

INTERIM REPORT

FOR THE SIX-MONTH PERIOD
ENDED 31 DECEMBER 2022



WEHEKA | DEPARTURES

ZQN

HAERE RĀ

QAC'S REGISTERED OFFICE

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CHAIR AND CEO REPORT



We are pleased to present Queenstown Airport Corporation's interim report for the six months to 31 December 2022.

During the first half of the financial year, the business moved firmly into recovery, after more than two years operating in the challenging environment created by COVID-19 and the associated global response.

As the travel restrictions linked to the pandemic have eased, we've seen a revival of passenger numbers into and out of Queenstown.

The international border reopened in April 2022 and Qantas, Jetstar, Air New Zealand and Virgin Australia all resumed scheduled trans-Tasman flights from May onwards.

Australian and domestic visitors returned steadily to Queenstown during the reporting period, with passenger numbers in some months close to pre-COVID levels. The great snow conditions during winter, combined with the uplift in passengers taking the opportunity to reconnect with friends and family, made the Southern Lakes a popular destination.

In addition, the Queenstown Lakes District population has grown by 10.5% since 2019 and is now close to 50,000. With a larger population base and more New Zealanders working remotely, the airport remains an important link for residents of the region.

Businesses and airlines operating at both Queenstown and Wānaka airports were severely affected by the pandemic and QAC implemented a broad programme, which included rent relief, to support them. This was in place from March 2020 to November 2022. In total, 68 tenants received support, valued at \$12.38 million and \$129,742 during the reporting period. To date, all operators at Queenstown Airport continue to operate, which was the objective of the rent relief provided.

PASSENGER AND AIRCRAFT MOVEMENTS

For the six months to 31 December 2022, total passenger movements were up 147% compared with the same period in 2021, and on par with pre-COVID 2019.

There were 845,384 domestic passenger movements (arrivals and departures).

During the reporting period, there were 8,885 scheduled international and domestic aircraft movements, up 119% over the same period the previous year. Domestic aircraft movements were up 56% to 6051, while international aircraft movements were up by 2,659 flights (2,834 vs 175).

FINANCIAL PERFORMANCE

The financial results delivered in the first half of FY23 reflect increased passenger volumes and a strong commercial performance, particularly during the ski season and summer holiday season.

There was a 136% increase in revenue to \$30.0 million from \$12.7 million in the same period in the previous year.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 256% from \$6.3 million to \$22.5 million. Total operating expenditure was \$7.5 million. Profit After Tax was up 1320% to \$11.5 million from \$0.8 million in the same period in FY22.

Capital expenditure in this period included investment in the ZQN terminal refresh project to create a more attractive and accessible interior space to enhance the customer experience and to better reflect the unique character of the region we represent, as well as improving seismic performance. This project is continuing and is due to be completed in 2023.

As at 31 December 2022 term debt was \$53.0 million, down from \$65.0 million at 30 June 2022.

INTERIM DIVIDEND

Given the strong performance of the company during the reporting period, and after an extended period with very limited dividend payments, the board of directors is pleased to confirm an interim dividend payment of \$5.98 million.

PERFORMANCE SNAPSHOT



TOTAL PASSENGER NUMBERS

1,224,179
▲ 147%

REVENUE

\$30.0m
▲ 136%

EBITDA

\$22.5m
▲ 256%

NET PROFIT AFTER TAX

\$11.5m
▲ 1320%

INTERIM DIVIDEND

\$5.98m

AN AIRPORT FOR THE FUTURE

The company confirmed its [10-Year Strategic Plan](#) during the reporting period. In preparing the plan, we gave careful thought to the company's mission and vision, having created them with our aspirations for the future in mind. Our mission is to **Proudly connect our home with New Zealand and the world**. Our vision is to be **An innovative airport that people love to travel through, and the community takes pride in**.

Queenstown Airport plays a crucial role in enabling the economic and social wellbeing of our region and will be an essential infrastructure asset in the event of a natural disaster. This means we must invest in our airport to ensure it is fit for purpose and continues to meet these needs in the future as well as ensuring the airport can support the decarbonisation of aviation.

Three strategic pillars have been set: Resilience, Experience and Community. Everything that we will achieve and the contributions we will make are encapsulated within these pillars.

In order to deliver on our vision, we have established five initiatives:

| | |
|---|---|
| 1 | Management of activity to stay within our existing noise boundaries |
| 2 | Sustainability |
| 3 | Customer Experience |
| 4 | Revenue Diversification |
| 5 | Terminal, Terminal Precinct and Airfield/Airspace Development |

Within these five initiatives, we have established underlying projects phased over the coming years to deliver on our strategy.

The key project for the remainder of this financial year is the Queenstown Airport draft Master Plan, which is a spatial representation of our strategy.

We will be consulting stakeholders and the community on the draft Master Plan in Q4 FY23. During the reporting period we ran pre-engagement workshops in Queenstown, Wānaka and Cromwell attended by a cross section of representatives from the regional communities. Consistent themes to emerge included a focus on ease of access to the terminal, reliable parking, and better active travel and public transport connections to the airport. There was strong connection to our vision to be an airport that the community takes pride in.

The final Master Plan will be presented to shareholders for endorsement early in FY24.

HEALTH, SAFETY AND SECURITY

The health, safety and security of our staff, airport community, contractors and customers continues to be our highest priority. During the reporting period, Queenstown and Wānaka airports again took part in Airport Safety and Security Week, an initiative run by the Australian and New Zealand Airport Associations to give airport workers a better understanding of safety and security issues and the work of border agencies.

We have a safety-first culture and a Zero Harm target and are pleased to report that QAC did not have an employee or contractor Lost Time Injury, as has been the case for more than seven years.

During the reporting period QAC, established a new Airport Safety Committee that meets quarterly to share information relating to aviation safety and to develop initiatives to improve safety outcomes. The committee membership includes airlines, ground handlers, and general aviation as well as Airways and QAC.

AIRPORT EMERGENCY SERVICE

QAC's Airport Emergency Service (AES) team took possession of a new fire engine late in November. The Rosenbauer Panther S was custom-built for us in Austria and represents a significant investment in safety. Equipped with a bumper monitor and thermal imaging camera, it will allow us to respond to an emergency with the very latest technology.

With the resumption of normal airline schedules, we have also bolstered the 15 strong AES team by an additional three staff.

PARK & RIDE SERVICE RETURNS

We were very pleased to relaunch Queenstown Airport's popular Park & Ride service from the Brookes Road car park near the Glenda Drive industrial area in time for the summer holiday season.

The Park & Ride service was well used before being put in hibernation in April 2020 due to COVID-related sharp decline in demand. We know that for many people in the region being assured of parking near the airport is an important part of their journey. We will transition to a lower-emission Park & Ride vehicle in the coming year.

The resumption of the service will also take pressure off terminal car parking, which is used extensively by residents of the region.

The airport is very convenient for many locals and the ability to drop off and collect friends and family is used extensively. We made this a little easier by increasing the free parking window for terminal parking from 10 minutes to 20 minutes.





SUSTAINABILITY AND DECARBONISATION

Our Sustainability Strategy prioritises three pillars – People, Planet and Prosperity – and is aligned to QLDC’s Vision Beyond 2050 goal that our district is a place where our quality of life is enhanced by growth through innovation and thoughtful management.

Queenstown Airport fully supports the Queenstown Lakes District’s ambitious target, announced in November, to be the world’s first carbon zero tourism destination by 2030, under the banner “Travel to a thriving future”. Planning for and enabling the decarbonisation of aviation is core to our strategy and will be critical to achieving this bold ambition. We continue to make good progress implementing our Sustainability Strategy across the airport.

QAC is a member of Toitū Envirocare and has received Toitū carbonreduce certification. We are on track to achieve Toitū carbonzero certification in FY23. This year, we have committed to supporting a regenerative forest at Kurinui Station near Moeraki in the Otago region to offset those emissions we are yet to reduce. We have also committed to 100% certified renewable electricity at the airport. Toitū certification means Queenstown Airport has accurately measured greenhouse gas emissions, put in place initiatives to reduce them, and is seeing real results. We measure scope 1, 2 and 3 emissions in line with ISO Standard 14064-1 and the Greenhouse Gas Protocol. The annual independent audit and certification process enables us to benchmark and measure our progress as we work to reduce our absolute emissions each year and achieve a 60% reduction in our absolute emissions from our 2019 baseline year by 2030, in line with the 1.5°C climate warming pathway.

A full sustainability report, including climate-related financial and legal risks, will be included with our FY23 annual results.

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

CONCLUSION

We expect the steady return of travellers experienced during the reporting period will be sustained over the next six months, although a forecast economic recession could have a suppressing effect on demand for travel as significant increases in the cost of living take effect.

As has been the case around the world, we have experienced staff shortages and supply chain issues as aviation has restarted and we would like to acknowledge the QAC team and wider airport community who have worked together to minimise disruptions.

We are proud to be stewards of these important community assets and are committed to ensuring a shared future vision. Of course, our focus on operational excellence and safety continues. The priority for 2023 is completing the Queenstown Airport Master Plan, which will bring our strategy to life. We are genuinely committed to stakeholder and community consultation as we plan for the future and look forward to the contributions of our shareholders and stakeholders during this process.

Adrienne Young-Cooper
Chair

Glen Sowry
CEO



DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Queenstown Airport Corporation Limited are pleased to present the Interim Report and Financial Statements for Queenstown Airport Corporation Limited for the six-month period ended 31 December 2022.

The directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice which give a true and fair view of the financial position of the Company as at 31 December 2022 and the results of operations and cash flows for the period ended on that date.

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

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

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

This Interim Report is dated 17 February 2023 and is signed in accordance with a resolution of the directors.

On behalf of the board,

Chair

Director

FINANCIAL STATEMENTS



INCOME STATEMENT

FOR THE SIX MONTHS ENDED
31 DECEMBER 2022

| | | 6 MONTHS TO 31 DEC 2022 Unaudited | 6 MONTHS TO 31 DEC 2021 Unaudited | 12 MONTHS TO 30 JUN 2022 Audited |
|---|------|---|---|--|
| | NOTE | \$ 000's | \$ 000's | \$ 000's |
| INCOME | | | | |
| Revenue from contracts with customers | 3 | 20,292 | 7,052 | 16,350 |
| Rental and other income | 4 | 9,689 | 5,632 | 10,440 |
| Other gains | | 19 | 13 | 19 |
| Total income | | 30,000 | 12,697 | 26,810 |
| EXPENSES | | | | |
| Operating expenses | 5 | 3,673 | 2,888 | 6,151 |
| Employee remuneration and benefits | | 3,823 | 3,489 | 6,672 |
| Total expenses | | 7,495 | 6,377 | 12,823 |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA) | | 22,505 | 6,321 | 13,986 |
| Depreciation | | 4,457 | 4,017 | 8,128 |
| Amortisation | | 182 | 149 | 331 |
| Impairment and Loss on Assets | | - | - | 1,495 |
| Earnings before interest and taxation | | 17,866 | 2,154 | 4,032 |
| Finance costs | | 1,581 | 1,113 | 2,210 |
| Profit before tax | | 16,285 | 1,041 | 1,823 |
| Income tax expense | | 4,797 | 232 | 741 |
| Profit for the period | | 11,489 | 809 | 1,082 |

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2022 have been audited. The accompanying notes form part of these interim financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED
31 DECEMBER 2022

| | 6 MONTHS TO 31 DEC 2022 Unaudited | 6 MONTHS TO 31 DEC 2021 Unaudited | 12 MONTHS TO 30 JUN 2022 Audited |
|--|---|---|--|
| | \$ 000's | \$ 000's | \$ 000's |
| PROFIT FOR THE PERIOD | 11,489 | 809 | 1,082 |
| Other comprehensive income | | | |
| Items that may be subsequently reclassified to the income statement | | | |
| Gain/(loss) on cash flow hedging taken to reserves | 378 | 535 | 1,506 |
| Income tax relating to gain/ (loss) on cash flow hedging | (106) | (150) | (422) |
| Realised gains/(losses) transferred to the income statement | - | 20 | 20 |
| Items that may not be subsequently reclassified to the income statement | | | |
| Gain/(loss) on revaluation of property, plant and equipment | - | - | 61,337 |
| Income tax relating to gain/ (loss) on revaluation of PPE | - | - | (6,905) |
| Other comprehensive income for the year, net of tax | 272 | 405 | 55,536 |
| Total comprehensive income for the year, net of tax | 11,761 | 1,214 | 56,618 |

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2022 have been audited. The accompanying notes form part of these interim financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

| | ORDINARY SHARES | ASSET REVALUATION RESERVE | CASH FLOW HEDGE RESERVE | RETAINED EARNINGS | TOTAL EQUITY |
|--|--------------------|---------------------------------|-------------------------------|----------------------|-----------------|
| For the six months ended 31 December 2022 | \$ 000's | \$ 000's | \$ 000's | \$ 000's | \$ 000's |
| At 1 July 2022 | 37,657 | 291,227 | 649 | 55,501 | 385,035 |
| Profit for the period | - | - | - | 11,489 | 11,489 |
| Other comprehensive income | - | - | 272 | - | 272 |
| Total comprehensive income for the period | - | - | 272 | 11,489 | 11,761 |
| Dividends paid to shareholders | - | - | - | (1,300) | (1,300) |
| At 31 December 2022 | 37,657 | 291,227 | 922 | 65,690 | 395,496 |
| For the six months ended 31 December 2021 | \$ 000's | \$ 000's | \$ 000's | \$ 000's | \$ 000's |
| At 1 July 2021 | 37,657 | 236,795 | (455) | 54,421 | 328,418 |
| Profit for the period | - | - | - | 809 | 809 |
| Other comprehensive income | - | - | 405 | - | 405 |
| Total comprehensive income for the period | - | - | 405 | 809 | 1,213 |
| Dividends paid to shareholders | - | - | - | - | - |
| At 31 December 2021 | 37,657 | 236,795 | (50) | 55,229 | 329,631 |
| For the twelve months ended 30 June 2022 | \$ 000's | \$ 000's | \$ 000's | \$ 000's | \$ 000's |
| At 1 July 2021 | 37,657 | 236,795 | (455) | 54,421 | 328,418 |
| Profit for the period | - | - | - | 1,082 | 1,082 |
| Other comprehensive income | - | 54,433 | 1,104 | - | 55,536 |
| Total comprehensive income for the period | - | 54,433 | 1,104 | 1,082 | 56,618 |
| Dividends paid to shareholders | - | - | - | - | - |
| At 30 June 2022 | 37,657 | 291,227 | 649 | 55,501 | 385,035 |

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2022 have been audited. The accompanying notes form part of these interim financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

| | | AS AT 31 DEC 2022 Unaudited | AS AT 31 DEC 2021 Unaudited | AS AT 30 JUN 2022 Audited |
|--------------------------------------|------|-----------------------------------|-----------------------------------|---------------------------------|
| | NOTE | \$ 000's | \$ 000's | \$ 000's |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | | 1,670 | 2,502 | 1,800 |
| Trade and other receivables | 6 | 6,893 | 3,653 | 4,413 |
| Current tax receivable | | - | 76 | - |
| Prepayments | | 791 | 703 | 439 |
| Derivative financial installments | 10 | 511 | - | 204 |
| Total current assets | | 9,865 | 6,934 | 6,855 |
| NON-CURRENT ASSETS | | | | |
| Trade and other receivables | 6 | 719 | 1,346 | 1,186 |
| Property, plant and equipment | 7 | 461,921 | 399,301 | 462,657 |
| Derivative financial instruments | 10 | 769 | - | 698 |
| Intangible assets | 8 | 1,978 | 3,487 | 2,124 |
| Total non-current assets | | 465,387 | 404,134 | 466,665 |
| Total assets | | 475,252 | 411,068 | 473,521 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 9 | 1,242 | 797 | 1,971 |
| Employee entitlements | | 824 | 853 | 1,124 |
| Current tax payable | | 5,590 | - | 897 |
| Derivative financial instruments | 10 | - | 4 | - |
| Term borrowings (secured) | 11 | 15,000 | - | 15,000 |
| Total current liabilities | | 22,656 | 1,653 | 18,992 |
| NON-CURRENT LIABILITIES | | | | |
| Derivative financial instruments | 10 | - | 66 | - |
| Deferred tax liability | | 19,100 | 12,719 | 19,493 |
| Term borrowings (secured) | 11 | 38,000 | 67,000 | 50,000 |
| Total non-current liabilities | | 57,100 | 79,784 | 69,493 |
| EQUITY | | | | |
| Share capital | | 37,657 | 37,657 | 37,657 |
| Retained earnings | | 65,690 | 55,229 | 55,501 |
| Asset revaluation reserve | | 291,227 | 236,795 | 291,227 |
| Cash flow hedge reserve | 12 | 922 | (50) | 649 |
| Total equity | | 395,496 | 329,631 | 385,035 |
| Total equity and liabilities | | 475,252 | 411,068 | 473,521 |

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2022 have been audited. The accompanying notes form part of these interim financial statements.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

| | 6 MONTHS TO 31 DEC 2022 | 6 MONTHS TO 31 DEC 2021 | 12 MONTHS TO 30 JUN 2022 |
|---|----------------------------|----------------------------|-----------------------------|
| | Unaudited | Unaudited | Audited |
| | \$ 000's | \$ 000's | \$ 000's |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Receipts from customers | 27,597 | 12,688 | 26,723 |
| Interest received | 37 | 5 | 17 |
| | 27,634 | 12,693 | 26,740 |
| Cash was applied to: | | | |
| Payments to suppliers and employees | (6,572) | (7,217) | (12,617) |
| Interest paid | (1,274) | (1,146) | (2,183) |
| Income tax and GST paid | (3,758) | (1,960) | (1,968) |
| | (11,604) | (10,323) | (16,768) |
| Net cash flows from operating activities | 16,030 | 2,370 | 9,972 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Receipt of Wānaka Airport settlement proceeds | - | 14,733 | 14,733 |
| | - | 14,733 | 14,733 |
| Cash was applied to: | | | |
| Purchases of property, plant and equipment | (2,825) | (98) | (10,807) |
| Purchases of intangible assets | (35) | (4,569) | (161) |
| | (2,860) | (4,667) | (10,968) |
| Net cash flows from investing activities | (2,860) | 10,067 | 3,764 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash was applied to: | | | |
| Repayment of borrowings | (12,000) | (15,000) | (17,000) |
| Dividends paid | (1,300) | - | - |
| | (13,300) | (15,000) | (17,000) |
| Net cash flows from financing activities | (13,300) | (15,000) | (17,000) |
| Net increase/(decrease) in cash and cash equivalents | (130) | (2,563) | (3,265) |
| Cash and cash equivalents at the beginning of the period | 1,800 | 5,065 | 5,065 |
| Cash and cash equivalents at the end of the period | 1,670 | 2,502 | 1,800 |

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2022 have been audited. The accompanying notes form part of these interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION

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

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

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

These interim financial statements for the Company were approved by the board of directors on 17 February 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION

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

As the interim financial statements do not include all the information required for full annual financial statements they should be read in conjunction with the annual financial statements for the year ended 30 June 2022.

These interim financial statements for the Company for the six months ended 31 December 2022 have not been audited.

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

There have been no changes in accounting policies and all accounting policies adopted are consistent with those used in the financial statements for the year ended 30 June 2022.

C) SIGNIFICANT EVENTS

COVID-19 had a significant impact on the aviation industry and on the Company's business during the period to 30 June 2022. During the reporting period Queenstown Airport has experienced higher than anticipated passenger volumes, being only 2.7% below the 6-month reporting period ended 31 December 2019 (the last corresponding reporting period before the onset of COVID-19). The directors are confident that the Company has now entered the recovery period and are of the view that the Company's business fundamentals remain sound.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

| | | 6 MONTHS TO 31 DEC 2022 | 6 MONTHS TO 31 DEC 2021 | 12 MONTHS TO 30 JUN 2022 |
|--|------------------|--|--|---|
| | | Unaudited | Unaudited | Audited |
| TIMING OF RECOGNITION | | \$ 000's | \$ 000's | \$ 000's |
| Scheduled airlines and general aviation | At point in time | 16,553 | 5,579 | 12,836 |
| Parking | Over time | 2,111 | 838 | 2,026 |
| Recoveries | Over time | 336 | 210 | 438 |
| Commercial vehicle access | At point in time | 1,292 | 425 | 1,049 |
| Total revenue from contracts with customers | | 20,292 | 7,052 | 16,350 |

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

4. REVENUE FROM RENTAL AND OTHER INCOME

| | | 6 MONTHS TO 31 DEC 2022 | 6 MONTHS TO 31 DEC 2021 | 12 MONTHS TO 30 JUN 2022 |
|--|--|--|--|---|
| | | Unaudited | Unaudited | Audited |
| | | \$ 000's | \$ 000's | \$ 000's |
| Lease rental revenue | | 9,469 | 4,977 | 9,589 |
| Government grants | | - | 468 | 468 |
| Management Fee (Wanaka Airport) | | 183 | 184 | 360 |
| Other revenue | | 37 | 3 | 23 |
| Total revenue from contracts with customers | | 9,689 | 5,632 | 10,440 |

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

5. OPERATING EXPENSES

| | 6 MONTHS TO 31 DEC 2022 | 6 MONTHS TO 31 DEC 2021 | 12 MONTHS TO 30 JUN 2022 |
|---------------------------------|--|--|---|
| | Unaudited | Unaudited | Audited |
| | \$ 000's | \$ 000's | \$ 000's |
| Administration and other | 1,857 | 1,350 | 3,113 |
| Professional services | 610 | 711 | 1,270 |
| Repairs and maintenance | 379 | 233 | 585 |
| Utilities | 827 | 594 | 1,183 |
| Total operating expenses | 3,673 | 2,888 | 6,151 |

6. TRADE AND OTHER RECEIVABLES

| | AS AT 31 DEC 2022 | AS AT 31 DEC 2021 | AS AT 30 JUN 2022 |
|--|------------------------------|------------------------------|------------------------------|
| | Unaudited | Unaudited | Audited |
| | \$ 000's | \$ 000's | \$ 000's |
| Trade receivables | 6,071 | 2,697 | 3,281 |
| Less provision for expected credit losses | (237) | (243) | (256) |
| Revenue accruals and other receivables | 1,778 | 2,544 | 2,573 |
| Closing balance | 7,612 | 4,999 | 5,599 |
| Recognised in the statement of financial position | | | |
| Current assets | 6,893 | 3,653 | 4,413 |
| Non-current assets | 719 | 1,346 | 1,186 |
| Closing balance | 7,612 | 4,999 | 5,599 |

Trade receivables have general payment terms of the 20th of the month following invoice. The increase in Trade Receivables compared to the prior reporting periods reflects the significant increase in trading activity during the current reporting period. Movements in the provision for expected credit losses have been included in Impairment and Loss on Assets in the income statement. No individual amount within the provision for expected credit losses is material.

Revenue accruals and other receivables include deferred rental arrangements with tenants in response to COVID-19 of \$1.8m (Jun 22 \$2.6m, Dec 21: \$2.5m).

7. PROPERTY, PLANT AND EQUIPMENT

| | AS AT 31 DEC 2022 Unaudited | AS AT 31 DEC 2021 Unaudited | AS AT 30 JUN 2022 Audited |
|----------------------------|---|---|---|
| | \$ 000's | \$ 000's | \$ 000's |
| At Fair Value | 453,341 | 385,285 | 453,120 |
| At cost | 27,680 | 26,469 | 25,917 |
| Work in progress at cost | 5,050 | 7,491 | 3,291 |
| Accumulated depreciation | (24,150) | (19,944) | (19,673) |
| Net carrying amount | 461,921 | 399,301 | 462,657 |

8. INTANGIBLE ASSETS

| | AS AT 31 DEC 2022 Unaudited | AS AT 31 DEC 2021 Unaudited | AS AT 30 JUN 2022 Audited |
|--------------------------------------|---|---|---|
| | \$ 000's | \$ 000's | \$ 000's |
| Opening balance | 2,124 | 3,534 | 3,534 |
| Additions from internal developments | 35 | 102 | 257 |
| Impairment of intangible assets | - | - | (1,336) |
| Amortisation | (182) | (149) | (331) |
| Closing balance | 1,978 | 3,487 | 2,124 |

9. TRADE AND OTHER PAYABLES

| | AS AT 31 DEC 2022 Unaudited | AS AT 31 DEC 2021 Unaudited | AS AT 30 JUN 2022 Audited |
|------------------------------|---|---|---|
| | \$ 000's | \$ 000's | \$ 000's |
| Trade payables | 588 | 461 | 650 |
| Other creditors and accruals | 654 | 336 | 1,321 |
| Closing balance | 1,242 | 797 | 1,971 |

The above balances are unsecured.

10. DERIVATIVES

| | AS AT 31 DEC 2022 Unaudited | AS AT 31 DEC 2021 Unaudited | AS AT 30 JUN 2022 Audited |
|--|---|---|---|
| | \$ 000's | \$ 000's | \$ 000's |
| Derivative financial assets (liabilities) | | | |
| Interest rate swaps (effective) | 1,470 | (65) | 1,178 |
| Foreign exchange forward contracts (effective) | (190) | (4) | (276) |
| Closing balance | 1,280 | (69) | 902 |
| Recognised in the statement of financial position | | | |
| Current Assets | 511 | - | 204 |
| Non-current Assets | 769 | - | 698 |
| Current Liabilities | - | (4) | - |
| Non-current Liabilities | - | (66) | - |
| Total derivatives | 1,280 | (69) | 902 |

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

11. BORROWINGS

| | EXPIRY DATE | LINE LIMIT | 6 MONTHS TO 31 DEC 2022 Unaudited | 6 MONTHS TO 31 DEC 2021 Unaudited | 12 MONTHS TO 30 JUN 2022 Audited |
|--|--------------------|-------------------|---|---|--|
| | | \$ 000's | \$ 000's | \$ 000's | \$ 000's |
| Counterparty drawn amounts | | | | | |
| Bank of China | 30 April 2023 | 30,000 | 15,000 | 15,000 | 15,000 |
| ASB | 30 June 2024 | 10,000 | 10,000 | 10,000 | 10,000 |
| ASB B | 30 June 2025 | 20,000 | - | 1,000 | 1,000 |
| BNZ | 30 June 2024 | 30,000 | 13,000 | 15,000 | 13,000 |
| Westpac D | 30 June 2024 | 20,000 | 15,000 | 18,000 | 18,000 |
| Westpac C | 30 June 2025 | 30,000 | - | 8,000 | 8,000 |
| Total borrowings | | 140,000 | 53,000 | 67,000 | 65,000 |
| Recognised in the statement of financial position | | | | | |
| Current liabilities | | | 15,000 | - | 15,000 |
| Non-current liabilities | | | 38,000 | 67,000 | 50,000 |
| Total borrowings | | | 53,000 | 67,000 | 65,000 |

The bank facilities are secured by a general security agreement over the Company's assets, undertakings and any uncalled capital. The Company can refinance any current debt within existing facilities.

12. CASHFLOW HEDGE RESERVE

| | AS AT 31 DEC 2022 Unaudited | AS AT 31 DEC 2021 Unaudited | AS AT 30 JUN 2022 Audited |
|---|---|---|---|
| | \$ 000's | \$ 000's | \$ 000's |
| Opening balance | 649 | (455) | (455) |
| Gain/(loss) recognised on interest rate swaps | 292 | 532 | 1,775 |
| Deferred tax movement arising on interest rate swaps | (82) | (149) | (497) |
| Gain recognised on forward exchange contracts | 86 | 3 | (270) |
| Deferred tax movement arising on forward exchange contracts | (24) | (1) | 76 |
| Realised gain/(loss) transferred to statement of comprehensive income | - | 20 | 20 |
| Closing balance | 922 | (50) | 649 |

13. RELATED PARTY TRANSACTIONS

Queenstown Airport is 75.01% owned by the ultimate parent entity, Queenstown Lakes District Council, and 24.99% owned by Auckland Airport Holdings (No 2) Limited.

Related parties of the Company are:

- Queenstown Lakes District Council (QLDC) - shareholder
- Wanaka Airport (WKA) and Glenorchy Airport - management contract on behalf of QLDC to provide aeronautical services at both locations
- Auckland International Airport Limited (AIAL) - shareholder
- Mark R Thomson - General Manager Property and Commercial (AIAL) - director QAC

(a) Transactions with related parties

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

| | 6 MONTHS TO 31 DEC 2022 Unaudited | 6 MONTHS TO 31 DEC 2021 Unaudited | 12 MONTHS TO 30 JUN 2022 Audited |
|--|---|---|--|
| | \$ 000's | \$ 000's | \$ 000's |
| Queenstown Lakes District Council (QLDC) | | | |
| Rates paid | 173 | 249 | 443 |
| Rental receipts | (23) | (25) | (44) |
| Sundry receipts | (22) | (7) | (27) |
| Wanaka and Glenorchy Airport | | | |
| Management fee received | (183) | (178) | (360) |
| Sundry payments/(receipts) | 45 | - | 6 |
| Net payment/(receipt) to QLDC | (9) | 39 | 18 |
| Auckland International Airport Limited (AIAL) | | | |
| Director fees and expenses paid | 20 | 22 | 40 |
| Rescue fire training fees paid | 11 | - | 48 |
| Total payments to AIAL | 31 | 22 | 88 |

(b) Balances with related parties

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

| | 6 MONTHS TO 31 DEC 2022 Unaudited | 6 MONTHS TO 31 DEC 2021 Unaudited | 12 MONTHS TO 30 JUN 2022 Audited |
|--|---|---|--|
| | \$ 000's | \$ 000's | \$ 000's |
| Queenstown Lakes District Council (QLDC) | | | |
| Receivables | (101) | (164) | (43) |
| Payables | 19 | 3 | - |
| Net (receivable) / payable balance (QLDC) | (81) | (161) | (43) |
| Auckland International Airport Limited (AIAL) | | | |
| Receivables | - | - | - |
| Payables | - | - | 13 |
| Net (receivable) / payable balance (AIAL) | - | - | 13 |

14. DIVIDENDS

| | 6 MONTHS TO 31 DEC 2022 Unaudited \$ 000's | 6 MONTHS TO 31 DEC 2021 Unaudited \$ 000's | 12 MONTHS TO 30 JUN 2022 Audited \$ 000's |
|--|---|---|--|
| Dividends paid during the period | | | |
| Final dividend for year, period ended 30 June 2022 | 1,300 | - | - |
| Interim dividend | - | - | - |
| Total dividends paid | 1,300 | - | - |

15. CONTINGENT LIABILITIES

(a) Noise mitigation

The Company has implemented a programme of works to assist homeowners living in the inner and mid noise boundaries to mitigate the effects of aircraft noise exposure. The Company is obligated, on an annual basis, to offer, 100% funding of noise mitigation works for Critical Listening Environments of buildings that existed on 8 May 2013 containing an Activity Sensitive to Aircraft Noise (as defined in the Queenstown Lakes District Plan) that are within the 65 dB Projected Annual Aircraft Noise Contour. The Company is further obligated to offer 75% of funding of mechanical ventilation for Critical Listening Environments of buildings that existed on 8 May 2013 containing an Activity Sensitive to Aircraft Noise (as defined in the Queenstown Lakes District Plan) that are within the 60 dB Projected Annual Aircraft Noise Contour.

Offers for noise mitigation have been extended to homeowners in line with the projected annual aircraft noise contours for calendar years 2022 and 2023. Property owners have twelve months from the date of offer to determine if they wish to take the offer made by the Company for mitigation works. It is difficult to estimate the future value of the mitigation works due to the uncertainty of the level of uptake from property owners and the differing construction and acoustic treatment requirements necessary to mitigate each property.

(b) Lot 6

During the year ending 30 June 2021 the Company made a compensation payment of \$18.34 million for land acquired under the Public Works Act 1981 (PWA) and known as 'Lot 6'. In October 2021 the previous owner, Remarkables Park Ltd (RPL), indicated that it would seek additional compensation under the PWA. In November 2022 the directors received further independent valuation advice for Lot 6, which demonstrated that the \$18.34 million compensation payment was in the appropriate range. As at 17 February 2023 the Company has not received a valid claim for further compensation under the PWA.

16. CAPITAL COMMITMENTS

| | 6 MONTHS TO 31 DEC 2022 Unaudited \$ 000's | 6 MONTHS TO 31 DEC 2021 Unaudited \$ 000's | 12 MONTHS TO 30 JUN 2022 Audited \$ 000's |
|--|---|---|--|
| Committed for Acquisition of Property, Plant and Equipment | 2,331 | 3,174 | 1,576 |
| | 2,331 | 3,174 | 1,576 |

17. SUBSEQUENT EVENTS

On 17 February 2023, the Directors declared a fully imputed interim dividend of \$5,981,000 in respect of the year ended 30 June 2023.

There were no other significant events after balance date.

