

Media Release | 20 February 2014

Auckland Airport's interim result reflects plan in action – underlying profit up 13.9% to \$86.7 million

Auckland Airport has today announced its interim results for the six months to 31 December 2013.

Total profit after tax was up 11.7% to \$85.9 million, while underlying profit after tax increased by 13.9% to \$86.7 million.

Revenue increased by 6.7% to \$238.5 million and expenses increased by 6% to \$60.6 million. Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI) increased by 6.9% to \$177.9 million. Passenger movements were up 4.8% to 7.6 million for the six-month period. Total share of profit from associates – North Queensland Airports, Queenstown Airport and the Novotel hotel – totalled \$4.9 million, an increase of 11.5% on the corresponding period.

Sir Henry van der Heyden, Auckland Airport's chair, says, "The company is pleased to record an interim result which has exceeded expectations and builds on our recent strong performance. We have delivered solid financial returns for investors in the first six months of this financial year and the implementation of our strategic business plan Faster, Higher, Stronger, is progressing well."

“We have renewed our focus on becoming a southern hub airport for the Pacific Rim, and our focus on growing travel markets has resulted in new routes and additional seat capacity. Our commitment to invest for future growth has been underpinned by ongoing work to complete the draft 30-year vision for the ‘airport of the future’. Likewise, the Board’s decision to seek High Court and shareholder approval to return \$454 million of capital to shareholders is targeted at ensuring that we remain fast, efficient and effective. Finally, we have successfully transitioned to a new chair of the board of directors following the 2013 Annual Meeting and completed the chief executive’s restructure of the leadership team.”

Sir Henry says the key revenue highlight is strong underlying aeronautical income, driven by higher international and domestic passenger volumes and also underpinning positive growth in car parking revenue. Our ongoing investment in our property transformation programme has delivered a solid increase in property rental income. The increase in expenses remains lower than revenue growth, resulting in the EBITDAFI increase. Interest costs were lower in the first six months of this financial year. With the improvement in profit levels the company has continued to strengthen its ability to fund the business, reinforcing our capacity to return capital to shareholders.

“At the beginning of the 2014 financial year, we outlined our expectation that the net profit after tax (excluding any fair value changes and other one-off items) would be between \$160 million and \$170 million. Auckland Airport is lifting its guidance for the full year to be between \$166 million to \$172 million.”

“This guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property and deterioration due to global market conditions or other unforeseeable circumstances,” says Sir Henry.

Ends

For further information please contact:

Simon Lambourne

+64 9 255 9089

+64 27 477 6120

simon.lambourne@aucklandairport.co.nz

Note for media:

Directors and management of Auckland Airport understand the importance of reported profits meeting accounting standards. Because we comply with accounting standards, users can confidently know that comparisons can be made between different companies and that there is integrity in the reporting approach of an entity. However, we also believe that an underlying profit measurement can assist readers to understand what is happening in a business such as Auckland Airport where revaluation changes can distort financial results or where one-off transactions (both positive and negative) can make it difficult to compare profits between years.

For several years, Auckland Airport has referred to underlying profits alongside reported results. We do so when we report our results but also when we give our market guidance (where we exclude fair value changes and other one-off items) or when we consider dividends (our dividend policy is to pay 100% of net profit after tax, excluding unrealised gains and losses arising from a revaluation of property or treasury instruments and other one-off items). However, in doing so, we also acknowledge our obligation to show users how we have derived our underlying result.

The table below shows how we reconcile reported profit after tax and underlying profit after tax for the six months ending 31 December 2013.

	2013			2012		
	Reported	Adjustments	Underlying	Reported	Adjustments	Underlying
	profit		earnings	profit		earnings
	\$000	\$000	\$000	\$000	\$000	\$000
EBITDAFI per income statement	177,899	-	177,899	166,361	-	166,361
Share of profit of associates	4,869	(157)	4,712	4,368	(12)	4,356
Derivative fair value (decreases)/increases	(1,261)	1,261	-	1,128	(1,128)	-
Depreciation	(31,389)	-	(31,389)	(31,430)	-	(31,430)
Interest expense and other finance costs	(32,317)	-	(32,317)	(33,705)	-	(33,705)
Taxation expense	(31,914)	(309)	(32,223)	(29,812)	320	(29,492)
Profit after tax	85,887	795	86,682	76,910	(820)	76,090

We have made the following adjustments to show underlying profit after tax for the six months ended 31 December 2013 and 31 December 2012:

- We have adjusted for Auckland Airport's share of the fair value movement in the derivative financial instruments of associates that do not qualify for hedge accounting for the six-month period ended 31 December 2013 and 31 December 2012.
- We have also adjusted for the fair value movements of derivative financial instruments in Auckland Airport that either do not qualify for hedge accounting or hedge accounting ineffectiveness that relate to the counterparty risk of the particular derivatives entered into by the company. These gains/(losses) are unrealised and are expected to reverse out over the lives of the derivatives.

- We also allow for the taxation impacts of the above adjustments for both the six-month periods ended 31 December 2013 and 31 December 2012.

Ends

Results at a Glance			
	31 December 2013 \$m	31 December 2012 \$m	Movement %
Financial Results			
Income	238.506	223.552	6.7
Expenses	60.607	57.191	6.0
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	177.899	166.361	6.9
Share of profits of associates	4.869	4.368	11.5
Derivative fair value movement	(1.261)	1.128	-211.8
Depreciation	31.389	31.430	-0.1
Interest expense	32.317	33.705	-4.1
Taxation expense	31.914	29.812	7.1
Reported profit after taxation	85.887	76.910	11.7
Earnings per share	6.495c	5.816c	11.7
Underlying profit after taxation ¹	86.682	76.090	13.9
Underlying earnings per share	6.555c	5.754c	13.9
Dividends			
Total proposed interim dividend for the year (cents per share)	-	5.75c	-
Total proposed interim dividend for the year (\$million)	-	76.058	-
Capital return			
Total proposed capital return (cents per share)	34.30c	-	-
Total proposed capital return (\$million)	453.711	-	-
Financial Position			
Shareholders' equity	2,508.014	2,465.656	1.7
Total assets	3,915.429	3,906.087	0.2
Debt to debt plus equity	30.8%	31.8%	-3.1
Debt to enterprise value ²	19.5%	24.6%	-20.7
Capital expenditure	52.184	36.780	41.9
Passenger and aircraft statistics – Auckland Airport			
	31 December 2013	31 December 2012	
International passenger movements including transits	4,076,081	3,892,156	4.7
Domestic passenger movements	3,517,795	3,355,718	4.8
Maximum certificated take-off weight (tonnes)	3,131,532	2,965,976	5.6
Aircraft movements	78,959	78,250	0.9
North Queensland Airports performance			
Cairns international passenger movements including transits ³	326,146	350,295	-6.9
Cairns domestic passenger movements ³	2,121,662	2,027,138	4.7
Mackay domestic passenger movements ³	582,371	605,647	-3.8
Revenue (AUD \$million) ⁴	63.692	60.807	4.7
EBITDAFI (AUD \$million) ⁴	42.171	38.961	8.2
Profit after taxation (AUD \$million) ⁴	11.244	9.422	19.3
Queenstown Airport performance			
International passenger movements	179,153	139,106	28.8
Domestic passenger movements	464,786	488,225	-4.8
Revenue (\$ million) ⁴	11.485	9.514	20.7
EBITDAFI (\$ million) ⁴	8.132	6.930	17.3
Profit after taxation (\$ million) ⁴	3.822	3.106	23.1

¹ Excluding derivative fair value movements and the tax effect of these adjustments in 2013 and 2012. Refer to Appendix A attached for a reconciliation of these adjustments.

² Based on the share price as at 31 December 2013 of \$3.53. (31 December 2012: \$2.67).

³ North Queensland Airports has refined its passenger data for Cairns and Mackay Airports from July 2013, resulting in a re-statement of its December 2012 passenger numbers.

⁴ From non-audited management accounts of North Queensland Airports and Queenstown Airport. The financial results have not been apportioned for the level of ownership interest being 24.55% for North Queensland Airports and 24.99% for Queenstown Airport.

Reconciliation of reported profit after taxation to underlying profit after taxation

Profit after tax	Six months to 31 December 2013			Six months to 31 December 2012		
	Reported profit \$m	Adjustments \$m	Underlying earnings \$m	Reported profit \$m	Adjustments \$m	Underlying earnings \$m
EBITDAFI per income statement	177.899	-	177.899	166.361	-	166.361
Share of profit of associates ¹	4.869	(0.157)	4.712	4.368	(0.012)	4.356
Derivative fair value (decreases) increases ²	(1.261)	1.261	-	1.128	(1.128)	-
Depreciation	(31.389)	-	(31.389)	(31.430)	-	(31.430)
Interest expense and other finance costs	(32.317)	-	(32.317)	(33.705)	-	(33.705)
Taxation expense ³	(31.914)	(0.309)	(32.223)	(29.812)	0.320	(29.492)
Profit after tax	85.887	0.795	86.682	76.910	(0.820)	76.090

¹ Auckland Airport's share of the fair value movement in the derivative financial instruments of associates that do not qualify for hedge accounting.

² The fair value movement of Auckland Airport's derivative financial instruments in the income statement that either do not qualify for hedge accounting or hedge accounting ineffectiveness that relate to the counterparty risk of the particular derivatives entered into by Auckland Airport.

³ Taxation adjustments as a result of adjustments 1 to 2 above.

Our plan in action



This **interim results presentation** dated 20 February 2014 provides additional comment on the media and financial materials released before the market opened on the same date. As such, it should be read in conjunction with, and subject to, the explanations and views provided in that release.



Summary of the first half of FY14

Adrian Littlewood



A great start to FY14



Passenger movements

7.6m up 4.8%

Revenue

\$238.5m up 6.7%

Operating EBITDAFI

\$177.9m up 6.9%

Total profit

\$85.9m up 11.7%

Underlying profit

\$86.7m up 13.9%

Proposed capital return

\$453.7m anticipated April 2014

Our plan in action

↑ Grow travel
markets



- New routes and capacity underpin passenger growth in first half of year
- Key participant in development of tourism industry's Tourism 2025 strategy to deliver growth for the country
- Constantly improving passenger experience to meet changing passenger mix

↑ Strengthen our
consumer business



- Consumer business continues to perform but some market challenges affecting growth
- Expanding footprint and capacity of our consumer business: Pier A retail, Park & Ride, Ibis Budget rooms
- Introduced new brands into retail
- New promotions and campaigns to raise consumer awareness

Our plan in action

↑ Be fast, efficient
and effective



- Capital return announced and approved by shareholders
- Continuing productivity drive in airspace and terminal areas with industry partners
- Ongoing investment in new airport operating system

↑ Invest for
future growth



- Announced 30-year vision for the ‘airport of the future’
- Domestic terminal upgrade advanced
- Taxiway Lima opened
- Increased A380 gate capacity by 50% by upgrading Gate 10

Financial performance

Simon Robertson



Profitability climbing strongly



Half year financial results

	6 months to 31 Dec 2013 \$m	6 months to 31 Dec 2012 \$m	Change %
Revenue	238.506	223.552	6.7
Expenses	60.607	57.191	6.0
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	177.899	166.361	6.9
Share of profit from associates	4.869	4.368	11.5
Derivative fair value (decrease)/increase	(1.261)	1.128	(211.8)
Depreciation expense	31.389	31.430	(0.1)
Interest expense	32.317	33.705	(4.1)
Taxation expense	31.914	29.812	7.1
Reported net profit after tax	85.887	76.910	11.7
Underlying profit after tax ¹	86.682	76.090	13.9

1. A reconciliation showing the differences between reported net profit after tax and underlying profit after tax is included on slide 9.

Results of the plan in action



Underlying profit

	2013			2012		
	Reported profit	Adjustments	Underlying earnings	Reported profit	Adjustments	Underlying earnings
	\$000	\$000	\$000	\$000	\$000	\$000
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI) per income statement	177,899	-	177,899	166,361	-	166,361
Share of profit from associates	4,869	(157)	4,712	4,368	(12)	4,356
Derivative fair value (decrease)/increase	(1,261)	1,261	-	1,128	(1,128)	-
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Note: We have made the following adjustments to show underlying profit after tax for the six months ended 31 December 2013 and 31 December 2012. We have adjusted for Auckland Airport's share of the fair value movement in the derivative financial instruments of associates that do not qualify for hedge accounting. We have also adjusted for the fair value movements of derivative financial instruments in Auckland Airport that either do not qualify for hedge accounting or hedge accounting ineffectiveness that relate to the counterparty risk of the particular derivatives entered into by the company. These gains/(losses) are unrealised and are expected to reverse out over the lives of the derivatives. We also allow for the taxation impacts of the above adjustments for both the six-month periods ended 31 December 2013 and 31 December 2012.

Market growth lifts passengers



Auckland passenger movements

	6 months to 31 Dec 2013	6 months to 31 Dec 2012	Change %
International arrivals	1,967,636	1,873,277	5.0
International departures	1,870,949	1,781,041	5.0
International passengers excluding transits	4,076,081	3,892,156	5.0
Transit passengers	237,496	237,838	(0.1)
Total international passenger movements	4,313,577	4,129,994	4.4
Domestic passengers	3,517,795	3,355,718	4.8
Total passenger movements	7,831,372	7,485,712	4.6

- The week ended 22 December 2013 was the busiest ever week for international passengers at Auckland Airport with 181,207 passengers, up 4.9% on the previous record week.
- Momentum has been maintained in the 2014 calendar year with international passenger growth of 8.7% to 16 February 2014.

Broad based growth

Route capacity and passenger growth



-0.7% **+4.1%**
capacity passenger



+13.1% **+19%**
capacity passenger



+16.1% **+23.6%**
capacity passenger



+4.8% **+4.1%**
capacity passenger

Bigger aircraft deliver capacity



Movements and MCTOW

	6 months to 31 Dec 2013	6 months to 31 Dec 2012	Change %
Aircraft movements			
International departures	23,080	22,412	3.0
Domestic aircraft movements	55,879	55,838	0.1
Total aircraft movements	78,959	78,250	0.9
MCTOW (tonnes)			
International MCTOW	2,170,260	2,053,821	5.7
Domestic MCTOW	961,272	912,155	5.4
Total MCTOW	3,131,532	2,965,976	5.6

- Domestic MCTOW growth was driven by added capacity from Air New Zealand in the form of larger jet and regional aircraft. Jetstar also contributed to the growth with increased services to Wellington and Christchurch.
- International MCTOW growth is due to a mix of new services to Auckland (Hawaiian) as well as larger aircraft and additional service frequency (Emirates Brisbane A380, China Southern 10 services weekly, Air New Zealand's increased North America frequency).

Aeronautical revenue stands out



	6 months to 31 Dec 2013 \$m	6 months to 31 Dec 2012 \$m	Change %
Airfield income	44.162	40.386	9.3
Passenger services charge	65.826	59.950	9.8
Retail income	63.779	62.371	2.3
Car park income	21.880	20.450	7.0
Rental income	29.038	27.013	7.5
Rates recoveries	2.176	1.903	14.3
Interest income	1.164	1.426	(18.4)
Other income	10.481	9.603	9.1
Total revenue	238.506	223.552	6.7

- Strong aeronautical demand, coupled with the phased introduction of price changes in some categories, delivered excellent growth in aeronautical revenue.

Costs match drivers



Expenses

	6 months to 31 Dec 2013	6 months to 31 Dec 2012	Change %
Staff	21,299	18,174	17.2
Asset management, maintenance and airport operations	20,322	19,276	5.4
Rates and insurance	5,033	4,766	5.6
Marketing and promotions	6,822	6,977	(2.2)
Professional services and levies	3,135	3,392	(7.6)
Other	3,996	4,606	(13.2)
Total operating expenses	60,607	57,191	6.0
Depreciation	31,389	31,430	(0.1)
Interest expense	32,317	33,705	(4.1)

- The largest expense change is due to the strong growth in share price. This has resulted in an increase in the long term incentives expense (included within "Staff").
- Excluding the long-term incentives and marketing and promotions the operating expenditure has tracked underlying drivers, increasing by 3.9%.

Balance sheet strengthens further



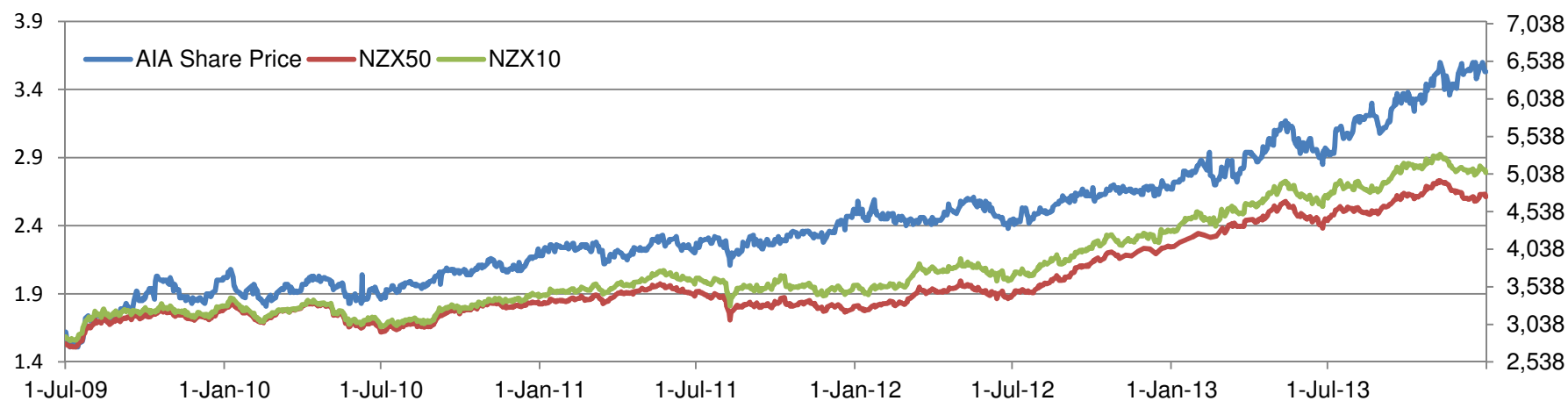
	December 2013	June 2013	December 2012
Debt / debt + equity	31.3%	31.8%	32.4%
Debt / enterprise value	19.5%	22.8%	24.9%
Debt / EBITDAFI (times)	3.19	3.45	3.55
FFO interest cover (times)	4.56	4.16	3.98
Average interest cost	6.0%	6.2%	6.3%
Average debt maturity (years)	3.5	4.2	4.7
% of fixed borrowing	63.8%	66.3%	69.4%

- Bank bridge facilities executed on 13 February 2014 of \$440m to fund capital return expected in April 2014.
- Further increases in interest cover ratios and decreases in debt/enterprise value support the decision to return capital to shareholders.
- Refinancing of the bridge facilities expected in stages with the first stage likely to be a three year floating rate note.

Shareholders benefiting



Share price appreciation - local currency



	Share price opening (\$)	Share price closing (\$)	Dividend (cps)	Total return (cps)	Total shareholder return
1 July 2009 to 30 June 2010	1.61	1.87	8.20	34.20	21.2%
1 July 2010 to 30 June 2011	1.87	2.23	8.70	44.70	23.9%
1 July 2011 to 30 June 2012	2.23	2.44	10.50	31.50	14.1%
1 July 2012 to 30 June 2013	2.44	2.97	12.00	65.00	26.6%
30 June 2013 to 31 December 2013 (First six months of FY14)	2.97	3.53	- ¹	56.00	18.9% ²

1. Excludes impact of return of capital to shareholders. 2. TSR calculated over a six month period.

Faster, higher, stronger

Adrian Littlewood



Market investment pays off

GROW
TRAVEL
MARKETS



New capacity announcements in first six months:

- Malaysia Airlines: 6pw to 7pw Nov-Jan
- China Southern: 7pw to 10pw until Mar 2014; plus 2 Chinese New Year return flights; +5% capacity using B787
- China Airlines: +30% capacity Nov-Feb
- Qantas: A330 2pw Perth-Auckland Dec-Feb
- Emirates: 3rd A380 from Oct
- Jetstar: 3pw A320 to Adelaide from Dec
- Air NZ: USA, Bali, Sunshine Coast increases
- China Eastern: 2 Chinese New Year return charters

Positive signs for 2014 calendar year:

- Air NZ and Singapore Airlines alliance: increased frequency and A380 adds 100k seats from Dec
- China Southern: extending to 10pw until Oct
- Malaysia Airlines: extending to 7pw from Mar
- Jetstar: B787 to Melbourne in Feb and Mar
- High FY14 summer seasonal loadings

Tourism industry aspirations

GROW
TRAVEL
MARKETS

Prioritise insight to drive
and track progress

Focus on
productivity for
profit



Grow sustainable
air connectivity
for volume



6%

PER ANNUM

TOURISM GROWTH TARGET

Drive value
through outstanding
visitor experience



Target for value



Seeking more retail space

STRENGTHEN
OUR
CONSUMER
BUSINESS



- Retail passenger spend rate decreased 3.1% in first six months, largely due to restrictions in Australian outbound tobacco sales, together with changes in Chinese travel laws and a material change in Australian currency
- Strong programme and range of initiatives in place to bolster future retail performance:
 - New space / capacity – reconfiguration of international terminal’s airside food-court and eastern wing; Pier A retail expansion
 - New concepts: F&B, specialty and destination products
 - New promotional activities – online development, strong seasonal programme ie Chinese New Year

Car-parking lifting

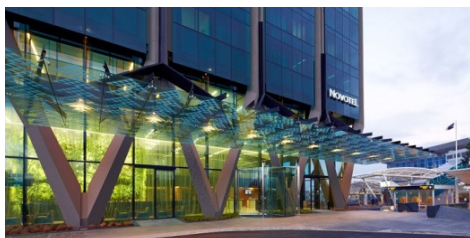
STRENGTHEN
OUR
CONSUMER
BUSINESS



- First six months benefitted from 400 new car-parks at the domestic terminal, with revenue increasing 8% notwithstanding an 8% decrease in average revenue per parking space (ARPS)
- Overall ARPS rose 0.9%
- Future car-parking plans include an extra 1,000 Park & Ride spaces - at grade, highly efficient and affordable - in the first quarter of FY15 allowing 600 spaces to be released at international terminal due to staff relocation to Park & Ride
- Development of commercial car-parking initiatives to improve customer choice

Hotel investment focus

STRENGTHEN
OUR
CONSUMER
BUSINESS



- Very strong average occupancy rates: Novotel up 5.8% to 86.4%; Ibis Budget up 21% to 93.5%
- Committed \$7.8m to extend Ibis Budget by 73 rooms – construction commencing in April
- Confidence to extend hotel portfolio in the future

	July	August	September	October	November	December	Average	Change on prior year
Novotel	88.9%	84.6%	87.1%	86.3%	89.7%	82%	86.4%	5.8%
Ibis Budget	93.9%	89.6%	94.1%	93.2%	95.4%	94.6%	93.5%	21%

Property transformation

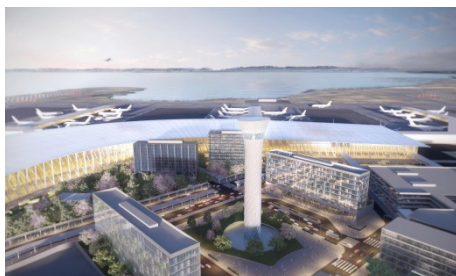
INVEST
FOR FUTURE
GROWTH



- Transformation from a collection of projects to a place to shop, eat, work and play is taking shape
- Momentum building with several projects under construction: Panalpina (3,600m² warehouse and office), DHL (12,000m² warehouse) and 9 ha of land inventory
- Future projects will add to that momentum: Hellmann (12,500m² warehouse/perishables facility and office), Hobbs (3,200m² warehouse and office) and a further 17 ha of land inventory
- Where opportunity is strong, undertaking further speculative builds: two medium warehouses (total 6,400m²) and Flex2 multi-unit warehouse (total 7,200m²)

Airport of the future

INVEST
FOR FUTURE
GROWTH



- In November we outlined our 30-year vision for the ‘airport of the future’ that delivers ‘southern hub’ aspiration and supports our growth from 14.5m to 40m passengers
- Since November we have been formally engaging with the broader aviation sector and other key stakeholders. Feedback has been helpful and supportive of both the direction and vision
- Have commenced next layer of project specific work to bring the vision to life
- Consolidating feedback provided and will soon share summary of the vision for wider engagement with investors, stakeholders and the public

Regulatory update



- Commerce Commission's Christchurch 56G conclusions are that key market conditions (earthquakes) appear to have had more influence than information disclosure regulation and that while expected returns are within an acceptable range for the first five-year price period (6.8%) they are excessive for the 20 year period (8.9%). As a result Christchurch Airport has committed to consult again for the period beyond 2017 and follow the Commission's long-term returns guidance
- Merits appeal outcome has not impacted Auckland Airport's 56G report as the outcome "would likely bring the Commission's estimate of Auckland Airport's target returns further within the range of acceptable returns"¹
- Appeal has also resulted in the Commission announcing its intention to seek views of interested parties on whether it should review or amend the 75th WACC percentile for industries subject to price control ie electricity lines companies. The current airport annual information disclosures already compare profitability to the 50th WACC percentile.

1. Source: Commerce Commission letter to Minister of Transport re Final s56G Commerce Act report – Christchurch Airport, 13 February 2014 at [8].

Outlook is strengthening



- We continue to see the aviation market solidifying recent gains and growth is extending further into the 2014 financial year
- As always our guidance is subject to any material adverse events, one-off items, non-cash fair value changes to property and deterioration due to global market conditions or other unforeseeable circumstances
- We now expect an increase in 2014 net profit after tax (excluding any fair value changes and other one-off items) to between \$166 million and \$172 million. This is inclusive of the impact of the \$454 million capital return expected in April 2014



Our plan in action



Interim Report 2014
Auckland International Airport Limited





Faster Higher Stronger

Our strategic plan is to grow faster, aim higher and become stronger over the next five years and, in doing so, maintain the strong momentum we have established.

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Online Review

View our interactive review at
aucklandairport.co.nz/report
which has been designed for
ease of online use, with tablets
in mind.



Welcome



Welcome to Auckland Airport's interim report for the first half of the 2014 financial year. We are pleased to record an interim result which has exceeded expectations for the six months to 31 December 2013. This builds on our recent strong performance and delivers solid financial returns for investors.

Total profit after tax was up 11.7% to \$85.9 million, while underlying profit after tax increased by 13.9% to \$86.7 million. Total revenue was up 6.7% to \$238.5 million. Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI) increased by 6.9% to \$177.9 million. Passenger movements were up 4.8% to 7.6 million for the six-month period.

The implementation of our strategic business plan Faster, Higher, Stronger, is progressing well. We have renewed our focus on becoming a southern hub airport for the Pacific Rim, and our focus on growing travel markets has resulted in new routes and additional seat capacity. Our commitment to invest for future growth has been underpinned by ongoing work to complete the draft 30-year vision for the 'airport of the future'. Likewise, the Board's decision to seek High Court and shareholder approval to

PROFIT RESULT

TOTAL PROFIT AFTER TAX WAS UP 11.7% TO \$85.9 MILLION, WHILE UNDERLYING PROFIT AFTER TAX INCREASED BY 13.9% TO \$86.7 MILLION

11.7%



return \$454 million of capital to shareholders is targeted at ensuring that we remain fast, efficient and effective. Finally, we have successfully transitioned to a new chair of the board of directors following the 2013 Annual Meeting and completed the chief executive's restructure of the leadership team.

At the beginning of the 2014 financial year, we outlined our expectation that the net profit after tax (excluding any fair value changes and other one-off items) would be between \$160 million and \$170 million. In consideration of our current performance and momentum Auckland Airport is lifting its guidance for the full year to be between \$166 million to \$172 million.

This guidance is subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property and deterioration due to global market conditions or other unforeseeable circumstances.




Sir Henry van der Heyden
Chair



Adrian Littlewood
Chief executive

Underlying profit

\$86.7m


Up 13.9%

Directors and management of Auckland Airport understand the importance of reported profits meeting accounting standards. Because we comply with accounting standards, users can confidently know that comparisons can be made between different companies and that there is integrity in the reporting approach of an entity. However, we also believe that an underlying profit measurement can assist readers to understand what is happening in a business such as Auckland Airport where revaluation changes can distort financial results or where one-off transactions (both positive and negative) can make it difficult to compare profits between years.

For several years, Auckland Airport has referred to underlying profits alongside reported results. We do so when we report our results but also when we give our market guidance (where we exclude fair value changes and other one-off items) or when we consider dividends (our dividend policy is to pay 100% of net profit after tax, excluding unrealised gains and losses arising from a revaluation of property or treasury instruments and other one-off items). However, in doing so, we also acknowledge our obligation to show users how we have derived our underlying result. The reconciliation can be found on page 15.

Results at a glance

Passenger movements

7.6m



Up 4.8%

Revenue

\$238.5m



Up 6.7%

Operating EBITDAFI

\$177.9m



Up 6.9%

Total profit

\$85.9m



Up 11.7%

Underlying profit

\$86.7m



Up 13.9%

Faster Higher Stronger

In our 2013 annual report, we announced our strategic plan to grow faster, aim higher and become stronger over the next five years and, in doing so, maintain the strong momentum we have established.

Our five-year business strategy, Faster, Higher, Stronger, responds to the challenges we have identified ahead from changing aviation markets, changing customer expectations on top of competitive pressure on retail and a subdued commercial property market.

It builds on our 2009 – 2013 business strategy, Flight Path for Growth, which fundamentally changed our business philosophy, improved our performance and developed our focus on 'making journeys better' for all customers and partners of Auckland Airport.

The four themes in Faster, Higher, Stronger are:

Grow travel markets

Strengthen our consumer business

Be fast, efficient and effective

Invest for future growth

↑ **Grow travel markets**



We will adopt an ambitious and innovative approach to help New Zealand sustainably unlock growth opportunities in travel, trade and tourism. Growing travel markets with our airline and industry partners makes journeys better by providing customers with greater choice, more-convenient flight schedules and better value for money.

↑ **Strengthen our consumer business**



We will strengthen and extend our retail, transport and accommodation businesses to ensure we can respond to evolving customer needs. This means increasing the range of products and services we provide and making Auckland Airport more appealing to our customers; this will make their journeys better.

↑ Be fast, efficient and effective



We will improve our performance by increasing the productivity of our assets, processes and operations. A fast, efficient and effective airport makes journeys better by saving time and money for airlines and passengers.

↑ Invest for future growth



We will build on our strong foundations for long-term sustainable growth by continuously investing in infrastructure so it supports our long-term requirements. This makes journeys better both within the airport and around our vibrant business district.

A Our aspirations

Faster, Higher, Stronger embraces the objective of making journeys better and is a passionate commitment to improve in everything we do. It sets a number of new aspirations that will drive our company's performance:

- Double Chinese arrivals to 400,000 by FY17, up from 213,781 in FY13
- Build property rent to \$60 million by FY17, up from \$44 million in FY13
- Achieve 10 million international passengers by FY18, up from 7.317 million in FY13
- Reach 20 million total passengers by FY20, up from 14.516 million in FY13.

These aspirations are not market guidance; rather, they provide the company with a sharp focus on important goals that underpin our long-term success.

By successfully implementing Faster, Higher, Stronger, Auckland Airport can meet its high expectations for continued growth and, at the same time, deliver on its vision to be a great New Zealand business that is a world leader in creating value from modern airports.

400,000



INCREASE

DOUBLE CHINESE ARRIVALS TO 400,000 BY FY17, UP FROM 213,781 IN FY13

\$60m



INCREASE

BUILD PROPERTY RENT TO \$60 MILLION BY FY17, UP FROM \$44 MILLION IN FY13

Implementing our Strategy

Grow travel markets

The number of international passengers (excluding transits) using Auckland Airport increased by 5% to 3.8 million in the first six months of this financial year, while the number of domestic passengers increased by 4.8% to 3.5 million.

This growth in passenger volumes confirms that our business strategy to drive growth in travel, trade and tourism is delivering benefits for New Zealand. It also serves to illustrate the importance of the New Zealand tourism industry's shared strategy for growing New Zealand tourism – 'Tourism 2025'.

MARKETING QUEENSTOWN

INDONESIAN CELEBRITY CHEF, RESTAURATEUR
AND MEDIA PERSONALITY FARAH QUINN



Several airlines have announced new routes and additional capacity for Auckland so far this financial year, including the following international announcements:

- Malaysia Airlines has increased the number of flights from six to seven per week during the November-to-January peak summer period. In November, it decided to offer daily flights between Kuala Lumpur and Auckland from March 2014.
- China Southern Airlines has increased its Guangzhou-to-Auckland service from seven to 10 weekly flights until October 2014, and provided two additional return flights during the 2014 Chinese New Year celebrations.
- China Airlines has decided to provide an additional 30% capacity on its Taipei-Brisbane-Auckland route during the November-to-February summer peak period.

3.5_m



DOMESTIC PASSENGERS INCREASED BY 4.8% TO 3.5 MILLION IN THE FIRST SIX MONTHS OF THIS FINANCIAL YEAR

- Qantas has announced that it will fly an A330 aircraft twice-weekly between Perth and Auckland during the December-to-February summer peak period.
- Emirates is flying a third A380 to Auckland from October, servicing the airline's Dubai-Brisbane-Auckland route.
- China Southern Airlines is flying New Zealand's first commercial B787 Dreamliner service on its Guangzhou-to-Auckland route, resulting in 5% more seat capacity.
- Jetstar has established three direct A320 services a week between Adelaide and Auckland from December and is using a B787 Dreamliner aircraft on its Melbourne route in February and March.
- Air New Zealand has increased its flights to the United States, and to Bali and the Sunshine Coast in the winter season.
- There have been two return charter flights from China over the Chinese New Year period, operated by China Eastern Airlines.

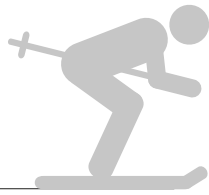
These new routes and additional capacity have helped to progress our strategic long-term goal of Auckland Airport becoming the southern hub in the Pacific Rim.

In the past six months, however, Air New Zealand reduced its service to Osaka from year-round to seasonal, as did Korean Air to Seoul. Thai Airways has also reduced some of its services to Bangkok.

We continue to work to improve the passenger experience for travellers from our new and emerging markets and, in the past six months, we have introduced additional languages on our multi-language flight-information display boards. Key flight information is now being translated into Japanese, Korean and Bahasa Malaysian, as well as Chinese. Auckland Airport became the first airport in New Zealand to provide travellers with this critical service.

Also, we have continued to invest in the New Zealand tourism industry. In October, we announced the award of \$200,000 to three tourism operators in our 'High Opportunity Target' markets marketing competition. The competition showed our ongoing commitment to work with tourism operators to increase the number of visitors arriving in New Zealand, develop the right product to meet market demand and, therefore, earn greater value from our international visitors. Auckland Airport also hosted the Government's launch of the Tourism Sector Report in December and has continued to support the New Zealand Tourism Industry Association's 'Tourism 2025' strategy to increase air services and deliver growth for the country into the future.

Auckland's domestic capacity has improved year on year for the past six months, building on the significant increases made by both Air New Zealand and Jetstar in the last financial year. While Jetstar reduced some services to Wellington this allowed it to improve both its schedule consistency and the reliability



28.8% 

QUEENSTOWN AIRPORT CONTINUED TO EXPERIENCE STRONG GROWTH IN THE FIRST SIX MONTHS OF THIS FINANCIAL YEAR WITH INTERNATIONAL PASSENGERS INCREASING BY 28.8%

GUANGZHOU > AUCKLAND

China Southern Airlines is flying New Zealand's first commercial B787 Dreamliner service, on its Guangzhou to Auckland route, resulting in 5% more seat capacity.

B787





THE POPULAR NEW ZEALAND FOOD AND COFFEE COMPANY, SHAKY ISLES, HAS OPENED A CAFÉ AND BAR CATERING FOR DEPARTING INTERNATIONAL PASSENGERS

of its scheduled on-time performance which is now the best of any domestic airline. Air New Zealand has significantly advanced its programme of phasing out the smaller Beechcraft aircraft and replacing these with larger Bombardier Q300s or ATRs.

Queenstown Airport continued to experience strong growth in the first six months of this financial year with international passengers increasing by 28.8% to 179,153; however, domestic passenger volumes decreased by 4.8%. The growth in numbers of international passengers at Queenstown Airport continues to be driven by increased trans-Tasman traffic with additional services to Sydney, Brisbane and Melbourne on Jetstar and to Sydney and Melbourne on Air New Zealand. Auckland Airport continues to invest time and expertise in Queenstown Airport so that it can realise its full potential.

Strengthen our consumer business

In the first six months of this financial year, we have continued to provide for our customers' needs by extending our retail business.

The popular New Zealand food and coffee company, Shaky Isles, has opened a café and bar catering for departing international passengers. We have developed our premium shopping product range with the opening of The Whisky Trail, which expands the wide range of types of whisky available for purchase. Looking ahead, the current

upgrade of our domestic terminal and retail expansion in Pier A of the international terminal building will ensure that we can continue to strengthen our retail business in the future.

Our advertising campaign to improve awareness of Auckland Airport's duty free shopping and increase sales was undertaken in New Zealand, Australia and China. The purpose of the campaign is to attract a greater number of passengers to spend more time in our retail environment and on the retail pages of our website.

Our Emperor Lounge is an important product, providing choice for new and existing airlines. It also improves the experience for those passengers who are not otherwise eligible to use airline lounges. In the past six months, we have expanded the Emperor Lounge's seat capacity from 65 to 110 international passengers, and it is now used by approximately 3,000 passengers per month.

We have continued to enhance our car-parking service with the expansion of our Park & Ride business. This will provide customers with an additional 879 spaces and even more choice about where they park at the airport.

The performance of our hotels has been very strong with occupancy rates of 86.4% at the Novotel and 93.5% at the Ibis Budget in the first six months of this year. On the strength of these results, we have decided to invest \$7.8 million to add 73 rooms to the Ibis Budget to provide travellers with greater accommodation choice.



IMPROVED EFFICIENCY

THE COMPANY HAS SUCCESSFULLY UNDERTAKEN FIVE INCIDENT RESPONSE SCENARIOS WITH KEY AIRPORT STAKEHOLDERS IN THE PAST SIX MONTHS TO FURTHER HONE OUR ABILITY TO WORK TOGETHER IN ANY EMERGENCY RESPONSE

Be fast, efficient and effective

To be efficient, the company needs to effectively manage its operating costs, its capital expenditure, and have an efficient balance sheet.

The company's strong performance over the past five years, including its successful property development and retail businesses, and investments in other airports, means it has a less-efficient mix of equity and debt than it had in the past. In November 2013, Auckland Airport announced that it would seek shareholder and High Court approval to return approximately \$454 million of capital to its shareholders on a pro rata basis.

By returning capital to our shareholders, the company can reward shareholders for consistently strong performance and, at the same time, improve its balance of equity and debt, returning to the levels that were achieved in 2011.

The capital return was approved by shareholders at a special meeting on 12 February 2014. The company anticipates receiving High Court approval in March and making payment to shareholders in mid-April this year.

The aviation industry's 12-month Northern SMART approaches trial, aimed at improving flight path and aircraft efficiency and reducing the impact of aircraft noise on the

community, ended on 31 October 2013. SMART approaches are part of a worldwide drive by the aviation industry and regulators to improve flight paths. Using the accuracy of satellite-based navigation, a SMART approach follows a curved approach to the runway and creates a more continuous descent, meaning the aircraft travels fewer miles, reducing fuel consumption and carbon emissions. The approach also means the aircraft engines' power settings can be at or close to idle, enabling better noise management for local communities. SMART approaches also support the New Zealand Government's national airspace policy which requires the adoption of performance-based technology to deliver efficiency and safety benefits and ensure that our country's airspace management is consistent with best practice.

The Northern SMART approaches trial, which began in November 2012, was a joint initiative of Airways New Zealand, Auckland Airport and the Board of Airline Representatives New Zealand (BARNZ). Three airlines participated in the trial: Air New Zealand, Qantas and Jetstar.

Data from the these airlines and Airways New Zealand, along with community feedback and information gathered from noise monitors in the community, are currently being assessed in order to prepare a draft report. The draft report will be made available for industry and community feedback in late March 2014 and a final report with recommendations is expected to be issued later in the year.



“
To ensure we can support that growth, Auckland Airport has developed a draft 30-year vision for the development of the airport.
”

The company has successfully undertaken five incident response scenarios with key airport stakeholders in the past six months to further hone our ability to work together in any emergency response. The scenarios included situations as diverse as marine rescue, airport fire evacuation and aircraft fuel supply. Also, the company successfully passed its five-yearly Civil Aviation Authority audit in October 2013: a requirement under Part 139 of New Zealand’s Civil Aviation Rules.

Invest for future growth

New Zealand and Auckland are forecast to experience significant travel, trade and tourism growth over the next 30 years, including a projected increase in the number of passengers using Auckland Airport every year from 14.5 million to 40 million.

To ensure we can support that growth, Auckland Airport has developed a draft 30-year vision for the development of the airport. The vision will: improve capacity and the passenger experience; create a hub for Australasia, to and from Asia and the Americas; and create New Zealand’s best business location.

The draft vision is demand-led, customer and commercially focused, and based on the principles of efficiency, resilience and flexibility. It includes developing an integrated terminal for domestic and international passengers, with the domestic facility located at the southern end of the terminal in the space which currently exists between the two terminals. In developing this vision, the company has been supported by some of the world’s leading airport planners and architects. The airport’s second runway is not now expected to be required until around 2025. We are currently discussing this draft long-term vision with aviation and other stakeholders and will publish further details later this year.

Auckland Airport also continues to develop infrastructure to accommodate its more-immediate requirements, including the opening of a new taxiway which has doubled the ability of aircraft to access the western side of the international terminal building and the upgrading of Gate 10 of the terminal to accommodate an additional A380 or B777 aircraft.

In the first six months of the 2014 financial year, further work was completed on the domestic terminal upgrade, significantly reducing delays at aviation security screening and joining together the terminal’s previously separated airside space. We also continued our property transformational programme to make the airport a great place to work, rest, play, shop, fly and dine.

Financial summary

\$85.9m 

TOTAL PROFIT INCREASED

TOTAL PROFIT AFTER TAX WAS UP 11.7% TO \$85.9M IN THE FIRST SIX MONTHS OF THIS FINANCIAL YEAR

As noted earlier, our total profit after tax was up 11.7% to \$85.9 million in the first six months of this financial year, while underlying profit after tax increased by 13.9% to \$86.7 million.

Revenue increased by 6.7% to \$238.5 million against the corresponding period. The key revenue highlight is strong underlying aeronautical income, driven by higher international and domestic passenger volumes and also underpinning positive growth in car-parking revenue. Our ongoing investment in our property transformation programme has delivered a solid increase in property rental income.

Expenses increased by 6% to \$60.6 million. This growth remains lower than revenue growth, meaning earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI) have increased by 6.9% to \$177.9 million.

Total share of profit from associates totalled \$4.9 million for the first six months of this financial year, an increase of 11.5% on the corresponding period - North Queensland Airports up 3% to \$3.2 million, Queenstown Airport up 23% to \$955,000 and the Novotel hotel up 46% to \$728,000.

Interest costs were lower in the first six months of this financial year. With the improvement in profit levels, the company has continued to strengthen its ability to fund the business, reinforcing our capacity to return capital to shareholders.

The table opposite shows how we reconcile reported profit after tax and underlying profit after tax for the six months ending 31 December 2013.

13.9%

GROWTH IN UNDERLYING PROFIT

UNDERLYING PROFIT AFTER TAX INCREASED BY 13.9% TO \$86.7 MILLION

6.7%

INCREASE IN REVENUE

REVENUE INCREASED BY 6.7% TO \$238.5 MILLION AGAINST THE CORRESPONDING PERIOD

	2013			2012		
	Reported profit \$000	Adjustments \$000	Underlying earnings \$000	Reported profit \$000	Adjustments \$000	Underlying earnings \$000
EBITDAFI per income statement	177,899	-	177,899	166,361	-	166,361
Share of profit of associates	4,869	(157)	4,712	4,368	(12)	4,356
Derivative fair value (decreases)/increases	(1,261)	1,261	-	1,128	(1,128)	-
Depreciation	(31,389)	-	(31,389)	(31,430)	-	(31,430)
Interest expense and other finance costs	(32,317)	-	(32,317)	(33,705)	-	(33,705)
Taxation expense	(31,914)	(309)	(32,223)	(29,812)	320	(29,492)
Profit after tax	85,887	795	86,682	76,910	(820)	76,090

We have made the following adjustments to show underlying profit after tax for the six months ended 31 December 2013 and 31 December 2012:

- We have adjusted for Auckland Airport's share of the fair value movement in the derivative financial instruments of associates that do not qualify for hedge accounting for the six-month periods ended 31 December 2013 and 31 December 2012.
- We have also adjusted for the fair value movements of derivative financial instruments in Auckland Airport that either do not qualify for hedge accounting or hedge accounting ineffectiveness that relate to the counterparty risk of the particular derivatives entered into by the company.
- These gains/(losses) are unrealised and are expected to reverse out over the lives of the derivatives.
- We also allow for the taxation impacts of the above adjustments for both the six-month periods ended 31 December 2013 and the six months ended 31 December 2012.

Governance

Chair transition

Following the October 2013 Annual Meeting, Sir Henry van der Heyden replaced Joan Withers as chair of the Board. The transition was signalled in May 2013 when the Board announced that Sir Henry would be its chair-elect. Sir Henry was appointed a director of the company in 2009 and his goal is to lead and support the growth of a strong, internationally competitive and sustainable business which contributes to New Zealand's economy and the well-being of its people.

“

Sir Henry was appointed a director of the company in 2009 and his goal is to lead and support the growth of a strong, internationally competitive and sustainable business which contributes to New Zealand's economy and the well-being of its people.

”



MICHELLE GUTHRIE



Michelle Guthrie

At last year's Annual Meeting, Michelle Guthrie was elected to the Board. She is a senior executive with 13 years' experience in Asia-focused roles and experience in the areas of digital marketing, business development, business acquisitions, law and governance. She is currently an executive at Google Asia Pacific based in Singapore.

Michelle has considerable international board experience. She currently sits on the boards of Modern Times Group in Sweden, Pacific Star Network in Melbourne and Plan International in Hong Kong. She has previously sat on a number of other boards including Metro in Sweden, Verisign in the United States and numerous Asian media boards.

Michelle is an Australian living in Singapore and travels regularly throughout Asia as part of her current role with Google. She speaks Mandarin and has the experience and skills to broaden the Board's and the company's engagement with new markets, in particular, key growth markets in Asia. Her customer engagement and new media experience will also serve Auckland Airport well as it addresses the challenges and opportunities of the digital era.

DELOITTE/MANAGEMENT MAGAZINE

Top 200

award for excellence in corporate governance

Top 200 Award

Successive boards of directors of Auckland Airport have focused on developing strong corporate governance standards.

The Board is committed to representing the interests of the company and growing shareholder value by providing its management team with independent, informed support and advice in relation to strategy and operational direction and monitoring the performance of the chief executive and his senior managers in executing the business strategy. The Board remains committed to the development of the next generation of directors following its success as a foundation participant in the Future Directors programme last year. The Board is currently working to identify a suitable candidate to participate in the programme in the future.

In December, the company's leadership position was recognised in the 2013 Deloitte/Management Magazine Top 200 Awards when Auckland Airport received the award for excellence in corporate governance.

Leadership team

The chief executive has completed the restructure of his leadership team, with the creation of two new senior management roles: a general manager for airport development and delivery, and a general manager for marketing and communications.

The former is responsible for the development and implementation of the airport's 30-year vision, while the latter manages the development of our marketing capability and leads the development of our online channel initiatives. The recruitment process for these two new leadership team roles, as well as for filling the retail and commercial, and property vacancies, has been completed.

Richard Barker

Richard has been appointed general manager retail and commercial. He is responsible for Auckland Airport's retail business, including duty free, specialty retail, and food and beverage. He is also responsible for passenger experience and the commercial transport business. Richard spent more than 20 years in retail, sales, pricing and operational roles for BP in New Zealand, London and Chicago. Prior to joining Auckland Airport in October 2013, Richard played a leading role in the original conception, development and operation of the Z Energy retail proposition.

Jason Delamore

Jason has been appointed general manager marketing and communications. Before joining the company in January 2014, Jason led the New Zealand operations of Landis+Gyr, a global technology company specialising in the energy sector. He has held senior roles in marketing, sales, and strategic partnerships and channels for a number of major companies including Vector, IBM, Lucent and Contact Energy.

Graham Matthews

Graham has been appointed general manager airport development and delivery. A chartered surveyor, Graham has undertaken a wide range of finance, development, project and programme director roles, including Heathrow Terminal 5 and Heathrow Express projects. He has worked for Accenture, EC Harris, New Zealand Trade and Enterprise, CERA and Hampton Jones. Graham is a Fellow of the Royal Institution of Chartered Surveyors and sits on its World Governing Council. He joined Auckland Airport in October 2013.

Mark Thomson

Mark has been appointed general manager property and will commence his role in early April 2014. He will be responsible for continuing to transform the airport into a vibrant business destination, developing new commercial business premises and attracting high-profile companies. Mark has more than 20 years' experience in real estate management and development, especially in the transport and logistics sectors. He currently works for Toll Global Logistics and has previously managed portfolios for the Crown Estate Commissioners (London) and Telecom New Zealand, as well as advising many other corporates on real estate matters.

RICHARD BARKER



JASON DELAMORE



GRAHAM MATTHEWS



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Interim income statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	NOTES	6 months to 31 Dec 2013 \$'000	6 months to 31 Dec 2012 \$'000	12 months to 30 June 2013 \$'000
Income				
Airfield income		44,162	40,836	81,573
Passenger services charge		65,826	59,950	120,242
Retail income		63,779	62,371	124,308
Rental income		29,038	27,013	55,407
Rates recoveries		2,176	1,903	4,180
Car park income		21,880	20,450	40,370
Interest income		1,164	1,426	2,823
Other income		10,481	9,603	19,555
Total income		238,506	223,552	448,458
Expenses				
Staff	4	21,299	18,174	39,953
Asset management, maintenance and airport operations		20,322	19,276	39,607
Rates and insurance		5,033	4,766	9,707
Marketing and promotions		6,822	6,977	14,138
Professional services and levies		3,135	3,392	7,491
Other		3,996	4,606	6,728
Total expenses		60,607	57,191	117,624
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)				
		177,899	166,361	330,834
Share of profit of associates		4,869	4,368	9,921
Derivative fair value (decrease)/increase	4	(1,261)	1,128	1,473
Investment property fair value increase	8	-	-	23,091
Earnings before interest, taxation and depreciation (EBITDA)		181,507	171,857	365,319
Depreciation		31,389	31,430	62,053
Earnings before interest and taxation (EBIT)		150,118	140,427	303,266
Interest expense and other finance costs	4	32,317	33,705	66,689
Profit before taxation	3	117,801	106,722	236,577
Taxation expense		31,914	29,812	58,610
Profit after taxation attributable to owners of the parent		85,887	76,910	177,967
		Cents	Cents	Cents
Earnings per share:				
Basic and diluted earnings per share		6.49	5.82	13.46

THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO EXTERNAL REPORTING BOARD (XRB) REVIEW ENGAGEMENT STANDARD RS-1. THE FULL YEAR FINANCIAL STATEMENTS TO 30 JUNE 2013 HAVE BEEN AUDITED. THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Interim statement of comprehensive income

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

NOTES	6 months to 31 Dec 2013 \$000	6 months to 31 Dec 2012 \$000	12 months to 30 June 2013 \$000
Profit for the period	85,887	76,910	177,967
Other comprehensive income			
Items that will not be reclassified to the income statement:			
Tax on the property, plant and equipment revaluation reserve	-	(473)	(465)
Items that will not be reclassified to the income statement	-	(473)	(465)
Items that may be reclassified subsequently to the income statement:			
Movement in share of reserves of associates	383	(756)	841
Movement in foreign currency translation reserve	(2,720)	(950)	(3,496)
Cash flow hedges:			
Fair value gains/(losses) recognised in the cash flow hedge reserve	6,537	(6,041)	3,187
Realised losses transferred to the income statement	4,037	4,406	8,764
Tax effect of movements in the cash flow hedge reserve	(2,961)	458	(3,346)
Total cash flow hedge movement	7,613	(1,177)	8,605
Items that may be reclassified subsequently to the income statement	5,276	(2,883)	5,950
Total other comprehensive income/(loss)	5,276	(3,356)	5,485
Total comprehensive income for the period, net of tax attributable to the owners of the parent	91,163	73,554	183,452

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Interim statement of changes in equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

		Issued and paid-up capital \$000	Cancelled share reserve \$000	Property, plant and equipment revaluation reserve \$000
Six months ended 31 December 2013				
	NOTES			
At 1 July 2013		348,848	(171,604)	2,147,691
Profit for the period		-	-	-
Other comprehensive income/(loss)		-	-	-
Total comprehensive income/(loss)		-	-	-
Reclassification to retained earnings		-	-	-
Shares issued	9	4	-	-
Dividend paid	6	-	-	-
At 31 December 2013		348,852	(171,604)	2,147,691
Six months ended 31 December 2012				
At 1 July 2012		348,846	(171,604)	2,148,589
Profit for the period		-	-	-
Other comprehensive income/(loss)		-	-	(473)
Total comprehensive income/(loss)		-	-	(473)
Reclassification to retained earnings		-	-	(433)
Dividend paid	6	-	-	-
At 31 December 2012		348,846	(171,604)	2,147,683
Year ended 30 June 2013				
At 1 July 2012		348,846	(171,604)	2,148,589
Profit for the year		-	-	-
Other comprehensive income/(loss)		-	-	(465)
Total comprehensive income/(loss)		-	-	(465)
Reclassification to retained earnings		-	-	(433)
Shares issued	9	2	-	-
Dividend paid	6	-	-	-
At 30 June 2013		348,848	(171,604)	2,147,691

THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO EXTERNAL REPORTING BOARD (XRB) REVIEW ENGAGEMENT STANDARD RS-1. THE FULL YEAR FINANCIAL STATEMENTS TO 30 JUNE 2013 HAVE BEEN AUDITED. THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Share-based payments reserve \$000	Cash flow hedge reserve \$000	Share of reserves of associates \$000	Foreign currency translation reserve \$000	Retained earnings \$000	Total \$000
913	(18,009)	(10,510)	(1,465)	203,643	2,499,507
-	-	-	-	85,887	85,887
-	7,613	383	(2,720)	-	5,276
-	7,613	383	(2,720)	85,887	91,163
-	-	-	-	-	-
-	-	-	-	-	4
-	-	-	-	(82,660)	(82,660)
913	(10,396)	(10,127)	(4,185)	206,870	2,508,014
913	(26,614)	(11,351)	2,031	181,957	2,472,767
-	-	-	-	76,910	76,910
-	(1,177)	(756)	(950)	-	(3,356)
-	(1,177)	(756)	(950)	76,910	73,554
-	-	-	-	433	-
-	-	-	-	(80,665)	(80,665)
913	(27,791)	(12,107)	1,081	178,635	2,465,656
913	(26,614)	(11,351)	2,031	181,957	2,472,767
-	-	-	-	177,967	177,967
-	8,605	841	(3,496)	-	5,485
-	8,605	841	(3,496)	177,967	183,452
-	-	-	-	433	-
-	-	-	-	-	2
-	-	-	-	(156,714)	(156,714)
913	(18,009)	(10,510)	(1,465)	203,643	2,499,507

Interim statement of financial position

AS AT 31 DECEMBER 2013

	NOTES	As at 31 Dec 2013 \$000	As at 31 Dec 2012 \$000	As At 30 June 2013 \$000
Non-current assets				
Property, plant and equipment	7	3,017,851	3,005,445	3,020,247
Investment properties	8	659,092	601,553	635,902
Investment in associates	5	157,100	177,757	165,658
Derivative financial instruments		10,182	16,014	17,054
		3,844,225	3,800,769	3,838,861
Current assets				
Cash		35,813	76,022	69,153
Inventories		22	10	40
Prepayments		6,229	7,127	5,223
Accounts receivable		26,104	22,159	21,689
Taxation receivable		1,788	-	-
Dividend receivable		-	-	3,568
Derivative financial instruments		1,248	-	18
		71,204	105,318	99,691
Total assets		3,915,429	3,906,087	3,938,552
Shareholders' equity				
Issued and paid-up capital	9	348,852	348,846	348,848
Cancelled share reserve		(171,604)	(171,604)	(171,604)
Property, plant and equipment revaluation reserve		2,147,691	2,147,683	2,147,691
Share-based payments reserve		913	913	913
Cash flow hedge reserve		(10,396)	(27,791)	(18,009)
Share of reserves of associates		(10,127)	(12,107)	(10,510)
Foreign currency translation reserve		(4,185)	1,081	(1,465)
Retained earnings		206,870	178,635	203,643
		2,508,014	2,465,656	2,499,507
Non-current liabilities				
Term borrowings	10	985,009	1,069,994	1,010,236
Derivative financial instruments		24,592	31,450	21,733
Deferred tax liability		200,845	197,573	200,159
Other term liabilities		730	714	745
		1,211,176	1,299,731	1,232,873
Current liabilities				
Accounts payable and accruals		62,596	54,468	62,149
Taxation payable		-	3,461	10,372
Derivative financial instruments		17	724	-
Short-term borrowings	10	131,705	81,801	131,709
Provisions		1,921	246	1,942
		196,239	140,700	206,172
Total equity and liabilities		3,915,429	3,906,087	3,938,552

THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO EXTERNAL REPORTING BOARD (XRB) REVIEW ENGAGEMENT STANDARD RS-1. THE FULL YEAR FINANCIAL STATEMENTS TO 30 JUNE 2013 HAVE BEEN AUDITED. THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Interim cash flow statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	NOTES	6 months to 31 Dec 2013 \$000	6 months to 31 Dec 2012 \$000	12 months to 30 June 2013 \$000
Cash flow from operating activities				
Cash was provided from:				
Receipts from customers		233,180	218,109	441,868
Interest received		1,299	1,426	2,823
		<u>234,479</u>	<u>219,535</u>	<u>444,691</u>
Cash was applied to:				
Payments to suppliers and employees		(60,123)	(57,960)	(111,852)
Income tax paid		(46,349)	(34,199)	(57,296)
Other taxes paid		(102)	(123)	(264)
Interest paid		(32,327)	(34,036)	(67,463)
		<u>(138,901)</u>	<u>(126,318)</u>	<u>(236,875)</u>
Net cash flow from operating activities	11	<u>95,578</u>	<u>93,217</u>	<u>207,816</u>
Cash flow from investing activities				
Cash was provided from:				
Dividends from associate		6,871	7,876	14,312
		<u>6,871</u>	<u>7,876</u>	<u>14,312</u>
Cash was applied to:				
Purchase of property, plant and equipment		(26,526)	(21,354)	(55,006)
Interest paid – capitalised		(1,670)	(998)	(2,248)
Expenditure on investment properties		(24,937)	(15,546)	(32,234)
		<u>(53,133)</u>	<u>(37,898)</u>	<u>(89,488)</u>
Net cash flow applied to investing activities		<u>(46,262)</u>	<u>(30,022)</u>	<u>(75,176)</u>
Cash flow from financing activities				
Cash was provided from:				
Increase in share capital	9	4	-	2
Increase in borrowings		-	150,650	175,383
		<u>4</u>	<u>150,650</u>	<u>175,385</u>
Cash was applied to:				
Decrease in borrowings		-	(100,000)	(125,000)
Dividends paid	6	(82,660)	(80,665)	(156,714)
		<u>(82,660)</u>	<u>(180,665)</u>	<u>(281,714)</u>
Net cash flow applied to financing activities		<u>(82,656)</u>	<u>(30,015)</u>	<u>(106,329)</u>
Net increase/(decrease) in cash held		<u>(33,340)</u>	<u>33,180</u>	<u>26,311</u>
Opening cash brought forward		69,153	42,842	42,842
Ending cash carried forward		<u>35,813</u>	<u>76,022</u>	<u>69,153</u>

THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIODS HAVE NOT BEEN AUDITED. THEY HAVE BEEN THE SUBJECT OF A REVIEW BY THE AUDITORS PURSUANT TO EXTERNAL REPORTING BOARD (XRB) REVIEW ENGAGEMENT STANDARD RS-1. THE FULL YEAR FINANCIAL STATEMENTS TO 30 JUNE 2013 HAVE BEEN AUDITED. THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS.

Notes and accounting policies

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

1. Corporate information

Auckland International Airport Limited (the company or Auckland Airport) is a company established under the Auckland Airport Act 1987 and was incorporated on 20 January 1988 under the Companies Act 1955. The original assets of Auckland Airport were vested in the company on 1 April 1988 and 13 November 1988 by an Order in Council of the New Zealand Government. The company commenced trading on 1 April 1988. The company was re-registered under the Companies Act 1993 on 6 June 1997. The company is an issuer for the purposes of the Financial Reporting Act 1993.

The financial statements presented are for Auckland Airport and its subsidiaries and associates (the group). The subsidiaries consist of Auckland Airport Limited, Auckland International Airport Limited Share Purchase Plan, Auckland Airport Holdings Limited, and Auckland Airport Holdings (No.2) Limited.

Auckland Airport's main activities are to provide airport facilities and supporting infrastructure in Auckland, New Zealand. The group earns revenue from aeronautical activities, on airport retail concessions and car parking facilities, standalone investment properties and other charges and rents associated with operating an airport. The group also holds investments in three other airports being Cairns Airport and Mackay Airport in Queensland, Australia (North Queensland Airports) as well as Queenstown Airport in New Zealand. The group is also a partner in the Tainui Auckland Airport Hotel Limited Partnership which operates the Novotel hotel at Auckland Airport.

These interim financial statements were authorised for issue in accordance with a resolution of the directors on 20 February 2014.

2. Summary of significant accounting policies

The interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Financial Reporting Act 1993. The interim financial statements comply with New Zealand Equivalent to International Accounting Standards NZ IAS 34 and IAS 34 Interim Financial Reporting.

Auckland Airport is designated as a profit-oriented entity for financial reporting purposes.

These interim financial statements are not required to and do not make disclosure of all of the information required to be included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements and related notes included in Auckland Airport's Annual Report for the year ended 30 June 2013 ('2013 Annual Report').

The accounting policies set out in the 2013 Annual Report have been applied consistently to all periods presented in these financial statements, except as identified below. The following changes to accounting standards have been adopted in the preparation of these financial statements:

- NZ IFRS 13 *Fair Value Measurement* is effective prospectively for annual reporting periods beginning on or after 1 January 2013. NZ IFRS 13 defines fair

value and explains how to measure fair value and aims to enhance fair value disclosures. The group has provided fair value disclosures in note 13 of these interim financial statements.

- NZ IFRS 10 *Consolidated Financial Statements*, NZ IFRS 11 *Joint Arrangements*, NZ IFRS 12 *Disclosure of Interests in Other Entities*, revised NZ IAS 27 *Separate Financial Statements* and NZ IAS 28 *Investments in Associates and Joint Ventures*. These standards are effective for annual reporting periods beginning on or after 1 January 2013.

NZ IFRS 10 changes the definition of control and provides additional guidance to assist in the determination of control. NZ IFRS 11 changes the definition of joint control, the types of joint arrangements and the accounting treatment. NZ IFRS 12 requires enhanced disclosures about an entity's investments in annual financial statements.

Application of these standards by the group has not affected any of the amounts recognised in these financial statements or the disclosures.

These interim financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise indicated.

3. Segment information

(a) Identification of reportable segments

The group has identified its operating segments based on the internal reports reviewed and used by the chief executive in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of services provided. Discrete financial information about each of these operating segments is reported to the chief executive at least monthly. The chief executive assesses performance of the operating segments based on segment EBITDA less share of profits of associates. Interest income and expenditure, taxation and depreciation and share of profits of associates are not allocated to operating segments as the group manages the cash position and assets at a group level.

(b) Types of services provided

Aeronautical

The aeronautical business provides services that facilitate the movement of aircraft, passengers and cargo, and provides utility services that support the airport. The aeronautical business also earns rental revenue from space leased in facilities such as terminals.

Retail

The retail business provides services to the retailers within the terminals and provides car parking facilities for airport staff, visitors and passengers.

Property

The property business earns rental revenue from space leased on airport land outside the terminals including cargo buildings, hangars and stand-alone investment properties.

	Aeronautical \$000	Retail \$000	Property \$000	Total \$000
Six months ending 31 December 2013				
Total segment income	120,501	90,792	24,266	235,559
Total segment expenses	33,702	8,014	5,966	47,682
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	86,799	82,778	18,300	187,877
Six months ended 31 December 2012				
Total segment income	110,823	87,388	22,161	220,372
Total segment expenses	33,536	6,648	5,399	45,583
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	77,287	80,740	16,762	174,789
Year ended 30 June 2013				
Total segment income	222,521	173,749	45,861	442,131
Total segment expenses	66,172	14,184	11,213	91,569
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	156,349	159,565	34,648	350,562

Income reported above represents income generated from external customers. There was no inter-segment income in the period (31 December 2012: \$nil; 30 June 2013: \$nil).

Notes and accounting policies CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

3. Segment information CONTINUED

(c) Segment reconciliation of segment EBITDA to income statement:

	6 months to 31 Dec 2013 \$000	6 months to 31 Dec 2012 \$000	12 months to 30 June 2013 \$000
Segment EBITDA	187,877	174,789	350,562
Unallocated external operating income	2,949	3,180	6,327
Unallocated external operating expenses	(12,927)	(11,608)	(26,055)
Share of profit of associates	4,869	4,368	9,921
Depreciation	(31,389)	(31,430)	(62,053)
Derivative fair value (decrease)/increase	(1,261)	1,128	1,473
Investment property fair value increase	-	-	23,091
Interest expense and other finance costs	(32,317)	(33,705)	(66,689)
Profit before taxation	117,801	106,722	236,577

The income included in unallocated external operating income from continuing operations consists mainly of interest from third party financial institutions and income from telecommunication and technology services. The expenses included in unallocated external operating expenses consists mainly of corporate staff expenses and corporate legal and consulting fees.

4. Profit for the period

	6 months to 31 Dec 2013 \$000	6 months to 31 Dec 2012 \$000	12 months to 30 June 2013 \$000
Staff expenses comprise:			
Salaries and wages	14,677	13,720	27,845
Employee benefits	1,753	1,566	2,896
Share-based payment plans	2,625	906	4,956
Defined contribution superannuation	512	441	914
Other staff costs	1,732	1,541	3,342
	21,299	18,174	39,953
Interest expense and other finance costs comprise:			
Interest on bonds and related hedging instruments	20,121	19,215	39,076
Interest on bank facilities and related hedging instruments	7,640	8,495	16,294
Interest on USPP notes and related hedging instruments	4,518	4,635	9,139
Interest on commercial paper and related hedging instruments	1,708	2,358	4,428
	33,987	34,703	68,937
Less capitalised borrowing costs	(1,670)	(998)	(2,248)
	32,317	33,705	66,689
Interest rate for capitalised borrowing costs	6.00%	6.29%	6.21%

Interest on financial liabilities that are not fair valued through the profit or loss was \$31.912 million for the period ended 31 December 2013 (31 December 2012: \$31.874 million, 30 June 2013: \$63.902 million). This represents the interest charged on financial instruments recorded at amortised cost being bonds, bank facilities and commercial paper and associated fees and issue costs, but excludes interest on related hedging instruments.

	6 months to 31 Dec 2013 \$000	6 months to 31 Dec 2012 \$000	12 months to 30 June 2013 \$000
Derivative fair value (decrease)/increase includes:			
Interest basis swaps transacted as hedges but not qualifying for hedge accounting	(228)	1,128	1,473
Credit valuation adjustments on hedges qualifying for hedge accounting	(1,033)	-	-
	(1,261)	1,128	1,473

Credit valuation adjustments are fair value adjustments on derivatives relating to counterparty and Auckland Airport's credit risk to derive the fair value of the particular derivatives entered into by Auckland Airport. The credit value adjustment is a result of the adoption of NZ IFRS13 *Fair Value Measurement*.

Notes and accounting policies CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

5. Investment in associates

Movement in the group's carrying amount of investments in associates:	6 months to 31 Dec 2013 \$000	6 months to 31 Dec 2012 \$000	12 months to 30 June 2013 \$000
Investment in associates at 1 July	165,658	179,957	179,957
Share of profit after tax of associates	4,869	4,368	9,921
Share of reserves of associates	383	(756)	841
Share of dividends	(3,092)	(4,193)	(14,076)
Share of repayment of partner contribution	(425)	(360)	(480)
Foreign currency translation	(10,293)	(1,259)	(10,505)
Investment in associates at end of the period	157,100	177,757	165,658

The carrying value of investments in associates summarised by the underlying investment is outlined below:

	As at 31 Dec 2013 \$000	As at 31 Dec 2012 \$000	As at 30 June 2013 \$000
Tainui Auckland Airport Hotel Limited Partnership	9,218	7,927	8,915
Stapled Securities of North Queensland Airports Limited	117,853	140,530	127,009
Queenstown Airport Corporation Limited	30,029	29,300	29,734
	157,100	177,757	165,658

6. Distribution to shareholders

	Dividend payment date	6 months to 31 Dec 2013 \$000	6 months to 31 Dec 2012 \$000	12 months to 30 June 2013 \$000
2012 final dividend of 6.10 cps	19 October 2012	-	80,666	80,666
2013 interim dividend of 5.75 cps	2 April 2013	-	-	76,048
2013 final dividend of 6.25 cps	17 October 2013	82,660	-	-
Total dividends paid		82,660	80,666	156,714

The interim and final dividends relating to the 2013 financial year total 12.0 cents per share (2012: 10.5 cents per share).

7. Property, plant and equipment

	Land \$000	Buildings and services \$000	Infra- structure \$000	Runway, taxiways and aprons \$000	Vehicles, plant and equipment \$000	Total \$000
At 31 December 2013						
At fair value	1,912,139	558,053	298,414	298,858	-	3,067,464
At cost	-	-	-	-	72,231	72,231
Work in progress at cost	-	25,385	2,434	36,315	13,495	77,629
Accumulated depreciation	-	(81,733)	(26,869)	(32,193)	(58,678)	(199,473)
At 31 December 2013	1,912,139	501,705	273,979	302,980	27,048	3,017,851
Additions for the six months ended						
31 December 2013 included above	-	13,273	5,941	1,156	8,253	28,623
Transfers from investment property	-	-	273	-	96	369
At 31 December 2012						
At fair value	1,908,808	542,297	285,221	279,579	-	3,015,905
At cost	-	-	-	-	66,912	66,912
Work in progress at cost	-	11,568	5,780	38,564	4,178	60,090
Accumulated depreciation	-	(49,515)	(16,202)	(19,459)	(52,286)	(137,462)
At 31 December 2012	1,908,808	504,350	274,799	298,684	18,804	3,005,445
Additions for the six months ended						
31 December 2012 included above	-	5,786	331	5,407	3,486	15,010
At 30 June 2013						
At fair value	1,912,139	546,442	286,226	298,381	-	3,043,188
At cost	-	-	-	-	70,021	70,021
Work in progress at cost	-	23,723	8,408	35,636	7,356	75,123
Accumulated depreciation	-	(65,459)	(21,412)	(25,363)	(55,851)	(168,085)
At 30 June 2013	1,912,139	504,706	273,222	308,654	21,526	3,020,247
Additions for the 12 months ended						
30 June 2013 included above	144	22,085	3,964	21,281	9,782	57,256
Transfers from investment property	3,187	-	-	-	-	3,187

Land and commercial properties were independently valued by Colliers International Limited and Seagar & Partners, registered valuers, as at 30 June 2011 to fair value. Reclaimed land, seawalls, specialised buildings, infrastructure, runways, taxiways and aprons site improvements on commercial properties and car park facilities were independently valued by Opus International Consultants Limited, a multi-disciplinary engineering consultancy company, as at 30 June 2011 to fair value.

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 fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost is used to determine fair value. At 31 December 2013 there was no material change in fair value.

Notes and accounting policies CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

8. Investment properties

	6 months to 31 Dec 2013 \$'000	6 months to 31 Dec 2012 \$'000	12 months to 30 June 2013 \$'000
Balance at the beginning of the year	635,902	579,783	579,783
Additions - subsequent expenditure	1,413	-	765
Additions - acquisitions or development	22,147	21,770	35,450
Transfers to property, plant and equipment	(370)	-	(3,187)
Change to net revaluations	-	-	23,091
Balance at end of period	659,092	601,553	635,902

Investment property is measured at fair value, which reflects market conditions at the statement of financial position date. To determine fair value, Auckland Airport commissions investment property valuations at least annually by independent registered valuers. Investment properties were last valued by independent valuers as at 30 June 2013. All valuers are registered valuers and industry specialists in valuing these types of investment properties.

At 31 December 2013 and 31 December 2012 an assessment review was performed by Auckland Airport which comprised a review of recent comparable transactional evidence of market sales and leasing activity using market data provided by CBRE Limited. The assessment reviews and market data provided by CBRE Limited at 31 December 2013 and 31 December 2012 did not include full property inspections or the issue of new reports but examined the likely effect on property values of the investment environment applicable at the relevant time. Further, at 31 December 2013, an independent review of three investment properties recently constructed or in the latter stages of construction was performed by registered valuers Savills Limited, Colliers International Limited, and CBRE Limited. That review at 31

December 2013 along with the assessment reviews and market data concluded that there were no material fair value movements. In the prior corresponding period to 31 December 2012 an independent review of three investment properties recently constructed or in the latter stages of construction was performed by registered valuers CBRE Limited. This review along with the assessment reviews and market data concluded that there were no material fair value movements.

A full independent valuation of the investment property portfolio was performed by Savills Limited, Colliers International Limited, and CBRE Limited registered valuers and industry specialists in valuing these types of investment properties as at 30 June 2013.

The basis of valuation is market value, based on each property's highest and best use. The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental income using market comparisons of capitalisation rates, supported by a discounted cash flow approach. The full independent valuation resulted in a \$23.091 million increase in the fair value of investment properties at 30 June 2013.

9. Issued and paid-up capital

	6 months to 31 Dec 2013 \$000	6 months to 31 Dec 2012 \$000	12 months to 30 June 2013 \$000
Paid-up capital			
Opening issued and paid-up capital at 1 July	348,848	348,846	348,846
Shares allocated to employees by employee share scheme	4	-	2
Closing issued and paid-up capital	348,852	348,846	348,848

	6 months to 31 Dec 2013 Shares	6 months to 31 Dec 2012 Shares	12 months to 30 June 2013 Shares
Number of issued shares			
Opening number of shares issued at 1 July	1,322,371,645	1,322,370,745	1,322,370,745
Shares allocated to employees by employee share scheme	1,800	-	900
Closing number of shares issued	1,322,373,445	1,322,370,745	1,322,371,645

On 28 November 2013 the company announced a planned capital return to shareholders by way of a 1:10 share cancellation and a payment to shareholders of \$3.43 for each share cancelled equating to a total return of approximately \$454 million, subject to shareholder and High Court approval. The planned share cancellation will not affect the pro rata voting rights and distribution rights of shareholders. At a shareholder meeting on 12 February 2014, shareholders approved the proposed return of capital. Refer to note 17 for further information on events subsequent to balance date.

10. Borrowings

	As at 31 Dec 2013 \$000	As at 31 Dec 2012 \$000	As at 30 June 2013 \$000
Current			
Commercial paper	81,705	81,801	81,709
Bonds	50,000	-	50,000
Total short-term borrowings	131,705	81,801	131,709
Non-current			
Bank Facilities	211,966	226,240	219,540
Bonds	581,729	637,939	584,474
USPP notes	191,314	205,815	206,222
Total term borrowings	985,009	1,069,994	1,010,236
Total			
Commercial paper	81,705	81,801	81,709
Bank facilities	211,966	226,240	219,540
Bonds	631,729	637,939	634,474
USPP notes	191,314	205,815	206,222
Total borrowings	1,116,714	1,151,795	1,141,945

Notes and accounting policies CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

10. Borrowings CONTINUED

The group utilises a mixture of bank facilities, term bonds, commercial paper, US private placement notes (USPP) and money market facilities to provide its on-going funding requirements. The directors are confident that short-term borrowings will be refinanced at maturity as necessary.

In the current and prior periods, there were no defaults or breaches on any of the borrowing facilities.

Bank facilities

In March 2008, the company established a cash advances facility agreement with a syndicate of banks for \$350 million. The company repaid and cancelled the remaining five-year tranche of \$100 million revolving facility in December 2012.

In October 2011, the company established a dual tranche multi-currency bank facility provided by Commonwealth Bank of Australia with a maturity date of 31 January 2015, comprising an undrawn NZ\$135 million facility (Facility A) and a drawn AU\$40 million facility (Facility B). The drawn AU\$40 million Facility B is used as a partial hedge against the company's investment in its Australian associate, North Queensland Airports.

During December 2009, the company established a bilateral \$150 million standby bank facility provided by Bank of Tokyo-Mitsubishi UFJ. The maturity date of this facility is 10 March 2016. The purpose of the standby facilities is to support the commercial paper programme and to provide liquidity support for general working capital. At 31 December 2013, \$125 million is drawn.

In September 2012, the company established a multi-currency bank facility (NZ\$ and AU\$) provided by Bank of New Zealand for NZ\$80 million equivalent with a maturity date of 14 September 2017. The

drawn AU\$40 million is used as a partial hedge against the company's investment in its Australian associate, North Queensland Airports.

Borrowings under the bank facilities are supported by a negative pledge deed.

Term bonds

In December 2012, the company raised \$100 million through a New Zealand public bond issue. The bonds are unsecured and unsubordinated and pay interest at a fixed rate of 4.73 percent with a maturity of 13 December 2019.

In November 2012 the \$50 million 7.19 percent fixed rate bonds matured and were repaid.

Borrowings under the bond programme are supported by a master trust deed.

US private placement notes

In December 2010, the company issued a total of US\$150 million in the USPP market made up of three tranches of US\$50 million each. The tranches are a 4.42 percent coupon 10 year note and a 4.57 percent coupon 12 year note which were drawn in February 2011 as well as a 4.67 percent coupon 10 year note subsequently drawn in July 2011. Three cross currency interest rate swaps were also entered into at the same time to swap the US\$ principal and fixed coupon obligations to NZ\$ floating interest rates. These facilities are translated to NZ\$ at the spot rate as at 31 December 2013.

Commercial paper

Commercial paper rates are set through a tender process and \$82 million of commercial paper had been issued and was outstanding as at 31 December 2013.

11. Reconciliation of profit after taxation with cash flow from operating activities

	6 months to 31 Dec 2013 \$000	6 months to 31 Dec 2012 \$000	12 months to 30 June 2013 \$000
Profit after taxation	85,887	76,910	177,967
Non-cash items:			
Depreciation	31,389	31,430	62,053
Bad debts and doubtful debts	1	3	8
Deferred taxation expense	(2,275)	(1,688)	(2,898)
Equity accounted earnings from associates	(4,869)	(4,368)	(9,921)
Investment property fair value (increase)	-	-	(23,091)
Derivative fair value decrease/(increase)	1,261	(1,128)	(1,473)
Loss/(gain) on foreign currency movements	213	(33)	5
Items not classified as operating activities:			
(Increase)/decrease in provisions and property, plant and equipment retentions and payables	(1,360)	6,890	(773)
Decrease/(increase) in investment property retentions and payables	2,310	(5,771)	(3,202)
Movement in working capital:			
(Increase) in current assets	(5,405)	(6,222)	(3,883)
(Increase)/decrease in taxation payable	(12,160)	(2,698)	4,213
Increase/(decrease) in accounts payable	601	(122)	8,766
(Decrease)/increase in other term liabilities	(15)	14	45
Net cash flow from operating activities	95,578	93,217	207,816

12. Financial risk management

The group has a treasury policy which limits exposure to market risk for changes in interest rates and foreign currency, liquidity risk and counter-party credit risk. The group has no other material direct price risk exposure.

The interim consolidated financial statements do not include all financial risk management information and disclosures and should be read in conjunction with the group's annual financial statements as at 30 June 2013.

Further information on risk management is also contained in the corporate governance section of the 2013 Annual Report.

There have been no significant changes in the financial risk management objectives and policies since 30 June 2013.

Notes and accounting policies CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

13. Fair value of financial instruments

The group uses various methods in estimating the fair value of a financial instrument.

The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets;

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The group's derivative financial instruments are all level 2 financial instruments and the techniques used to determine their fair values are presented below.

The group determines whether transfers have occurred between levels by assessing the lowest level input that is significant to the fair value measurement at the end of each reporting period.

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments in the period to 31 December 2013.

In the period to 31 December 2013 there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities.

Fair value	Fair value	Fair value	Fair value	Valuation techniques and key inputs
	As at 31 Dec 2013 \$000	As at 31 Dec 2012 \$000	As at 30 June 2013 \$000	
Interest rate swaps				Discounted cash flow - Future cash flows are estimated based on forward interest rates (from observable yield curves) and contract interest rates. The cash flows are discounted at a rate that reflects the credit risk of various counterparties.
Assets	8,687	8,877	7,354	
Liabilities	(15,289)	(32,174)	(21,733)	
Interest basis swaps				Discounted cash flow - Future cash flows are estimated based on observable forward basis swap pricing and contract basis rates. The cash flows are discounted at a rate that reflects the credit risk of various counterparties.
Assets	2,724	2,575	2,939	
Cross currency interest rate swaps				Discounted cash flow - Future cash flows are estimated based on observable forward interest and foreign exchange rates (from observable yield curves and forward foreign exchange rates) and contract rates. The cash flows are discounted at a rate that reflects the credit risk of various counterparties.
Assets	-	4,562	6,779	
Liabilities	(9,320)	-	-	
Forward foreign currency contracts				Discounted cash flow - Future cash flows are estimated based on observable forward foreign exchange rates and contract rates. The cash flows are discounted at a rate that reflects the credit risk of various counterparties.
Assets	19	-	-	

14. Commitments

(a) Property, plant and equipment

The group had contractual obligations to suppliers to purchase or develop property, plant and equipment for \$19.932 million at balance date (31 December 2012: \$24.913 million; 30 June 2013: \$17.600 million).

(b) Investment property

The group had contractual obligations to suppliers to purchase or develop investment property for \$14.615 million at balance date (31 December 2012: \$12.073

million; 30 June 2013: \$14.815 million). The group has further contractual obligations to tenants to purchase or develop investment property for \$20.626 million at balance date (31 December 2012: \$nil; 30 June 2013: \$20.607 million).

The group has contractual commitments for repairs, maintenance and enhancements on investment property for \$0.536 million at balance date (31 December 2012: \$0.589 million; 30 June 2013: \$1.072 million).

15. Contingent liabilities

Noise insulation

In December 2001, the Environment Court ratified an agreement that had been reached between Manukau City Council, the company and other interested parties on the location and future operation of a second runway to the north and parallel to the existing runway.

The Environment Court determination includes a number of conditions which apply to the operation of the airport. These conditions include obligations on the company to mitigate the impacts of aircraft noise on the local community. The obligations include the company offering acoustic treatment packages to schools and existing homes within defined areas. Noise levels are monitored continually, and, as the

noise impact area increases, offers will need to be made. The obligation does not extend to new houses. Overall, it is estimated that approximately 4,000 homes will eventually be offered assistance.

As it is not possible to accurately predict the rate of increase in aircraft noise levels over time, nor the rate of acceptance of offers of treatment by homeowners, the company cannot accurately predict the overall cost or timing of acoustic treatment. It is estimated that, overall, further costs associated with the 2001 Environment Court determination would not exceed \$9.0 million (31 December 2012: \$10.0 million; 30 June 2013: \$9.0 million).

16. Related party disclosures

All trading with related parties, including and not limited to licence fees, rentals and other sundry charges, has been made on an arms-length commercial basis, without special privileges, except as noted below.

No guarantees have been given or received.

For the period ended 31 December 2013, the Group has not made any allowance for impairment loss relating to amounts owed by related parties (31 December 2012: \$nil; 30 June 2013: \$nil).

Auckland International Airport Marae

Two of the Auckland International Airport Limited senior management team are on the board of Auckland International Airport Marae Limited. In the period ended 31 December 2013 maintenance and occupancy costs of \$0.009 million were incurred in

relation to the Marae (31 December 2012: \$0.011 million, 30 June 2013: \$0.046 million). In addition, the group provided accounting and other advisory services to the Marae during the period ended 31 December 2013. No fees were paid for these services.

Brick Bay Charitable Trust

For the period ended 31 December 2013 the group completed the previously disclosed \$0.444 million asset purchase with Brick Bay Charitable Trust (which trades as Brick Bay Sculpture Trust) on an arms-length commercial basis without special privileges. Brick Bay Charitable Trust is a charitable trust and non-profit entity with revenue made by the trust used to assist New Zealand artists in meeting the expense of building outdoor art work. The trustees of the Brick Bay Charitable Trust are Richard Didsbury and his wife

Notes and accounting policies CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

16. Related party transactions CONTINUED

Christine Didsbury. Richard Didsbury is a director of Auckland International Airport Limited.

Other companies with common directorships

The company has transactions with other companies in which there are common directorships. All transactions with these entities have been entered into on an arms-length commercial basis, without special privileges, with the exception of the loans to Auckland Airport Limited, Auckland Airport Holdings (No. 2) Limited, and Auckland Airport Employee Share Purchase Plan, which are interest free.

North Queensland Airports

North Queensland Airports is an associate entity of the group. During the six month period ended 31 December 2013 Auckland Airport received directors fees of \$0.087 million (31 December 2012: \$0.102 million; year ended 30 June 2013: \$0.199 million) for the provision of two of Auckland Airport's senior management staff, who are each on one of the two boards of directors of North Queensland Airports. These directors apply their airport industry knowledge and skills, supported by the expertise of the other senior management of Auckland Airport, to protect and grow the value of the investment.

The directors of North Queensland Airports declared dividends of AU\$8.800 million throughout the six month period ended 31 December 2013 (31 December 2012: AU\$11.500 million; year ended 30 June 2013: AU\$44.000 million). The group's share of the dividends are AU\$2.160 million (NZ\$2.432 million) (31 December 2012: AU\$2.823 million; NZ\$3.547 million, year ended 30 June 2013: AU\$10.801 million, NZ\$13.180 million).

Tainui Auckland Airport Hotel Limited Partnership

Tainui Auckland Airport Hotel Limited Partnership is an associate entity of the group. During the six month period ended 31 December 2013 the group received rental income of \$0.567 million (31 December 2012: \$0.318 million; year ended 30 June 2013: \$0.805 million) and paid facilities hire fees of \$0.015 million (31 December 2012: \$0.004 million; year ended 30 June 2013: \$0.029 million). Future minimum rentals receivable under the non-cancellable operating lease with the Tainui Auckland Airport Hotel Limited Partnership as at 31 December 2013 are \$10.500 million (31 December 2012: \$11.100 million; year

ended 30 June 2013: \$10.977 million). In addition to this two of Auckland Airport's senior management staff are directors on the board of the Tainui Auckland Airport Hotel Limited Partnership. No director's fees are paid in relation to these appointments but the skills and experience of these directors are being utilised to protect and grow Auckland Airport's investment.

The directors of Tainui Auckland Airport Hotel Limited Partnership declared a repayment of partner contribution of \$2.125 million in the six month period ended 31 December 2013 (31 December 2012: \$1.800 million, year ended 30 June 2013: \$2.400 million). The group's share of the partner contribution is \$0.425 million (31 December 2012: \$0.360 million; 30 June 2013: \$0.480 million) and the amount receivable at period end was \$nil (31 December 2012: \$nil; 30 June 2013: \$nil).

Queenstown Airport

Queenstown Airport is an associate entity of the group. Auckland Airport in accordance with the Strategic Alliance Agreement provide the services of some of Auckland Airport's management staff to help protect and grow Auckland Airport's investment in Queenstown Airport. During the six month period ended 31 December 2013 the group received no remuneration for these services (31 December 2012: \$nil, year ended 30 June 2013: \$nil).

The directors of Queenstown Airport declared dividends of \$2.640 million in the six month period ended 31 December 2013 (31 December 2012: \$2.587 million; year ended 30 June 2013: \$3.587 million). The group's share of the dividend is \$0.660 million (31 December 2012: \$0.646 million; year ended 30 June 2013: \$0.896 million) and the amount receivable at period end was \$nil (31 December 2012: \$nil; year ended 30 June 2013: \$nil).

Auckland Council

Auckland Council's shareholding of Auckland Airport exceeds 20 percent and as such accounting standard NZ IAS 24 requires the transactions with Auckland Council to be treated as related party transactions for the six month period ended 31 December 2013. Rates of \$3.794 million (31 December 2012: \$3.565 million; year ended 30 June 2013: \$7.190 million) and compliance, consent costs and other local government regulatory obligations of \$0.279 million (31 December 2012: \$0.427 million; year ended 30 June 2013: \$0.646 million) were incurred for the six month

period ended 31 December 2013. Auckland Airport also receives water, waste water and compliance services from Watercare, a 100% subsidiary of Auckland Council. In the six month period ended 31 December 2013 Watercare costs of \$0.815 million (31 December 2012: \$0.786 million; year ended 30 June 2013: \$1.998 million) were incurred. Auckland Airport also has a grounds maintenance contract with City Park Services, a commercial business of Auckland Council. In the six month period ended 31 December 2013 grounds maintenance costs of \$0.939 million (31 December 2012: \$0.897 million; year ended 30 June 2013: \$1.873 million) were incurred.

Further, on 28 October 2010 Auckland Airport and Manukau City Council came to an agreement where Auckland Airport agrees to vest approximately 24 hectares of land in the north of the airport to the Council as public open space for consideration of \$4.092 million. The vesting of the land will be triggered when building development in each precinct achieves certain levels. The same agreement also rationalised the road network within the airport with some roads to be transferred between the parties and some roads to be acquired by Auckland Airport for \$3.109 million. These transactions are not complete as at 31 December 2013 and the obligations and benefits of the agreement relating to Manukau City Council now rest with Auckland Council.

17. Events subsequent to balance date

On 12 February 2014, shareholders voted in favour of a proposed pro rata share cancellation and return of capital of approximately \$454 million that was announced to the market on 28 November 2013. Subject to High Court approval of the share cancellation the return of capital to shareholders is expected to occur in mid April 2014. The return of capital will initially be funded through short-term bank facilities of \$440.000 million established on 12 February 2014, which will be replaced in due course with long-term funding consistent with the company's treasury policy.

On 28 January 2014, the directors of Queenstown Airport declared a dividend of \$1.000 million. The group's share of the dividend is \$0.250 million and payment was received on 31 January 2014.

On 23 January 2014, the directors of North Queensland Airports declared a further dividend of AU\$23.200 million for the quarter ended 31 December 2013. The group's share of the dividend was AU\$5.695 million (NZ\$6.175 million), which was received on 12 February 2014.

Deloitte.

REVIEW REPORT TO THE SHAREHOLDERS OF AUCKLAND INTERNATIONAL AIRPORT LIMITED

We have reviewed the consolidated interim financial statements on pages 22 to 41. The consolidated interim financial statements provide information about the past financial performance of Auckland International Airport Limited and its subsidiaries ("the Group") and its financial position as at 31 December 2013. This information is stated in accordance with the accounting policies set out on page 28.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of the consolidated interim financial statements which present fairly the financial position of the Group as at 31 December 2013 and the results of operations and cash flows for the six months ended on that date.

Independent Accountant's Responsibilities

We are responsible for reviewing the consolidated interim financial statements presented by the Board of Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the consolidated interim financial statements do not present fairly the matters to which they relate.

Basis of Opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

We have reviewed the consolidated interim financial statements of the Group for the six months ended 31 December 2013 in accordance with the Review Engagement Standards issued by the External Reporting Board.

In our capacity as auditors under the Companies Act 1993 our firm carries out other assignments for Auckland International Airport Limited in the areas of vote scrutineer assistance, assurance reporting for regulatory purposes and assurance reporting for inclusion in prospectuses. In addition to this, partners and employees of our firm deal with Auckland International Airport Limited on normal terms within the ordinary course of trading activities of the business of Auckland International Airport Limited. The firm has no other relationship with, or interest in, Auckland International Airport Limited or any of its subsidiaries.

Opinion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the consolidated interim financial statements on pages 22 to 41 do not present fairly the financial position of the Group as at 31 December 2013 and the results of its operations and cash flows for the six months ended on that date in accordance with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting.

Our review was completed on 20 February 2014 and our review opinion is expressed as at that date.



Chartered Accountants
20 February 2014
AUCKLAND, NEW ZEALAND

Shareholder information

Reporting entity

The company was incorporated on 20 January 1988, under the Companies Act 1955, and commenced trading on 1 April 1988. The company was re-registered under the Companies Act 1993 on 6 June 1997. On 25 June 1998, the company adopted a revised constitution, approved as appropriate for a publicly listed company. Further revisions of the constitution were adopted on 21 November 2000, 18 November 2002 and 23 November 2004 in order to comply with NZSX and ASX Listing Rule requirements.

The company was registered in Australia as a foreign company under the Corporations Law on 22 January 1999 (ARBN 085 819 156).

The company's shares were quoted on the NZX on 28 July 1998. The company's shares were quoted on the ASX effective 1 July 2002.

The total number of voting securities on issue as at 31 December 2013 was 1,322,772,589.

Waivers granted by the NZX

During the six month period to 31 December 2013, the Company relied on a waiver of Listing Rule 5.2.3 issued by NZX on 28 November 2012 and extended for a further 12 months on 4 December 2013 in respect of the Company's November 2012 issue of \$100 million of unsecured, unsubordinated fixed rate bonds ("Bonds").

Listing Rule 5.2.3 provides that a class of securities will not be considered for quotation unless those securities are held by at least 500 members of the public, holding at least 25% of the number of securities in the class issued, with each member holding at least a minimum holding. The Company was provided with an extension of the waiver of this rule for a further period of one year on the basis that the NZX was satisfied that the lack of liquidity in respect of the Bonds would not be of disadvantage to holders.

Auditors

Deloitte has continued to act as auditors of the company, and has undertaken a review of the financial statements for the six months to 31 December 2013.

Credit rating

As at 31 December 2013, the Standard & Poor's long-term debt rating for the company was A- Stable Outlook and the short-term debt rating was A-2.

Company publications

The company informs investors of the company's business and operations by issuing an annual report (with notice of meeting) and an interim report.

Financial calendar

	Half year	Year
Results announced	February	August
Reports published	March	September
Dividends paid	April	October
Annual meeting	-	October
Disclosure financial statements	-	November

Shareholder information CONTINUED

Enquiries

Shareholders with enquiries about transactions, changes of address or dividend payments should contact Link Market Services Limited on +64 9 375 5998. Other questions should be directed to the company's corporate secretary at the registered office.

Share Registrars

New Zealand:

Link Market Services Limited
Level 16, Brookfields House
19 Victoria Street West
Auckland 1010

PO Box 91976
Auckland 1142

Australia:

Link Market Services Limited
Level 12
680 George Street
Sydney
NSW 2000

Locked Bag A14
Sydney South
NSW 1235

Corporate directory

DIRECTORS

Sir Henry van der Heyden, chair
 Keith Turner, deputy chair
 John Brabazon
 Richard Didsbury
 Brett Godfrey
 Michelle Guthrie
 James Miller
 Justine Smyth

SENIOR MANAGEMENT

Adrian Littlewood
 chief executive

Simon Robertson
 chief financial officer

Richard Barker
 general manager retail and commercial

Jason Delamore
 general manager marketing and communications

Graham Matthews
 general manager airport development
 and delivery

Judy Nicholl
 general manager aeronautical operations

Charles Spillane
 general manager corporate affairs

Glenn Wedlock
 general manager aeronautical commercial

REGISTERED OFFICE NEW ZEALAND

4 Leonard Isitt Drive
 Auckland Airport Business District
 Manukau 2022
 New Zealand

Telephone: +64 9 275 0789
 Facsimile: +64 9 275 4927
 Email: corporate@aucklandairport.co.nz
 Website: www.aucklandairport.co.nz

REGISTERED OFFICE AUSTRALIA

c/o KPMG
 147 Collins Street
 Melbourne
 Victoria 3000
 Australia

Telephone: +61 3 9288 5555
 Facsimile: +61 3 9288 6666
 Website: www.kpmg.com.au

MAILING ADDRESS

Auckland International Airport Limited
 PO Box 73020
 Auckland Airport
 Manukau 2150
 New Zealand

CORPORATE SECRETARY

Charles Spillane

AUDITORS

External auditor – Deloitte
 Internal auditor – Ernst & Young
 Share registry auditor – Grant Thornton



Online Review

View our interactive review at aucklandairport.co.nz/report which has been designed for ease of online use, with tablets in mind.

aucklandairport.co.nz



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Appendix 1

Preliminary half year report Auckland International Airport Limited

Results for announcement to the market

(This report is based on unaudited accounts)

Reporting Period	6 months to 31 December 2013
Previous Reporting Period	6 months to 31 December 2012

Results for announcement to the market

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice and comply with New Zealand Equivalent to International Accounting Standard NZ IAS 34 and IAS 34 Interim Financial Reporting. The financial statements have not been audited.

	Six months to 31 December 2013 \$NZ'000	Six months to 31 December 2012 \$NZ'000	Variance \$NZ'000	Variance %
Income from ordinary activities	238,506	223,552	14,954	6.7
Profit after taxation from ordinary activities attributable to members	85,887	76,910	8,977	11.7
Profit after taxation for the period attributable to members	85,887	76,910	8,977	11.7

Reported profit after taxation for the six months ended 31 December 2013 under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) is \$85.887 million. Directors have also referred to underlying profit of \$86.682 million in various releases, an increase of 13.9% from the underlying profit of \$76.090 million for the six months ended 31 December 2012. Below is a table reconciling reported profit to underlying profit:

	Six months to 31 December 2013			Six months to 31 December 2012		
	Reported earnings	Adjustments	Underlying earnings	Reported earnings	Adjustments	Underlying earnings
EBITDAFI per Income Statement	177,899	-	177,899	166,361	-	166,361
Share of profit of associates ¹	4,869	(157)	4,712	4,368	(12)	4,356
Derivative fair value increases/(decreases) ²	(1,261)	1,261	-	1,128	(1,128)	-
Depreciation	(31,389)	-	(31,389)	(31,430)	-	(31,430)
Interest expense and other finance costs	(32,317)	-	(32,317)	(33,705)	-	(33,705)
Other taxation expense ³	(31,914)	(309)	(32,223)	(29,812)	320	(29,493)
Profit after tax	85,887	795	86,682	76,910	(820)	76,090

¹ Auckland Airport's share of the fair value movement in the derivative financial instruments of associates that do not qualify for hedge accounting for the six months ended 31 December 2013.

² The fair value movement of Auckland Airport's derivative financial instruments in the income statement that either do not qualify for hedge accounting or hedge accounting ineffectiveness that relate to the counterparty risk of the particular derivatives entered into by Auckland Airport.

³ Taxation adjustments as a result of adjustments 1 to 2 above.

Rationale for these reconciling items can be found in the 2014 interim company report.

Amount per security

On 28 November 2013 the company announced a proposal to return capital to shareholders. The capital return to shareholders is proposed by way of a 1:10 share cancellation and a payment of \$3.43 for each share cancelled. The company does not envisage paying an interim dividend and carrying out a capital return at the same time.

	Amount per security \$NZ	Imputed amount per security \$NZ
Final dividend		
Current period	-	-
Previous corresponding period	-	-
Interim dividend		
Current period	-	-
Previous corresponding period	0.0575	0.022361

The total amount of the dividend payable is \$ -
Record date for entitlements to the dividend: Not applicable
Dividend payment date: Not applicable
Dividend reinvestment plan: Not applicable to the dividend

	31-Dec-13 \$NZ	31-Dec-12 \$NZ
Earnings per share	0.0650	0.0582
Net Tangible Assets per share	1.90	1.86

Details of associates and joint venture entities

Name	Percentage Holding	Share of profit	Share of profit
		31 December 2013	31 December 2012
		\$NZ'000	\$NZ'000
Stapled Securities of North Queensland Airports Limited	24.55%	3,185	3,094
Queenstown Airport Corporation Limited	24.99%	955	776
Auckland Airport Hotel Limited Partnership	20.00%	729	498
	Total	4,869	4,368

Comments

Refer to the following attachments:

- 2014 Preliminary half year report announcement
- Interim financial statements for the six months ended 31 December 2013
- Results at a glance
- Interim results presentation