



INTERIM REPORT

31 DECEMBER 2015



CONTENTS:

01	LETTER TO SHAREHOLDERS	01
02	INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	02
	INTERIM CONSOLIDATED INCOME STATEMENT	03
	INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	03
	INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	04
	INTERIM CONSOLIDATED BALANCE SHEET	05
	INTERIM CONSOLIDATED CASH FLOW STATEMENT	06
	NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)	07
12	CORPORATE DIRECTORY	12

LETTER TO SHAREHOLDERS

SIX MONTHS ENDED 31 DECEMBER 2015

Dear Shareholders

The Directors of Airwork Holdings Limited (“Airwork” or “the Company”) are pleased to present the interim report including the interim financial statements for the six months ended 31 December 2015.

Significant growth across both its Fixed Wing and Helicopter businesses has enabled Airwork to deliver an improved first half result.

For the period under review Airwork reported a net profit after tax of \$11.6 million and Earnings per Share of 23.1 cents per share, which were 47% ahead of prior period earnings.

Earnings growth was delivered from a revenue increase of 19% ahead of the prior comparative period, with EBIT 56% ahead of the comparative period.

OPERATIONAL REVIEW

EBIT growth of 76% in Airwork’s Fixed Wing Division reflects the inclusion of earnings arising from the expansion of the Company’s freighter fleet, as signalled in 2015.

Despite challenging market conditions in some sectors, notably in the Oil & Gas industry, the Helicopter business also provided a solid performance with EBIT growth of 22%. Challenges faced by the Oil & Gas industry affected the Helicopter results, but were largely compensated for by increases in other industry sectors. Growth in the Helicopter Leasing business was achieved with an increase in the leasing fleet by one helicopter and redeployment of aircraft to target specific opportunities. The benefit of some short term leases during the period also contributed favourably to the result.

Airwork’s global footprint and diversified businesses across Fixed Wing and Helicopter activities has continued to deliver a strong result for our shareholders. Airwork expects net profit after tax for the 2016 financial year to exceed \$21 million.

DIVIDEND

The Directors have declared an interim dividend of 9.0 cents per share, an increase of 1.0 cent from the prior comparative period, payable to shareholders recorded on the share register at the close of business on 10 March 2016, to be paid on 17 March 2016. The dividend will be fully imputed.



Michael W Daniel
Chairman



Chris Hart
Chief Executive Officer

24 February 2016

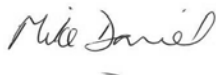
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Your Directors have pleasure in presenting the interim condensed consolidated financial statements of Airwork Holdings Limited and its subsidiary and associate companies for the six months ended 31 December 2015.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 24 February 2016 in accordance with a resolution of Directors.

Signed for and on behalf of the Board of Directors:



Michael W Daniel
Chairman



Robin A Flannagan
Director

Auckland
24 February 2016

INTERIM CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Notes	6 months	6 months
		31 Dec 2015	31 Dec 2014
		Unaudited	Unaudited
		\$000	\$000
Helicopter revenue		44,042	42,192
Fixed wing revenue		39,279	28,007
Other revenue		44	61
Total revenue		83,365	70,260
Operating expenses	4	(49,909)	(48,290)
Equity accounted profits of joint venture and associate companies		441	469
Operating profit before depreciation and amortisation		33,897	22,439
Depreciation and amortisation expenses		(15,461)	(10,607)
Operating profit after depreciation and amortisation		18,436	11,832
Finance income		12	20
Finance expenses		(2,440)	(1,466)
Other gains/(losses)	5	67	299
Operating profit before taxation		16,075	10,685
Income tax expense		(4,468)	(2,800)
Net profit after taxation		11,607	7,885
Earnings per share			
Basic earnings per share (cents per share)	6	23.1	15.7
Diluted earnings per share (cents per share)	6	22.3	15.3

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	6 months	6 months
	31 Dec 2015	31 Dec 2014
	Unaudited	Unaudited
	\$000	\$000
Net profit for the period as per Income Statement	11,607	7,885
Other comprehensive income - items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(682)	2,131
Gain/(loss) on cash flow hedges	610	(283)
Income tax credit on other comprehensive income	(172)	79
Total comprehensive income for the period	11,363	9,812

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Notes	Share Capital \$000	Retained Earnings \$000	Share Based Payment Reserve \$000	Foreign Currency Translation Reserve \$000	Hedging Reserve \$000	Total Equity \$000
As at 30 June 2014 (audited)		30,705	61,341	149	(3,202)	(228)	88,765
Net profit for the period		-	7,885	-	-	-	7,885
Other comprehensive income/(loss)		-	-	-	2,131	(204)	1,927
Total comprehensive income/(loss) for the period		-	7,885	-	2,131	(204)	9,812
Dividends paid to shareholders	9	-	(4,019)	-	-	-	(4,019)
Movement in share based payment reserve		-	-	140	-	-	140
As at 31 December 2014 (unaudited)		30,705	65,207	289	(1,071)	(432)	94,698
Net profit for the period		-	7,664	-	-	-	7,664
Other comprehensive income/(loss)		-	-	-	2,334	(637)	1,697
Total comprehensive income/(loss) for the period		-	7,664	-	2,334	(637)	9,361
Dividends paid to shareholders	9	-	(4,020)	-	-	-	(4,020)
Movement in share based payment reserve		-	-	140	-	-	140
As at 30 June 2015 (audited)		30,705	68,851	429	1,263	(1,069)	100,179
Net profit for the period		-	11,607	-	-	-	11,607
Other comprehensive income/(loss)		-	-	-	(682)	438	(244)
Total comprehensive income/(loss) for the period		-	11,607	-	(682)	438	11,363
Dividends paid to shareholders	9	-	(4,019)	-	-	-	(4,019)
Movement in share based payment reserve		-	-	140	-	-	140
As at 31 December 2015 (unaudited)		30,705	76,439	569	581	(631)	107,663

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	31 Dec 2015	30 Jun 2015	31 Dec 2014
		Unaudited \$000	Audited \$000	Unaudited \$000
ASSETS				
Current assets				
Cash and cash equivalents		6,674	3,220	4,957
Accounts receivable		23,591	20,398	18,400
Income tax receivable		373	384	545
Inventory and work in progress		34,742	29,095	29,953
Other assets		1,729	1,603	2,372
		67,109	54,700	56,227
Non current assets				
Property, plant and equipment		248,085	206,836	154,249
Intangible assets		2,660	2,626	2,479
Investments in associate and joint venture companies		5,275	4,834	4,404
Other assets		-	-	617
Deferred tax asset		3,216	4,236	4,257
		259,236	218,532	166,006
Total assets		326,345	273,232	222,233
LIABILITIES				
Current liabilities				
Loans	7	13,692	8,513	9,525
Accounts payable		18,801	16,865	16,720
Income tax payable		3,893	4,625	1,325
Provision for employee entitlements		4,360	5,839	3,238
Derivative financial instruments (at fair value)		415	844	-
Other liabilities		15,740	15,181	10,274
		56,901	51,867	41,082
Non current liabilities				
Loans	7	152,678	112,829	72,363
Provision for employee entitlements		109	109	105
Derivative financial instruments (at fair value)		618	644	601
Other liabilities		4,560	3,890	5,502
Deferred tax liability		3,816	3,714	7,882
		161,781	121,186	86,453
Total liabilities		218,682	173,053	127,535
NET ASSETS		107,663	100,179	94,698
EQUITY				
Share capital	8	30,705	30,705	30,705
Retained earnings		76,439	68,851	65,207
Share based payment reserve		569	429	289
Foreign currency translation reserve		581	1,263	(1,071)
Hedging reserve		(631)	(1,069)	(432)
TOTAL EQUITY		107,663	100,179	94,698
NET TANGIBLE ASSETS PER SHARE (\$'s)		2.09	1.94	1.84

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

		6 Months 31 Dec 2015 Unaudited \$000	6 Months 31 Dec 2014 Unaudited \$000
	Note		
Cash flows from operating activities			
Receipts from customers		88,397	72,638
Interest received		12	20
Payments to suppliers and employees		(62,561)	(54,367)
Interest paid		(2,440)	(1,466)
Income taxes paid		(4,331)	(2,221)
Net cash flows from operating activities	10	19,077	14,604
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		612	24
Purchase of property, plant and equipment		(56,687)	(30,383)
Purchase of intangible assets		(286)	(307)
Net cash flows from investing activities		(56,361)	(30,666)
Cash flows from financing activities			
Proceeds from bank loan draw downs		108,321	45,759
Repayment of bank loans		(62,748)	(22,785)
Dividends paid to shareholders	9	(4,019)	(4,019)
Net cash flows from financing activities		41,554	18,955
Net increase in cash and cash equivalents		4,270	2,893
Net foreign exchange differences		(816)	(370)
Cash and cash equivalents at start of period		3,220	2,434
Cash and cash equivalents at end of period		6,674	4,957

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

1 REPORTING ENTITY AND NATURE OF OPERATIONS

Airwork Holdings Limited (“the Company”) is a profit-oriented company incorporated and domiciled in Auckland, New Zealand, registered under the Companies Act 1993, is listed on the NZX Main Board securities market, and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is Level 4, 32 Mahuhu Crescent, Auckland, New Zealand.

The Company and its subsidiary, associate and joint venture companies (together “the Group”) provide chartering, leasing, crewing and engineering support services to helicopters and fixed wing aircraft principally in New Zealand, Australia, Asia-Pacific, Europe, Africa and North America. There have been no changes to the Group’s principal activities during the period.

The interim condensed consolidated financial statements of the Group for the six months ended 31 December 2015 were authorised for issue in accordance with a resolution of Directors on 24 February 2016.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting and consequently, do not include all the information required for full financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Group’s annual report for the year ended 30 June 2015.

The interim financial statements of the Group have been prepared in accordance with the requirements of the NZX Main Board Listing Rules. Airwork Holdings Limited is registered under the Companies Act 1993 and is a FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013.

Significant accounting policies

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are the same as those applied by the Group in the preparation of its consolidated financial report for the year ended 30 June 2015. The accounting policies have been applied consistently throughout the Group for the purposes of this financial report. Certain comparatives have been reclassified to facilitate comparison with the current period’s presentation.

Estimates

The preparation of the interim financial statements requires the Board and management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated condensed interim financial statements, the significant judgements made by the Board and management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

The Board and management have considered the requirement to assess whether impairment indicators exist in relation to the carrying value of non-financial assets. The assessment requires the Board and management to make estimates regarding future cash flows, growth rates, applicable discount rates together with useful lives and residual values. The judgements, estimates and assumptions used by management in concluding on carrying values are best estimates of current and forecast market conditions at the time. The assessment concluded that the carrying values of non-financial assets remained appropriate for the current reporting period.

3 OPERATING SEGMENTS

The Group is organised into business units based on its products and services and has two reportable operating segments: Helicopters and Fixed Wing.

The Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and is measured consistently with operating profit in the consolidated financial statements. Group financing (including finance costs and finance income), income taxes, management fees and balance sheets are managed on a Group basis and are not allocated to operating segments. Capital expenditure consists of additions of property, plant and equipment, intangible assets including assets from the acquisition of subsidiary companies. Inter-segment revenues are eliminated upon consolidation and reflect in the ‘adjustments and eliminations’ column.

Period ended 31 December 2015 (unaudited)	Helicopters \$000	Fixed Wing \$000	Total Segments \$000	Adjustments and eliminations \$000	Consolidated \$000
Revenue					
External customers	44,042	39,279	83,321	44	83,365
Inter-segment	221	587	808	(808)	-
Total revenue	44,263	39,866	84,129	(764)	83,365
Depreciation and amortisation expenses	(3,959)	(11,337)	(15,296)	(165)	(15,461)
Share of profit/(loss) of associates and joint venture companies	472	(31)	441	-	441
Segment operating profit after depreciation and amortisation expenses	12,122	9,760	21,882	(3,446)	18,436
Other disclosures:					
Capital expenditure	5,797	50,905	56,702	271	56,973

Period ended 31 December 2014 (unaudited)	Helicopters \$000	Fixed Wing \$000	Total Segments \$000	Adjustments and eliminations \$000	Consolidated \$000
Revenue					
External customers	42,192	28,007	70,199	61	70,260
Inter-segment	502	567	1,069	(1,069)	-
Total revenue	42,694	28,574	71,268	(1,008)	70,260
Depreciation and amortisation expenses	(3,952)	(6,596)	(10,548)	(59)	(10,607)
Share of profit/(loss) of associates and joint venture companies	362	112	474	(5)	469
Segment operating profit after depreciation and amortisation expenses	9,902	5,548	15,450	(3,618)	11,832
Other disclosures:					
Capital expenditure	8,600	21,479	30,079	611	30,690

4 OPERATING EXPENSES

	6 Months 31 Dec 2015 Unaudited \$000	6 Months 31 Dec 2014 Unaudited \$000
Parts and materials expenses	(20,688)	(21,014)
Labour and related expenses	(19,977)	(17,866)
Aircraft operating expenses	(1,943)	(2,799)
Other expenses	(7,301)	(6,611)
	(49,909)	(48,290)

5 OTHER GAINS/(LOSSES)

	6 Months 31 Dec 2015 Unaudited \$000	6 Months 31 Dec 2014 Unaudited \$000
Net change in fair value of derivative financial instruments	(154)	-
Net foreign exchange gains	221	299
	67	299

6 EARNINGS PER SHARE

	6 Months 31 Dec 2015	6 Months 31 Dec 2014
	Unaudited	Unaudited
Basic earnings per share		
Numerator: Profit attributable to ordinary equity holders (\$000)	11,607	7,885
Denominator: Weighted average number of ordinary shares (thousands)	50,241	50,241
Basic earnings per share (cents per share)	23.1	15.7
Diluted earnings per share		
Profit attributable to ordinary equity holders (\$000)	11,607	7,885
Share based payment expense (\$000)	140	140
Numerator: Profit attributable to ordinary equity holders adjusted for the effect of dilution (\$000)	11,747	8,025
Weighted average number of ordinary shares (thousands)	50,241	50,241
Weighted average number of share rights (thousands)	2,363	2,363
Denominator: Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)	52,604	52,604
Diluted earnings per share (cents per share)	22.3	15.3

7 LOANS

	31 Dec 2015	30 Jun 2015	31 Dec 2014
	Unaudited	Audited	Unaudited
	\$000	\$000	\$000
Loans comprise:			
Multi-currency cash advances facility (secured)	166,370	121,342	75,146
Term loans (secured)	-	-	6,742
	166,370	121,342	81,888
Represented by:			
Current	13,692	8,513	9,525
Non current	152,678	112,829	72,363
	166,370	121,342	81,888

During the period the Group re-documented the multi-currency cash advances facility with Commonwealth Bank of Australia, which provided for:

- a one year extension to each of Facilities 1 to 4 and Facility 6:
 - Facility 1: multi-currency facility of up to NZ\$25 million, expiring on 31 January 2019;
 - Facility 2: multi-currency facility of up to US\$15 million, expiring on 31 January 2018;
 - Facility 3: multi-currency facility of up to US\$10 million, expiring on 31 January 2018;
 - Facility 4: bond issuance facility of up to US\$850,000, expiring on 31 January 2018;
 - Facility 6: US dollar facility of up to US\$25.0 million, expiring on 31 January 2017;
- amendment of Facility 3 from a capital expenditure facility to a general corporate facility;
- an increase in Facility 4 from NZ\$250,000 to US\$850,000 to allow for an increase in letters of credit required globally;
- an increase in Facility 6 from US\$15.0 million to US\$25.0 million to fund capital expenditure purchases up to the point of commission of each project; and
- an increase in the combined limit of Facilities 6 and 7 from US\$60 million to US\$76.5 million to allow for aircraft conversion financing, if required.

8 SHARE CAPITAL

	Unaudited No. shares on issue	Unaudited \$000
Authorised issued and fully paid up capital		
Balance as at 31 December 2014, 30 June 2015 and 31 December 2015	50,241,498	30,705

9 DIVIDENDS PAID

	6 Months 31 Dec 2015 Unaudited \$000	Year 30 Jun 2015 Audited \$000	6 Months 31 Dec 2014 Unaudited \$000
Recognised Amounts			
Final dividend for 2015: 8.0 cents	4,019	-	-
Interim dividend for 2015: 8.0 cents	-	4,020	-
Final dividend for 2014: 8.0 cents	-	4,019	4,019
	4,019	8,039	4,019
Unrecognised Amounts			
Interim dividend for 2016: 9.0 cents	4,522	-	-
Final dividend for 2015: 8.0 cents	-	4,019	-
Interim dividend for 2015: 8.0 cents	-	-	4,020
	4,522	4,019	4,020

10 RECONCILIATION OF NET PROFIT TO NET CASH FLOWS FROM OPERATIONS

	6 Months 31 Dec 2015 Unaudited \$000	6 Months 31 Dec 2014 Unaudited \$000
Net profit after taxation for the period	11,607	7,885
Non cash items:		
Depreciation, amortisation and impairment expenses	15,461	10,607
Movements in fair value of derivative financial instruments	154	-
Unrealised foreign exchange gains	341	(590)
Equity accounted earnings of joint venture and associate companies	(441)	(469)
Share based payments expense	140	140
Increase/(decrease) in deferred tax liability	(291)	(490)
(Increase)/decrease in deferred tax asset	1,020	489
	27,991	17,572
Add/(deduct) movements in other working capital items		
(Increase)/decrease in accounts receivable	(3,706)	(5,287)
(Increase)/decrease in inventory and work in progress	(5,545)	215
(Increase)/decrease in income tax receivable	11	(414)
(Increase)/decrease in other assets	(148)	(876)
Increase/(decrease) in accounts payable	898	3,988
Increase/(decrease) in provision for employee entitlements	(980)	250
Increase/(decrease) in income tax payable	(604)	994
Increase/(decrease) in other liabilities	1,408	(1,814)
	19,327	14,628
Add/(deduct) items classified as investing activities:		
Net (surplus)/deficit on disposal of property, plant and equipment	(250)	(24)
Net cash flows from operating activities	19,077	14,604

11 PROPERTY, PLANT AND EQUIPMENT

During the period the Group continued with the conversion of Boeing 737-400 passenger aircraft to freighter aircraft. Total capital expenditure incurred during the period in respect of these aircraft was \$49.2 million.

12 COMMITMENTS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Group is awaiting a court decision in relation to the commercial dispute referred to in Note 29 of the 30 June 2015 annual financial statements. The Group continues to take a prudent approach to the recognition of revenue and receivables in respect of this contract. Other than the above, there were no further material changes in the nature or amounts of commitments, contingent assets and contingent liabilities during the period. For details of any commitments, contingent assets and contingent liabilities refer to the 30 June 2015 annual financial statements (Notes 28 and 29).

13 RELATED PARTY DISCLOSURES

All arrangements with related parties continue to be in place in a manner consistent with those disclosed in the 30 June 2015 financial statements. For details on these arrangements, refer to the 30 June 2015 annual financial statements. There were no material changes in the nature or amounts of related party transactions during the period.

14 SUBSEQUENT EVENTS

There have been no material events subsequent to 31 December 2015.

CORPORATE DIRECTORY

COMPANY	Airwork Holdings Limited PO Box 3271, Auckland 1140 New Zealand	T +64 9 377 1663 F +64 9 377 1664 www.airworkgroup.com
REGISTRATION NUMBER	241674	
REGISTERED OFFICE	Level 4, 32-34 Mahuhu Crescent Auckland New Zealand	
PRINCIPAL SUBSIDIARY COMPANIES	Airwork (NZ) Limited 487 Airfield Road, Papakura, Auckland	› Helicopter engineering and support services
	Airwork Flight Operations Limited Laurence Stevens Drive, Mangere, Auckland	› Fixed wing charter, operations, engineering and support services
	Airwork Flight Operations Pty Limited 8 Acacia Street, Brisbane Airport, Queensland, Australia	› Fixed wing charter, operations and support services
	Heli Holdings Limited 487 Airfield Road, Papakura, Auckland	› Helicopter leasing
	Helilink Limited 1 Solent Street, Mechanics Bay, Auckland	› Helicopter charter and operations
	AFO Aircraft (NZ) Limited Level 4, 32-34 Mahuhu Crescent, Auckland	› Fixed wing leasing
DIRECTORS	Mike Daniel, Chairman (Independent) Rob Flannagan (Independent) Hugh Jones	
SENIOR MANAGEMENT	Chris Hart Brian Fouhy Claude Alviani Wayne Christie Richard Pitt Simon Lange Phillip Stott Brian Fair Greg Steele	Chief Executive Officer Chief Financial Officer Group General Manager, Airwork Flight Operations General Manager Heli Holdings & Business Development General Manager Airwork (NZ) General Manager, Strategy & Planning Group Safety and Quality Assurance Manager Chief Information Officer Legal Services Manager & Company Secretary
COMPANY SECRETARY	Greg Steele	
AUDITORS	PricewaterhouseCoopers	
BANKERS	Commonwealth Bank of Australia, New Zealand Branch ASB Bank Limited	
SOLICITORS	Chapman Tripp	
SHARE REGISTRAR	Link Market Services Limited Level 11, Deloitte Centre 80 Queen Street, Auckland 1010 Private Bag 91976 Auckland Mail Centre, Auckland 1142 New Zealand	T +64 9 375 5998 F +64 9 375 5990 E enquiries@linkmarketservices.co.nz



WWW.AIRWORK.CO.NZ