



Queenstown Airport Corporation Limited
Interim Report
for the Six Month Period Ended
31 December 2020

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Chair and Chief Executive's Report

We present Queenstown Airport Corporation's (QAC) interim report for the six-month period to 31 December 2020.

Over the reporting period our primary focus was the stabilisation of the business in response to the COVID-19 pandemic and its impact on our business, staff, airport community and the Southern Lakes region. It was a particularly challenging time for the company and its people as we faced a complex and uncertain operating environment. There was a sharp decline in passenger movements (arrivals and departures) at Queenstown Airport which led to aeronautical and commercial revenue decreasing by 56% and 58%, respectively.

QAC's overarching mission was and continues to be safeguarding the company's core capability to operate vital airport infrastructure in the Queenstown Lakes district and to support the operators at both Queenstown and Wānaka airports wherever possible. We have focused on underlying business performance and resilience, the wellbeing of our team, and have contributed to the broader crisis response of the district.

To support operators at both Queenstown and Wānaka airports, QAC implemented a broad support programme in early 2020 (valued at \$2.1 million for the reporting period) providing a range of rent relief packages to tenants, together with other in-kind support. This programme has continued beyond the reporting period.

Health, Safety and Security

The health, safety and security of our team, airport community members, customers and contractors are our highest priority. QAC has a safety-first culture and a Zero Harm target which we aim to achieve through a safe operating environment and a 'just culture'. QAC has not had an employee or contractor Lost Time Injury for more than six years.

QAC worked to ensure preparedness, resilience and continuous improvement in the areas of health, safety and security. Health and hygiene protocols were regularly reviewed and updated, working closely with the Southern District Health Board and border agencies, to protect the wellbeing of our customers and staff. We also worked closely with other airports, partner airlines and government agencies to ensure consistency and support public confidence in air travel.

Financial Performance

The results delivered over the first half of FY21 reflect the significantly changed operating environment, with a 53% decrease in revenue to \$13.5 million from \$29 million in the corresponding period last year.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) decreased by \$11.3 million (56%) from \$20.4 million to \$9.0 million. Reported Net Profit After Tax was down 80% to \$2.2 million from \$10.8 million in the same period last year.

QAC halted most of its capital expenditure programme and significantly reduced its operating expenditure as a key component of the company's stabilisation plan. Total operating expenditure decreased by 48% to \$4.5 million from \$8.6 million in the corresponding period last year.

Capital expenditure in this period included investment in the detailed design for the Terminal Upgrade Programme (TUP) at Queenstown Airport, which will ensure the continued resilience of our existing terminal infrastructure by upgrading the passenger security screening area for regulatory and customer experience reasons, and improving seismic performance.

As at 31 December 2020 term debt was \$82 million, an increase of \$13 million from 30 June 2020. Term debt represented 21% of net assets at 31 December 2020 compared to 23.5% at 30 June 2020. The movement in term debt was primarily as a result of the payment for the acquisition of the 'Lot 6' land adjacent to the main runway. QAC remains compliant with its bank covenants.

The equity ratio (total shareholders' funds to total assets) was 75% (30 June 2020: 75%) and interest coverage ratio (EBITDA/finance costs) is 7.2 times (30 June 2020: 11.9 times).

Due to the continuing impact of COVID-19 on financial performance during the reporting period, no interim dividend was declared. Our shareholders have also been advised that QAC does not expect to pay a final dividend for the current financial year.

Passenger and Aircraft Movements

For the six months to 31 December 2020, overall passenger movements were down 46% compared to the same period last year. There were 678,836 domestic passenger movements (arrivals and departures) at Queenstown Airport, down 19% against the same period last year. There were no international passenger movements. In the same period last year there were 417,111 international passenger movements.

There were 5,911 scheduled aircraft movements (arrivals and departures), down 38% compared to the same period last year. Domestic aircraft movements were down 8%. During the period Auckland went into 'lockdown', which had an immediate impact on domestic travel to and from Queenstown Airport. There were no international aircraft movements compared to 3,156 in the same period last year.

Commercial general aviation movements at Queenstown Airport were lower, with fixed wing and helicopter landings down 9% on the same period last year. Private jet landings decreased by 22%.

Customer Experience

Over the reporting period, several new offerings were introduced to enhance the customer experience at both Queenstown and Wānaka airports. Notably, Sounds Air commenced scheduled services between Wānaka and Christchurch. Jetstar reintroduced scheduled domestic services from Queenstown to Auckland and Wellington. New food and beverage and rental car options were also introduced at Queenstown Airport.

Climate Action and Social Responsibility

Our sustainability framework incorporates the four wellbeing measures (social, environmental, economic, and cultural) under the Local Government Act. It 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. Our goal is that, like health, safety and security, sustainability is just 'what we do'.

A programme of work is underway, recognising the role we must play in addressing the global challenge of climate change, to measure and reduce the environmental impact of QAC's business activities, and to support environmental initiatives in the district, beyond QAC.

A key initiative is measuring the carbon footprint of our business activities. An independent audit by Toitū Envirocare was undertaken during the reporting period and the certification process is currently underway. Energy, waste, and transport have been identified as priority areas because of their contribution to our carbon footprint. The annual audit and certification process enables the business to benchmark, set science-based targets and measure our progress in reducing the environmental impact of our business operations and to achieve carbon neutrality by 2050. QAC will report its targets and progress annually from FY22.

We also are committed to the wellbeing of our staff and local communities through initiatives directed at enhancing social and economic wellbeing in the district. Achievements in these areas during the period included:

- Supported the Wakatipu Reforestation Trust by contributing to the organisation's ongoing operating costs and implementing a staff volunteer initiative
- Continued our partnership with the Wakatipu High School Foundation
- Continued our support of Coastguard Queenstown
- Continued active support of the national Tiaki Promise to protect our environment and encourage sustainable tourism practices for visitors to our region
- Hosted 'Roll out the Rainbow' at Queenstown Airport for Winter Pride NZ
- Continued supporting a range of local community events and not-for-profit organisations, including, Happiness House, Child Cancer Foundation, Caring Families Aotearoa and the Going Bananas show

People and Culture

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

Due to the significant impact of COVID-19 on the company, QAC undertook an organisational restructure which was completed during the reporting period. This was a difficult and challenging time for our people, and we would like to acknowledge those who left the business during this period and thank them for their contribution to QAC.

We also wish to acknowledge the contribution of Norm Thomson and Michael Stiassny, who retired from the board of directors in October 2020 after serving two terms. During their tenure Norm and Michael made a considerable contribution to QAC through a dynamic eight-year period. We thank them for their service and commitment to the company.

In October 2020, QLDC announced the appointment of three new directors, Anne Urlwin, Mike Tod and Andrew Blair to the QAC board. Each brings significant business and governance experience and individual specialist expertise, and we look forward to working with them.

We were pleased to maintain our Living Wage Aotearoa accreditation during the 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

While the past year was not as expected, it brought to the fore the strength and cohesion of our airport community and the Queenstown Lakes district. We would like to take this opportunity to acknowledge the support and efforts of the QAC team, our shareholders, the Queenstown and Wānaka airport communities, and the residents and businesses of the district. The QAC board of directors and executive team will continue to manage the company on behalf of its shareholders as a sustainable business enterprise, operating in a manner which is safe, financially stable, customer focused, well planned, and environmentally conscious.

In the second half of the financial year, we hope to see the opening of a two-way trans-Tasman safe travel zone. We are working in collaboration with our partner airlines, other airports, and government agencies towards this goal. As its only international aviation services are direct trans-Tasman flights, Queenstown Airport has protocols, procedures, and infrastructure in place to manage the reopening of the New Zealand-Australia border as soon as it is deemed safe to do so by the respective governments.

There will continue to be challenges in the year ahead due to the ongoing impacts of COVID-19. We will align with and work in close collaboration with our shareholders, stakeholders, and the community to forge a path forward to recovery of the district with a balanced approach to social, environmental, cultural, and economic wellbeing.



Adrienne Young-Cooper
Chair
12 Februarv 2021



Colin Keel
Chief Executive

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 2020.

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 2020 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 12 February 2021 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 2020

	Note	6 months to 31 Dec 2020 Unaudited \$ 000's	6 months to 31 Dec 2019 Unaudited \$ 000's	12 months to 30 Jun 2020 Audited \$ 000's
Income				
Revenue from contracts with customers	3	8,860	20,481	30,427
Rental and other income		4,678	8,581	16,179
Other gains		32	19	61
Total income		13,570	29,081	46,668
Expenses				
Operating expenses		2,174	4,637	7,851
Net impairment losses on financial assets		-	71	314
Employee remuneration and benefits		2,324	3,967	7,173
Total expenses		4,498	8,675	15,339
Earnings before interest, taxation, depreciation and amortisation		9,071	20,407	31,329
Depreciation		4,648	4,085	8,640
Amortisation		162	162	325
Earnings before interest and taxation		4,261	16,159	22,364
Finance costs		1,264	1,204	2,633
Profit before tax		2,996	14,955	19,731
Income tax expense		784	4,155	1,735
Profit for the period		2,212	10,800	17,996

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these interim financial statements.

Financial Statements

Statement of Comprehensive Income

for the six months ended 31 December 2020

	6 months to 31 Dec 2020	6 months to 31 Dec 2019	12 months to 30 Jun 2020
Note	Unaudited \$ 000's	Unaudited \$ 000's	Audited \$ 000's
Profit for the period	2,212	10,800	17,996
Other comprehensive income			
Items that may be subsequently reclassified to the income statement			
Gain/(loss) on cash flow hedging taken to reserves	287	82	(503)
Income tax relating to gain/(loss) on cash flow hedging	(80)	(24)	141
Realised gains/(losses) transferred to the income statement	-	-	234
Other comprehensive income for the period, net of tax	206	58	(129)
Total comprehensive income for the period, net of tax	2,419	10,858	17,868

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these interim financial statements.

Financial Statements

Statement of Changes in Equity

for the six months ended 31 December 2020

	Ordinary shares	Asset revaluation reserve	Cash flow hedge reserve	Retained earnings	Total equity
At 1 July 2020	37,657	204,376	(1,106)	52,779	293,706
Profit for the period		-	-	2,212	2,212
Other comprehensive income		-	206		206
Total comprehensive income for the period		-	206	2,212	2,419
Dividends paid to shareholders				-	-
At 31 December 2020	37,657	204,376	(900)	54,991	296,124

	Ordinary shares	Asset revaluation reserve	Cash flow hedge reserve	Retained earnings	Total equity
At 1 July 2019	37,657	204,376	(978)	43,078	284,133
Profit for the period		-	-	10,800	10,800
Other comprehensive income		-	58	-	58
Total comprehensive income for the period	-	-	58	10,800	10,858
Dividends paid to shareholders				(7,295)	(7,295)
At 31 December 2019	37,657	204,376	(920)	46,583	287,696

	Ordinary shares	Asset revaluation reserve	Cash flow hedge reserve	Retained earnings	Total equity
At 1 July 2019	37,657	204,376	(978)	43,078	284,133
Profit for the period		-	-	17,996	17,996
Other comprehensive income		-	(128)	-	(128)
Total comprehensive income for the period	-	-	(128)	17,996	17,868
Dividends paid to shareholders				(8,295)	(8,295)
At 30 June 2020	37,657	204,376	(1,106)	52,779	293,706

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these interim financial statements.

Financial Statements

Statement of Financial Position

as at 31 December 2020

	Note	As at 31 Dec 2020 Unaudited \$ 000's	As at 31 Dec 2019 Unaudited \$ 000's	As at 30 Jun 2020 Audited \$ 000's
Current assets				
Cash and cash equivalents		4,404	1,071	5,187
Trade and other receivables	4	3,792	5,731	2,111
Prepayments		816	793	511
Total current assets		9,012	7,595	7,809
Non-current assets				
Trade and other receivables	4	1,036	-	807
Property, plant and equipment	5	381,131	365,444	385,201
Intangible assets	6	4,603	4,806	4,708
Total non-current assets		386,770	370,250	390,716
Total assets		395,782	377,845	398,525
Current liabilities				
Trade and other payables	7	1,066	1,510	19,645
Employee entitlements		541	1,181	1,003
Current tax payable		4,445	2,542	3,359
Derivative financial instruments	8	55	22	111
Short-term borrowings	9	-	11,000	-
Total current liabilities		6,107	16,255	24,118
Non-current liabilities				
Derivative financial instruments	8	990	733	1,221
Deferred tax liability		10,560	14,690	10,480
Term borrowings	9	82,000	58,471	69,000
Total non-current liabilities		93,551	73,894	80,701
Equity				
Share capital		37,657	37,657	37,657
Retained earnings		54,991	46,583	52,779
Asset revaluation reserve		204,376	204,376	204,376
Cash flow hedge reserve	10	(900)	(920)	(1,106)
Total equity		296,124	287,696	293,706
Total equity and liabilities		395,782	377,845	398,525

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these interim financial statements.

Financial Statements

Statement of Cash Flows

for the six months ended 31 December 2020

	6 months to 31 Dec 2020 Unaudited \$ 000's	6 months to 31 Dec 2019 Unaudited \$ 000's	12 months to 30 Jun 2020 Audited \$ 000's
Cash flows from operating activities			
Receipts from customers	14,040	24,238	47,079
Interest received	1	5	1
Payments to suppliers and employees	(7,297)	(11,376)	(17,168)
Interest paid	(1,290)	(1,204)	(2,530)
Tax paid	(200)	(2,443)	(5,660)
Net cash flows from operating activities	5,253	9,220	21,722
Cash flows from investing activities			
Purchases of property, plant and equipment	(18,978)	(8,080)	(14,929)
Purchases of intangible assets	(58)	(454)	(519)
Net cash flows from investing activities	(19,036)	(8,534)	(15,448)
Cash flows from financing activities			
Net proceeds from borrowings	13,000	6,771	6,300
Dividends paid	-	(7,295)	(8,295)
Net cash flows from financing activities	13,000	(524)	(1,995)
Net increase/(decrease) in cash and cash equivalents	(783)	162	4,278
Cash and cash equivalents at the beginning of the period	5,187	909	909
Cash and cash equivalents at the end of the period	4,404	1,071	5,187

The financial statements for the six month period have not been audited. The full year financial statements to 30 June 2020 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 2020

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 Wanaka 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 12 February 2021.

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 2020.

These interim financial statements for the Company for the six months ended 31 December 2020 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 2020.

C) SIGNIFICANT EVENTS

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

There remains ongoing uncertainty around the forecast levels of domestic and international air travel. The Company has forecast significant reductions in passenger movements for the year ending 30 June 2021. These forecasts are based on information available at the time of preparing the financial statements and is based with reference to various data sources such as airlines, and travel and tourism bodies.

Notwithstanding the significant impact of COVID-19, the directors continue to maintain a view that the Company's business fundamentals remain strong. During the year ending 30 June 2020, the Company took steps to reduce its cost structure, including the reduction of operating expenditure and an organisational restructure. In addition, discretionary capital expenditure has been reduced with a focus on maintaining critical services and meeting regulatory requirements. These measures remain in place. The Company also extended current liquidity facilities and obtained waivers to banking covenants. The outcomes of these steps mean the directors are confident the Company is well placed to continue operating as a going concern until more usual levels of trading conditions return.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

		6 months to 31 Dec 2020 Unaudited \$ 000's	6 months to 31 Dec 2019 Unaudited \$ 000's	12 months to 30 Jun 2020 Audited \$ 000's
	Timing of recognition			
Scheduled airlines and general aviation	At point in time	6,971	15,894	23,499
Parking	Over time	1,006	1,935	2,988
Recoveries	Over time	325	1,505	2,211
Commercial Vehicle Access	At point in time	558	1,147	1,730
Total revenue from contracts with customers		8,860	20,481	30,427

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

Notes to the Financial Statements

for the six months ended 31 December 2020

4 TRADE AND OTHER RECEIVABLES

	As at 31 Dec 2020 Unaudited \$ 000's	As at 31 Dec 2019 Unaudited \$ 000's	As at 30 Jun 2020 Audited \$ 000's
Trade receivables	3,380	5,588	1,310
less provision for expected credit losses	(319)	(76)	(319)
Revenue accruals and other receivables	1,767	219	1,927
Closing balance	4,827	5,731	2,918
Recognised in the statement of financial position			
Current liabilities	3,792	5,731	2,111
Non-current liabilities	1,036	-	807
Closing balance	4,827	5,731	2,918

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

5 PROPERTY, PLANT AND EQUIPMENT

	As at 31 Dec 2020 Unaudited \$ 000's	As at 31 Dec 2019 Unaudited \$ 000's	As at 30 Jun 2020 Audited \$ 000's
Opening balance	385,201	361,450	361,450
Additions	578	8,080	32,392
Depreciation	(4,648)	(4,086)	(8,641)
Closing balance	381,131	365,444	385,201

6 INTANGIBLE ASSETS

	As at 31 Dec 2020 Unaudited \$ 000's	As at 31 Dec 2019 Unaudited \$ 000's	As at 30 Jun 2020 Audited \$ 000's
Opening balance	4,708	4,514	4,514
Additions from internal developments	57	454	519
Amortisation	(162)	(162)	(325)
Closing balance	4,603	4,806	4,708

7 TRADE AND OTHER PAYABLES

	As at 31 Dec 2020 Unaudited \$ 000's	As at 31 Dec 2019 Unaudited \$ 000's	As at 30 Jun 2020 Audited \$ 000's
Trade payables	254	1,428	265
Other creditors and accruals	812	81	980
Lot 6 payable	-	-	18,400
Closing balance	1,066	1,510	19,645

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

Notes to the Financial Statements

for the six months ended 31 December 2020

8 DERIVATIVES

	As at 31 Dec 2020 Unaudited \$ 000's	As at 31 Dec 2019 Unaudited \$ 000's	As at 30 Jun 2020 Audited \$ 000's
Derivative financial liabilities			
Interest rate swaps (effective)	1,045	753	1,332
Foreign exchange forward contracts (effective)	-	2	-
Closing balance	1,045	755	1,332

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.

9 BORROWINGS

	Current Line Limit	As at 31 Dec 2020 Unaudited \$ 000's	As at 31 Dec 2019 Unaudited \$ 000's	As at 30 Jun 2020 Audited \$ 000's
Counterparty drawn amounts				
ASB	29 April 2022 20,000	11,000	11,000	11,000
Bank of China	29 April 2023 30,000	30,000	-	15,000
BNZ B	31 May 2022 30,000	15,000	29,471	15,000
Westpac A	22 May 2020 -	-	5,000	8,000
Westpac B	30 April 2022 20,000	8,000	13,000	20,000
Westpac C	30 April 2022 20,000	5,000	11,000	-
Westpac D	29 April 2023 20,000	13,000	-	-
Total borrowings	140,000	82,000	69,471	69,000
Recognised in the statement of financial position				
Current liabilities		-	11,000	-
Non-current liabilities		82,000	58,471	69,000
Total borrowings		82,000	69,471	69,000

10 RESERVES

	As at 31 Dec 2020 Unaudited \$ 000's	As at 31 Dec 2019 Unaudited \$ 000's	As at 30 Jun 2020 Audited \$ 000's
Opening balance	(1,106)	(978)	(978)
Gain/(loss) recognised on interest rate swaps	287	75	(515)
Deferred tax movement arising on interest rate swaps	(80)	(21)	144
Gain recognised on forward exchange contracts	-	7	12
Deferred tax movement arising on forward exchange contracts	-	(3)	(3)
Realised gain/(loss) transferred to statement of comprehensive income	-	-	234
Closing balance	(900)	(920)	(1,106)

Notes to the Financial Statements

for the six months ended 31 December 2020

11 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

	6 months to 31 Dec 2020 Unaudited \$ 000's	6 months to 31 Dec 2019 Unaudited \$ 000's	12 months to 30 Jun 2020 Audited \$ 000's
Queenstown Lakes District Council (QLDC)			
Rates paid	(247)	(264)	(493)
Resource and building consent costs and collection fees	-	(14)	(14)
Other payments	-	-	-
Parking infringement income received	24	26	76
Total payments to QLDC	(223)	(252)	(431)
Auckland International Airport Limited (AIAL)			
Rescue fire training fees paid	-	(39)	(39)
Director fees paid	(13)	(22)	(38)
Total payments to AIAL	(13)	(61)	(77)
BNZ			
Interest paid, other bank fees and interest received	-	(612)	(801)
Total payments to BNZ	-	(612)	(801)

(b) Balances with related parties

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

	As at 31 Dec 2020 Unaudited \$ 000's	As at 31 Dec 2019 Unaudited \$ 000's	As at 30 Jun 2020 Audited \$ 000's
Queenstown Lakes District Council (QLDC)			
Receivables	1	-	-
Payables	(1)	-	(3)
Net balance	-	-	(3)
BNZ			
Borrowings	-	(29,471)	-
Net balance	-	(29,471)	-

BNZ ceased being a related party on 23 May 2020 due to the retirement of Prudence M Flacks from the board of directors of the Company.

12 DIVIDENDS

Dividend payment date	6 months to 31 Dec 2020 Unaudited \$ 000's	6 months to 31 Dec 2019 Unaudited \$ 000's	12 months to 30 Jun 2020 Audited \$ 000's
Dividends paid during the period			
2019 Final dividend 21 August 2019	-	7,295	7,295
2020 Interim dividend 15 February 2020	-	-	1,000
Total dividends paid	-	7,295	8,295

Notes to the Financial Statements

for the six months ended 31 December 2020

13 CONTINGENT LIABILITIES

(a) Noise mitigation

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

Inner noise mitigation

As at 31 December 2020, the Company had made inner noise mitigation offers to 39 properties (7 are owned by the Company), at a total cost of \$1,838,000. Aircraft noise at Queenstown Airport has decreased as a result of the reduced aircraft movement levels due to the closure of New Zealand borders since March 2020. Accordingly, noise mitigation works have been suspended until the Company has greater clarity of the future of domestic and international aircraft movements and the impact on its noise boundaries. There are no capital commitments at reporting date.

Mid noise mitigation

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

(b) Litigation

As outlined in the 2020 Annual Report, during the year to 30 June 2020 the Wanaka Stakeholders Group (WSG) initiated judicial review proceedings against Queenstown Lakes District Council (QLDC) as first respondent and the Company as second respondent. The proceedings relate to the future governance model for Wanaka Airport as determined by QLDC in 2016/2017 which resulted in a 100-year lease negotiated and executed by QLDC and the Company in 2018.

The Company continued to incur legal costs during the reporting period to respond to the matter. Total costs of approximately \$142,000 have been incurred during the period and have been expensed to the income statement as the costs are incurred. In total, the Company has incurred costs of approximately \$450,000.

The judicial review hearing was held in September 2020; as at 31 December 2020 the Company had not received a decision from the High Court on this matter. No decision had been received at the date of signing this Interim Report.

14 CAPITAL COMMITMENTS

As at 31 December 2020 there were no material capital commitments (31 December 2019: Nil).

15 SUBSEQUENT EVENTS

The directors resolved on 12 February 2021 that no interim dividend will be paid for the year ending 30 June 2021. (12 February 2020: \$1,000,000).

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