WELLINGTON INTERNATIONAL AIRPORT LIMITED (WIAL)

Consolidated Annual Report For the Year Ended 31 March 2013

DIRECTORS' REPORT

The Directors have pleasure in presenting to shareholders their twenty-third annual report for Wellington International Airport Limited (WIAL) for the year ended 31 March 2013.

Directors

The Directors of WIAL during the year were:

- ✈ David Newman, Chairman
- ✈ Timothy Brown
- ✈ Peter Coman
- ✈ Steven Fitzgerald
- ✈ Ian McKinnon
- ✈ Keith Sutton

Company's Affairs and Nature of Business

WIAL provides airport facilities and services to various airlines and airport users. On 1 April 2012, WIAL's wholly owned subsidiary Wellington Airport Noise Treatment Limited (WANT Limited) commenced trading. WANT Limited is the only trading subsidiary of WIAL. As a result WIAL comprises a group for financial reporting purposes and is required to prepare a consolidated report.

The Directors regard the state of the Company's affairs to be satisfactory.

The nature of the Company's business has not changed during the year.

Earnings and Dividends

Total revenue for the year was $106.2 million. The profit after taxation amounted to $16.2 million after the payment of a $30.0 million subvention payment to a subsidiary of Infratil Limited.

During the year a dividend of $8.8 million was paid to Wellington City Council.

Retained Earnings Reserve

The total increase in equity for the year, being the total recognised revenues net of expenses less dividends paid was $19.4 million. The retained earnings reserve at 31 March 2013 totalled $84.5 million.

Revaluation Reserves

The total revaluation reserve at 31 March 2013 was $334.0 million.

Liabilities

The liabilities of WIAL are not guaranteed by the shareholders.

Auditors

KPMG remained the Company's auditors during the year.

On behalf of the Board.

David Newman	**Keith Sutton**
Chairman	Director
10 May 2013	10 May 2013

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	Consolidated 2013 $000	Consolidated 2012 $000	Parent 2013 $000	Parent 2012 $000
Landing and terminal charges		62,571	57,006	62,571	57,006
Property rent and lease income		10,839	10,877	10,839	10,877
Retail and trading activities		32,779	31,584	32,779	31,584
Total revenue		**106,189**	**99,467**	**106,189**	**99,467**
Operating expenses	5	(15,424)	(15,667)	(17,481)	(15,667)
Subvention payment	20	(29,982)	(30,137)	(29,982)	(30,137)
Employee remuneration and benefits		(7,825)	(8,335)	(7,825)	(8,335)
Total operating expenditure		**(53,231)**	**(54,139)**	**(55,288)**	**(54,139)**
Investment property revaluation net increase	12	4,698	922	4,698	922
Depreciation	11	(16,017)	(17,553)	(16,017)	(17,553)
(Loss)/gain on sale of property, plant and equipment		602	(3)	602	(3)
Impairment of properties held for sale	13	(4,922)	-	-	-
Operating earnings before interest and financing expense		**37,319**	**28,694**	**40,184**	**28,694**
Interest income		147	336	273	336
Interest expense		(19,585)	(19,439)	(19,585)	(19,439)
Amortisation of fair value of ineffective hedges transferred from equity	15	(625)	(4,380)	(625)	(4,380)
Decrease in value of financial instruments designated at fair value through profit or loss		(64)	(5,198)	(64)	(5,198)
Net financing expense		**(20,127)**	**(28,681)**	**(20,001)**	**(28,681)**
Net profit from continuing operations before taxation		**17,192**	**13**	**20,183**	**13**
Taxation income/(expense)	9	(946)	3,836	(1,785)	3,836
Total taxation income/(expense)		**(946)**	**3,836**	**(1,785)**	**3,836**
Net profit from continuing operations after taxation		**16,246**	**3,849**	**18,398**	**3,849**
Net profit from discontinued operations after taxation	4	-	5,132	-	-
Net profit after taxation		**16,246**	**8,981**	**18,398**	**3,849**
Other comprehensive income					
Revaluation of land		-	74,270	-	74,270
Revaluation of property, plant and equipment		16,093	9,338	16,093	9,338
Amortisation of fair value of ineffective hedges transferred to profit or loss		625	4,380	625	4,380
Revaluation release on sale of assets		(53)	-	(53)	-
Income tax relating to components of other comprehensive income		(4,666)	(3,840)	(4,666)	(3,840)
Other comprehensive income, net of tax		**11,999**	**84,148**	**11,999**	**84,148**
Total comprehensive income		**28,245**	**93,129**	**30,397**	**87,997**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

Consolidated	Notes	Capital $000	Asset Revaluation Reserve $000	Hedge Reserve $000	Retained Earnings $000	Total Equity $000
		Attributable to Equity Holders of the Group				
Balance as at 1 April 2012		9,105	322,471	(451)	77,124	408,249
Total comprehensive income						
Net profit		-	-	-	16,246	16,246
Other comprehensive income						
Revaluation of land		-	-	-	-	-
Revaluation of property, plant and equipment, net of deferred taxation		-	11,586	-	-	11,586
Release revaluation reserve on sale of assets, net of tax		-	(38)	-	-	(38)
Amortisation of fair value of ineffective hedges transferred to profit or loss, net of deferred taxation		-	-	451	-	451
Total other comprehensive income		**-**	**11,548**	**451**	**-**	**11,999**
Total comprehensive income		**-**	**11,548**	**451**	**16,246**	**28,245**
Contributions by and distributions to owners						
Executive redeemable shares converted		30	-	-	-	30
Executive redeemable shares issued		(19)				(19)
Dividends to equity holders		-	-	-	(8,826)	(8,826)
Total contributions by and distributions to owners		**11**	**-**	**-**	**(8,826)**	**(8,815)**
Balance at 31 March 2013	10	**9,116**	**334,019**	**-**	**84,544**	**427,679**

Consolidated	Notes	Capital $000	Asset Revaluation Reserve $000	Hedge Reserve $000	Retained Earnings $000	Total Equity $000
		Attributable to Equity Holders of the Group				
Balance as at 1 April 2011		9,083	241,477	(3,605)	117,204	364,159
Total comprehensive income						
Net profit		-	-	-	8,981	8,981
Other comprehensive income						
Revaluation of land		-	74,270	-	-	74,270
Revaluation of property, plant and equipment, net of deferred taxation		-	6,724	-	-	6,724
Amortisation of fair value of ineffective hedges transferred to profit or loss, net of deferred taxation		-	-	3,154	-	3,154
Total other comprehensive income		**-**	**80,994**	**3,154**	**-**	**84,148**
Total comprehensive income		**-**	**80,994**	**3,154**	**8,981**	**93,129**
Contributions by and distributions to owners						
Executive redeemable shares issued		22	-	-	-	22
Dividends to equity holders		-	-	-	(49,061)	(49,061)
Total contributions by and distributions to owners		**22**	**-**	**-**	**(49,061)**	**(49,039)**
Balance at 31 March 2012	10	**9,105**	**322,471**	**(451)**	**77,124**	**408,249**

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

STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 MARCH 2013

Parent	Notes	Capital $000	Asset Revaluation Reserve $000	Hedge Reserve $000	Retained Earnings $000	Total Equity $000
		Attributable to Equity Holders of the Company				
Balance as at 1 April 2012		9,097	322,471	(451)	77,132	408,249
Total comprehensive income						
Net profit		-	-	-	18,398	18,398
Other comprehensive income						
Revaluation of land		-	-	-	-	-
Revaluation of property, plant and equipment, net of deferred taxation		-	11,586	-	-	11,586
Release revaluation reserve on sale of assets, net of tax		-	(38)	-	-	(38)
Amortisation of fair value of ineffective hedges transferred to profit or loss, net of deferred taxation		-	-	451	-	451
Total other comprehensive income		**-**	**11,548**	**451**	**-**	**11,999**
Total comprehensive income		**-**	**11,548**	**451**	**18,398**	**30,397**
Contributions by and distributions to owners						
Executive redeemable shares converted		30	-	-	-	30
Executive redeemable shares issued		(19)				(19)
Dividends to equity holders		-	-	-	(8,826)	(8,826)
Total contributions by and distributions to owners		**11**	**-**	**-**	**(8,826)**	**(8,815)**
Balance at 31 March 2013	10	**9,108**	**334,019**	**-**	**86,704**	**429,831**

Parent	Notes	Capital $000	Asset Revaluation Reserve $000	Hedge Reserve $000	Retained Earnings $000	Total Equity $000
		Attributable to Equity Holders of the Company				
Balance as at 1 April 2011		9,075	241,477	(3,605)	122,344	369,291
Total comprehensive income						
Net profit		-	-	-	3,849	3,849
Other comprehensive income						
Revaluation of land		-	74,270	-	-	74,270
Revaluation of property, plant and equipment, net of deferred taxation		-	6,724	-	-	6,724
Amortisation of fair value of ineffective hedges transferred to profit or loss, net of deferred taxation		-	-	3,154	-	3,154
Total other comprehensive income		**-**	**80,994**	**3,154**	**-**	**84,148**
Total comprehensive income		**-**	**80,994**	**3,154**	**3,849**	**87,997**
Contributions by and distributions to owners						
Executive redeemable shares issued		22	-	-	-	22
Dividends to equity holders		-	-	-	(49,061)	(49,061)
Total contributions by and distributions to owners		**22**	**-**	**-**	**(49,061)**	**(49,039)**
Balance at 31 March 2012	10	**9,097**	**322,471**	**(451)**	**77,132**	**408,249**

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Notes	Consolidated 2013 $000	Consolidated 2012 $000	Parent 2013 $000	Parent 2012 $000
Cash and cash equivalents	8	5,725	2,731	5,128	2,731
Trade receivables	15	11,242	9,121	16,431	9,121
Prepayments and sundry receivables		1,722	1,328	1,722	1,328
Intercompany account		-	-	571	-
Assets held for sale	13	3	-	-	-
Current assets		**18,692**	**13,180**	**23,852**	**13,180**
Property, plant and equipment	11	739,467	731,648	739,467	731,648
Investment properties	12	54,622	49,855	54,622	49,855
Non current assets		**794,089**	**781,503**	**794,089**	**781,503**
Total assets		**812,781**	**794,683**	**817,941**	**794,683**
Trade and other payables		1,287	1,952	2,682	1,952
Taxation payable		13,744	12,999	14,409	12,999
Accruals and other liabilities		9,320	9,426	10,094	9,426
Accrued employee benefits	16	1,313	1,214	1,313	1,214
Retail bonds	7	99,785	-	99,785	-
Derivative financial instruments	15	106	-	106	-
Current liabilities		**125,555**	**25,591**	**128,389**	**25,591**
Bank debt	6	-	6,776	-	6,776
Retail and wholesale bonds	7	149,385	248,732	149,385	248,732
Deferred taxation liability	9	90,778	85,910	90,952	85,910
Derivative financial instruments	15	19,384	19,425	19,384	19,425
Non current liabilities		**259,547**	**360,843**	**259,721**	**360,843**
Attributable to shareholders of the Company		427,679	408,249	429,831	408,249
Total equity		**427,679**	**408,249**	**429,831**	**408,249**
Total equity and liabilities		**812,781**	**794,683**	**817,941**	**794,683**

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

On behalf of the Board.

David Newman	Keith Sutton
Chairman	Director
10 May 2013	10 May 2013

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

		Consolidated		Parent	
	Notes	**2013**	2012	**2013**	2012
		$000	$000	**$000**	$000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		104,004	100,370	96,663	99,286
Interest received		147	336	147	336
		104,151	**100,706**	**96,810**	**99,622**
Cash was disbursed to:					
Payments to suppliers and employees		(23,056)	(25,359)	(21,236)	(25,359)
Subvention payment	20	(29,982)	(30,137)	(29,982)	(30,137)
Interest paid		(19,770)	(19,599)	(19,770)	(19,599)
		(72,808)	**(75,095)**	**(70,988)**	**(75,095)**
Net cash flows from operating activities	18	**31,343**	**25,611**	**25,822**	**24,527**
Cash flows from investing activities					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		-	-	4,782	-
Proceeds from sale of investment in subsidiary		-	10,096	-	10,096
		-	**10,096**	**4,782**	**10,096**
Cash was disbursed to:					
Costs of disposal of assets held for sale		(53)	-	-	-
Purchase of property, plant and equipment		(12,470)	(22,347)	(12,381)	(22,169)
		(12,523)	(22,347)	(12,381)	(22,169)
Net cash flows from investing activities		**(12,523)**	**(12,251)**	**(7,599)**	**(12,073)**
Cash flows from financing activities					
Cash was provided from:					
Drawdown/(repayment) of loans and borrowings	6	(7,000)	4,159	(7,000)	7,000
		(7,000)	**4,159**	**(7,000)**	**7,000**
Cash was disbursed to:					
Dividends paid	20	(8,826)	(49,061)	(8,826)	(49,061)
		(8,826)	**(49,061)**	**(8,826)**	**(49,061)**
Net cash flows from financing activities		**(15,826)**	**(44,902)**	**(15,826)**	**(42,061)**
Net (decrease)/increase in cash and cash equivalents		2,994	(31,542)	2,397	(29,607)
Cash and cash equivalents balance at the beginning of the year		2,731	34,273	2,731	32,338
Cash and cash equivalents balance at the end of the year		**5,725**	**2,731**	**5,128**	**2,731**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

(1) Accounting policies

(a) Reporting entity
Wellington International Airport Limited (“WIAL” and/or the "Company”) is a profit orientated company domiciled in New Zealand and registered under the Companies Act 1993. It was established under the Wellington Airport Act 1990 and was incorporated in September 1990. The commencing assets of WIAL were vested in the Company on 16 October 1990 by an Order in Council. The Company commenced trading on 16 October 1990. Its registered office is located at Wellington Airport Terminal, Stewart Duff Drive, Wellington, New Zealand. The Company has bonds listed on the NZDX and is an issuer in the terms of the Financial Reporting Act 1993 and Securities Act 1978.

The consolidated financial statements comprise the Company and Wellington Airport Noise Treatment Limited ("WANT Limited"), its subsidiary, (the “Group”).

The financial statements of the Group are for the year ended 31 March 2013. The financial statements were approved by the Board of Directors on 10 May 2013.

(b) Basis of preparation

(i) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (”NZIFRS”) and other applicable financial reporting standards as appropriate for profit-oriented entities. The financial statements also comply with IFRS.

The financial statements for WIAL are presented as at and for the year ended 31 March 2013.

The financial statements comprise statements of the following: comprehensive income; changes in equity; financial position; cash flows; and the notes to those statements.

The financial statements are prepared on the basis of historical cost, except that property, plant and equipment are revalued in accordance with accounting policy (c), investment properties in accordance with accounting policy (d) and financial derivatives in accordance with accounting policy (i).

These 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).

(ii) Significant accounting estimates and judgments
The preparation of financial statements conform with NZIFRS which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. The principal areas of judgement in preparing these financial statements are set out below:

Valuation of property, plant and equipment
The basis of valuation for the Group's property, plant and equipment is fair value by independent valuers where WIAL does not have the internal expertise, or cost. The basis of the valuations include assessment of the net present value of the future earnings of the assets, the optimised depreciated replacement cost, and other market based information, in accordance with asset valuation standards. The major inputs and assumptions that are used in the valuations that require judgement include forecasts of future revenues, sales volumes, capital investment and expenditure profiles, capacity, replacement values and life assumptions for each asset, and the application of discount rates. In respect to assets held at cost, judgements must be made about whether costs incurred relate to bringing an asset to its working condition for its intended use, and therefore are appropriate for capitalisation as part of the cost of the asset. The determination of the appropriate life for a particular asset requires management to make judgements about, among other factors, the expected future economic benefits of the asset and the likelihood of obsolescence. Revaluations are carried out by independent valuers with sufficient regularity, at least once every five years, to ensure that the carrying value does not differ from the fair value at balance date. The carrying value of property, plant and equipment and the valuation methodologies used in the latest revaluation undertaken are disclosed in Note 11.

Valuation of investment properties
The Group revalues its investment properties to fair value each year. The fair value of investment properties is estimated by an independent valuer which reflects market conditions at balance date. Changes to market conditions or to assumptions made in the estimation of fair value will result in changes to the fair value of the investment properties. The carrying value of the investment properties and the valuation methodology applied are disclosed in Note 12.

Derivatives
Derivatives are classified as financial assets or financial liabilities at fair value through profit or loss. The key assumptions and risk factors for derivatives relate to their valuation. Accounting judgements have been made in determining hedge designation for the different types of derivatives employed by the Group to hedge risk exposures. Derivative valuations are based on market information and prices. The carrying value of derivatives and the valuation methodology applied are disclosed in Note 15.

(c) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses, or at fair value with valuations undertaken on a systematic basis with no individual asset included at a valuation undertaken more than five years previously. Impairment losses are charged to profit or loss.

Property, plant and equipment that are revalued, are revalued to their fair value determined by an independent valuation or by management using recognised valuation techniques. Where the assets are of a specialised nature and do not have observable market values in their existing use, optimised depreciated replacement cost is used as the basis of the valuation. This measures net current value as the most efficient, lowest cost which would replace existing assets and offer the same amount of utility in their present use. Where there is an observable market, an income based approach is used.

Land, buildings and civil works assets are measured at fair value. An independent valuer is engaged to provide a valuation if management does not have sufficient expertise to perform the valuation. The fair values are recognised in the financial statements, and are reviewed at the end of each reporting period to ensure that the carrying values are not materially different from their fair values.

Any revaluation increase arising on the revaluation of land, buildings and civil works is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of land, buildings, leasehold improvements and civil works is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and civil works is charged to profit or loss. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes is transferred directly to retained earnings. Plant and equipment under finance leases are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Additions not yet subject to independent valuation, including capital work in progress, are recorded at cost which may include capitalised interest where appropriate.

Land is not depreciated. Depreciation is calculated systematically on a straight-line basis to allocate the cost or revalued amount of an asset, less any residual value, over its estimated useful life. The useful lives are as follows:

Building ancillary services	5 – 30 years
Buildings	20 – 60 years
Civil works	5 – 80 years
Vehicles, plant and equipment	3 – 20 years

Individual assets' remaining useful lives and residual values are assessed at least annually and depreciation is calculated on a basis consistent with those parameters.

(d) Investment properties

The Directors of the Company have determined that the primary purpose of certain identified properties is obtaining the benefit of rental income and accordingly that these properties should be treated as investment properties. Investment property is measured at fair value with any change therein recognised in profit or loss.

Investment properties are revalued annually to their fair value determined by an independent valuer.

(e) Capital work in progress

The cost associated with the building of an item of property, plant and equipment or investment property is treated as capital work in progress. These costs are transferred to the relevant item of property, plant and equipment or investment property class when the asset is ready for use as intended by management.

(f) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due.

(g) Leases

Operating lease rentals are charged to profit or loss on a straight line basis over the period of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term.

(h) Taxation

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend. Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity or in other comprehensive income, in which case the deferred tax or current tax is also recognised directly in equity or in other comprehensive income.

(i) Derivative financial instruments

The Group is a party to derivative financial instruments as part of its day to day operating activities. When appropriate, it enters into agreements to manage its interest rate risk. In accordance with the Group risk management policies, the Group does not hold or issue derivative financial instruments for speculative purposes. However, derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss.

Derivative financial instruments are recognised initially at cost at the date they are entered into. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The fair value of derivative financial instruments is classified as a non-current asset or a non-current liability if the remaining maturity of the derivative instrument is more than 12 months and as a current asset or current liability if the remaining maturity of the derivative is less than 12 months.

Counterparties to treasury derivative financial instruments are major financial institutions. The Group does not request security to support derivative financial instruments entered into.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, as cash flow hedges. At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in the hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

(j) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the

(k) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred using the effective interest rate method except to the extent that they are capitalised. Borrowing costs that are directly attributable to material construction projects of a qualifying asset are capitalised as part of the cost of the assets.

(l) Borrowings

Borrowings are recorded at amortised cost. Fees and other costs incurred in raising debt finance are capitalised and amortised over the term of the relevant debt instrument or debt facility.

(m) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of Goods and Services Tax ("GST"). Revenue comprises the fair value of consideration received or receivable for the sale of goods or services in the ordinary course of the Group's activities.

Airport related revenues

Airfield income, passenger services charges and terminal service charges are recognised as revenue when the passenger travels or the airport facilities are used.

Rental revenue

Rental revenue is recognised in the profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of rental revenue and are amortised over the expected remaining life of the lease.

Retail and trading activities

Retail concession fees are recognised as revenue on an accrual basis in accordance with the related agreements.

Revenue from car parks is recognised once the service is delivered.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield of the financial asset.

(n) Cash

Cash comprises cash on hand, cash in banks and investments in money market instruments and form an integral part of the Group's cash management. Bank overdrafts are shown in bank debt in current liabilities in the statement of financial position.

(o) Financial instruments issued by the Company

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(p) Share capital

Incremental costs directly attributable to the issue of shares and share options are recognised as a deduction from equity.

(q) Segmental reporting

The Group has considered the requirements for segmental reporting as set out in NZ IFRS 8: Operating Segments. The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer. The Group has determined that one segment exists for the airport and airport related operations including investment properties.

(r) New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2012, but have not been applied in preparing these financial statements. None of these is expected to have a material effect on the financial statements of the Group, with the exception of:

Amendment to NZ IAS 1 – Presentation of Financial Statements – Presentation of Items in Other Comprehensive Income

The amendment requires items of other comprehensive income to be grouped into those that will and will not subsequently be reclassified to profit or loss. Tax on items of other comprehensive income is required to be allocated on the same basis. The measurement and recognition of items of profit or loss and other comprehensive income are not affected by the amendments.

This amendment comes into effect for periods beginning on or after 1 July 2012 and has not been early adopted by the Group.

(s) Changes in accounting policies

There have been no changes in accounting policies during the year other than the adoption of the new standards, amendments to standards and interpretations as noted in accounting policy (r).

(2) Nature of business

The Group operates in Wellington providing integrated airport and commercial facilities and services to various airlines and other airport users. A commercial retail park adjacent to the airport site is available to the public. Revenues include landing and terminal charges, property leases, retail and trading income. The Company is a limited liability company incorporated and domiciled in New Zealand.

The Land Use Management and Insulation for Airport Noise Study was undertaken by WIAL in conjunction with its airlines, Board of Airline Representatives New Zealand Inc, Wellington City Council and the local Air Noise Management Committee in order to fulfil WIAL's obligations arising from the Environment Court proceedings in 1997. The work identified from this study includes the acquisition and removal of noise affected houses and the provision of noise mitigation and insulation activities for others. WIAL commenced charging the airlines operating at Wellington Airport for these activities from 1 April 2012 and this charge is currently approximately 40 cents per passenger. These charges and noise mitigation activities are managed in WANT Limited, a wholly owned subsidiary of WIAL. WANT Limited has forecast that it will have predominantly concluded the noise management activities by the end of the financial year ending 31 March 2017 and it is expected that the charges will recover the noise mitigation costs and breakeven over the five year period from 1 April 2012 to 31 March 2017.

In the year to 31 March 2013 WANT Limited acquired 24 houses for $4,869,325 and sold 22 houses for removal at a net additional cost of $52,912, with 2 unsold at 31 March 2013. In addition to the property acquisition and remediation costs WANT Limited incurred operating and financing costs of $255,228 and received income from airlines of $2,182,122 resulting in a net loss before tax of $2,995,343. WIAL provided WANT Limited with funding for its operations and the balance owing to WIAL at 31 March 2013 was $3,905,094

(3) Reconciliation of Earnings before Interest, Taxation, Depreciation, Amortisation, Fair Value Movements of Financial Instruments, Realisations and Impairments (EBITDAF)

The Group's EBITDAF is presented to provide further information on its operating performance.

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Net profit from continuing operations after taxation	16,246	3,849	18,398	3,849
Subvention payment	29,982	30,137	29,982	30,137
Net interest expense	19,438	19,103	19,312	19,103
Taxation (income)/expense	946	(3,836)	1,785	(3,836)
Depreciation	16,017	17,553	16,017	17,553
Investment property revaluation net increase	(4,698)	(922)	(4,698)	(922)
Gain/(loss) on sale of property, plant and equipment	(602)	3	(602)	3
Loss on recognition of assets held for sale	4,922	-	-	-
Amortisation of fair value of ineffective hedges transferred from equity	625	4,380	625	4,380
Decrease in value of financial instruments designated at fair value through profit or loss	64	5,198	64	5,198
Earnings before interest, taxation, depreciation, amortisation and fair value adjustments (EBITDAF)	82,940	75,465	80,883	75,465

(4) Discontinued operations

On 29 July 2011, the Company sold its 100% owned subsidiary iSite Limited, its advertising business segment, to Infratil Outdoor Media Limited (a related party) following a strategic decision to focus on the Company's core operations, being airport and related operations. The sale price was $10.096 million.

	2013	2012
	$000	$000
Results of discontinued operation		
Revenue	-	10,286
Intercompany expenses		(616)
Expenses	-	(8,822)
Results from operating activities	-	848
Depreciation, amortisation, (loss)/gain on sale of fixed assets and impairment	-	(1,559)
Gain on sale of investment	-	6,553
Interest expense	-	(131)
Net profit before taxation	-	**5,711**
Income tax	-	(579)
Net profit after taxation	-	**5,132**

	2013	2012
	$000	$000
Cash flows from/(used in) discontinued operation		
Net cash from operating activities	-	1,084
Net cash used in investing activities	-	(178)
Net cash from investing activities (sale proceeds received by the Company)	-	10,096
Net cash from investing activities (cash and bank debt disposed of)	-	5,333
Net cash flows for the period	-	16,335

(5) Operating expenses

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Fees paid to auditors:				
Audit fees	92	82	92	82
Taxation	5	48	5	48
Other assurance services	14	44	14	44
Donations	4	69	4	69
Directors' fees	320	257	320	257
Regulatory compliance and statutory consultation	878	651	878	651
Marketing and development	1,150	1,464	1,150	1,464
Cleaning and energy	1,887	1,652	1,887	1,652
Rates	1,965	1,878	1,965	1,878
Insurance	2,343	1,980	2,343	1,980
Repairs and maintenance	1,541	2,352	1,541	2,352
Operating lease expenses	818	822	818	822
Administration and other expenses	4,407	4,368	6,464	4,368
Total operating expenses	**15,424**	**15,667**	**17,481**	**15,667**

Other assurance services comprise fees paid in relation to the Company's regulatory disclosures. For the year to 31 March 2013, these disclosures include the Company's Annual Information Disclosures for the year ended 31 March 2012, and the Price Setting Event Disclosures for the period 1 April 2012 to 31 March 2017.

(6) Bank interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's bank interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk see Note 15: Financial instruments.

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Non-current liabilities				
Bank credit facilities	-	7,000	-	7,000
Less facility fees to be expensed	-	(224)	-	(224)
Total bank credit facility	**-**	**6,776**	**-**	**6,776**
Facilities utilised at reporting date				
Unsecured bank credit facilities	-	7,000	-	7,000
Facilities not utilised at reporting date				
Unsecured bank credit facilities	90,000	83,000	90,000	83,000

Financing arrangements

The Group's debt includes bank facilities with negative pledge arrangements, which with limited exceptions do 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 all its debt covenant requirements for the year ended 31 March 2013.

Standby facilities

At year end, the Group had unsecured bank debt facilities of $90.0 million (2012: $90.0 million) of which $60.0 million expires in June 2014 and $30.0 million expires in June 2016. Interest rates were determined by reference to prevailing money market rates plus a margin. Interest rates paid during the period ranged from 3.29% to 3.39% (2012: 4.11% to 4.28%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2013

(7) Bonds

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Current				
Retail bonds maturing in November 2013, fixed 7.50% p.a.	100,000	-	100,000	-
Less transaction costs from issue still to be expensed	(215)	-	(215)	-
Total current bonds	**99,785**	**-**	**99,785**	**-**
Non current				
Retail bonds maturing in November 2013, fixed 7.50% p.a.	-	100,000	-	100,000
Less transaction costs from issue still to be expensed	-	(532)	-	(532)
Wholesale bonds maturing August 2017, 2.67% per annum to 2 May 2013, then repriced quarterly at BKBM plus 25bp	150,000	150,000	150,000	150,000
Less transaction costs from issue still to be expensed	(615)	(736)	(615)	(736)
Total non current bonds	**149,385**	**248,732**	**149,385**	**248,732**
Balance at the end of the year	**249,170**	**248,732**	**249,170**	**248,732**

At 31 March 2013, the bonds had a fair value of $254.6 million (2012: $256.1 million).

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 year.

(8) Cash and cash equivalents

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Bank and cash balances	1,325	351	728	351
Call and short term deposits	4,400	2,380	4,400	2,380
Total cash and cash equivalents	**5,725**	**2,731**	**5,128**	**2,731**

(9) Taxation

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Net profit/(loss) before taxation	17,192	13	20,183	13
Taxation for the year at 28% (2012: 28%)	4,812	4	5,651	4
Subvention payment made in respect to prior period	8,395	8,438	8,395	8,438
Taxation effect on non deductible expenses	870	39	870	39
Loss offset	(4,454)	(3,505)	(4,454)	(3,505)
Over provision in prior years	(8,677)	(8,812)	(8,677)	(8,812)
Taxation (income)/expense	**946**	**(3,836)**	**1,785**	**(3,836)**
Current taxation	744	591	1,409	591
Deferred taxation	202	(4,427)	376	(4,427)
Taxation (income)/expense	**946**	**(3,836)**	**1,785**	**(3,836)**

Income tax recognised in other comprehensive income

	2013			2012		
Consolidated	**Before tax**	**Tax (expense)/ benefit**	**Net of tax**	Before tax	Tax (expense)/ benefit	Net of tax
	$000	**$000**	**$000**	$000	$000	$000
Amortisation of fair value of ineffective hedges transferred to profit or loss	625	(174)	451	4,380	(1,226)	3,154
Net change in fair value of property, plant and equipment recognised in equity	16,093	(4,507)	11,586	9,338	(2,614)	6,724
Net change on sale of assets recognised in equity	(53)	15	(38)	-	-	-
Total for the year	**16,665**	**(4,666)**	**11,999**	**13,718**	**(3,840)**	**9,878**

(9) Taxation (continued)

Income tax recognised in other comprehensive income

Parent	2013 Before tax $000	2013 Tax (expense)/ benefit $000	2013 Net of tax $000	2012 Before tax $000	2012 Tax (expense)/ benefit $000	2012 Net of tax $000
Amortisation of fair value of ineffective hedges transferred to profit or loss	625	(174)	451	4,380	(1,226)	3,154
Net change in fair value of property, plant and equipment recognised in equity	16,093	(4,507)	11,586	9,338	(2,614)	6,724
Net change on sale of assets recognised in equity	(53)	15	(38)	-	-	-
Total for the year	**16,665**	**(4,666)**	**11,999**	**13,718**	**(3,840)**	**9,878**

Deferred tax

	Consolidated 2013 $000	Consolidated 2012 $000	Parent 2013 $000	Parent 2012 $000
Balance at the beginning of the year	85,910	86,095	85,910	86,095
Expense/(credit) for the year	202	(4,427)	376	(4,427)
Deferred tax recognised in equity	4,666	3,840	4,666	3,840
Removal of deferred tax on discontinued operations	-	402	-	402
Balance at the end of the year	**90,778**	**85,910**	**90,952**	**85,910**

Recognised deferred tax assets and liabilities

Consolidated	2013 Assets $000	2013 Liabilities $000	2013 Net $000	2012 Assets $000	2012 Liabilities $000	2012 Net $000
Property, plant and equipment	-	(89,899)	(89,899)	-	(87,612)	(87,612)
Investment properties	-	(7,578)	(7,578)	-	(4,958)	(4,958)
Assets held for sale	174	-	174	-	-	-
Derivatives	6,409	-	6,409	6,430	-	6,430
Employee benefits accrued	146	-	146	252	-	252
Financial assets at fair value through profit or loss	-	(38)	(38)	-	(28)	(28)
Other items	8	-	8	6	-	6
Net tax assets/(liabilities)	**6,737**	**(97,515)**	**(90,778)**	**6,688**	**(92,598)**	**(85,910)**

Parent	2013 Assets $000	2013 Liabilities $000	2013 Net $000	2012 Assets $000	2012 Liabilities $000	2012 Net $000
Property, plant and equipment	-	(89,899)	(89,899)	-	(87,612)	(87,612)
Investment properties	-	(7,578)	(7,578)	-	(4,958)	(4,958)
Derivatives	6,409	-	6,409	6,430	-	6,430
Employee benefits accrued	146	-	146	252	-	252
Financial assets at fair value through profit or loss	-	(38)	(38)	-	(28)	(28)
Other items	8		8	6	-	6
Net tax assets/(liabilities)	**6,563**	**(97,515)**	**(90,952)**	**6,688**	**(92,598)**	**(85,910)**

(9) Taxation (continued)

Movement in temporary differences during the year

Consolidated	Balance 31/3/11 $000	Recognised in Earnings $000	Recognised in Equity $000	Balance 31/3/12 $000	Recognised in Earnings $000	Recognised in Equity $000	Balance 31/3/13 $000
Assets:							
Property, plant and equipment	(87,080)	2,082	(2,614)	(87,612)	2,204	(4,491)	(89,899)
Investment properties	(4,503)	(455)		(4,958)	(2,620)		(7,578)
Assets held for sale					174		174
Financial assets at fair value through profit or loss	(61)	33	-	(28)	(10)		(38)
Liabilities:							
Employee benefits accrued	241	11	-	252	(106)		146
Derivatives	4,906	2,750	(1,226)	6,430	153	(174)	6,409
Other items		6	-	6	2		8
	(86,497)	**4,427**	**(3,840)**	**(85,910)**	**(203)**	**(4,665)**	**(90,778)**

Parent	Balance 31/3/11 $000	Recognised in Earnings $000	Recognised in Equity $000	Balance 31/3/12 $000	Recognised in Earnings $000	Recognised in Equity $000	Balance 31/3/13 $000
Assets:							
Property, plant and equipment	(87,080)	2,082	(2,614)	(87,612)	2,204	(4,491)	(89,899)
Investment properties	(4,503)	(455)		(4,958)	(2,620)		(7,578)
Financial assets at fair value through profit or loss	(61)	33	-	(28)	(10)		(38)
Liabilities:							
Employee benefits accrued	241	11	-	252	(106)		146
Derivatives	4,906	2,750	(1,226)	6,430	153	(174)	6,409
Other items		6	-	6	2		8
	(86,497)	**4,427**	**(3,840)**	**(85,910)**	**(377)**	**(4,665)**	**(90,952)**

Imputation credit account

	Consolidated 2013 $000	Consolidated 2012 $000	Parent 2013 $000	Parent 2012 $000
Imputation credits for use in subsequent reporting periods	1	1	1	1

(10) Capital

	Consolidated 2013 $000	Consolidated 2012 $000	Parent 2013 $000	Parent 2012 $000
Balance at the beginning of the year	9,105	9,083	9,097	9,075
Executive redeemable shares converted	30	22	30	22
Executive redeemable shares issued	(19)	-	(19)	-
Balance at the end of the year	**9,116**	**9,105**	**9,108**	**9,097**
Represented by:				
Total issued capital at the beginning and end of the year 40,155,942 ordinary shares	9,050	9,050	9,050	9,050
Executive redeemable shares	66	55	58	47
Balance at the end of the year	**9,116**	**9,105**	**9,108**	**9,097**

All ordinary shares have equal voting rights and share equally in dividends and equity. All shares have no par value.

FOR THE YEAR ENDED 31 MARCH 2013

(11) Property, plant and equipment

Consolidated and Parent	Land	Civil	Buildings	Vehicles, Plant and Equipment	Capital work in progress	Total
	$000	$000	$000	$000	$000	$000
March 2013						
Cost or valuation						
Balance at 1 April 2012	289,231	146,971	291,087	33,671	2,719	763,679
Additions	470	418	2,500	1,255	7,483	12,126
Transfer from capital work in progress	-	483	403	295	(1,181)	-
Transfer to investment properties	-	-	(64)	(5)	-	(69)
Disposals	-	(136)	(4,361)	(88)	-	(4,585)
Movements in asset revaluation	-	-	16,094	-	-	16,094
Balance at 31 March 2013	**289,701**	**147,736**	**305,659**	**35,128**	**9,021**	**787,245**
Accumulated depreciation and impairment losses						
Balance at 1 April 2012	-	6,465	7,672	17,894	-	32,031
Depreciation for the year	-	5,661	7,611	2,745	-	16,017
Disposals	-	(63)	(132)	(75)	-	(270)
Balance at 31 March 2013	**-**	**12,063**	**15,151**	**20,564**	**-**	**47,778**
Net book value at 31 March 2013	**289,701**	**135,673**	**290,508**	**14,564**	**9,021**	**739,467**

Consolidated and Parent	Land	Civil	Buildings	Vehicles, Plant and Equipment	Capital work in progress	Total
	$000	$000	$000	$000	$000	$000
March 2012						
Cost or valuation						
Balance at 1 April 2011	214,811	142,730	268,690	28,438	2,962	657,631
Additions	-	-	89	604	21,798	22,491
Transfer from capital work in progress	150	4,241	12,983	4,667	(22,041)	-
Transfer to investment properties	-	-	(13)	0	0	(13)
Disposals	-	-	-	(38)	-	(38)
Movements in asset revaluation	74,270	-	9,338	-	-	83,608
Balance at 31 March 2012	**289,231**	**146,971**	**291,087**	**33,671**	**2,719**	**763,679**
Accumulated depreciation and impairment losses						
Balance at 1 April 2011	-	-	-	14,512	-	14,512
Depreciation for the year	-	6,465	7,672	3,416	-	17,553
Disposals	-	-	-	(34)	-	(34)
Balance at 31 March 2012	**-**	**6,465**	**7,672**	**17,894**	**-**	**32,031**
Net book value at 31 March 2012	**289,231**	**140,506**	**283,415**	**15,777**	**2,719**	**731,648**

Revalued assets at deemed cost

Consolidated and Parent	Land	Civil	Buildings	Vehicles, Plant and Equipment	Capital work in progress	Total
March 2013	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Cost	85,734	122,311	234,017	33,694	2,719	478,475
Additions	470	418	2,500	1,255	7,483	12,126
Transfer to investment properties	-	-	(64)	(5)	-	(69)
Increase/(decrease) in assets under construction during the year	-	483	403	295	(1,181)	-
Disposals	-	(141)	(3,803)	(89)	-	(4,033)
Less accumulated depreciation	-	(31,631)	(53,070)	(20,716)	-	(105,417)
Net Book Value 31 March 2013	**86,204**	**91,440**	**179,983**	**14,434**	**9,021**	**381,082**
March 2012						
Cost	85,584	118,070	220,945	28,461	2,962	456,022
Additions	-	-	89	604	21,798	22,491
Increase/(decrease) in assets under construction during the year	150	4,241	12,983	4,667	(22,041)	-
Disposals	-	-	-	(38)	-	(38)
Less accumulated depreciation	-	(28,933)	(48,115)	(18,046)	-	(95,094)
Net Book Value 31 March 2012	**85,734**	**93,378**	**185,902**	**15,648**	**2,719**	**383,381**

(11) Property, plant and equipment (continued)

Land was last revalued as at 31 March 2012 by independent valuers Telfer Young Limited, in accordance with the New Zealand Institute of Valuers asset valuation standard (fair value $289.2 million) and the Directors are satisfied that there has not been a material movement in the fair value as at 31 March 2013.

All buildings and civil assets were last revalued as at 31 March 2011 in accordance with the New Zealand Institute of Valuers asset valuation standards. The valuation was undertaken by independent registered valuers, Telfer Young Limited for buildings (fair value $268.7 million), and Opus International Consultants Limited for civil assets (fair value $142.7 million).

As at 31 March 2013 the Company performed a discounted cash flow analysis to confirm that there had been no material movements in the value of the vehicle business assets and that the carrying value still represented the assets fair value. The discounted cash flow analysis showed that there was a material uplift in the value of the vehicle business assets mainly due to additional vehicle capacity works completed during the year and a forecast increase in vehicle revenue. As a result an increase in the value of the vehicle business assets of $16.1 million has been recognised as an increase in the value of property, plant and equipment, with a corresponding increase in the value of the asset revaluation reserve.

Where the fair value of an asset is able to be determined by reference to market-based evidence, such as sales of comparable assets or discounted cash flows, the fair value is determined using this information. Where the assets are of a specialised nature and do not have observable market values in their existing use, optimised depreciated replacement cost is used as the basis of the valuation, as required by NZ IAS 16: Property, Plant and Equipment. This measures net current value as the most efficient, lowest cost which would replace existing assets and offer the same amount of utility in their present use. Where there is an observable market, an income based approach is used.

The following table summarises the valuation approach and key assumptions used by the valuers to arrive at fair value:

Asset classification and description	Valuation approach	Key valuation assumptions
Land		
Aeronautical land - used for airport activities and specialised aeronautical assets Non-aeronautical land - used for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business	Market value existing use approach - comprising market value alternative use valuation plus development and holding costs to provide land suitable for airport use	Adopted rate per hectare prior to holding costs $1.37 million per ha Holding costs 12.88% Holding period 5 years Direct costs $15.5 million
Residential land	Residential land is valued at rateable value	-
Civil		
Civil works includes sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value	Optimised depreciated replacement cost	Average cost rates including concrete $740 per m3, asphalt $833 per m3, basecourse $83 per m3 and foundations $15 per m3
Buildings		
Specialised buildings used for identified airport activities	Optimised depreciated replacement cost derived from modern equivalent asset rate	Modern equivalent asset rates ranging from $175 to $5,000 per m2, with a weighted average of $4,050 per m2
Buildings other than for identified airport activities, including space allocated within the main terminal building for retail activities, offices and storage that exist because of the airport activities	Optimised depreciated replacement cost derived from modern equivalent asset rate	Modern equivalent asset rates ranging from $550 to $1,900 per m2, with a weighted average of $1,364 per m2
Vehicle assets		
Assets associated with car parking and taxi, shuttle and bus services (excluding land)	Discounted cash flow	Revenue growth 3% per annum Cost growth 3% per annum Discount rate 13%
Vehicles, plant and equipment		
Vehicles, plant and equipment comprises a mixture of specialised and non-specialised assets	Book value	-

(11) Property, plant and equipment (continued)

Capital work in progress

For the year ended 31 March 2013, capitalised borrowing costs relating to capital work in progress amounted to $0.1 million (2012: $0.2 million), with an average capitalisation rate of 6.75% (2012: 6.9%).

(12) Investment properties

	Consolidated and Parent	
	2013	2012
	$000	$000
Balance at the beginning of the year	49,855	48,921
Disposals	-	(1)
Transfer from property, plant and equipment	69	13
Investment properties revaluation net increase	4,698	922
Balance at the end of the year	**54,622**	**49,855**

Investment properties are valued at fair value annually or when there has been a material change, based on independent valuations undertaken by registered valuers, Telfer Young Limited. It was confirmed by Telfer Young Limited that there was a material net change in value as at 31 March 2013 and this has been recorded. Fair values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property and application of a yield that reflects the specific risks inherent in the net cash flows to arrive at a property valuation. The methodologies applied are consistent with those used in the prior year. Movements in the valuation of investment properties are taken to profit or loss. The principal assumptions used in establishing the valuations were as follows (expressed as weighted averages):

	31 Mar 2013	31 Mar 2012
Discount rate	10.83%	10.88%
Capitalisation rate	8.68%	9.28%
Average lease term (years)	3.3	2.3

	Consolidated and Parent	
	2013	2012
	$000	$000
Amounts recognised in profit or loss:		
Rental income from investment properties	4,946	4,690
Direct operating expenses arising from investment properties that generate income	(1,176)	(1,247)
Total	**3,770**	**3,443**

(13) Assets held for sale

In May 2012, the Company announced plans to ensure that the impact of aircraft noise at the airport continues to be managed effectively in the future. Residential houses owned by the Company adjacent to the airport boundary have been identified for removal. These houses are being removed and have been classified as held for sale and have been written down to their recoverable amount.

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Assets held for sale				
Assets transferred at fair value from property, plant and equipment	4,869	-	-	-
Less write down to recoverable amount	(4,835)	-	-	-
Less houses removed	(31)	-	-	-
Total assets held for sale	**3**	-	-	-
Impairment of assets held for sale				
Assets transferred at fair value from property, plant and equipment	4,869	-	-	-
Disposal costs	53	-	-	-
Total assets transferred at fair value from property, plant and equipment	**4,922**	-	-	-

(14) Investment in subsidiary

The Company held shares in the following operating companies:

Subsidiary	Balance Date	2013 Holding	2012 Holding	Principle activity	Country of incorporation
WANT Limited	31 March	100%	100%	Noise mitigation	New Zealand

WANT Limited commenced trading on 1 April 2012.

(15) Financial instruments

The Group has exposure to the following risks:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee also has a function of reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Group has developed a comprehensive enterprise wide risk management framework. Management and Board participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Group. Management report to the Audit and Risk Committee and the Board on the Group's risks and the controls and treatments for those risks.

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group is exposed to credit risk in the normal course of business including those arising from trade receivables with its customers, financial derivatives and transactions (including cash balances) with financial institutions. Cash is held with counterparties approved under the Company's Treasury Policy. At 31 March 2013 cash was held solely with ANZ National Bank Limited. The Group has adopted a policy of only dealing with credit-worthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group minimises its exposure to credit risk of trade receivables through the adoption of counterparty credit limits and standard payment terms. Derivative counterparties and cash transactions are limited to high credit-quality financial institutions and other organisations in the relevant industry.

The Group's exposure and the credit ratings of counterparties are monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties.

The Group has exposure to various counterparties. Concentration of credit risk with respect to trade receivables is concentrated in a small number of accounts because the Group has a limited range of customers. At 31 March 2013, 88% (2012: 85%) of trade receivables were due from ten customers.

Liquidity risk is the risk that assets held by the Group cannot readily be converted to cash to meet the Group's contracted cash flow obligations. Liquidity risk is monitored by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk by maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the spreading of debt maturities. In addition, covenant levels are monitored and reported on to the Board, banks and the bond trustee.

Market risk includes interest rate risk (cash flow and fair value) which is the risk of interest rate volatility negatively affecting the Group's interest expense cash flow and earnings. The Group mitigates this risk by issuing term borrowings at fixed interest rates or entering into interest rate swaps to convert floating rate exposures to fixed rate exposure. Also included is foreign exchange risk which is the risk of the foreign exchange rate volatility negatively affecting the Group's foreign exchange cash flow and earnings. The Group mitigates this risk by entering into forward exchange rate contracts to hedge foreign currency exposures.

(15) Financial instruments (continued)

(a) Credit risk

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances and receivables. The Group actively manages and monitors its accounts receivables on an ongoing basis. Maximum exposures to credit risk as at balance date are:

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Bank	5,645	2,731	5,048	2,731
Trade receivables	11,242	9,121	16,431	9,121
Bank and trade receivables	**16,887**	**11,852**	**21,479**	**11,852**

No security is held on the above amounts. The Group is not exposed to any other concentrations of credit risk.

The ageing of trade receivables at the end of the year were:

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Current	9,845	8,114	10,559	8,114
Overdue 0-30 days	1,075	806	3,120	806
Overdue 31-90 days	191	70	219	70
91 days and over	131	131	2,533	131
Total	**11,242**	**9,121**	**16,431**	**9,121**

(b) Market risk

Interest rate risk

The Group is exposed to interest rate fluctuations on its bank debt and borrowings. The Group uses interest rate swaps to manage interest rate risk. As at 31 March 2013 the Group has covered 100% of its wholesale bond exposure to floating interest rates with fixed rate swaps (2012: 100%). The average effective interest rate for the interest rate swaps during the year ended 31 March 2013 was 6.72% (2012: 6.72%). At balance date the interest rate contracts outstanding were:

	Consolidated and Parent	
	2013	2012
	$000	$000
Interest rate swaps notional value	150,000	150,000
Fair value of interest rate swaps	(19,384)	(19,425)
Maturity analysis		
Between 1 to 4 years	150,000	150,000

Foreign exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in a currency other than New Zealand Dollars (NZD). The currencies in which transactions are primarily denominated are NZD, USD, GBP and EUR.

	Consolidated and Parent	
	2013	2012
	$000	$000
Forward foreign exchange contracts notional value	2,882	-
Fair value of forward foreign exchange contracts	(106)	-
Maturity analysis		
Between 0 to 1 year	2,882	-

Foreign currency risk relates to the principal amounts of the Group's GBP and EUR purchases, which have been fully hedged using forward contracts that mature on the same dates that payment is due.

Consolidated and Parent	**2013**		2012	
	GBP	**EUR**	GBP	EUR
	000	**000**	000	000
Foreign currency forward contracts	500	1,195	-	-
Net statement of financial position exposure	500	1,195	-	-

(15) Financial instruments (continued)

(c) Sensitivity analysis

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates for the year to the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss			
	2013		2012	
Consolidated and parent	**100 bp increase $000**	**100 bp decrease $000**	100 bp increase $000	100 bp decrease $000
Wholesale bonds	(1,500)	1,500	(1,500)	1,500
Interest rate swaps	6,227	(6,513)	7,465	(7,882)
Net profit and loss sensitivity	**4,727**	**(5,013)**	**5,965**	**(6,382)**

(d) Fair values

Financial instruments consist of cash and short term deposits, receivables, investments, accounts payable, bank loans and borrowings and derivatives. The fair value of interest rate swaps and forward exchange contracts are detailed in Note 15(b). The fair value of all other financial instruments are represented by their carrying value except for the retail bonds which are represented by their quoted value.

Consolidated	**Loans & receivables $000**	**Fair value through profit and loss $000**	**Liabilities at amortised cost $000**	**Total carrying amount $000**	**Fair value $000**
At 31 March 2013					
Assets					
Cash and cash equivalents	5,725	-	-	5,725	5,725
Trade and other receivables	11,242	-	-	11,242	11,242
Total assets	**16,967**	**-**	**-**	**16,967**	**16,967**
Liabilities					
Trade and other payables	-	-	1,287	1,287	1,287
Unsecured bank facilities	-	-	-	-	-
Loans and borrowings					
Retail bonds	-	-	99,785	99,785	99,785
Wholesale bonds	-	-	149,385	149,385	149,385
Derivative financial instruments - swaps	-	19,384	-	19,384	19,384
Derivative financial instruments -forward exchange contracts	-	106	-	106	-
Total liabilities	**-**	**19,490**	**250,457**	**269,947**	**269,841**
At 31 March 2012					
Assets					
Cash and cash equivalents	2,731	-	-	2,731	2,731
Trade and other receivables	9,121	-	-	9,121	9,121
Total assets	11,852	-	-	11,852	11,852
Liabilities					
Trade and other payables	-	-	1,952	1,952	1,952
Unsecured bank facilities	-	-	6,776	6,776	6,776
Loans and borrowings					
Retail bonds	-	-	99,468	99,468	106,851
Wholesale bonds	-	-	149,264	149,264	149,264
Derivative financial instruments	-	19,425	-	19,425	19,425
Total liabilities	-	19,425	257,460	276,885	284,268

Estimation of fair values

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

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices,
- The fair value of derivative financial instruments are calculated using market-quoted rates based on discounted cash flow analysis,
- The fair value of the wholesale bonds is approximated by cost as they are repriced quarterly,
- The fair value of other financial assets and liabilities are calculated using market-quoted rates based on discounted cash flow analysis.

(15) Financial instruments (continued)

Parent	Loans & receivables $000	Fair value through profit and loss $000	Liabilities at amortised cost $000	Total carrying amount $000	Fair value $000
At 31 March 2013					
Assets					
Cash and cash equivalents	5,128	-	-	5,128	5,128
Trade and other receivables	16,431	-	-	16,431	16,431
Total assets	**21,559**	**-**	**-**	**21,559**	**21,559**
Liabilities					
Trade and other payables	-	-	2,682	2,682	2,682
Unsecured bank facilities	-	-	-	-	-
Loans and borrowings					
Retail bonds	-	-	99,785	99,785	99,785
Wholesale bonds	-	-	149,385	149,385	149,385
Derivative financial instruments - swaps	-	19,384	-	19,384	19,384
Derivative financial instruments -forward exchange contracts	-	106	-	106	-
Total liabilities	**-**	**19,490**	**251,852**	**271,342**	**271,236**
At 31 March 2012					
Assets					
Cash and cash equivalents	2,731	-	-	2,731	2,731
Trade and other receivables	9,121	-	-	9,121	9,121
Total assets	11,852	-	-	11,852	11,852
Liabilities					
Trade and other payables	-	-	1,952	1,952	1,952
Unsecured bank facilities	-	-	6,776	6,776	6,776
Loans and borrowings					
Retail bonds	-	-	99,468	99,468	106,851
Wholesale bonds	-	-	149,264	149,264	149,264
Derivative financial instruments	-	19,425	-	19,425	19,425
Total liabilities	-	19,425	257,460	276,885	284,268

In accordance with NZ IFRS 7: Financial instruments, the Group discloses fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The table below shows financial instruments, measured at fair value at the end of the financial year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Consolidated and Parent	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
At 31 March 2013				
Assets				
Total assets	**-**	**-**	**-**	**-**
Liabilities				
Derivative financial instruments	-	19,490	-	19,490
Total liabilities	**-**	**19,490**	**-**	**19,490**
At 31 March 2012				
Assets				
Total assets	**-**	**-**	**-**	**-**
Liabilities				
Derivative financial instruments	-	19,425	-	19,425
Total liabilities	**-**	**19,425**	**-**	**19,425**

(15) Financial instruments (continued)

(e) Liquidity risk
The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date. The amounts in the tables below are disclosed at fair value, apart from bonds which are disclosed as contractual undiscounted cash flows and include interest through to maturity.

Consolidated	Balance sheet $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than 5 years $000
At 31 March 2013							
Accounts payable and accruals	11,920	11,920	11,920	-	-	-	-
Retail bonds	99,785	104,688	3,750	100,938	-	-	-
Wholesale bonds	149,385	169,290	2,228	2,228	4,455	160,380	-
Derivative financial instruments	19,490	19,490	2,249	2,249	4,498	10,494	-
Total liabilities	**280,580**	**305,388**	**20,147**	**105,415**	**8,953**	**170,874**	**-**
At 31 March 2012							
Accounts payable and accruals	12,592	12,592	12,592	-	-	-	-
Unsecured bank facility	6,776	7,000	7,000	-	-	-	-
Retail bonds	99,468	112,188	3,750	3,750	104,688	-	-
Wholesale bonds	149,264	173,760	2,228	2,228	4,455	13,365	151,485
Derivative financial instruments	19,425	19,425	1,821	1,821	3,642	10,927	1,214
Total liabilities	**287,525**	**324,965**	**27,391**	**7,799**	**112,785**	**24,292**	**152,699**

Parent	Balance sheet $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than 5 years $000
At 31 March 2013							
Accounts payable and accruals	14,089	14,089	14,089	-	-	-	-
Retail bonds	99,785	104,688	3,750	100,938	-	-	-
Wholesale bonds	149,385	169,290	2,228	2,228	4,455	160,380	-
Derivative financial instruments	19,490	19,490	2,249	2,249	4,498	10,494	-
Total liabilities	**282,749**	**307,557**	**22,316**	**105,415**	**8,953**	**170,874**	**-**
At 31 March 2012							
Accounts payable and accruals	12,592	12,592	12,592	-	-	-	-
Unsecured bank facility	6,776	7,000	7,000	-	-	-	-
Retail bonds	99,468	112,188	3,750	3,750	104,688	-	-
Wholesale bonds	149,264	173,760	2,228	2,228	4,455	13,365	151,485
Derivative financial instruments	19,425	19,425	1,821	1,821	3,642	10,927	1,214
Total liabilities	**287,525**	**324,965**	**27,391**	**7,799**	**112,785**	**24,292**	**152,699**

(f) Cash flow hedges
(i) Amortisation of fair value of ineffective hedges transferred from equity
Hedge accounting ceased on 4 March 2009 and as at the date of change, a cash flow hedge reserve of $18.8 million was held. The cash flow hedge reserve is amortised to profit and loss in the statement of comprehensive income from the date of change over the original terms of the contracts maturing in August 2011, February 2012 and August 2012. The cash flow hedge reserve was fully amortised in the year ended 31 March 2013.

(ii) Change in value of financial instruments designated as fair value through profit or loss
As at 31 March 2013, the Group has interest rate contracts with maturities up to August 2017. Interest rate contracts are marked to market and this has resulted in an unrealised gain of $0.1 million in the year ended 31 March 2013 (2012: unrealised loss of $5.2 million).

(15) Financial instruments (continued)

(g) Capital management

The Group's capital includes share capital, reserves and retained earnings.

The key factors in determining the Group's optimal capital structure are quality and dependability of earnings and cash flows, capital needs over the period and available sources of capital and relative cost. The Group is subject to certain compliance ratios relevant to the facility agreements and Trust Deeds applicable to the borrowings. There were no changes in the Group's approach to capital management during the year. The Group monitors capital on the basis of the gearing ratio, which is calculated as net debt divided by total capital funding.

		Consolidated		Parent	
	Notes	**2013**	2012	**2013**	2012
		$000	$000	**$000**	$000
Net debt					
Unsecured bank debt	6	-	(6,776)	-	(6,776)
Unsecured subordinated bonds	7	(249,170)	(248,732)	(249,170)	(248,732)
Cash and cash equivalents	8	5,725	2,731	5,128	2,731
Total net debt		**(243,445)**	**(252,777)**	**(244,042)**	**(252,777)**
Total equity		**(427,679)**	**(408,249)**	**(429,831)**	**(408,249)**
Total capital funding		**(671,124)**	**(661,026)**	**(673,873)**	**(661,026)**
Gearing ratio		**36.3%**	**38.2%**	**36.2%**	**38.2%**

(16) Accrued employee benefits

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Salaries and wages	706	704	706	704
Annual leave	607	510	607	510
Total accrued employee benefits	**1,313**	**1,214**	**1,313**	**1,214**

(17) Defined contribution plans

The Company makes contributions to various Inland Revenue approved KiwiSaver schemes on behalf of employees. During the year, the amount recognised as an expense was $0.1 million (2012: $0.1 million).

(18) Reconciliation of net profit with cash flow from operating activities

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Net profit/(loss)	16,246	8,981	18,398	3,849
Add items not involving cash flows				
Investment property revaluation net increase	(4,698)	(922)	(4,698)	(922)
Change in value of financial instruments designated as fair value through profit or loss	64	5,198	64	5,198
Amortisation of fair value of ineffective hedges transferred from equity	625	5,780	625	4,380
Depreciation	16,017	17,712	16,017	17,553
Loss/(gain) on disposal of property, plant and equipment	(602)	3	(602)	3
Loss on recognition of assets held for sale	4,922			
Loss/(gain) on sale of iSite Limited	-	(6,553)	-	-
Movement in deferred tax	202	(3,852)	376	(4,427)
Interest receivable	-	-	(126)	-
Interest capitalised	(134)	(200)	(134)	(200)
Movements in working capital				
Increase in trade and accounts receivables	(2,121)	(1,200)	(7,310)	(164)
(Increase)/decrease in prepayments and sundry receivables	251	(169)	305	(83)
Increase/(decrease) in accounts payable	(665)	2,013	730	552
(Decrease)/increase in accruals and other liabilities	491	(1,771)	767	(1,803)
Increase in taxation payable	745	591	1,410	591
Net cash inflow from operating activities	**31,343**	**25,611**	**25,822**	**24,527**

(19) Segment reporting

Analysis of the revenue breakdown for the Group is provided to the chief operating decision-maker, identified as the Chief Executive Officer. This analysis does not provide individual operating results or statements of financial performance or position for these revenue classifications. The Group has, therefore, determined that one reportable segment exists for the airport being airport related operations which includes landing and terminal charges, property leases, retail, trading revenues and noise mitigation activities.

The Group operates entirely in one geographical segment, New Zealand. Refer to the statement of comprehensive income and the statement of financial position for further details.

Major customers

The Group has three main airline customers (Air New Zealand Group, Qantas Group and Virgin Australia Airlines Group, previously Pacific Blue Group). The revenue from these customers for the year ended 31 March 2013 was $62.2 million (2012: $51.7 million).

(20) Related parties

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

The Group made no special dividend payments to NZ Airports Limited during the year: $nil (2012: $26,400,000). The Group made no special dividend payments to the Wellington City Council during the year: $nil (2012: $13,600,000).

The Group made a subvention payment on 17 June 2012 to subsidiaries of Infratil Limited of $29,981,747 (2012: $30,137,014).

The Group transacts with the Wellington City Council in the normal course of business on an arms-length basis. The Group made a dividend payment on 17 June 2012 to the Wellington City Council of $8,825,955 (2012: $9,060,859) i.e. 0.65 cents per share (2012: 0.66 cents per share).

The Group made payments for the services of the Company's previous Chief Executive Officer to NZ Airports Limited, a 100% subsidiary of Infratil Limited as follows: 31 March 2013: $nil (2012: $412,066).

Directors fees were paid during the year to HRL Morrison & Co, the company responsible of the day to day management of Infratil Limited, of $124,828 for the services of T Brown, P Coman and S Fitzgerald as Directors and T Brown and S Fitzgerald as Audit and Risk Committee Members (2012: $89,469). K Baker resigned from the Audit and Risk Committee effective 12 August 2012 and T Brown and S Fitzgerald were appointed effective 13 August 2012.

During the year, the Group paid HRL Morrison & Co consultancy fees totalling $115,595 (2012: $97,326).

During the year, Z Energy Limited, an associate of Infratil Limited, made payments to the Group totalling $284,783 (2012: $21,851) for the lease of property and land. The trade receivables owed by Z Energy Limited as at 31 March 2013 was $39,760 (2012: $36). During the period the Company entered into a contract with Z Energy Limited for the lease of a service station which commenced on 1 September 2012.

During the year, Cityline NZ Limited, a 100% subsidiary of New Zealand Bus Limited which is a 100% subsidiary of Infratil Limited, made payments to the Group totalling $214,805 (2012: $188,452) for services relating to the Airport Flyer Bus. The trade receivables owed by Cityline NZ Limited as at 31 March 2013 was $23,496 (2012: $67,049).

During the year, WIAL charged noise levies to airlines operating at the airport. These charges are recorded in WANT Limited and comprise sales transactions charged to WIAL totalling $2,182,122 (2012: $nil). WANT Limited also made payments to WIAL which includes the charging of administrative services. During the year WIAL has sold residential houses to WANT Limited at a market value of $4,869,325. The trade receivables owed by WANT Limited as at 31 March 2013 was $5,190,541 (2012: $nil) and the trade payables owed to WANT Limited as at 31 March 2013 was $1,419,146 (2012: $nil).

From time to time Directors of the Group, or their related entities, may enter into transactions with the Group as members of the public. These transactions are entered into on an arm's length commercial basis.

(21) Financial commitments

(a) Capital commitments

	Consolidated		Parent	
	2013	2012	**2013**	2012
	$000	$000	**$000**	$000
Contracted but not provided for	**10,618**	**497**	**10,618**	**497**

The property, plant and equipment contracted but not provided for relates to car park works, terminal development works, purchase of fire trucks and sundry other projects.

(21) Financial commitments (continued)

(b) Leases

Lease commitments to the Company

The Company owns investment properties and other properties, plant and equipment which are leased to produce property income. The lessee commitments to the Company expire as set out below:

	Consolidated and Parent	
	2013	2012
	$000	$000
Between 0 to 1 year	17,616	18,034
Between 1 to 2 years	10,625	15,398
Between 2 to 5 years	10,713	15,153
More than 5 years	8,737	4,783
Total lessor commitments	**47,691**	**53,368**

Lease commitments of the Company

The Company has commitments under operating leases relating to the lease of premises and hire of plant and equipment. The lease periods range from 1 to 20 years. The lease commitments expire as set out below:

	Consolidated and Parent	
	2013	2012
	$000	$000
Between 0 to 1 year	818	822
Between 1 to 2 years	789	816
Between 2 to 5 years	2,245	2,287
More than 5 years	4,849	5,598
Total lessee commitments	**8,701**	**9,523**

(22) Contingent liabilities

There were no contingent liabilities outstanding at 31 March 2013 (2012: nil).

(23) Key management personnel disclosures

	Consolidated and Parent	
	2013	2012
	$000	$000
Short-term employee benefits	**1,973**	**1,530**

The key management personnel include the Directors of the Company, the Chief Executive Officer and those personnel reporting directly to the Chief Executive Officer. The Directors' fees of $319,536 (2012: $257,269) disclosed in Note 5: Operating expenses are included within short-term employee benefits as they form part of the remuneration to key management personnel.

(24) Infratil staff share scheme

The Company operates two staff share schemes, namely an executive share scheme and a staff share purchase scheme.

The Company has recorded $72,724 in the profit or loss in respect of the executive share scheme for the year ended 31 March 2013 (2012: $57,683). In association with employee participation in the staff share purchase scheme, the Company has recorded $21,820 in interest free loans for the year ended 31 March 2013 (2012: $23,455).

(25) Events after balance date

There were no disclosable events after balance date.

STATUTORY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2013

Directors' interests

The Directors have given the following notices of disclosure of interest which have been entered into the Company's register of interests.

Director	Name of party in which Director has an interest	Nature of interest
David Newman	Infratil Limited	Chairman
	Infratil Trustee Company Limited	Chairman
	Loyalty New Zealand Limited	Chairman
	Glasgow Prestwick Airport Limited	Director
	Infratil Airports Europe Limited	Director
	Infratil UK Limited	Director
	Infratil Europe Limited	Director
	Infratil Finance Limited	Director
	Infratil Investments Limited	Director
	Infratil 1998 Limited	Director
	Infratil Securities Limited	Director
	Infratil Ventures Limited	Director
	Infratil Australia Limited	Director
	Infratil Gas Limited	Director
	Infratil Energy Limited	Director
	Infratil No 1 Limited	Director
	Infratil No 5 Limited	Director
	Infratil Insurance Co Limited	Director
	Infratil Kent Airport Limited	Director
	Infratil Kent Facilities Limited	Director
	Karewa Farms Chathams Islands Limited	Director
	NZ Airports Limited	Director
	Prestwick Airport Limited	Director
	Prestwick Aviation Holdings Limited	Director
	Swift Transport Limited	Director
Timothy Brown	New Zealand Bus Limited	Director
	New Zealand Bus Company Finance Limited	Director
	North West Auckland Airport Limited	Director
	H.R.L. Morrison & Co Limited	Executive
Peter Coman	Infratil Infrastructure Property Limited	Director
	Morrison & Co Property Group Limited	Director
	Woodward Infrastructure Limited	Director
	Morrison & Co PIP Limited	Director
	New Lynn Central Limited	Director
	iSite Limited	Director
	Learning Infrastructure Partners GP Limited	Director
	Aspire Schools (Qld) Pty Limited	Director
	Aspire Schools Holdings (Qld) Pty Limited	Director
Steven Fitzgerald	Infratil Airports Europe Limited	Chairman
	Glasgow Prestwick Airport Limited	Director
	Great Holidays Limited	Director
	Infratil Kent Airport Limited	Director
	Infratil Kent Facilities Limited	Director
	North West Auckland Airport Limited	Director
	PIK MRO Limited	Director
	Prestwick Airport Limited	Director
	Prestwick Airport Property Limited	Director
	Prestwick Aviation Holdings Limited	Director
	Runway Realisations Limited	Director
	The Airport Driving Range Company Limited	Director

Directors' interests (continued)

Ian McKinnon	Wellington City Council	Deputy Mayor
	Victoria University of Wellington	Chancellor
Keith Sutton	Taranaki Investment Management Limited	Chairman
Independent Director	Tasman Farms Limited	Chairman
	Gough, Gough & Hamer Limited	Director
	Ospri New Zealand Limited	Director
	Sutton McCarthy Limited	Director
	Sealord Group Limited	Director
	Wools of New Zealand Limited	Director
	The Van Diemen's Land Company	Governor
	Maori Trustee Advisory Board	Member

Remuneration of Directors

Fees paid and payable to Directors during the year were as follows:

Director name	Fees
David Newman	$78,991
Tim Brown	$48,107
Peter Coman	$43,991
Steven Fitzgerald	$32,731
Ian McKinnon	$43,991
Keith Sutton	$69,524
Kevin Baker	$2,201

The Directors received no other remuneration or benefits for services in that office or in any other capacity other than as disclosed in Note 20.

Entries in the interest register

The information below is given pursuant to the New Zealand Exchange Listing Rules.

	Beneficial Interest	Non Beneficial Interest
Retail Bond Issue		
Tim Brown	$200,000	-

All bonds were purchased during the year ended 31 March 2009.

Loans to Directors

No loans have been made by the Company to a Director nor has the Company guaranteed any debts incurred by a Director.

Use of company information

There were no notices from Directors requesting use of Company information received in their capacity as Directors, which would not otherwise have been available to them.

Directors' indemnity insurance

As authorised by its constitution, the Group has arranged policies of Directors' and officers' liability insurance with cover appropriate for the Group's operations.

STATUTORY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2013

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 Company and its subsidiaries, excluding Directors of the Company, who received remuneration and other benefits in their capacity as employees, totalling $100,000 or more, during the year:

Amount of remuneration	Employees
$100,000 to $110,000	1
$110,001 to $120,000	2
$120,001 to $130,000	2
$130,001 to $140,000	4
$140,001 to $150,000	4
$150,001 to $160,000	1
$160,001 to $170,000	1
$200,001 to $210,000	1
$260,001 to $270,000	1
$300,001 to $310,000	2
$320,001 to $330,000	1

CORPORATE GOVERNANCE

Role of the Board

The Board of Directors of Wellington International Airport Limited is appointed by the shareholders to supervise the management of the Company. The Board establishes the Company's objectives, overall policy framework within which the business of the Company is conducted and confirms strategies for achieving these objectives, monitors management performance and ensures that procedures are in place to provide effective internal financial control.

The Board is committed to undertaking its role in accordance with internationally accepted best practice within the context of WIAL's business.

Board Membership

The Board currently comprises six non-executive Directors.

Infratil, as the majority shareholder of Wellington International Airport Limited, appointed four of the current Directors. The two remaining members have been appointed by Wellington City Council.

During the period under review, the Board met six times with a full agenda.

Directors' Shareholding

Under the constitution Directors are not required to hold shares in the Company.

Audit and Risk Committee

The Board has established an Audit and Risk Committee comprising of three Directors, Mr K Sutton (Chairman), Mr T Brown and Mr S Fitzgerald with attendances by appropriate Wellington International Airport Limited representatives.

The main objectives of the Audit and Risk Committee are to:

- Assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to the Company's governance processes including assessing the adequacy of the Company's:
    - financial reporting;
    - accounting policies;
    - financial management;
    - internal control system;
    - risk management system;
    - systems for protecting Company assets;
    - compliance with the Commerce Act 1986 Information Disclosure requirements; and
    - compliance with applicable laws, regulations, standards and best practice guidelines as they relate to financial and and non-financial disclosures.
- Enhance the efficiency of the Board by allowing delegated issues to be discussed in sufficient depth and, where necessary, with appropriate independent advice.
- Review management's letters of representation to the auditors.
- Facilitate the continuing independence of the external auditor and enhancing the effectiveness of external audit.
- Provide a formal forum for enhancing communication between the Board, senior financial management and external audit, ensuring there has been no unjustified restrictions or limitations placed on the auditors.
- Reviewing management practices in relation to the identification and management of significant business risk areas and regulatory compliance. Formal systems have been introduced for regular reporting to the Board on business risk and compliance matters.

During the period under review the Audit and Risk Committee met five times with a full agenda.

Other Committees

The Board has established a Treasury Committee comprising of three Directors, Mr T Brown (Chairman), Mr K Sutton and Mr D Newman with attendances by appropriate Wellington International Airport Limited representatives.

The duties of the Treasury Committee are allocated by the Board and include the following:

- to review and recommend to the Board any changes to the treasury management policies;
- to oversee the development of the strategy to implement treasury management policies;
- to recommend to the Board instrument types that may be used; and
- to recommend to the Board bank counterparties and counterparty limits.

The Board has established a Remuneration Committee comprising of two Directors, Mr D Newman (Chairman) and Mr I McKinnon with attendances by appropriate Wellington International Airport Limited representatives. The duties of the Remuneration Committee is primarily to ensure that members of the executive team are fairly remunerated relative to comparable positions within the New Zealand market.

CORPORATE GOVERNANCE (continued)

Internal Financial Control

The Board has overall responsibility for the Company's system of internal financial control. The Directors have established procedures and policies that are designed to provide effective internal financial control.

Annual budgets and long term strategic plans are agreed by the Board.

Financial statements are prepared regularly and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

Risk Management and Compliance

The Audit and Risk Committee also has a function of reviewing management practices in relation to the identification and management of significant business risk areas and regulatory compliance. Formal systems have been introduced for regular reporting to the Board on business risk and compliance matters.

Management is required to, and has confirmed to the Audit and Risk Committee and Board in writing that:

- Financial records have been properly maintained and the Company's financial statements present a true and fair view, in all material respects, of the Company's financial condition, and operating results are in accordance with relevant accounting standards;
- The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) and comply with International Financial Reporting Standards (IFRS) and other applicable financial reporting standards for profit-orientated entities; and
- Appropriate and effective internal controls and risk management practices are in place to safeguard and protect WIAL's assets and to identify, assess, monitor and manage risk, and identify material changes to WIAL's risk profile.

Directors' and Officers' Insurance

The Company has arranged Directors' and Officers' liability insurance covering Directors acting on behalf of the Company. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for the Company. The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulations, or duty to the Company, improper use of information to the detriment of the Company or breach of professional duty.

Independent Professional Advice

With the approval of the Chairman, Directors are entitled to seek independent professional advice on any aspect of the Directors' duties, at the Group's expense.

Going Concern

After reviewing the current results and detailed forecasts, taking into account available credit facilities and making further enquiries as considered appropriate, the Directors are satisfied that the Company has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

Shareholder and other Stakeholder Communications

The Board aims to ensure that shareholders and other stakeholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders in the annual report, interim report and media releases.

Corporate Governance Best Practice Code

The Company supports the Corporate Governance Best Practice Code promulgated by the New Zealand Exchange. In a number of respects, the Company's practice differs from this Code. In particular, the Company has not established a separate Director Nomination Committee. The Company considers that it is properly dealing with these issues at the full Board level. Copies of the Company's Code of Ethics are available upon request from the Company Secretary.

2009 to 2013: FIVE YEAR SUMMARY

WIAL AIRPORT STATISTICS

Passenger movements (000's)	2013	2012	2011	2010	2009
Domestic	4,647	4,474	4,480	4,491	4,645
International	727	718	655	627	611
Total	**5,374**	**5,192**	**5,135**	**5,118**	**5,256**

Aircraft movements	2013	2012	2011	2010	2009
Domestic	84,064	81,952	83,072	84,708	88,856
International	5,800	5,708	5,512	5,476	5,554
Military, freight, private and other movements	10,134	13,249	12,112	12,834	15,268
Total	**99,998**	**100,909**	**100,696**	**103,018**	**109,678**

Number of employees	2013	2012	2011	2010	2009
FTE	86	87	84	84	78

WIAL CONSOLIDATED FINANCIAL RESULTS

Statement of financial position ($000's)

	2013	2012	2011	2010	2009
Non-current assets	794,089	781,503	702,136	680,371	673,682
Current assets	18,692	13,180	42,331	39,391	75,908
Total assets	**812,781**	**794,683**	**744,467**	**719,762**	**749,590**
Non-current liabilities	259,547	360,843	349,023	320,354	325,629
Current liabilities	125,555	25,591	26,153	24,246	53,342
Total liabilities	**385,102**	**386,434**	**375,176**	**344,600**	**378,971**
Net assets/Shareholders' equity	**427,679**	**408,249**	**369,291**	**375,162**	**370,619**

Statement of profit and loss ($000's)

	2013	2012	2011	2010	2009
Revenue	106,189	99,467	92,625	86,246	83,112
Operating expenses (excluding subvention payment)	(23,249)	(24,002)	(22,320)	(19,654)	(19,696)
EBITDAF	**82,940**	**75,465**	**70,305**	**66,592**	**63,416**
Investment property revaluation increase/(decrease)	4,698	922	207	(740)	(6,369)
Property, plant and equipment revaluation decrease	-	-	(213)	-	(946)
(Loss)/gain on sale of fixed assets	602	(3)	2	12	-
Change in value of financial instruments designated as fair value through profit or loss	(689)	(9,578)	(12,521)	(4,458)	7,758
Loss on recognition of assets held for sale	(4,922)				
Operating earnings before interest, tax and depreciation	**82,629**	**66,806**	**57,780**	**61,406**	**63,859**
Depreciation	(16,017)	(17,553)	(14,403)	(14,372)	(12,404)
Earnings before interest and tax	**66,612**	**49,253**	**43,377**	**47,034**	**51,455**
Net finance expense	(19,438)	(19,103)	(16,925)	(16,544)	(19,426)
Subvention payment	(29,982)	(30,137)	(27,245)	(23,675)	(23,287)
Profit/(loss) before taxation	**17,192**	**13**	**(793)**	**6,815**	**8,742**
Taxation	(946)	3,836	(18,310)	491	(716)
Profit/(loss) after taxation	**16,246**	**3,849**	**(19,103)**	**7,306**	**8,026**
Net profit from discontinued operations after taxation	-	5,132	-	-	-
Dividends	(8,826)	(49,061)	(8,341)	(7,068)	(7,185)
Retained earnings/(deficit)	**7,420**	**(40,080)**	**(27,444)**	**238**	**841**

Independent auditor's report

To the shareholders of Wellington International Airport Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of Wellington International Airport Limited ("the company") and the group, comprising the company and its subsidiary, on pages 3 to 27. The financial statements comprise the statements of financial position as at 31 March 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group 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 company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the 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 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 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.

Our firm has also provided other services to the company in relation to taxation and other assurance services. Partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company.

Opinion

In our opinion the financial statements on pages 3 to 27:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company and the group as at 31 March 2013 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Wellington International Airport Limited as far as appears from our examination of those records.

KPMG

10 May 2013
Wellington

WELLINGTON INTERNATIONAL AIRPORT LIMITED

Preliminary Announcement - Full-Year Results

16 May 2013

Wellington International Airport Limited (WIAL) is pleased to provide the NZX with its Full-year report for the twelve month period ended 31 March 2013.

Wellington International Airport Limited

Results for announcement to the market

Reporting Period	Twelve months to 31 March 2013		
Previous Reporting Period	Twelve months to 31 March 2012		
	31 Mar 2013 ($000)	31 Mar 2012 ($000)	Percentage change (%)
Landing and terminal charges	62,571	57,006	9.8%
Retail and trading activities	32,779	31,584	3.8%
Property rent and lease income	10,839	10,877	0.0%
Total revenue from ordinary activities	106,189	99,467	6.8%
Subvention payment made	(29,982)	(30,137)	(0.5%)
Profit (loss) from ordinary activities after tax attributable to security holders*	16,246	3,849	422.1%
Net profit (loss) attributable to security holders*	16,246	8,981	80.9%
	Amount per security	Amount per security	Imputed amount per security
Interim/Final Dividend	N/A	N/A	N/A
Record Date	N/A		
Dividend Payment Date	N/A		
Comments	WIAL has issued a NZDX listed fixed rate bond with a coupon rate of 7.50% and a maturity date of 15 November 2013. Interest payments were made to bond-holders on 15 May 2012 and 15 November 2012. WIAL does not have equity listed on the NZSX.		

*Note these amounts are not attributable to the security holders (i.e. the bond holders of WIAL), but to the two shareholders of WIAL (these shares are not listed).

Accompanying Documents

Accompanying, and forming part of this full-year report, are the following documents:

- WIAL consolidated financial statements for the twelve months to 31 March 2013.
- Annual Review

(a) This announcement is extracted from the audited financial statements of WIAL. For more detailed analysis and explanation please refer to the attached statements.

(b) All dollars are in New Zealand currency.

Further Notes

(a) For the current reporting period, the results comprise WIAL and its 100% owned subsidiary Wellington Airport Noise Treatment Limited. This subsidiary commenced trading on 1 April 2012.

(b) For the previous reporting period, the results comprise WIAL and results from its 100% owned subsidiary iSite Limited until its sale on 29 July 2011.

(c) An investment property revaluation net increase of $4.7m has been recorded in the period.

(d) Reconciliation of Net Profit to Earnings Before Interest, Tax, Depreciation, Fair Value Movements of Financial Instruments, Realisations and Impairments (EBITDAF)

The Group's EBITDAF is presented to provide further information on it's operating performance.

	2013 $000	2012 $000
Net profit from continuing operations after taxation	16,246	3,849
Subvention payment	29,982	30,137
Net interest expense	19,438	19,103
Taxation (income)/expense	946	(3,836)
Depreciation	16,017	17,553
Investment property revaluation net increase	(4,698)	(922)
Gain/(loss) on sale of property, plant and equipment	(602)	3
Loss on recognition of assets held for sale	4,922	-
Amortisation of fair value of ineffective hedges transferred from equity	625	4,380
Decrease in value of financial instruments designated at fair value through profit or loss	64	5,198
Earnings before interest, taxation, depreciation, amortisation and fair value adjustments (EBITDAF)	82,940	75,465

(e) WIAL has a Standard & Poor's credit rating of BBB+ positive outlook.

(f) The Group confirms that as at 31 March 2013, the Group has 6 Directors and 5 Executive Officers and each of these Directors and Officers are male.

(g) The following table presents the spread of quoted security holders:

	Holders	%	Retail Bonds $
1 to 999	-	0.00%	-
1,000 to 1,999	-	0.00%	-
2,000 to 4,999	1	0.07%	4,000
5,000 to 9,999	13	0.98%	84,000
10,000 to 49,999	970	73.70%	18,547,000
50,000 to 99,999	206	15.63%	11,442,000
100,000 to 499,999	105	7.97%	15,086,000
500,000 to 999,999	12	0.90%	7,199,200
1,000,000 plus	10	0.75%	47,637,800
	1,317	100.00%	100,000,000