Media Release | 21 February 2013

Auckland Airport announces financial results for half-year ending 31 December 2012

- **Reported profit and underlying profit both up**
- **Ambitious growth strategy still driving success**
- **Interim dividend increased**
- **Modest uplift in full-year guidance**

Auckland Airport is pleased to record a solid interim result for the six-month period up to 31 December 2012. This continues a run of three consecutive years of profit increase, driven by an ambitious growth strategy and improved operating leverage.

Reported profit after tax for the six-months was up 11.3% to $76.910 million, while underlying profit after tax was up 7.5% to $76.090 million. Total revenue was up 3.6% to $223.552 million, while expenses, excluding depreciation and interest costs, were $57.191 million, up 4.9%.

Shareholders have also benefited from an increase in dividend policy to 100% of net profit after tax, and a more even balance between the interim and final dividends, better reflecting the financial performance of the business.

However, our performance matters to more than just shareholders. Auckland Airport provides and builds connections between New Zealanders and their families, friends, business partners and customers. We play a core role in providing New Zealand exporters and importers with access to markets. Indeed, most New Zealand businesses are dependent to some extent on the air-links provided through our airport infrastructure and through our market development investment. New Zealand's future economic performance will also be dependent on Auckland Airport's infrastructure maintaining pace with growth, and its market development work helping to open up more access to business opportunities.

While the effect of the 'lapping' of a one-off increase in visitors driven by the 2011 Rugby World Cup tournament has had some effect, this was not especially significant in overall terms. It accentuated the decline this year in visitors from some key markets, particularly United Kingdom and Europe, but total demand for travel, both nationally and internationally, has continued to prove resilient to global upheavals and domestic fluctuations.

The result includes elements that make direct comparison to the prior half-year reporting period to December 2011 difficult, particularly aeronautical revenue reflects the restructuring of aeronautical charging introduced in July 2012 following consultation with substantial airline customers. This includes a reduction in international charges, increase in domestic charges, discontinuance of a terminal service charge, removal of some domestic lease charges and introduction of a domestic and transit passenger charge.

The half-year also saw a continued and ambitious air-service and market development focus on expanding New Zealand tourism and trade opportunities, particularly with the significant, and diverse, Chinese market.

As we have flagged in recent reports, the passenger experience at the domestic terminal is deteriorating and needs to be addressed to accommodate growth in travel demand. Some shorter-term remediation is now underway while the decisions on the best longer-term solution for New Zealand's primary domestic travel hub near completion. Whatever the final decision in relation to this essential national transport infrastructure, it will require significant capital expenditure and sufficient confidence in an appropriate return on the investment.

We look forward to the second half of the 2013 financial year with growing confidence. Our business strategy remains on track. Future opportunities to capture the next phase of growth and expand our already significant contribution to New Zealand's economy are, allowing for appropriate returns on our infrastructure investment and continued execution, eminently achievable.

At the beginning of the 2013 financial year, we outlined expectations that the net profit after tax (excluding any fair value changes and other one-off items) would be between $143 and $150 million.

Performance for the first six months has been slightly ahead of expectations, particularly domestic passenger volume growth. While challenges to aviation demand remain, we now have a modestly higher expectation for the FY2013 period. We are therefore lifting our guidance for the full year to between $145 and $153 million, subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property, and volatility in global market conditions or other unforeseeable circumstances.

Ends

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Refer pdf attachments: Financial Report / Results at a Glance / Company Report / NZX Appendix 1 / PowerPoint presentation

Sustaining Success

Auckland Airport

Interim Results 2013
Auckland International Airport Limited

2013 Interim Results

Directors' Comments – 21 February 2013

Executive Summary

Welcome to Auckland Airport's interim report for the first half of the 2013 financial year, the first report with Adrian Littlewood as Chief Executive.

Auckland Airport is pleased to record a solid interim result for the six-month period up to 31 December 2012. This continues a run of three consecutive years of profit increase, driven by an ambitious growth strategy and improved operating leverage.

Reported profit after tax for the six-months was up 11.3% to $76.910 million, while underlying profit[1] after tax was up 7.5% to $76.090 million. Total revenue was up 3.6% to $223.552 million, while expenses, excluding depreciation and interest costs, were $57.191 million, up 4.9%.

Shareholders have also benefited from an increase in dividend policy to 100% of net profit after tax, and a more even balance between the interim and final dividends, better reflecting the financial performance of the business.

However, our performance matters to more than just shareholders. Auckland Airport provides and builds connections between New Zealanders and their families, friends, business partners and customers. We play a core role in providing New Zealand exporters and importers with access to markets. Indeed, most New Zealand businesses are dependent to some extent on the air-links provided through our airport infrastructure and through our market development investment. New Zealand's future economic performance will also be dependent on Auckland Airport's infrastructure maintaining pace with growth, and its market development work helping to open up more access to business opportunities.

While the effect of the 'lapping' of a one-off increase in visitors driven by the 2011 Rugby World Cup tournament has had some effect, this was not especially significant in overall terms. It accentuated the decline this year in visitors from some key markets, particularly United Kingdom and Europe, but total demand for travel, both nationally and internationally, has continued to prove resilient to global upheavals and domestic fluctuations.

The result includes elements that make direct comparison to the prior half-year reporting period to December 2011 difficult, particularly aeronautical revenue reflects the restructuring of aeronautical charging introduced in July 2012 following consultation with substantial airline customers. This includes a reduction in international charges, increase in domestic charges, discontinuance

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[1] For several years now, Auckland Airport has reported underlying profit alongside reported profit. We believe that further financial information, including references to underlying profits, adds valuable additional information 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 make comparisons of profits between years, without the positive or negative impact of one-off transactions or revaluations. A reconciliation to assist investors is set out in detail later in this report.

of a terminal service charge, removal of some domestic lease charges and introduction of a domestic and transit passenger charge.

The half-year also saw a continued and ambitious air-service and market development focus on expanding New Zealand tourism and trade opportunities, particularly with the significant, and diverse, Chinese market.

As we have flagged in recent reports, the passenger experience at the domestic terminal is deteriorating and needs to be addressed to accommodate growth in travel demand. Some shorter-term remediation is now underway while the decisions on the best longer-term solution for New Zealand's primary domestic travel hub near completion. Whatever the final decision in relation to this essential national transport infrastructure, it will require significant capital expenditure and sufficient confidence in an appropriate return on the investment.

We look forward to the second half of the 2013 financial year with growing confidence. Our business strategy remains on track. Future opportunities to capture the next phase of growth and expand our already significant contribution to New Zealand's economy are, allowing for appropriate returns on our infrastructure investment and continued execution, eminently achievable.

Interim results in detail

Passenger numbers

Total international passenger movements at Auckland Airport, excluding transits, were down 0.2% to 3.654 million in the six months to 31 December 2012. This reflects the lapping of the busy RWC peak periods in 2011. Transit passengers declined due to the exit of Qantas on the Los Angeles route, and Aerolineas Argentinas on the Buenos Aires route, both large transit passenger services. However, the calendar year finished well, with the week ending December 23 2012 being the busiest week ever for international passengers.

Total domestic passenger volume growth was up 7.2% to 3.356 million. This included over 600,000 passenger movements in the month of December, the busiest month ever. Domestic travel is reflecting the significant positive impact of additional capacity by both Jetstar and Air New Zealand and robust competition.

Queenstown Airport had another notable international passenger volume increase, excluding transits, of 16.8% to 0.139 million. Its domestic volumes also reflected healthy increases in air-services, growing 22.3% to 0.488 million.

Cairns Airport experienced a decline in international passenger growth, down 7.6% to 0.391 million, while its domestic operations were up 9.5% to 1.895 million. The decline in international passenger volumes largely reflects a reduction in capacity on the Singapore route. Mackay Airport was up 0.1% to 0.571 million.

Importance of a successful strategy

Over the last three financial years, we have lifted our ambition for Auckland Airport, focused on the customer by making journeys better, and delivered some outstanding results for travellers, investors and the wider national economy.

Underpinning this has been a consistent, coherent, long-term growth strategy. This has continued into the 2013 financial year.

To meet this responsibility and capture new opportunities we must aim even higher. We are updating our master plan and terminal facilities to meet New Zealand's future tourism and trade needs, and finding new ways for the country to capture more than our natural share of volume and value of the massive wave of growth out of Asia.

We are confident that our established "Ambition 2020" strategy, to chase higher growth from the markets, such as China, that are benefiting most from global economic shifts, is more relevant now than ever.

Market trends and development

The global restructuring of recent years has continued, and in some cases, accelerated. These shifts in tourism and trade markets show no sign of abating.

The changes are significant. During the six-months to December 2012, the China inbound market grew 26.8%, overtaking the United States as our third largest market, and shortly after, the United Kingdom, to become our second largest inbound market. Other important markets such as Japan, India and Indonesia showed encouraging signs of growth.

Inbound arrivals from Indonesia increased more than 19% in the twelve months to December 2012. Targeted marketing drove much of these efforts, using social media and the influence of celebrities with large social networks. One key factor has been our work with Indonesian celebrity chef, Farah Quinn. We forecast Indonesia to be a massive market opportunity for New Zealand over the next few decades. With Air New Zealand extending their successful Bali service into a second season, and with Garuda Airlines signaling an intention to commence direct services to Auckland soon, we believe our market investment is timely.

The outstanding growth out of the Chinese market continued over the six months to December 2012. Much of the growth has come from Guangzhou and the Guangdong region, the catchment area for China Southern's daily service.

December 2012 also saw Auckland Airport play a key role in China Southern choosing New Zealand to host its annual travel agent incentive event. This event displayed New Zealand and some of its premium tourism experiences to more than 250 of the biggest outbound travel influencers in China. The exposure this gave New Zealand tourism was inestimable.

We have also positive reinforcement of the decision taken some years ago to 'future-proof' New Zealand's largest airport for the next generation of larger aircraft. In October, Emirates introduced a second A380 aircraft into the market. This complements their existing Auckland-Sydney-Dubai A380 service with an Auckland-Melbourne-Dubai A380 service, and improves the connectivity between New Zealand and the Middle East.

Connections to Taiwan also increased, with China Airlines commencing a four times a week service from Auckland to Taipei, via Sydney. Alongside their existing three times a week service to Taipei via Brisbane, this now offers daily services to Taipei, and into the extensive China Airlines network.

The United States and United Kingdom markets continued their decline of recent years. In the case of the United Kingdom, this was exacerbated by the lapping of RWC 2011.

Confidence in the United States market is however beginning to rebound. The announcement last year by Hawaiian Airlines that they will be commencing a direct service to Honolulu in March 2013, with 11 onward connections to the US mainland, has been very well received by travellers and the tourism industry. A further signal of confidence was the decision by Air New Zealand to increase capacity on their San Francisco, Vancouver and Los Angeles services, as well as greater focus on the Hawaiian market.

Domestically, the addition of capacity on a number of important routes, the increased flow of international visitors into airline networks, and the development of a number of innovatively priced domestic air-services by both Jetstar and Air New Zealand has driven a significant uplift in travel demand. More people are travelling around New Zealand than ever before.

Airline alliances continued to respond to market forces, with competition and transport authorities on both sides of the Tasman asked to consider, or having already considered, a number of proposed airline alliances or partnerships. We expect this trend to continue.

These market shifts are all fundamentally changing the nature of the industry. The impacts continue to be experienced across the tourism industry and the economy, prompting widespread industry debate, analysis and adaptation.

Auckland Airport and other organisations of scale must and will continue to respond to these shifts and maximise the opportunity. Auckland Airport is committed to playing its part.

Auckland Airport participates significantly in tourism and trade market development and works closely with all market participants. This notably includes Government agencies, Tourism New Zealand, ATEED, Air New Zealand and other airlines, but also includes a wide range of wholesale and retail tourism operators. While we are just one of many contributors, we believe we are in a position to play a unique and complementary role.

We are able to focus on individual markets and market structure. We can take ambitious long-term positions in emerging markets in a way that many others cannot. Our Ambition 2020 programme illustrates our approach to this. Our early successes in China and Indonesia have been achieved through developing premium-end visitor markets, encouraging greater industry readiness and building consumer demand ahead of air-service capacity growth.

The significant global market shifts underway are the biggest economic challenge and opportunity that New Zealand travel, trade and tourism industries have faced for many years. As a nation and industry, we must accept that, despite our powerful brand appeal, New Zealand tourism has relative disadvantages. Overcoming New Zealand's inherent disadvantages of small scale and distance from markets is not unique to tourism. A distinctively New Zealand challenge, it will likely involve a distinctively New Zealand approach, involving all the key stakeholders in the sector.

The major challenge for the industry is to convert increased demand into increased economic value. Despite outstanding effort and commitment from a wide range of tourism stakeholders, and some promising inroads into a number of rapidly emerging international visitor markets, we believe even greater ambition and bolder industry-wide action and support is needed to accelerate the opening up of the markets that will fuel our visitor, trade and export economies.

The hard reality is that incremental improvements, while always welcome, will not win any gold medals in the ruthless global competition for new market growth. We must upscale and focus New Zealand's collective marketing efforts, get market structures right, and support air-service profitability, thereby ultimately capturing greater economic value.

Financials

There was growth in both reported profit, up 11.6% to $76.910 million, and, adjusting for one-off items and non-cash fair value changes, growth in underlying profit, up 7.5% to $76.090 million for the six months ended 31 December 2012, from the previous corresponding period.

Revenue was $223.552 million up 3.6% on the previous corresponding six-month period. In particular, there was a strong performance from the car parking business, reflecting increased demand and continued improvements in asset utilisation, particularly through the online booking parking option.

The new pricing path implemented on 1 July has changed the structure of pricing categories, making comparisons difficult, however overall aeronautical income was up 1.8% to $110.823 million.

Expenses were up 4.9% to $57.191 million. This was largely the result of investment in growth of the company and costs associated with the ongoing regulatory process. Depreciation expenses were $31.430 million, down 1.0% on the previous corresponding period. Interest was down 3.7% to $33.705 million.

Earnings before interest, taxation, depreciation, fair-value adjustments and investments in associates (EBITDAFI), were up 3.1 % to $166.361 million.

Earnings per share on underlying profit was 5.75 cents per share for the six months ended 31 December 2012, compared with 5.35 cents per share from the corresponding period for the six months ended 31 December 2011.

The balance sheet of the company remains in good shape, with the average debt maturity 4.7 years as at December 2012. In December 2012, Auckland Airport issued $100 million worth of bonds, to mature in December 2019.

Reported share of profit of associates (comprising North Queensland Airports, Queenstown Airport and Auckland Airport Hotel Holdings Limited), was $4.368 million up 61% on the corresponding period.

North Queensland Airports had a strong six months, reporting a net profit after tax of AUD9.422 million, up 61.3% on the prior period.

Queenstown Airport reported a net profit after tax of $3.106 million, up 11.7% on the prior corresponding period.

The table below shows how we reconcile between reported profit after tax and underlying profit after tax for the six months ended 31 December 2012.

Profit after tax	Reported profit $000	Adjustments $000	2012 Underlying profit $000	Reported profit $000	Adjustments $000	2011 Underlying profit $000
EBITDAFI per Income Statement	166,361	-	166,361	161,361	-	161,361
Share of profit of associates[1]	4,368	(12)	4,356	2,713	281	2,994
Gain on sale of an associate	-	-	-	-	-	-
Derivative fair value (decreases)/increases[2]	1,128	(1,128)	-	(2,063)	2,063	-
Depreciation	(31,430)	-	(31,430)	(31,751)	-	(31,751)
Interest expense and other finance costs	(33,705)	-	(33,705)	(35,012)	-	(35,012)
Other taxation expense[3]	(29,812)	319	(29,493)	(26,145)	(656)	(26,801)
Profit after tax	**76,910**	**(821)**	**76,090**	**69,103**	**1,688**	**70,791**

Regulation

Auckland Airport has a responsibility to have aeronautical pricing that delivers an appropriate return on essential investment in national infrastructure, in a staged, fit-for-purpose and highly efficient way. This is required to meet New Zealand's long-term tourism interests and the interests of consumers. The ability to achieve fair returns is vital to investing with confidence in essential infrastructure.

We have also been very conscious of making sure that every dollar we spend counts. We have focused on driving efficiency in all our processes using Lean Six Sigma, and we have been careful to manage our capital expenditure tightly to optimise investment – making sure it is the right investment at the right time and only making that investment when we have to.

The relatively new information disclosure regime for airports is proceeding, with the draft 56G review of Wellington Airport completed, and the draft review of other airports, including Auckland Airport, to take place later in 2013. Auckland Airport remains committed to the information disclosure process and to ensuring that the new regime is given sufficient time for meaningful assessment of an airport's performance.

Auckland Airport Business District

New Zealand is fortunate that Auckland Airport has a significant land holding that allows for future growth and development in aviation capacity and the business activities that this generates. Historical experience around the world has clearly demonstrated that having sufficient land is an essential prerequisite for ensuring that the inevitable future growth in demand for tourism and trade is not curtailed by airport infrastructure constraints.

A key part of Auckland Airport's vision is the continued development of the airport as a business district. To facilitate this growth we see our role as not only providing the quality of physical and commercial infrastructure that is necessary to support a modern business community, but also in providing an environment in which businesses can grow and prosper through the provision of recreational and social amenities for their staff.

The Auckland Airport Business District is now a rapidly growing commercial hub. It delivers modern facilities, leading edge design and development, unequalled planning flexibility and is conveniently located to major transportation links. The prime location means it is increasingly attractive to businesses, particularly those dependent on movement of people or goods.

Future Planning

Getting planning and subsequent investment in new terminal and runway facilities right is pivotal to New Zealand tourism infrastructure being ready to accommodate future growth. The long-term decisions we make now will form a central piece of New Zealand's tourism infrastructure for several generations, so taking the time to get these right is paramount.

A major review of our master plan is underway which will refine the long-term plan for key terminal and runway infrastructure development for New Zealand's major airport. It will also set out planning for future surface access and the Auckland Airport Business District. This will allow us to continue to develop the whole airport with the confidence a holistic and long-term master plan provides.

In addressing the deteriorating performance of the existing domestic terminal, Auckland Airport has been in close and constructive engagement with both of its major domestic airline customers, and remains on track to finalise a long-term pathway for new domestic travel terminal facilities in 2013.

In the meantime, Auckland Airport has commenced upgrades to the existing domestic terminal to ensure it is working as best as it can to meet the needs of our growing number of domestic travellers for the next few years. The upgrades will focus on easier traffic flow increased processing and boarding spaces and a host of other operational improvements. The changes started in January 2013 and will relieve capacity constraints for aircraft and passenger processing and make domestic journeys better.

Passenger Experience

Auckland Airport's goal is to serve the interests of consumers and New Zealand by driving choice, innovation, efficiency and quality (reflecting its service ethos of making journeys better). As the airport that receives more than 70% of all visitors to New Zealand and contributes the most to tourism and trade, it must avoid constraining the country's economic growth agenda and seek to maximise its contribution.

Considerable joint planning and effort, led and coordinated by the airport company operations team, goes into increasing terminal capacity and efficiency. Airport-wide collaboration with border agencies, airlines and other key partners focused on efficiency, optimising the asset while still delivering an outstanding passenger experience. The successful introduction of a second daily A380 daily service by Emirates, and an increase in domestic services by Jetstar and Air New Zealand, highlights this ongoing work.

The retail business at Auckland Airport has also focused on the customer experience and gaining a deeper understanding of customers and behaviours. This has led to a greater number of short-term retail options, providing frequent travellers with a greater range of products and services from which to choose. The customer insights we have gained and the flexibility we have offered to New Zealand and global brands has resulted in the airport being used to launch or trial a number of new products. We have also focused on supporting our retail partners through our on-airport marketing efforts.

Safety is a fundamental yet seldom seen aspect of the passenger experience. Auckland Airport prides itself on its health and safety record, illustrated by Auckland Airport's Airfield Manager, Dennis Millington, becoming the first person from the airport sector to receive an individual Civil Aviation Directors award, recognising his outstanding contribution to safety in aviation.

Governance

At the annual shareholders meeting in October 2012, the Chair, Joan Withers, signaled to shareholders her intention to retire from the Board at the next Annual Meeting in October 2013. Joan has served with distinction on the board of Auckland Airport since 1997, the last two and a half years as Chair. Joan remains focused on continuing the momentum built over the last few years.

Justine Smyth was appointed as a new director in early July 2012. Justine is also a director of Telecom, a board member of the Financial Markets Authority and chair of The New Zealand Breast Cancer Foundation. Justine has strong experience in retail, governance, mergers and acquisitions, taxation and financial performance of large corporate enterprises and the acquisition, ownership, management and sale of small and medium enterprises, and her experience positively complements the mix of skills and experience of other board members.

November 2012 saw the appointment of Adrian Littlewood as the new Chief Executive of Auckland Airport. Adrian had been the General Manager for Retail and Commercial since 2009. The Board was delighted to have appointed Adrian, an internal candidate, after an extensive local and international search programme, which attracted a significant number of high calibre applicants.

The Board also acknowledges the contribution made by Simon Robertson, who stepped into the role of Acting Chief Executive Officer in August. Simon did a great job of leading the company through the transition period while the search for the Chief Executive Officer was underway. Simon had made it clear to the Board he did not wish to be considered for the Chief Executive Officer role on a permanent basis, returning to his role as Chief Financial Officer with our thanks.

The passing of Sir Wilson Whineray, a long-serving Director of Auckland Airport, and a great New Zealander, in October 2012, saddened the Board and Management of Auckland Airport. Sir Wilson served as a Director of Auckland Airport from 1992 to 2005, and was one of that rare breed of leaders who combined outstanding business acumen with profound wisdom, and with an overlay of mana, dignity and personal humility.

Looking ahead

At the beginning of the 2013 financial year, we outlined expectations that the net profit after tax (excluding any fair value changes and other one-off items) would be between $143 and $150 million.

Performance for the first six months has been slightly ahead of expectations, particularly domestic passenger volume growth. While challenges to aviation demand remain, we now have a modestly higher expectation for the FY2013 period. We are therefore lifting our guidance for the full year to between $145 and $153 million, subject to any material adverse events, significant one-off expenses, non-cash fair value changes to property, and volatility in global market conditions or other unforeseeable circumstances.

Joan Withers	*Adrian Littlewood*
Chair	*Chief Executive*

Results at a Glance

	31 Dec 2012 $m	31 Dec 2011 $m	Movement %
Financial Results			
Income	223.552	215.867	3.6%
Expenses	57.191	54.506	4.9%
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	166.361	161.361	3.1%
Share of profit of associates	4.368	2.713	61.0%
Depreciation	31.430	31.751	-1.0%
Interest expense and other finance costs	33.705	35.012	-3.7%
Taxation expense	29.812	26.145	14.0%
Reported profit after taxation	76.910	69.103	11.3%
Earnings per share	5.82 c	5.22 c	11.9%
Underlying profit after taxation[1]	76.090	70.791	7.5%
Underlying earnings per share	5.75 c	5.35 c	7.5%
Dividends			
Interim dividend (cents per share)	5.75	4.40 c	30.7%
Interim dividend ($m)	76.058	58.195	30.7%
Financial Position			
Shareholders' equity	2,465.656	2,462.323	0.1%
Total assets	3,906.087	3,865.066	1.1%
Debt to debt plus equity	31.8%	31.1%	0.7%
Debt to enterprise value[2]	24.6%	25.0%	-0.4%
Capital expenditure	36.781	33.962	8.3%
Passenger and aircraft statistics – Auckland Airport			
International passenger movements including transits	3,892,156	3,963,706	-1.8%
Domestic passenger movements	3,355,718	3,129,650	7.2%
Maximum certificated take-off weight (tonnes)	2,965,976	3,012,178	-1.5%
Aircraft movements	78,250	79,310	-1.3%
North Queensland Airports performance	**31 Dec 2012**	**31 Dec 2011**	
Cairns international passenger movements including transits	391,417	423,735	-7.6%
Cairns domestic passenger movements	1,894,828	1,730,677	9.5%
Mackay domestic passenger movements	570,821	570,231	0.1%
Revenue[3]	AUD 60.807	AUD 56.818	7.0%
EBITDAFI[3]	AUD 38.961	AUD 37.158	4.9%
Profit after taxation[3]	AUD 9.422	AUD 5.843	61.3%
Queenstown Airport performance			
International passenger movements	139,106	119,055	16.8%
Domestic passenger movements	488,225	399,070	22.3%
Revenue[3]	9.514	8.499	11.9%
EBITDAFI[3]	6.930	6.174	12.3%
Profit after taxation[3]	3.106	2.782	11.7%

[1] Excluding derivative fair value movement in the company and the share of profit of associates derivative fair value movement and the tax effect of these adjustments in 2012
Refer to Appendix A attached for a reconciliation of these adjustments.
[2] Based on the share price as at 31 December 2012 of $2.67 (31 December 2011: $2.52)
[3] From non-audited management accounts of North Queensland Airports and Queenstown Airport. The financial results have not been apportioned for the level of ownership interest being 24.55% for North Queensland Airports and 24.99% for Queenstown Airport.

Results at a Glance

Appendix A

Profit after tax	2012 Reported profit $000	2012 Adjustments $000	2012 Underlying profit $000	2011 Reported profit $000	2011 Adjustments $000	2011 Underlying profit $000
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[1] Auckland Airport's share of the fair value movement in the derivative financial instrument that do not qualify for hedge accounting for the six months ended 31 December 2012.

[2] The fair valuation movement of the derivative financial instruments that do not qualify for hedge accounting put in place in conjunction with the US Private Placement (USPP) debt issuance in November 2010.

[3] Taxation adjustments as a result of adjustments 1 to 3 above.

Sustaining Success

Interim Results 2013 | Auckland International Airport

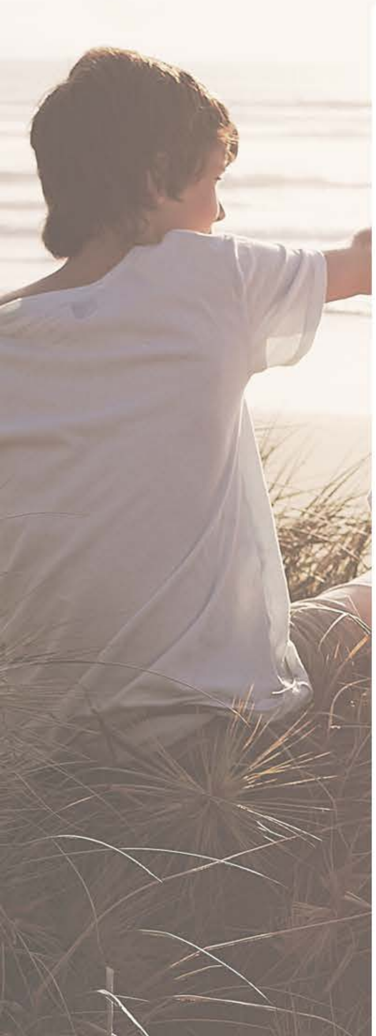
Auckland Airport

Adrian Littlewood
Chief Executive

Simon Robertson
Chief Financial Officer

This interim results presentation dated 21 February 2013 provides additional comment on the financial materials released before the market opened on the same date. As such, it should be read in conjunction with, and subject to, the explanations and views provided in that release.

Growth momentum has been maintained



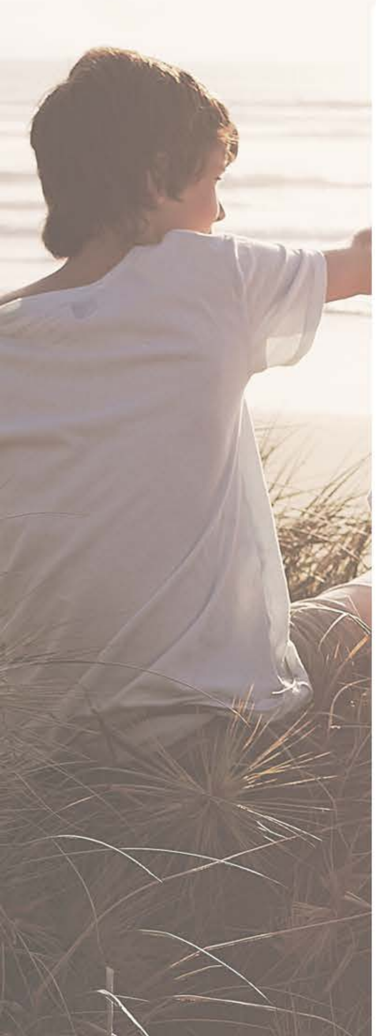
A privilege to lead a great New Zealand company that plays a critical role in New Zealand's economic future

A solid result for the six months to December 2012 as we continue a run of three consecutive years of profit growth

Business has maintained growth momentum during a time of leadership transition

	6 months to 31 Dec 2012 ($m)	6 months to 31 Dec 2011 ($m)	% change
Revenue	223.552	215.867	3.6
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	166.361	161.361	3.1
Underlying profit	76.090	70.791	7.5
Interim dividend (cps)	5.75	4.40	30.7

Company is in great heart and has earned respect by delivering results



Have spent time meeting a wide range of different stakeholders including staff, customers, suppliers, government and industry

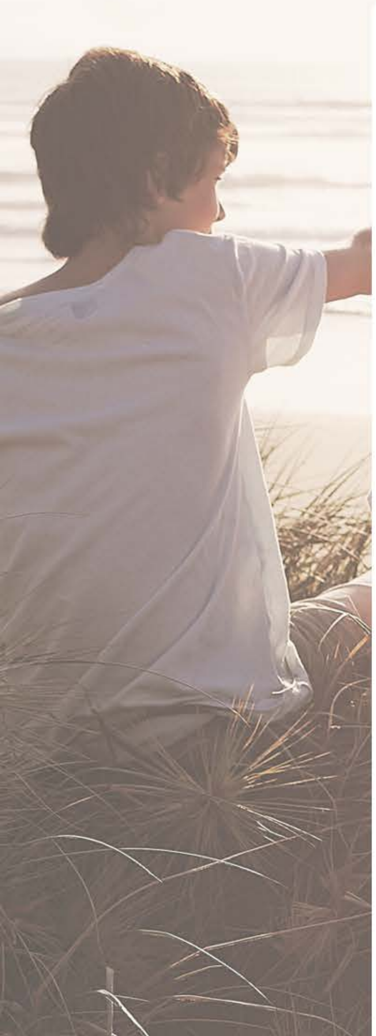
A great company with a significant and diverse core

Committed team who are ambitious for the company and country

We are now considered as a real contributor to economic growth for the country and region rather than simply a builder of infrastructure

Respected as a leader because of our actions and results not just our words

Continue to look up and ahead for future growth opportunities



Ambitious strategy for last four years targeting accelerated travel, trade and tourism growth

The strategy has delivered but it still remains relevant today – the fundamentals are the same

Continue to refine our existing approach and look for new ways to drive growth – it's about evolution not revolution

Focus is on:

- Unlock growth potential of NZ tourism market
- Master-planning and terminal development – ensure NZ's future economic growth is not constrained
- Continue non-aeronautical growth trajectory
- Drive asset productivity and yield through deeper understanding of our business and customers

2013 interim results in detail

Simon Robertson

Chief Financial Officer

A solid first half outcome

Auckland Airport delivered solid first half financial results, despite the challenge of the prior corresponding period being boosted by Rugby World Cup activity

Revenue increase to $223.6m, up 3.6% driven by yield growth

Car park key driver of growth in non-aeronautical revenue

EBITDAFI increase to $166.4m, up 3.1%, largely consistent with revenue growth

Underlying profit increase to $76.1m, up 7.5% supported by lower interest costs and higher associate contribution

Summary half year financial results

	6 months to 31 Dec 2012 ($m)	6 months to 31 Dec 2011 ($m)	% change
Revenue	223.552	215.867	3.6
Expenses	57.191	54.506	4.9
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	**166.361**	**161.361**	**3.1**
Share of profit of associates	4.368	2.713	61.0
Derivative fair value increase/(decrease)	1.128	(2.063)	(154.7)
Depreciation expense	31.430	31.751	(1.0)
Interest expense	33.705	35.012	(3.7)
Taxation expense	29.812	26.145	14.0
Reported net profit after tax	**76.910**	**69.103**	**11.3**
Underlying profit	**76.090**	**70.791**	**7.5**

Underlying profit growth

	6 months to 31 Dec 2012 ($m)			6 months to 31 Dec 2011 ($m)		
	Reported earnings	Adjustments	Underlying earnings	Reported earnings	Adjustments	Underlying earnings
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	**166.361**	**-**	**166.361**	**161.361**	**-**	**161.361**
Share of profit of associates	4.368	(0.012)	4.356	2.713	0.281	2.994
Derivative fair value increases	1.128	(1.128)	-	(2.063)	2.063	-
Depreciation	(31.430)	-	(31.430)	(31.751)	-	(31.751)
Interest expense and other finance costs	(33.705)	-	(33.705)	(35.012)	-	(35.012)
Other taxation expense	(29.812)	0.319	(29.493)	(26.145)	(0.656)	(26.801)
Reported net profit after tax	**76.910**	**(0.821)**	**76.090**	**69.103**	**1.688**	**70.791**

Solid revenue growth against a strong comparable period

	6 months to 31 Dec 2012 ($m)			6 months to 31 Dec 2011 ($m)			
	Aeronautical revenue	Non-aeronautical revenue	Total revenue	Aeronautical revenue	Non-aeronautical revenue	Total revenue	% change
Airfield income	40.836	-	**40.836**	39.476	-	**39.476**	3.4
Passenger service charge (PSC)	59.950	-	**59.950**	42.050	0.001	**42.051**	42.6
Terminal services charge (TSC)	-	-	**-**	14.353	-	**14.353**	(100.0)
Retail income	-	62.371	**62.371**	-	61.839	**61.839**	0.9
Rental income	6.850	20.163	**27.013**	9.144	17.502	**26.646**	1.4
Rates recoveries	0.008	1.895	**1.903**	0.289	1.947	**2.236**	(14.9)
Car park income	-	20.450	**20.450**	-	18.635	**18.635**	9.7
Other revenue	3.179	7.850	**11.029**	3.568	7.063	**10.631**	3.7
Total segment revenue	**110.823**	**112.729**	**223.552**	**108.880**	**106.987**	**215.867**	**3.6**

In the six months to December 2012, the change in pricing aeronautical structure resulted in an increase in PSC (International 2-11 year old exemption partially removed, introduction of Domestic and Transit PSC) and a complete removal of TSC. Aeronautical rental income decreased as the lease revenue in domestic terminal processing areas is now included in the Domestic PSC.

Aeronautical revenue reported a 1.8% increase in line with total passenger growth (2.2%).

Expenses reflect our investment in growth

	6 months to 31 Dec 2012 ($m)	6 months to 31 Dec 2011 ($m)	% change
Staff	18.174	17.123	6.1
Asset management, maintenance and airport operations	19.276	18.796	2.6
Rates and insurance	4.766	4.478	6.4
Marketing and promotions	6.977	6.357	9.8
Other	7.998	7.752	3.2
Total operating expenses	**57.191**	**54.506**	**4.9**
Depreciation expense	31.430	31.751	(1.0)
Interest expense	33.705	35.012	(3.7)
Taxation expense	29.812	26.145	14.0

North Queensland Airports – Growing profitability

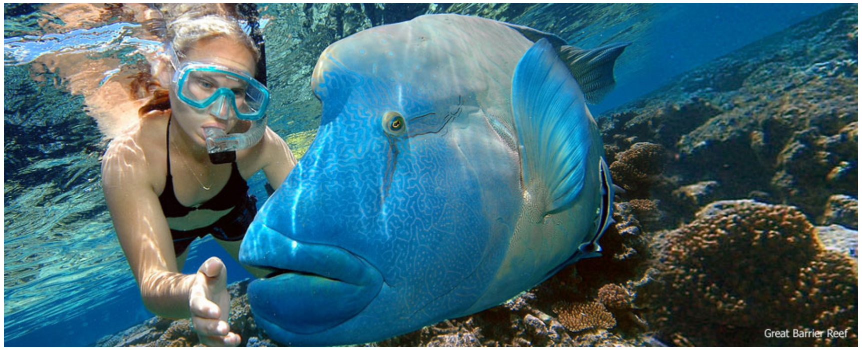
New services to Cairns and Mackay point to continued business growth in NQA:

- Cairns International – China Eastern 2 x weekly service to Shanghai
- Cairns Domestic – Tiger Airways 4 x weekly service to Sydney from April, increasing to daily service from June
- Mackay Domestic – Tiger Airways new direct services to Melbourne and Sydney started in December

Operating leverage highly evident in financial outcomes.

On track to deliver acquisition EBITDA target for FY2013 of AU$75m.

	6 months to 31 Dec 2012	6 months to 31 Dec 2011	% change
Passenger performance			
Cairns international	391,417	423,735	(7.6)
Cairns domestic	1,894,828	1,730,677	9.5
Mackay domestic	570,821	570,231	0.1
NQA financial performance	**AU$ '000**	**AU$ '000**	**% change**
Total revenue	60,807	56,818	7.0
EBIDTAFI	38,961	37,158	4.9
Net profit after tax	9,422	5,843	61.3
Dividends received by Auckland Airport	5,400	5,891	(8.3)



Queenstown – Outstanding lift in passenger volumes

Additional services and capacity on domestic and international routes drive outstanding passenger volume growth.

On acquisition, we forecast the strategic alliance would lift total passengers at Queenstown to 1.249m by 2015. We expect this milestone will be achieved two years early.

Strategic alliance boosts the company performance and stimulates economic activity in Queenstown.

	6 months to 31 Dec 2012	6 months to 31 Dec 2011	% change
Passenger performance			
Domestic passengers	488,225	399,070	22.3
International passengers	139,106	119,055	16.8
Total passengers	627,331	518,125	21.1
Queenstown financial performance	**NZ$ '000**	**NZ$ '000**	**% change**
Total revenue	9,514	8,499	11.9
EBIDTAFI	6,930	6,174	12.3
Net profit after tax	3,106	2,782	11.7
Dividends received by AIAL	646	822	(21.3)

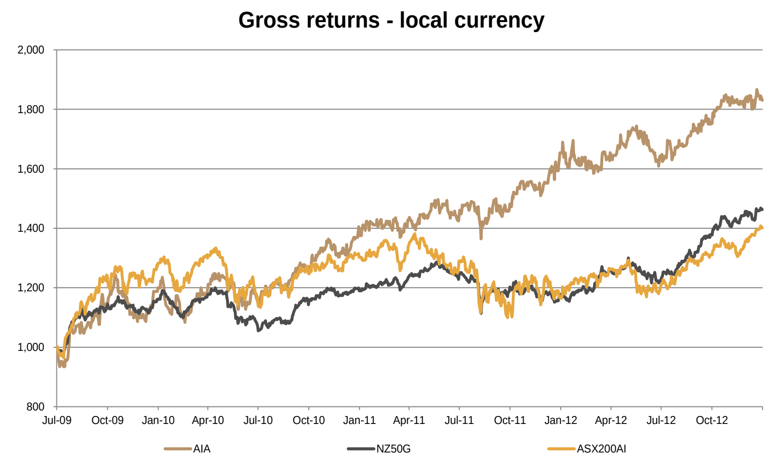
A greater return for shareholders

Interim Dividend announced of 5.75cps, an increase of 30.7% on the prior year interim dividend.

Interim dividend payable on 2 April 2013 to shareholders on the register on 15 March 2013.

Dividend increase driven by ambition to reward shareholders as soon as possible, resulting from:

- Lift in profitability
- Lift in previously announced dividend pay out ratio
- Spreading dividend payments more evenly during the year between interim and final dividend payments



	Share Price Opening ($)	Share Price Closing ($)	Dividend (cps)	Total return (cps)	Total shareholder return %
1 July 2009 to 30 June 2010	1.610	1.870	8.20	34.20	21.2%
1 July 2010 to 30 June 2011	1.870	2.230	8.70	44.70	23.9%
1 July 2011 to 30 June 2012	2.230	2.440	10.50	31.50	14.1%
1 July 2012 to 20 February 2013	2.440	2.705	5.75	32.25	13.2%

Adrian Littlewood

Chief Executive

Auckland passenger volumes hold up compared with RWC period

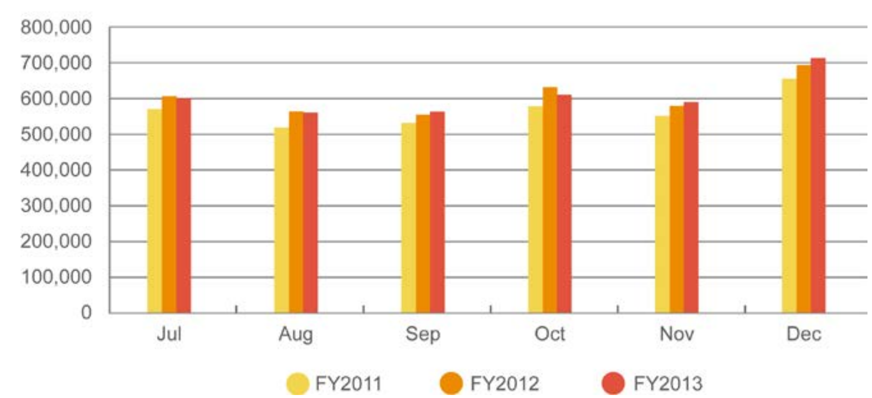
	6 months to 31 Dec 2012	6 months to 31 Dec 2011	% change
International passengers	3,654,318	3,648,784	0.2
Transits	237,838	314,922	(24.5)
Total international passengers	**3,892,156**	**3,963,706**	**(1.8)**
Domestic passengers	3,355,718	3,129,650	7.2
Total passengers	**7,247,874**	**7,093,356**	**2.2**

International passengers declined in the months lapping the Rugby World Cup period in prior year, but have recovered with solid growth of 1.9% in November, 2.7% in December and 1.7% in the calendar year to 17 February 2013.

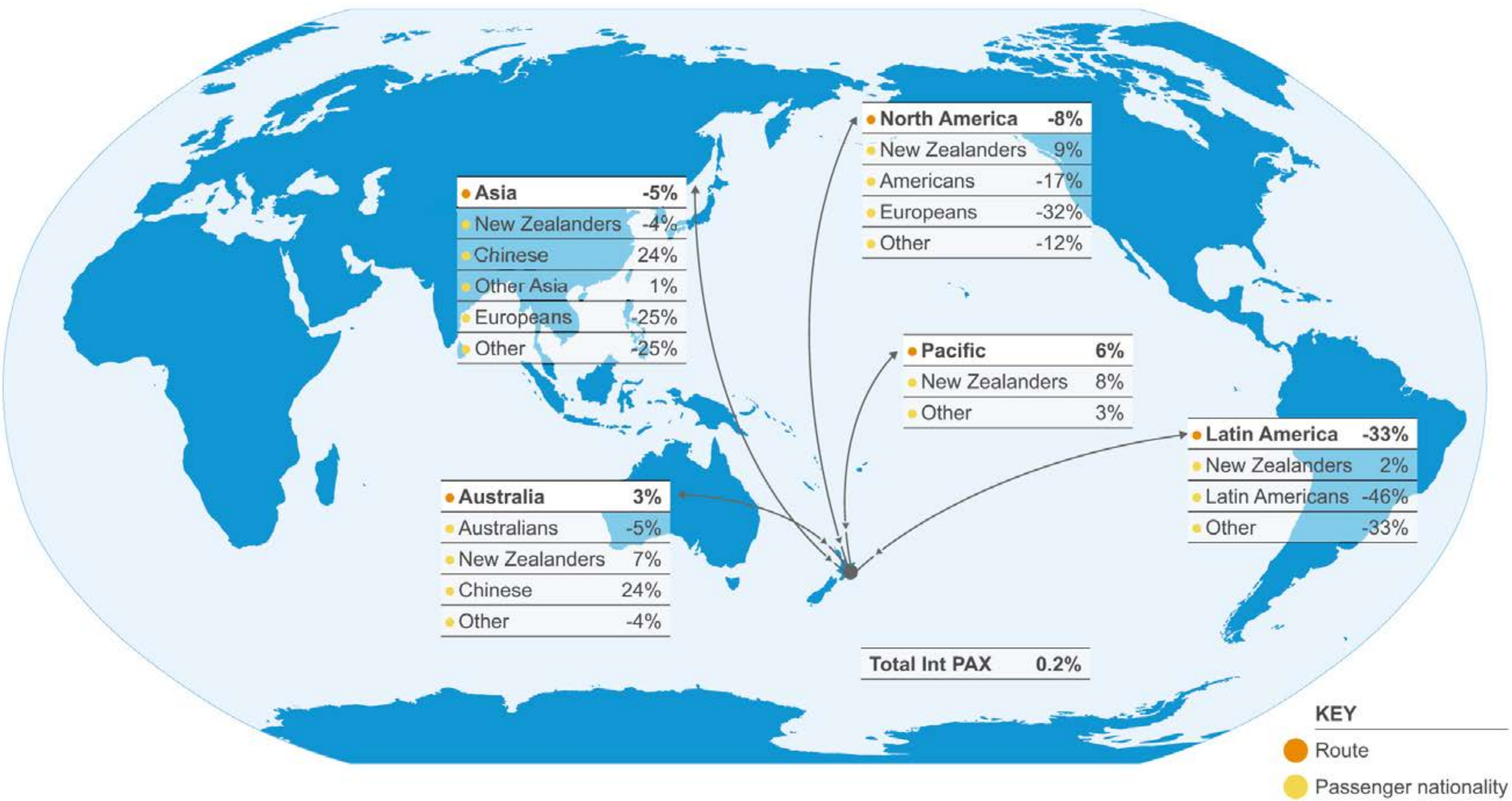
Transit passengers declined in the six months to December 2012 due to the exit of Qantas on the LA route from Sydney, and Aerolineas Argentinas on the Buenos Aires route.

Domestic passenger growth was strong at 7.2% due to increased capacity and frequency put on by Air New Zealand and Jetstar.

International passengers (excl transits) – 3 year trend by month



Route dynamics are causing airlines to adapt



Asia	-5%
New Zealanders	-4%
Chinese	24%
Other Asia	1%
Europeans	-25%
Other	-25%

North America	-8%
New Zealanders	9%
Americans	-17%
Europeans	-32%
Other	-12%

Pacific	6%
New Zealanders	8%
Other	3%

Latin America	-33%
New Zealanders	2%
Latin Americans	-46%
Other	-33%

Australia	3%
Australians	-5%
New Zealanders	7%
Chinese	24%
Other	-4%

Total Int PAX	0.2%

Source: SABRE, PAC, AIS, Statistics NZ, AIAL estimates

Innovative route development approach still delivering

New services for Auckland:

- China Airlines: new service Taipei – Sydney – Auckland
- Air New Zealand: seasonal services to Bali and Sunshine Coast
- Hawaiian Airlines: new service Auckland to Hawaii from March
- Jetstar and Air New Zealand have both added frequency and capacity on their domestic routes

We maintain focus on Asian growth markets such as China and Indonesia:

- Hosted the China Southern 'mega-famil' for 250 travel agents
- Farah Quinn campaign and visit to New Zealand
- Luxury NZ website launched – for China and Indonesia

Efforts are paying dividends in the China market – NZ named World's Best Luxury Destination and Auckland Airport crowned the World's Best Airport in the 2013 Chinese Luxury Travel Awards.

Broadening marketing toolbox to support launch of new airlines and routes including the launch of Trip Guide television campaign and website.

Domestic terminal refurbishment on-track

Works are underway to increase the capacity of the domestic terminal in a staged redevelopment:

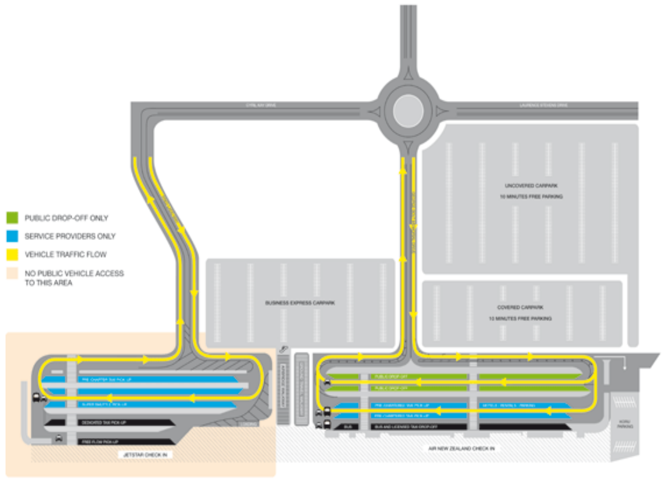
- Forecourt (Jan – March 2013)
- Terminal (June 2013 – June 2014)

Total cost of the refurbishment is estimated at approximately $29m.

Refurbishment will allow all gates to accommodate A320 aircraft and will cater for expected domestic passenger and aircraft demand of both carriers in this terminal until 2015/16.

Capacity will be further relieved by Stage 1 of the new facility, providing a long-term pathway for domestic capacity.

We continue working with major stakeholders and are on track to agree location and commence design of the new facility this calendar year.



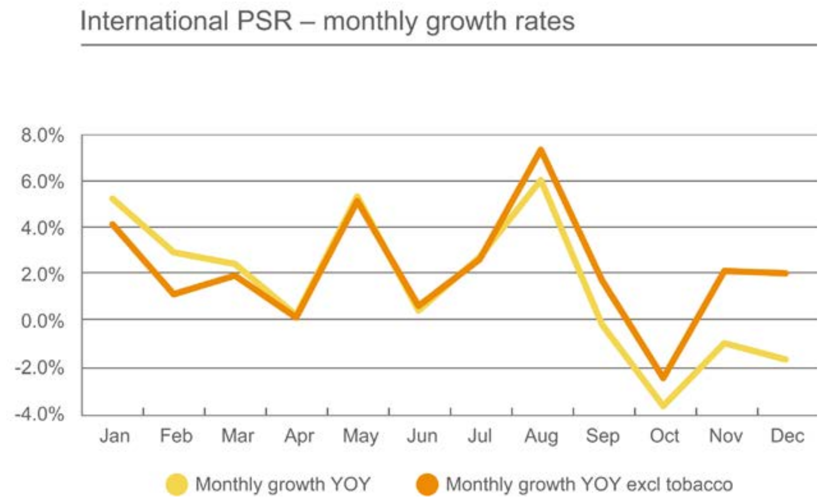
Retail holds up well to the strong comparative period

Retail revenue saw softer growth in six months to December 2012 compared to the prior period (0.9% to $62.4m) due to a strong retail performance during RWC 2011

Retail PSR growth rates performed strongly in July to September 2012, but fell slightly in the second half of the period following changes to Australian tobacco allowances

While the Advertising segment was softer in the period, Specialty, Destination and Food and Beverage retailers saw an improvement in trading in the six months to December 2012 over prior period

Retailers and brand continue to see value in the travel retail environment



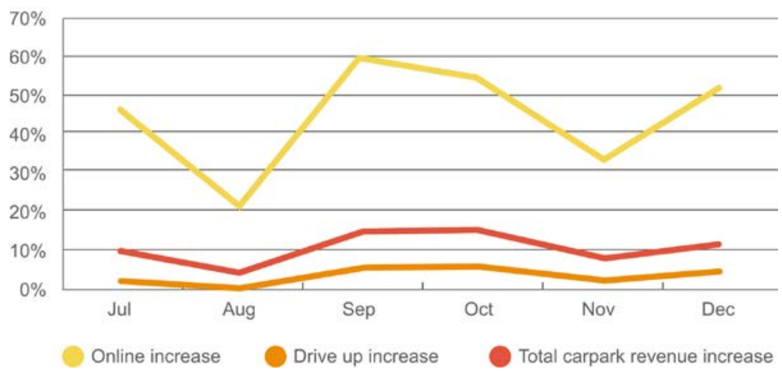
Delivering car park product and price choice brings reward

Car park continues strong yield growth with revenue up 9.7% to $20.5m.

Key results include:

- ARPS (Average Revenue Per car park Space), grew 13.9% on prior period
- Online car park revenue dominates channel growth – up 43.6% in the six months to December, making up 22.7% of total car park revenue in the six months (up from 17.4%)
- Car park inventory increased to 8,700 spaces, up 200 during the last six months
- Continuous improvements to customer experience

Monthly carpark revenue increase by revenue source



Property gains in a tough market

Rental income attributable to investment property grew to $19.9m in H1 2013, an increase of 14.4% compared to $17.4m in prior period.

New developments include:

- ITW commercial warehouse nearly complete
- FLEX multi-unit warehouse facility just completed and 2 units already let
- Agreement in place for part of Level 4, Quad 5 (4 Leonard Isitt Drive)
- Spec standalone 3,000m^2 warehouse let
- Investment in the landing to create 9.5 hectares land inventory is underway.

Regulation update

The regulatory environment for airports in New Zealand has produced quality airports with below average charges.

Auckland Airport has to consider regulatory risk as we contemplate a significant step towards growing domestic capacity.

The Commerce Commission currently has an obligation to review the effectiveness of the new information disclosure regime. Auckland Airport will continue to be fully engaged in the Commerce Commission's review.

FY2013 – Modest lift in expectations

Performance to date has been slightly ahead of our expectations, particularly domestic passenger growth.

While challenges to aviation demand remain, we now have a modestly higher expectation of FY2013 financial outcomes.

We expect capital expenditure for the full year to be between $90m and $100m.

We uplift our guidance for FY2013 Net Profit After Tax (excluding any fair value changes and other one-off items) to be between $145m and $153m.

Questions ?

Auckland International Airport Limited
Group interim income statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Notes	6 months 31 Dec 2012 $000	6 months 31 Dec 2011 $000	12 months 30 June 2012 $000
Income				
Airfield income		40,836	39,476	77,299
Passenger services charge	4	59,950	42,051	83,081
Terminal services charge	4	-	14,353	28,604
Retail income		62,371	61,839	120,863
Rental income		27,013	26,646	54,974
Rates recoveries		1,903	2,236	4,390
Car park income		20,450	18,635	36,620
Interest income		1,426	840	1,570
Other income		9,603	9,791	19,412
Total income		223,552	215,867	426,813
Expenses				
Staff	4	18,174	17,123	34,326
Asset management, maintenance and airport operations		19,276	18,796	36,717
Rates and insurance		4,766	4,478	9,082
Marketing and promotions		6,977	6,357	12,207
Other		7,998	7,752	15,192
Total expenses		57,191	54,506	107,524
Earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)		166,361	161,361	319,289
Share of profit of associates	5	4,368	2,713	9,240
Derivative fair value increase/(decrease)		1,128	(2,063)	(2,148)
Investment property fair value increases	8	-	-	1,350
Earnings before interest, taxation and depreciation (EBITDA)		171,857	162,011	327,731
Depreciation		31,430	31,751	64,483
Earnings before interest and taxation (EBIT)		140,427	130,260	263,248
Interest expense and other finance costs	4	33,705	35,012	68,958
Profit before taxation	3	106,722	95,248	194,290
Taxation expense		29,812	26,145	52,006
Profit after taxation attributable to owners of the parent		76,910	69,103	142,284
		Cents	Cents	Cents
Earnings per share:				
Basic and diluted earnings per share		5.82	5.22	10.76

The financial statements for the six month periods have not been audited. They have been the subject of a review by the auditors pursuant to New Zealand Institute of Chartered Accountants (NZICA) Review Engagement Standard RS-1. The full year financial statements to 30 June 2012 have been audited. The accompanying notes form part of these financial statements.

Auckland International Airport Limited
Group interim statement of comprehensive income

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Notes	6 months 31 Dec 2012 $000	6 months 31 Dec 2011 $000	12 months 30 June 2012 $000
Profit for the period		76,910	69,103	142,284
Other comprehensive income				
Items that will not be reclassified to the income statement:				
Tax on the property, plant and equipment revaluation reserve		(473)	475	472
Items that will not be reclassified to the income statement		(473)	475	472
Items that may be reclassified subsequently to the income statement:				
Movement in share of reserves of associates	5	(756)	(6,103)	(9,668)
Movement in foreign currency translation reserve		(950)	620	(1,724)
Cash flow hedges:				
Fair value gains/(losses) recognised in the cash flow hedge reserve		(6,041)	(15,916)	(19,716)
Realised (gains)/losses transferred to the income statement		4,406	6,220	11,466
Tax effect of movements in the cash flow hedge reserve		458	2,715	2,310
Total cash flow hedge movement		(1,177)	(6,981)	(5,940)
Items that may be reclassified subsequently to the income statement		(2,883)	(13,084)	(15,608)
Total other comprehensive income/(loss)		(3,356)	(11,989)	(16,860)
Total comprehensive income for the period, net of tax attributable to the owners of the parent		73,554	57,114	125,424

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Auckland International Airport Limited
Group interim statement of changes in equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

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	Share of reserves of associates $000	Foreign currency translation reserve $000	Retained earnings $000	Total $000
At 1 July 2012		348,846	(171,604)	2,148,589	913	(26,614)	(11,351)	2,031	181,957	2,472,767
Profit for the period		-	-	-	-	-	-	-	76,910	76,910
Other comprehensive income/(loss)		-	-	(473)	-	(1,177)	(756)	(950)	-	(3,356)
Total comprehensive income/(loss)		-	-	(473)	-	(1,177)	(756)	(950)	76,910	73,554
Reclassification to retained earnings		-	-	(433)	-	-	-	-	433	-
Dividend paid	6	-	-	-	-	-	-	-	(80,665)	(80,665)
At 31 December 2012		348,846	(171,604)	2,147,683	913	(27,791)	(12,107)	1,081	178,635	2,465,656

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	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		10,723	-	-	-	-	-	-	-	10,723
Share buy-back		(583)	(10,299)	-	-	-	-	-	-	(10,882)
Dividend paid	6	-	-	-	-	-	-	-	(62,163)	(62,163)
At 30 December 2011		348,526	(171,603)	2,148,633	913	(27,655)	(7,786)	4,375	166,920	2,462,323

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Auckland International Airport Limited
Group interim statement of changes in equity continued
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	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 year		-	-	-	-	-	-	-	142,284	142,284
Other comprehensive income/(loss)		-	-	472	-	(5,940)	(9,668)	(1,724)	-	(16,860)
Total comprehensive income/(loss)		-	-	472	-	(5,940)	(9,668)	(1,724)	142,284	125,424
Reclassification to retained earnings		-	-	(1,614)	-	-	-	-	1,614	-
Shares issued		11,043	-	-	-	-	-	-	-	11,043
Share buy back		(583)	(10,300)	-	-	-	-	-	-	(10,883)
Dividend paid	6	-	-	-	-	-	-	-	(120,348)	(120,348)
At 30 June 2012		348,846	(171,604)	2,148,589	913	(26,614)	(11,351)	2,031	181,957	2,472,767

The financial statements for the six month periods have not been audited. They have been the subject of a review by the auditors pursuant to New Zealand Institute of Chartered Accountants (NZICA) Review Engagement Standard RS-1. The full year financial statements to 30 June 2012 have been audited. The accompanying notes form part of these financial statements.

Auckland International Airport Limited
Group interim statement of financial position

AS AT 31 DECEMBER 2012

	Notes	As at 31 Dec 2012 $000	As at 31 Dec 2011 $000	As At 30 June 2012 $000
Non-current assets				
Property, plant and equipment	7	3,005,445	3,026,016	3,021,865
Investment properties	8	601,553	557,733	579,783
Investment in associates	5	177,757	191,692	179,957
Derivative financial instruments		16,014	27,847	24,664
		3,800,769	3,803,288	3,806,269
Current assets				
Cash		76,022	36,564	42,842
Inventories		10	10	10
Prepayments		7,127	6,811	5,404
Accounts receivable		22,159	18,393	17,664
Dividend receivable		-	-	3,290
Derivative financial instruments		-	-	54
		105,318	61,778	69,264
Total assets		3,906,087	3,865,066	3,875,533
Shareholders' equity				
Issued and paid-up capital	9	348,846	348,526	348,846
Cancelled share reserve		(171,604)	(171,603)	(171,604)
Property, plant and equipment revaluation reserve		2,147,683	2,148,633	2,148,589
Share-based payments reserve		913	913	913
Cash flow hedge reserve		(27,791)	(27,655)	(26,614)
Share of reserves of associates		(12,107)	(7,786)	(11,351)
Foreign currency translation reserve		1,081	4,375	2,031
Retained earnings		178,635	166,920	181,957
		2,465,656	2,462,323	2,472,767
Non-current liabilities				
Term borrowings	10	1,069,994	906,503	926,930
Derivative financial instruments		31,450	32,930	31,627
Deferred tax liability		197,573	199,909	199,246
Other term liabilities		714	699	700
		1,299,731	1,140,041	1,158,503
Current liabilities				
Accounts payable and accruals		54,468	51,696	54,439
Taxation payable		3,461	304	6,160
Derivative financial instruments		724	2,658	1,339
Short-term borrowings	10	81,801	206,799	181,800
Provisions		246	1,245	525
		140,700	262,702	244,263
Total equity and liabilities		3,906,087	3,865,066	3,875,533

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Auckland International Airport Limited
Group interim cash flow statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Notes	6 months 31 Dec 2012 $000	6 months 31 Dec 2011 $000	12 months 30 June 2012 $000
Cash flow from operating activities				
Cash was provided from:				
Receipts from customers		218,109	217,757	428,523
Interest received		1,426	840	1,570
		219,535	218,597	430,093
Cash was applied to:				
Payments to suppliers and employees		(57,960)	(52,785)	(105,753)
Income tax paid		(34,199)	(38,131)	(59,207)
Other taxes paid		(123)	(100)	(255)
Interest paid		(34,036)	(33,347)	(68,153)
		(126,318)	(124,363)	(233,368)
Net cash flow from operating activities	11	93,217	94,234	196,725
Cash flow from investing activities				
Cash was provided from:				
Settlement of net investment hedge (payments)/proceeds		-	101	(1,027)
Dividends from associate		7,876	8,449	15,335
		7,876	8,550	14,308
Cash was applied to:				
Purchase of property, plant and equipment		(21,354)	(22,060)	(46,485)
Interest paid – capitalised		(998)	(504)	(1,822)
Expenditure on investment properties		(15,546)	(17,291)	(36,335)
		(37,898)	(39,855)	(84,642)
Net cash flow applied to investing activities		(30,022)	(31,305)	(70,334)
Cash flow from financing activities				
Cash was provided from:				
Increase in share capital	9	-	10,723	11,043
Increase in borrowings		689,650	879,608	1,499,380
		689,650	890,331	1,510,423
Cash was applied to:				
Share buy-back		-	(10,882)	(10,883)
Decrease in borrowings		(639,000)	(889,797)	(1,508,887)
Dividends paid	6	(80,665)	(62,163)	(120,348)
		(719,665)	(962,842)	(1,640,118)
Net cash flow applied to financing activities		(30,015)	(72,511)	(129,695)
Net increase/(decrease) in cash held		33,180	(9,582)	(3,304)
Opening cash brought forward		42,842	46,146	46,146
Ending cash carried forward		76,022	36,564	42,842

The financial statements for the six month periods have not been audited. They have been the subject of a review by the auditors pursuant to New Zealand Institute of Chartered Accountants (NZICA) Review Engagement Standard RS-1. The full year financial statements to 30 June 2012 have been audited. The accompanying notes form part of these financial statements.

Auckland International Airport Limited
Notes and accounting policies

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

1. Corporate information

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

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

Auckland Airport provides airport facilities and supporting infrastructure in Auckland, New Zealand. The group earns revenue from aeronautical activities, on-airport retail concessions and car parking facilities, standalone investment properties and other charges and rents associated with operating an airport. The group also holds investments in three other airports being Cairns Airport and Mackay Airport in Queensland, Australia (NQA), and in Queenstown Airport in New Zealand, and also in the Tainui Auckland Airport Hotel Limited Partnership.

These interim financial statements were authorised for issue in accordance with a resolution of the directors on 21 February 2013.

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 2012 ('2012 Annual Report').

The accounting policies set out in the 2012 Annual Report have been applied consistently to all periods presented in these financial statements, except as identified below. The following changes to accounting standards have been adopted in the preparation of these financial statements:

- *Amendments to NZ IAS 1 Presentation of financial statements – Presentation of items of other comprehensive income* is effective for annual reporting periods beginning on or after 1 July 2012. The Amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may impact the income statement in the future. It does not affect the measurement of any of the items recognised in the statement of financial position or the income statement in the current period.

- The amendment *Deferred tax: Recovery of Underlying Assets (Amendments to NZ IAS 12)* is effective for annual reporting periods beginning on or after 1 January 2012. The revised standard introduces a rebuttable presumption that an investment property is recovered entirely through sale. The presumption can be rebutted if the investment property is held within a business model whose objective is to realise substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of Auckland Airport do rebutt the presumption of recovery through sale as it is expected that the company will receive the fair value of investment property by holding the investment property over that property's life. Therefore, application of this amendment has not had any impact on these 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 group has identified its operating segments based on the internal reports reviewed and used by the chief executive officer 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. The chief executive officer 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.

Six months ended 31 December 2012	Aeronautical $000	Retail $000	Property $000	Total $000
Total segment income	110,823	87,388	22,161	220,372
Total segment expenses	33,536	6,648	5,399	45,583
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	77,287	80,740	16,762	174,789

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 and depreciation (Segment EBITDA)	75,227	78,301	14,658	168,186

Year ended 30 June 2012	Aeronautical $000	Retail $000	Property $000	Total $000
Total segment income	214,571	166,045	41,076	421,692
Total segment expenses	65,362	12,740	10,445	88,547
Segment earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (Segment EBITDAFI)	149,209	153,305	30,631	333,145
Investment property fair value increases	-	-	1,350	1,350
Segment earnings before interest, taxation and depreciation (Segment EBITDA)	149,209	153,305	31,981	334,495

Income reported above represents income generated from external customers. There was no inter-segment income in the year (31 December 2011: $nil; 30 June 2012: $nil).

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

	6 months 31 Dec 2012 $000	6 months 31 Dec 2011 $000	12 months 30 June 2012 $000
Segment EBITDA	174,789	168,186	334,495
Unallocated external operating income from continuing operations	3,180	2,682	5,121
Unallocated external operating expenses from continuing operations	(11,608)	(9,507)	(18,977)
Share of profit/(loss) of associates	4,368	2,713	9,240
Derivative fair value changes	1,128	(2,063)	(2,148)
Depreciation	(31,430)	(31,751)	(64,483)
Interest expense and other finance costs	(33,705)	(35,012)	(68,958)
Profit before taxation	106,722	95,248	194,290

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. The expenses included in external operating expenses from continuing operations consists mainly of staff expenses for management staff and corporate legal and consulting fees.

4. Profit for the period

	6 months 31 Dec 2012 $000	6 months 31 Dec 2011 $000	12 months 30 June 2012 $000
Staff expenses comprise:			
Salaries and wages	13,720	13,389	27,277
Employee benefits	1,566	1,098	2,422
Share-based payment	906	690	690
Defined contribution superannuation	441	402	802
Other staff costs	1,541	1,544	3,135
	18,174	17,123	34,326
Interest expense and other finance costs comprise:			
Interest on bonds and related hedging instruments	19,215	18,365	37,767
Interest on bank facilities and related hedging instruments	8,495	9,937	18,714
Interest on USPP notes and related hedging instruments	4,635	4,647	9,276
Interest on commercial paper and related hedging instruments	2,358	2,568	5,023
	34,703	35,516	70,780
Less capitalised borrowing costs	(998)	(504)	(1,822)
	33,705	35,012	68,958
Interest rate for capitalised borrowing costs	6.29%	6.49%	6.61%

Passenger Services Charge and Terminal Services Charge

A new five year pricing schedule commencing 1 July 2012 was introduced following a comprehensive consultation process. Key structural pricing changes include the removal of a separate international terminal service charge, the removal of domestic terminal rental charges relating to passenger processing areas, the introduction of an international transit and transfer passenger services charge, the introduction of a domestic passenger services charge and the phased introduction of passenger services charges for 2-11 year olds.

5. Investment in associates

Movement in the group's carrying amount of investments in associates:	6 months 31 Dec 2012 $000	6 months 31 Dec 2011 $000	12 months 30 June 2012 $000
Investment in associates at 1 July	179,957	197,635	197,635
Share of repayment of partner contribution	(360)	-	(520)
Share of profit after tax of associates	4,368	2,713	9,240
Share of reserves of associates	(756)	(6,103)	(9,668)
Share of dividends	(4,193)	(4,667)	(14,325)
Foreign currency translation	(1,259)	2,114	(2,405)
Investment in associates at end of the period	177,757	191,692	179,957

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

	31 Dec 2012 $000	31 Dec 2011 $000	30 June 2012 $000
Auckland Airport Hotel Limited Partnership	7,927	6,334	7,789
Stapled Securities of North Queensland Airports Limited	140,530	156,502	143,023
Queenstown Airport Corporation Limited	29,300	28,856	29,145
	177,757	191,692	179,957

6. Distribution to shareholders

	Dividend payment date	6 months 31 Dec 2012 $000	6 months 31 Dec 2011 $000	12 months 30 June 2012 $000
2011 final dividend of 4.70 cps	21 October 2011	-	62,163	62,153
2012 interim dividend of 4.40 cps	2 April 2012	-	-	58,195
2012 final dividend of 6.10 cps	19 October 2012	80,665	-	-
Total dividends paid		80,665	62,163	120,348

The interim and final dividends relating to the 2012 financial year total 10.5 cents per share (2011: 8.70 cents per share). The increase in the final dividend from 4.70 cents per share in 2011 to 6.10 cents per share in 2012 was in part due to an increase in dividend policy from 90% to 100% of net profit after tax (excluding unrealised gains and losses arising from a revaluation of property, treasury instruments and other one off items).

7. Property, plant and equipment

	Land $000	Buildings and services $000	Infra-structure $000	Runway, taxiways and aprons $000	Vehicles, plant and equipment $000	Total $000
At 31 December 2012						
At fair value	1,908,808	542,297	285,221	279,579	-	3,015,905
At cost	-	-	-	-	66,912	66,912
Work in progress at cost	-	11,568	5,780	38,564	4,178	60,090
Accumulated depreciation	-	(49,515)	(16,202)	(19,459)	(52,286)	(137,462)
Net carrying amount	1,908,808	504,350	274,799	298,684	18,804	3,005,445
Additions for the six months ended 31 December 2012 included above	-	5,786	331	5,407	3,486	15,010
At 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 30 June 2012						
At fair value	1,908,808	520,859	285,045	280,012	-	2,994,724
At cost	-	-	-	-	65,710	65,710
Work in progress at cost	-	27,220	5,627	33,158	1,893	67,898
Accumulated depreciation	-	(33,706)	(10,778)	(12,899)	(49,084)	(106,467)
Net carrying amount	1,908,808	514,373	279,894	300,271	18,519	3,021,865
Additions for the 12 months ended 30 June 2012 included above	-	29,754	10,652	6,029	5,044	51,479

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

Where the fair value of an asset is able to be determined by reference to market based evidence, such as sales of comparable assets or discounted cash flows, the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost is used to determine fair value. At 31 December 2012 there was no significant change in fair value.

8. Investment properties

	6 months	6 months	12 months
	31 Dec 2012	31 Dec 2011	30 June 2012
	$000	$000	$000
Balance at the beginning of the year	579,783	546,232	546,232
Additions	21,770	10,868	31,662
Transfers from/(to) property, plant and equipment	-	633	539
Change to net revaluations	-	-	1,350
Balance at end of period	601,553	557,733	579,783

Investment property is measured at fair value, which reflects market conditions at the statement of financial position date. To determine fair value, Auckland Airport commissions investment property valuations at least annually by independent registered valuers. Investment properties were last valued by independent valuers as at 30 June 2012. All valuers are registered valuers and industry specialists in valuing these types of investment properties.

At 31 December 2012 and 31 December 2011 an assessment review was performed by Auckland Airport which comprised a review of recent comparable transactional evidence of market sales and leasing activity using market data provided by CB Richard Ellis Limited. The assessment reviews and market data provided by CB Richard Ellis Limited at 31 December 2012 and 31 December 2011 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 2012, an independent review of three investment properties recently constructed or in the latter stages of construction was performed by registered valuers CB Richard Ellis Limited. That review at 31 December 2012 along with the assessment reviews and market data concluded that there were no material fair value movements. In the prior corresponding period to 31 December 2011 there was no independent review of properties in the early stages of construction as the carrying value of the two properties under construction at that time approximated fair value.

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 2012. 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. That full independent valuation resulted in a $1.350 million increase in the fair value of investment properties.

9. Issued and paid-up capital

	6 months	6 months	12 months
	31 Dec 2012	31 Dec 2011	30 June 2012
	$000	$000	$000
Opening issued and paid-up capital at 1 July	348,846	338,386	338,386
Shares allocated to employees by employee share scheme	-	2	322
Shares issued under the dividend reinvestment plan	-	10,721	10,721
Shares purchased through an on-market share buy-back	-	(583)	(583)
Closing issued and paid-up capital	348,846	348,526	348,846

	6 months 31 Dec 2012 Shares	6 months 31 Dec 2011 Shares	12 months 30 June 2012 Shares
Opening number of shares issued at 1 July	1,322,370,745	1,322,158,245	1,322,158,245
Shares allocated to employees by employee share scheme	-	1,500	212,500
Shares issued under the dividend reinvestment plan	-	4,665,700	4,665,700
Shares purchased through an on-market share buy-back	-	(4,665,700)	(4,665,700)
Closing number of shares issued	1,322,370,745	1,322,159,745	1,322,370,745

10. Borrowings

	As at 31 Dec 2012 $000	As at 31 Dec 2011 $000	As at 30 June 2012 $000
Current			
Commercial paper	81,801	81,799	81,800
Bank facility	-	75,000	50,000
Bonds	-	50,000	50,000
Total short-term borrowings	81,801	206,799	181,800
Non-current			
Bank Facilities	226,240	152,000	176,053
Bonds	637,939	538,950	538,370
USPP notes	205,815	215,553	212,507
Total term borrowings	1,069,994	906,503	926,930
Total			
Commercial paper	81,801	81,799	81,800
Bank facilities	226,240	227,000	226,053
Bonds	637,939	588,950	588,370
USPP notes	205,815	215,553	212,507
Total borrowings	1,151,795	1,113,302	1,108,730

The group utilises a mixture of bank facilities, term bonds, commercial paper, US private placement notes (USPP) and money market facilities to provide its on-going funding requirements. There were no defaults or breaches on any of the borrowing facilities in the current period (31 December 2011: nil, 30 June 2012: nil). The directors are confident that short-term borrowings will be refinanced at maturity.

Bank facilities
In September 2012, the company established a multi-currency bank facility (NZ$ and AU$) provided by Bank of New Zealand (BNZ) for NZ$80 million equivalent with a maturity date of 14 September 2017. As at 31 December 2012, this facility is drawn to the amount of AU$40 million (NZD equivalent NZ$51 million), the proceeds of which was used to repay the bond which matured on 7 November 2012. The AU$40 million is used as a partial hedge against the company's investment in its Australian associate, North Queensland Airports (NQA).

In October 2011, the company established a dual tranche multi-currency bank facility provided by Commonwealth Bank of Australia with a maturity date of 31 January 2015, comprising a NZ$135 million facility (Facility A) and a AU$40 million facility (Facility B). This bank facility in conjunction with the term bond also issued in October 2011 was used to refinance the $275 million bank facility which matured on 31 January 2012. As at 31 December 2012, Facility A is undrawn. Facility B was fully drawn to AU$40 million (NZD equivalent NZ$51 million). The AU$40 million Facility B is used as a partial hedge against the company's investment in its Australian associate, North Queensland Airports (NQA).

In December 2009, the company established a bilateral $150 million standby bank facility provided by Bank of Tokyo-Mitsubishi UFJ. 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. As at 31 December 2012, $125 million is drawn.

In March 2008, the company established a cash advances facility agreement with a syndicate of banks for $350 million. The facility contained a two-year facility of $125 million, a three-year facility of $125 million and a five-year revolving facility of up to $100 million. The company repaid the two-year $125 million facility in November 2009 and February 2010 in advance of its scheduled expiry date of March 2010. The company repaid the three-year $125 million facility in February 2011 with proceeds from the USPP issuance in advance of its scheduled expiry date of March 2011. The company repaid and cancelled the five-year $100 million revolving facility in December 2012 in advance of its scheduled expiry date of March 2013 with the proceeds of the bond issue in December 2012.

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

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

In November 2012 the $50 million 7.19 percent fixed rate bonds matured and were repaid with proceeds from a drawdown of AU$40 million from the new BNZ multicurrency facility.

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

US private placement notes
In December 2010, the company issued a total of US$150 million in the USPP market, made up of three tranches of US$50 million each. The tranches are a 4.42 percent coupon 10 year note and a 4.57 percent coupon 12 year note which were drawn in February 2011 as well as a 4.67 percent coupon 10 year note subsequently drawn in July 2011. Three cross currency interest rate swaps were also entered into at the same time to swap the US$ principal and fixed coupon obligations to NZ$ floating interest rates. These facilities were all drawn as at 31 December 2012, and are recorded on the balance sheet at their fair value including translation to NZ$ at the spot rate as at 31 December 2012.

Commercial paper
Commercial paper rates are set through a tender process and $82 million of commercial paper had been issued and was outstanding as at 31 December 2012.

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

	6 months 31 Dec 2012 $000	6 months 31 Dec 2011 $000	12 months 30 June 2012 $000
Profit after taxation	76,910	69,103	142,284
Non-cash items:			
Depreciation	31,430	31,751	64,483
Bad debts and doubtful debts	3	(267)	(263)
Provision for loan write-off	-	775	775
Deferred taxation expense	(1,688)	(2,013)	(3,084)
Equity accounted earnings from associates	(4,368)	(2,713)	(9,240)
Investment property fair value decrease/(increase)	-	-	(1,350)
Derivative fair value decrease/(increase)	(1,128)	2,063	2,148
Items not classified as operating activities:			
(Gain)/loss on asset disposals	-	-	(79)
(Increase)/decrease in provisions and property, plant and equipment retentions and payables	1,119	6,006	1,592
Movement in working capital:			
(Increase)/decrease in current assets	(6,222)	537	2,668
(Increase)/decrease in taxation payable	(2,698)	(9,973)	(4,117)
Increase/(decrease) in accounts payable	(155)	(1,027)	915
Increase/(decrease) in other term liabilities	14	(8)	(7)
Net cash flow from operating activities	93,217	94,234	196,725

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 2012. Further information on risk management is also contained in the corporate governance section of the 2012 Annual Report.

There have been no significant changes in the financial risk management objectives and policies since 30 June 2012.

In the period to 31 December 2012 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 2012.

There have been no reclassifications of financial assets since 30 June 2012.

13. Commitments

(a) Property, plant and equipment commitments

The group had contractual obligations to suppliers to purchase or develop property, plant and equipment for $24.913 million at balance date (31 December 2011: $10.853 million; 30 June 2012: $1.978 million).

(b) Investment property commitments

The group had contractual obligations to suppliers to purchase or develop investment property for $12.073 million at balance date (31 December 2011: $14.921 million; 30 June 2012: $11.639 million). The group has no further contractual obligations to tenants to purchase or develop investment property at balance date (31 December 2011: $0.976 million; 30 June 2012: $3.100 million).

The group has contractual commitments for repairs, maintenance and enhancements on investment property for $0.589 million at balance date (31 December 2011: $0.585 million; 30 June 2012: $1.272 million).

14. Contingent liabilities and uncertain tax positions

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 has gone through extensive consultation with the airline industry and continues to review capacity management of the existing runway to estimate the optimal construction timeframe for a second runway which is expected to be operational in the next decade.

The Environment Court determination includes a number of conditions which apply to the operation of the airport. These conditions include obligations on the company to mitigate the impacts of aircraft noise on the local community. The obligations include the company offering acoustic treatment packages to schools and existing homes within defined areas. Noise levels are monitored continually, and, as the noise impact area increases, offers will need to be made. The obligation does not extend to new houses. Overall, it is estimated that approximately 4,000 homes will eventually be offered assistance.

As it is not possible to accurately predict the rate of increase in aircraft noise levels over time, nor the rate of acceptance of offers of treatment by homeowners, the company cannot accurately predict the overall cost or timing of acoustic treatment. It is estimated that, overall, further costs would not exceed $10.0 million.

Taxation

In May 2012, the Taxation (International Investment and Remedial Matters) Bill was enacted which included reform of the non-portfolio interests in foreign investment funds (‘FIF’) rules. The Auckland Airport Group is a holder of a non-portfolio interest in a FIF through its investment in the Stapled Securities of North Queensland Airports. The FIF rules now contained in the Income Tax Act 2007, effective 1 July 2011, mean certain loans within the Stapled Securities of North Queensland Airports give rise to attributable income to the Auckland Airport Group. It has been submitted to the Inland Revenue Department Policy Advice Division (‘IRD PAD’) that the outcome is not correct from a tax policy perspective. The IRD PAD has agreed with the submission and to recommend that a retrospective amendment is to be inserted into the Taxation (Livestock Valuation, Assets Expenditure, and Remedial Matters) Bill.

No current tax liability has been recognised in the financial statements as it is considered unlikely that the final outcome will be a payment to the Inland Revenue Department (‘IRD’) in relation to the FIF attribution due to the proposed amendment, but this would occur if the proposed amendment were not passed into legislation. The total exposure not recognised under the current FIF rules at 31 December 2012 for the period 1 July 2011 to 31 December 2012 is approximately $3.0m.

15. Related party transactions

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

No guarantees have been given or received.

For the period ended 31 December 2012, the Group has not made any allowance for impairment loss relating to amounts owed by related parties (31

December 2011: $0.775 million; 30 June 2012: $0.775 million). In six months to 31 December 2011 and therefore the year ended 30 June 2012, the Group provided in full for the impairment of a $0.775 million loan to Auckland International Airport Marae Limited.

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

In the period ended 31 December 2012 the group agreed with Brick Bay Charitable Trust (which trades as Brick Bay Sculpture Trust) to purchase assets for $0.444m from that trust on an arms-length commercial basis without special privileges. Brick Bay Charitable Trust is a charitable trust and non-profit entity with revenue made by the trust used to assist New Zealand artists in meeting the expense of building outdoor art work. The trustees of the Brick Bay Charitable Trust are Richard Didsbury and his wife Christine Didsbury. Richard Didsbury is a director of Auckland International Airport Limited.

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

North Queensland Airports
North Queensland Airports is an associate entity of the group. During the six month period ended 31 December 2012 Auckland Airport received directors fees of $0.102 million (31 December 2011: $0.156 million, year ended 30 June 2012: $0.206 million) for the provision of two of Auckland Airport's senior management staff, who are each on one of the two boards of directors of North Queensland Airports. These directors apply their airport industry knowledge and skills, supported by the expertise of the other senior management of Auckland Airport, to protect and grow the value of the investment.

The directors of North Queensland Airports declared dividends of AU$11.500 million throughout the six month period ended 31 December 2012 (31 December 2011: AU$12.000 million, year ended 30 June 2012: AU$42.000 million). The group's share of the dividends are AU$2.823 million (NZ$3.547 million) (31 December 2011: AU$2.946 million, NZ$3.844 million; year ended 30 June 2012: AU$10.311 million, NZ$13.253).

Auckland Airport Hotel Limited Partnership
Auckland Airport Hotel Limited partnership is an associate entity of the group. During the six month period ended 31 December 2012 the group received rental income of $0.318 million (31 December 2011: $0.143 million; year ended 30 June 2012: $0.794 million) and paid facilities hire fees of $0.004 million (31 December 2011: $0.004 million; year ended 30 June 2012: $0.037 million). In addition to this two of Auckland Airport's senior management staff are directors on the board of the Auckland Airport Hotel Limited partnership. No director's fees are paid in relation to these appointments but the skills and experience of these directors are being utilised to protect and grow Auckland Airport's investment.

The directors of Auckland Airport Hotel Limited partnership declared a repayment of partner contribution of $1.800 million in the six month period ended 31 December 2012 (31 December 2011: $nil; year ended 30 June 2012: $2.600 million). The group's share of the partner contribution is $0.360 million (31 December 2011: $nil; year ended 30 June 2012: $0.520 million) and the amount receivable at period end was $nil (31 December 2011: $nil; year ended 30 June 2012: $nil).

Queenstown Airport
Queenstown Airport is an associate entity of the group. During the six month period ended 31 December 2012 the group received no remuneration for services provided by Auckland Airport to Queenstown Airport (31 December 2011: $0.022 million year ended 30 June 2012: $0.022 million). The directors of Queenstown Airport declared dividends of $2.587 million in the six month period ended 31 December 2012 (31 December 2011: $3.288 million; year ended 30 June 2012: $4.288 million). The group's share of the dividend is $0.646 million (31 December 2011: $0.822 million; year ended 30 June 2012: $1.072 million) and the amount receivable at period end was $nil (31 December 2011: $nil; year ended 30 June 2012: $nil). 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, experience and expertise of some of Auckland Airport's management staff to help protect and grow Auckland Airport's investment in Queenstown.

Auckland Council
Auckland Council's shareholding of Auckland International Airport exceeds 20 percent and as such accounting standard NZ IAS 24 requires the transactions with Auckland Council to be treated as related party transactions for the six month period ended 31 December 2012. Rates of $3.565 million (31 December 2011: $3.369 million; year ended 30 June 2012: $6.731 million) and compliance, consent costs and other local government regulatory obligations of $0.427 million (31 December 2011: $0.175 million; year ended 30 June 2012: $0.600 million) were incurred for

the six month period ended 31 December 2012. Auckland Airport also has a grounds maintenance contract with City Park Services, a commercial business of Auckland Council. In the six month period ended 31 December 2012 grounds maintenance costs of $0.897 million (31 December 2011: $0.886 million; year ended 30 June 2012: $1.505 million) were incurred.

Further, on 28 October 2010 Auckland Airport and Manukau City Council came to an agreement where Auckland Airport agrees to vest approximately 24 hectares of land in the north of the airport to the Council as public open space for consideration of $4.092 million. The vesting of the land will be triggered when building development in that precinct achieves certain levels. The same agreement also rationalised the road network within the airport with some roads to be transferred between the parties and some roads to be acquired by Auckland Airport for $3.109 million. These transactions are not complete as at 31 December 2012 and the obligations and benefits of the agreement relating to Manukau City Council now rest with Auckland Council.

16. Events subsequent to balance date

On 21 February 2013, the directors approved the payment of a fully imputed final dividend of 5.75 cents per share amounting to $76.058 million to be paid on 2 April 2013.

On 29 January 2013, the directors of Queenstown Airport declared a dividend of $1.000 million. The group's share of the dividend is $0.250 million and payment was received on 31 January 2013.

On 11 January 2013, the directors of North Queensland Airport declared a further dividend of AU$10.000 million for the quarter ended 31 December 2012, which was received on 1 February 2012. The group's share of the dividend was AU$2.455 million (NZ$3.031 million).

Deloitte.

REVIEW REPORT
TO THE SHAREHOLDERS OF
AUCKLAND INTERNATIONAL AIRPORT LIMITED

We have reviewed the consolidated interim financial statements on pages 1 to 18. 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 2012. This information is stated in accordance with the accounting policies set out on page 7.

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 31December 2012 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 2012 in accordance with the Review Engagement Standards issued by the External Reporting Board.

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

Opinion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the consolidated interim financial statements on pages 1 to 18 do not present fairly the financial position of the Group as at 31 December 2012 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 21 February 2013 and our review opinion is expressed as at that date.

Deloitte

Chartered Accountants
21 February 2013
Auckland, New Zealand

This review report relates to the unaudited consolidated interim financial statements of Auckland International Airport Limited for the six months ended 31 December 2012 included on Auckland International Airport Limited's website. Through management, the Board of Directors is responsible for the maintenance and integrity of the entity's website. We have not been engaged to report on the integrity of the entities 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 21 February 2013 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.

Auckland Airport

21 February 2013

Company Announcements Office
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney
New South Wales 2000
Australia

Dear Sir/Madam

Listing Rule 4.2A.2 – Details of Directors and Directors' Declaration in respect of Group Interim Financial Statements and Notes

This announcement is made pursuant to Listing Rule 4.2A and relates to, and should be read in conjunction with, the announcement of the Company's interim result for the six month period ended 31 December 2012 dated 21 February 2013.

The Directors of Auckland International Airport Limited at all times during the six month period ended 31 December 2012 and to date were:

Mrs Joan Withers (Chair)
Dr Keith Turner (Deputy Chair)
Mr John Brabazon
Mr Richard Didsbury
Mr Brett Godfrey
Sir Henry van der Heyden
Mr James Miller
Ms Justine Smyth (Ms Smyth commenced as director on 2 July 2012)

Attached is a declaration on behalf of the Directors in respect of the Group Interim Financial Statements and Notes, together with a copy of the Audit Review Report.

Yours faithfully

Charles Spillane
General Manager, Corporate Affairs

Enc

Auckland Airport

Auckland International Airport Limited
("Company")

Directors' Declaration in respect of the Group Interim Financial Statements for the Six Months Ended 31 December 2012

Date 21 February 2013

Declaration

The Directors of the Company hereby declare:

- the Group Interim Financial Statements dated 31 December 2012 and the Notes to those Financial Statements comply with the accounting standards issued in accordance with the Financial Reporting Act 1993;
- the Group Interim Financial Statements dated 31 December 2012 and the Notes to those Financial Statements give a true and fair view of the financial position and performance of the Group; and
- in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a written resolution of the Directors dated 21 February 2013 and is signed for and on behalf of the Board of Directors by the Chairman.

Signed

Joan Withers
Chair

Auckland International Airport Ltd
PO Box 73020, Auckland Airport, Manukau 2150, New Zealand
aucklandairport.co.nz

Auckland International Airport Limited
("Company")

Resolution of the Board of Directors in respect of the Group Interim Financial Statements for the Six Months Ended 31 December 2012

The Directors of the Company hereby declare by written resolution:

- the Group Interim Financial Statements dated 31 December 2012 and the Notes to those Financial Statements comply with the accounting standards issued in accordance with the Financial Reporting Act 1993;
- the Group Interim Financial Statements dated 31 December 2012 and the Notes to those Financial Statements give a true and fair view of the financial position and performance of the Group; and
- in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated 21 February 2013

Signed

J Withers

K S Turner

J A Brabazon

R J Didsbury

B Godfrey

H W van der Heyden

J B Miller

J Smyth

Auckland International Airport Ltd
PO Box 73020, Auckland Airport, Manukau 2150, New Zealand
aucklandairport.co.nz

1085501

Appendix 4D

Half year report

Name of entity **Auckland International Airport Limited**

Reporting Period	6 months to 31 December 2012
Previous Reporting Period	6 months to 31 December 2011

Results for announcement to the market

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

	Six months to 31 December 2012 $NZ'000	Six months to 31 December 2011 $NZ'000	Variance $NZ'000	Variance %
Income from ordinary activities	223,552	215,867	7,685	3.6
Profit after taxation from ordinary activities attributable to members	76,910	69,103	7,807	11.3
Profit after taxation for the period attributable to members	76,910	69,103	7,807	11.3

Reported profit after taxation for the six months ended 31 December 2012 under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) is $76.910 million. Directors have also referred to underlying profit of $76.090 million in various releases, an increase of 7.5% from the underlying profit of $70.791 million for the six months ended 31 December 2011. Below is a table reconciling reported profit to underlying profit:

	Six months to 31 December 2012			Six months to 31 December 2011		
	Reported earnings	Adjustments	Underlying earnings	Reported earnings	Adjustments	Underlying earnings
EBITDAFI per Income Statement	166,361	-	166,361	161,361	-	161,361
Share of profit of associates [1]	4,368	(12)	4,356	2,713	281	2,994
Derivative fair value increases [2]	1,128	(1,128)	-	(2,063)	2,063	-
Depreciation	(31,430)	-	(31,430)	(31,751)	-	(31,751)
Interest expense and other finance costs	(33,705)	-	(33,705)	(35,012)	-	(35,012)
Other taxation expense [3]	(29,812)	319	(29,493)	(26,145)	(656)	(26,801)
Profit after tax	**76,910**	**(821)**	**76,090**	**69,103**	**1,688**	**70,791**

[1] Auckland Airport's share of the fair value movement in associates' derivative financial instruments that do not qualify for hedge accounting for the six months ended 31 December 2012 was a $0.012 gain (2011: $0.281 million loss).

[2] The fair valuation of derivative financial instruments that do not qualify for hedge accounting put in place in conjunction with the US Private Placement (USPP) debt issuance in November 2010 resulted in a $1.128 million gain in the six months ended 31 December 2012 (2011: $2.063 million loss).

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

Further rationale for these reconciling items can be found in the 2013 interim Company report.

Amount per security

	Amount per security $NZ	Franked amount per security $NZ
Final dividend		
Current period	-	-
Previous corresponding period	-	-
Interim dividend		
Current period	0.0575	0.022361
Previous corresponding period	0.0440	0.017111

The total amount of the dividend payable is $ 76,058,360
Record date for entitlements to the dividend: 15 March 2013
Dividend payment date 02 April 2013
Dividend reinvestment plan Not applicable to the dividend

	31-Dec-12	31-Dec-11
	$NZ	$NZ
Earnings per share	0.0582	0.0522
Net Tangible Assets per share	1.86	1.86

Details of associates and joint venture entities

Name	Percentage Holding	Share of profit 31 December 2012	Share of profit 31 December 2011
		$NZ'000	$NZ'000
Stapled Securities of North Queensland Airports Limited	24.55%	3,094	1,861
Queenstown Airport Corporation Limited	24.99%	776	739
Auckland Airport Hotel Limited Partnership	20.00%	498	113
	Total	**4,368**	**2,713**

Comments

Refer to the following attachements:

- 2013 Preliminary half year report announcement
- Interim financial statements for the six months ended 31 December 2012
- Results at a glance
- NZX Appendix 7: Notice of event affecting securities
- Interim results presentation

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages)

Full name of Issuer	AUCKLAND INTERNATIONAL AIRPORT LIMITED
Name of officer authorised to make this notice	SIMON ROBERTSON
Authority for event, e.g. Directors' resolution	DIRECTORS' RESOLUTION
Contact phone number	09 - 255 9174
Contact fax number	09 - 256 8868
Date	21 / 02 / 2013

Nature of event
Tick as appropriate

Bonus Issue ☐ If ticked, state whether: Taxable ☐ / Non Taxable ☐ Conversion ☐ Interest ☐ Rights Issue Renouncable ☐
Rights Issue non-renouncable ☐ Capital change ☐ Call ☐ Dividend ☒ If ticked, state whether: Interim ☒ Full Year ☐ Special ☐ DRP Applies ☐

EXISTING securities affected by this
If more than one security is affected by the event, use a separate form.

Description of the class of securities	ORDINARY SHARES
ISIN	NZAIA E0001S8

If unknown, contact NZX

Details of securities issued pursuant to this event
If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities	
ISIN	
Number of Securities to be issued following event	
Minimum Entitlement	
Ratio, e.g 1 for 2	for
Conversion, Maturity, Call Payable or Exercise Date	
Treatment of Fractions	
Strike price per security for any issue in lieu or date Strike Price available.	
Tick if pari passu	☐
OR provide an explanation of the ranking	

If unknown, contact NZX
Enter N/A if not applicable

Monies Associated with Event
Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income)	$0.0575
Excluded income per security (only applicable to listed PIEs)	
Currency	NZD
Total monies	$76,058,360
Source of Payment	

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents	$0.010147
Date Payable	Tuesday, 2 April 2013

Taxation
Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	$
Resident Withholding Tax	$0.003993
Imputation Credits (Give details)	$0.022361
Foreign Withholding Tax	$
FDP Credits (Give details)	

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm For calculation of entitlements -	Friday, 15 March 2013
Application Date Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.	Tuesday, 2 April 2013
Notice Date Entitlement letters, call notices, conversion notices mailed	
Allotment Date For the issue of new securities. Must be within 5 business days of application closing date.	

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:
Security Code:

NZX