

2015-16

M.A.G.I.L INTERIM REPORT AND ACCOUNTS

Six months ended 30 September 2015





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Our Business

Manchester Airport Group Investments Limited (M.A.G.I.L) is a wholly owned subsidiary of Manchester Airports Holdings Limited (M.A.H.L). M.A.H.L is the UK's leading airport group and owns and operates Manchester, London Stansted, East Midlands and Bournemouth Airports, together with a significant property business. M.A.H.L employs over 4,500 people and annually serves approximately 50 million passengers.

M.A.H.L's strategy is to increase long-term shareholder value by generating profitable growth through the further development of its assets and by offering a high quality user experience for customers using its airports.

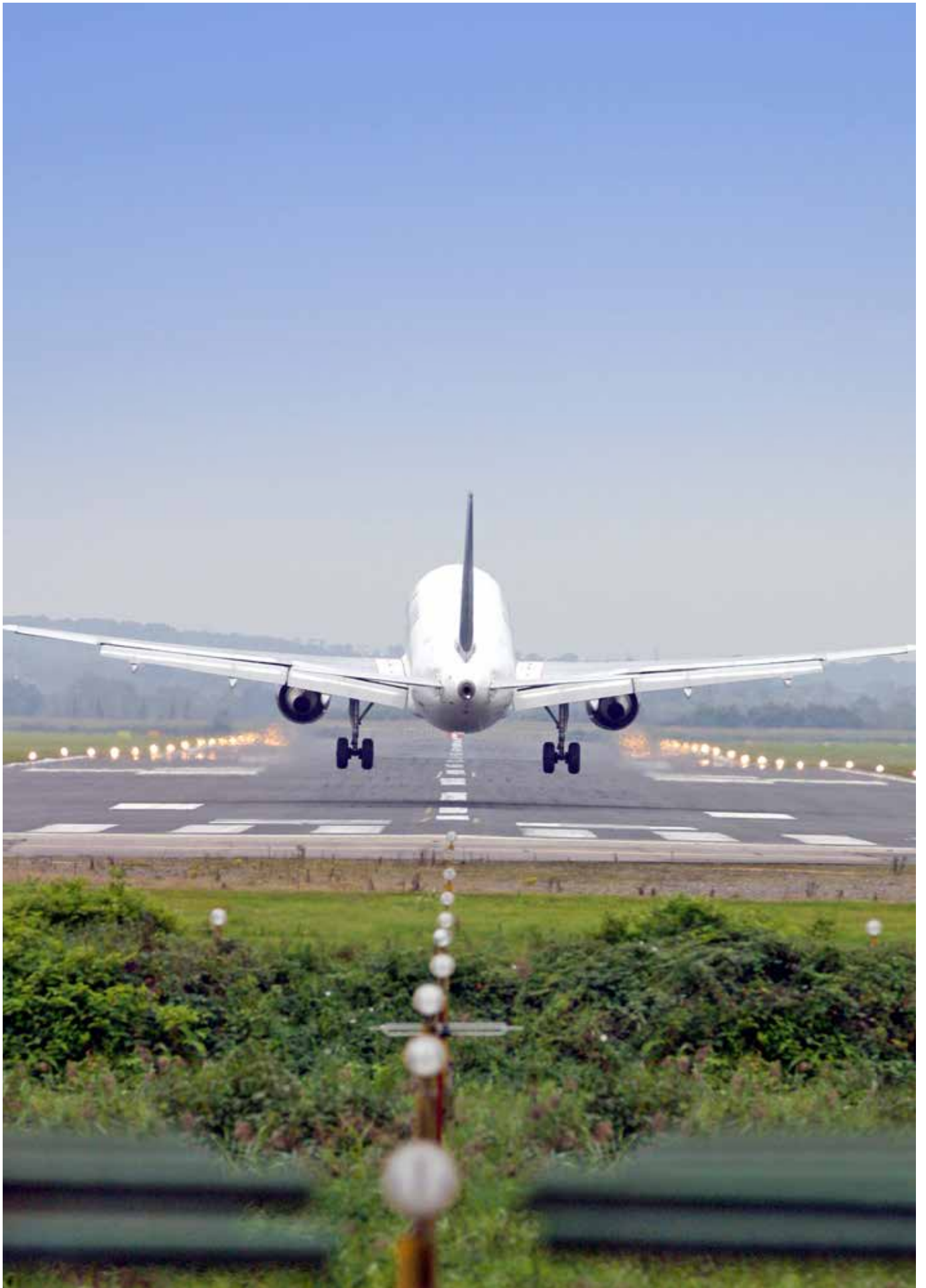
By achieving this goal, M.A.H.L aims to become a global leader in airport management, products and services.

M.A.H.L also includes the commercial property division, M.A.G Property, which has over £600m of investment property assets across its four airports and has a 50% investment in the £800m major Enterprise Zone development, Airport City, at Manchester.

M.A.H.L is managed on behalf of its shareholders who include Manchester City Council (35.5%), IFM Investors (35.5%) and the nine other Greater Manchester local authorities (29%).

For further details on the performance of the overall Group for the six months ended 30 September 2015 refer to the M.A.H.L Interim Report and Accounts.

References to 'Group' in the remainder of the document refers to the 'M.A.G.I.L Group'.



Report and Financial Statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim financial reporting', as adopted by the European Union and that the Interim Report includes a fair review of the information required, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial information and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any changes in the related party transactions disclosed in the last Annual Report.

The directors of Manchester Airport Group Investments Limited and their respective responsibilities are as listed in the M.A.G 2014-15 Annual Report.

By order of the Board



Charlie Cornish

Chief Executive, M.A.G
30 November 2015



Neil Thompson

Chief Financial Officer, M.A.G
30 November 2015

Report and Financial Statements continued

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

This condensed consolidated interim financial information for the 6 months ended 30 September 2015 has been prepared on a going concern basis, and in accordance with IAS 34, 'Interim financial reporting', as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the Annual Report and Accounts for the year ended 31 March 2015, which has been prepared in accordance with IFRS as adopted by the European Union. The historical cost convention is applicable to these financial statements with the exception of investment properties, financial instruments and employee benefit scheme assets and obligations, which are fair valued at each reporting date.

The condensed set of interim financial statements has been prepared by the Group applying the same accounting policies and significant judgments as were applied by the Group in its published consolidated financial statements as at 31 March 2015, except for the following standards and interpretations which are effective for the Group from 1 April 2015:

- IAS 32, 'Financial Instruments Presentation': Amendments relating to the offsetting of Financial Assets and Financial Liabilities.
- IFRIC 21, 'Levies': this aims to clarify the definition of a levy and subsequent recognition as a liability.
- IAS19, 'Defined Benefit Plans: Employee contributions': this amendment introduces a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties.
- Annual Improvements to IFRS 2010-2012 Cycle.
- Annual Improvements to IFRS 2011-2013 Cycle.

The adoption of these standards and interpretations hasn't had any material effect on the Group's results or net assets for the period ended 30 September 2015.

The results for the six months to 30 September 2015 have not been audited, but at the Group's request, have been reviewed by the auditors, KPMG LLP. The financial information for the full year to 31 March 2015 is an abbreviated version of the Group's annual report and accounts for that year, which has been delivered to the Registrar of Companies. The report of the Auditors was (i) unqualified, (ii) did not include a reference to any matters to which the Auditors drew attention by way of emphasis

without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The preparation of these financial statements in accordance with prevailing accounting practice requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The assumptions and estimates are based on management's best knowledge of the event or actions in question, however actual results may ultimately differ from these estimates.

The accounting policies that the Group has adopted to determine the amounts included in respect of material items shown in the Statement of Financial Position, and also to determine the profit or loss, are listed in full in the Group's annual report and accounts 31 March 2015. Unless stated otherwise, these have been applied on a consistent basis.

The current economic conditions create uncertainty particularly over passenger numbers, which has a direct impact on income. The Group has demonstrated its ability to grow operating margins together with the ability to manage its investment program according to affordability and business performance. At the interim period ended 30 September 2015, M.A.G.I.L had £1,185.0m (31 March 2015: £1,187.0m) of committed facilities and a net debt position of £893.1m (31 March 2015: £906.7m). M.A.G.I.L had financial headroom in excess of £200m at 30 September 2015, a level comfortably in excess of the internal compliance target. Under existing facilities and based on the board approved three-year business plan M.A.G is forecast to have financial headroom in excess of the Treasury Policy minimum target of £100m throughout 2015-16.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. The Group is subject to two financial covenants: Net Debt/EBITDA and EBITDA less tax paid/Net Finance Charges. The covenants are tested half yearly on 31 March and 30 September. As at 30 September 2015, the Group had complied with both covenants and as a result of the Group's prudent financial policy there is significant covenant headroom.

The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable

expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim report and financial statements.

RISKS AND UNCERTAINTIES

The principal strategic level risks and uncertainties affecting the Group, together with the approach to their mitigation, remain as set out on pages 32 to 33 in the 2014-15 M.A.H.L Annual Report, which is available on the Group's website (www.magworld.co.uk).

In summary the Group's principal risks and uncertainties are:

- Material sustained disruption to operations;
- Breach in security;
- Major Health and Safety incident affecting our customers or colleagues;
- Threat of a downturn in demand due to adverse global economic factors;
- Political and regulatory;
- Recruitment, development and retention of talented people;
- Cyber security.

FORWARD-LOOKING STATEMENTS

This condensed consolidated interim financial information contains comments on the outlook for the remaining six months of the financial year. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Report and Financial Statements continued

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m Before Significant items	Six months ended 30 September 2014 £m Significant items	Six months ended 30 September 2014 £m After significant items	Year ended 31 March 2015 £m After significant items
Continuing operations						
Revenue	1	445.5	421.4	-	421.4	738.4
Result from operations before significant items	4	138.2	119.4	-	119.4	157.2
Significant items						
Restructuring costs	3	-	-	(7.9)	(7.9)	(11.4)
Result from operations		138.2	119.4	(7.9)	111.5	145.8
Movement in investment property fair values	7	6.2	-	-	-	30.0
Finance income		0.1	0.1	-	0.1	-
Finance costs						
Loss on settlement of interest rate swaps	3	-	-	(3.9)	(3.9)	(3.9)
Finance costs		(22.0)	(21.3)	-	(21.3)	(42.6)
Finance costs – amortisation of issue costs	3	-	-	(4.6)	(4.6)	(4.6)
Result before taxation		122.5	98.2	(16.4)	81.8	124.7
Taxation	5	(30.7)	(29.3)	3.4	(25.9)	(26.9)
Result from continuing operations		91.8	68.9	(13.0)	55.9	97.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Result for the period		91.8	55.9	97.8
Other comprehensive income/(expense)				
Items that will not be reclassified to profit or loss				
Remeasurement of retirement benefit liabilities	11	15.3	(30.0)	(31.5)
Deferred taxation on remeasurement of retirement benefits liabilities	5	(3.0)	6.0	6.4
Other comprehensive income/(expense) for the period		12.3	(24.0)	(25.1)
Total comprehensive income for the period		104.1	31.9	72.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Note	Attributable to equity holders of the Group			Total £m
	Share capital	Share premium	Reserves	
	£m	£m	£m	
Balance at 1 April 2015	0.3	2,493.9	(489.5)	2,004.7
Profit for the period	-	-	91.8	91.8
Remeasurement of retirement benefit liabilities net of tax	-	-	12.3	12.3
Balance at 30 September 2015	0.3	2,493.9	(385.4)	2,108.8

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

Note	Attributable to equity holders of the Group			Total £m
	Share capital	Share premium	Reserves	
	£m	£m	£m	
Balance at 1 April 2014	0.3	2,493.9	(562.0)	1,932.2
Profit for the period	-	-	55.9	55.9
Remeasurement of retirement benefit liabilities net of tax	-	-	(24.0)	(24.0)
Balance at 30 September 2014	0.3	2,493.9	(530.1)	1,964.1

FOR THE YEAR ENDED 31 MARCH 2015

Note	Attributable to equity holders of the Group			Total £m
	Share capital	Share premium	Reserves	
	£m	£m	£m	
Balance at 1 April 2014	0.3	2,493.9	(562.2)	1,932.0
Profit for the year	-	-	97.8	97.8
Remeasurement of retirement benefit liabilities net of tax	-	-	(25.1)	(25.1)
Balance at 31 March 2015	0.3	2,493.9	(489.5)	2,004.7

Report and Financial Statements continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	Note	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
ASSETS				
Non-current assets				
Property, plant and equipment	6	2,308.3	2,339.6	2,331.3
Intangible assets		48.2	40.0	49.5
Goodwill		166.3	166.3	166.3
Investment properties	7	631.2	593.0	622.9
Deferred tax assets	12	13.3	16.5	16.5
		3,167.3	3,155.4	3,186.5
CURRENT ASSETS				
Inventories		1.6	1.4	1.5
Trade and other receivables		98.3	101.4	75.1
Cash and cash equivalents		-	-	4.2
Amounts owed by group undertakings		322.4	179.1	242.5
		422.3	281.9	323.3
LIABILITIES				
Current liabilities				
Borrowings	8	(1.7)	(0.4)	(20.0)
Trade and other payables		(159.4)	(144.8)	(168.9)
Deferred income		(19.9)	(19.7)	(18.7)
Current tax liabilities		(43.3)	(39.7)	(23.2)
		(224.3)	(204.6)	(230.8)
NET CURRENT ASSETS		198.0	77.3	92.5
Non-current liabilities				
Borrowings	8	(891.4)	(890.4)	(890.9)
Retirement benefit liabilities	11	(59.0)	(70.9)	(73.4)
Deferred tax liabilities	12	(293.3)	(293.4)	(296.5)
Other non-current liabilities		(12.8)	(13.9)	(13.5)
		(1,256.5)	(1,268.6)	(1,274.3)
NET ASSETS		2,108.8	1,964.1	2,004.7
Shareholders' equity				
Share capital		0.3	0.3	0.3
Share premium		2,493.9	2,493.9	2,493.9
Other reserve		(1,249.4)	(1,249.4)	(1,249.4)
Retained earnings		864.0	719.3	759.9
Total equity		2,108.8	1,964.1	2,004.7

The financial statements on pages 8 to 21 were approved by the Board of Directors on 30 November 2015 and signed on its behalf by:



Charlie Cornish
Group Chief Executive
M.A.G

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 SEPTEMBER 2015

Note	Six months ended 30 September 2015 £m After significant items	Six months ended 30 September 2014 £m Before significant items	Six months ended 30 September 2014 £m Significant items	Six months ended 30 September 2014 £m After significant items	Year ended 31 March 2015 £m After significant items
Cash flows from operating activities					
	122.5	98.2	(16.4)	81.8	124.7
Result before taxation – continuing operations	(6.2)			-	(30.0)
Change in value of investment properties	-		3.9	3.9	3.9
Loss on settlement of interest rate swaps	21.9	21.2	-	21.2	42.6
Net finance income and expense	-		4.6	4.6	4.6
Amortisation of issue costs on refinancing	63.7	63.5	-	63.5	126.4
Depreciation and amortisation	(0.4)		-	-	-
Profit on sale of property, plant and equipment	(23.3)	(29.5)	-	(29.5)	(3.1)
Increase in trade and other receivables and inventories	(79.9)	(73.0)	-	(73.0)	(123.4)
Increase in amounts owed by Group companies	(0.4)	(0.4)	-	(0.4)	(0.7)
Release of grants	1.7	17.8	-	17.8	29.4
Increase in trade and other payables	0.9	0.7	-	0.7	1.7
Increase in retirement benefits provision	100.5	98.5	(7.9)	90.6	176.1
Cash generated from operations					
Interest paid	(21.4)			(23.4)	(44.5)
Interest received	0.1			0.1	-
Tax paid	(12.9)			(4.5)	(17.7)
Net cash from operating activities	66.3			62.8	113.9
Cash flows from investing activities					
Purchase of property, plant and equipment	(56.4)			(58.9)	(115.0)
Purchase of intangible assets	-			-	(10.5)
Proceeds from transfer of assets to fellow group company	2.2			-	-
Proceeds from sale of property, plant and equipment	2.0			-	-
Net cash used in investing activities	(52.2)			(58.9)	(125.5)
Cash flows from financing activities					
(Decrease)/Increase in bank loan borrowings	(20.0)			-	20.0
Increase in other borrowings (net of issue costs)	-			355.8	355.9
Repayment of loans and borrowings	-			(360.0)	(360.0)
Cash outflow on settlement of interest rate swaps ¹	-			(18.0)	(18.0)
Net cash used in financing activities	(20.0)			(22.2)	(2.1)
Net decrease in cash and cash equivalents	(5.9)	14		(18.3)	(13.7)
Cash and cash equivalents at beginning of period	4.2			17.9	17.9
Cash and cash equivalents at end of period	(1.7)			(0.4)	4.2

NOTE:

¹ In April 2014 the Group terminated all of the remaining fixed interest rate swaps recognised on the Balance Sheet as at 31 March 2014 of £14.1m plus interest for the period prior to settlement of £0.3m for a total cash payment to the swap counterparties of £18.3m.

Report and Financial Statements continued

1. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Aviation income	227.9	221.2	378.8
Commercial income			
Retail concessions	83.0	77.8	134.3
Car parking	79.6	72.3	125.7
Property and property related income	23.6	22.9	46.4
Other	31.4	27.2	53.2
Total commercial income	217.6	200.2	359.6
Total income	445.5	421.4	738.4

Property related income includes rental income and income from the sale of property developments. Development profits are recognised upon completion of contracts.

Other income includes utilities recharges and fees for airline services and aviation fuel sales.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is organised into five main operating divisions: Manchester Airport, London Stansted Airport, East Midlands Airport, M.A.G Property and Boumemouth Airport.

The reportable segments are consistent with how information is presented to the Group Chief Executive (Chief Operating Decision Maker) to report its primary information for the purpose of assessment of performance.

The primary business of all of these Operating Divisions is the operation and development of airport facilities in the UK and, accordingly, no separate secondary segmental information is provided.

September 2015	Manchester Airport	London Stansted Airport	East Midlands Airport	M.A.G Property	Boumemouth Airport	Group consolidation and other ³	Consolidated
	£m	£m	£m	£m	£m	£m	£m
Revenue							
External sales	234.6	153.6	37.4	14.7	6.8	(1.6)	445.5
Inter-segment sales	(0.3)	-	-	(1.3)	-	1.6	-
Total revenue	234.3	153.6	37.4	13.4	6.8	-	445.5
Result							
Segment operating profit	70.2	50.6	11.9	7.4	1.1	(3.0)	138.2
Other information							
Segment assets	1,154.3	1,277.0	332.7	(Note 1)	84.8	740.8	3,589.6
Segment liabilities	(266.3)	(158.6)	(74.0)	(Note 1)	(11.0)	(970.9)	1,480.8
Capital expenditure	23.4	19.8	1.9	(Note 1)	0.2	-	45.3
Depreciation and amortisation	(29.7)	(28.2)	(4.4)	(0.8)	(0.6)	-	(63.7)
Taxation	(17.1)	(12.1)	(2.8)	(Note 1)	(0.4)	1.7	(30.7)
Result – geographical location²							
Segment operating profit	74.5	50.6	13.0	(Note 2)	3.1	(3.0)	138.2

2. BUSINESS AND GEOGRAPHICAL SEGMENTS *continued*

September 2014	Manchester Airport	London Stansted Airport	East Midlands Airport	M.A.G Property	Bournemouth Airport	Group consolidation and other ³	Consolidated
	£m	£m	£m	£m	£m	£m	£m
Revenue							
External sales	219.8	146.8	36.4	14.0	6.2	(1.8)	421.4
Inter-segment sales	(0.5)	-	-	(1.3)	-	1.8	-
Total revenue	219.3	146.8	36.4	12.7	6.2	-	421.4
Result							
Segment operating profit before significant items	64.9	37.4	11.2	7.0	1.4	(2.5)	119.4
Other information							
Segment assets	1,162.0	1,352.6	327.3	(Note 1)	83.6	511.8	3,437.3
Segment liabilities	(233.2)	(223.8)	(79.2)	(Note 1)	(9.7)	(927.3)	(1,473.2)
Capital expenditure	24.6	17.2	3.1	(Note 1)	0.3	-	45.2
Depreciation and amortisation	(29.1)	(28.6)	(4.2)	(1.2)	(0.4)	-	(63.5)
Taxation	(17.1)	(11.8)	(0.5)	(Note 1)	(0.8)	4.3	(25.9)
Result – geographical location²							
Segment operating profit before significant items	68.8	37.4	12.4	(Note 2)	3.3	(2.5)	119.4

NOTES:

- 1 The Group's reporting structure is such that the assets and liabilities of M.A.G Property are included in the Manchester Airport Statement of Financial Position.
- 2 For management accounting purposes M.A.G reports property income (excluding London Stansted) within the M.A.G Property division. For statutory purposes property income is reported in the subsidiary companies depending on the geographical location of the investment properties. The table shows how profit from operations would appear with property reported by geographical location.
- 3 Group consolidation and other includes, "Groupco", "Head Office", and other subsidiary companies and balances arising on consolidation, which are not specific to the other main operating divisions. Assets include goodwill and fair value adjustments arising on consolidation, liabilities include the borrowings, further details of these items are in Note 8 Borrowings.
- 4 Sales between segments are at arms length.

Report and Financial Statements continued

3. SIGNIFICANT ITEMS

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Recorded in result from operations:			
Restructuring costs ¹	-	7.9	11.4
Total recorded in result from operations	-	7.9	11.4
Recorded in finance cost:			
Amortisation of issue costs ²	-	4.6	4.6
Loss on settlement of interest rate swaps ³	-	3.9	3.9
Total recorded in finance cost	-	8.5	8.5
Total significant items	-	16.4	19.9

NOTES:

1 Restructuring costs

Restructuring costs of £11.4m in the year ended 31 March 2015 (30 September 2014:£7.9m) were incurred in respect of an organisational efficiency programme.

2 Amortisation of issue costs

Following the restructuring and refinancing of the Group, unamortised issue costs of £4.6m at 30 September 2014 and 31 March 2015 were written off following issue of the associated financial liability of £360.0m. This charge had no cash flow consequences in the prior period.

3 Loss on settlement of interest rate swaps

This represents the loss on termination of interest rate swaps.

4. RESULT FROM OPERATIONS

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Turnover	445.5	421.4	738.4
Wages and salaries ¹	(73.3)	(68.7)	(140.4)
Social security costs	(6.3)	(5.8)	(11.5)
Pension costs	(6.6)	(8.7)	(14.0)
Employee benefit costs	(86.2)	(83.2)	(165.9)
Depreciation and amortisation	(63.7)	(63.5)	(126.4)
Profit on disposal of fixed assets	0.4	-	-
Other operating charges ²	(157.8)	(155.3)	(288.9)
Result from operations before significant items	138.2	119.4	157.2

NOTES:

1 Wages and salary costs are disclosed before restructuring costs amounting to £7.9m at 30 September 2014 and £11.4m at 31 March 2015 which are reported separately – see Note 3.

2 Other operating charges includes maintenance, rent, rates, utilities and other operating expenses.

5. TAXATION

ANALYSIS OF CHARGE IN THE PERIOD

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Current taxation			
UK corporation tax on profits for the period	33.7	32.8	35.6
Adjustment in respect of prior period	-	-	(5.2)
Total current taxation	33.7	32.8	30.4
Deferred taxation			
Temporary differences arising in the period	(3.0)	(7.1)	(5.2)
Adjustment in respect of prior period	-	0.2	1.7
Total deferred taxation	(3.0)	(6.9)	(3.5)
Total taxation charge	30.7	25.9	26.9

TAXATION ON ITEMS CHARGED TO EQUITY

	Six months ended 30 September 2015 £m	Six months ended 30 September 2014 £m	Year ended 31 March 2015 £m
Deferred taxation on remeasurement of retirement benefit liabilities	3.0	(6.0)	(6.4)
Total taxation charge	3.0	(6.0)	(6.4)

The Summer Finance Bill 2015 included a reduction in the rate of Corporation tax from 1 April 2017 of 1% to 19% and a further reduction from 1 April 2020 of 1% to 18%. This Finance Bill was substantively enacted on 26 October 2015. The lower tax rates of 19% and 18% will reduce the Group's future current tax charge after 1 April 2017 and 1 April 2020 respectively. The reduced rates will also be reflected in the deferred tax balance covering reporting periods ending after 26 October 2015. The deferred tax balance at 30 September 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Report and Financial Statements continued

6. PROPERTY, PLANT AND EQUIPMENT

2015	Freehold land and property £m	Long leasehold property £m	Airport infrastructure £m	Plant, fixtures and equipment £m	Assets in the course of construction £m	Total £m
Cost						
At 1 April 2015	196.3	451.3	2,030.3	545.8	93.4	3,317.1
Additions	-	-	-	-	45.3	45.3
Reclassification	-	-	13.6	16.0	(29.6)	-
Reclassification to investment properties (Note 7)	(2.1)	-	-	-	-	(2.1)
Disposals	-	-	(2.2)	-	-	(2.2)
Transfer ¹	-	-	(2.2)	-	-	(2.2)
At 30 September 2015	194.2	451.3	2,039.5	561.8	109.1	3,355.9
Depreciation						
At 1 April 2015	59.1	147.5	375.4	403.8	-	985.8
Charge for the period	-	6.9	34.5	21.0	-	62.4
Disposals	-	-	(0.6)	-	-	(0.6)
At 30 September 2015	59.1	154.4	409.3	424.8	-	1,047.6
Carrying amount						
At 30 September 2015	135.1	296.9	1,630.2	137.0	109.1	2,308.3
At 31 March 2015	137.2	303.8	1,654.9	142.0	93.4	2,331.3

NOTE:

¹ During the period assets with a carrying value of £2.2m were transferred to a Company within the Manchester Airport Holdings Limited Group, which is outside the Manchester Airport Group Investments Limited. The assets were transferred at book value.

7. INVESTMENT PROPERTIES

2015	Investment properties £m
Cost or valuation	
At 1 April 2015	622.9
Reclassification from operational assets (Note 6)	2.1
Fair value adjustment of asset reclassified from operational assets	6.2
At 30 September 2015	631.2
Carrying amount	
At 30 September 2015	631.2
At 31 March 2015	622.9

Investment properties

The fair value of the Group's commercial investment property at 31 March 2015 was arrived at on the basis of a valuation carried out at that date by Drivers Jonas Deloitte Chartered Surveyors. Strutt & Parker carried out the valuation of the London Stansted residential property portfolio, Mellor Braggins carried out the valuation of the Manchester residential property portfolio. The valuers are independent and are not connected with the Group. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties, land valuations and discounted cash flow methods.

The adjustment of £6.2m in the period relates to the fair value uplift on land, previously held at historic cost, reclassified from operational assets. No further revaluations have been recognised at 30 September 2015.

8. BORROWINGS

	Note	30 September 2015 £m	30 September 2014 £m	31 March 2015 £m
Bank loans	9	89.3	89.0	109.1
Bank overdraft		1.7	0.4	-
Bonds	10	802.1	801.4	801.8
		893.1	890.8	910.9
Borrowings are repayable as follows:				
In one year or less, or on demand				
Bank loans	9	-	-	20.0
Bank overdraft	9	1.7	0.4	-
		1.7	0.4	20.0
In more than one year				
Bank loans	9	89.3	89.0	89.1
Bonds	10	802.1	801.4	801.8
		891.4	890.4	890.9

The Group is party to a Common Terms Agreement (CTA) where bank and bond creditors benefit from the same suite of representations, warranties and covenants. The CTA was signed on 14 February 2014.

The CTA together with a Master Definitions Agreement covers, inter alia, both the Initial Authorised Credit Facility Agreement (ACF), an Initial Liquidity Facility Agreement (LF), and the Group's issue of publicly listed fixed rate secured bonds in February 2014 and April 2014 respectively.

The Initial ACF Agreement has total facilities of £390.0m, comprising a Secured Senior Term Facility of £90.0m and a Senior Secured Revolving Credit Facility of £300.0m. The Initial ACF Agreement terminates in February 2018.

The Initial LF Agreement has total facilities of £60.0m and is sized to cover 12 months interest on secured debt. The LF Agreement is a 364-day revolving facility with a 5 year term on each annual renewal.

The Group's borrowings are all secured via a fixed and floating charge over substantially all of the assets of the Group.

9. BANK LOANS

	30 September 2015 £m	30 September 2014 £m	31 March 2015 £m
Secured Senior Term Facility	90.0	90.0	90.0
Secured Revolving Credit Facility	-	-	20.0
Less: unamortised debt issue costs ¹	(0.7)	(1.0)	(0.9)
	89.3	89.0	109.1

NOTE:

¹ Issue costs arising in relation to obtaining finance are amortised over the duration of the financing as part of the effective interest rate.

At 30 September 2015 the Group had £285.0m (31 March 2015 : £267.0m) undrawn committed borrowing facilities in respect of which all conditions precedent had been met at that date. The undrawn committed borrowing facilities consist of a £300.0m Secured Revolving Credit Facility, less certain carve-outs in respect of ancillary facilities of £15.0m. The Group also has access to £10.0m of overdraft facilities.

Interest on the overdraft, Term Facility, Revolving Credit Facility and Liquidity Facility is linked to LIBOR plus a margin (dependent on facility).

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10. BONDS

	30 September 2015 £m	30 September 2014 £m	31 March 2015 £m
Repayable by other than by instalments			
M.A.G bond 4.125% £360.0m due 2024	360.0	360.0	360.0
M.A.G bond 4.75% £450.0m due 2034	450.0	450.0	450.0
Less: discount on issue	(2.1)	(2.3)	(2.2)
Less: unamortised debt issue costs	(5.8)	(6.3)	(6.0)
	802.1	801.4	801.8

11. RETIREMENT BENEFITS

	Six months ended 30 September 2015 £m	Six months ended 30 September 2015 £m	Year ended 31 March 2015 £m
Balance in scheme at start of period	(73.4)	(40.2)	(40.3)
Movement in period:			
Current service cost recognised in Income Statement	(4.9)	(5.6)	(10.0)
Past service cost recognised in Income Statement	(0.1)	(0.6)	(0.6)
Contributions	5.3	6.3	10.7
Net interest expense recognised in Income Statement	(1.2)	(0.8)	(1.7)
Total re-measurements in Statement of Comprehensive Income	15.3	(30.0)	(31.5)
Balance in scheme at end of period	(59.0)	(70.9)	(73.4)

Related deferred tax assets on any pension deficits are reported separately under the requirements of IAS 12 "Income taxes".

12. DEFERRED TAXATION

	Deferred taxation asset £m	Deferred taxation liability £m	Total £m
At 1 April 2015	16.5	(296.5)	(280.0)
(Charge)/credit to income	(0.2)	3.2	3.0
Charge to equity	(3.0)	-	(3.0)
At 30 September 2015	13.3	(293.3)	(280.0)

13. RELATED PARTY TRANSACTIONS

Transactions involving The Council of the City of Manchester, IFM, Manchester Airport Holdings Limited, Manchester Airport Finance Holdings Limited and M.A.H.L Group companies.

The Council of the City of Manchester 'MCC' is a related party to Manchester Airports Group Investments Limited as MCC owns 35.5% of the share capital of the Manchester Airport Holdings Limited (M.A.H.L), the ultimate parent company.

Included in external charges are charges for rent and rates amounting to £13.6m (30 September 2014: £13.1m) and other sundry charges of £0.1m (30 September 2014: £0.1m). The majority of these amounts are due to MCC. The remainder are collected by MCC and distributed to other local authorities.

Industry Funds Management (IFM) through its subsidiary is a related party to M.A.H.L as IFM owns 35.5% of the share capital of the Company. During the period, the Group did not enter into any transactions with IFM.

Manchester Airport Holdings Limited (M.A.H.L) is the parent of Manchester Airport Group Investments Limited.

As at 30 September 2015 the amount of loans outstanding owed by M.A.H.L was £211.0m (30 September 2014: £118.0m), relating to cash transferred by the Group to M.A.H.L for dividend payments made by M.A.H.L to shareholders.

Manchester Airport Finance Holdings Limited (M.A.F.H.L) is the parent company of Manchester Airport Group Investments Limited.

As at 30 September 2015 the amount of loans outstanding owed by M.A.F.H.L was £75.7m (30 September 2014: £45.4m), relating to interest payments on shareholder loans held outside of the M.A.G.I.L Group.

During the period the Group also transferred assets with a carrying value of £2.2m (30 September 2014: £nil) to a fellow group company within the M.A.H.L group.

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	At 1 April 2015 £m	Cash flow £m	Other non-cash movements £m	30 September 2015 £m
Cash at bank and in hand	4.2	(5.9)	-	(1.7)
Total cash and cash equivalents (including overdrafts)	4.2	(5.9)	-	(1.7)
Current debt	(20.0)	20.0	-	-
Non-current debt	(890.9)	-	(0.5)	(891.4)
Net debt	(906.7)	14.1	(0.5)	(893.1)

