two Boeing aircraft engines commenced in May 2014.

(c) Additional operating expenses were incurred due to increased revenues. As a result of the aircraft incident in January 2014 increased costs were incurred in relation to the investigation and recovery of the aircraft parts. Higher fixed wing repairs and maintenance costs arose due to the customer's flight hour requirement being absorbed within a reduced fleet size.

(d) Operating profit before depreciation, amortisation and impairment expenses exceeds PFI. This amount includes insurance proceeds and certain costs associated with those proceeds, however it does not include aircraft impairment expense related to the insurance proceeds which is recorded within depreciation, amortisation and impairment expenses. Compared to PFI, the net cost of the aircraft incident (net of the insurance settlement) on operating profit after depreciation, amortisation and impairment expenses was $193,000.

(e) Depreciation, amortisation and impairment expense was higher than PFI as a result of the full impairment of an aircraft following the incident in January 2014, partly offset by forecast depreciation of that aircraft not being incurred after the incident.

(f) Net financing expenses, while consistent with the PFI, include lease break costs associated with an early termination of a lease following the January 2014 aircraft incident and insurance settlement.

(g) Other gains and losses relate to realised and unrealised foreign exchange gains and losses incurred by the Group, and movements in the fair value of derivative financial instruments that do not qualify for hedge accounting. Variances to PFI relate primarily to movements in the underlying foreign exchange rates and the early termination of a cross currency interest rate swap due to the early termination of the associated lease.

(h) Exchange differences on translation of foreign operations are higher than PFI due to movements in foreign exchange rates and the relative strength of the New Zealand dollar.

(i) The net proceeds from the issue of new shares, less the repurchase of share capital, of $20 million is in accordance with PFI.

(j) Net debt, represented by loans less cash and cash equivalents, is lower than PFI due to the early repayment of a finance lease following the January 2014 aircraft incident and insurance settlement.

(k) Trade receivables are lower than PFI due to timing of invoicing and collection of revenues, a reduction in debtor days outstanding, and a helicopter purchase option not being exercised as PFI.

(l) Net current and deferred tax liability is lower than PFI due to a combination of increased profits, increased tax paid during the year, geographical location of profits and the timing of reversals of temporary differences.

(m) Inventory and work in progress has increased due to helicopter engineering activities that have not met the revenue recognition threshold at balance date, which has also resulted in an increase in customer prepayments, recognised in Other Liabilities, compared to PFI.

(n) Derivative financial instruments (at fair value) are lower than PFI due to movements in the fair value in an interest rate swap, and the early termination of a cross currency interest rate swap due to the early termination of the associated lease.

(o) Property, plant and equipment is lower than PFI as a result of the full impairment of an aircraft, partially offset by unforecast capital expenditure on the conversion of a passenger aircraft to a freight aircraft following the January 2014 aircraft incident and insurance settlement. Unforecast growth capital expenditure was incurred relating to new helicopters and Boeing engine leases, and the Ardmore facility extensions have been deferred into the next financial year.

(p) Intangible assets are lower than PFI as a result of phasing in the implementation of certain IT projects.

(q) Accounts payable and other liabilities are above PFI primarily due to an increase in customer prepayments relating to helicopter engineering activities that have not met the revenue recognition threshold at balance date.

(r) The PFI included cash outflows related to the purchase of a subsidiary company within capital expenditure.

(s) Net proceeds from bank loans is lower than PFI due to higher net cash flows from operating activities. The higher gross drawdowns and repayments of bank loans reflect the active management of working capital.

(t) Repayment of finance lease liabilities is higher than PFI due to an early termination of a lease following the January 2014 aircraft incident and insurance settlement.

INDEPENDENT AUDITOR'S REPORT

pwc

TO THE SHAREHOLDERS OF AIRWORK HOLDINGS LIMITED

Report on the Financial Statements

We have audited the financial statements of Airwork Holdings Limited ("the Company") on pages 11 to 55, which comprise the balance sheets as at 30 June 2014, the income statements, statements of comprehensive income and statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 30 June 2014 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have no relationship with, or interests in, Airwork Holdings Limited or any of its subsidiaries other than in our capacities as auditors and providers of other assurance and tax services. These services have not impaired our independence as auditors of the Company and the Group.

Opinion

In our opinion, the financial statements on pages 11 to 55:

(i) comply with generally accepted accounting practice in New Zealand; and

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 30 June 2014, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2014:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which 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 and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers.

Chartered Accountants
28 August 2014

Auckland

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand

CORPORATE GOVERNANCE

Good corporate governance is an essential ingredient for a successful company. Airwork is committed to continuing to work to meet stakeholder and community expectations of robust and best practice corporate governance. The Board of Directors is responsible for ensuring that Airwork has an appropriate corporate governance framework in place to add value for its stakeholders through effective oversight, strong risk management and well defined processes. This requires that appropriate accountability and control systems are in place. Airwork's corporate governance framework includes Airwork's constitution, the Corporate Governance Code (which includes the Code of Ethics, and Audit Committee Charter), and various policies including a Delegated Authority Policy, Continuous Disclosure Policy and Securities Trading Policy.

This corporate governance statement outlines Airwork main corporate governance practices. Airwork's corporate governance principles do not differ materially from the NZX Corporate Governance Best Practice Code. Areas of difference from the Code are specifically described below.

BOARD ROLE AND RESPONSIBILITIES

The role of the Board is to direct the management of Airwork and its businesses while enhancing the interests of its shareholders and taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Constitution provides that the business and affairs of the Airwork Group are to be managed by or under the direction of the Board.

The Board has adopted a formal Corporate Governance Code which details the Board's role, powers, duties and functions, the matters it has reserved for its own consideration and decision-making, and the authority it has delegated to the CEO and Management. The Corporate Governance Code and the delegations of authority are reviewed regularly.

The Board's main functions include:

(a) approving, and from time to time reviewing, the strategic direction of the Company;

(b) ensuring that the Company has adequate management to achieve its objectives and to support the CEO, and that a satisfactory plan for management succession is in place;

(c) reviewing and approving the strategic, business and financial plans prepared by management, and developing a depth of knowledge of the Company's business so as to understand and question the assumptions upon which such plans are based and to reach an independent judgment on the probability that such plans can be achieved;

(d) reviewing and approving individual investment and divestment decisions which the Board has determined should be referred to it before implementation;

(e) reviewing and approving material transactions not in the ordinary course of the Company's business;

(f) approving the appointments by, or at the request of, the Company (including its affiliates) to the boards of directors of subsidiary and associate companies;

(g) monitoring the Company's performance against its approved strategic, business and financial plans and overseeing the Company's operating results on a regular basis so as to evaluate whether the business is being properly managed;

(h) ensuring ethical behaviour by the Company, the Board and management, including compliance with the Company's Constitution and policies, the relevant laws, listing rules and regulations and the relevant auditing and accounting principles;

(i) implementing and from time to time reviewing the Company's Code of Ethics, fostering high standards of ethical conduct and personal behaviour and holding accountable those directors, managers or other employees who engage in unethical behaviours; and

(j) ensuring the quality and independence of the Company's external audit process.

In accordance with Airwork's Corporate Governance Code, the Board will from time to time assess its own effectiveness, and that of its Committees, in carrying out these functions and the other responsibilities.

The Board has delegated day to day management of the Company to the Chief Executive Officer and the other executives of the Company. The Board acknowledges that one of its key roles is provide high-level counsel to the Chief Executive, to constantly monitor the performance of the Chief Executive against the Board's requirements and expectations, and to take timely action if the objectives of the Company are not being achieved or a correction to management is required. In addition to the information provided at Board meetings, the Board receive regular reports on the operation and performance of each part of the Airwork Group.

INDEPENDENT PROFESSIONAL ADVICE

The Company's Corporate Governance Code provides that each Director of the Company may obtain independent advice at the expense of the Company on issues related to the fulfilment of his or her duties as a director, subject to obtaining the approval of the Audit Committee prior to incurring any fees.

BOARD COMPOSITION, INDEPENDENCE AND DIVERSITY

BOARD COMPOSITION

The Company's policies determine that the Board should at all times comprise members whose skills, experience and attributes together reflect diversity, balance and cohesion, and match the demands facing the Company.

The Board of Directors is currently comprised of four directors, all of whom are non-executive directors. The directors are:

Mike Daniel	Appointed as a director in 2009, and appointed as Chairman in 2013. A former stockbroker, Mike has held directorships with the following organisations: GSB Supplycorp Limited, Force Corporation Limited, Northland Health Limited, Northpower Limited, Sea Tow Limited, SKYCITY Leisure Limited, Elders Norstock Limited (Chairman) and Northland Port Corporation Limited (Chairman). He is a Director of Pan Pacific Petroleum, N3 Limited, FMCTV Limited and is Chairman of the R Tucker Thompson Trust.
Hugh Jones	Appointed as a director in 1991. Formerly an executive director and Chairman of the Company. Hugh has over 40 years' experience in the aviation industry. Prior to purchasing Airwork in 1984, Hugh owned Helicopter Specialties Limited, a helicopter leasing and support company. Hugh is a qualified helicopter and fixed wing pilot, and was a member of the board of the Civil Aviation Authority of New Zealand from 1992 to 1997.
Rob Flannagan ACA OPM (Harvard) AFInstD JP	Appointed as a director in 2013 Rob was Chief Executive Officer of TOWER New Zealand from October 2006 to June 2013, and was a director from March 2008. He was previously a partner of Arthur Young Chartered Accountants. Rob was co-founder of Medic Aid, a medical insurance company which during his time became the second largest medical insurer after Southern Cross. Rob has held positions as Managing Director of the New Zealand Guardian Trust Company Limited, director of a number of Royal Sun Alliance New Zealand companies and CIO of the Promina Group.
Chris Hunter	Appointed as a director in 2013. Chris has extensive commercial property experience including over 25 years in New Zealand's construction industry, most recently as the CEO of Hawkins Construction. He is a director of NZX listed Argosy Property Limited, a fellow of the Royal Institute of Chartered Surveyors and holds an MBA from Massey University.

The Company's constitution sets out the policy and process for appointment and retirement of directors. One third of the directors (or the number nearest to one third) are to retire each year by rotation. Hugh Jones will retire this year and, being eligible, offers himself for re-election.

INDEPENDENCE

In order for a director to be considered independent, he or she must not be an executive of the Company and must have no disqualifying relationship in terms of the NZX Listing Rules. The Board has determined that, as at the balance date, being 30 June 2014, the following directors are independent within the meaning of the NZX Listing Rules:

- Mike Daniel — Chairman
- Rob Flannagan — Chair Audit Committee
- Chris Hunter — Director

Hugh Jones is not independent.

GENDER DIVERSITY

The gender composition of the Company's directors and officers at the prior two balance dates was:

	At 30 June 2014	At 30 June 2013
Directors	4 Male / 0 Female	2 Male / 0 Female
Officers	7 Male / 0 Female	7 Male / 0 Female

BOARD COMMITTEES

The Company has established an Audit Committee, but because of the Company's small size, the Board acts as the Nominations and Remuneration Committees contemplated by the Listing Rules.

AUDIT COMMITTEE

The Audit Committee is comprised solely of non-executive directors. The Committee operates under a written Charter, which is appended to the Airwork Corporate Governance Code, and has oversight of, and assists the Board to fulfil its responsibilities in the areas of, financial reporting, audit functions, risk management and control.

The Committee meets a minimum of three times a year. Given the small size of the Board, all directors are currently members of the Audit Committee. Rob Flannagan, who is an Independent Director, is the Chair of the Committee. The other members of the Committee are Mike Daniel, Hugh Jones and Chris Hunter.

The Committee is to review its objectives and responsibilities annually, and the performance of the Committee is to be reviewed by the Board at least once a year.

ATTENDANCE AT MEETINGS

	Board Meetings	Audit Committee Meetings
Total Number of Meetings	10	2
Mike Daniel	10	2
Hugh Jones	10	2
Rob Flannagan(1)	4	2
Chris Hunter(1)	4	2

(1) Rob Flannagan and Chris Hunter were appointed as directors on 6 December 2013

SHAREHOLDER INFORMATION

AIRWORK HOLDINGS LIMITED SECURITIES

On 19 December 2013 the ordinary shares of Airwork Holdings Limited were listed on the New Zealand Stock Exchange. In the initial public offering of shares, completed on 18 December 2013, the Company repurchased from Hugh Jones, and subsequently cancelled, 6,730,769 ordinary shares, and issued 14,423,027 ordinary shares.

The total number of ordinary shares issued as at 1 September 2014 was 50,241,498.

SPREAD OF SHAREHOLDERS

Size of Holding	Number of Holders	Number of shares held	% of total issued shares
1–1,000	71	61,018	13.45%
1,001–5,000	240	734,083	45.45%
5,001–10,000	102	830,905	19.32%
10,001–50,000	74	1,581,909	14.02%
50,001–100,000	16	1,218,039	3.03%
Greater than 100,000	25	45,815,544	4.73%
Totals	**528**	**50,241,498**	**100%**

SUBSTANTIAL SECURITY HOLDERS

The following substantial security holder information reflects notices received by the Company in respect of its ordinary shares as at 10 September 2014.

	Number of shares held	% of total issued shares
Hugh Ross Jones	30,418,969	60.546%
Hugh Ross Jones, Graham Andrew McKenzie & Pixie Lynn Jones as trustees of HR Jones Family Trust(1)	13,065,210	26.005%
Hugh Ross Jones, Graham Andrew McKenzie & Pixie Lynn Jones as trustees of Hugh Jones Airwork Trust(1)	9,053,430	18.020%
Condor Holdings Limited(1)	3,730,068	7.424%

(1) These holdings are amalgamated into the holding of Hugh Ross Jones disclosed in the first line, and are not cumulative.

SUMMARY OF NZX WAIVERS

No waivers were granted by NZX in the 12 months to 30 June 2014, and no waivers were relied upon by the Company during that period.

TWENTY LARGEST SHAREHOLDERS

AS AT 1 SEPTEMBER 2014

	Number of shares held	% of total issued shares
Hugh Ross Jones, Graham Andrew McKenzie & Pixie Lynn Jones	13,065,210	26.0%
Hugh Ross Jones, Graham Andrew McKenzie & Pixie Lynn Jones	9,053,430	18.02%
Condor Holdings Limited	4,100,000	8.16%
Hugh Ross Jones	4,062,461	8.09%
Cogent Nominees Limited	1,868,354	3.72%
Wayne John Collins	1,335,000	2.66%
FNZ Custodians Limited	1,320,901	2.63%
Michael Walter Daniel, Nigel Geoffrey Burton & Michael Murray Benjamin	1,100,000	2.19%
New Zealand Superannuation Fund Nominees Limited	1,049,231	2.09%
Custodial Services Limited	950,770	1.89%
Superlife Trustee Nominees Limited	837,565	1.67%
Premier Nominees Limited	791,601	1.58%
Investment Custodial Services Limited	759,200	1.51%
New Zealand Permanent Trustees Limited	652,500	1.3%
First NZ Capital Securities Limited	615,845	1.23%
James Lloyd Developments Limited	550,000	1.09%
Airlift Holdings Limited	477,800	0.95%
Michael Walter Daniel, Elizabeth Beatty Benjamin & Michael Murray Benjamin	340,000	0.68%
Kevin James Hickman & Joanna Hickman	340,000	0.68%
Rotoruatrust Perpetual Capital Fund Limited	300,000	0.6%
Peter Glen Inger & Joanne Adele Inger	300,000	0.6%
JPMorgan Chase Bank	290,742	0.58%
	44,160,610	**87.9%**

The shareholding of New Zealand Central Securities Depository Limited (NZCSD) has been reallocated to the applicable members of NZCSD.

INTERESTS REGISTER

During the financial year, no Director issued a notice to use information received by them in the capacity as directors and which would not otherwise have been available to them.

Directors' interests in the following transactions were disclosed during the financial year

Director	Transaction	Interest
Hugh Jones	Listing of the securities of the Company on NZX Main Board	As a part of the transaction the Company acquired shares from Mr Jones.
Hugh Jones	Listing of the securities of the Company on NZX Main Board	Funds raised through the transaction were used to repay to a subordinated loan provided to the Company by Airlift Holdings Limited, a company owned by Mr Jones.
Mike Daniel	Listing of the securities of the Company on NZX Main Board	Mr Daniel is a shareholder in NZX Ltd.
Mike Daniel	Appointment of Link Market Services Ltd to provide share registry services	Mr Daniel is a shareholder in NZX Ltd, which owns 50% of Link Market Services Ltd.

The following general disclosures of interests have been made by the Directors in terms of section 140(2) of the Companies Act 1993. Disclosures made or adjusted during the financial year are marked with an asterisk [*]. Each Director will be regarded as interested in all transactions between the Company (and its subsidiaries) and the disclosed entity.

	Director's Interests	Nature of Interest
Hugh Jones	Airlift Holdings Limited	Director and sole shareholder
	Airlift Trading Limited	Director and sole shareholder
	Airlift USA L.L.C.	Director and shareholder
	Alliance Aviation Services Limited	Shareholder
	Alliance Airlines Pty Limited	Shareholder in the parent company (Alliance Aviation Services Limited)
	Condor Holdings Limited	Director and shareholder
	Pacific Turbine Brisbane Pty Limited	Shareholder
	Condor Holdings Property One Limited*	Director and shareholder
Mike Daniel	N3 Ltd	Director/Shareholder
	NZX Ltd	Shares held by associated persons
	Link Market Services Ltd	Shares in parent company (NZX Ltd) held by associated persons
Rob Flannagan	Monty & Associates Ltd*	Director and Shareholder
	Complectus Ltd*	Director (resigned 8 August 2014)
	New Zealand Guardian Trust Company Ltd*	Chairman
	Global Film Solutions Ltd*	Advisory Board director
	Ministry of Education*	Independent director of the Ministry of Education Infrastructure Advisory Board
Chris Hunter	Hunter Consulting Services Ltd*	Director and Shareholder
	Hunter Corporation Ltd*	Director and Shareholder
	Argosy Property Ltd*	Director
	Amalgamated Builders NI Ltd*	Director and Shareholder

DIRECTORS' SHARE DEALINGS

The Company has adopted a Securities Trading Policy and Guidelines, which applies to all directors and officers of the Airwork Group who intend to trade in Airwork Holdings Limited listed securities.

Director	Date of Transaction	Consideration per security	Number purchased / sold	Nature of transaction
Hugh Jones	18 Dec 2013	$2.60	(6,730,769)	Shares purchased by the Company and cancelled under a Share Repurchase Agreement as a part of the listing of the Company's securities on NZX Main Board.
	7 May 2014	$1.50	(30,000)	Shares sold pursuant to a call-option granted under a share purchase agreement dated 30 April 2013.
Michael Daniel	18 Dec 2014	$2.60	400,000	Shares purchased under the initial public offering of the Company's shares
Rob Flannagan[1]	–	–	–	–
Chris Hunter[1]	–	–	–	–

DIRECTORS' SHAREHOLDINGS

	Beneficial Interest		Non-Beneficial Interest	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Hugh Jones	26,658,901	33,419,670	4,100,000	4,100,000
Michael Daniel	1,100,000	700,000	340,000	340,000
Rob Flannagan[1]	–	–	–	–
Chris Hunter[1]	–	–	–	–

(1) Chris Hunter and Rob Flannagan were appointed as directors on 6 December 2013

DIRECTORS' REMUNERATION

The remuneration paid to the Directors of the Company during or in respect of the financial year ended 30 June 2014 are set out below.

	FY 2014	FY 2013
Mike Daniel	$41,000	$36,000
Hugh Jones	$41,000	$100,000
Rob Flannagan[1]	$41,000	–
Chris Hunter[1]	$41,000	–

(1) Chris Hunter and Rob Flannagan were appointed as directors on 6 December 2013, and were paid consultancy fees prior to appointment

INDEMNITY AND INSURANCE

In accordance with section 162 of the Companies Act 1993 and the constitution of the Company, the Company has entered into a Deed of Directors' Indemnity to indemnify the Directors of the Company, to the maximum extent permitted by law, against all liabilities which they may incur in the performance of their duties as Directors of the Company or any subsidiary. The Company has maintained directors and officers liability insurance, which provides the Directors and officers cover for the costs and expenses of successfully defending legal proceedings. The Company also took out a policy of Prospectus Liability Insurance, which provides cover for the company, its directors, officers, employees and selling shareholders against claims arising from the offering of the Company's securities.

DIRECTORS OF SUBSIDIARY COMPANIES

The following persons held office as directors of the Group's subsidiary companies during the financial year:

Company	Directors			
AFO Aircraft (NZ) Limited	HR Jones			
Airwork Flight Operations Limited	HR Jones			
Airwork (NZ) Limited	HR Jones			
Airwork (Europe) Limited	HR Jones	BJ Fouhy	CJ Hart	
Heli Holdings Limited	HR Jones			
Helilink Limited	HR Jones			
Contract Aviation Industries Limited	HR Jones			
Capital Aviation Investments Limited	HR Jones			
Airwork Flight Operations Pty Limited	HR Jones	A Sain	S Nair	
Airwork Heli Engineering Pty Limited	HR Jones	A Sain	S Nair	
Heli Holdings Pty Limited	HR Jones	A Sain	S Nair	
Airwork Personnel Pty Limited	HR Jones	A Sain	S Nair	
AFO Aircraft (Aus) Pty Limited	HR Jones	A Sain	S Nair	
Baxolex Pty Limited	CJ Hart	MS Hall	J Sterk	D Mouton
Helibip Pty Limited	CJ Hart	MS Hall	J Sterk	
Airwork Africa Pty Limited	CJ Hart	MS Hall	J Sterk	

CALENDAR

Half Year Balance Date	31 December
Half Year Results Announced	February
Interim Report Published	March
Interim Dividend Paid	April
Full Year Balance Date	30 June
Full Year Results Announced	August
Annual Report Published	September
Annual Meeting	October
Final Dividend	October

REMUNERATION OF EMPLOYEES

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of employees or former employees of the Airwork Group, excluding directors, who received remuneration and other benefits in their capacity as employees, totalling $100,000 or more, during the year ended 30 June 2014. Remuneration includes salary, motor vehicle and other sundry benefits received in their capacity as employees.

	Number of employees	New Zealand	Overseas	Remuneration
	21	20	1	$100,000 to $109,999
	15	12	3	$110,000 to $119,999
	16	13	3	$120,000 to $129,999
	15	10	5	$130,000 to $139,999
	10	5	5	$140,000 to $149,999
	10	7	3	$150,000 to $159,999
	8	3	5	$160,000 to $169,999
	7	3	4	$170,000 to $179,999
	2	–	2	$180,000 to $189,999
	5	4	1	$190,000 to $199,999
	4	–	4	$200,000 to $209,999
	6	1	5	$210,000 to $219,999
	3	–	3	$220,000 to $229,999
	3	–	3	$230,000 to $239,999
	3	–	3	$240,000 to $249,999
	2	2	–	$270,000 to $279,999
	1	1	–	$280,000 to $289,999
	1	–	1	$290,000 to $299,999
	1	1	–	$380,000 to $389,999
	1	1	–	$390,000 to $399,999
	1	1	–	$420,000 to $429,999
Total	135	84	51	

Overseas based remuneration has been converted to New Zealand dollars using an average exchange rate for the financial year.

ANNUAL MEETING OF SHAREHOLDERS

The Company's annual meeting of shareholders will be held at 3:00pm on Tuesday 21 October 2014 at the Royal New Zealand Yacht Squadron, 101 Curran St, Westhaven, Auckland.

AUDITOR

PricewaterhouseCoopers have acted as auditors of the company, and have undertaken the audit of the financial statements for the June 2014 year. The remuneration paid to the auditors is set out in the Financial Statements.

DONATIONS

The Airwork Group made no donations during the year ended 30 June 2014.

CORPORATE DIRECTORY

COMPANY	Airwork Holdings Limited PO Box 3271, Auckland 1140 New Zealand	T +64 9 377 1663 F +64 9 377 1664 www.airworkgroup.com
REGISTRATION NUMBER	241674	
REGISTERED OFFICE	Level 4, 32 Mahuhu Crescent Auckland New Zealand	
PRINCIPAL SUBSIDIARY COMPANIES	Airwork (NZ) Limited 487 Airfield Road, Papakura, Auckland	› Helicopter engineering and support services
	Airwork Flight Operations Limited Laurence Stevens Drive, Mangere, Auckland	› Fixed wing leasing, operations, engineering and support services
	Airwork Flight Operations Pty Limited 8 Acacia Street, Brisbane Airport, Queensland, Australia	› Fixed wing leasing and operations and support services
	Heli Holdings Limited 487 Airfield Road, Papakura, Auckland	› Helicopter leasing and operations
DIRECTORS	Mike Daniel, Chairman (Independent) Hugh Jones Chris Hunter (Independent) Rob Flannagan (Independent)	
SENIOR MANAGEMENT	Chris Hart – Chief Executive Officer Brian Fouhy – Chief Financial Officer Claude Alviani – Group General Manager, Airwork Flight Operations Richard Pitt – General Manager Airwork (NZ) Wayne Christie – General Manager Heli Holdings & Business Development Greg Steele – General Counsel & Company Secretary	
COMPANY SECRETARY	Greg Steele	
AUDITORS	PricewaterhouseCoopers	
BANKERS	Commonwealth Bank of Australia, New Zealand Branch ASB Bank Limited	
SOLICITORS	Chapman Tripp	
SHARE REGISTRAR	Link Market Services Limited Level 7, Zurich House 21 Queen Street, Auckland 1010 Private Bag 91976 Auckland Mail Centre, Auckland 1142 New Zealand	T +64 9 375 5998 F +64 9 375 5990 E enquiries@linkmarketservices.co.nz

This Annual Report is signed for and on behalf of the Board of the Company by:

Michael Daniel
CHAIRMAN
18 September 2014

Robin Flannagan
DIRECTOR
18 September 2014

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HOLDINGS LIMITED

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