



WELLINGTON INTERNATIONAL AIRPORT LIMITED

**Half Year Financial Statements
for the Period Ended 30 September 2016**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Notes	6 months 30 Sep 2016 \$000 Unaudited	6 months 30 Sep 2015 \$000 Unaudited	12 months 31 Mar 2016 \$000 Audited
Aircraft movement and terminal charges		33,931	32,175	65,939
Retail and trading activities		18,470	17,689	35,745
Property rent and lease income		6,016	5,752	11,826
Total revenue		58,417	55,616	113,510
Operating expenses	A2	(9,528)	(9,019)	(17,724)
Employee remuneration and benefits		(5,154)	(4,757)	(9,645)
Subvention payment	D1	(38,762)	(39,517)	(39,517)
Total operating and other expenditure		(53,444)	(53,293)	(66,886)
Investment properties revaluation net increase		-	-	1,889
Depreciation	B1	(9,983)	(8,151)	(16,469)
Loss on sale of property, plant and equipment		(274)	(116)	(114)
Operating earnings before interest and financing expense		(5,284)	(5,944)	31,930
Interest income		246	336	342
Interest expense (Note 1)		(12,336)	(8,802)	(17,116)
Increase/(Decrease) in value of financial instruments designated at fair value through profit or loss		4,544	(2,323)	(2,636)
Net financing expense		(7,546)	(10,789)	(19,410)
Net (loss)/profit before taxation		(12,830)	(16,733)	12,520
Taxation income		7,805	7,797	3
Net (loss)/profit after taxation for the period		(5,025)	(8,936)	12,523
Other comprehensive income				
Items which will not be reclassified to profit or loss:				
Property, plant and equipment revaluation		2,870	-	91,399
Income tax relating to components of other comprehensive income		(717)	-	(22,441)
Total other comprehensive income		2,153	-	68,958
Total comprehensive income		(2,872)	(8,936)	81,481

Note 1 - Interest expense includes \$3.2 million in one-off charges relating to the termination of interest rate swaps with a notional value of \$85 million.

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Attributable to Equity Holders				Total Equity \$000
	Capital \$000	Asset Revaluation Reserve \$000	Other Reserves \$000	Retained Earnings \$000	
	Balance as at 1 April 2016	9,050	402,787	141	
Total comprehensive income					
Net loss	-	-	-	(5,025)	(5,025)
Other comprehensive income	-	2,153	-	-	2,153
Total comprehensive income	-	2,153	-	(5,025)	(2,872)
Contributions by and distributions to owners					
Executive redeemable shares issued	-	-	20	-	20
Dividend to equity holders	-	-	-	(12,059)	(12,059)
Total contributions by and distributions to owners	-	-	20	(12,059)	(12,039)
Unaudited balance as at 30 September 2016	9,050	404,940	161	77,578	491,729
Balance as at 1 April 2015	9,050	333,829	140	95,089	438,108
Total comprehensive income					
Net loss	-	-	-	(8,936)	(8,936)
Total comprehensive income	-	-	-	(8,936)	(8,936)
Contributions by and distributions to owners					
Executive redeemable shares issued	-	-	55	-	55
Dividend to equity holders	-	-	-	(12,950)	(12,950)
Total contributions by and distributions to owners	-	-	55	(12,950)	(12,895)
Unaudited balance as at 30 September 2015	9,050	333,829	195	73,203	416,277
Balance as at 1 April 2015	9,050	333,829	140	95,089	438,108
Total comprehensive income					
Net profit	-	-	-	12,523	12,523
Other comprehensive income	-	68,958	-	-	68,958
Total comprehensive income	-	68,958	-	12,523	81,481
Contributions by and distributions to owners					
Executive redeemable shares issued	-	-	60	-	60
Executive redeemable shares converted	-	-	(59)	-	(59)
Dividend to equity holders	-	-	-	(12,950)	(12,950)
Total contributions by and distributions to owners	-	-	1	(12,950)	(12,949)
Audited balance as at 31 March 2016	9,050	402,787	141	94,662	506,640

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Notes	30 Sep 2016 \$000 Unaudited	30 Sep 2015 \$000 Unaudited	31 Mar 2016 \$000 Audited
Cash and cash equivalents		6,245	4,798	5,911
Trade receivables		10,254	9,795	11,224
Prepayments and sundry receivables		3,369	3,257	3,086
Current assets		19,868	17,850	20,221
Property, plant and equipment	B1	908,115	764,532	870,076
Investment properties		68,952	60,574	68,850
Non current assets		977,067	825,106	938,926
Total assets		996,935	842,956	959,147
Trade and other payables		900	414	683
Taxation		7,426	7,283	15,496
Accruals and other liabilities		16,541	14,566	13,204
Accrued employee benefits		2,055	1,705	2,037
Loans and borrowings	C1	90,000	25,000	-
Current liabilities		116,922	48,968	31,420
Loans and borrowings	C1	265,855	274,054	295,097
Deferred taxation		113,834	90,831	112,852
Derivative financial instruments		8,595	12,826	13,138
Non current liabilities		388,284	377,711	421,087
Attributable to shareholders		491,729	416,277	506,640
Total equity		491,729	416,277	506,640
Total equity and liabilities		996,935	842,956	959,147

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Notes	6 months 30 Sep 2016 \$000 Unaudited	6 months 30 Sep 2015 \$000 Unaudited	12 months 31 Mar 2016 \$000 Audited
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers		59,387	56,145	112,867
Interest received		246	336	342
		59,633	56,481	113,209
<i>Cash was disbursed to:</i>				
Payments to suppliers and employees		(12,996)	(13,566)	(26,794)
Interest payment		(12,315)	(7,769)	(15,997)
		34,322	35,146	70,418
Subvention payment	D1	(38,762)	(39,517)	(39,517)
Net cash flows from operating activities		(4,440)	(4,371)	30,901
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Proceeds from sale of property, plant and equipment		-	7	10
		-	7	10
<i>Cash was disbursed to:</i>				
Purchase of property, plant and equipment		(43,646)	(25,033)	(55,359)
Net cash flows from investing activities		(43,646)	(25,026)	(55,349)
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Drawdown of loans and borrowings		-	24,836	32,000
Issue of bonds		133,478	-	-
		133,478	24,836	32,000
<i>Cash was disbursed to:</i>				
Repayment of loans and borrowings		(13,000)	-	(11,000)
Repayment of bonds		(60,000)	-	-
Dividend payment	D1	(12,058)	(12,950)	(12,950)
		(85,058)	(12,950)	(23,950)
Net cash flows from financing activities		48,420	11,886	8,050
Net increase/(decrease) in cash and cash equivalents		334	(17,511)	(16,398)
Cash and cash equivalents balance at the beginning of the period		5,911	22,309	22,309
Cash and cash equivalents balance at the end of the period		6,245	4,798	5,911

	6 months 30 Sep 2016 \$000 Unaudited	6 months 30 Sep 2015 \$000 Unaudited	12 months 31 Mar 2016 \$000 Audited
Reconciliation of net profit with cash flows from operating activities			
Net (loss)/profit after taxation	(5,025)	(8,936)	12,523
(Increase)/Decrease in value of financial instruments designated at fair value through profit or loss	(4,544)	2,323	2,636
Depreciation	9,983	8,151	16,469
Investment properties revaluation increase	-	-	(1,889)
Other movements not involving cash flows	1,556	(937)	(1,532)
Movements in working capital	(6,410)	(4,972)	2,694
Net cash flows from operating activities	(4,440)	(4,371)	30,901

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

REPORTING ENTITY

The unaudited, condensed and consolidated half year financial statements presented are those of the Wellington International Airport Limited Group (the Group), comprising Wellington International Airport Limited (WIAL and/or the Company) and its subsidiary, Wellington Airport Noise Treatment Limited (WANT Limited).

The Group operates in Wellington providing integrated airport and commercial facilities and services to various airlines and other airport users. The Group also operates a commercial retail park adjacent to the airport site.

STATUTORY BASE

The parent company, WIAL, is a profit orientated company incorporated and domiciled in New Zealand as a limited liability company registered under the Companies Act 1993. The company has bonds listed on the NZDX and on that basis meets the definition of a Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

BASIS OF PREPARATION

These consolidated half year financial statements have been prepared in accordance with New Zealand equivalents to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and comply with International Accounting Standard 34 Interim Financial Reporting (IAS 34).

The consolidated half year financial statements for the period to 30 September 2016 have been prepared in accordance with the accounting policies stated in the Group's published Annual Report for the year ended 31 March 2016 and should be read in conjunction with the Annual Report. No changes have been made from the accounting policies used in the Annual Report, which can be obtained from WIAL's registered office or from its website www.wellingtonairport.co.nz/corporate.

The financial statements are presented in New Zealand Dollars which is the Group's functional currency. Where indicated values are rounded to the nearest thousand dollars (\$000).

NOTES CATEGORIES

The notes include information which is required to understand the consolidated financial statements and is material and relevant to the operations, financial position and performance of the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

A. FINANCIAL PERFORMANCE

A1. Segment reporting and non-NZ GAAP measure

Operating segments are identified based on the nature of the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker of the Group has been identified as the Chief Executive Officer. Based on the internal reporting to the Chief Executive Officer, the group is considered to have one operating segment.

The Group refers to a non-NZ GAAP financial measure of earnings before interest, tax, depreciation, amortisation, change in fair value of financial instruments, impairments and gain/(loss) on sale of assets (EBITDAF) and subvention payment within these consolidated financial statements. The Board and management consider it a useful non-NZ GAAP financial measure as it shows the contribution to earnings prior to non-cash items, cost of financing and subvention and is used by management, in conjunction with other measures, to monitor financial performance. The limited use of this non-NZ GAAP measure is intended to supplement GAAP measures and is not a substitute for NZ GAAP measures. As these measures are not defined by NZ GAAP, NZIFRS, or any other body of accounting standards, the Group's calculations may differ from similarly titled measures presented by other companies.

	6 months 30 Sep 2016	6 months 30 Sep 2015	12 months 31 Mar 2016
	\$000	\$000	\$000
	Unaudited	Unaudited	Audited
Net (loss)/profit after taxation	(5,025)	(8,936)	12,523
Subvention payment	38,762	39,517	39,517
Net interest expense	12,090	8,466	16,774
Taxation income	(7,805)	(7,797)	(3)
Depreciation	9,983	8,151	16,469
Investment properties revaluation net increase	-	-	(1,889)
Loss on sale of property, plant and equipment	274	116	114
Decrease/(increase) in value of financial instruments designated at fair value through profit or loss	(4,544)	2,323	2,636
EBITDAF before subvention payment	43,735	41,840	86,141

A2. Operating expenses

	6 months 30 Sep 2016	6 months 30 Sep 2015	12 months 31 Mar 2016
	\$000	\$000	\$000
	Unaudited	Unaudited	Audited
Fees paid to auditors:			
Audit of statutory financial statements	40	46	96
Taxation and other assurance services (Note 1)	49	34	66
Directors' fees	232	221	458
Regulatory compliance and airline pricing consultation	567	433	923
Marketing and development	569	993	1,657
Cleaning and energy	1,107	966	1,796
Rates and insurance	2,357	2,124	4,161
Repairs and maintenance	1,158	1,095	2,319
Operating lease expenses	402	402	845
Administration and other expenses	3,047	2,705	5,403
Total operating expenses	9,528	9,019	17,724

Note 1 - Includes audit of WIAL's regulatory Annual Disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

B. FIXED ASSETS

B1. Property, plant and equipment	6 months 30 Sep 2016	6 months 30 Sep 2015	12 months 31 Mar 2016
	\$000	\$000	\$000
	Unaudited	Unaudited	Audited
Opening balance	870,076	744,522	744,522
Additions	45,236	28,052	56,904
Transfer between property, plant and equipment and investment properties	(84)	231	(6,156)
Disposals	-	(122)	(124)
Depreciation	(9,983)	(8,151)	(16,469)
Movement in asset revaluation	2,870	-	91,399
Closing balance	908,115	764,532	870,076

Revaluation

Land, buildings and civil assets are valued at least every 5 years. Land, buildings and civil assets were last revalued by independent registered valuers as at 31 March 2016 in accordance with the New Zealand Institute of Valuers asset valuation standards. Details of the valuations are set out in the 2016 Annual Report. The \$2.9 million fair value increase in property, plant and equipment in the half year financial statements reflects the completion of the year end valuation process, with a credit to the asset revaluation reserve within the Statement of Changes in Equity.

Capitalised borrowing costs

For the period ended 30 September 2016, capitalised borrowing costs relating to capital work in progress amounted to \$1.3 million (30 September 2015: \$0.9 million, 31 March 2016: \$2.2 million), with an average capitalisation rate of 5.9% (30 September 2015: 6.2%, 31 March 2016: 6.2%).

C. FUNDING

C1. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to and management of interest rate and foreign currency risk, refer to the 2016 Annual Report.

	6 months 30 Sep 2016	6 months 30 Sep 2015	12 months 31 Mar 2016
	\$000	\$000	\$000
	Unaudited	Unaudited	Audited
Bank facilities drawdown	8,000	25,000	21,000
Wholesale bonds	140,000	200,000	200,000
Retail bonds	210,000	75,000	75,000
Total borrowings at face value	358,000	300,000	296,000
Unamortised transaction costs	(2,145)	(946)	(903)
Carrying value of borrowings	355,855	299,054	295,097
Current	90,000	25,000	-
Non-current	265,855	274,054	295,097

Bank facilities

The Group's debt includes bank facilities with a negative pledge arrangement, which with limited exceptions does not permit the borrower to grant any security over its assets. The bank facilities require the borrower to maintain certain levels of shareholder funds and operate within defined performance and gearing ratios. The banking arrangements also include restrictions over the sale or disposal of certain assets. The Group has complied with its debt covenant requirements during the period. Interest rates were determined by reference to prevailing money market rates plus a margin. Interest rates paid during the period ranged from 3.1% to 3.6% (30 September 2015: 3.8% to 4.3%, 31 March 2016: 3.8% to 4.3%).

	6 months 30 Sep 2016	6 months 30 Sep 2015	12 months 31 Mar 2016
	\$000	\$000	\$000
	Unaudited	Unaudited	Audited
Maturity of bank facilities			
Between 1 and 2 years	70,000	-	-
Between 2 and 3 years	30,000	70,000	70,000
More than 3 years	-	30,000	30,000
Total bank facilities	100,000	100,000	100,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

C1. Loans and borrowings (continued)

Bonds

The Trust Deeds for the bonds require the Group to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deeds create restrictions over the sale or disposal of certain assets. The Group complied with its debt covenant requirements during the period. All bonds issued with floating rate exposures have been fixed with interest rate swaps. At 30 September 2016, the bonds had a fair value of \$365.1 million (30 September 2015: \$284.7 million, 31 March 2016: \$284.1 million). During the period WIAL issued retail bonds WIA030 (\$75 million) and WIA040 (\$60 million) and completed a partial buy back of wholesale bond WIA0817 (\$60 million).

	6 months 30 Sep 2016	6 months 30 Sep 2015	12 months 31 Mar 2016
	\$000	\$000	\$000
	Unaudited	Unaudited	Audited
Maturity of bonds			
Less than 1 year	90,000	-	-
Between 1 and 2 years	-	150,000	150,000
Between 2 and 3 years	25,000	-	-
More than 3 years	235,000	125,000	125,000
Total bonds	350,000	275,000	275,000

D. OTHER NOTES

D1. Related parties

WIAL is 66% owned by NZ Airports Limited, which is wholly owned by Infratil Limited. Wellington City Council owns the remaining 34% of the Company.

	6 months 30 Sep 2016	6 months 30 Sep 2015	12 months 31 Mar 2016
	\$000	\$000	\$000
	Unaudited	Unaudited	Audited
Transactions made during the period			
Infratil and its subsidiaries			
Infratil Group - subvention payment	(38,762)	(39,517)	(39,517)
Cityline NZ Limited - Airport Flyer Bus services	152	145	281
Infratil Limited - Insurance and other costs	(83)	(92)	(128)
H.R.L. Morrison & Co Limited			
Directors' fees	(160)	(160)	(320)
Consulting and other fees	(7)	(3)	(42)

Directors fees were paid during the period to H.R.L. Morrison & Co Limited, the company responsible for the day to day management of Infratil Limited, of \$160,000 for the services of T Brown, P Coman, S Fitzgerald and J Boyes as Directors and J Boyes and S Fitzgerald as Audit and Risk Committee Members (30 September 2015: \$160,000, 31 March 2016: \$320,000).

Wellington City Council

Dividend payment	(12,058)	(12,950)	(12,950)
Directors' fees	(30)	(30)	(60)
Rates	(1,316)	(1,235)	(2,495)
Grants	1,216	693	1,261
Consents and compliance costs	(71)	(272)	(282)

Directors fees of \$30,000 were paid during the period to the Wellington City Council, for the services of C Wade-Brown as a Director (30 September 2015: \$30,000, 31 March 2016: \$60,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

D1. Related parties (continued)

	6 months 30 Sep 2016	6 months 30 Sep 2015	12 months 31 Mar 2016
	\$000	\$000	\$000
	Unaudited	Unaudited	Audited
Balance receivable/(payable) as at the end of the period			
H.R.L. Morrison & Co Limited	(93)	-	(93)
Cityline NZ Limited	19	24	28
Wellington City Council	72	-	7

D2. Capital commitments

	6 months 30 Sep 2016	6 months 30 Sep 2015	12 months 31 Mar 2016
	\$000	\$000	\$000
	Unaudited	Unaudited	Audited
Contracted but not provided for	40,630	23,042	59,382

The commitments contracted but not provided for relate to terminal developments and the multi level car park transport hub.

D3. Contingency and subsequent events

There were no contingent liabilities as at 30 September 2016 (30 September 2015 and 31 March 2016: Nil).

There were no disclosable events after the reporting date.