WELLINGTON INTERNATIONAL AIRPORT LIMITED

Consolidated Annual Report
For the Year Ended 31 March 2016

DIRECTORS' REPORT

The Directors have pleasure in presenting to shareholders their twenty-sixth consolidated annual report for Wellington International Airport Limited (WIAL and/or the Company) for the year ended 31 March 2016.

Directors

The Directors of WIAL during the year were:

- ✈ Timothy Brown, Chairman
- ✈ Jason Boyes
- ✈ Peter Coman
- ✈ Steven Fitzgerald
- ✈ Keith Sutton
- ✈ Celia Wade-Brown

Group's Affairs and Nature of Business

WIAL provides integrated airport and commercial facilities and services to various airlines and other airport users. A commercial retail park adjacent to the airport site is available to the public. WIAL's wholly owned subsidiary, Wellington Airport Noise Treatment Limited (WANT Limited), provides noise mitigation activities to manage the impact of noise generated from the airport on the surrounding community. As a result WIAL comprises a Group for financial reporting purposes and is required to prepare a consolidated report.

The Directors regard the state of the Group's affairs to be satisfactory.

The nature of the Group's business has not changed during the year.

Earnings After Subvention Payment and Dividends

Total revenue for the year was $113.5 million. The net profit after taxation amounted to $12.5 million after a $39.5 million subvention was paid to subsidiaries of Infratil Limited.

During the year a dividend of $12.95 million was paid to Wellington City Council.

Retained Earnings Reserve

Retained earnings was $94.7 million, a decrease for the year of $0.4 million.

Asset Revaluation Reserves

The asset revaluation reserve at 31 March 2016 was $402.8 million.

Liabilities

The liabilities of WIAL are not guaranteed by its shareholders.

Auditors

KPMG remained the Group's auditors during the year.

On behalf of the Board.

Tim Brown

Timothy Brown
Chairman
11 May 2016

Keith Sutton
Director
11 May 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		$000	$000
Aircraft movement and terminal charges		65,939	62,720
Property rent and lease income		11,826	11,508
Retail and trading activities		35,745	34,082
Total revenue		**113,510**	**108,310**
Operating expenses	A3	(17,724)	(17,097)
Employee remuneration and benefits	A4	(9,645)	(9,105)
Subvention payment	D2	(39,517)	(38,230)
Total operating and other expenditure		**(66,886)**	**(64,432)**
Investment properties revaluation net increase	B2	1,889	371
Depreciation	B1	(16,469)	(16,210)
Loss on sale of property, plant and equipment		(114)	(19)
Loss on sale of residential houses		-	(674)
Operating earnings before interest and financing expense		**31,930**	**27,346**
Interest income		342	521
Interest expense	C2	(17,116)	(18,255)
Decrease in value of financial instruments designated at fair value through profit or loss	C3	(2,636)	(1,182)
Net financing expense		**(19,410)**	**(18,916)**
Net profit from continuing operations before taxation		**12,520**	**8,430**
Taxation income	A5	3	1,246
Net profit after taxation		**12,523**	**9,676**
Other comprehensive income			
Items which will not be reclassified to profit or loss			
Property, plant and equipment revaluation	B1	91,399	-
Income tax relating to components of other comprehensive income	A5	(22,441)	-
		68,958	**-**
Total comprehensive income		**81,481**	**9,676**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Note	Capital	Asset Revaluation Reserve	Other Reserve	Retained Earnings	Total Equity
		Attributable to Equity Holders				
		$000	$000	$000	$000	$000
Balance as at 1 April 2015		**9,050**	**333,829**	**140**	**95,089**	**438,108**
Comprehensive income						
Net profit		-	-	-	12,523	12,523
Other comprehensive income		-	68,958	-	-	68,958
Total comprehensive income		**-**	**68,958**	**-**	**12,523**	**81,481**
Contributions by and distributions to owners						
Executive redeemable shares issued		-	-	60	-	60
Executive redeemable shares converted		-	-	(59)	-	(59)
Dividends to equity holders		-	-	-	(12,950)	(12,950)
Total contributions by and distributions to owners		**-**	**-**	**1**	**(12,950)**	**(12,949)**
Balance as at 31 March 2016	C1	**9,050**	**402,787**	**141**	**94,662**	**506,640**

	Note	Capital	Asset Revaluation Reserve	Other Reserve	Retained Earnings	Total Equity
		Attributable to Equity Holders				
		$000	$000	$000	$000	$000
Balance as at 1 April 2014		**9,050**	**333,829**	**74**	**97,379**	**440,332**
Comprehensive income						
Net profit		-	-	-	9,676	9,676
Other comprehensive income		-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**9,676**	**9,676**
Contributions by and distributions to owners						
Executive redeemable shares issued		-	-	80	-	80
Executive redeemable shares converted		-	-	(14)	-	(14)
Dividends to equity holders		-	-	-	(11,966)	(11,966)
Total contributions by and distributions to owners		**-**	**-**	**66**	**(11,966)**	**(11,900)**
Balance as at 31 March 2015	C1	**9,050**	**333,829**	**140**	**95,089**	**438,108**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	2016 $000	2015 $000
Cash and cash equivalents	C3	5,911	22,309
Trade receivables	C3	11,224	10,324
Prepayments and sundry receivables		3,086	3,542
Current assets		**20,221**	**36,175**
Property, plant and equipment	B1	870,076	744,522
Investment properties	B2	68,850	60,805
Non current assets		**938,926**	**805,327**
Total assets		**959,147**	**841,502**
Trade and other payables	C3	683	602
Taxation	A5	15,496	13,853
Accruals and other liabilities		13,204	10,138
Accrued employee benefits	A4	2,037	2,359
Current liabilities		**31,420**	**26,952**
Loans and borrowings	C2	295,097	273,882
Deferred taxation	A5	112,852	92,057
Derivative financial instruments	C3	13,138	10,503
Non current liabilities		**421,087**	**376,442**
Attributable to shareholders		506,640	438,108
Total equity		**506,640**	**438,108**
Total equity and liabilities		**959,147**	**841,502**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

On behalf of the Board.

Timothy Brown
Chairman
11 May 2016

Keith Sutton
Director
11 May 2016

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 $000	2015 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		112,867	109,146
Interest received		342	461
		113,209	**109,607**
Cash was disbursed to:			
Payments to suppliers and employees		(26,794)	(25,420)
Interest payment		(15,997)	(17,827)
		70,418	**66,360**
Subvention payment	D2	(39,517)	(38,230)
Net cash flows from operating activities		**30,901**	**28,130**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		10	6
		10	**6**
Cash was disbursed to:			
Purchase and removal of residential houses		-	(674)
Purchase of property, plant and equipment		(55,359)	(21,593)
Purchase of investment property		-	(521)
		(55,359)	**(22,788)**
Net cash flows from investing activities		**(55,349)**	**(22,782)**
Cash flows from financing activities			
Cash was provided from:			
Drawdown of loans and borrowings		32,000	12,000
		32,000	**12,000**
Cash was disbursed to:			
Repayment of loans and borrowings		(11,000)	(12,000)
Dividend payment	D2	(12,950)	(11,966)
		(23,950)	**(23,966)**
Net cash flows from financing activities		**8,050**	**(11,966)**
Net decrease in cash and cash equivalents		(16,398)	(6,618)
Cash and cash equivalents balance at the beginning of the year		22,309	28,927
Cash and cash equivalents balance at the end of the year	C3	**5,911**	**22,309**

Reconciliation of net profit after tax to net cash flow from operating activities:	2016 $000	2015 $000
Net profit after taxation	**12,523**	**9,676**
Decrease in value of financial instruments designated as fair value through profit or loss	2,636	1,182
Depreciation	16,469	16,210
Investment properties revaluation increase	(1,889)	(371)
Other movements not involving cash flows	(1,532)	717
Movements in working capital	2,694	716
Net cash flows from operating activities	**30,901**	**28,130**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

REPORTING ENTITY

The financial statements presented are those of the consolidated Wellington International Airport Limited Group (the Group), comprising Wellington International Airport Limited and its subsidiary, WANT Limited.

The Group operates in Wellington providing integrated airport and commercial facilities and services to various airlines and other airport users. A commercial retail park adjacent to the airport site is available to the public.

STATUTORY BASE

The parent company, Wellington International Airport Limited (WIAL and/or the Company) is a profit orientated company domiciled in New Zealand and is registered under the Companies Act 1993. The company has bonds listed on the NZDX and on that basis meets the definition of a Financial Markets Conduct Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

BASIS OF PREPARATION

The consolidated financial statements are general purpose financial statements and have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements are presented for the year ended 31 March 2016 and were approved by the Board of Directors on 11 May 2016.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, with the exception of certain items as identified in specific accounting policies, and are presented in New Zealand Dollars which is the Group's functional currency. Where indicated, values are rounded to the nearest thousand dollars ($000).

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented.

USE OF ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of these consolidated financial statements conform with NZIFRS which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates.

Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed within the specific notes shown below:

Area of estimate or judgement	Note
Valuation of property, plant and equipment	Note B1 Property, plant and equipment
Valuation of investment properties	Note B2 Investment properties

FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The Audit and Risk Committee also has a function of reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Group has developed a comprehensive enterprise wide risk management framework. Management and Board participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Group. Management report to the Audit and Risk Committee and the Board on the Group's risks and the controls and treatments for those risks. Financial risk management principles are disclosed within the specific notes shown below:

Area of risk management	Note
Capital risk	Note C1 Share capital
Market risk	Note C2 Loans and borrowings
Liquidity risk	Note C3 Financial Instruments
Credit risk	Note C3 Financial Instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2016

NEW STRUCTURE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group is pleased to present a new structure of the consolidated financial statements. The new structure has been designed to improve the clarity and usefulness of this report. Two key changes are as follows:

- A new sequence to the notes. The notes are now grouped into the broad categories the Directors consider the most relevant when evaluating the consolidated financial statements of the Group; and

- To incorporate the accounting policies in the related note disclosure as well as any identified areas of key accounting estimates, judgements and financial risk management, where this is relevant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes include information which is required to understand the consolidated financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; and/or
- it relates to an aspect of the Group's operations that is important to its future performance.

NOTE CATEGORIES

A FINANCIAL PERFORMANCE

B FIXED ASSETS

C FUNDING

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P Accounting policy

E Key judgements and estimates

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A. FINANCIAL PERFORMANCE

A1. Segment reporting and non-NZ GAAP measure

P

Operating segments are identified based on the nature of the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker of the Group has been identified as the Chief Executive Officer. Based on the internal reporting to the Chief Executive Officer, the group is considered to have one operating segment.

The Group has three main airline customers (Air New Zealand Group, Qantas Group and Virgin Australia Airlines Group). The revenue earned from these customers for the year ended 31 March 2016 was $62.7 million (2015: $59.6 million).

The Group refers to a non-NZ GAAP financial measure of earnings before interest, tax, depreciation, amortisation, change in fair value of financial instruments, impairments and gain/(loss) on sale of assets (EBITDAF) and subvention payment within these consolidated financial statements. The Board and management consider it a useful non-NZ GAAP financial measure as it shows the contribution to earnings prior to non-cash items, cost of financing and subvention and is used by management, in conjunction with other measures, to monitor financial performance. The limited use of this non-NZ GAAP measure is intended to supplement GAAP measures and is not a substitute for NZ GAAP measures. As these measures are not defined by NZ GAAP, NZIFRS, or any other body of accounting standards, the Group's calculations may differ from similarly titled measures presented by other companies.

	2016	**2015**
	$000	**$000**
Net profit after taxation	**12,523**	**9,676**
Subvention payment	39,517	38,230
Net interest expense	16,774	17,734
Taxation income	(3)	(1,246)
Depreciation	16,469	16,210
Investment property revaluation net increase	(1,889)	(371)
Loss on sale of property, plant and equipment	114	19
Loss on sale of residential houses	-	674
Decrease in value of financial instruments designated at fair value through profit or loss	2,636	1,182
EBITDAF before subvention payment	**86,141**	**82,108**

A2. Revenue

Revenue is earned from aircraft movement and terminal charges, retail and trading activities and property leases.

Revenue recognition

P

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Group's activities net of the amount of Goods and Services Tax ("GST").

Aircraft movement and terminal charges

Airfield income, passenger service charges and terminal service charges are recognised as revenue when the passenger travels or the airport facilities are used.

Property rent and lease income

Rental revenue, net of lease incentives, is recognised on a straight line basis over the term of the lease.

Retail and trading activities

Retail concession fees are recognised as revenue on an accrual basis in accordance with the agreements. Revenue from car parks is recognised once the service is delivered.

Interest income

Interest income is recognised as it accrues, taking into account the effective yield of the financial asset.

A3. Operating expenses

The Group incurs operating expenses in delivering its services as an integrated airport to various airlines and other airport users. The main components comprising operating expenses are outlined below.

	2016	2015
Fees paid to auditors:	$000	$000
Audit of statutory financial statements	96	82
Taxation compliance services	33	38
Other assurance services *(Note 1)*	33	42
Donations	-	6
Directors' fees	458	338
Regulatory compliance and airline pricing consultation	923	581
Marketing and development	1,657	1,629
Cleaning and energy	1,796	2,044
Rates	2,234	1,970
Insurance	1,927	2,037
Repairs and maintenance	2,319	2,553
Operating lease expenses	845	821
Administration and other expenses	5,403	4,956
Total operating expenses	**17,724**	**17,097**

Note 1 - Audit of WIAL's regulatory Annual Disclosures. The prior year additionally includes a review of the airline pricing consultation financial model

A4. Employee remuneration and benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the amount can be measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

WIAL participates in two staff share schemes, namely an executive share scheme and a staff share purchase scheme. In association with employee participation in the staff share purchase scheme, WIAL has recorded $25,170 in interest free loans as at 31 March 2016 (2015: $20,360).

Accrued employee benefits	**2016**	2015
	$000	$000
Salaries and wages	1,503	1,812
Annual leave	534	547
Total accrued employee benefits	**2,037**	**2,359**

Key management personnel disclosures

Key management personnel include the Directors of WIAL, the Chief Executive Officer and those personnel reporting directly to the Chief Executive Officer. The Directors' fees of $458,000 (2015: $337,591) disclosed in Note A3 are included within short-term employee benefits as they form part of the remuneration to key management personnel.

WIAL has recorded $510,104 as an expense in profit or loss in respect of the executive share scheme for the year ended 31 March 2016 (2015: $283,321).

	2016	2015
	$000	$000
Short-term employee benefits	**3,444**	**2,794**

A5. Taxation

P

Current and deferred tax is recognised in profit or loss in the statement of comprehensive income, except when it relates to items credited or debited directly to equity or in other comprehensive income, in which case the deferred tax or current tax is also recognised directly in equity or in other comprehensive income. Current tax is the expected tax receivable/(payable) on the taxable (loss)/income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

	2016	2015
	$000	$000
Net profit before taxation	**12,520**	**8,430**
Taxation for the year at 28% (2015: 28%)	(3,506)	(2,360)
Subvention payment made in respect of prior period	(11,064)	(10,704)
Taxation effect of non deductible expenses	381	(122)
Loss offset	3,314	4,298
Over provision in prior years	10,878	10,134
Taxation income	**3**	**1,246**
Current taxation	(1,643)	1,114
Deferred taxation	1,646	132
Taxation income	**3**	**1,246**

P

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date.

	Property, plant and equipment	Investment properties	Derivatives	Employee benefits	Other	Total
	$000	$000	$000	$000	$000	$000
Balance at 1 April 2015	(86,804)	(9,036)	3,814	139	(170)	(92,057)
Recognised in profit and loss	927	(65)	789	167	(172)	1,646
Recognised in other comprehensive income	(22,441)	-	-	-	-	(22,441)
Balance at 31 March 2016	**(108,318)**	**(9,101)**	**4,603**	**306**	**(342)**	**(112,852)**
Balance at 1 April 2014	(87,634)	(8,076)	3,547	149	(175)	(92,189)
Recognised in profit and loss	830	(960)	267	(10)	5	132
Recognised in other comprehensive income	-	-	-	-	-	-
Balance at 31 March 2015	**(86,804)**	**(9,036)**	**3,814**	**139**	**(170)**	**(92,057)**

B. FIXED ASSETS

B1. Property, plant and equipment

P

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses, or at fair value less accumulated depreciation and impairment losses as referred to in the table on page 13. Fair value is based on valuations which are undertaken on a systematic basis and at least every five years. The fair value of assets are reviewed at the end of each reporting period to ensure that there is no material difference to the carrying value at the reporting date. Property, plant and equipment are also reviewed annually for indications of impairment with any identified impairment adjustments charged to profit or loss.

Depreciation

Depreciation is calculated systematically on a straight-line basis to allocate the cost or revalued amount of an asset, less any residual value, over its estimated useful life. Land and certain civil foundation works are not depreciated.

E

The Group makes estimates of the remaining useful lives of assets, which are as follows:

Building ancillary services	2 – 30 years
Buildings	40 – 55 years
Civil works	10 – 120 years
Vehicles, plant and equipment	3 – 40 years

Individual asset remaining useful lives and residual values are assessed at least annually.

Capitalised interest

For the year ended 31 March 2016, capitalised borrowing costs relating to capital work in progress, as referred to in Note C2, amounted to $2.2 million (2015: $0.5 million), with an average interest rate of 6.21% per annum (2015: 6.23% per annum).

Valuation of property, plant and equipment

P

Fair value is determined by an independent valuation or by management using recognised valuation techniques. An independent valuer is engaged to provide a valuation if management does not have sufficient expertise to perform the valuation. Where the assets are of a specialised nature and do not have observable market values in their existing use, optimised depreciated replacement cost is used as the basis of the valuation. Where there is an observable market, an income based approach is used.

E

Property, plant and equipment was revalued at 31 March 2016. The major inputs and assumptions that form the basis of determining fair value and the relevant relationship of the inputs requiring judgement are outlined below.

Description of different valuation approaches

Discounted cash flow (DCF)	A valuation methodology which requires the application of financial modelling techniques. Discounted cash flow analysis requires assumptions to be made regarding the prospective income and expenses of a property, such assumptions pertaining to the quantity, quality, variability, timing, and duration of inflows and outflows over an assumed period. The assessed cash flows are discounted to present value at an appropriate, market-derived discount rate to determine fair value.
Income capitalisation approach (Cap rate)	A valuation methodology which determines fair value by capitalising an asset's sustainable net income at an appropriate, market derived capitalisation rate based on an analysis of sales of comparable assets.
Optimised depreciated replacement costs (ODRC)	A valuation methodology whereby fair value is determined by calculating the cost of constructing a modern equivalent asset at current market based input cost rates, adjusted for the remaining useful life of the assets (depreciation) and any sub-optimal usage of the assets in their current application (optimisation).
Market value existing use approach (MVEU)	A valuation methodology whereby fair value, based on the highest and best alternative use (MVAU), is determined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction plus consenting and holding costs to provide land suitable for airport use. The consenting and holding costs are derived by the valuer using assumptions regarding the direct costs of obtaining consent, the developer's weighted average cost of capital and the holding period for conversion to airport use.

Fair value hierarchy levels

The Group discloses fair value measurements by level of the following fair value measurement hierarchy:

• Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities,

• Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

• Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no transfers between levels of the fair value hierarchy during the year ended 31 March 2016 (2015: none).

Unobservable inputs

The valuation methodology adopted by the Group makes use of inputs which do not have any market data available and are developed using the best information available that market participants would use when evaluating pricing.

B1. Property, plant and equipment (continued)

The following table summarises the valuation approach and key assumptions used by the valuers to arrive at fair value:

Description	Valuation approach	Fair value hierarchy level	Significant unobservable inputs		Sensitivity +/- 5% valuation impact	Relationship of unobservable inputs to fair value
Land						
Aeronautical land - used for airport activities and specialised aeronautical assets. Non-aeronautical land - used for non-aeronautical purposes e.g. industrial, service, retail, residential and land associated with the vehicle business.	MVEU	3	MVAU rate per hectare	$1.38 million per hectare	A 5% change equates to +/- $13.5m	The higher the rate per hectare, the higher the fair value.
			Developer's WACC rate	11.30%	A 5% change equates to +/- $6.1m	The higher the WACC rate, the higher the fair value.
			Holding period	6 years	A 5% change equates to +/- $9.1m	The longer the holding period, the higher the fair value.
Valued at 31 March 2016 by Telfer Young Limited, registered valuers, at $300.6 million (Valued at 31 March 2012 by Telfer Young Limited, registered valuers, at $289.2 million).						
Civil						
Civil works include sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value.	ODRC	3	Average cost rates per sqm for concrete, asphalt, base course and foundations	Concrete $800 Asphalt $892 Base course $96 Foundations $19	A 5% change equates to +/- $7.2m	The higher the average cost rates, the higher the fair value.
			Estimated remaining useful life	Average remaining useful life 30 years	A 5% change equates to +/- $7.2m	The longer the estimated remaining useful life, the higher the fair value.
Valued at 31 March 2016 by Opus International Consultants Limited at $144.7 million (Valued at 31 March 2011 by Opus International Consultants Limited at $142.7 million).						
Buildings						
Specialised buildings used for identified airport activities. Non specialised buildings used for purposes other than for identified airport activities, including space allocated within the main terminal building for retail activities, offices and storage.	ODRC	3	Modern equivalent asset rate per sqm	Specialised $5,139	A 5% change equates to +/- $8.5m	The higher the modern equivalent asset rate the higher the fair value.
				Non specialised $1,875	A 5% change equates to +/- $0.4m	The higher the modern equivalent asset rate the higher the fair value.
Vehicle business assets associated with car parking and taxi, shuttle and bus services (excluding land and civil).	DCF and Cap rate	3	Revenue growth	1.81%	A 5% change equates to +/- $0.7m	The higher the assumed revenue growth, the higher the fair value.
			Cost growth	1.81%	A 5% change equates to +/- $0.5m	The higher the assumed cost growth, the lower the fair value.
			Discount rate	10.25%	A 5% change equates to +/- $3.2m	The higher the discount rate, the lower the fair value.
			Income capitalisation rate	8.75%	A 5% change equates to +/- $4.9m	An increase in the capitalisation rate will decrease the fair value.
Valued at 31 March 2016 by Telfer Young Limited, registered valuers, at $344.6 million (Valued at 31 March 2011 by Telfer Young Limited, registered valuers, at $268.7 million).						
Vehicles, plant and equipment						
Vehicles, plant and equipment comprises a mixture of specialised and non-specialised assets.	Cost less accumulated depreciation and impairment losses					

B1. Property, plant and equipment (continued)

The Group's assets are outlined by each class of asset and a reconciliation is presented to reflect the movement in the value of property, plant and equipment during the reporting period.

	Land at fair value $000	Civil at fair value $000	Buildings at fair value $000	Vehicles, Plant and Equipment at cost $000	Capital work in progress at cost $000	Total $000
Cost or valuation						
Balance at 1 April 2015	290,526	157,726	311,912	41,328	21,586	823,078
Additions	-	12	236	882	55,774	56,904
Transfer from capital work in progress	-	3,727	658	1,341	(5,726)	-
Transfer from capital work in progress to investment properties	-	-	-	-	(5,414)	(5,414)
Transfer from property, plant and equipment assets to investment properties	(1,181)	224	220	(5)	-	(742)
Disposals	-	-	(142)	(672)	-	(814)
Movement in asset revaluation	11,250	(17,026)	31,703	-	-	25,927
Balance at 31 March 2016	**300,595**	**144,663**	**344,587**	**42,874**	**66,220**	**898,939**
Accumulated depreciation and impairment losses						
Balance at 1 April 2015	-	22,222	30,245	26,089	-	78,556
Depreciation for the year	-	5,318	7,706	3,445	-	16,469
Disposals	-	-	(19)	(671)	-	(690)
Movement in asset revaluation	-	(27,540)	(37,932)	-	-	(65,472)
Balance at 31 March 2016	**-**	**-**	**-**	**28,863**	**-**	**28,863**
Net book value at 31 March 2016	**300,595**	**144,663**	**344,587**	**14,011**	**66,220**	**870,076**
Cost or valuation						
Balance at 1 April 2014	290,130	151,874	309,323	39,769	10,474	801,570
Additions	395	15	427	604	20,672	22,113
Transfer from capital work in progress	1	5,851	2,095	1,092	(9,039)	-
Transfer of capital work in progress to investment properties	-	-	-	-	(521)	(521)
Transfer from property, plant and equipment assets to investment properties	-	-	67	-	-	67
Disposals	-	(14)	-	(137)	-	(151)
Balance at 31 March 2015	**290,526**	**157,726**	**311,912**	**41,328**	**21,586**	**823,078**
Accumulated depreciation and impairment losses						
Balance at 1 April 2014	-	17,059	22,659	22,755	-	62,473
Depreciation for the year	-	5,177	7,586	3,447	-	16,210
Disposals	-	(14)	-	(113)	-	(127)
Balance at 31 March 2015	**-**	**22,222**	**30,245**	**26,089**	**-**	**78,556**
Net book value as at 31 March 2015	**290,526**	**135,504**	**281,667**	**15,239**	**21,586**	**744,522**

At 31 March 2016, had assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been $86.6 million for land (2015: $87.0 million), $96.7 million for civil assets (2015: $95.8 million) and $168.8 million for buildings (2015: $174.2 million) .

P

B2. Investment properties

Investment properties are measured at fair value with any change recognised in profit or loss. Investment properties are revalued annually at fair value as determined by an independent valuer.

	2016 $000	2015 $000
Balance at the beginning of the year	60,805	59,980
Transfer from capital work in progress to investment properties	5,414	521
Transfer from/(to) property, plant and equipment assets to/(from) investment properties	742	(67)
Investment properties revaluation net increase	1,889	371
Balance at the end of the year	**68,850**	**60,805**

	2016	2015
Amounts recognised in profit or loss (excluding revaluations):		
Rental income from investment properties	5,878	5,535
Direct operating expenses arising from investment properties	(1,147)	(1,079)
Net amount recognised in profit or loss (excluding revaluations)	**4,731**	**4,456**

Valuation of investment properties

E

The fair value of investment properties is estimated by an independent valuer which reflects market conditions at balance date. Changes to market conditions or to assumptions made in the estimation of fair value will result in changes to the fair value of the investment properties.

The following table summarises the valuation approach and key assumptions used by the valuers to arrive at fair value:

Description	Valuation approach	Fair value hierarchy level	Significant unobservable inputs		Relationship of unobservable inputs to fair value
Investment Properties					
Properties held for investment income earning purposes.	DCF and Cap rate	3	Weighted average discount rate	8.91% (2015: 10.14%)	An increase in the discount rate will decrease the fair value.
			Weighted average income capitalisation rate	8.25% (2015: 8.44%)	An increase in the capitalisation rate will decrease the fair value.
			Weighted average lease term	3.22 years (2015: 3.55 years)	A decrease in the average lease term will ordinarily decrease the fair value.
Valued at 31 March 2016 by Jones Lang LaSalle, registered valuers, at $68.9 million (Valued at 31 March 2015 by Telfer Young Limited, registered valuers at $60.8 million).					

C. FUNDING

C1. Share capital

	2016	2015
	$000	$000
Represented by:		
Total issued capital at the beginning and end of the year 40,155,942 ordinary shares	9,050	9,050
Balance at the end of the year	**9,050**	**9,050**

All ordinary shares have equal voting rights and share equally in dividends and equity. All shares have no par value.

Capital risk

R

The Group's capital includes share capital, reserves, retained earnings and debt. The key factors in determining the Group's optimal capital structure are quality and dependability of earnings and cash flows, capital needs and available sources and relative cost of capital. The Group is subject to certain compliance ratios relevant to its bank facility agreements and Trust Deeds applicable to the bond borrowings.

C2. Loans and borrowings

P

Borrowings are recorded at amortised cost. Fees and other costs incurred in raising debt finance are capitalised and amortised over the term of the relevant debt instrument or debt facility.

Borrowing costs are recognised as an expense in the period in which they are incurred using the effective interest rate method except to the extent that they are capitalised. Borrowing costs that are directly attributable to construction projects of a qualifying asset are capitalised as part of the cost of the assets, as set out in Note B1.

		2016	2015	2016	2015
	Maturity	Interest Rate	Interest Rate	$000	$000
Bank facilities Tranche A	Jun-18	Various	Various	15,000	-
Bank facilities Tranche B	Jun-19	Various	Various	6,000	-
Wholesale bonds WIA0817	Aug-17	Floating	Floating	150,000	150,000
Wholesale bonds WIA0619	Jun-19	Floating	Floating	25,000	25,000
Wholesale bonds WIA0620	Jun-20	5.27%	5.27%	25,000	25,000
Retail bonds WIA020	May-21	6.25%	6.25%	75,000	75,000
Total borrowings at face value				**296,000**	**275,000**
Unamortised transaction costs				(903)	(1,118)
Carrying value of borrowings				**295,097**	**273,882**
Current				-	-
Non-current				295,097	273,882

C2. Loans and borrowings (continued)

Bank facilities	**2016 Facility**	**2016 Drawn**	**2015 Facility**	**2015 Drawn**
Maturity	**$000**	**$000**	**$000**	**$000**
Between 2 and 3 years	70,000	15,000	-	-
More than 3 years	30,000	6,000	100,000	-
	100,000	**21,000**	**100,000**	**-**

The Group's debt includes bank facilities with a negative pledge arrangement, which with limited exceptions do not permit the borrower to grant any security over its assets. The bank facilities require the borrower to maintain certain levels of shareholder funds and operate within defined performance and gearing ratios. The banking arrangements also include restrictions over the sale or disposal of certain assets. The Group has complied with all its debt covenant requirements during the year.

Bonds

The Trust Deeds for the bonds require the Group to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deeds create restrictions over the sale or disposal of certain assets. The Group complied with its debt covenant requirements during the year. At 31 March 2016, the bonds had a fair value of $284.1 million (2015: $282.3 million), based on the NZDX valuation at balance date.

Market risk

Market risk includes interest rate risk (cash flow and fair value) which is the risk of interest rate volatility negatively affecting the Group's interest expense cash flow and earnings. The Group is not exposed to material foreign currency risk.

Interest rate risk

The Group is exposed to interest rate fluctuations on its bank debt and borrowings. The Group mitigates this risk by issuing term borrowings at fixed interest rates or entering into interest rate swaps to convert floating rate exposures to fixed rate exposure. As at 31 March 2016 the Group has covered 100% of its wholesale bond exposure to floating interest rates with fixed rate swaps (2015: 100%). The average effective interest rate for the interest rate swaps during the year ended 31 March 2016 was 6.34% (2015: 6.32%).

	2016	**2015**
At balance date the interest rate contracts outstanding were:	**$000**	**$000**
Interest rate swaps notional value	275,000	175,000
Fair value of interest rate swaps	(13,138)	(10,503)
Maturity analysis		
Between 1 and 2 years	150,000	-
Between 2 to 5 years	100,000	175,000
More than five years	25,000	-
	275,000	**175,000**

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates for the year to the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss			
	2016		**2015**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
	$000	**$000**	**$000**	**$000**
Wholesale bonds - variable rate instruments	(1,750)	1,750	(1,750)	1,750
Interest rate swaps	6,817	(6,997)	5,935	(6,073)
Net profit and loss sensitivity	**5,067**	**(5,247)**	**4,185**	**(4,323)**

C3. Financial instruments

	2016	**2015**
Financial instruments carried at amortised cost	**$000**	**$000**
Assets		
Cash and cash equivalents	5,911	22,309
Trade receivables	11,224	10,324
Liabilities		
Trade and other payables	683	602
Wholesale bonds	199,688	199,546
Retail bonds	74,409	74,336
Bank facilities	21,000	-

C3. Financial instruments (continued)

Financial instruments carried at fair value

Derivatives

P

Derivative financial instruments are recognised initially at fair value at the date they are entered into. Subsequent to initial recognition, derivative financial instruments are re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss. Counterparties to derivative financial instruments are major financial institutions. The Group has not requested security to support derivative financial instruments entered into.

As at 31 March 2016, the Group has interest rate contracts with maturities up to June 2021. The fair value of these derivative financial instruments at 31 March 2016 are $13.1 million (2015: $10.5 million), which is calculated using market-quoted rates based on discounted cash flow analysis by applying marked to market values. The fair value adjustment resulted in an unrealised loss of $2.6 million for the year ended 31 March 2016 (2015: unrealised loss $1.2 million). The fair value measurement of derivatives is categorised as level 2 within the fair value hierarchy and there were no transfers between levels of the hierarchy during the year ended 31 March 2016 (2015: none).

Liquidity risk

R

Liquidity risk is monitored by regularly forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk by maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the spreading of debt maturities. In addition, covenant levels are monitored and reported to the Board, banks and the trustee.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date. The amounts in the tables below are disclosed at fair value, apart from bonds which are disclosed as contractual undiscounted cash flows and include interest through to maturity.

	Balance sheet	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	$000	$000	$000	$000	$000	$000	$000
At 31 March 2016							
Trade and other payables	683	683	683	-	-	-	-
Bank facilities	21,000	21,000	-	-	-	21,000	-
Retail bonds	74,409	100,782	2,344	2,344	4,688	14,063	77,343
Wholesale bonds	199,688	213,984	2,846	2,846	153,930	54,362	-
Derivative financial instruments	13,138	15,172	3,529	3,529	4,661	3,421	32
Total liabilities	**308,918**	**351,621**	**9,402**	**8,719**	**163,279**	**92,846**	**77,375**
At 31 March 2015							
Trade and other payables	602	602	602	-	-	-	-
Retail bonds	74,336	105,470	2,344	2,344	4,688	14,063	82,031
Wholesale bonds	199,546	226,214	4,109	3,972	8,004	184,470	25,659
Derivative financial instruments	10,503	12,056	2,266	2,403	4,747	2,640	-
Total liabilities	**284,987**	**344,342**	**9,321**	**8,719**	**17,439**	**201,173**	**107,690**

Credit risk

R

The Group is exposed to credit risk in the normal course of business including those arising from trade receivables with its customers, financial derivatives and transactions (including cash balances) with financial institutions. Cash is held with counterparties approved under the Group's Treasury Policy. At 31 March 2016 cash was held solely with ANZ Bank New Zealand Limited. The Group minimises its exposure to credit risk of trade receivables through the adoption of counterparty credit limits and standard payment terms. Derivative and cash transactions are limited to high credit-quality financial institutions and other organisations in the relevant industry.

The Group's exposure and the credit ratings of counterparties are monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties.

The Group has exposure to various counterparties. Maximum exposures to credit risk at balance date relate to bank balances of $5.9 million (2015: $22.3 million) and trade receivables of $11.2 million ($10.3 million). No security is held for these amounts. Concentration of credit risk with respect to trade receivables is concentrated in a small number of accounts because the Group has a limited range of customers. At 31 March 2016, 78% of trade receivables were due from the top ten largest debtors (2015: 71%) and 9% of trade receivables were overdue (2015: 6%). The Group actively manages and monitors its accounts receivable on an ongoing basis. The Group is not exposed to any other concentrations of credit risk.

D. OTHER NOTES

D1. Subsidiaries

	Balance Date	2016 Holding	2015 Holding	Principal activity	Country of incorporation
WANT Limited	31 March	100%	100%	Noise mitigation	New Zealand

The Land Use Management and Insulation for Airport Noise Study was undertaken by WIAL in conjunction with its airlines, Board of Airline Representatives New Zealand Inc, Wellington City Council and the local Air Noise Management Committee in order to fulfil WIAL's obligations arising from Environment Court proceedings in 1997. The work identified from this study includes the acquisition and removal of noise affected houses and the provision of noise mitigation and insulation activities for others. WIAL commenced charging the airlines operating at Wellington Airport for these activities from 1 April 2012 and the charge for the current year is approximately 40 cents per passenger. These charges and noise mitigation activities are managed in WANT Limited, a wholly owned subsidiary of WIAL. WANT Limited has forecast that it will have predominantly concluded the noise management activities by the end of the financial year ending 31 March 2022 and it is expected that the charges will recover the noise mitigation costs over the period from 1 April 2012 to 31 March 2022. WANT Limited commenced trading on 1 April 2012.

D2. Related parties

WIAL is 66% owned by NZ Airports Limited, which is wholly owned by Infratil Limited. Wellington City Council owns the remaining 34% of the Company.

	Transaction Value for the year ended 31 March		Balance receivable/(payable) as at 31 March	
	2016	**2015**	**2016**	**2015**
Infratil and its subsidiaries	**$000**	**$000**	**$000**	**$000**
Infratil Group - subvention payment	(39,517)	(38,230)	-	-
Cityline NZ Limited - Airport Flyer Bus concessions	281	236	28	24
H.R.L. Morrison & Co Limited - Consultancy fees	(41)	(47)	-	-
- Directors' fees	(320)	(233)	(93)	-
iSite Limited - Advertising services *(Note 1)*	855	1,268	-	124
Infratil Associate				
Z Energy - Lease of property *(Note 2)*	213	392	-	38
Wellington City Council				
Dividend payment	(12,950)	(11,966)	-	-
Directors' fees	(60)	(46)	-	-
Rates	(2,495)	(2,250)	(3)	-
Grants	1,261	517	10	-
Other expenses	(282)	(230)	-	(13)

Note 1 - iSite Limited ceased to be a subsidiary of Infratil Limited on 10 December 2015
Note 2 - Z Energy ceased to be an associate of Infratil Limited on 30 September 2015

Directors' fees of $320,000 (2015: $233,245) were paid during the year to H.R.L. Morrison & Co, the company responsible for the day-to-day management of Infratil Limited, for the services of T Brown, P Coman, S Fitzgerald and J Boyes as Directors, and S Fitzgerald and J Boyes as Audit and Risk Committee members. Directors fees of $60,000 (2015: $46,035) were paid during the year to the Wellington City Council, for the services of C Wade-Brown as a Director.

D3. Financial commitments

Capital commitments	2016 $000	2015 $000
Contracted but not provided for	**59,382**	**35,866**

The commitments contracted but not provided for relates to terminal development and multi level car park works.

Lease commitments

Lease commitments to the Group

The Group owns investment properties and other properties, plant and equipment which are leased to earn property income. The future minimum lease payments under non-cancellable leases are receivable as follows:	2016 $000	2015 $000
Between 0 to 1 year	8,848	12,738
Between 1 to 2 years	6,463	5,558
Between 2 to 5 years	13,411	10,284
More than 5 years	7,303	8,678
Total lessor commitments	**36,025**	**37,258**

Lease commitments of the Group

The Group has commitments under operating leases relating to the lease of premises and hire of plant and equipment. The lease periods range from 1 to 20 years. The future minimum lease payments under non-cancellable leases are payable as follows:	2016 $000	2015 $000
Between 0 to 1 year	816	821
Between 1 to 2 years	792	806
Between 2 to 5 years	2,246	2,289
More than 5 years	2,602	3,352
Total lessee commitments	**6,456**	**7,268**

D4. Contingency and subsequent events

There were no contingent liabilities at 31 March 2016 (2015: nil).

Subsequent to balance date WIAL issued $75 million in fixed rate bonds maturing on 12 May 2023. The bonds have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as WIAL's bonds maturing on 15 May 2021 (NZDX: WIA020). The bonds have a fixed coupon of 4.25% and were listed on the NZDX on 6 May 2016 under ticker code WIA030.

D5. Changes in financial reporting standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2016, but have not been applied in preparing these consolidated financial statements, with the exception of the IAS 1 Amendments (Disclosure Initiative). The implementation of IAS 1 has resulted in presentation of the new structure of the consolidated financial statements as set out on page 8.

IFRS 9 Financial Instruments, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. It is not expected to have a material impact on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The likely impact of this standard has not yet been assessed.

IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The likely impact of this standard has not yet been assessed.

STATUTORY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

Directors' interests

The Directors have given the following notices of disclosure of interest which have been entered into the Company's register of interests.

Director	Name of party in which Director has an interest	Nature of interest
Timothy Brown	Creative Capital Arts Trust	Chairman
	MCL Capital Limited	Chairman
	MCL Capital No. 1 Limited	Chairman
	Mana Capital Holdings Limited	Director
	New Zealand Bus Limited	Director
	New Zealand Bus Company Finance Limited	Director
	New Zealand Opera	Director
	North West Auckland Airport Limited	Director
	H.R.L. Morrison & Co Limited	Executive
Jason Boyes	H.R.L. Morrison & Co Limited	Executive
Peter Coman	Learning Infrastructure Partners GP1 Limited	Director
	Future Schools Partners GP Limited	Director
	Future Schools Partners GP 1 Limited	Director
	Infratil Infrastructure Property Limited	Director
	Learning Infrastructure Partners GP Limited	Director
	Living & Learning Custodians Pty Limited	Director
	Living & Learning Finance Pty Limited	Director
	Living & Learning Holdings Custodians Pty Limited	Director
	Morrison & Co PIP Limited	Director
	Morrison & Co Property Group Limited	Director
	New Lynn Central Limited	Director
	Woodward Infrastructure Limited	Director
	H.R.L. Morrison & Co Limited	Executive
Steven Fitzgerald	PAPT Holdings Pty Limited	Director
	PAPT Nominees Pty Limited	Director
	Perth Airport Development Group Pty Limited	Director
	Perth Airport Pty Limited	Director
	Perth Energy Pty Limited	Director
	RA 2014 Pty Limited	Director
	RA (Holdings) 2014 Pty Limited	Director
	Western Energy Pty Limited	Director
	Western Energy Holdings Pty Limited	Director
	H.R.L. Morrison & Co Limited	Executive
Keith Sutton	Taranaki Investment Management Limited	Chairman
Independent Director	Tasman Farms Limited	Chairman
	Tasmanian Land Company Limited	Director
	Rural Livestock Limited	Director
	Gough Group Limited	Director
	OSPRI New Zealand Limited	Director
	Sutton McCarthy Limited	Director
	Wools of New Zealand Limited	Director
	The Van Diemen's Land Company	Governor
	Te Tumu Paeroa Advisory Board	Member

STATUTORY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

Celia Wade-Brown	Living Streets Aotearoa	Honorary Life Member
	Royal Port Nicholson Yacht Club	Honorary Member
	Wellington RSA	Honorary Member
	Nikau Foundation	Trustee
	Alzheimer's Society	Patron
	Capital Vision Research Trust	Patron
	Central Allbreeds Dog Training School	Patron
	Evans Bay Yacht and Motor Boat Club	Patron
	Friends of Tawa Bush Reserves	Patron
	Island Bay & Berhampore Orchard	Patron
	Kelburn Municipal Croquet Club	Patron
	National Council of Women (Wellington Branch)	Patron
	NBR New Zealand Opera	Patron
	Netball Wellington Region (2010)	Patron
	Onslow Historical Society	Patron
	Pan Pacific and South East Asian Women Association (Wellington Group)	Patron
	Parent Help	Patron
	Pelorus Trust Wellington Brass Band	Patron
	Rainbow Wellington	Patron
	Royal Humane Society of New Zealand Incorporated	Patron
	Table Tennis Wellington	Patron
	Tawa Historical Society	Patron
	Taputeranga Marae	Patron
	Vector Orchestra	Patron
	Wellington Croquet Association	Patron
	Wellington Historical and Early Settlers' Association	Patron
	Wellington Male Voice Choir	Patron
	Wellington Men's Barbershop Incorporated	Patron
	Wellington Pipe Band	Patron
	Wellington Rose Society	Patron
	Wellington Rowing Club	Patron
	Wellington Youth Orchestra	Patron
	Wellington Xiamen Association	Patron
	Duke of Edinburgh Hillary Award	Local Patron
	Orpheus Choir	Vice Patron
	United Way	Vice Patron
	Wellington Municipal Croquet Club	Joint Patron
	Great Harbour Way	Co Patron
	Wellington Tramway Museum	Co Patron

STATUTORY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

Remuneration of Directors

Fees paid and payable to Directors during the year were as follows:

Director name	Fees
Timothy Brown (Chairman)	$120,000
Jason Boyes	$70,000
Peter Coman	$60,000
Steven Fitzgerald	$70,000
Keith Sutton	$78,000
Celia Wade-Brown	$60,000

The Directors received no other remuneration or benefits for services in that office or in any other capacity other than as disclosed in Note D2.

Entries in the interest register

The information below is given pursuant to the New Zealand Exchange Listing Rules.

	Beneficial Interest	Non Beneficial Interest
Retail Bonds		
Timothy Brown	$100,000	-
Keith Sutton	-	$1,500,000

All bonds were purchased during the year ended 31 March 2014.

Loans to Directors

No loans have been made by the Group to a Director nor has the Group guaranteed any debts incurred by a Director.

Use of group information

There were no notices from Directors requesting use of Group information received in their capacity as Directors, which would not otherwise have been available to them.

Directors' indemnity insurance

As authorised by its constitution, the Group has arranged policies of Directors' and Officers' liability insurance with cover appropriate for the Group's operations.

STATUTORY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

Remuneration of employees

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of employees or former employees of the Company and its subsidiaries, excluding Directors of WIAL, who received remuneration and other benefits in their capacity as employees, totalling $100,000 or more, during the year:

Amount of remuneration	Employees
$100,000 to $110,000	5
$110,001 to $120,000	2
$130,001 to $140,000	3
$140,001 to $150,000	2
$150,001 to $160,000	3
$160,001 to $170,000	1
$170,001 to $180,000	3
$180,001 to $190,000	1
$200,001 to $210,000	1
$230,001 to $240,000	2
$260,001 to $270,000	1
$310,001 to $320,000	1
$400,001 to $410,000	1
$450,001 to $460,000	1
$810,001 to $820,000	1

Diversity of personnel

The Group considers that a merits based approach is appropriate for the selection and promotion of employees and executives, and for the composition of the Board and as such has not set specific targets for gender diversity.

At 31 March 2016, the WIAL Board consisted of five male Directors and one female Director (31 March 2015: five male Directors and one female Director), and the Executive consisted of six male Executives and two female Executives (31 March 2015: six male Executives and two female Executives).

CORPORATE GOVERNANCE

Role of the Board

The Board of Directors of WIAL is appointed by the shareholders to supervise the management of WIAL. The Board establishes WIAL's objectives, overall policy framework within which the business is conducted and confirms strategies for achieving these objectives, monitors management performance and ensures that procedures are in place to provide effective internal financial control.

The Board actively engages with the Health and Safety Risk Committee by attending meetings. The Committee is accountable to the Board with its purpose being to promote and execute a safety culture. The Committee provides a formal mechanism for consultation on safety issues whilst ensuring continuous measurement, review and improvement of safety policies and procedures with the goal of zero harm and meeting compliance requirements on an ongoing basis.

Board Membership

The Board currently comprises six non-executive Directors.

Infratil, as the majority shareholder of WIAL, appointed four of the current Directors. The two remaining Board members have been appointed by the Wellington City Council, including K Sutton, an independent director.

During the period under review, the Board met eight times with a full agenda.

Directors' Shareholding

Under the constitution Directors are not required to hold shares in the Company.

Audit and Risk Committee

The Board has established an Audit and Risk Committee comprising of three Directors, K Sutton (Chairman), S Fitzgerald and J Boyes with attendances by appropriate WIAL representatives.

The main objectives of the Audit and Risk Committee are to:

- Assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to the Group's governance processes including assessing the adequacy of the Group's:
  - financial reporting;
  - accounting policies;
  - financial management;
  - internal financial reporting (and operational) control system;
  - procurement process controls;
  - risk management system;
  - insurance and systems for protecting the Groups' assets and income;
  - related party transactions; and
  - compliance with applicable laws, regulations, standards and best practice guidelines as they relate to financial and and non-financial disclosures.
- Enhance the efficiency of the Board by allowing delegated issues to be discussed in sufficient depth and, where necessary, with appropriate independent advice.
- Ensure the adequacy of the internal control system for financial reporting integrity
- Facilitate the continuing independence of the external auditor, monitor performance, and enhancing the effectiveness of external audit.
- Provide a formal forum for enhancing communication between the Board, senior financial management and external audit, ensuring there has been no unjustified restrictions or limitations placed on the auditors.

During the period under review the Audit and Risk Committee met four times with a full agenda.

Treasury Committee

The Board has established a Treasury Committee comprising of three Directors, T Brown (Chairman), K Sutton and J Boyes with attendances by appropriate WIAL representatives.

The duties of the Treasury Committee are delegated by the Board and include the following:

- to review and recommend to the Board any changes to the treasury management policy;
- to oversee the development of the strategy to implement the treasury management policy;
- to recommend to the Board instrument types that may be used; and
- to recommend to the Board bank counterparties and counterparty limits.

Remuneration Committee

The Board has established a Remuneration Committee comprising of two Directors, T Brown (Chairman) and K Sutton with attendances by appropriate WIAL representatives. The purpose of the Committee is to consider changes to human resources policy and to regularly review, and recommend changes to, executive remuneration to ensure that it is at an appropriate level and effectively managed.

CORPORATE GOVERNANCE (continued)

Internal Financial Control
The Board has overall responsibility for the Group's system of internal financial control. The Directors have established procedures and policies that are designed to provide effective internal financial control.

Annual budgets and long term strategic plans are agreed by the Board.

Financial statements are prepared regularly and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

Risk Management and Compliance
The Audit and Risk Committee also has a function of reviewing management practices in relation to the identification and management of significant business risk areas and regulatory compliance. Formal systems have been introduced for regular reporting to the Board on business risk and compliance matters.

Management is required to, and has confirmed to the Audit and Risk Committee and Board in writing that:

• Financial records have been properly maintained and the Group's financial statements present a true and fair view, in all material respects, of the Group's financial condition, and operating results are in accordance with relevant accounting standards;

• The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with International Financial Reporting Standards (IFRS) and other applicable financial reporting standards for profit-orientated entities; and

• Appropriate and effective internal controls and risk management practices are in place to safeguard and protect the Group's assets and to identify, assess, monitor and manage risk, and identify material changes to the Group's risk profile.

Directors' and Officers' Insurance

The Group has arranged Directors' and Officers' liability insurance covering Directors acting on behalf of the Group. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for the Group. The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulations, or duty to the Group, improper use of information to the detriment of the Group or breach of professional duty.

Independent Professional Advice

With the approval of the Chairman, Directors are entitled to seek independent professional advice on any aspect of the Directors' duties, at the Group's expense.

Going Concern
After reviewing the current results and detailed forecasts, taking into account available credit facilities and making further enquiries as considered appropriate, the Directors are satisfied that the Group has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

Shareholder and other Stakeholder Communications
The Board aims to ensure that shareholders and other stakeholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders and other stakeholders in the annual report, interim report and media releases.

Corporate Governance Best Practice Code

The Group supports the Corporate Governance Best Practice Code promulgated by the New Zealand Exchange. In a number of respects, the Group's practice differs from this Code. In particular, the Group has not established a separate Director Nomination Committee. The Group considers that it is properly dealing with these issues at the full Board level. Copies of the Group's Code of Ethics are available upon request from the Company Secretary.

FIVE YEAR SUMMARY & STATISTICS

WIAL AIRPORT STATISTICS

	2016	2015	2014	2013	2012
Passenger movements	**000**	**000**	**000**	**000**	**000**
Domestic	4,899	4,682	4,684	4,647	4,474
International	897	775	753	727	718
Total	**5,796**	**5,457**	**5,437**	**5,374**	**5,192**

Aircraft movements	**2016**	**2015**	**2014**	**2013**	**2012**
Domestic	79,541	78,448	81,744	84,064	81,952
International	6,523	5,526	5,742	5,800	5,708
Military, freight, private and other movements	10,985	9,232	9,055	10,134	13,249
Total	**97,049**	**93,206**	**96,541**	**99,998**	**100,909**

Number of employees	**2016**	**2015**	**2014**	**2013**	**2012**
FTE	94	94	90	86	87

WIAL CONSOLIDATED FINANCIAL RESULTS

	2016	2015	2014	2013	2012
Summary of financial position	**$000**	**$000**	**$000**	**$000**	**$000**
Non-current assets	938,926	805,327	799,478	794,089	781,503
Current assets	20,221	36,175	42,848	18,692	13,180
Total assets	**959,147**	**841,502**	**842,326**	**812,781**	**794,683**
Non-current liabilities	421,087	376,442	375,638	259,547	360,843
Current liabilities	31,420	26,952	26,356	125,546	25,591
Total liabilities	**452,507**	**403,394**	**401,994**	**385,093**	**386,434**
Net assets/Shareholders' equity	**506,640**	**438,108**	**440,332**	**427,688**	**408,249**

	2016	2015	2014	2013	2012
Summary of profit and loss	**$000**	**$000**	**$000**	**$000**	**$000**
Revenue	113,510	108,310	110,890	106,189	99,467
Operating expenses (excluding subvention payment)	(27,369)	(26,202)	(24,858)	(23,249)	(24,002)
EBITDAF before subvention payment	**86,141**	**82,108**	**86,032**	**82,940**	**75,465**
Net profit after taxation	**12,523**	**9,676**	**23,455**	**16,246**	**3,849**

Independent auditor’s report

To the shareholders of Wellington International Airport Limited

We have audited the accompanying consolidated financial statements of Wellington International Airport Limited and its subsidiaries ("the group") on pages 3 to 20. The financial statements comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the company’s shareholders those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company’s shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the consolidated financial statements

The directors are responsible on behalf of the company for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the group in relation to taxation and other assurance services. Subject to certain restrictions, partners and employees of our firm also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Opinion

In our opinion, the consolidated financial statements on pages 3 to 20 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Wellington International Airport Limited as at 31 March 2016 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

11 May 2016
Wellington