

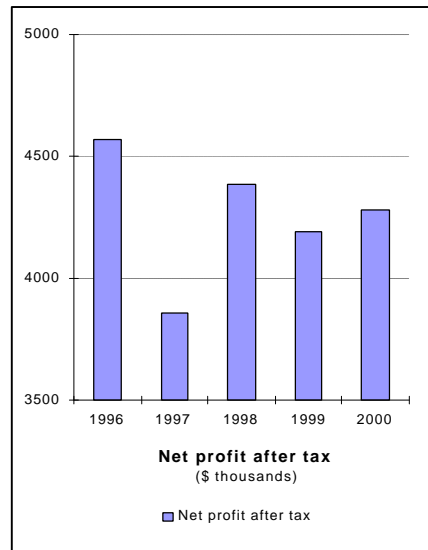
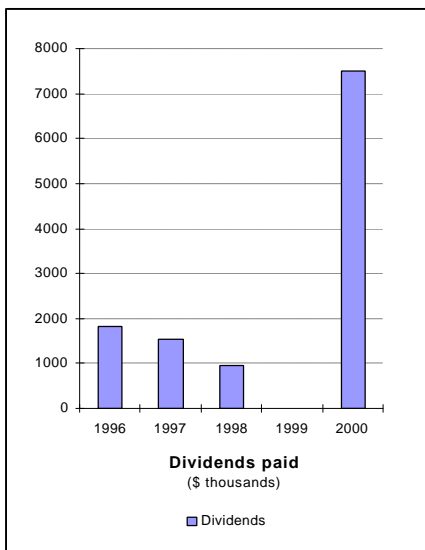
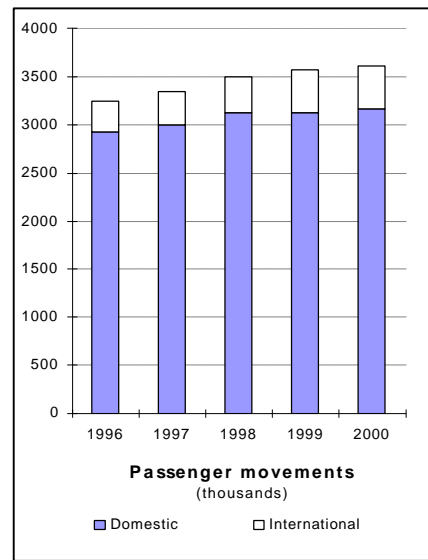
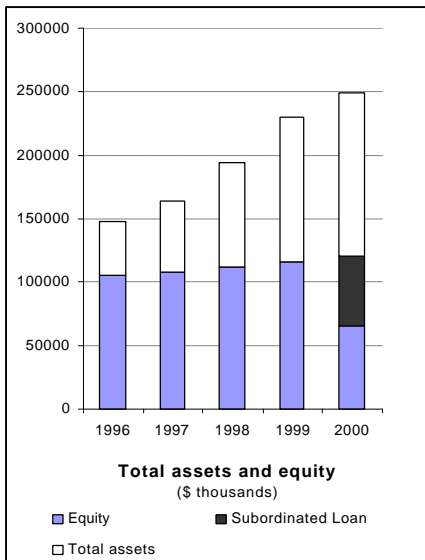
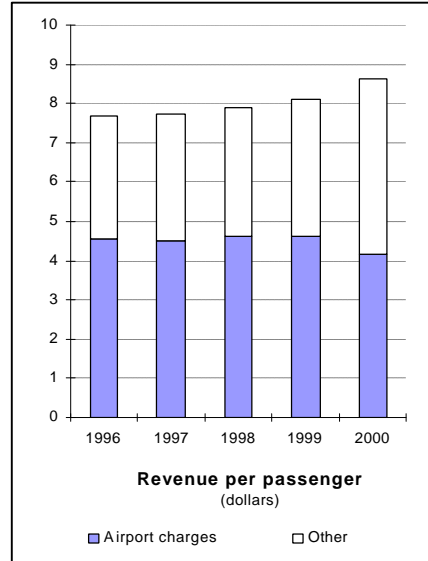
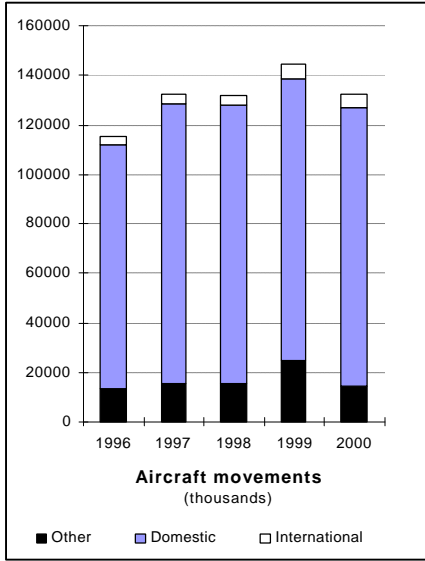
WELLINGTON  
INTERNATIONAL AIRPORT LIMITED

**Annual Report 2000**

 **Wellington Airport**

Wellington International Airport Limited

# 1996 – 2000: A FIVE YEAR REVIEW



Data for 1996 to 1998 are for years to 30 June.

Data for the nine months to 31 March 1999 have been annualised where appropriate for comparative purposes.

Data for 2000 is for the year ended 31 March.

# 1996 – 2000: A FIVE YEAR REVIEW

## Passenger Movements

	1996	1997	1998	1999 <sup>9</sup>	2000
Domestic	2,927	2,994	3,116	2,345	3,168
International	326	354	388	336	445
<b>Total</b>	<b>3,253</b>	<b>3,348</b>	<b>3,504</b>	<b>2,681</b>	<b>3,613</b>

## Aircraft Movements

	1996	1997	1998	1999 <sup>9</sup>	2000
Domestic (commercial)	98,671	112,961	112,283	85,496	112,036
International (commercial)	3,190	3,847	4,154	4,323	5,646
Other (military & non-commercial)	13,514	15,693	15,511	18,448	14,613
<b>Total</b>	<b>115,375</b>	<b>132,501</b>	<b>131,948</b>	<b>108,267</b>	<b>132,295</b>

## Financial Position as at 31 March

	1996	1997	1998	1999 <sup>9</sup>	2000
Fixed assets	144,461	160,479	188,621	225,072	242,107
Current assets	3,078	3,511	5,342	4,855	7,634
<b>Total assets</b>	<b>147,539</b>	<b>163,990</b>	<b>193,963</b>	<b>229,927</b>	<b>249,741</b>
Non-current liabilities	37,223	47,146	75,000	105,492	118,700
Current liabilities	4,525	8,738	7,433	8,718	65,895
Total liabilities	41,748	55,884	82,433	114,210	184,595
<b>Net assets/Shareholders' equity</b>	<b>105,791</b>	<b>108,106</b>	<b>111,530</b>	<b>115,717</b>	<b>65,146</b>

## Number of Employees

	1996	1997	1998	1999 <sup>9</sup>	2000
FTE	95	106	104	94	80

## Financial Performance

	1996	1997	1998	1999 <sup>9</sup>	2000
Revenue	25,045	25,851	27,686	21,752	31,272
Operating expenses	15,645	16,818	17,190	13,272	18,732
<b>Earnings before interest and tax</b>	<b>9,400</b>	<b>9,033</b>	<b>10,496</b>	<b>8,480</b>	<b>12,540</b>
Interest and finance costs	2,088	2,956	3,776	4,322	8,445
<b>Surplus before taxation</b>	<b>7,312</b>	<b>6,077</b>	<b>6,720</b>	<b>4,158</b>	<b>4,095</b>
Taxation	2,744	2,219	2,335	(29)	(185)
<b>Surplus after taxation</b>	<b>4,568</b>	<b>3,858</b>	<b>4,385</b>	<b>4,187</b>	<b>4,280</b>
Dividends	1,827	1,543	961	-	7,500
<b>Retained earnings</b>	<b>2,741</b>	<b>2,315</b>	<b>3,424</b>	<b>4,187</b>	<b>(3,220)</b>

# ANNUAL REPORT

The directors have pleasure in presenting to shareholders their tenth annual report and the audited financial statements of Wellington International Airport Limited for the year ended 31 March 2000.

## Directors

The directors of the company during the period were:

- Phillip Walker, Chairman
- Denis Thom
- Mark Blumsky
- Lloyd Morrison
- David Newman
- Duncan Saville
- Matthias Seidenstücker (*alternate director for Phillip Walker and Lloyd Morrison*)
- Timothy Brown (*alternate for Lloyd Morrison from 18 June 1999*)

## Company's Affairs and Nature of Business

The directors regard the state of the company's affairs to be satisfactory.

The business of the company is the provision of airport facilities and services. The nature of the company's business has not changed during the period under review.

## Earnings

Total revenue for the period was \$31.3 million. The surplus after taxation amounted to \$4.3 million.

## Dividends

A special dividend of \$7.5 million was paid on 30 September 1999.

## Retained Earnings

Retained earnings for the period, being the surplus after taxation less dividends, were (\$3.2) million. Accumulated retained earnings carried forward at 31 March 2000 were \$19.5 million.

## Revaluation Reserve

The net movement in the revaluation reserve during the period represented adjustments arising from the revaluation of assets at 31 March 2000 and on asset disposals. Total revaluation reserves at 31 March 2000 were \$36.5 million.

## **Paid-in Share Capital and Shareholding**

On 1 December 1998 the Crown sold its 66% shareholding in the company to New Zealand Airports Limited. The company's balance date was changed to 31 March from 30 June to align with the parent company. This period's results reflect a full year's trading; comparatives reflect the previous nine month period as reported in the previous annual report.

## **Liabilities and Funding**

The liabilities of Wellington International Airport Limited are not guaranteed in any way by the shareholders. The company's borrowing activities have been conducted in accordance with this policy. In particular, funding documentation does not contain any guarantee of its liabilities by the shareholders.

## **Auditors**

Section 3 of the Airport Authorities Act 1966 requiring the Audit Office to audit the financial affairs of the company has been repealed from 1 July 2000. It is proposed that KPMG will be appointed auditors from this date.

*On behalf of the board*

Phillip Walker  
**CHAIRMAN**

15 May 2000

# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2000

	<i>Note</i>	<b>2000</b> <b>\$000</b>	<i>9 months</i> <i>1999</i> <i>\$000</i>
REVENUE	1	<b>31,272</b>	<u>21,791</u>
OPERATING EXPENSES		<u>          </u>	<u>          </u>
Audit fees		<b>32</b>	32
Business development costs	2	<b>573</b>	883
Depreciation	3	<b>6,579</b>	3,594
Directors' fees		<b>165</b>	103
Employee remuneration and benefits		<b>4,709</b>	4,212
Interest and financing costs	4	<b>8,445</b>	4,361
Rental and leasing costs		<b>141</b>	119
Repairs and maintenance		<b>1,424</b>	932
Other operating expenses		<u><b>5,109</b></u>	<u>3,397</u>
Total operating expenses		<u><b>27,177</b></u>	<u>17,633</u>
<b>Surplus before taxation</b>		<b>4,095</b>	4,158
Taxation	5	<u><b>(185)</b></u>	<u>          </u>
<b>Surplus after taxation</b>		<u><b>4,280</b></u>	<u>\$ 4,187</u>

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

# STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 31 March 2000

		<i>9 months</i>
	<i>2000</i>	<i>1999</i>
	<i>\$000</i>	<i>\$000</i>
<b><i>Equity at beginning of period</i></b>	<b>115,717</b>	111,500
<b><i>Revenues and expenses attributable to shareholders</i></b>		
Net surplus for the period	4,280	4,107
Revaluation of fixed assets	149	-
<i>Total recognised revenues and expenses for the period</i>	<b>4,429</b>	<b>4,107</b>
<b><i>Distributions to shareholders during the period</i></b>		
Repurchase of shares	47,500	-
Dividend paid	7,500	-
<i>Total distributions for the period</i>	<b>55,000</b>	-
<b><i>Equity at end of period</i></b>	<b>\$ 65,146</b>	<b>\$ 115,717</b>

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

# STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2000

	Note	31 March 2000 \$000	31 March 1999 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	6	1	2
Trade accounts receivable		3,785	2,511
Prepayments		1,624	505
Sundry accounts receivable		68	1,157
Tax receivable		2,156	680
<b>Total current assets</b>		<b>7,634</b>	<b>4,855</b>
<b>Non-current assets</b>	7	<b>242,107</b>	<b>225,072</b>
<b>TOTAL ASSETS</b>		<b>249,741</b>	<b>229,927</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank overdraft and advances	6	4,147	1,641
Trade accounts payable		2,552	5,920
Accruals and other liabilities		3,856	333
Employee entitlements		340	
<b>Total current liabilities</b>		<b>10,895</b>	<b>8,718</b>
<b>Non-current liabilities</b>			
Unsecured debt	8	118,000	104,000
Bank advances	6	700	1,492
<b>Total non-current liabilities</b>		<b>118,700</b>	<b>105,492</b>
<b>Subordinated debt</b>	9	<b>55,000</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>184,595</b>	<b>114,210</b>
<b>NET ASSETS</b>		<b>\$ 65,146</b>	<b>\$ 115,717</b>
<b>EQUITY</b>			
Other Equity	10	28,647	79,319
Revaluation reserve	11	36,499	36,398
<b>TOTAL EQUITY</b>		<b>\$65,146</b>	<b>\$ 115,717</b>

On behalf of the board

Phillip Walker  
**CHAIRMAN**

Denis Thom  
**DIRECTOR**

15 May 2000

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

# STATEMENT OF CASH FLOWS

For the year ended 31 March 2000

	Note	2000 \$000	9 months 1999 \$000
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Receipts from customers		29,165	21,907
Goods and services tax refunds received		-	332
Interest received		24	39
		<u>29,189</u>	<u>22,278</u>
Cash was applied to:			
Payments to suppliers and employees		6,727	9,864
Taxes paid		1,358	786
Goods and services tax paid		25	-
Interest paid		7,567	4,114
		<u>15,677</u>	<u>          </u>
<b>Net cash flows from operating activities</b>	12	<b>13,512</b>	<b>          </b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Sale of non-current assets		18	22
Cash was applied to:			
Purchase of non-current assets		28,478	36,036
Capitalised interest		767	3,779
		<u>29,245</u>	<u>39,815</u>
<b>Net cash flows from investing activities</b>		<b>(29,227)</b>	<b>(39,793)</b>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Draw-down of non-current debt *		68,208	30,492
Cash was applied to:			
Repurchase of shares		(47,500)	-
Dividends paid		(7,500)	-
		<u>13,208</u>	<u>30,492</u>
<b>Net cash flows from financing activities</b>		<b>13,208</b>	<b>30,492</b>
<b>NET MOVEMENT IN CASH</b>		<b>(2,507)</b>	<b>(1,787)</b>
Cash at beginning of year		(1,639)	148
<b>CASH AT END OF YEAR</b>	6	<b>\$ (4,146)</b>	<b>\$ (1,639)</b>

\* Cash flows arising from movements in non-current debt have been netted in order to provide more meaningful disclosure.

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

# STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 March 2000

## 1 Reporting entity

Wellington International Airport Limited is a company established under the Wellington Airport Act 1990 and was incorporated in September 1990. The company is registered under the Companies Act 1993.

These financial statements were prepared in accordance with generally accepted accounting practice as required by Section 10 of the Financial Reporting Act 1993.

All the assets of Wellington International Airport were vested in the company on 16 October 1990 by an Order in Council. The company commenced trading on 16 October 1990.

## 2 Measurement basis

These financial statements have been prepared using the historical cost measurement basis modified by the revaluation of certain assets.

## 3 Changes in accounting policies

There have been no changes in accounting policies during the period. The following policies have been applied on bases consistent with those used in prior years.

## 4 Statement of accounting policies

### (a) *Non-current assets*

Fixed assets are revalued on a systematic basis with no individual asset included at a valuation undertaken more than three years previously. Fixed assets are revalued to their net current value, determined by an independent valuation, in accordance with Statement of Standard Accounting Practice No. 28: Accounting for Fixed Assets.

Additions not yet subject to independent valuation, including capital work in progress, are recorded at cost plus capitalised interest where appropriate.

### (b) *Depreciation*

Depreciation is provided on a straight line basis on all tangible non-current assets other than freehold land and capital work in progress at rates calculated to allocate the assets' cost or valuation, less estimated residual value, over their estimated remaining useful lives.

### (c) *Accounts receivable*

Accounts receivable are stated at their expected realisable value.

### (d) *Income tax*

The income tax expense charged to the statement of financial performance includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible expenses.

Deferred taxation calculated using the liability method on a partial basis, is accounted for in respect of those timing differences that are expected to reverse in the foreseeable future. A deferred tax benefit is recognised only if there is virtual certainty of realisation.

**(e) *Financial instruments***

The company is a party to financial instruments as part of its day to day operating activities.

When appropriate, it enters into agreements to manage its interest rate risk. While assets and liabilities relating to these agreements are not recognised in the statement of financial position, gains and losses are recognised in the statement of financial performance as they arise.

Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. All financial instruments, other than agreements to manage interest rate risk are recognised in the statement of financial position.

**(f) *Change of balance date and comparative figures***

On 1 December 1998 the Crown sold its 66% shareholding in the company to NZ Airports Limited. The company's balance date was changed to 31 March from 30 June to align with the new parent company. This period's results reflect a full year's trading; comparatives reflect the previous nine month period as reported in the previous annual report.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2000

1 REVENUE	9 months	
	2000	1999
	\$000	\$000
Airport charges	15,826	12,333
Rental, lease and concession	7,276	4,135
Airport development charge	3,698	2,683
Car parking services	3,948	2,225
Interest	24	39
Other	500	376
	<u>\$ 31,272</u>	<u>\$ 21,791</u>

2 BUSINESS DEVELOPMENT COSTS	9 months	
	2000	1999
	\$000	\$000
Business development costs	\$ 573	\$ 883

As part of the airport development the company is incurring expenditure associated with, but not directly related to, the construction of new facilities. During the period expenses amounting to \$573,000 (1999 - \$883,000) included the selection and negotiation of contracts with retailers to occupy outlets in the new terminal building. Other elements of the costs involved organisational changes in anticipation of increasing efficiencies upon completion of the terminal area development project and the preliminary stages of commercial developments outside the terminal area. It is considered that such items will not recur regularly or to the same extent once the business developments and physical construction have been completed.

3 DEPRECIATION	9 months	
	2000	1999
	\$000	\$000
Depreciation	<u>\$ 6,579</u>	<u>\$ 3,594</u>
Major depreciation periods (in years) are:		
	2000	1999
Civil works	10 - 30	10 - 30
Buildings	14 - 60	14 - 60
Plant and equipment	3 - 20	3 - 20
Computers and communications equipment	1 - 5	1 - 5
Vehicles	3 - 8	3 - 8

Individual assets' remaining useful lives and residual values are assessed during the revaluation process and depreciation is calculated on a basis consistent with those parameters. Depreciation is not charged on identified civil works assets on the basis that programmed repairs and maintenance sustain the assets' future service potential at its current level.

Assets with lives shortened by development plans have been excluded from the table above.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4 INTEREST AND FINANCING COSTS	2000 \$000	9 months 1999 \$000
Interest and financing costs	8,786	4,710
Interest rate hedging	426	3,430
less : amount capitalised	(767)	(3,779)
Interest and financing expense	<b>\$ 8,445</b>	<b>\$ 4,361</b>

A proportion of interest and financing costs directly relating to the construction of assets has been capitalised during the period and included in the cost of non-current assets. This is in accordance with the policy of recognising the full cost of bringing non-current assets to the location and condition necessary for their intended purpose.

5 TAXATION	2000 \$000	9 months 1999 \$000
<b><i>Income tax expense</i></b>		
Surplus before taxation	4,095	4,158
Current income tax at 33%	1,351	1,372
Tax effect of permanent differences	(1,430)	(1,426)
Under provision in prior years	(106)	25
Income tax expense	<b>\$ (185)</b>	<b>\$ (29)</b>

### ***Deferred Tax***

A deferred tax liability of \$3,997,000 (1999: \$1,976,000), relating to timing differences, has not been recognised.

A tax loss benefit of \$79,000 has been recognised. Subsequent realisation of this benefit is subject to the requirements of income tax legislation being met.

	2000 \$000	9 months 1999 \$000
<b><i>Imputation credit account</i></b>		
Balance at beginning of period	0	12,711
Credits forfeited	0	(13,497)
Income tax paid	1,291	786
Credits attached to dividends	0	-
Balance at end of period	<b>\$ 1,291</b>	<b>\$ -</b>

# NOTES TO THE FINANCIAL STATEMENTS

## (cont'd)

6 CASH AND BANK BALANCES	31 March 2000 \$000	31 March 1999 \$000
Cash and deposits	1	2
Bank overdraft	(55)	(99)
Bank advances	(4,792)	(3,034)
less non-current portion of bank advances	700	1,492
Net balance at end of period	<b>\$ (4,146)</b>	<b>\$ (1,639)</b>
Non-current bank advances	<b>\$ (700)</b>	<b>\$ (1,492)</b>

The company has an unsecured bank overdraft facility of \$250,000 at 31 March 2000. The interest rate set by the bank applicable to the overdraft at period end was 9%.

The company also uses an uncommitted short-term debt facility. The balance outstanding at 31 March 2000 was \$3.3 million (1999 - nil). Interest rates applying to amounts drawn down during the period were floating and determined by reference to prevailing money market rates at the time of draw down plus a margin. Interest rates paid during the year ranged from 4.9% to 7.1%.

Bank advances of \$3,034,000 were received on 31 March 1999 as part of the restructuring of the company's portfolio of interest rate derivatives. Repayment of the advances is to be spread over the term of the derivative agreements.

## 7 NON-CURRENT ASSETS

	Valuation	Cost	Accumulated depreciation	31 March 2000 Net carrying value \$000
	\$000	\$000	\$000	\$000
Land and civil works	105,758		5,261	113,517
Buildings	24,987	13,020	7,251	116,763
Vehicles, plant and equipment	3,755	99,027	4,652	10,497
Capital work in progress		11,394 1,330	-	1,330
<b>Total</b>	<b>\$ 134,500</b>	<b>\$ 124,771</b>	<b>\$ 17,164</b>	<b>\$ 242,107</b>

	Valuation	Cost	Accumulated depreciation	31 March 1999 Net carrying value
	\$000	\$000	\$000	\$000
Land and civil works	113,031	9,874	3,710	119,195
Buildings	17,564	12,510	4,152	25,922
Vehicles, plant and equipment	3,755	4,913	3,198	5,470
Capital work in progress	-	74,485	-	74,485
<b>Total</b>	<b>\$ 134,350</b>	<b>\$ 101,782</b>	<b>\$ 11,060</b>	<b>\$ 225,072</b>

All non-current assets were revalued at 31 March 2000 in accordance with the New Zealand Institute of Valuers asset valuation standards. The valuation was undertaken by independent registered valuers, Ernst & Young, and incorporated a valuation of the airport civil works by Opus International Consultants Limited.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7 NON-CURRENT ASSETS - continued

In general, airport assets are of a specialised nature and do not have observable market values in their existing use. Optimised depreciated replacement cost (ODRC) was used as the basis of the valuation. This measures net current value as the most efficient, lowest cost which would replace existing assets and offer the same amount of utility in their present use.

### 8 UNSECURED BANK LOANS

At period end the company had an unsecured negative pledge funding facility with a limit of \$130 million (1999 - \$130 million) underwritten by The Bank of New Zealand Limited, ANZ Banking Group (New Zealand) Limited and Westpac Banking Corporation.

Under the current facility the company is able to draw down funds as required by means of competitive tenders for either cash advances or promissory notes.

Interest rates were determined by reference to prevailing money market rates at the time of draw down plus a margin. Interest rates paid during the year ranged from 4.76% to 6.31%.

### 9 SUBORDINATED DEBT

A financial restructure of the company was undertaken on 30 September 1999. The restructure involved the repurchase of company shares and the advance of subordinated debt funding by the shareholders.

If the company's debt obligations to all other lenders have been met the Subordinated Debt is repayable on demand by the Creditors. The Company also has the right to prepay part of the Subordinated Debt if the prepayment does not result in a breach of the debt covenants and requirements of the Negative Pledge Deed or other Finance Documents.

Interest is payable on the last day of each quarter of the company's financial year. The interest rate is set in advance for the next quarter on each interest payment date. The interest rate payable is set at 4% above base rate where the base rate is the bid settlement rate on the Reuters Monitor Screen page BKBM on the last day of each quarter.

### 10 OTHER EQUITY

	<i>31 March</i>	<i>31 March</i>
	<i>2000</i>	<i>1999</i>
	<i>\$000</i>	<i>\$000</i>
Contributed Capital	\$ 9,050	\$ 56,550
Retained Earnings	\$ 19,597	\$ 22,769
	\$ 28,647	\$ 79,319

At 31 March 2000 40,155,942 shares were on issue. All shares have equal voting rights and share equally in dividends and equity.

### 11 REVALUATION RESERVE

				<i>Total</i>
Land and civil works	Buildings	Vehicles plant and equipment		<i>\$000</i>
<i>\$000</i>	<i>\$000</i>	<i>\$000</i>		<i>\$000</i>

Balance at beginning of period		1,847	2,262	<b>36,398</b>
Net revaluations	(7,273)	7,422	-	<b>149</b>
Transfer (to)/from retained earnings on asset disposals		-	(48)	<b>(48)</b>
Balance at end of period	<u>\$ 25,016</u>	<u>\$ 9,269</u>	<u>\$ 2,214</u>	<u><b>\$ 36,499</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### (cont'd)

#### 12 RECONCILIATION OF SURPLUS AFTER TAXATION WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	31 March 2000 \$000	31 March 1999 \$000
<b>Surplus after taxation</b>	<b>4,208</b>	4,187
Non-cash items		
Depreciation	6,215	3,602
Rental in advance		(47)
	<u>6,215</u>	<u>3,555</u>
Working capital movements		
Trade accounts receivable	(1,275)	227
Prepayments	(1,119)	709
Sundry accounts receivable	525	(23)
Goods and services tax	491	(143)
Income tax	(1,543)	(815)
Trade accounts payable	(258)	286
Employee entitlements	(484)	270
Accruals and other liabilities	5,793	(730)
Invoicing in advance	523	
	<u>2,653</u>	<u>(219)</u>
Investing activities		
(Gain)/Loss on sale of non-current assets	364	(9)
<b>Net cash flows from operating activities</b>	<u><b>\$ 13,512</b></u>	<u><b>\$ 7,514</b></u>

#### 13 FINANCIAL INSTRUMENTS

A range of financial instruments were recorded in the company's statement of financial position that expose the company to interest rate and credit risk in the ordinary course of business.

##### **Interest rate risk**

The cost of the company's borrowings through its overdraft, uncommitted and underwritten funding facilities is sensitive to changes in interest rates. The interest rates incurred on the company's current and non-current liabilities are disclosed in notes 6 and 8 respectively. The company does not make material deposits of funds.

The company enters into financial instruments, that are not recorded in the statement of financial position, as a means of reducing exposure to interest rate fluctuations. These "off balance sheet" instruments are subject to the risk of market rates changing subsequent to acquisition but such changes would generally be offset by opposite effects on the items being hedged.

In terms of the treasury management policy adopted by the board of directors, the company is not permitted to enter into any derivative instruments for speculative purposes.

**Principal values**

The principal or contract amounts of off balance sheet financial instruments at balance date were as follows. This gives an indication of the relative significance of the use of derivative instruments but not necessarily the extent of future gains or losses.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

**13 FINANCIAL INSTRUMENTS (cont'd)**

<i>Principal or contract values of derivative instruments</i>	<b>31 March 2000 \$000</b>	<b>31 March 1999 \$000</b>
<i>Hedges in place at period end</i>		
Interest rate swaps	100,000	75,000
Interest rate options	-	-
<i>Hedges with forward start dates</i>		
Interest rate swaps	20,000	-

**Fair values**

The carrying values shown in the statement of financial position were the fair value for all the classes of financial instruments of the company except for interest rate swaps and options.

The carrying value and fair value of the swaps held at 31 March 2000 were:

	<b>2000 Carrying value \$000</b>	<b>2000 Fair value \$000</b>
Interest rate swaps	104	190
Interest rate options		
	<b>1999 Carrying value \$000</b>	<b>1999 Fair value \$000</b>
Interest rate swaps	-	-
Interest rate options	-	-

**Basis of valuation**

The carrying value of hedges in place at period end was the net interest accrued at balance date. Fair values for all hedges were estimated based on quoted market prices.

**Credit risk**

Financial instruments, which potentially subject the company to credit risk principally, consisted of trade accounts receivable and sundry accounts receivable. The company does not routinely require collateral or charge interest in respect of its financial assets.

The company actively manages and monitors its accounts receivable on an ongoing basis.

There is a limited base of customers for the services provided by the airport company. Credit risk is therefore concentrated in a small number of accounts. At year end 82% (1999: 83%) of trade receivables was due from ten customers. These amounts have been substantially recovered since 31 March 2000.

The maximum exposure to credit risk at 31 March 2000 was the carrying amount as stated in the statement of financial position. There was no exposure to credit risk arising from off-balance sheet financial instruments at period end.

**Currency risk**

The company was not exposed to any material currency risk during the period or at period end.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 14 RELATED PARTY TRANSACTIONS

During the period ended 31 March 1999 the board of directors appointed Morrison & Co. as advisors on the refinancing of the company's debt and a review of its capital structure and interest rate profile. The contract was agreed on arms-length terms. The fee incorporated hourly rates, arrangement fee and reimbursement of expenses. The fee totalling \$347,000 has been recognised in the financial statements for the year to 31 March 2000.

There were no other material related party transactions during the period. All transactions were conducted on an arm's length basis.

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### 15 SEGMENT INFORMATION

The company operates in Wellington providing airport facilities and services to various airlines and other airport users.

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16 CAPITAL COMMITMENTS	31 March 2000 \$000	31 March 1999 \$000
Committed but not contracted for	-	5,639
Contracted but not provided for	5,484	13,398
	<u>\$ 5,484</u>	<u>\$ 19,037</u>

Capital commitments consist primarily of the anticipated future costs of the terminal area development. The board of directors approved the whole project in August 1996.

By period end contracts had been signed for all significant elements of the construction work. No provision has been made in the financial statements for amounts not yet certified under those contracts. The estimated costs to completion of the contracts have been included above in amounts contracted but not provided for.

Amounts committed but not contracted for represent the balance of the project of which the main terminal building is the major constituent.

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### 17 CONTINGENCIES

There were no material contingent liabilities at 31 March 2000 (1999 - none).

# STATUTORY INFORMATION

For the year ended 31 March 2000

## 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
Phillip Walker	H.R.L. Morrison & Co Group Limited	) Director
	Airstralia Development Group Pty Limited	)
	Westralia Airports Corporation Pty Limited	)
	Airport Development Group Pty Limited	)
	Northern Territory Airports Pty Limited	)
	Darwin International Airport Pty Limited	)
	Alice Springs Airport Pty Limited	)
	Tennant Creek Airport Pty Limited	)
	H.R.L. Morrison & Co. Ltd	Executive
Lloyd Morrison	Infratil (Australia) Limited	) Director
	Utilico International Limited	)
	H.R.L. Morrison & Co Group Limited	) Chairman
	H.R.L. Morrison & Co (Australia) Pty Limited	)
	H.R.L. Morrison & Co Limited	)
	Morrison & Co Infrastructure Management Limited	)
David Newman	NZ Airports Limited	) Director
	Infrastructure & Utilities NZ Limited	)
	Infratil Airports Limited	)
	Infratil Investments Limited	)
	Infratil Securities Limited	)
	Infratil 1998 Limited	)
	Institute of Directors	Chief Executive
Duncan Saville	Infrastructure & Utilities NZ Limited	) Director
	H.R.L. Morrison & Co Group Limited	)
Denis Thom	Lumley General Insurance (NZ) Limited	Director
Matthias Seidenstücker	H.R.L. Morrison & Co Limited	Executive
Timothy Brown	H.R.L. Morrison & Co Limited	Executive

# STATUTORY INFORMATION (cont'd)

## Remuneration of directors

Fees paid and payable to directors during the period were as follows:

Phillip Walker	\$40,000
Mark Blumsky	\$25,000
Lloyd Morrison	\$25,000
David Newman	\$25,000
Duncan Saville	\$25,000
Denis Thom	\$25,000

The directors received no other remuneration or benefits for services in that office or in any other capacity.

## Loans to directors

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

## Use of company information

There were no notices from directors requesting use of company 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 company has arranged policies of directors' and officers' liability insurance cover for \$10 million.

## Executive employees' remuneration

During the period the following numbers of employees received remuneration of at least \$100,000:

Remuneration band	Number of employees
\$100,000 to \$110,000	2
\$110,000 to \$120,000	1
\$200,000 to \$210,000	1

