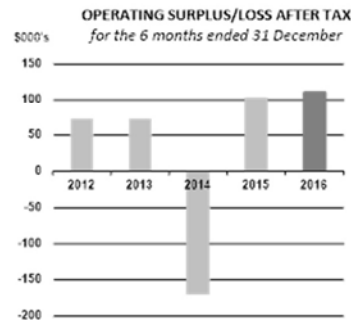
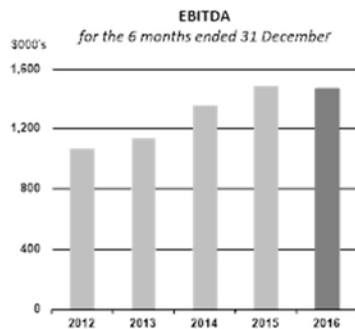
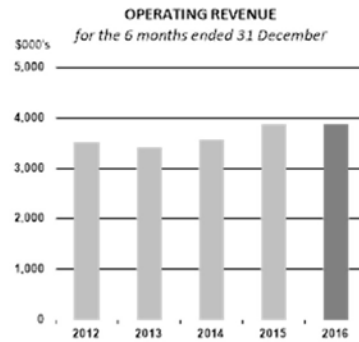
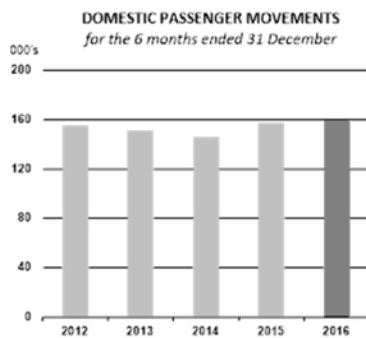


Interim Report
For the six months ended
31 December 2016

 CHAIR'S REPORT

Domestic Passenger Numbers	159,000
<i>up on prior period by 1,600 or 1%</i>	
Air Movements	65,000
<i>up on prior period by 3,000 or 5%</i>	
Operating Revenue	\$3,877,000
<i>down on prior period by \$9k or (0.23%)</i>	
Operating Expenses	\$1,215,000
<i>down on prior period by \$8k or (0.57%)</i>	
Earnings before Interest, Tax, Depreciation and Amortisation	\$1,475,000
<i>down on prior period by \$17k or (1%)</i>	
Operating Surplus After Tax	\$112,000
<i>up on prior period by \$10k or (10%)</i>	

Note: Results are rounded to the closest thousand and compared to the six months ended 31 December 2015 unless otherwise stated.
The financial results shown above are "normalised" and exclude the prior year's revenue from the NZTA compulsory acquisition of land.



CHAIR'S REPORT

OVERVIEW OF THE HALF YEAR

The first six months trading delivered a solid financial performance, assisted by revenue growth from increased passenger numbers, including carpark growth and lower operating costs when compared to budget. The primary focus of the management team has been on the efficiencies of the airport operation coupled with improving the customer's experience.

In addition, there has been significant work on Titanium Park Limited. This has been to ensure that the key actions due to the joint venture dissolution are completed and there has also been a strong emphasis on managing land sales enquiries and optimising lease and concession income.

Customer experience has been enhanced by the completion and opening of the new Air New Zealand Regional Lounge in May 2016. The lounge has provided Air New Zealand valued customers with the latest regional lounge design, interior fit out and technology enhancements. In addition, we were delighted to welcome Mavis & Co to the Airport opening the latest of their Waikato Cafes, Mavis Lounge. The Café has provided a much-improved quality of food and beverage and has enhanced the ambiance of the mezzanine floor of the terminal.

In December 2016, the Airport also launched new conferencing facilities (in what was the old international terminal space) and marketing these will be a strong focus in 2017. Initial feedback has been very positive and will be further supported by the Mavis Café.

At the half year, 159,000 passengers have used the airport which is a 1% increase on the same period last year. However, it is important to note that the prior year numbers still have a significant number of passengers from the discontinued Auckland service. If we compare the current services of Palmerston North, Wellington and Christchurch on a comparative basis, we have seen growth of 7%.

From October 2016, there has been a significant change to the Air New Zealand schedule and an increase in seat capacity due to the larger aircraft type. This is particularly evident on the Palmerston North route where we are seeing year on year passenger growth of between 80% and 125%.

Capital works this financial year have been focused on maintaining operational improvements and general maintenance to the aerodrome. In February 2017, there will be significant overlay works on the Terminal apron and taxiway to the runway.

There continues to be a major focus on Health & Safety. Independent expertise has been engaged to oversee Health and Safety compliance for the company ensuring obligations are met in relation to the new legislation that came into effect on the 4th April 2016. In addition, an independent audit was conducted in October 2016 which has reinforced that the company's existing framework meets the current act requirements.

FINANCIAL RESULTS

The operating surplus after tax for the Group (inclusive of Titanium Park Limited and Hamilton & Waikato Tourism Limited) for the six months ended 31st December 2016 is \$112,000.

Revenue for the Group of \$3.8m is consistent with the prior year showing a slight decrease of \$9k. Following the trend, operating expenses of \$1.3m are down on prior year by \$8k.

Term loans reduced by \$2.684m in the last 12 months.

CHAIR'S REPORT

OPERATIONS

Operations continue to be conducted in accordance with Civil Aviation Authority's (CAA) regulatory compliance. Total air movements are slightly ahead of the same period in 2015. airfield capital works forecast to be undertaken in February 2017 and include budgeted asphalt overlay works of the terminal apron and taxiway areas (\$600k). Budgeted pavement maintenance works (\$100k) are also planned to be undertaken concurrently with the overlay works.

Consistent with similar airport reviews and outcomes, the CAA have designated to reduce the aerodrome control zone from its previous dimensions established in the mid-1960s. Led by CAA, the change was effected following safety assessment and lengthy consultation process involving the operators and users of Hamilton Airport. The reduction in controlled airspace aligns with the need to ensure the control zone is as small as practicable whilst protecting the flight paths of commercial aircraft flying in all weather conditions arriving and departing the airport. The changes became effective November 2016.

TITANIUM PARK LIMITED (TPL)

Since the dissolution of the joint venture at 31st March 2016, the Board's key priorities have been to ensure that all contractual matters relating to the dissolution are progressed and completing a review of the group property portfolio to optimise value and lease income.

There has been increased interest in land around the airport since the middle of 2016. TPL has achieved two land sales of approximately 3,500m² per sale. In addition, the Montgomerie Farm (Northern Precinct) property was purchased from Titanium Park Development Limited (TPDL) and contemporaneously TPL sold its land on the Western Precinct to TPDL. The purchase and sale went unconditional on the 22nd December 2016.

Graham Dwyer joined the TPL Board in May 2016 bringing an extensive background in property sales and development. The Board and Management are developing a business case for the future land use owned by TPL and WRAL.

HAMILTON & WAIKATO TOURISM LIMITED (HWT)

New Zealand's tourism industry is experiencing exponential growth with international visitor arrivals and expenditure at its highest level ever. The Hamilton and Waikato region has shared in this significant growth. Recent data released by the Ministry for Business, Innovation and Employment (MBIE) show the region's visitor expenditure for the year ended November 2016 has climbed to an estimated \$1.373 billion, an 8.6% increase on the previous year. Hamilton and Waikato is the fifth largest region by expenditure behind Auckland, Christchurch, Queenstown and Wellington.

International visitors contributed \$325 million to the region, while domestic spend delivered \$1.047 billion of economic benefit (year ended November 2016).

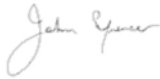
Jason Dawson was appointed Chief Executive of HWT in August 2016.

Graeme Osborne retired from the HWT Board and Annabel Cotton was appointed Chair in November 2016.

 CHAIR'S REPORT

OUTLOOK

The ongoing focus for the Board and Management during the second half of the financial year will be to prudently control operating expenses, begin implementation of the key initiatives from the Titanium Park business plan and to remain responsive to land sale and development opportunities.



John Spencer

Chair

 CONSOLIDATED INCOME STATEMENT
For the Six Months Ended 31 December 2016

	GROUP	
	2016	2015
	\$000	
Revenue		
Operating revenue	3,877	3,886
Other revenue	-	-
TOTAL REVENUE	3,877	3,886
Expenses		
Operating expenses	1,215	1,350
Employee benefit expenses	1,050	924
Depreciation and amortisation	1,180	1,051
Directors' fees	96	81
Interest	143	258
Remuneration of auditor	41	40
Other losses	(4)	23
TOTAL EXPENSES	3,721	3,727
Operating surplus before taxation	156	159
Taxation	44	57
OPERATING SURPLUS AFTER TAXATION	112	102
NZTA compulsory acquisition of land (net of tax)	-	562
SURPLUS AFTER TAXATION	112	664

The above results have not been audited.

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	GROUP \$000	
	2016	2015
Equity		
Share capital	14,860	14,860
Asset revaluation reserve	33,078	28,677
Retained earnings	15,856	16,987
Total Equity	63,794	60,524
Current Assets		
Cash and cash equivalents	118	1,501
Trade and other receivables	515	677
Prepayments	114	84
Inventories	88	91
Development property	10,620	11,298
	11,456	13,651
Current Liabilities		
Payables and accruals	1,100	963
Employee entitlements	274	207
Income in advance	205	208
	1,579	1,378
Working Capital	9,877	12,273
Non-Current Assets		
Property, plant and equipment	63,982	60,890
Investment property	3,750	3,730
Other financial assets	-	25
Intangible assets	1,145	9
Other assets	78	88
	68,955	64,742
Non-Current Liabilities		
Term loans	7,049	9,733
Deferred taxation	7,989	6,758
	15,038	16,491
Net Assets	63,794	60,524

The above results have not been audited.

 FINANCIAL PERFORMANCE TARGETS

For the Six Months Ended 31 December 2016

	Group		
	Actual 31/12/2016	Forecast 30/06/2017	SOI 30/06/2017
MEASURES (GROUP)			
Earnings before interest, taxation & depreciation (EBITDA)	\$1.475m	\$2.626m	\$2.279m
Net surplus/(deficit) after tax	\$112k	\$638k	-\$366k
Net profit after tax to average shareholders' funds	0%	1%	-1%
Net profit after tax to total assets	0%	1%	0%
Net cash flow (operating & investing)	\$13k	-\$5.426m	-\$451k
Total liabilities to shareholder funds	21:79	35:65	26:74
MEASURES (Parent)			
Percentage of non-landing charges revenue to total revenue	81%	80%	76%
Interest cover (Banking covenant requirement 1.50)	8.23	7.97	6.56

The above results have not been audited.

 **CORPORATE DIRECTORY**
For the Six Months Ended 31 December 2016

Board of Directors	John Spencer CNZM (Chair) Annabel Cotton Margaret Devlin Carlos da Silva
Chief Executive	Mark Morgan
General Manager - Operations	Simon Hollinger
Finance Manager	Nikki Orange
Registered Office	Hamilton Airport Terminal Building Hamilton Airport Airport Road, R D 2 Hamilton 3282
Telephone	07 848 9027
E-mail	wral@hamiltonairport.co.nz
Web Site	www.hamiltonairport.co.nz
Bankers	Bank of New Zealand
Solicitors	Tompkins Wake, Hamilton Ellice Tanner Hart, Hamilton
Auditors	Audit New Zealand, Hamilton on behalf of the Controller and Auditor-General