Higher Altitudes...

Auckland Airport

Auckland International Airport Limited
Interim Report 2012

...and still climbing

Tenants

12.8%

Retail revenue growth strongly reflecting more choices and a better retail environment.

Travelling

6.5%

Increase in total international passenger movements at Auckland Airport.

Delivering

70.8m

Underlying profit up 15.0% from the same period in the previous year.

Air-Services

5+

A number of new or expanded services announced or commenced, including from China Southern Airlines, Air New Zealand, Korean Air, Jetstar and Emirates.

A few words on performance from Simon Moutter

Welcome to the review of the half-year ended 31 December 2011.

It was a half-year that saw continued profit growth delivered by a strong focus on execution of strategy. We also played our part in a very successful Rugby World Cup 2011.

We are proud of our performance and we hope you are too.

Simon Moutter
Chief executive

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See back cover for details.

Cover image photographed by Damian Alexander.

Company Overview

Initiatives to lift Auckland Airport's performance to higher altitudes contributed to another strong result in the six months leading to 31 December 2011.

Voted 8th best airport worldwide in 2011 by 11.38 million travellers, up from 9th in 2010.

Best airport in Australia Pacific – for the 3rd year running.

Overview

Reported profit after tax was up 5.5% to $69.103 million, while underlying profit after tax was up 15.0% to $70.791 million. For several years now, Auckland Airport has reported underlying profit alongside reported profit. Our position on the importance of reporting underlying results and a reconciliation to assist investors is set out in detail at the end of this report.

Our improving financial performance is directly benefiting shareholders. The interim dividend has increased to 4.40 cents per share, highlighting the Board's confidence in the execution of strategy. The Company's dividend reinvestment plan will not apply to this dividend, but will be reconsidered by the Board for future dividends.

Our efforts have been rewarding for investors. The last two financial years have seen total shareholder returns per annum in excess of 20%, and we are on track for another solid performance this year. These results reflect our efforts to deliver excellent value to shareholders, passengers, business partners and to New Zealand.

We have seen rising travel demand across all four of our airport interests, and we have helped to stimulate that demand by encouraging sustainable growth in air-service capacity. Recognising the

20% **Total shareholder returns per annum in the last two financial years.**

changing architecture of global travel and trade, we have continued to focus our market development efforts on expanding sustainable access to those markets that are experiencing faster growth.

We have also further honed the performance of our aeronautical, retail and property businesses, by increasing choices and amenities for customers, improving the service experience, and driving operational efficiencies wherever we can. Each part of our business is performing well relative to its peers and to market conditions.

The service experience, in particular, starkly differentiates our business from competing visitor destinations and we firmly believe helps drive repeat travel. This is why we are single-minded about making the journeys of each of our passengers, airlines and partners better at every step of the way. That determination helped ensure a very successful and busy RWC 2011 airport operation.

Looking to the future

Considerable effort has also gone into necessary future planning. Shareholders may be aware we are experiencing capacity constraints and suboptimal performance at the current domestic terminal. The heart of the domestic terminal was built over 40 years ago as a cargo facility and was converted into

$69.1m

↑ 5.5%

5.5% increase in reported profit after tax.

a temporary terminal when the airport first opened for operations in 1965. Today, it is increasingly inadequate in terms of available space and passenger handling capacity, especially with the increasing use on domestic routes of new, larger aircraft such as the A320.

While an expansion of the security screening area at the domestic terminal in time for RWC 2011 relieved some pressure, more A320 services are due to be progressively introduced over the next few years and we expect passenger numbers to continue to grow. The resulting congestion will further degrade service quality at the domestic terminal.

The International Air Transport Association ('IATA') has service-level standards for airport passenger terminals based on available functional area for peak-hour passengers, ranging on a scale from A (optimal) to F (poor). Auckland Airport's domestic terminal is currently estimated at D, and with the continued growth is at risk of moving towards an E rating, which is clearly unacceptable for passengers, the airport, airlines and other stakeholders. All the parties involved recognise the need to address this situation before it becomes a major issue.

Our long-term masterplan for Auckland Airport envisages an international and domestic terminal facility served by two parallel runways, surrounded by a vibrant airport business district, well connected with the city. It would provide tangible benefits for travellers, airlines and airport partners in terms of facilitating greater use of smart technologies, reduced inter-terminal walk times, enhanced operational flexibility, better road access and forecourt management, and consolidation of activities and resources.

Over recent months, we have been consulting actively and constructively towards the best pathway for a new domestic terminal solution with our airline partners and with input from independent experts. That process is continuing and we expect to see an outcome in the next few months.

While new terminal facilities will deliver big benefits to New Zealand tourism and trade, we do acknowledge that providing this new infrastructure will represent a significant investment that will affect airport charges. In pricing matters, the current five-yearly aeronautical pricing review process is well under way, and is on track for a final decision by the end of May. The outcome of the pricing review will become effective from 1 July 2012.

We are very conscious of the challenging environment some airlines currently face, and the Asia-centric growth that other airlines are experiencing. We must balance such concerns with the requirement to invest in our infrastructure, in a staged, fit-for-purpose and highly efficient way to meet New Zealand's interests. It is our intention to do everything we can to work through this process in an appropriate way and achieve the best outcome for New Zealand.

"Our long-term masterplan for Auckland Airport envisages an international and domestic terminal facility... well connected with the city."

Passengers On The Up

30.1% Increase in international passenger volume in Queenstown.

Passenger numbers remain a key driver for our company performance, and have proven resilient during times of stress in global economies and negative external events.

Traveller numbers

Total international passenger movements at Auckland Airport, including transits, increased by 6.5% to 3.964 million in the six months to 31 December 2011. Total domestic passenger volume growth was more muted, up 0.9% to 3.130 million. The six-month period saw particularly strong growth out of Singapore, China, Australia and, reflecting the RWC 2011 influence, the major rugby-playing nations of Europe in September and October. New Zealand's outbound travel also increased.

Other airports

Queenstown Airport had another big international passenger volume increase of 30.1% to 118,840. Its domestic volumes reflected increases in air-link capacity also, growing by 3.9% to 399,070.

Cairns Airport experienced good international passenger growth, up 6.7% to 423,735. Its domestic operations reflected the muted Australian domestic tourism market, largely driven by the strong Australian dollar which is motivating outbound international travel, flat at 1.731 million. Mackay Airport bucked the sluggish Australian domestic travel trend, with the booming resources sector continuing to fuel strong domestic growth, up 6.3% to 570,497.

Focus on travel growth

Our passenger numbers highlight the major geopolitical and economic shifts of recent years, which are influencing global travel and trade, and in turn shaping aviation markets. We believe these market shifts are fundamental and will be long-lasting, representing both a challenge and a significant opportunity for Auckland Airport, for the tourism industry and indeed for New Zealand.

The growth in Asia is not a temporary or one-off phenomenon. China is expected to be New Zealand's second most important market for international passenger arrivals, behind Australia, within 12 months. Longer term, Asia's wealth is rapidly expanding, and will be the source of much of the world's middle class during this century.

We have been working hard to play our part in growing New Zealand's tourism industry. Our air-service development efforts have continued to bear fruit. Notably, we saw China Southern Airlines increasing its Auckland to Guangzhou route to a daily service in November 2011 and we saw an increase in Air New Zealand's services to China. There was also an increase in services from Korean Air, a number of new services launched by Jetstar, and the announcement of a second trans-Tasman A380 service from Emirates, due to commence later in 2012.

The New Zealand tourism sector is undergoing a period of transition, in response to flat or declining demand from many traditional longer-haul markets and a surge in demand from faster-growing markets in the Asia-Pacific region. Although there are more visitors to New Zealand than ever before, tourists are tending to stay for shorter periods and hence overall

3.96m

↑ 6.5%

Total international passenger movements at Auckland Airport.

6.7% Increase in international passenger volume in Cairns.

tourism revenues are not growing at the same pace. This reflects the shift in visitation trends from Europe and North America to Asia-Pacific markets.

A key challenge for the sector is therefore to accelerate the profile of the 'new' visitor markets into longer-staying patterns. There are opportunities. For example, the December 2011 Ministry of Economic Development data for international visitors shows the fastest-growing market, China, now ranks the third highest in terms of average spend per night, behind only Japan and Germany. This highlights the value potential to New Zealand if we can extend average visitor stay.

Although Auckland Airport's revenues are geared to visitor numbers, and not to duration of stay, it is clearly in our interests to support a vibrant visitor industry with good sustainable growth and high rates of repeat travel. One of the ways we can assist the growth of longer-stay, higher-value tourism is by encouraging direct air-services to New Zealand, as visitors travelling direct generally stay longer than those who come to New Zealand via Australia.

The aviation industry also continues to reflect global market shifts, with many airlines working hard to find ways to tap into the Asian travel growth phenomenon and the advancing South American economies, through new or expanded air-services, new aircraft, new partnerships and alliances, or new subsidiaries.

> **"We are also focused on ways to tap into new growth opportunities. We will keep exploring new partnerships, business extensions, information sources and technologies as a means of increasing New Zealand's share of growth from these expanding markets."**

At a 'New Zealand Inc.' level, the challenge will be to direct more collective market development resources to where the forecast growth is and where the best 'bang for your buck' can be achieved. Auckland Airport has the opportunity to be a key hub between the dynamic growth economies in Asia and South America. Our location in the Asia Pacific region offers a unique opportunity to take advantage of the increase in travel and trade forecast between Asia and South America and, in doing so, enhances our future economic prospects. Gaining more air connections to high-growth markets will be a critical enabler to that future. For New Zealand to be more internationally competitive, we need to be more internationally connected.

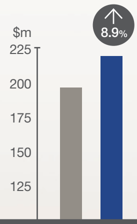
Working in Partnership

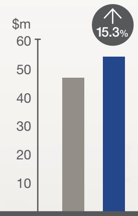
Auckland Airport recognises that it has a critical role in Auckland and New Zealand's future and we wish to ensure that our ability to help our government, tourism industry, export sector and aviation partners achieve their social, environmental and economic goals is maximised. This principle is the foundation of our stakeholder relations, and informs our engagement with local and central government on policy issues, planning matters, regulatory issues, transport concerns and economic development opportunities.

We are pleased to report that our company has constructive relationships in place with all of our key stakeholders.

The wider Auckland Airport community remain key stakeholders. We have maintained a comprehensive and award-winning community relations programme, with a strong focus on sustainability, education, noise mitigation and health. In particular, our sustainability programme was recognised as the only finalist in every category of the national Sustainable 60 Awards, and our annual 12 Days of Christmas saw $120,000 worth of spare change from travellers distributed to 12 worthy recipients.

Financial Highlights





The half-year financial results reflect consistent execution of our growth strategy across all parts of the business.

As outlined in the overview, there was growth in both reported profit, up 5.5% to $69.103 million, and, adjusting for one-off items and non-cash fair value changes, in underlying profit, up 15.0% to $70.791 million for the six months ended 31 December 2011, from the previous corresponding period.

$215.9m

Revenue

Revenue was $215.867 million, up 8.9% on the previous corresponding six-month period. In particular, there was a strong performance from the retail and car-parking businesses, reflecting the use of better performance management technologies, the investment in a high-quality retail environment and strong promotional support, and the development of a wider choice of products and services to meet a variety of market needs and stimulate retail purchasing. Our duty-free partners, JR Duty Free and DFS especially, worked hard to meet market needs and their retail growth affirmed this.

There were also pleasing income increases in both the aeronautical and property businesses, with aeronautical income up 6.0% and the property division's income up 10.0% on the previous period.

$54.5m

Expenses

While there remains a focus on tight management of costs, expenses were up 15.3% to $54.506 million. This was largely the result of expenditure on operational support and maintenance ahead of the RWC 2011, phasing of investment in air-service route development, which will ameliorate in the second half of the year, and an increase in masterplanning activities. Depreciation expenses were $31.751 million, up 10.5% on the previous corresponding period.

$161.4m

6.9%

EBITDAFI for the six months to 31 Dec 2011.

Earnings before interest, taxation, depreciation, fair-value adjustments and investments in associates (EBITDAFI), were up 6.9% to $161.361 million. Earnings per share on underlying profit were 5.3 cents per share for the six months ended 31 December 2011, compared with 4.7 cents per share for the six months ended 31 December 2010.

The balance sheet of the company remains in good shape, with the average debt maturity increasing to 4.88 years as at December 2011. In October 2011, Auckland Airport established a new bank facility and completed a six-year $100 million bond issue, to refinance a $275 million Commonwealth Bank of Australia bank facility.

Share of profit of associates (comprising North Queensland Airports, Queenstown Airport and the Novotel Auckland Airport) was $2.713 million, up 219.9% on the corresponding period, reflecting a significant increase in return from North Queensland Airports, and the commencement of returns from the Novotel Auckland Airport hotel.

North Queensland Airports had an excellent six months, with our shareholding return in cash received relating to the period up 27.1% to AU$4.836 million. This was underpinned by revenue growth of 7.4% to AU$57.320 million, with EBITDAFI up 16.2% to AU$37.513 million. During the six months to 31 December 2011, there was a change in chief executive at North Queensland Airport, with the outgoing Stephen Gregg being replaced by Kevin Brown. Mr Brown brings with him extensive airport management experience, which has included senior positions at BAA's Heathrow, Aberdeen, Southampton and Edinburgh Airports.

Queenstown Airport reported a small decline in profit, down 5.1% on the prior corresponding period to $2.817 million.

While revenue growth was solid, up 9.9% to $8.478 million, and EBITDAFI was up 4.9% to $6.154 million, there was an increase in costs arising from higher aeronautical costs from longer terminal opening hours, increased marketing support to airlines and one-off snow-clearing expenses following two winter 2011 storms. During the half-year reporting period, Queenstown Airport chief executive Steve Sanderson announced his resignation to take up the role of Wellington Airport chief executive. Scott Paterson has been announced as his replacement, bringing a track record in infrastructure and transport, particularly ports.

A Winning Formula

The RWC 2011 was a major operational success at Auckland Airport. Alongside all our airport partners,we delivered a successful, safe and smooth airport experience for many thousands of travellers, fans, players and officials.

> **"The active participation of schools and communities in supporting the arrival of eight of the teams was notable, with the very enthusiastic welcomes for some of the Pacific nation teams helping to get the tournament off to a flying start."**

Photos courtesy of brendonohagan photography

Years of careful planning and investment in facilities saw everyone at the airport helping to play their part in creating the right atmosphere and working together to grow New Zealand's reputation as a great place to visit. Processing time performance was at an excellent level throughout the tournament, even on the peak days. The active participation of schools and communities in supporting the arrival of eight of the teams was notable, with the very enthusiastic welcomes for some of the Pacific nation teams helping to get the tournament off to a flying start.

Financially, we believe that the tournament delivered an additional non-seasonal peak to the business in terms of passenger volumes and retail spend, which we estimate to have delivered a modest one-off boost to the bottom line. However, this impetus is very difficult to assess with any great deal of accuracy, as we are aware of substitution activity around the RWC event in terms of choice of travel timing, and retail spending preferences.

"The processing time performance was maintained at a world-class level throughout the tournament, even on the peak days or when large cruise ship passenger volumes left at the same time. This was all a result of great planning and teamwork."

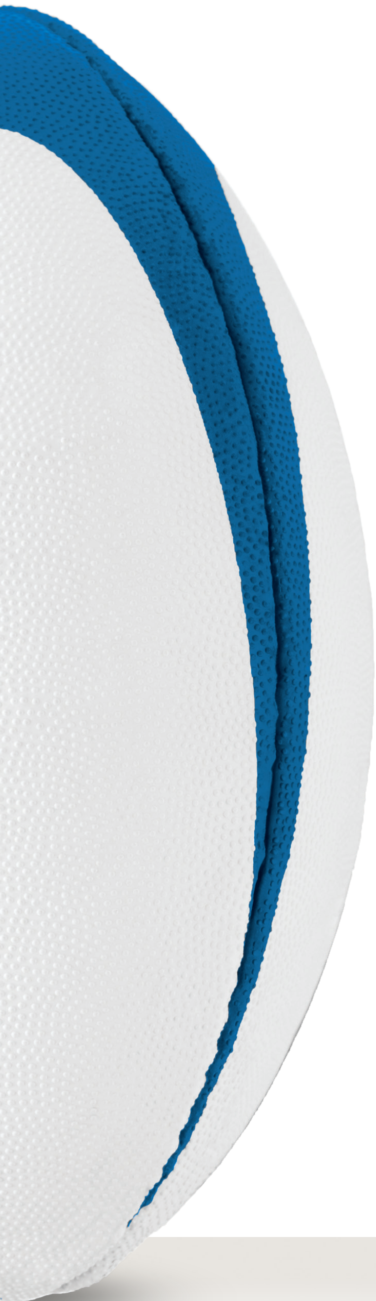
Technology plays its part

The rapid pace of global market changes has been matched by swift technological and behavioural change. In particular, the growing ubiquity of smart mobile devices is driving collaboration between consumers and companies and is influencing behaviour in travel, tourism and trade. The rising prevalence of self-processing technologies, such as SmartGate, is but one example of the applications and benefits. We believe this trend will only accelerate. Auckland Airport has commenced a 'Smart Airport' initiative to understand how these changing dynamics may affect future terminal design, consumer behaviour and marketing approaches.

In the shorter-term, over the six months, we completed the installation of an extra security screening area and machines at the domestic terminal to alleviate congestion issues. We made changes to the domestic and international terminal forecourts to ease congestion, facilitate better traffic flow and make provision for more public transport. Ahead of the RWC 2011, we also invested in a revamp of the international terminal arrivals experience, particularly the airside arrivals corridor and the landside public arrivals hall, and in an upgrade to signage at both terminals.

880K

International arrivals or departures handled by the Airport during RWC 2011.



8

RWC team international arrivals and official acknowledgement ceremonies

3

RWC team international arrivals and immediate domestic transfers

250+

VIP international arrivals and departures

13,000

arriving international passengers processed in a single day on 15 October 2011 by Auckland Airport agencies and airlines

95%

of arriving international passengers processed in under 31 minutes with an average processing time of 15 minutes

21

corporate jets parked on the airfield on 23 October 2011

15,000

departing international passengers processed on the day after the final, 24 October 2011, by Auckland Airport agencies and airlines

7:30AM

the time that stores selling RWC 2011 related products were selling out of stock on 24 October 2011. The Adidas airport store had its busiest day ever. And it wasn't just Kiwis buying All Blacks gear

Photo courtesy of brendonohagan photography

A warm welcome

We all saw the colourful and boisterous support that rugby teams received in the stadiums and on the streets during the RWC 2011. Well, for many of them, it all started with an equally enthusiastic welcome when they walked through the arrival doors at Auckland Airport.

The airport played host to eight arrival events, more than any other New Zealand city and all of which were organised by Auckland Tourism, Events and Economic Development in conjunction with Rugby New Zealand and Auckland Airport.

The excited yet well-behaved crowds consisted of locals, expats and representatives of local business associations and schools who had 'adopted' teams, with country-specific entertainment warming them up to welcome their heroes.

Tonga's arrival was the largest, with thousands of fans turning up. Samoa had the second largest turnout.

All teams were greeted with a powhiri performed by Te Piringa o Makaurau Marae Kapa Haka group.

Property partnerships

While the New Zealand commercial property sector remains relatively quiet, the Auckland Airport property team has consolidated the market position of the Auckland Airport Business District, with a number of projects nearing completion and a new deal agreed to add CEVA, a major global logistics company, to the expanding tenant portfolio. The two airport hotels, the Novotel Auckland Airport and the Formule 1, are performing above expectations, and have proven to be strong additions to our range of products and services. The Novotel Auckland Airport is trading especially well, and the partnership with Tainui Group Holdings and Accor Group is delivering a successful outcome for investors and travellers.

Auckland Airport Proud of RWC Performance

While the tournament was clearly a triumph for the All Blacks, and for New Zealand as a nation, many people helped make the airport 'welcome and farewell' aspects of the event a resounding success for the thousands of fans, teams and officials. Although the Airport dealt with huge numbers of people on some days, nobody 'dropped the ball', and, like the All Blacks, the high performance of all the organisations at the airport was maintained throughout the event.

The list of people to thank was enormous – border agencies, airlines, retailers, food and beverage suppliers, Police, ground-handlers, cleaners, taxi-drivers, RWC 2011, Auckland Council, the volunteers and, of course, the passengers themselves. Everyone at the airport helped play their part in creating a wonderful atmosphere and helped to grow New Zealand's reputation as a great place to visit.

In preparation for RWC 2011, Auckland Airport implemented a programme of approximately 100 activities, working very closely with Police, Customs, MAF Biosecurity, Aviation Security Service, the airlines and RWC 2011.

Farewell to a Visionary

On behalf of the Board of Directors and management team of Auckland Airport, we would like to pay tribute to our friend and fellow Director, Lloyd Morrison, who sadly passed away in early February 2012 following a long illness.

Appointed a director of the Company in 2007, Lloyd challenged our thinking and inspired debate on many important issues, and he was passionate and aspirational about Auckland Airport and its role in New Zealand. He made a significant contribution to Auckland Airport and was a huge advocate for the strategic shift of the Company in recent years that has provided the foundation for our successful results.

Lloyd was widely respected and admired for his vision, passion, courage, and his fierce determination to make New Zealand a better place. Aside from his visionary business leadership and acumen, which included the founding of one of New Zealand's most successful companies, Infratil, Lloyd was a very proud New Zealander who cared deeply about our future and who contributed enormously to many areas of New Zealand society outside of business, including the arts, sport and the environment.

He was relentless in his pursuit of excellence, whatever the endeavour, and encouraged and inspired many others to reach for and achieve their potential. We intend to honour Lloyd's ethos and continue to pursue excellence on behalf of Auckland Airport.

The Board is in the process of considering its succession planning, and will advise outcomes to shareholders when those considerations are complete.

Lloyd Morrison
1957–2012

Further Achievements

Photo courtesy of Air New Zealand

The Future of Flight

Auckland Airport got its first taste of the future of aviation when the Boeing 787-8 – branded the Dreamliner – touched down in November 2011.

Air New Zealand's Chief Pilot Captain David Morgan was on board for the test flight, alongside more than 30 Boeing staff, as they tested the aircraft's performance on its direct flight from Seattle's Boeing Field Airport. The Dreamliner promises improved passenger comfort and 20% greater fuel efficiency, as well as fewer emissions when compared with similar-sized aircraft. It can fly with high cabin pressure, meaning those passengers who have deep vein thrombosis or who become dehydrated will be much more comfortable.

> **"The Dreamliner's arrival is great news for the tourism industry and the economy. The new-generation aircraft is ideally suited for Auckland as a hub and offers reach into several new markets, potentially opening up more of Asia and the Americas to direct services."**

Auckland Airport will first see it in service here next summer season with United Airlines, followed by Jetstar in 2013 and Air New Zealand in 2014.

Enhanced Amenities

The six months saw a number of exciting new amenities and attractions opening up in the Auckland Airport Business District, which will entice both international visitors and Aucklanders, and offer even more good reasons to work at or visit the Airport.

These include:

- A new Szimpla Gastro Bar and kitchen, with Kiwi-chic décor and indoor and outdoor living areas, free WiFi for all customers, and all big sports games shown live
- Rocket Ropes aerial challenge, which has proven popular with families, school groups and businesses – a fun way to build teamwork and to gain confidence
- The opening in August of the first new-build Formule 1 hotel in New Zealand. The 125-room hotel, run by the Accor Group, was a joint project between airport staff and Accor's design team. Formule 1 is Accor's purpose-designed budget brand already well-known in countries across Europe, South America, South Africa and in Australia
- LocknLoad, a new paintball facility that combines the beautiful natural landscape with high-quality action fields to provide nine different high-adrenalin battle zones
- Jamaica Blue – the focus is on a coffee that lifts your mood and revives your spirit. Jamaica Blue began in Australia in 1992, opening their first New Zealand café in 1998
- New art, including a new sculpture at the Airport that will be moved around the Auckland Airport Business District from time to time. "The Pioneer, Maui's bird and the Earthly Star" has been created especially for the airport by Sean Crawford to document and pays homage to the pioneering flights of New Zealand aviation innovator Richard Pearse. The sculpture includes three sheep featuring different shapes made from laser-cut steel components.

And there are many more attractions and amenities coming in 2012!

10,000

Arrivals daily with 6,000 people there to greet them.

OVER **1,000** Registered Lift carpooler numbers; well above the target of 792

0.71kg CO_2 emissions per passenger; well below the 0.81kg target

0.049m³ water use per passenger; down from last year's 0.055m³

Recognition for Our Sustainability Efforts

As it comes to the end of its first five-year action plan, Auckland Airport's fantastic efforts were recognised in the S60 Sustainable Business Awards 2011.

The airport came away with a win in the Strategy and Governance category and a special commendation for being a finalist in all five categories, the only company in the whole country to do so.

Auckland Airport sustainability adviser Martin Fryer says we can now proceed with the next sustainability plan, simply titled 'Auckland Airport 2030', safe in the knowledge that the approach is on the right track.

"What will Auckland Airport look and feel like? How will people travel? What will they demand of Auckland Airport?" he asks. "We will be canvassing views of stakeholders over the next six months to try and produce a vision of sustainable development."

The Sustainable 60 Awards are organised by PricewaterhouseCoopers and Fairfax Media and recognise businesses that are leading the way in sustainable business practice in New Zealand.

This is recognition from our peers involved in sustainable practice throughout New Zealand, which makes it particularly rewarding.

The five award categories were strategy and governance, environment, community, workplace and marketplace.

www.sustainable60.co.nz

New Arrivals Experience

The 10,000 people arriving at Auckland Airport every day and the 6,000 people who greet them will have noticed something different and distinctly Kiwi about the international arrivals areas from September 2011.

For arriving passengers it now starts with the welcoming call of the Karanga as visitors walk through the Māori carving and step into a complete sensory experience. The walls boast a series of beautiful, contemporary New Zealand images complemented by recorded sounds such as cicadas, birdsong, children playing in the sea, sheep, dogs and waves crashing on the shore.

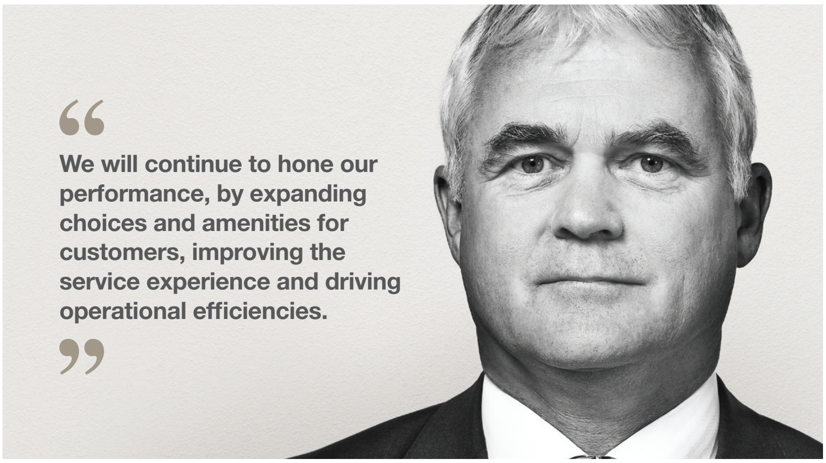
The natural soundtrack is triggered by people moving through the area. Things have also changed on the other side of the doors. Those who are waiting to greet loved ones now have a more pleasant environment in which to spend time.

In addition, brand new digital screens above the doors present moving footage showcasing images of New Zealand.

Looking Ahead

We have a talented and stable team and have a clear vision and strategy. We will maintain our focus on execution of strategy, underpinned by our ethos of making each journey better for passengers, for tenants, for partners and for investors. This is how we intend to capture the value creating opportunities we believe are on offer.

Pictured right are **Joan Withers,** Chair; and **Simon Moutter,** Chief executive



The second half of the 2012 financial year has started well, particularly in terms of passenger volumes, with January 2012 notable for featuring the busiest week for international arrivals and departures ever recorded at the Airport.

At the beginning of the 2012 financial year, we outlined our expectations that the net profit after tax (excluding any fair value changes and other one-off items) would be in the $130 millions. We are firmly on track to meet the higher end of this guidance, subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property, and further volatility in global market conditions or other unforeseeable circumstances.

Reporting on Profit

The importance of reporting on underlying profit

Directors and management of Auckland Airport understand the critical importance of reported profits meeting appropriate accounting standards. In complying with these standards, users must have the confidence that meaningful comparisons between different companies can be made and there is integrity in the reporting approach of an entity.

For several years now, Auckland Airport has referred to underlying profits alongside reported results. We do this when we report our results, when we give market guidance (where fair value changes and other one-off items are excluded) and when we consider dividends. Our dividend policy is to pay 90% of net profit after tax – excluding unrealised gains and losses arising from a revaluation of property, or treasury instruments and other one-off items.

We are very aware also, however, of the current industry debate on the disclosure of non-IFRS financial information and the potential for this to be used to mask poor results.

Merits of this debate notwithstanding, we firmly believe that further financial information, including references to underlying profits, adds valuable additional insight to assist non-professional investors to understand what is happening at Auckland Airport. We believe the underlying profit measure is helpful to investors in understanding the underlying performance of the business and making comparisons of profits between years, without the positive or negative impact of one-off transactions or revaluations.

However, in reporting on underlying profits we also acknowledge our obligation to do so in a principled way. By that, we mean that Auckland Airport will reconcile how we have derived our underlying result, we will provide the information with no greater prominence than reported financial results, and provide it in a consistent way from period to period. We will also include an explanation of why the information is useful to investors and provide unbiased information on the nature of any adjustment.

The table below shows how we reconcile between reported profit after tax and underlying profit after tax for the six months ended 31 December 2011. It also provides the comparative six-month period to 31 December 2010 which is the same as previously reported:

			2011			2010
Profit after tax	**Reported profit $000**	**Adjustments $000**	**Underlying profit $000**	**Reported profit $000**	**Adjustments $000**	**Underlying profit $000**
EBITDAFI per Income Statement	161,361	-	161,361	151,001	-	151,001
Share of profit of associates	2,713	281	2,994	848	-	848
Gain on sale of an associate	-	-	-	1,240	(1,240)	-
Derivative fair value (decreases)/increases	(2,063)	2,063	-	1,364	(1,364)	-
Investment property fair value increases	-	-	-	2,294	(2,294)	-
Depreciation	(31,751)	-	(31,751)	(28,726)	-	(28,726)
Interest expense and other finance costs	(35,012)	-	(35,012)	(35,756)	-	(35,756)
Other taxation expense	(26,145)	(656)	(26,801)	(26,772)	941	(25,831)
Profit after tax	**69,103**	**1,688**	**70,791**	65,493	(3,957)	61,536

We have made the following adjustments to show underlying profit after tax in the 2011 and 2010 financial years:

1. We have reversed out the impact of revaluations of investment property in the 2010 period (a gain of $2.294 million). The 2011 period had no change in the fair value of investment property. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year can be too short for measuring success in this area. Changes between years can be volatile and will therefore affect comparisons. Finally, the amount, being unrealised, is not considered when determining dividends in accordance with the dividend policy or in providing market guidance.
2. In 2011 and 2010, we had a fair value change in a hedge of interest rate risk that may not be hedge accounted. This fair value change, like investment property, is unrealised but will also reverse out over the life of the hedge. That is, as the future benefits or obligations are realised or as the market perception of future interest rates changes, the value of the hedge will change. In the 2010 period, this change was a gain of $1.364 million and in the 2011 period, a loss of $2.063 million.
3. To be consistent we have adjusted the revaluations of hedges of interest rate risk from our associates that are contained within the share of profit of associates in 2011 of $0.281 million.
4. In 2010, we sold an associate (HMSC-AIAL Limited) and made a gain on the sale. This is a one-off transaction that we have reversed out in order to make the comparison to the prior year based on business that is expected to continue.
5. We also adjust for the taxation impacts of the above adjustments in both the 2011 and 2010 period.

Joan Withers
Chair

Simon Moutter
Chief executive

The Numbers

Group interim income statement

for the six months ended 31 December 2011

	Notes	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 June 2011 $000
Income				
Airfield income		39,476	36,653	72,529
Passenger services charge		42,051	39,434	78,760
Terminal services charge		14,353	13,888	28,342
Retail income		61,839	54,809	111,150
Rental income		26,646	25,581	49,927
Rates recoveries		2,236	2,117	4,313
Car park income		18,635	17,132	33,437
Interest income		840	561	1,460
Other income		9,791	8,095	17,805
Total income		215,867	198,270	397,723
Expenses				
Staff	4	17,123	16,356	32,607
Asset management, maintenance and airport operations		18,796	16,275	32,854
Rates and insurance		4,478	3,919	7,829
Marketing and promotions		6,357	4,019	11,751
Other		7,752	6,700	14,453
Total expenses		54,506	47,269	99,494
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)		161,361	151,001	298,229
Share of profit of associates	5	2,713	848	4,755
Gain on sale of associate		-	1,240	1,240
Derivative fair value change		(2,063)	1,364	3,503
Property, plant and equipment revaluation		-	-	(63,465)
Investment property fair value increases	8	-	2,294	21,640
Earnings before interest, taxation and depreciation (EBITDA)		162,011	156,747	265,902
Depreciation		31,751	28,726	56,843
Earnings before interest and taxation (EBIT)		130,260	128,021	209,059
Interest expense and other finance costs		35,012	35,756	70,417
Profit before taxation	3	95,248	92,265	138,642
Taxation expense		26,145	26,772	37,881
Profit after taxation		69,103	65,493	100,761

	Cents	Cents	Cents
Earnings per share:			
Basic and diluted earnings per share	5.22	4.99	7.65

The financial statements for the six-month period 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 full-year financial statements to 30 June 2011 have been audited. The accompanying notes form part of these financial statements.

Group interim statement of comprehensive income

for the six months ended 31 December 2011

	Notes	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 June 2011 $000
Profit for the period		69,103	65,493	100,761
Other comprehensive income				
Property, plant and equipment revaluation reserve:				
Net revaluation movements		-	-	582,698
Tax on the property, plant and equipment revaluation reserve		475	111	(47,548)
Total property, plant and equipment revaluation reserve movement		475	111	535,150
Movement in foreign currency translation reserve		620	8,192	6,102
Movement in share-based payments		-	3	7
Movement in share of reserves of associate	5	(6,103)	703	(481)
Cash flow hedges:				
Fair value (losses) recognised in the cash flow hedge reserve		(15,916)	(8,234)	(16,198)
Losses transferred to the income statement		6,220	9,754	13,733
Tax effect of movements in the cash flow hedge reserve		2,715	(425)	690
Total cash flow hedge movement		(6,981)	1,095	(1,775)
Total other comprehensive income		(11,989)	10,104	539,003
Total comprehensive income for the period, net of tax attributable to the owners of the parent		57,114	75,597	639,764

The financial statements for the six-month period 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 full-year financial statements to 30 June 2011 have been audited. The accompanying notes form part of these financial statements.

Group interim statement of changes in equity

for the six months ended 31 December 2011

	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	Share of reserves of associates $000	Foreign currency translation reserve $000	Retained earnings $000	Total $000
At 1 July 2011		338,386	(161,304)	2,149,731	913	(20,674)	(1,683)	3,755	158,407	2,467,531
Profit for the period		-	-	-	-	-	-	-	69,103	69,103
Other comprehensive income/(loss)		-	-	475	-	(6,981)	(6,103)	620	-	(11,989)
Total comprehensive income/(loss)		-	-	475	-	(6,981)	(6,103)	620	69,103	57,114
Reclassification to retained earnings		-	-	(1,573)	-	-	-	-	1,573	-
Shares issued	9	10,723	-	-	-	-	-	-	-	10,723
Share buy-back	9	(583)	(10,299)	-	-	-	-	-	-	(10,882)
Dividend paid	6	-	-	-	-	-	-	-	(62,163)	(62,163)
At 31 December 2011		348,526	(171,603)	2,148,633	913	(27,655)	(7,786)	4,375	166,920	2,462,323

	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	Share of reserves of associates $000	Foreign currency translation reserve $000	Retained earnings $000	Total $000
At 1 July 2010		313,245	(161,304)	1,632,764	906	(18,899)	(1,202)	(2,347)	150,471	1,913,634
Profit for the period		-	-	-	-	-	-	-	65,493	65,493
Other comprehensive income/(loss)		-	-	111	3	1,095	703	8,192	-	10,104
Total comprehensive income/(loss)		-	-	111	3	1,095	703	8,192	65,493	75,597
Reclassification to retained earnings		-	-	(1,579)	-	-	-	-	1,579	-
Shares issued	9	15,249	-	-	-	-	-	-	-	15,249
Dividend paid	6	-	-	-	-	-	-	-	(58,582)	(58,582)
At 31 December 2010		328,494	(161,304)	1,631,296	909	(17,804)	(499)	5,845	158,961	1,945,898

The financial statements for the six-month period 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 full-year financial statements to 30 June 2011 have been audited. The accompanying notes form part of these financial statements.

Group interim statement of changes in equity continued

for the six months ended 31 December 2011

	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	Share of reserves of associates $000	Foreign currency translation reserve $000	Retained earnings $000	Total $000
At 1 July 2010		313,245	(161,304)	1,632,764	906	(18,899)	(1,202)	(2,347)	150,471	1,913,634
Profit for the period		-	-	-	-	-	-	-	100,761	100,761
Other comprehensive income/(loss)		-	-	535,150	7	(1,775)	(481)	6,102	-	539,003
Total comprehensive income/(loss)		-	-	535,150	7	(1,775)	(481)	6,102	100,761	639,764
Reclassification to retained earnings		-	-	(18,183)	-	-	-	-	18,183	-
Shares issued	9	25,141	-	-	-	-	-	-	-	25,141
Dividend paid	6	-	-	-	-	-	-	-	(111,008)	(111,008)
At 30 June 2011		338,386	(161,304)	2,149,731	913	(20,674)	(1,683)	3,755	158,407	2,467,531

The financial statements for the six-month period 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 full-year financial statements to 30 June 2011 have been audited. The accompanying notes form part of these financial statements.

Group interim statement of financial position

as at 31 December 2011

	Notes	As at 31 Dec 2011 $000	As at 31 Dec 2010 $000	As at 30 Jun 2011 $000
Non-current assets				
Property, plant and equipment	7	3,026,016	2,515,127	3,035,420
Investment properties	8	557,733	505,615	546,232
Investment in associates	5	191,692	201,810	197,635
Derivative financial instruments		27,847	5,504	8,687
Other non-current assets		-	775	775
		3,803,288	3,228,831	3,788,749
Current assets				
Cash		36,564	27,186	46,146
Inventories		10	72	67
Prepayments		6,811	5,924	4,941
Accounts receivable		18,393	21,956	20,476
Dividend receivable		-	4,937	3,820
Derivative financial instruments		-	2,899	2,011
		61,778	62,974	77,461
Total assets		3,865,066	3,291,805	3,866,210

The financial statements for the six-month period 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 full-year financial statements to 30 June 2011 have been audited. The accompanying notes form part of these financial statements.

Group interim statement of financial position continued

as at 31 December 2011

	Notes	As at 31 Dec 2011 $000	As at 31 Dec 2010 $000	As at 30 Jun 2011 $000
Shareholders' equity				
Issued and paid-up capital	9	348,526	328,494	338,386
Cancelled share reserve		(171,603)	(161,304)	(161,304)
Property, plant and equipment revaluation reserve		2,148,633	1,631,296	2,149,731
Share-based payments reserve		913	909	913
Cash flow hedge reserve		(27,655)	(17,804)	(20,674)
Share of reserves of associates		(7,786)	(499)	(1,683)
Foreign currency translation reserve		4,375	5,845	3,755
Retained earnings		166,920	158,961	158,407
		2,462,323	1,945,898	2,467,531
Non-current liabilities				
Term borrowings	10	906,503	800,314	652,640
Derivative financial instruments		32,930	33,288	41,146
Deferred tax liability		199,909	172,303	205,112
Other term liabilities		699	720	707
		1,140,041	1,006,625	899,605
Current liabilities				
Accounts payable and accruals		51,696	47,189	52,775
Taxation payable		304	4,188	10,277
Derivative financial instruments		2,658	4,699	2,784
Short-term borrowings	10	206,799	283,057	432,006
Provisions		1,245	149	1,232
		262,702	339,282	499,074
Total equity and liabilities		3,865,066	3,291,805	3,866,210

The financial statements for the six-month period 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 full-year financial statements to 30 June 2011 have been audited. The accompanying notes form part of these financial statements.

Group interim cash flow statement

for the six months ended 31 December 2011

	Notes	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 June 2011 $000
Cash flow from operating activities				
Cash was provided from:				
Receipts from customers		217,757	193,738	393,563
Interest received		840	561	1,460
		218,597	194,299	395,023
Cash was applied to:				
Payments to suppliers and employees		(52,785)	(45,218)	(99,890)
Income tax paid		(38,131)	(31,388)	(50,142)
Other taxes paid		(100)	(134)	(289)
Interest paid		(33,347)	(35,329)	(69,761)
		(124,363)	(112,069)	(220,082)
Net cash flow from operating activities	11	94,234	82,230	174,941
Cash flow from investing activities				
Cash was provided from:				
Proceeds from sale of assets		-	14	30
Proceeds from sale of investment in associate		-	8,022	8,022
Proceeds from settlement of net investment hedge		101	556	902
Dividends from associates		8,449	3,719	8,656
		8,550	12,311	17,610
Cash was applied to:				
Purchase of property, plant and equipment		(22,060)	(15,473)	(35,595)
Interest paid – capitalised		(504)	(584)	(1,197)
Expenditure on investment properties		(17,291)	(12,505)	(31,587)
Investment in associates		-	(31,512)	(31,511)
		(39,855)	(60,074)	(99,890)
Net cash applied to investing activities		(31,305)	(47,763)	(82,280)
Cash flow from financing activities				
Cash was provided from:				
Increase in share capital	9	10,723	15,249	25,141
Increase in borrowings		879,608	1,576,000	2,186,300
		890,331	1,591,249	2,211,411
Cash was applied to:				
Share buy-back		(10,882)	-	-
Decrease in borrowings		(889,797)	(1,576,000)	(2,183,000)
Dividends paid	6	(62,163)	(58,582)	(111,008)
		(962,842)	1,634,582	(2,294,008)
Net cash flow applied (to)/from financing activities		(72,511)	(43,333)	(82,567)
Net increase/(decrease) in cash held		(9,582)	(8,866)	10,094
Opening cash brought forward		46,146	36,052	36,052
Ending cash carried forward		36,564	27,186	46,146

The financial statements for the six-month period 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 full-year financial statements to 30 June 2011 have been audited. The accompanying notes form part of these financial statements.

Notes and accounting policies

for the six months ended 31 December 2011

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 International 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, its subsidiaries and associates (the 'group'). The subsidiaries consist of Auckland Airport Limited, Auckland Airport Holdings Limited and Auckland Airport Holdings (No. 2) Limited.

Auckland Airport provides airport facilities and supporting infrastructure in Auckland, New Zealand. The group earns revenue from aeronautical activities, on-airport retail concessionaires and car-parking facilities, stand-alone 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, in Queenstown Airport in New Zealand, and also in the Tainui Auckland Airport Hotel Limited Partnership.

These interim consolidated statements were authorised for issue in accordance with a resolution of the directors on 29 February 2012.

2. Summary of significant accounting policies

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

The interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993. 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 2011 ('2011 Annual Report').

The accounting policies set out in the 2011 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 and presentation of the financial report:

- *Harmonisation Amendments* are effective for annual reporting periods beginning on or after 1 July 2011 and amend multiple standards to harmonise New Zealand equivalents to International Financial Reporting Standards with International Financial Reporting Standards and Australian Accounting Standards. The *Harmonisation Amendments* should be read in conjunction with *FRS-44 New Zealand Additional Disclosures* ('FRS-44') which sets out the New Zealand-specific disclosure requirements that are in addition to requirements in International Financial Reporting Standards which have been relocated to the separate disclosure standard. The effective date of the amendments is also for annual reporting periods beginning on or after 1 July 2011. The group has applied the amendments and there has been no material impact from the application of these amendments.
- *Improvements to NZ IFRS 2010* is effective for annual reporting periods beginning on or after 1 January 2011 and includes amendments to various standards including NZ IAS 34. Adoption of these improvements has not resulted in any change to the group's reported results or financial position. The improvements require additional disclosure in the interim financial statements on financial risk management which is shown in Note 12.

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. Interest income and expenditure, taxation and depreciation 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 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.

Notes and accounting policies continued

for the six months ended 31 December 2011

Six months ended 31 December 2011	Aeronautical $000	Retail $000	Property $000	Total $000
Total segment income	108,880	84,744	19,561	213,185
Total segment expenses	33,653	6,443	4,903	44,999
Segment earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (Segment EBITDAFI)	75,227	78,301	14,658	168,186
Investment property fair value increases	-	-	-	-
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	75,227	78,301	14,658	168,186

Six months ended 31 December 2010	Aeronautical $000	Retail $000	Property $000	Total $000
Total segment income	102,678	75,623	17,789	196,090
Total segment expenses	27,949	5,163	3,543	36,655
Segment earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (Segment EBITDAFI)	74,729	70,460	14,246	159,435
Gain on sale of an associate	-	1,240	-	1,240
Investment property fair value increases	-	-	2,294	2,294
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	74,729	71,700	16,540	162,969

Year ended 30 June 2011	Aeronautical $000	Retail $000	Property $000	Total $000
Total segment income	204,183	152,162	36,008	392,353
Total segment expenses	60,792	11,135	7,414	79,341
Segment earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (Segment EBITDAFI)	143,391	141,027	28,594	313,012
Gain on sale of an associate	-	1,240	-	1,240
Investment property fair value increases	-	-	21,640	21,640
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	143,391	142,267	50,234	335,892

Income reported above represents revenue generated from external customers. There was no inter-segment income for the six months ended 31 December 2011 (31 December 2010: $nil; 30 June 2011: $nil). The composition of the aeronautical segment has changed in the year ended 30 June 2011 to include aeronautical business development expenditure. This change reflects the approach of the chief executive in assessing performance by matching aeronautical expenditure for business development to the revenues earned by the aeronautical division. The six months ended 31 December 2010 has also been restated to reflect this change.

Notes and accounting policies continued

for the six months ended 31 December 2011

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

	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 Jun 2011 $000
Segment EBITDA	168,186	162,969	335,892
Unallocated external operating income from continuing operations	2,682	2,179	5,368
Unallocated operating expenses from continuing operations	(9,507)	(10,613)	(20,151)
Share of profit of unallocated associates	2,713	848	4,755
Derivative fair value increase/(decrease)	(2,063)	1,364	3,503
Property, plant and equipment fair value movements	-	-	(63,465)
Depreciation	(31,751)	(28,726)	(56,843)
Interest expense and other finance costs	(35,012)	(35,756)	(70,417)
Profit before taxation	95,248	92,265	138,642

The income included in unallocated external operating income from continuing operations consists mainly of interest from third party financial institutions and income from telecommunication services.

4. Staff expenses

	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 Jun 2011 $000
Staff expenses comprise:			
Salaries and wages	13,389	12,655	25,926
Other employee benefits	1,098	1,428	3,004
Share-based payment	690	660	753
Defined contribution superannuation	402	338	697
Other staff costs	1,544	1,275	2,227
	17,123	16,356	32,607

Notes and accounting policies continued

for the six months ended 31 December 2011

5. Investment in associates

Movement in the group's carrying amount of investments in associates:

	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 Jun 2011 $000
Investment in associates at 1 July	197,635	168,649	168,649
New investments in associates	-	31,513	31,513
Disposals of investments in associates	-	(6,782)	(6,782)
Share of profit after tax of associates	2,713	848	4,755
Share of reserves of associates	(6,103)	703	(481)
Share of dividends received	(4,667)	(4,937)	(8,756)
Foreign currency translation	2,114	11,816	8,737
Investment in associates at end of the period	191,692	201,810	197,635

The carrying value of investments in associates in the Auckland Airport interim financial statements is outlined below:

	31 Dec 2011 $000	31 Dec 2010 $000	30 Jun 2011 $000
Tainui Auckland Airport Hotel Limited Partnership	6,334	6,200	6,221
Stapled Securities of North Queensland Airports Limited	156,502	166,788	162,316
Queenstown Airport Corporation Limited	28,856	28,822	29,098
	191,692	201,810	197,635

6. Distribution to shareholders

	Dividend payment date	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 Jun 2011 $000
2010 final dividend of 4.45 cps	22 October 2010	-	58,582	58,305
2011 interim dividend of 4.00 cps	1 April 2011	-	-	52,703
2011 final dividend of 4.70 cps	21 October 2011	62,163	-	-
Total dividends paid		62,163	58,582	111,008

The interim and final dividends relating to the 2011 financial year total 8.70 cents per share (2010: 8.20 cents per share).

Notes and accounting policies continued

for the six months ended 31 December 2011

7. Property, plant and equipment

	Land $000	Buildings and services $000	Infrastructure $000	Runway, taxiways and aprons $000	Vehicles, plant and equipment $000	Total $000
At 31 December 2011						
At fair value	1,908,713	519,156	283,189	276,958	-	2,988,016
At cost	-	-	-	-	63,726	63,726
Work in progress at cost	-	9,239	3,847	34,886	906	48,878
Accumulated depreciation	-	(16,763)	(5,437)	(6,368)	(46,036)	(74,604)
Net carrying amount	1,908,713	511,632	281,599	305,476	18,596	3,026,016
Additions for the six months ended 31 December 2011 included above	-	10,070	6,808	4,702	1,481	23,061
At 31 December 2010						
At fair value	1,498,579	643,271	257,975	265,839	-	2,665,664
At cost	-	-	-	-	61,805	61,805
Work in progress at cost	-	2,045	1,641	27,535	810	32,031
Accumulated depreciation	-	(115,141)	(39,069)	(47,511)	(42,652)	(244,373)
Net carrying amount	1,498,579	530,175	220,547	245,863	19,963	2,515,127
Additions for the six months ended 31 December 2010 included above	-	8,569	(9)	222	2,248	11,030
At 30 June 2011						
At fair value	1,909,347	510,834	278,596	276,928	-	2,975,705
At cost	-	-	-	-	62,083	62,803
Work in progress at cost	-	7,491	1,430	30,213	1,151	40,285
Accumulated depreciation	-	-	-	-	(42,653)	(42,653)
Net carrying amount	1,909,347	518,325	280,026	307,141	20,581	3,035,420
Additions for the 12 months ended 30 June 2011 included above	-	12,960	6,206	6,884	8,860	34,730

Land and commercial properties were independently valued by Colliers International Limited and Seagar & Partners (Auckland) Limited, 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 2011 there was no significant change in fair value.

Notes and accounting policies continued

for the six months ended 31 December 2011

8. Investment properties

	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 Jun 2011 $000
Balance at the beginning of the year	546,232	490,131	490,131
Additions	10,868	13,160	40,042
Transfers	633	30	(5,581)
Investment properties net revaluations	-	2,294	21,640
Balance at the end of the year	557,733	505,615	546,232

Auckland Airport's accounting policy is for investment property to be measured at fair value, which reflects market conditions at the reporting date. To determine fair value, the company commissions investment property valuations at least annually by independent registered valuers. Investment properties were last valued by independent valuers as at 30 June 2011. Full valuations were not sought at 31 December 2011 or 31 December 2010.

At 31 December 2011 and 31 December 2010 a valuation 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 CB Richard Ellis Limited. The valuation reviews and market data provided by CB Richard Ellis Limited at 31 December 2011 and 31 December 2010 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 2010, an independent review of five investment properties under construction was performed by registered valuers CB Richard Ellis Limited and Jones Lang LaSalle Limited. That review at 31 December 2010 concluded that there was an increase of $2.294 million in the fair value of those investment properties. There was no independent review of properties under construction at 31 December 2011 as the carrying value of the two properties under construction approximates fair value as the properties are in the early stages of construction.

A full independent valuation of the investment property portfolio was performed by Seagar & Partners (Auckland) Limited, Colliers International Limited, CB Richard Ellis Limited and Jones Lang LaSalle Limited registered valuers and industry specialists as at 30 June 2011. 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. This full independent valuation resulted in a $21.640 million increase in the fair value of investment properties.

Notes and accounting policies continued

for the six months ended 31 December 2011

9. Issued and paid-up capital

	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 Jun 2011 $000
Opening issued and paid-up capital at 1 July	338,386	313,245	313,245
Shares allocated to employees by employee share scheme	2	16	18
Shares issued under the dividend reinvestment plan	10,721	15,233	25,123
Share purchased through an on-market share buy-back	(583)	-	-
Closing issued and paid-up capital	348,526	328,494	338,386

	6 months 31 Dec 2011 Shares	6 months 31 Dec 2010 Shares	12 months 30 Jun 2011 Shares
Opening number of shares issued at 1 July	1,322,158,245	1,309,974,587	1,309,974,587
Shares allocated to employees by employee share scheme	1,500	10,500	12,000
Shares issued under the dividend reinvestment plan	4,665,700	7,605,956	12,171,658
Shares purchased through an on-market share buy-back	(4,665,700)	-	-
Closing number of shares issued	1,322,159,745	1,317,591,043	1,322,158,245

On 12 October 2011 the company announced it would undertake an on-market buy-back of its ordinary shares. The purpose of the share buy-back was to eliminate the dilutionary impact of shares issued pursuant to the dividend reinvestment plan for the dividend of 4.70 cents per ordinary share payable on 21 October 2011. During the period to 31 December the company completed the share buy-back and purchased a total of 4,665,700 ordinary shares, matching exactly the shares issued under the dividend reinvestment plan, at a total cost of $10.882 million. All of the shares acquired under the buy-back have been cancelled. The total buy-back cost of $10.882 million was applied against issued and paid-up capital for $0.583 million, representing the estimated share capital attributable to the shares purchased, and the balance of $10.299 million against the cancelled share reserve.

Notes and accounting policies continued

for the six months ended 31 December 2011

10. Borrowings

	31 Dec 2011 $000	31 Dec 2010 $000	30 Jun 2011 $000
Current			
Commercial paper	81,799	81,765	81,803
Bank facility	75,000	125,000	275,000
Floating rate notes	-	5,000	5,000
Bonds	50,000	71,292	70,203
Total short-term borrowings	206,799	283,057	432,006
Non-current			
Bank facilities	152,000	325,000	52,000
Floating rate notes	-	-	-
Bonds	538,950	483,421	484,429
USPP notes	215,553	(8,107)	116,211
Total term borrowings	906,503	800,314	652,640
Total			
Commercial paper	81,799	81,765	81,803
Bank facilities	227,000	450,000	327,000
Floating rate notes	-	5,000	5,000
Bonds	588,950	554,713	554,632
USPP notes	215,553	(8,107)	116,211
Total borrowings	1,113,302	1,083,371	1,084,646

Notes and accounting policies continued

for the six months ended 31 December 2011

The group utilises a mixture of term bonds, US private placement notes, bank facilities, floating rate notes, money market facilities and commercial paper to provide its ongoing debt requirements. There were no defaults or breaches on any of the borrowing facilities in the current period (31 December 2010: nil; 30 June 2011: nil). The directors are confident that short-term borrowings will be refinanced at maturity.

US private placement

In December 2010, the group agreed terms on a total of US$150 million in the US Private Placement (USPP) market to refinance the bank facility which matured in March 2011 and the floating rate notes and fixed bonds which matured in July 2011. The USPP issuance is made up of three tranches of US$50 million each. The tranches are a 4.42% coupon 10-year note and a 4.57% coupon 12-year note which were drawn in February 2011 and a 4.67% coupon 10-year note drawn in July 2011. Three cross-currency interest rate swaps were also entered into at the same time to swap the US$ principal and fixed coupon obligations to NZ$ floating interest rates. These facilities were all drawn as at 31 December 2011, and are recorded on the balance sheet at their fair value including translation to NZ$ at the spot rate as at 31 December 2011.

Bank facilities

In October 2011, the company established a new dual tranche multi-currency bank facility provided by Commonwealth Bank of Australia with a maturity date of 31 January 2015, comprising a NZ$135 million facility (Facility A) and a AU$40 million facility (Facility B). Facility A will be used to repay and replace part of the $275 million bank facility which matures on 31 January 2012. As at 31 December 2011, $75 million was outstanding on the maturing bank facility which was repaid during January 2012, and $100 million had been drawn down under the new Facility A. Facility B remains undrawn as at 31 December 2011, but was drawn down in January 2012 and used as a partial natural hedge against the company's investment in North Queensland Airports (NQA).

During December 2009, the company established a bilateral $150 million standby bank facility provided by Bank of Tokyo-Mitsubishi UFJ with an original maturity date of 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 November 2011 the company extended the expiration of this bank facility to 10 March 2016.

In March 2008, the company established a cash advances facility agreement with a syndicate of banks for $350 million. The company has repaid $250 million of the facilities and the remaining facility is $100 million which matures in March 2013 and of which $52 million is drawn as at 31 December 2011.

In December 2005, the company established a $275 million, five-year bank facility with Commonwealth Bank of Australia. The facility contains a term debt facility of $100 million and a revolving cash advances facility of $175 million. In February 2007, the company extended the expiration of this bank facility to 31 January 2012. In October 2011, the company repaid the term debt facility of $100 million with proceeds from a new bond issuance and between October and December 2011 has repaid and cancelled $100 million of the revolving cash advances facility with proceeds from the dual tranche multi-currency bank facility. The balance on the maturing facility is $75 million as at 31 December 2011, which has subsequently been repaid during January 2012.

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

Term bonds

In July 2011, the $70 million 6.83% fixed rate bonds matured and were repaid, along with the floating rate notes, with proceeds from the USPP issuance.

In October 2011, the company raised $100 million through a public bond issue. The bonds are unsecured and unsubordinated and pay interest at a fixed rate of 5.47% with a maturity of 17 October 2017.

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

Floating rate notes

In July 2011, the $5 million floating rate notes matured and were repaid, along with the fixed rate bonds, with proceeds from the USPP issuance.

Notes and accounting policies continued

for the six months ended 31 December 2011

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

	6 months 31 Dec 2011 $000	6 months 31 Dec 2010 $000	12 months 30 Jun 2011 $000
Profit after taxation	69,103	65,493	100,761
Non-cash items:			
Depreciation	31,751	28,726	56,843
Bad debts and doubtful debts	(267)	60	82
Provision for loan write-off	775	-	-
Deferred taxation expense	(2,013)	(94)	(13,828)
Share-based payments expense	-	3	7
Equity-accounted earnings from associates	(2,713)	(848)	(4,755)
Derivative fair value increase	2,063	(1,364)	(3,503)
Investment property fair value increase	-	(2,294)	(21,640)
Property, plant and equipment fair value decrease/(increase)	-	-	63,465
Items not classified as operating activities:			
(Gain)/loss on asset disposals	-	(14)	114
(Increase)/decrease in provisions and property, plant and equipment and investment property retentions and payables	6,006	4,385	(6,392)
Gain on sale of associate	-	(1,240)	(1,240)
Movement in working capital:			
(Increase)/decrease in current assets	537	(6,642)	(4,166)
(Increase)/decrease in taxation payable	(9,973)	(4,522)	1,568
Increase/(decrease) in accounts payable	(1,027)	391	7,448
Increase/(decrease) in other term liabilities	(8)	190	177
Net cash flow from operating activities	94,234	82,230	174,941

Notes and accounting policies continued

for the six months ended 31 December 2011

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 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 2011. Further information on risk management is also contained in the corporate governance section of the 2011 Annual Report.

There have been no significant changes in the financial risk management objectives and policies since 30 June 2011.

In the period to 31 December 2011 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.

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 fair value of these instruments is determined by using valuation techniques. 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 2011.

There have been no reclassifications of financial assets since 30 June 2011.

13. Commitments

(a) Property, plant and equipment commitments

The company had contractual obligations to suppliers to purchase or develop property, plant and equipment for $10.853 million at 31 December 2011 (31 December 2010: $10.068 million; 30 June 2011: $17.522 million).

(b) Investment property commitments

The company had contractual obligations to suppliers to purchase or develop investment property for $14.921 million at 31 December 2011 (31 December 2010: $25.344 million; 30 June 2011: $3.431 million). The company has further contractual obligations to tenants to purchase or develop investment property, not yet contracted to be supplied, of $0.976 million at balance date (31 December 2010: $1.661 million; 30 June 2011: $10.000 million).

Notes and accounting policies continued

for the six months ended 31 December 2011

14. 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. Construction of the second runway had commenced but on 28 August 2009, Auckland Airport announced that this construction had been deferred. Auckland Airport continues to consult with the airline industry and review capacity management on the existing runway to estimate the optimal time to recommence the construction of a second runway. At this time, the company plans to continue to defer the construction of the second runway for a further period.

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 but does extend to new public schools. 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 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 $10.0 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 and pricing consultation is currently under way for the period commencing 1 July 2012.

Contingent tax liability

Subsequent to period end the company was issued with a Notice of Proposed Adjustment (‘NOPA’) from the New Zealand Inland Revenue Department (‘IRD’). The NOPA disputes the deductibility of certain costs claimed by the company in the 2008, 2009 and 2010 income tax years. The costs relate to litigation costs in defending a claim under the Public Works Act and takeover costs relating to obligations incurred under the Takeovers Code. These primarily related to the merger proposals by Dubai Aerospace Enterprises and the Canadian Pension Plan Investment Board. The total value of the disputed claimed deduction is $11.391 million with potential income tax liability of $3.755 million, excluding potential IRD Use of Money Interest.

The company and its independent expert advisers consider these costs deductible. Auckland Airport proposes to dispute the NOPA issued by the IRD.

15. Related party transactions

All trading with related parties, excluding 100%-owned subsidiaries, including and not limited to licence fees, rentals and other sundry charges, has been made on an arm’s-length commercial basis, without special privileges.

North Queensland Airports is an associate entity of the company. During the six-month period ended 31 December 2011, Auckland Airport received directors fees’ of $0.156 million (31 December 2010: $0.101 million; year ended 30 June 2011: $0.206 million) for the provision of two of Auckland Airport’s senior management staff who are on the board 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 a dividend of AU$12.000 million during the six-month period to 31 December 2011 (31 December 2010: AU$15.500 million; year ended 30 June 2011: AU$27.500 million). The group’s share of the dividend is AU$2.946 million (NZ$3.844 million) (31 December 2010: AU$3.805 million, NZ$4.937 million; year ended 30 June 2011: AU$6.751 million, NZ$8.757 million). Subsequent to the period end, the directors of North Queensland Airport declared a further dividend of AU$7.700 million for the quarter ended 31 December 2011, which was received on 7 February 2012. The group’s share of the dividend was AU$1.890 million (NZ$2.481 million).

The Tainui Auckland Airport Limited Partnership is an associate entity of the company. During the six-month period ended 31 December 2011, the group received rental income of $0.143 million (31 December 2010: $nil; year ended 30 June 2011: $0.098 million). In addition to this, two of Auckland Airport’s senior management staff are directors on the board of the Tainui Auckland Airport Hotel GP Limited, the general partner of the Limited Partnership. No directors 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. Subsequent to period end, on 3 February 2012 the directors of Tainui Auckland Airport Hotel GP Limited returned $0.240 million of equity to the group (31 December 2010: $nil; year ended 30 Jun 2011: $nil).

Queenstown Airport is an associate entity of the company. During the six-month period ended 31 December 2011, an Auckland Airport engineer was seconded to Queenstown Airport and fees of $0.022 million were received in relation to this secondment (31 December 2010: $nil; year ended 30 June 2011: $nil). On 22 August 2011, the directors of Queenstown Airport declared a dividend of $3.288 million. The group’s share of the dividend was $0.822 million, which was received on 31 August 2011. There have been no other material monetary transactions between the entities; however, services have been provided by Auckland Airport in accordance with a Strategic Alliance Agreement, utilising the skills, expertise and experience of

Notes and accounting policies continued

for the six months ended 31 December 2011

some of Auckland Airport's management staff to help protect and grow Auckland Airport's investment in Queenstown. Subsequent to the period end the directors of Queenstown Airport declared a further dividend of $1.000 million for the six months ended 31 December 2011. The group's share of the dividend was $ 0.250 million, which was received on 31 January 2012.

Auckland Council's shareholding of Auckland Airport exceeds 20% as such accounting standard NZ IAS 24 requires that transactions with Auckland Council be treated as related party transactions. For the six-month period ended 31 December 2011, rates of $3.369 million (31 December 2010: $3.025 million; year ended 30 June 2011: $6.025 million) and compliance, consent costs and other local government regulatory obligations of $0.175 million (31 December 2010: $0.323 million; for the year ended 30 June 2011: $0.480 million) were incurred. Auckland Airport also has a grounds maintenance contract with City Park Services, a commercial business of Auckland Council. In the period ended 31 December 2011, grounds maintenance costs of $0.886 million (31 December 2010: $0.672 million; year ended 30 June 2011: $1.576 million) were incurred.

On 28 October 2010, Auckland Airport and Manukau City Council came to an agreement whereby the company agreed to vest approximately 24 hectares of land in the north of the airport to the Council as public open space for consideration of approximately $4.092 million. The vesting of the land will be triggered when building development in that precinct achieves certain levels. The same agreement also rationalised the road network within the airport with some roads to be exchanged between the parties and some roads to be acquired by Auckland Airport for approximately $3.109 million. These transactions are not complete as at 31 December 2011 and the obligations and benefits of the agreement relating to Manukau City Council now rest with Auckland Council.

No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

For the period ended 31 December 2011, the Group has not made any allowance for impairment loss relating to amounts owed by related parties (31 December 2010: $nil; 30 June 2011: $nil).

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

16. Events subsequent to balance date

Interim dividend

On 29 February 2012, the directors approved the payment of an interim dividend of 4.4 cents per share, amounting to $58.193 million to be paid on 2 April 2012.

Long-term incentive

A minor error has been identified in the calculation of the initial fair value of the cash-settled phantom plans at grant date for the phantom option plans issued in the 2009 and 2010 calendar years. The initial valuation used the cost of equity as the hurdle rate for the phantom option valuation instead of the hurdle rate provided for in the plan of cost of equity plus 1%. The correction of the error will result in the number of phantom options granted to each participating executive increasing from the number disclosed in the 2011 Annual Report but will not materially change the provision recognised in the financial statements. As at 31 December 2011, the fair value of the cash-settled phantom option plans for all participating executives is $3.000 million (31 December 2010: $2.500 million; 30 June 2011: $2.600 million).

Review Report

Deloitte.

To the Shareholders of Auckland International Airport Limited

We have reviewed the consolidated interim financial statements on pages 20 to 39. 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 2011. This information is stated in accordance with the accounting policies referred to on page 27.

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 2011 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 2011 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

Other than in our capacity as auditors under the Companies Act 1993, AGM vote scrutineer assistance and the provision of taxation advice, we have no relationship with or interests in Auckland International Airport Limited or its subsidiaries.

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 20 to 39 do not present fairly the financial position of the Group as at 31 December 2011 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 29 February 2012 and our review opinion is expressed as at that date.

Deloitte

Chartered Accountants
AUCKLAND, NEW ZEALAND

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.

Printed version
Media Coated is an elemental chlorine free (ECF) paper made up of FSC fibre and pulp derived from tree farms. It is manufactured under environmental management system ISO 14001 and the Eco-management and Audit Scheme (EMAS).

Advance Laser is produced using ECF pulp sourced from Farmed Eucalyptus trees and manufactured under the strict ISO 14001 Environmental Management System.

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