

# Financial information

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### **Financial information**

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# Interim consolidated income statement

For the six months ended 31 December 2009

	Notes	GROUP	GROUP	GROUP
		6 months 31 Dec 2009 \$000	6 months 31 Dec 2008 \$000	12 months 30 June 2009 \$000
<b>Operating revenue</b>				
Airfield income		32,823	36,478	70,458
Passenger services charge		36,454	32,583	66,542
Terminal services charge		13,926	14,262	27,470
Retail income		48,540	50,140	105,316
Rental income		24,488	24,229	47,975
Rates recoveries		1,343	1,638	3,210
Car park income		15,924	15,140	29,377
Interest income		945	1,022	2,611
Share of profit of an associate		501	555	949
Other revenue		7,928	7,967	15,336
<b>Total operating revenue</b>		<b>182,872</b>	<b>184,014</b>	<b>369,244</b>
<b>Operating expenses</b>				
Staff	4	15,780	18,874	34,337
Repairs and maintenance		15,449	13,769	30,158
Rates and insurance		3,284	3,682	6,845
Other		9,558	8,975	17,541
<b>Total operating expenses</b>		<b>44,071</b>	<b>45,300</b>	<b>88,881</b>
<b>Operating earnings before interest, taxation and depreciation (Operating EBITDA)</b>		<b>138,801</b>	<b>138,714</b>	<b>280,363</b>
Investment property fair value increase/(decrease)	8	-	(41,776)	(64,586)
<b>Total earnings before interest, taxation and depreciation (Total EBITDA)</b>		<b>138,801</b>	<b>96,938</b>	<b>215,777</b>
Depreciation		27,241	25,604	54,766
<b>Earnings before interest and taxation (EBIT)</b>		<b>111,560</b>	<b>71,334</b>	<b>161,011</b>
Interest expense and other finance costs		35,013	40,011	75,590
<b>Profit before taxation</b>	3	<b>76,547</b>	<b>31,323</b>	<b>85,421</b>
Taxation expense		22,583	21,541	43,696
<b>Profit after taxation</b>		<b>53,964</b>	<b>9,782</b>	<b>41,725</b>
<b>Earnings per share:</b>				
Basic and diluted earnings per share		4.40	0.80	3.41

These financial statements have not been audited. They have been the subject of a review by the auditors pursuant to New Zealand Institute of Chartered Accountants' (NZICA) Review Engagement Standard RS-1. The accompanying notes form part of these financial statements.

# Interim consolidated statement of comprehensive income

For the six months ended 31 December 2009

	<b>GROUP</b>	<b>GROUP</b>	<b>GROUP</b>
	6 months 31 Dec 2009 \$000	6 months 31 Dec 2008 \$000	12 months 30 June 2009 \$000
<b>Profit for the period</b>	53,964	9,782	41,725
<b>Other comprehensive income</b>			
Tax effect of movements in the property, plant and equipment revaluation reserve	24	4	625
Cash flow hedges:			
Fair value losses recognised in the cash flow hedge reserve	(947)	(44,909)	(30,230)
Realised (gains)/losses transferred to the income statement	10,909	(1,719)	(5,683)
Tax effect of movements in the cash flow hedge reserve	(2,989)	12,736	9,521
	6,973	(33,892)	(26,392)
<b>Total other comprehensive income</b>	6,997	(33,888)	(25,767)
<b>Total comprehensive income for the period, net of tax</b>	60,961	(24,106)	15,958

# Interim consolidated statement of changes in equity

For the six months ended 31 December 2009

GROUP	Notes	Issued and paid-up capital \$000	Cancelled share reserve \$000	Property, plant and equipment revaluation reserve \$000	Share-based payments reserve \$000	Cash flow hedge reserve \$000	Retained earnings \$000	Total \$000
<b>At 1 July 2009</b>		174,738	(161,304)	1,628,783	895	(22,216)	220,251	1,841,147
Profit for the period		-	-	-	-	-	53,964	53,964
Other comprehensive income		-	-	24	-	6,973	-	6,997
<b>Total comprehensive income</b>		-	-	24	-	6,973	53,964	60,961
Reclassification to retained earnings		-	-	(80)	-	-	80	-
Shares issued	10	1,066	-	-	-	-	-	1,066
Dividend paid	6	-	-	-	-	-	(54,513)	(54,513)
<b>At 31 December 2009</b>		175,804	(161,304)	1,628,727	895	(15,243)	219,782	1,848,661

GROUP	Notes	Issued and paid-up capital \$000	Cancelled share reserve \$000	Property, plant and equipment revaluation reserve \$000	Share-based payments reserve \$000	Cash flow hedge reserve \$000	Retained earnings \$000	Total \$000
<b>At 1 July 2008</b>		170,265	(161,304)	1,630,815	895	4,176	251,786	1,896,633
Profit for the period		-	-	-	-	-	9,782	9,782
Other comprehensive income/ (loss)		-	-	4	-	(33,892)	-	(33,888)
<b>Total comprehensive income/ (loss)</b>		-	-	4	-	(33,892)	9,782	(24,106)
Reclassification to retained earnings		-	-	(6)	-	-	6	-
Shares issued	10	4,473	-	-	-	-	-	4,473
Dividend paid	6	-	-	-	-	-	(29,987)	(29,987)
<b>At 31 December 2008</b>		174,738	(161,304)	1,630,813	895	(29,716)	231,587	1,847,013

GROUP	Notes	Issued and paid-up capital \$000	Cancelled share reserve \$000	Property, plant and equipment revaluation reserve \$000	Share-based payments reserve \$000	Cash flow hedge reserve \$000	Retained earnings \$000	Total \$000
<b>At 1 July 2008</b>		170,265	(161,304)	1,630,815	895	4,176	251,786	1,896,633
Profit for the period		-	-	-	-	-	41,725	41,725
Other comprehensive income/ (loss)		-	-	625	-	(26,392)	-	(25,767)
<b>Total comprehensive income/ (loss)</b>		-	-	625	-	(26,392)	41,725	15,958
Reclassification to retained earnings		-	-	(2,657)	-	-	2,657	-
Shares issued	10	4,473	-	-	-	-	-	4,473
Dividend paid	6	-	-	-	-	-	(75,917)	(75,917)
<b>At 30 June 2009</b>		174,738	(161,304)	1,628,783	895	(22,216)	220,251	1,841,147

These financial statements have not been audited. They have been the subject of a review by the auditors pursuant to New Zealand Institute of Chartered Accountants' (NZICA) Review Engagement Standard RS-1. The accompanying notes form part of these financial statements.

# Interim consolidated statement of financial position

As at 31 December 2009

		<b>GROUP</b>	<b>GROUP</b>	<b>GROUP</b>
		as at	as at	as at
		31 Dec 2009	31 Dec 2008	30 June 2009
	Notes	\$000	\$000	\$000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	2,543,137	2,544,518	2,547,609
Investment properties	8	472,379	483,485	467,537
Investment in associates		6,980	5,498	5,892
Derivative financial instruments		4,993	4,565	5,334
Other non-current assets		775	775	775
		3,028,264	3,038,841	3,027,147
<b>Current assets</b>				
Bank		17,616	145	34,320
Inventories		112	183	130
Prepayments		6,558	5,380	3,309
Accounts receivable		21,471	25,215	17,321
Taxation receivable		-	1,350	4,239
Derivative financial instruments		-	1,613	1,683
		45,757	33,886	61,002
<b>Total assets</b>		3,074,021	3,072,727	3,088,149
<b>Equity and liabilities</b>				
<b>Equity attributable to equity holders of the parent</b>				
Issued and paid-up capital	10	175,804	174,738	174,738
Cancelled share reserve		(161,304)	(161,304)	(161,304)
Retained earnings		219,782	231,587	220,251
Property, plant and equipment revaluation reserve		1,628,727	1,630,813	1,628,783
Share-based payments reserve		895	895	895
Cash flow hedge reserve		(15,243)	(29,716)	(22,216)
		1,848,661	1,847,013	1,841,147
<b>Non-current liabilities</b>				
Term borrowings	11	957,590	863,438	803,707
Derivative financial instruments		20,565	42,030	29,279
Deferred tax liability		94,175	87,427	91,302
Other term liabilities		456	587	438
		1,072,786	993,482	924,726
<b>Current liabilities</b>				
Accounts payable and accruals		44,215	45,344	42,753
Taxation payable		5,415	-	-
Derivative financial instruments		3,861	628	5,020
Short-term borrowings	11	97,847	183,310	272,998
Provisions		1,236	2,950	1,505
		152,574	232,232	322,276
<b>Total equity and liabilities</b>		3,074,021	3,072,727	3,088,149

These financial statements have not been audited. They have been the subject of a review by the auditors pursuant to New Zealand Institute of Chartered Accountants' (NZICA) Review Engagement Standard RS-1. The accompanying notes form part of these financial statements.

# Interim consolidated cash flow statement

For the six months ended 31 December 2009

	Notes	GROUP	GROUP	GROUP
		6 months 31 Dec 2009 \$000	6 months 31 Dec 2008 \$000	12 months 30 June 2009 \$000
<b>Cash flow from operating activities</b>				
Cash was provided from:				
Receipts from customers		179,051	172,789	363,501
Income tax refund		3,233	6,778	11,621
Interest received		945	1,022	2,611
		183,229	180,589	377,733
Cash was applied to:				
Payments to suppliers and employees		(45,605)	(45,499)	(87,715)
Income tax paid		(16,259)	(15,697)	(44,304)
Other taxes paid		(82)	(132)	(344)
Interest paid		(35,760)	(38,217)	(75,292)
		(97,706)	(99,545)	(207,655)
<b>Net cash flow from operating activities</b>	5	85,523	81,044	170,078
<b>Cash flow from investing activities</b>				
Cash was provided from:				
Proceeds from sale of assets		-	338	371
		-	338	371
Cash was applied to:				
Purchase of property, plant and equipment		(22,750)	(48,605)	(82,517)
Interest paid – capitalised		(1,535)	(2,372)	(3,889)
Expenditure on investment properties		(4,758)	(2,297)	(7,303)
Investment in associate	9	(587)	-	-
		(29,630)	(53,274)	(93,709)
<b>Net cash applied to investing activities</b>		(29,630)	(52,936)	(93,338)
<b>Cash flow from financing activities</b>				
Cash was provided from:				
Increase in share capital		1,066	4,473	4,473
Increase in borrowings		1,495,850	2,016,282	3,383,955
		1,496,916	2,020,755	3,388,428
Cash was applied to:				
Decrease in borrowings		(1,515,000)	(2,019,424)	(3,355,624)
Dividends paid	6	(54,513)	(29,987)	(75,917)
		(1,569,513)	(2,049,411)	(3,431,541)
<b>Net cash flow applied to financing activities</b>		(72,597)	(28,656)	(43,113)
Net increase/(decrease) in cash held		(16,704)	(548)	33,627
Opening cash brought forward		34,320	693	693
<b>Ending cash carried forward</b>		17,616	145	34,320

These financial statements have not been audited. They have been the subject of a review by the auditors pursuant to New Zealand Institute of Chartered Accountants' (NZICA) Review Engagement Standard RS-1. The accompanying notes form part of these financial statements.

# Notes to the financial statements

For the six months ended 31 December 2009

## 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.

Auckland Airport provides airport facilities and supporting infrastructure in Auckland, New Zealand. The Company earns revenue from aeronautical activities and other charges and rents associated with operating an airport.

The financial statements presented are for Auckland Airport and its subsidiaries (the 'Group'). The subsidiaries consist of Auckland Airport Limited, Auckland International Airport Limited Share Purchase Plan and Auckland Airport Holdings Limited (incorporated on 22 December 2009).

These interim consolidated financial statements were authorised for issue by a resolution of the directors effective on 26 February 2010.

## 2. Summary of significant accounting policies

The financial statements comply with New Zealand Equivalent to International Accounting Standards NZ IAS 34 and IAS 34 *Interim Financial Reporting*.

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 2009 (2009 Annual Report).

The accounting policies set out in the 2009 Annual Report have been applied consistently to all periods presented in these financial statements except as identified below. The following significant changes to accounting policies have been adopted in the preparation and presentation of the financial report:

- *NZ IAS 1 Presentation of Financial Statements (Revised)* is effective for annual reporting periods beginning on or after 1 January 2009. The application of this revised standard did not affect any of the amounts recognised in the financial statements but introduces the concept of comprehensive income in the presentation of financial statements and changed the presentation of the statement of changes in equity.

- *NZ IFRS 8 Operating Segments* is effective for annual reporting periods beginning after 1 January 2009. This new standard replaces *NZ IAS 14 Segment Reporting*. The new standard adopts the approach used by management to determine segments. Additional disclosures about each segment are shown in Note 3, including revised comparative information.
- *Improvements to NZ IFRSs (issued May 2009) – Amendment to NZ IFRS 8 Operating Segments* is effective for periods beginning on or after 1 January 2010. The amendment requires disclosure of segment assets only if that measure is regularly provided to the chief operating decision-maker. Auckland Airport has early adopted this amendment because management does not regularly report a measure of segment total assets to the chief operating decision-maker.

The adoption of these standards and amendments does not have a material impact on the Group's financial statements.

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 Company has identified its operating segments based on the internal reports reviewed and used by the chief executive officer (the chief operating decision-maker) 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 officer at least monthly.

### (b) Types of services provided

#### **Aeronautical**

The aeronautical business provides services that facilitate the movement of aircraft, passengers and cargo, and utility services that support the airport.

#### **Retail**

The retail business provides services to the retailers within the airport and provides carparking facilities for airport staff and passengers.

#### **Property**

The property business earns rental revenue from space leased in facilities such as terminals and cargo buildings, and stand-alone investment properties.

continued

For the six months ended 31 December 2009

	Aeronautical \$000	Retail \$000	Property \$000	Total \$000
<b>Six months ended 31 December 2009</b>				
Total external operating revenue	95,636	67,791	17,092	180,519
Total operating expenses	23,975	4,630	3,412	32,017
<b>Operating earnings before interest, taxation and depreciation (Operating EBITDA)</b>	71,661	63,161	13,680	148,502
Investment property fair value increase/(decrease)	-	-	-	-
<b>Total earnings before interest, taxation and depreciation (Total EBITDA)</b>	71,661	63,161	13,680	148,502
<b>Six months ended 31 December 2008</b>				
Total external operating revenue	95,242	68,139	18,013	181,394
Total operating expenses	25,736	3,533	4,888	34,157
<b>Operating earnings before interest, taxation and depreciation (Operating EBITDA)</b>	69,506	64,606	13,125	147,237
Investment property fair value increase/(decrease)	-	-	(41,776)	(41,776)
<b>Total earnings before interest, taxation and depreciation (Total EBITDA)</b>	69,506	64,606	(28,651)	105,461
<b>Year ended 30 June 2009</b>				
Total external operating revenue	187,070	140,394	36,116	363,580
Total operating expenses	50,248	7,355	10,601	68,204
<b>Operating earnings before interest, taxation and depreciation (Operating EBITDA)</b>	136,822	133,039	25,515	295,376
Investment property fair value increase/(decrease)	-	-	(64,586)	(64,586)
<b>Total earnings before interest, taxation and depreciation (Total EBITDA)</b>	136,822	133,039	(39,071)	230,790

(c) Segment reconciliation of total EBITDA to income statement

	<b>GROUP</b> 6 months 31 Dec 2009 \$000	<b>GROUP</b> 6 months 31 Dec 2008 \$000	<b>GROUP</b> 12 months 30 June 2009 \$000
Segment total EBITDA	148,502	105,461	230,790
Unallocated external operating revenue from continuing operations	2,353	2,620	5,664
Unallocated operating expenses from continuing operations	(12,054)	(11,143)	(20,677)
Depreciation	(27,241)	(25,604)	(54,766)
Interest expense and other finance costs	(35,013)	(40,011)	(75,590)
<b>Profit before taxation</b>	76,547	31,323	85,421

# Notes to the financial statements

continued

For the six months ended 31 December 2009

## 4. Staff expenses

	<b>GROUP</b>	<b>GROUP</b>	<b>GROUP</b>
	6 months 31 Dec 2009	6 months 31 Dec 2008	12 months 30 June 2009
	\$000	\$000	\$000
<b>Staff expenses comprise:</b>			
Salaries and wages	12,433	12,354	24,321
Other employee benefits	1,384	1,334	2,208
Share-based payment	228	625	421
Defined contribution superannuation	321	340	592
Restructuring costs	343	3,254	4,195
Other staff costs	1,071	967	2,600
	<b>15,780</b>	<b>18,874</b>	<b>34,337</b>

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

	<b>GROUP</b>	<b>GROUP</b>	<b>GROUP</b>
	6 months 31 Dec 2009	6 months 31 Dec 2008	12 months 30 June 2009
	\$000	\$000	\$000
<b>Profit after taxation</b>	53,964	9,782	41,725
Non-cash items:			
Depreciation	27,241	25,604	54,766
Bad debts and doubtful debts	84	519	795
Deferred taxation expense	(96)	245	1,525
Equity-accounted earnings from associates	(501)	(555)	(949)
Investment property fair value (increase)/decrease	-	41,776	64,586
Items not classified as operating activities:			
(Gain)/loss on asset disposals	491	163	971
(Increase)/decrease in property, plant and equipment retentions and payables	941	4,689	5,168
Movement in working capital:			
(Increase)/decrease in current assets	(7,465)	(13,111)	(3,369)
(Increase)/decrease in taxation	9,654	12,377	9,488
Increase/(decrease) in accounts payable	1,192	(602)	(4,636)
Increase/(decrease) in other term liabilities	18	157	8
<b>Net cash flow from operating activities</b>	<b>85,523</b>	<b>81,044</b>	<b>170,078</b>

continued

For the six months ended 31 December 2009

## 6. Distribution to shareholders

The Company paid the following fully imputed dividends during the relevant periods:

	Dividend payment date	GROUP	GROUP	GROUP
		6 months 31 Dec 2009 \$000	6 months 31 Dec 2008 \$000	12 months 30 June 2009 \$000
2008 final dividend of 2.45 cents per share	24 October 2008	-	29,987	29,987
2009 interim dividend of 3.75 cents per share	27 March 2009	-	-	45,930
2009 final dividend of 4.45 cents per share	23 October 2009	54,513	-	-
<b>Total dividends paid</b>		<b>54,513</b>	<b>29,987</b>	<b>75,917</b>

The interim and final dividends relating to the 2009 financial year total 8.20 cents per share. The 2008 financial year dividend total was also 8.20 cents per share (the interim dividend of 5.75 cents per share and final dividend of 2.45 cents per share).

## 7. Property, plant and equipment

	GROUP					
	Land \$000	Buildings and services \$000	Infrastructure \$000	Runway, taxiways and aprons \$000	Vehicles, plant and equipment \$000	Total \$000
<b>At 31 December 2009</b>						
At fair value	1,499,867	627,119	250,466	265,347	-	2,642,799
At cost	-	-	-	-	59,790	59,790
Work in progress at cost	-	7,156	1,391	26,002	2,107	36,656
Accumulated depreciation	-	(86,977)	(28,200)	(36,610)	(44,321)	(196,108)
<b>Net carrying amount</b>	<b>1,499,867</b>	<b>547,298</b>	<b>223,657</b>	<b>254,739</b>	<b>17,576</b>	<b>2,543,137</b>
<b>Additions for the six months ended 31 December 2009 included above</b>	<b>16</b>	<b>16,625</b>	<b>1,853</b>	<b>2,220</b>	<b>2,055</b>	<b>22,769</b>
<b>At 31 December 2008</b>						
At fair value	1,495,137	601,435	223,930	259,671	-	2,580,173
At cost	-	-	-	-	52,050	52,050
Work in progress at cost	-	6,490	27,568	18,486	2,701	55,245
Accumulated depreciation	-	(59,521)	(19,100)	(25,770)	(38,559)	(142,950)
<b>Net carrying amount</b>	<b>1,495,137</b>	<b>548,404</b>	<b>232,398</b>	<b>252,387</b>	<b>16,192</b>	<b>2,544,518</b>
<b>Additions for the six months ended 31 December 2008 included above</b>	<b>-</b>	<b>18,878</b>	<b>18,663</b>	<b>5,576</b>	<b>4,047</b>	<b>47,164</b>
<b>At 30 June 2009</b>						
At fair value	1,499,232	598,073	247,862	265,122	-	2,610,289
At cost	-	-	-	-	57,400	57,400
Work in progress at cost	-	19,115	3,696	24,007	2,029	48,847
Accumulated depreciation	-	(71,927)	(24,010)	(31,341)	(41,649)	(168,927)
<b>Net carrying amount</b>	<b>1,499,232</b>	<b>545,261</b>	<b>227,548</b>	<b>257,788</b>	<b>17,780</b>	<b>2,547,609</b>
<b>Additions for the 12 months ended 30 June 2009 included above</b>	<b>3,882</b>	<b>30,038</b>	<b>20,630</b>	<b>16,711</b>	<b>8,945</b>	<b>80,206</b>

# Notes to the financial statements

continued

For the six months ended 31 December 2009

## 8. Investment properties

	<b>GROUP</b>	<b>GROUP</b>	<b>GROUP</b>
	6 months 31 Dec 2009 \$000	6 months 31 Dec 2008 \$000	12 months 30 June 2009 \$000
Balance at the beginning of the period	467,537	524,280	524,280
Additions	4,983	2,298	7,387
Transfers	(141)	(1,317)	456
Investment properties net revaluation	-	(41,776)	(64,586)
<b>Balance at the end of the period</b>	<b>472,379</b>	<b>483,485</b>	<b>467,537</b>

Auckland Airport's accounting policy is for investment property to be measured at fair value, which reflects market conditions at the balance sheet date. To determine fair value, Auckland Airport obtains investment property valuations at least annually by independent registered valuers. Full valuations were not sought at 31 December 2009 and 31 December 2008, but an independent review of the fair values has been performed by Seagar & Partners (Auckland) Limited, registered valuers, at these reporting dates.

The review did not include full property inspections or issuance of new reports but examined the likely effect on property values due to the investment environment applicable at the time. The review concluded that

there was no material change in the fair value of investment properties since the previous valuation carried out at 30 June 2009 (six months ended 31 December 2008: \$41.776 million devaluation, year ended 30 June 2009: \$64.586 million devaluation).

The previous independent valuation was performed by Seagar & Partners (Auckland) Limited, registered valuers, as at 30 June 2009. The valuation methodologies used as at 30 June 2009 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 valuation methodologies are consistent with the prior year.

## 9. Investment in a new associate

AAPC NZ Pty Limited ('Accor Hospitality'), Tainui Group Holdings Limited and Auckland Airport have formed a limited partnership to develop and operate a 4-star-plus, 263 room Novotel hotel adjacent to the international terminal at Auckland Airport. Construction commenced during the first week of December 2009.

The Novotel hotel is 20 percent owned by Auckland Airport. The remaining 80 percent is owned in aggregate by Accor Hospitality and Tainui Group Holdings Limited.

Auckland Airport's total investment at 31 December 2009 is \$0.587 million.

continued

For the six months ended 31 December 2009

## 10. Issued and paid-up capital

	<b>GROUP</b>	<b>GROUP</b>	<b>GROUP</b>
	6 months 31 Dec 2009 \$000	6 months 31 Dec 2008 \$000	12 months 30 June 2009 \$000
Issued and paid-up capital at the beginning of the period	174,738	170,265	170,265
Options exercised during the period	1,060	4,473	4,473
Shares issued to employee share scheme	6	-	-
<b>Issued and paid-up capital at the end of the period</b>	<b>175,804</b>	<b>174,738</b>	<b>174,738</b>

	<b>GROUP</b>	<b>GROUP</b>	<b>GROUP</b>
	6 months 31 Dec 2009 Number of shares	6 months 31 Dec 2008 Number of shares	12 months 30 June 2009 Number of shares
Number of shares outstanding at the beginning of the period	1,224,812,995	1,222,149,095	1,222,149,095
Options exercised during the period	640,000	2,662,400	2,662,400
Shares allocated to employees by employee share scheme	3,000	-	1,500
<b>Number of shares outstanding at the end of the period</b>	<b>1,225,455,995</b>	<b>1,224,811,495</b>	<b>1,224,812,995</b>

## 11. Borrowings

	<b>GROUP</b>	<b>GROUP</b>	<b>GROUP</b>
	as at 31 Dec 2009 \$000	as at 31 Dec 2008 \$000	as at 30 June 2009 \$000
<b>Current</b>			
Money market	-	1,200	-
Standby facility	-	31,000	-
Commercial paper	72,847	75,529	72,824
Bank facility	25,000	-	125,000
Floating rate notes	-	8,100	8,100
Bonds	-	67,481	67,074
<b>Total short-term borrowings</b>	<b>97,847</b>	<b>183,310</b>	<b>272,998</b>
<b>Non-current</b>			
Bank facilities	400,000	505,000	395,000
Floating rate notes	5,000	5,000	5,000
Bonds	552,590	353,438	403,707
<b>Total term borrowings</b>	<b>957,590</b>	<b>863,438</b>	<b>803,707</b>
<b>Total</b>			
Money market	-	1,200	-
Standby facility	-	31,000	-
Commercial paper	72,847	75,529	72,824
Bank facilities	425,000	505,000	520,000
Floating rate notes	5,000	13,100	13,100
Bonds	552,590	420,919	470,781
<b>Total borrowings</b>	<b>1,055,437</b>	<b>1,046,748</b>	<b>1,076,705</b>

# Notes to the financial statements

continued

For the six months ended 31 December 2009

The Group utilises a mixture of term bonds, bank facilities and commercial paper to provide its ongoing debt requirements.

During December 2009, the Company established a new bilateral \$150.0 million standby bank facility provided by Bank of Tokyo-Mitsubishi UFJ to refinance the second tranche of the dual tranche standby facility maturing on 10 March 2010. This new facility matures on 10 March 2013. The purpose of the standby facilities is to support the commercial paper programme and to provide liquidity support for general working capital.

In March 2008, the Company established a dual tranche standby facility agreement with a syndicate of banks for \$200.0 million. The first tranche was for \$100.0 million and has been closed. The second tranche is for \$100.0 million and expires on 10 March 2010.

Also in March 2008, the Company established a cash advances facility agreement with a syndicate of banks for \$350.0 million. The facility contains a two-year facility of \$125.0 million, a three-year facility of \$125.0 million and a five-year revolving cash advances facility of up to \$100.0 million. During October and November 2009, the Company raised \$125.0 million through a public bond issue. The proceeds were used to repay \$100.0 million of the two-year facility and the remaining \$25.0 million was repaid in February 2010.

In December 2005, the Company established a \$275.0 million, five-year bank facility with Commonwealth Bank of Australia. The facility contains a

term debt facility of \$100.0 million and a revolving cash advances facility of \$175.0 million. In February 2007, the Company extended the expiration of this bank facility to 31 January 2012.

During October and November 2009, the Company raised \$125.0 million through a public bond issue. The bonds are unsecured and unsubordinated and pay interest at a fixed rate of 7.00 percent with a maturity of 27 November 2014.

In August 2009, the Company raised \$25.0 million through a private placement bond issue. The bond issue pays an interest rate of 8.00 percent per annum with a maturity of 10 August 2016.

During January and February 2009, the Company raised \$50.0 million through a follow-up of the retail bond issue in October and November 2008. The bonds are unsecured and unsubordinated and pay interest at a fixed rate of 7.25 percent with a maturity of 28 February 2014.

During October and November 2008, the Company raised \$130.0 million through a retail bond issue. The bonds are unsecured and unsubordinated and pay interest at a fixed rate of 8.00 percent with a maturity of 15 November 2016.

Borrowings under the bank facilities and standby facilities are supported by a negative pledge deed. Borrowings under the bond programme are supported by a master trust deed.

## 12. Commitments

### (a) Property, plant and equipment commitments

The Group had contractual obligations to purchase or develop property, plant and equipment for \$13.423 million at 31 December 2009 (31 December 2008: \$47.907 million; 30 June 2009: \$20.100 million) principally relating to terminal upgrades and northern airport development.

### (b) Investment property commitments

The Group had contractual obligations to purchase or develop investment property for \$1.062 million at 31 December 2009 (31 December 2008: \$0.202 million; 30 June 2009: \$7.457 million).

### (c) Commitments relating to the new associate

The Group has contractual obligations to advance \$6.500 million to the limited partnership for the development of the Novotel hotel. A sum of \$0.587 million had been advanced prior to the period end leaving a remaining commitment of \$5.913 million at 31 December 2009 (31 December 2008: Nil; 30 June 2009: Nil).

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For the six months ended 31 December 2009

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### 13. Contingent liabilities

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#### 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 of and parallel to the existing runway. Construction of the second runway has commenced but, on 28 August 2009, Auckland Airport announced that this construction had been deferred for 12 months due to economic conditions at that time. Before the 12-month period concludes, Auckland Airport will review whether to restart the second runway works or further defer the works.

Approvals for the second runway include a number of obligations on the Company to mitigate the impacts of aircraft noise on the local community. The obligations include the Company offering certain acoustic treatment packages to existing homes and schools 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 or the rate of acceptance of offers of treatment to homeowners, the Company cannot accurately predict the overall cost or timing of acoustic treatment. It is estimated that, overall, further costs would not exceed \$11.0 million. Pursuant to the aeronautical pricing consultation process between the Company and its substantial customers completed on

2 July 2007, future noise costs will be shared between the Company and the airlines on a fair and equitable basis. Aeronautical pricing is reviewed at least every five years.

#### Claim under Public Works Act

The Company received notice in September 2006 from the Craigie Trust of a claim regarding certain land acquired for aerodrome purposes during the 1970s. The land in question is 36.4 hectares, a small proportion of the Company's total land holding. The Craigie Trust, as original owner of the land, asserted that the land ceased (between 1985 and 1989) to be required by the Company for the public work for which it was acquired and should be offered back to it under the Public Works Act 1981. The claim did not succeed when it was heard before the High Court in March 2008. The claim also failed on appeal before the Court of Appeal in September 2009.

On 11 February 2010, the Craigie Trust sought leave to appeal the Court of Appeal's decision to the Supreme Court. The Company remains strongly of the view that the claim is without merit and the High Court and Court of Appeal decisions were entirely appropriate. The Company will oppose the application for leave to appeal and will strongly defend any appeal to the Supreme Court if leave to appeal is granted. However, if the Craigie Trust were ultimately successful in its appeal, this could, depending on the terms of the judgement, have implications for other areas of land acquired under the Public Works Act 1981.

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### 14. Subsequent events

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On 13 January 2010, Auckland Airport purchased from Westpac Bank a 24.55 percent stake in North Queensland Airports, the operator of Cairns and Mackay airports in Queensland, Australia, for A\$132.8 million (NZ\$166.7 million).

Auckland Airport made a fully underwritten pro rata entitlement offer to shareholders to raise \$126.4 million on 27 January 2010. The proceeds of the offer were used to repay a portion of the debt drawn down to pay for the acquisition of Cairns and Mackay airports.

As noted above in Note 13 Contingent liabilities, the Craigie Trust on 11 February 2010 sought leave to appeal the Court of Appeal's decision to the Supreme Court. Auckland Airport will oppose the Craigie Trust's application for leave to appeal.

On 26 February 2010, the directors approved the payment of an interim dividend of 3.75 cents per share amounting to \$48.844 million to be paid on 31 March 2010.

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# Review report



## Review report to the shareholders of Auckland International Airport Limited

We have reviewed the consolidated interim financial statements on pages 13 to 25. The consolidated interim financial statements provide information about the past financial performance of Auckland International Airport Limited and group ('the Group') and its financial position as at 31 December 2009. This information is stated in accordance with the accounting policies set out on page 18.

### 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 consolidated interim financial statements which fairly present the financial position of the Group as at 31 December 2009 and the results of operations and cash flows for the six month period 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 month period ended 31 December 2009 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants. These standards require that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim financial statements are free of material misstatement.

Other than in our capacity as auditors under the Companies Act 1993 and the provision of taxation and accounting advice, we have no relationship with or interests in the Group.

### Conclusion

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 13 to 25 do not present fairly the financial position of the Group as at 31 December 2009 and the results of its operations and cash flows for the six month period ended on that date in accordance with NZ IAS 34: *Interim Financial Reporting* and IAS 34: *Interim Financial Reporting*.

Our review was completed on 26 February 2010 and our review opinion is expressed as at that date.



Chartered Accountants  
AUCKLAND, NEW ZEALAND

This review report relates to the unaudited consolidated interim financial statements of Auckland International Airport Limited ("AIAL") for the six months ended 31 December 2009 included on AIAL's website. The Board of Directors is responsible for the maintenance and integrity of AIAL's website. We have not been engaged to report on the integrity of AIAL's website. We accept no responsibility for any changes that may have occurred to the unaudited consolidated interim financial statements since they were initially presented on the website. The review report refers only to the unaudited consolidated interim financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these unaudited consolidated interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the reviewed unaudited consolidated interim financial statements and related review report dated 26 February 2010 to confirm the information included in the reviewed unaudited consolidated interim financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **A Sustainable Report**

### **Online version**

This report has been created primarily for the web with a printed version produced in a limited print run to save on both cost and environmental impact.

### **Printing**

This printed version of the report has been produced using just one colour and uses a technique known as coldset printing. Coldset printing uses 30% less power than conventional printing.

### **Paper stock**

Sapphire Offset paper is 100% virgin fibre, sourced from sustainably managed forests. It is manufactured in an elemental chlorine free process (ECF) and produced under an environmental management system ISO 14001.