

# QUEENSTOWN AIRPORT CORPORATION LIMITED

## INTERIM REPORT

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FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021



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## CHAIR & CHIEF EXECUTIVE OFFICER'S REPORT

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We are pleased to present Queenstown Airport Corporation's (QAC) interim report for the six-month period to 31 December 2021.

After operating for close to 18 months in the complex and uncertain environment created by COVID-19 and the associated government response, our focus continues to be the stabilisation of the business and safeguarding the company's core capability to operate vital airport infrastructure in the Southern Lakes region.

Nationwide and regional lockdowns, as well as regional border restrictions, were in place for more than half of the six-month reporting period, resulting in significantly reduced passenger and aircraft movements at Queenstown Airport. There were no flights between Auckland and Queenstown, usually our busiest route, for 178 days creating an extremely challenging business environment.

The emergence of the new Omicron variant has required all businesses, including ours to further refine business continuity plans. This extends to our airline partners and the entire airport community.

We continue to ensure that our operational and capital planning is prudent and cautious, and to make decisions quickly when required. We are confident that this approach has enabled the company to be well positioned to weather the ongoing challenges.

In FY21 we transitioned from managing Wānaka Airport under a long-term lease agreement with QLDC to an interim management services arrangement with responsibility for day-to-day operations. On 21 April 2021 the High Court handed down its decision on the judicial review proceedings initiated by the Wānaka Stakeholders Group in late 2019, to which QAC was the second respondent. As a result of the decision, the 100-year lease of Wānaka Airport granted by QLDC to QAC on 1 April 2018 was set aside from the date of the judgement.

During the reporting period a 5-year management services agreement (MSA) with QLDC was formalised. QAC will operate and manage Wānaka Airport on behalf of QLDC as it did for the period from 2009 to 2018. QAC does not have responsibility for long-term planning and investment for Wānaka Airport under this agreement. We are continuing to work with QLDC and the Wānaka Airport tenants to ensure that the aerodrome is well managed, safe, secure, operating efficiently and serving the needs of the communities of the Upper Clutha well.

### HEALTH, SAFETY & SECURITY

The health, safety and security of our staff, airport community, contractors and customers are our highest priority.

We have a safety-first culture and a Zero Harm target which we aim to achieve through a safe operating environment and a 'just culture' approach. We are pleased to report that QAC has not had an employee or contractor Lost Time Injury for more than seven years.

In response to COVID-19, health and hygiene protocols were regularly reviewed and updated, working closely with the Southern District Health Board and border agencies, to protect the wellbeing of our customers and staff.

During the reporting period, Queenstown and Wānaka airports once again joined airports across New Zealand and Australia taking part in Airport Safety Week. Airport Safety Week is an initiative run by the Australian and New Zealand Airport Associations, giving those who work in and around the airports the opportunity to participate in health, safety and security demonstrations, interactive sessions, airfield tours

and the always well-attended service dog demonstrations, to enhance awareness of the importance of safety at our airports.

### **COVID-19 RESPONSE**

We continued to work closely with other airports, partner airlines and government agencies on the national pandemic response through the New Zealand Aviation Coalition.

COVID-19 has had a significant impact on the aviation and tourism industries. Businesses and airlines operating at both Queenstown and Wānaka airports have been severely impacted. Providing support to the operators at the airports has been an integral part of QAC's response. QAC implemented a broad support programme, including rent relief, in early 2020. To date 68 tenants have received support, valued at \$9.85 million (\$2.6 million for the reporting period). To date all operators at Queenstown Airport are continuing to operate.

Queenstown Airport was part of a coalition of 25 New Zealand businesses who successfully lobbied Government to fast-track permission to import Rapid Antigen Tests (RAT) to New Zealand. This allowed for a pilot rapid surveillance testing programme to get underway in critical workplaces in New Zealand and ensured us access to testing kits to begin routine surveillance testing for the team.

In November, QAC hosted a pop-up COVID-19 booster vaccine clinic for staff, the airport community and their close contacts. This was then extended to local customer-facing tourism staff. The clinics were well attended with over 400 people taking the opportunity to receive their booster shot as soon as they became eligible and to provide the airport community with an additional layer of protection before flights with Auckland resumed on 17 December.

### **FINANCIAL PERFORMANCE**

The financial results delivered in the first half of FY22 continue to reflect a volatile operating environment. There was a 6.4% decrease in total income to \$12.7 million from \$13.6 million in the same period last year.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) decreased by 30% from \$9.1 million to \$6.3 million. Total operating expenditure was \$6.4 million. Profit for the period was down 63% to \$0.81 million from \$2.21 million in the same period in 2020.

The reduction in operating expenditure over the past two years reflects our cautious and prudent response to COVID-19. In the first phase of our response, operating expenditure was significantly reduced. All non-essential expenditure was paused, and the company's employee remuneration costs decreased as a result of a significant reduction in employee numbers and the employees' salary sacrifice contribution. No employee incentives or bonuses have been paid in the last two years.

The board of directors recently approved a partial repayment of the amounts sacrificed by employees throughout the 2020 calendar year, repaid during the reporting period, in acknowledgement of the contribution that the employees' salary sacrifice made to the stabilisation of the business during the first phase of our COVID-19 response.

In the current reporting period total expenses increased compared to the corresponding period in FY21 from \$4.5 million to \$6.4 million. The increase in total expenses can be attributed to expenditure to ensure QAC has the competency and capacity required when passenger volumes return, including a 10% increase in our workforce. Total expenses continue to be well below pre-COVID-19 levels.

Capital expenditure in this period included investment in the Queenstown Airport Terminal Upgrade Programme (TUP), which will ensure the continued resilience of our existing terminal by upgrading the passenger security screening area meeting passenger screening regulatory requirements and enhancing

customer experience, as well as improving seismic performance. This project is due to be completed in the second half of FY22.

As at 31 December 2021 term debt was \$67 million, down from \$82 million at 31 December 2020. During the reporting period QAC received the payment of \$14.7 million owing from QLDC as a result of the setting aside of the Wānaka Airport lease on 21 April 2021.

Due to the continuing impact of COVID-19 on financial performance during the reporting period, no interim dividend was declared. Our shareholders are advised that QAC will recommence dividend payments as soon as it is prudent and sustainable to do so.

## **PASSENGER & AIRCRAFT MOVEMENTS**

For the six months to 31 December 2021, total passenger movements were down 27% compared to the same period in 2020.

There were 482,005 domestic passenger movements (arrivals and departures), a 30% decrease over the same period in 2020.

The trans-Tasman 'bubble' was open for a short period from April 2021 to July 2021 enabling international passengers to travel to and from Queenstown. In the reporting period there were 12,960 international passenger movements, all in July, compared to no passengers in the same period in 2020.

The decrease in overall passenger movements is a result of nationwide lockdowns and regional border closures significantly restricting domestic travel.

During the reporting period there were 2,000 scheduled international and domestic aircraft movements, down 32% over the same period last year. Domestic aircraft movements were down 35% to 1,933 while international aircraft movements were up from 0 to 67.

## **CUSTOMER EXPERIENCE**

Construction on our Terminal Upgrade Programme (TUP) continued throughout the reporting period. The project will achieve several things including:

- Improved seismic strengthening
- Increasing the size of the departures processing area to allow for new Aviation Security screening equipment and body scanners, and expanded passenger screening area queue space
- A new Customs area
- A new Duty-Free Departures store
- A new, more energy-efficient heating, cooling, and ventilation system.

To support retail and hospitality outlets at Queenstown Airport ahead of the holiday season, QAC ran a month-long Locals Parking special offering free parking at certain times encouraging visits to Queenstown Airport's food and beverage and retail outlets.

Queenstown Airport's Park 'n' Ride service has been in hibernation since April 2020. The Park 'n' Ride Car Park in Brookes Road near the Glenda Drive industrial area has been converted to a general use car park providing residents and businesses with an affordable parking option in the area.

In September we introduced the globally recognised Hidden Disabilities Sunflower Scheme at Queenstown Airport. Passengers wear a lanyard which they can pick up for free from the airport information desk to discreetly let staff know they have a non-obvious disability and may need additional support or extra time to access services, move through the airport and process important information.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Our goal as we embed our sustainability strategy is that, like health, safety and security, sustainability is 'what we do'. Our sustainability strategy prioritises three pillars: People, Planet and Prosperity and is aligned to QLDC's Vision Beyond 2050 goal that our district is a place where our quality of life is enhanced by growth through innovation and thoughtful management.

QAC has implemented a programme of activities to reduce our emissions. QAC is a member of Toitū Envirocare and has received Toitū carbonreduce certification. The certification means Queenstown Airport has accurately measured greenhouse gas (GHG) emissions, put in place initiatives to reduce them, and is seeing real results. We measure scope 1, 2 and 3 emissions in line with ISO Standard 14064-1 and the Greenhouse Gas Protocol. The annual independent audit and certification process enables us to benchmark and measure our progress as we work to achieve carbon neutrality by 2050 (or earlier) and reduce our emissions in line with the 1.5°C climate warming pathway.

Over the reporting period QAC prioritised the re-start of its Noise Mitigation Programme, following a pause due to COVID-19. We are committed to mitigating the impact of noise created by the airport's operations on the local community by providing mitigation measures to the most affected homes to reduce the level of noise experienced by those residents. Depending on the property, mitigation can include the installation of mechanical ventilation, as well as acoustic treatments.

Over the reporting period QAC continued support of the Whakatipu Reforestation Trust by contributing financially to the organisation's operating costs and through a QAC staff volunteer initiative. We also installed a full-wall artwork in Queenstown Airport's departures lounge which tells the story of the Trust and provides a QR code for travellers to scan donate.

In partnership with the Queenstown Chamber of Commerce we launched a new Women in Business series in the district. The programme is designed to support, empower and connect local women through a range of events showcasing prominent local and national business leaders. The monthly morning teas kicked off on the 5 November with Queenstown Airport Director and local business leader Anne Urlwin, followed by the first quarterly Women in Business Lunch with Air New Zealand Chair Dame Therese Walsh on the 19 November.

We're committed to the wellbeing of our staff and local communities through initiatives directed at enhancing social, cultural, environmental and economic wellbeing in the district. In addition to those mentioned above we have:

- Continued our partnership with the Wakatipu High School Foundation, supporting the Awhi Fund to ensure equity of access to the school's all-round education
- Continued our legacy partnership with Coastguard Queenstown
- Hosted a virtual Winter Pride event with Winter Pride NZ
- Contributed to Branches Trust to support the annual high school camp
- Continued active support of the national Tiaki Promise to protect our environment and encourage sustainable tourism practices for visitors to our region
- Continued supporting a range of local community events and not-for-profit organisations, including, Happiness House, Autism New Zealand, iHeart Kids, Child Cancer Foundation, Caring Families Aotearoa, and the Going Bananas show.

## PEOPLE & CULTURE

QAC's one team philosophy encourages working together to deliver the best outcomes and sharing responsibility for performance, customer experience, and investing in the team's development and wellbeing.

The nationwide lockdown that occurred during the reporting period required many staff members to work remotely, and a small group to operate the airport on 'stand-by'. We worked to ensure all staff were well supported and connected during this period and would like to thank the staff at both Queenstown and Wānaka airports and acknowledge the resilience and positivity of the team as we continue to navigate through the prolonged COVID-19 response period.

In September Queenstown Airport welcomed new CEO, Glen Sowry, to the team. QAC Deputy Chair Simon Flood stepped in as Managing Director before Glen's start date after former CEO Colin Keel left the organisation at the end of FY21. On behalf of the board and staff we thank Simon for taking the reins for this period ensuring a smooth transition between CEOs.

We would also like to acknowledge the service of Mike Clay, General Manager Operations and Safety who resigned during the reporting period after almost seven years' service at Queenstown Airport. Mike is a champion of safety and security and introduced systems and processes to ensure we continuously excel in this space. We'd like to thank Mike for his significant contribution and wish him all the very best for his next role in the Solomon Islands.

We were pleased to maintain Living Wage Aotearoa accreditation during the reporting period. The board of directors and leadership team are committed to the payment of the living wage and to extending this beyond QAC employees to our contracted service providers.

## CONCLUSION

The pace and timing of recovery is dependent on a wide range of factors, including the continued propensity of New Zealanders to travel domestically, the potential for nation-wide restrictions on people movement associated with COVID-19, the recommencement of trans-Tasman flights to and from Queenstown Airport, the re-opening of long-haul international borders, and the recovery of global aviation and tourism.

Post COVID tourism and travel will look different, but we are confident that traveller numbers will recover over time. Queenstown Airport is uniquely positioned to serve the needs of the community and to support the local economy with excellent domestic and trans-Tasman links which support businesses in the Southern Lakes region and connect the local community with New Zealand and the world.



Adrienne Young-Cooper

Chair



Glen Sowry

Chief Executive Officer

## DIRECTORS' RESPONSIBILITY STATEMENT

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The directors of Queenstown Airport Corporation Limited are pleased to present the Interim Report and Financial Statements for Queenstown Airport Corporation Limited for the six-month period ended 31 December 2021.

The directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice which give a true and fair view of the financial position of the Company as at 31 December 2021 and the results of operations and cash flows for the period ended on that date.

The directors consider the financial statements of the Company have been prepared using accounting policies that have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed, or otherwise disclosed.

The directors believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the Financial Statements.

This Interim Report is dated 17 February 2022 and is signed in accordance with a resolution of the directors.

On Behalf of the Board



Adrienne Young-Cooper

Chair



Anne Urlwin

Director





# FINANCIAL STATEMENTS

## INCOME STATEMENT

for the six months ended 31 December 2021

		6 months to 31 Dec 2021	6 months to 31 Dec 2020	12 months to 30 Jun 2021
	Note	Unaudited \$ 000's	Unaudited \$ 000's	Audited \$ 000's
<b>Income</b>				
Revenue from contracts with customers	3	7,052	8,860	17,909
Rental and other income	4	5,632	4,678	9,800
Other gains		13	32	50
<b>Total income</b>		<b>12,697</b>	<b>13,570</b>	<b>27,759</b>
<b>Expenses</b>				
Operating expenses	5	2,888	2,174	5,303
Employee remuneration and benefits		3,489	2,324	5,358
<b>Total expenses</b>		<b>6,377</b>	<b>4,498</b>	<b>10,661</b>
<b>Earnings before interest, taxation, depreciation and amortisation</b>				
		<b>6,321</b>	<b>9,071</b>	<b>17,098</b>
Depreciation		4,017	4,648	9,313
Amortisation		149	162	325
Loss on cancellation of Wanaka airport lease		-	-	804
<b>Earnings before interest and taxation</b>		<b>2,154</b>	<b>4,261</b>	<b>6,656</b>
Finance costs		1,113	1,264	2,895
<b>Profit before tax</b>		<b>1,041</b>	<b>2,996</b>	<b>3,761</b>
Income tax expense		232	784	2,119
<b>Profit for the period</b>		<b>809</b>	<b>2,212</b>	<b>1,642</b>

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2021 have been audited. The accompanying notes form part of these interim financial statements.

# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2021

Note	6 months to 31 Dec 2021 Unaudited \$ 000's	6 months to 31 Dec 2020 Unaudited \$ 000's	12 months to 30 Jun 2021 Audited \$ 000's
<b>Profit for the period</b>	<b>809</b>	<b>2,212</b>	<b>1,642</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to the income statement</b>			
Gain/(loss) on cash flow hedging taken to reserves	535	287	728
Income tax relating to gain/(loss) on cash flow hedging	(150)	(80)	(204)
Realised gains/(losses) transferred to the income statement	20	-	127
Realised gains/(losses) on transfer of Wanaka airport assets transferred to the income statement	-	-	(129)
<b>Items that may not be subsequently reclassified to the income statement</b>			
Gain on revaluation of property, plant and equipment	-	-	34,651
Income tax relating to gain on revaluation	-	-	(2,102)
<b>Other comprehensive income for the period, net of tax</b>	<b>405</b>	<b>206</b>	<b>33,070</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>1,214</b>	<b>2,419</b>	<b>34,712</b>

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2021 have been audited. The accompanying notes form part of these interim financial statements.

# FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2021

	Ordinary shares	Asset revaluation reserve	Cash flow hedge reserve	Retained earnings	Total equity
<b>At 1 July 2021</b>	<b>37,657</b>	<b>236,795</b>	<b>(455)</b>	<b>54,421</b>	<b>328,418</b>
Profit for the period	-	-	-	809	809
Other comprehensive income	-	-	405	-	405
Total comprehensive income for the period	-	-	405	809	1,213
Dividends paid to shareholders	-	-	-	-	-
<b>At 31 December 2021</b>	<b>37,657</b>	<b>236,795</b>	<b>(50)</b>	<b>55,229</b>	<b>329,631</b>

	Ordinary shares	Asset revaluation reserve	Cash flow hedge reserve	Retained earnings	Total equity
<b>At 1 July 2020</b>	<b>37,657</b>	<b>204,376</b>	<b>(1,106)</b>	<b>52,779</b>	<b>293,706</b>
Profit for the period	-	-	-	2,212	2,212
Other comprehensive income	-	-	206	-	206
Total comprehensive income for the period	-	-	206	2,212	2,418
Dividends paid to shareholders	-	-	-	-	-
<b>At 31 December 2020</b>	<b>37,657</b>	<b>204,376</b>	<b>(900)</b>	<b>54,991</b>	<b>296,124</b>

	Ordinary shares	Asset revaluation reserve	Cash flow hedge reserve	Retained earnings	Total equity
<b>At 1 July 2020</b>	<b>37,657</b>	<b>204,376</b>	<b>(1,106)</b>	<b>52,779</b>	<b>293,706</b>
Profit for the period	-	-	-	1,642	1,642
Other comprehensive income	-	32,419	651	-	33,070
Total comprehensive income for the period	-	32,419	651	1,642	34,712
Dividends paid to shareholders	-	-	-	-	-
<b>At 30 June 2021</b>	<b>37,657</b>	<b>236,795</b>	<b>(455)</b>	<b>54,421</b>	<b>328,418</b>

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# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	As at 31 Dec 2021 Unaudited \$ 000's	As at 31 Dec 2020 Unaudited \$ 000's	As at 30 Jun 2021 Audited \$ 000's
<b>Current assets</b>				
Cash and cash equivalents		2,502	4,404	5,065
Trade and other receivables	6	3,653	3,792	19,171
Current tax receivable		76	-	-
Prepayments		703	816	321
<b>Total current assets</b>		<b>6,934</b>	<b>9,012</b>	<b>24,557</b>
<b>Non-current assets</b>				
Trade and other receivables	6	1,346	1,036	1,036
Property, plant and equipment	7	399,301	381,131	398,750
Intangible assets	8	3,487	4,603	3,534
<b>Total non-current assets</b>		<b>404,134</b>	<b>386,770</b>	<b>403,320</b>
<b>Total assets</b>		<b>411,068</b>	<b>395,782</b>	<b>427,877</b>
<b>Current liabilities</b>				
Trade and other payables	9	797	1,066	1,899
Employee entitlements		853	541	698
Current tax payable		-	4,445	1,438
Derivative financial instruments	10	4	55	6
<b>Total current liabilities</b>		<b>1,653</b>	<b>6,107</b>	<b>4,041</b>
<b>Non-current liabilities</b>				
Derivative financial instruments	10	66	990	597
Deferred tax liability		12,719	10,560	12,821
Term borrowings	11	67,000	82,000	82,000
<b>Total non-current liabilities</b>		<b>79,784</b>	<b>93,551</b>	<b>95,418</b>
<b>Equity</b>				
Share capital		37,657	37,657	37,657
Retained earnings		55,229	54,991	54,421
Asset revaluation reserve		236,795	204,376	236,795
Cash flow hedge reserve	12	(50)	(900)	(455)
<b>Total equity</b>		<b>329,631</b>	<b>296,124</b>	<b>328,418</b>
<b>Total equity and liabilities</b>		<b>411,068</b>	<b>395,782</b>	<b>427,877</b>

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2021 have been audited. The accompanying notes form part of these interim financial statements.

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

for the six months ended 31 December 2021

	6 months to 31 Dec 2021 Unaudited \$ 000's	6 months to 31 Dec 2020 Unaudited \$ 000's	12 months to 30 Jun 2021 Audited \$ 000's
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Receipts from customers	12,688	14,040	25,173
Interest received	5	1	5
	12,693	14,041	25,178
Cash was applied to:			
Payments to suppliers and employees	(7,217)	(7,297)	(9,924)
Interest paid	(1,146)	(1,290)	(2,829)
Tax paid	(1,960)	(200)	(4,068)
	(10,323)	(8,788)	(16,821)
<b>Net cash flows from operating activities</b>	<b>2,370</b>	<b>5,253</b>	<b>8,357</b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Proceeds from cancellation of Wanaka Airport lease arrangement	14,737	-	-
	14,737	-	-
Cash was applied to:			
Purchases of property, plant and equipment	(4,569)	(18,978)	(21,381)
Purchases of intangible assets	(102)	(58)	(99)
	(4,671)	(19,036)	(21,480)
<b>Net cash flows from investing activities</b>	<b>10,067</b>	<b>(19,036)</b>	<b>(21,480)</b>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Increase in borrowings	-	13,000	13,000
	-	13,000	13,000
Cash was applied to:			
Decrease in borrowings	(15,000)	-	-
Dividends paid	-	-	-
	(15,000)	-	-
<b>Net cash flows from financing activities</b>	<b>(15,000)</b>	<b>13,000</b>	<b>13,000</b>
Net increase/(decrease) in cash and cash equivalents	(2,563)	(783)	(122)
Cash and cash equivalents at the beginning of the period	5,065	5,187	5,187
<b>Cash and cash equivalents at the end of the period</b>	<b>2,502</b>	<b>4,404</b>	<b>5,065</b>

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2021 have been audited. The accompanying notes form part of these interim financial statements.

# NOTES TO FINANCIAL STATEMENTS

for the six months ended 31 December 2021

## 1 CORPORATE INFORMATION

Queenstown Airport Corporation Limited (the Company or Queenstown Airport) is a company established under the Airport Authorities Act 1966 and registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013.

The Company provides airport facilities, supporting infrastructure and aeronautical services in Queenstown, New Zealand. The Company also provides aeronautical management services in Wanaka and Glenorchy, New Zealand. The Company earns revenue from aeronautical activities, retail and rental leases, car parking facilities and other charges and rents associated with operating an airport.

The registered office of the Company is Level 1, Terminal Building, Queenstown Airport, Sir Henry Wigley Drive, Queenstown, New Zealand.

These interim financial statements for the Company were approved by the board of directors on 17 February 2022.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as applicable to interim financial statements and as appropriate to profit oriented entities. They comply fully with International Accounting Standard 34 'Interim Financial Reporting' and New Zealand Equivalents to International Accounting Standard 34 'Interim Financial Reporting'.

As the interim financial statements do not include all the information required for full annual financial statements they should be read in conjunction with the annual financial statements for the year ended 30 June 2021.

These interim financial statements for the Company for the six months ended 31 December 2021 have not been audited.

### B) CHANGES IN ACCOUNTING POLICIES AND APPLICATION OF NEW ACCOUNTING POLICIES

There have been no changes in accounting policies and all accounting policies adopted are consistent with those used in the financial statements for the year ended 30 June 2021.

### C) SIGNIFICANT EVENTS

COVID-19 continues to have a significant impact on the aviation industry and on the Company's business. While New Zealand has returned to unrestricted domestic travel, there are notably reduced volumes of domestic flights and passenger numbers. It remains uncertain as to when international flights will recommence to and from Queenstown.

The current situation serves to highlight the unpredictability of the current environment and the inherent uncertainty around the forecast levels of international and domestic air travel. The Company's forecasts are based on information available at the time of preparing the financial statements and reflects the input from various data sources.

Notwithstanding the significant impact of COVID-19 the directors are of the view that the Company's business fundamentals remain strong. Current bank funding facilities have been extended and waivers to banking covenants that were agreed in the prior year have been retained.

## 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

		6 months to 31 Dec 2021 Unaudited \$ 000's	6 months to 31 Dec 2020 Unaudited \$ 000's	12 months to 30 Jun 2021 Audited \$ 000's
	<b>Timing of recognition</b>			
Scheduled airlines and general aviation	At point in time	5,579	6,971	14,011
Parking	Over time	838	1,004	2,258
Recoveries	Over time	210	325	578
Commercial vehicle access	At point in time	425	560	1,062
<b>Total revenue from contracts with customers</b>		<b>7,052</b>	<b>8,860</b>	<b>17,909</b>

The Company derives revenue from the transfer of services over time and at a point in time through four major revenue categories.

## 4 REVENUE FROM RENTAL AND OTHER INCOME

		6 months to 31 Dec 2021 Unaudited \$ 000's	6 months to 31 Dec 2020 Unaudited \$ 000's	12 months to 30 Jun 2021 Audited \$ 000's
Lease rental revenue		4,977	4,470	9,489
Government grants		468	203	203
Other revenue		187	5	107
<b>Total revenue from contracts with customers</b>		<b>5,632</b>	<b>4,678</b>	<b>9,800</b>

Government grant revenue relates to the receipt of the Governments' COVID-19 wage subsidy scheme.

# NOTES TO FINANCIAL STATEMENTS

for the six months ended 31 December 2021

## 5 OPERATING EXPENSES

	6 months to 31 Dec 2021 Unaudited \$ 000's	6 months to 31 Dec 2020 Unaudited \$ 000's	12 months to 30 Jun 2021 Audited \$ 000's
Administration and other	1,350	1,101	2,616
Audit services	65	41	92
Professional services	646	413	1,153
Repairs and maintenance	233	228	603
Utilities	594	391	840
<b>Total operating expenses</b>	<b>2,888</b>	<b>2,174</b>	<b>5,303</b>

## 6 TRADE AND OTHER RECEIVABLES

	As at 31 Dec 2021 Unaudited \$ 000's	As at 31 Dec 2020 Unaudited \$ 000's	As at 30 Jun 2021 Audited \$ 000's
Trade receivables	2,697	3,380	3,222
less provision for expected credit losses	(243)	(319)	(319)
Revenue accruals and other receivables	2,544	1,767	17,304
<b>Closing balance</b>	<b>4,999</b>	<b>4,827</b>	<b>20,206</b>
<b>Recognised in the statement of financial position</b>			
Current assets	3,653	3,792	19,171
Non-current assets	1,346	1,036	1,036
<b>Closing balance</b>	<b>4,999</b>	<b>4,827</b>	<b>20,206</b>

Revenue accruals and other receivables is largely made up of deferred rental arrangements with tenants in response to COVID-19.

## 7 PROPERTY, PLANT AND EQUIPMENT

	As at 31 Dec 2021 Unaudited \$ 000's	As at 31 Dec 2020 Unaudited \$ 000's	As at 30 Jun 2021 Audited \$ 000's
At Fair Value	385,285	354,828	385,161
At cost	26,469	54,553	26,027
Work in progress at cost	7,491	3,284	3,489
Accumulated depreciation	(19,944)	(31,534)	(15,927)
<b>Net carrying amount</b>	<b>399,301</b>	<b>381,131</b>	<b>398,750</b>

## 8 INTANGIBLE ASSETS

	As at 31 Dec 2021 Unaudited \$ 000's	As at 31 Dec 2020 Unaudited \$ 000's	As at 30 Jun 2021 Audited \$ 000's
<b>Opening balance</b>	<b>3,534</b>	<b>4,708</b>	<b>4,708</b>
Additions/(disposals) from internal developments	102	57	(849)
Amortisation	(149)	(162)	(325)
<b>Closing balance</b>	<b>3,487</b>	<b>4,603</b>	<b>3,534</b>

# NOTES TO FINANCIAL STATEMENTS

for the six months ended 31 December 2021

## 9 TRADE AND OTHER PAYABLES

	As at 31 Dec 2021 Unaudited \$ 000's	As at 31 Dec 2020 Unaudited \$ 000's	As at 30 Jun 2021 Audited \$ 000's
Trade payables	461	254	1,348
Other creditors and accruals	336	812	551
<b>Closing balance</b>	<b>797</b>	<b>1,066</b>	<b>1,899</b>

The above balances are unsecured. The amount owing to the related parties is specified in Note 11.

## 10 DERIVATIVES

	As at 31 Dec 2021 Unaudited \$ 000's	As at 31 Dec 2020 Unaudited \$ 000's	As at 30 Jun 2021 Audited \$ 000's
<b>Derivative financial liabilities</b>			
Interest rate swaps (effective)	65	1,045	598
Foreign exchange forward contracts (effective)	4	-	6
<b>Closing balance</b>	<b>69</b>	<b>1,045</b>	<b>604</b>

In order to protect against rising interest rates the Company has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates.

## 11 BORROWINGS

	Expiry Date	Line Limit \$ 000's	As at 31 Dec 2021 Unaudited \$ 000's	As at 31 Dec 2020 Unaudited \$ 000's	As at 30 Jun 2021 Audited \$ 000's
<b>Counterparty drawn amounts</b>					
ASB	30 June 2024	10,000	10,000	11,000	10,000
ASB B	29 April 2023	20,000	1,000	-	1,000
Bank of China	30 April 2023	30,000	15,000	30,000	30,000
BNZ B	30 June 2024	30,000	15,000	15,000	15,000
Westpac B	Expired	-	-	8,000	-
Westpac C	30 June 2025	30,000	8,000	5,000	8,000
Westpac D	30 June 2024	20,000	18,000	13,000	18,000
<b>Total borrowings</b>		<b>140,000</b>	<b>67,000</b>	<b>82,000</b>	<b>82,000</b>
<b>Recognised in the statement of financial position</b>					
Current liabilities			-	-	-
Non-current liabilities			67,000	82,000	82,000
<b>Total borrowings</b>			<b>67,000</b>	<b>82,000</b>	<b>82,000</b>

## 12 RESERVES

	As at 31 Dec 2021 Unaudited \$ 000's	As at 31 Dec 2020 Unaudited \$ 000's	As at 30 Jun 2021 Audited \$ 000's
<b>Opening balance</b>	(455)	(1,106)	(1,106)
Gain/(loss) recognised on interest rate swaps	532	287	735
Deferred tax movement arising on interest rate swaps	(149)	-	(206)
Gain recognised on forward exchange contracts	3	(80)	(6)
Deferred tax movement arising on forward exchange contracts	(1)	-	2
Realised gain/(loss) transferred to statement of comprehensive income	20	-	127
<b>Closing balance</b>	<b>(50)</b>	<b>(900)</b>	<b>(455)</b>



# NOTES TO FINANCIAL STATEMENTS

for the six months ended 31 December 2021

## 13 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The following transactions occurred with related parties:  
All transactions were provided on normal commercial terms.

	6 months to 31 Dec 2021 Unaudited \$ 000's	6 months to 31 Dec 2020 Unaudited \$ 000's	12 months to 30 Jun 2021 Audited \$ 000's
<b>Queenstown Lakes District Council (QLDC)</b>			
Payments:			
Rates paid	246	247	460
Resource and building consent costs and collection fees paid	3	-	24
Other payments	40	-	-
Receipts:			
Parking infringement income received	(7)	-	(8)
Wanaka Airport management fee received	(178)	-	-
Frankton Golf Club income received	(25)	(24)	(44)
<b>Total payments to QLDC</b>	<b>79</b>	<b>223</b>	<b>432</b>
<b>Auckland International Airport Limited (AIAL)</b>			
Director fees paid	22	13	50
<b>Total payments to AIAL</b>	<b>22</b>	<b>13</b>	<b>50</b>

(b) Balances with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	As at 31 Dec 2021 Unaudited \$ 000's	As at 31 Dec 2020 Unaudited \$ 000's	As at 30 Jun 2021 Audited \$ 000's
<b>Queenstown Lakes District Council (QLDC)</b>			
Receivables	(164)	(1)	(14,733)
Payables	3	1	1
<b>Net balance</b>	<b>(161)</b>	<b>-</b>	<b>(14,732)</b>

The amount owing from QLDC at 30 June 2021 (\$14.7 million) to cancel the lease arrangement for Wanaka airport was received on 21 September 2021.

## 14 DIVIDENDS

	6 months to 31 Dec 2021 Unaudited \$ 000's	6 months to 31 Dec 2020 Unaudited \$ 000's	12 months to 30 Jun 2021 Audited \$ 000's
<b>Dividends paid during the period</b>			
Final dividend	-	-	-
Interim dividend	-	-	-
<b>Total dividends paid</b>	<b>-</b>	<b>-</b>	<b>-</b>

No dividends were declared and paid during the period.

# NOTES TO FINANCIAL STATEMENTS

for the six months ended 31 December 2021

## 15 CONTINGENT LIABILITIES

### (a) Noise mitigation

The Company has implemented a programme of works to assist homeowners living in the inner and mid noise boundaries to mitigate the effects of aircraft sound exposure. This programme was put on hold during the prior year due to the significant negative impact on both reduced aircraft movements and the Company's financial performance as a direct result of COVID-19. The programme is being continually assessed and is progressing as increased levels of airline activity return post COVID-19.

#### Inner noise mitigation

As at 31 December 2021, the Company had made inner noise mitigation offers to 39 properties (7 are owned by the Company), at a total cost of \$1,838,000. Aircraft noise at Queenstown Airport has decreased as a result of the reduced aircraft movement levels due to the closure of New Zealand borders since March 2020. Accordingly, the Company has not been obligated to provide noise mitigation works within the inner noise boundary. There are no capital commitments at reporting date.

#### Mid noise mitigation

Prior to 30 June 2020 the Company had made a commitment to provide noise mitigation works (mechanical ventilation) to 131 properties. As at 31 December 2021, 18 homeowners had replied and requested to proceed with design prior to determining whether to accept the offers.

### (b) Lot 6

During the year ending 30 June 2021 the Company made a compensation payment of \$18.34 million for land known as 'Lot 6'. On 15 October 2021 the previous owner, Remarkables Park Limited (RPL) served a claim for compensation under the Public Works Act 1981 upon Queenstown Airport Corporation (QAC) and the Minister for Land Information. As at 17 February 2022, the claim has yet to be referred to the Land Valuation Tribunal.

## 16 CAPITAL COMMITMENTS

	6 months to 31 Dec 2021 Unaudited \$ 000's	6 months to 31 Dec 2020 Unaudited \$ 000's	12 months to 30 Jun 2021 Audited \$ 000's
Committed for Acquisition of Property, Plant and Equipment	3,174	-	6,867
	<b>3,174</b>	-	<b>6,867</b>

## 17 SUBSEQUENT EVENTS

The directors resolved on 17 February 2022 that no interim dividend will be paid for the year ending 30 June 2022 (12 February 2021: Nil).

There were no other significant events after the half year reporting period.