INTERIM REPORT 6 MONTHS ENDED 31 DECEMBER 2020

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AIRPORT

REVIEW OF THE SIX MONTHS ENDED 31 DECEMBER 2020

STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31 December 2020	Budget 6 months to 31 December 2020	Unaudited 6 months to 31 December 2019	Audited 12 months to 30 June 2020	Budget 12 months to 30 June 2021
Operating Revenue	6,437,009	4,552,702	9,054,367	15,300,000	10,901,423
Interest Received	293	3,000	3,915	7,000	6,000
Bad Debts Recovered	-	840	19	-	1,680
Gain/(Loss) On Investment	153,082	-	37,950	(31,000)	-
Depreciation Recovered	-	-	290	-	-
Dividend Received	12,820	12,500	1,094	1,000	25,000
Total Revenue	**6,603,204**	**4,569,042**	**9,097,634**	**15,277,000**	**10,934,103**
Audit Fee	49,832	30,498	28,752	58,000	60,996
Directors Fee	38,502	58,416	49,752	95,000	116,832
Interest Paid	258,775	399,774	257,877	541,000	809,342
Ineffective hedges	-	-	-	-	-
Wages and Salaries	1,364,993	1,258,776	1,593,561	3,031,000	2,517,552
Depreciation	1,755,218	1,796,537	1,553,457	3,252,000	3,616,652
Operating Exp	1,814,998	2,815,051	2,707,889	5,861,000	5,193,174
Loss On Disposal	-	-	-	97,000	-
Total Expenses	**5,282,319**	**6,359,052**	**6,191,287**	**12,935,000**	**12,314,548**
Operating Surplus /(Deficit) Before Income Tax	1,320,885	(1,790,010)	2,906,348	2,342,000	(1,380,445)
Income Tax	426,199	(537,002)	804,230	(1,301,000)	(414,131)
Tax Prior Year Adjustment	-	-	-	6,000	-
Operating Suplus/Deficit	**894,686**	**(1,253,008)**	**2,102,118**	**3,637,000**	**(966,314)**
Other Comprehensive Income					
Ineffective Hedges Amortised to Expense	-	-	-	-	-
Cash Flow Hedges Gain/(Loss)	124,672	-	-	(62,000)	-
Revaluation of Property, Plant & Equipment	-	-	-	5,985,000	
Income Tax on Items of Other Comprehensive Income	(34,908)	-	-	(1,722,000)	-
Total Comprehensive Income/(Deficit)	**984,450**	**(1,253,008)**	**2,102,118**	**7,838,000**	**(966,314)**

Statement of Movements in Equity

Equity at Beginning of Year	69,206,682	62,187,783	63,736,335	63,728,000	62,187,783
Comprehensive Income/(Deficit)	984,450	(1,253,008)	2,102,118	7,838,000	(966,314)
Less Dividends Paid	-	499,070	-	2,372,000	499,070
Closing Equity	**70,191,132**	**60,435,705**	**65,838,453**	**69,194,000**	**60,722,399**

STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months to 31 December 2020	Budget 6 months to 31 December 2020	Audited 12 months to 30 June 2020	Budget 12 months to 30 June 2021
Shareholders Equity				
Share Capital	8,800,000	8,800,000	8,800,000	8,800,000
Hedge Reserves	(234,777)	(279,997)	(326,000)	(324,541)
Property Reserves	38,312,987	34,072,794	38,319,000	34,067,290
Reserves	22,418,235	19,594,986	21,136,000	19,645,034
Current Surplus/Profit	894,686	(1,253,008)	3,637,000	(966,314)
Final Dividend	-	(499,070)	(2,372,000)	(499,070)
	70,191,132	**60,435,705**	**69,194,000**	**60,722,399**
Current Liabilities				
Payables and Accruals	1,242,205	1,297,830	2,283,000	1,154,218
Short Term Advance	4,500,000	-	4,500,000	-
Provision for Taxations	75,358	83,408	(107,000)	(0)
	5,817,563	**1,381,239**	**6,676,000**	**1,154,218**
Non Current Liabilities				
Term Loans	14,750,000	21,250,000	14,750,000	20,250,000
Interest rate term derivatives	326,080	330,000	429,000	330,000
Deferred Taxations	13,376,079	13,577,808	13,701,000	13,624,679
	28,452,159	**35,157,808**	**28,880,000**	**34,204,679**
Total Equity & Liabilities	**104,460,854**	**96,974,752**	**104,750,000**	**96,081,296**
Represented by				
Current Assets				
Cash On Hand	6,000	6,400	6,000	6,400
Cash and Cash Equivilants	1,576,689	340,479	969,000	497,925
Receivables and Prepayments	1,616,422	1,252,473	1,348,000	1,343,899
Provision for Doubtful Debts	(169,532)	(235,121)	(196,000)	(203,342)
Stock on Hand Momona	32,524	32,000	23,000	32,000
	3,062,103	**1,396,232**	**2,150,000**	**1,676,881**
Non Current Assets				
Fixed Assets	100,223,595	94,309,521	101,419,000	93,211,416
Investments	1,062,845	1,000,000	910,000	1,000,000
Deferred Tax Asset	112,311	269,000	271,000	193,000
Interest Rate Hedge Derivative	-	-	-	-
	101,398,752	**95,578,521**	**102,600,000**	**94,404,416**
Total Assets	**104,460,854**	**96,974,754**	**104,750,000**	**96,081,297**
Equity Ratio (Equity over Total Assets)	**67.19%**	**62.32%**	**66.06%**	**63.20%**
Debt to Equity Ratio (Liabilities over Equity)	**48.82%**	**60.46%**	**51.39%**	**58.23%**

STATEMENT OF CASHFLOWS

	Unaudited 6 months to 31 December 2020	Unaudited 6 months to 30 December 2019
Cash Flows from Operating Activities		
Cash was provided from:		
Receipts from Customers	(6,173)	(9,576)
Interest Received	-	(4)
Dividends Received	(13)	(1)
Cash was applied to:		
Payments to Suppliers	2,332	3,477
Payments to Employees	1,440	1,633
Interest Paid	259	258
Taxation Paid/(Refund)	446	1,753
Net Cash Flows from Operating Activities	**1,709**	**2,460**
Cash Flows from Investing Activities		
Cash was provided from:		
Sale of Assets	-	(16)
Cash was applied to:		
Purchase of Shares	-	-
Purchase of Fixed Assets	1,101	7,191
Net Cash Flows from Investing Activities	**(1,101)**	**(7,175)**
Cash Flows from Financing Activities		
Dividend Paid	-	2,372
Net Loan Facilities (Drawdown)/Repaid	-	(8,250)
Net Cash Flows from Financing Activities	**-**	**5,878**
Net Increase/(Decrease) in Cash Held	608	1,163
Plus Opening Cash Brought Forward	975	473
Closing Cash Held	**1,583**	**1,636**

RECONCILIATION OF NET SURPLUS AFTER TAXATION TO CASH FLOWS FROM OPERATING REVENUE

	Unaudited 6 months to 31 December 2020	Unaudited 6 months to 30 December 2019
Operating Surplus after Taxation	894	2,105
Items not involving Cashflows		
(Increase)/Decrease in value of investments	(153)	(38)
Depreciation	1,755	1,553
Increase/(Decrease) in Deferred Tax	(202)	(305)
Loss/(Gain) on disposal of fixed asset	-	(4)
Ineffective Hedges	-	-
Impact of changes in working capital items		
Increase/(Decrease) in payables and accruals	(1,019)	(3,023)
(Increase)/Decrease in receivables and provision for doubtful debts	(207)	516
(Increase)/Decrease in prepayments	(73)	-
Increase/(Decrease) in tax payable	182	(643)
(Increase)/Decrease in stock	(10)	1
Movements in working capital items classified as investing	541	2,298
Net Cash Flows from Operating Activities	**1,708**	**2,460**

Surplus after Tax (unaudited)

Actual	Budget	Prior Year
$1,249,020	($1,253,000) 199.7%	$2,101,120 40.6%

Revenue
(excl. FV movement in investments)

TOTAL

$6,450,120
-28.8%

Against Prior Year

AERO	NON-AERO
$2,781,800 -32.3%	$3,668,300 -25.9%

Expenditure

Actual	Budget	Prior Year
$4,927,980	$6,359,050 -22.5%	$6,191,000 -20.4%

Revenue

Total passengers for the six months to 31 December 2020 were down 37.4% (198,934 passengers) against the prior year comparative on the back of an 31.5% decrease in capacity over the same period.

The decrease in passengers had a direct correlation to our aeronautical revenue which, for the six months to 31 December 2020, was 32.3% ($1,327,000) down against the prior year.

The decrease in passenger numbers was marginally offset by a higher per passenger charge than that generated in the prior year. This was primarily as a result of the change in aircraft and airline mix.

Our non-aeronautical revenue streams are not immune (pun intended!) from the impacts of COVID-19.

At $3,668,300 non-aeronautical revenue is 25.9% ($1,282,300) down against the prior year.

The decrease in non-aeronautical revenue against the prior year is a function of:

- A $706,500 (40.5%) decrease in carpark revenue. This decrease is a function of:
  1) the decrease in passenger numbers, and
  2) A decrease in the average length of stay of customers utilising the carpark. This is likely a function of the nature/reason for travel.
- A $444,400 (50.1%) decrease in our garage revenue caused (again) by a decrease in visitors to/from the airport. This variance is further exasperated by the closure of the "in-store" shop at the garage, eliminating all non-fuel sales revenue (with fuel sales now only available via the Outside Payment Terminal situated at the pumps in the forecourt), and a significant decrease in average fuel prices ($1.56 per litre in the current year to date vs $1.82 in the prior year).
- A $191,000 (11.7%) decrease in our terminal and airport rental revenue as a function of rental relief given to our tenants and decreased % of tenant revenue rental.
- A $239,475 (100.0%) decrease in international passenger departure fee revenue following the Virgin Airlines entry into administration.

These decreases are offset by an increase in Administration Revenue of $210,000 as a result the receipt of COVID-19 subsidies.

Expenditure

Total expenditure is 14.7% ($909,000) down against the prior year.

Wages and salaries are $228,600 below the prior year as a result of the airport headcount decreasing from FTE staff of 39.8, to 26.4 for the year to date, following a post COVID-19 restructure.

Fuel and non-fuel purchases at the Momona Garage are $346,000 and $139,600 behind the prior year respectively. These decreases have been caused by the decreased demand for fuel associated with decreased passenger numbers, and the closure of the Momona Garage shop.

Marketing spend (sponsorship, campaigns, and route support) is $218,400 behind the prior year.

AES training expenditure is $61,800 behind the prior year due to the timing of recruit hot fire training (following an allowed deferral from CAA on that back of limited travel and accommodation options).

Terminal cleaning is $29,900 below the prior year to date due to renegotiated scope of services regarding (primarily) the international terminal footprint.

Works and services expenditure is $42,000 behind the prior year due to the timing of sewage and stormwater repairs and maintenance.

Terminal maintenance expenditure is $33,300 behind the prior year due to the reduction in “non-essential” repair and maintenance spend.

Administration bad debts expense is $27,000 below the prior year due to the reversal of debtors previously provided for in the Provision for Doubtful Debts.

These variances are offset by depreciation which is $201,800 above the prior year following the commissioning of the Terminal Expansion Project (TXP) in March 2020.

All other expenditure variances against budget are immaterial in nature and represent timing slides between actual spend and budget.

OPERATING CASHFLOW

	YTD	Prior YTD
CASHFLOW	$1,709,000	$2,460,000
		-30.5%

The decrease is caused by the decrease in net profit as outlined above.

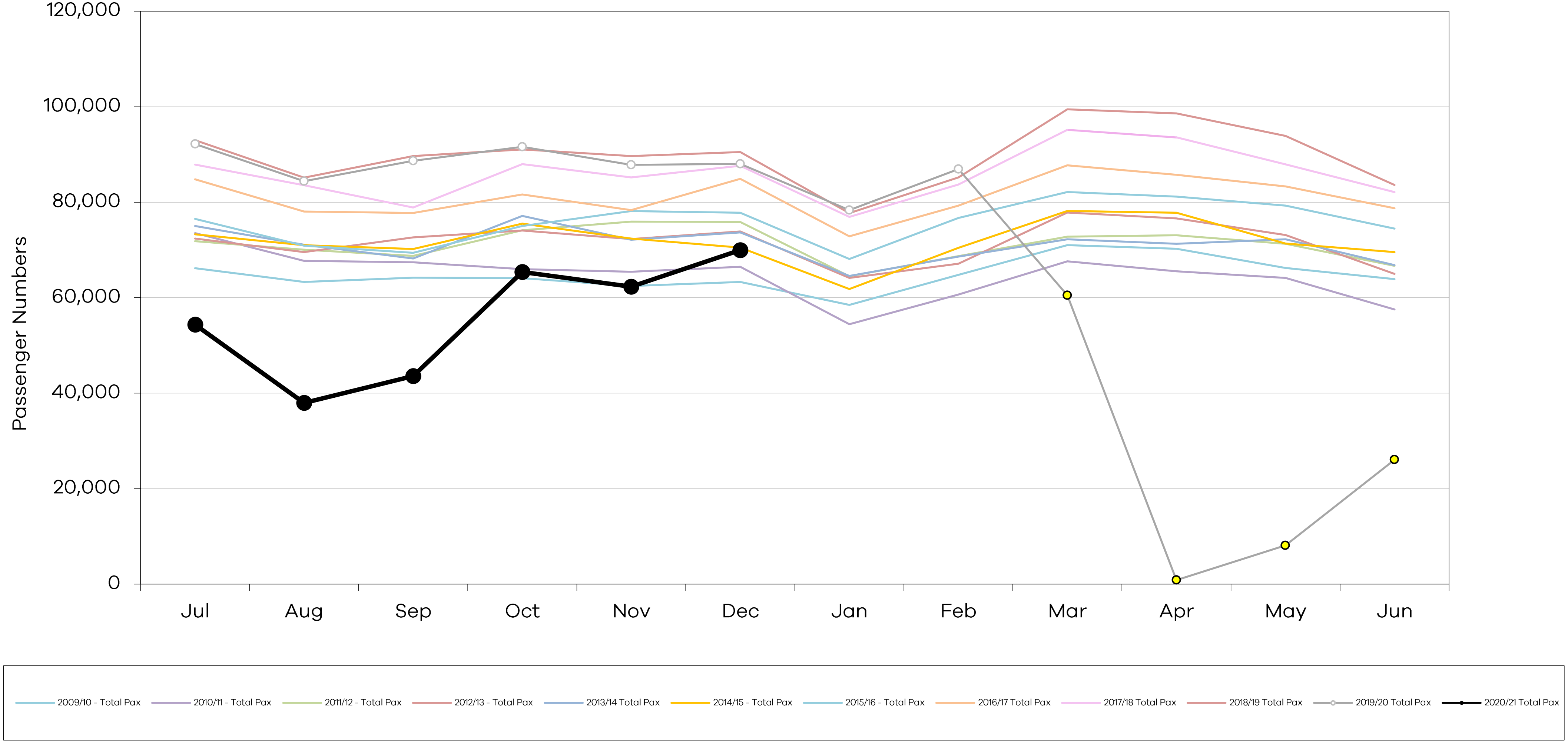
This is offset by decreased payments to suppliers due, in the main, to the significant creditors balance as at 30 June 2019, paid in the 2020 year and the decrease in the year to date provisional tax payments compared to the prior year following the strong (pre-COVID) 2020 year forecast financial performance.

WHERE WE'VE BEEN

				TOTAL YTD
No. Seats	-25.4% 395,934	-47% 37,969	-100% nil	-31.5% 433,902
No. Pax	-32% 300,401	-50.9% 32,004	-100% nil	-37.4% 332,405
Load Factor	75.2% -8 pp	84.8% -6.2 pp	0% -79.4 pp	76.6% -7.3 pp
Market Share	90.4% +7.3 pp	9.6% -2.7 pp	0% -4.6 pp	

	DOMESTIC	INTERNATIONAL
No. Seats	-28% 433,989	-100% nil
No. Pax	-34% 332,405	-100% nil

TOTAL PASSENGERS
2009 - 2021



SAFETY & COMPLIANCE

Over the past six months we have completed many compliance activities including external MPI audits and regional compliance reports. We engaged the services of an external auditor, QAOSH, in December to conduct a full audit on the CAA rule parts we must comply with.

We have continued to meet our COVID-19 response obligations, review our pandemic processes, develop a generic pandemic response plan and ensure we encourage good COVID-19 'stay safe' practices throughout the airport environment.

Safety reporting remains a focus for the team and there has been a continued positive reporting culture. There have been no serious incidents reported over the reporting period.

CIVIL AVIATION AMENDMENT BILL

The Ministry of Transport is progressing work on a Civil Aviation Bill. The Bill will replace the Civil Aviation Act 1990 and the Airport Authorities Act 1966 with a single new statute that includes a number of proposals to improve the safety, security and efficiency of New Zealand's civil aviation system.

The company has been involved in the NZAA submission to the Civil Aviation Bill. This round of consultations is not the end of the process. The Ministry of Transport will now consider submissions and, if it is persuaded by them, may propose further changes for approval by the Minister and Cabinet. There will then be a Bill introduced to Parliament, with a further opportunity to make submissions and present our views at a hearing at a Select Committee of Parliament. It is possible the new Bill may not emerge until sometime in 2021. There has now been a further request by the MoT to consult further on "Achieving better policy outcomes at airports". We are working through this with NZAA and NZAA's lawyers