INTERIM REPORT

For the six months to 31 December 2013

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CHRISTCHURCH AIRPORT
bringing the world South

INTERIM REPORT

PERIOD AT A GLANCE

2,850,292 Passenger Movements

Total passenger movements increased by 82,820 (3.0%) as compared to the same six month period ended 31 December 2012 (2,767,472).

34,266 Aircraft Movements

Total aircraft movements increased by 1,486 (4.5%) as compared to the same six month period ended 31 December 2012 (32,780).

$64.0 m Total Operating Revenue

Total operating revenue increased by 7.7% for the six months ended 31 December 2013 compared with the same period last year ($59.4m).

$23.9 m Aeronautical Revenue

Aeronautical revenue increased by 14.9% for the six months ended 31 December 2013 compared with the same period last year ($20.8m).

$40.1 m Non-Aeronautical Revenue

Non-Aeronautical revenue increased by 3.9% for the six months ended 31 December 2013 compared with the same period last year ($38.6m).

$36.1 m EBITDA

EBITDA from operations increased by 9.1% for the six months ended 31 December 2013 compared with the same period last year ($33.1m).

$6.1 m Net Operating Surplus after Tax

The operating surplus after tax decreased by $1.3m (18%) for the six months ended 31 December 2013 compared with the same period last year ($7.4m). This reflecting increased interest and depreciation costs as a result of the completion of the integrated terminal project in April 2013. Combined interest and depreciation costs for the period being $5.2m greater than for the same period last year.

$11.77 Net Asset Backing Per Share

Increased from $11.61 as at 30 June 2013.

OPERATIONAL REVIEW

Integrated Terminal Project ("ITP")

Final agreement was reached with the main contractor for the ITP project, Hawkins, finalising all outstanding variations. The overall project was completed within 0.2% of the original budget, despite the effects of the Canterbury earthquakes and other unexpected construction challenges such as the discovery of asbestos in the old terminal.

Aeronautical

Passenger Movements

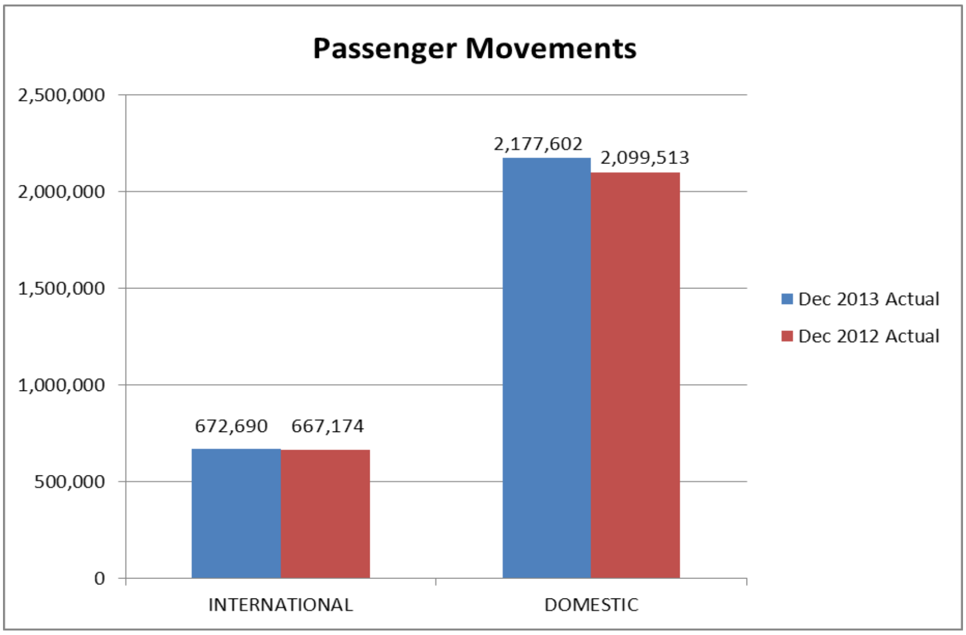
The six months to 31 December 2013 saw total passenger movements increase by 82,820 or 3.0% compared to the same period last year. International passenger movements were 0.7% ahead of the same period last year, whilst domestic passenger movements were 3.7% ahead of last year.

The growth in domestic passenger numbers has been driven predominantly by increased capacity on the main trunk routes to Auckland and Wellington.

Overall, signs of the beginning of a recovery in international volumes are becoming evident, with increasing numbers on the Sydney, Melbourne, Singapore and Gold Coast routes. This has been supplemented by:

- the new Perth service which commenced in December 2013;
- Singapore Airlines adding two flights a week to Christchurch from early December to cater for the peak summer period; and
- additional summer charter services from Japan.

The table below outlines the comparative total passenger movements, which illustrates these statistics.



Route Development

Route Development continues to be a key focus for Christchurch International Airport Limited ("CIAL"), with continuing effort being made to pursue existing opportunities, particularly additional long haul capacity.

During this six month period, progress has been made in increasing arrivals to New Zealand, via Christchurch through increases in seat capacity in the following areas:

- the new Perth service which commenced in December 2013;
- additional summer charter services from Japan;
- Singapore Airlines provided an additional 10 twice daily services to Christchurch from early December to cater for the peak summer period. The strong demand for these seats has meant that Singapore Airlines has confirmed 18 extra services for the next summer season 2014/15;
- re-instatement of services to the Gold Coast in the next May and June 2014 period;
- the new Kapiti Coast domestic service which commenced in November 2013;
- a period of extension of the Night Rider service between Auckland and Christchurch; and
- increased capacity on domestic routes from Christchurch to New Plymouth, Tauranga and Hamilton;

Growth in Chinese arrivals for Christchurch continues on an upward trend. On the back of discussions held at the annual World Routes Summit, CIAL was successful in securing its first charter flight from China for Chinese New Year 2014. The flight arrived in Christchurch on February 3rd 2014, carrying 228 passengers on the first commercially flown B787 Dreamliner to arrive in the city. China continues to be a strategic focus for CIAL.

CIAL continues its focus on building passenger numbers on the trans-Tasman to drive new capacity, with pleasing results on the New South Wales and Queensland routes. Load factors on these services are pushing existing capacity.

Developing opportunities to grow visitor arrivals, in particular international visitor arrivals continues to take time and will continue to be linked to the redevelopment of the city. Anchor projects such as the Convention Centre and 4-star hotels remain key enablers to future visitor growth. CIAL remains committed to this process.

Property

The successful execution of CIAL's property strategy remains crucial in generating medium-term value for shareholders. Appropriately staged development of land currently not used for aeronautical purposes is key to the strategy to maximise the long term return on airport landholdings. It also provides a buffer against any volatility in future aeronautical earnings, should that occur.

The company continues with the development of Dakota Park, the freight and logistics precinct on the southern edge of the campus. Four new developments, at an estimated development cost of $18.5m, are currently underway, whilst other development opportunities continue to be progressed with a number of other potential new tenants. Work continues on the design and construction of the roading and service infrastructure within Dakota Park.

The detailed design of Spitfire Square is now complete with the tender for a main contractor to be undertaken shortly. CIAL and Progressive Enterprises Limited ("PEL") has continued to finalise the commercial terms of the lease for the supermarket premises. Satisfactory progress has been made on leasing the balance of the precinct.

Commercial

The investment in new initiatives to diversify and grow our commercial activities on the airport will continue. These opportunities may include the development of joint venture relationships with key partners which will enable improved returns and improved customer relationships.

Achievement of increased passenger volumes flying into and through Christchurch will increase commercial revenues, particularly with respect to terminal concessions such as duty free and food and beverage. In addition consideration is being given to the expansion of the new terminal Level 1 landside retail precinct. This would include additional retail space as well as a new terminal cinema showcasing a South Island film experience.

Progress continues on the development of a joint venture agreement for the operation of a vehicle servicing and testing centre on campus. Preliminary design and costing of the facility has been undertaken.

CIAL continues to engage with its customers and stakeholders around how their product and service needs are evolving and where the airport may be able to better meet these going forward. Key to this is always placing the customer at the centre of the discussion and CIAL is committed to this.

In the case of the many off campus commercial users whose commercial activities require access to the airport, CIAL is committed to maintaining equity for all through its licencing regime introduced during the first half of 2013.

Planning

The detailed design for the Pound Road realignment has now been completed and the consent documents have also been completed and lodged. Tenders for the Pound Road main construction works have now closed and are being evaluated.

Contractors are progressing works on site in relation to the Peter Leeming and Ron Guthrey intersection. This project will enable the formation of a new signalised cross intersection with Memorial Avenue, providing for the improved safe and efficient movement of traffic from Spitfire Square, Dakota Park, McDonalds and the Terminal building. Works are progressing well with an expected completion date in April 2014.

The final Land Use Recovery Plan ("LURP") was released by Minister Brownlee in early December 2013. The key outcome for CIAL was that the airport noise contours have been adopted by the LURP and consequently will be included in the relevant district plans. This is important to CIAL, because noise sensitive activity close to the airport has the potential to lead to operational curfews. Any loss of ability for CIAL to operate 24/7 without the risk of curfew would inhibit the airport's activities.

The Christchurch City Council ("CCC") notified the Special Airport Zone ("SPAZ") Plan Change (PC84) before Council was suspended for local body elections in October. The first two rounds of the public submissions process have now been completed. It is expected that there will be a full hearing in mid-April 2014.

CIAL has been re-certified carboNZero® for another year. CIAL continues to review the options for waste minimisation, energy use and carbon reporting to ensure that CIAL are getting the best value. CIAL is in early discussions with Air New Zealand about opportunities to work together on environmental sustainability projects.

Airport Operations

CIAL has successfully renewed its Rule Part 139 Operator's Certificate following a review performed by the Civil Aviation Authority in October.

An A380 preparedness group has been formed to look at the changes needed to accommodate A380 aircraft at Christchurch Airport in the future. Pavement changes will progressively be incorporated into existing maintenance works as opportunities arise.

The ASQ passenger survey for the fourth quarter of 2013 has been completed. This survey is undertaken each quarter and provides a benchmark against other similar-sized airports. Christchurch continues to rank ahead of other airports in New Zealand and Australia in the overall satisfaction criteria.

Marketing - SOUTH

The 'SOUTH' project has continued with the completion of a large series of "Becoming China Ready" workshops. Through this particular initiative over 800 individuals have been exposed to presentations on 'SOUTH' and the Airport initiatives, as well as a presentation from consultants OCCAM in respect to understanding Chinese culture and business etiquette.

During the period, the recruitment process for a new manager of the "SOUTH" program was completed, culminating in the appointment of Scott Callaway. Scott comes from his previous dual role as Marketing Manager for the Hanmer Springs Thermal Pools and Spa and the Hurunui District's tourism organisation.

Regulation

Following the release of a draft report in October 2013, and a subsequent submissions process, the Commerce Commission's final Section 56G report on CIAL's pricing was released in mid-February 2014. The Commission accepted CIAL's projected return for the current pricing period to June 2017 as appropriate. In addition the Commission had no concerns with CIAL's performance in the areas of investment, innovation, quality and operating efficiency.

Whilst the Commission understood CIAL's use of a long term pricing model (a 20 year model), it did express concerns at the transparency provided by CIAL to enable users to establish visibility on the level of long-term returns that CIAL is targeting over the next 20 year period. CIAL has only set prices for the current five year period and no decision has been made with regard to pricing beyond June 2017.

The Commerce Commission report has provided some important guidance for CIAL in terms of needing to lift transparency and what it considers an acceptable range on long term returns. CIAL is committed to both lifting the quality of its disclosures to users and the Commission and to re-consulting with airline partners for pricing beyond June 2017.

In December 2013, the Judgement was received from the High Court in relation to the Merit Review of elements of the Commerce Commission's Input Methodologies. The judgement noted that while the Court did not agree with a number of elements of the Commission's reasoning processes, it did - with two exceptions – dismiss all the appeals. The one exception relevant to CIAL was in respect to the date at which land is to be valued for the first time under information disclosure regulation. This change will not impact on prices CIAL has set to 2017, but it will potentially change how CIAL's performance is historically determined in the information disclosure accounts (although initial assessment is that any change will not provide a materially different outcome in respect to CIAL's reported regulatory return for the past years already reported).

INTERIM REPORT

FINANCIAL PERFORMANCE

Total operating revenue for the six months to 31 December 2013, at $64.0m, was 7.7% ahead of the same period a year earlier.

Aeronautical revenue (airport charges and passenger service charges) of $23.9m was $3.1m (14.9%) ahead of last year, due to improving aircraft and passenger movements and the impact of new aeronautical charges which came into effect from 1 December 2012.

Non-aeronautical revenue[1] of $40.1m was $1.5m (3.9%) ahead of the same period last year. The main driver for the increase in non-aeronautical revenue was additional property rental income arising from new property leases in Dakota Park as well as recent rental reviews for existing properties. In addition The Wash and Craddocks businesses have grown their revenues during this six month period.

Operating costs of $29.3m were $2.9m (10.7%) ahead of the same period last year. Key increases in operating costs were as follows:

- increased investment in aeronautical development to accelerate new route opportunities with airlines and assist with marketing of Christchurch and Canterbury to existing markets. This includes an on-going commitment to the “South” program;
- with the new terminal having been completed in April 2013, this is the first complete six month period for the operation of the increased terminal footprint. Whilst terminal maintenance costs have been held at prior period levels, costs were influenced by some one-off maintenance events including a lightning strike, a power outage and two significant wind events;
- payroll and other related personnel costs have increased due to general wage rate increases, coupled with a full six months of wage cost for additional roles added earlier in the 2013 calendar year. These roles being predominantly in the airport services area to support the new terminal infrastructure and customer service requirements;
- other increases in personnel costs include additional Kiwisaver contributions and employee insurance costs;
- other specific areas of cost increases are rates, information technology and running costs for the commercial businesses (with Craddocks now operating 24 hours a day)

Overall, earnings before interest costs, tax, depreciation and amortisation (“EBITDA”) – the company’s key operational financial performance measure, at $36.1m, was 9.1% ahead of the same period last year.

CIAL’s net surplus before tax for the current period has been impacted by increased charges to earnings through higher depreciation on the completed terminal development and higher interest costs. Combined interest and depreciation costs for this six month period are $5.2m higher than for the same period last year. This will continue for the remainder of the 2014 financial year.

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[1] ‘Non-aeronautical revenue’ includes terminal concessions, terminal office and operational area leases, campus property leases, car parking and ground transport, commercial revenues (including IAC, the Wash, Craddocks) and sundry other revenue.

Under current New Zealand Equivalents to International Financial Reporting Standards, the company's interest rate swaps are deemed to be derivative instruments and are required to be re-measured to their fair value at each reporting period. Given that the company has adopted hedge accounting, the increase in the fair value of these derivatives over the six month period under review of $6.29m (2012: increase of $0.34m) is recognised in the Statement of Comprehensive Income.

The fair value of the interest rate swaps is based on the market value of equivalent instruments at the reporting date, and will fluctuate each period as the market variables change and the future cash flows resulting from the instrument reduce. The company intends to hold all such derivatives to maturity and hence this fair value movement will be recognised to the income statement in future periods over the remaining life of the derivative as each quarterly interest settlement actually occurs.

FINANCIAL STATEMENTS

Statement of financial performance for the six months ended 31 December 2013

	Note	**For six months ended 2013** $000	For six months ended 2012 $000
REVENUE			
Operating revenue	2	64,019	59,429
Gain on sale of building		1,233	-
Interest income		127	144
Total revenue		65,379	59,573
EXPENSES			
Employee remuneration and other personnel costs		12,241	10,920
Other costs	3	16,602	14,475
Terminal development project staging costs/realignment		418	1,014
Earthquake		-	33
Total Expenses		29,261	26,442
Earnings before interest costs, tax, depreciation and amortisation		36,118	33,131
Financing and interest costs		10,828	7,935
Depreciation, amortisation and impairment		17,311	15,008
Operating Surplus before tax		7,979	10,188
Current tax expense for the period		1,888	2,853
Deferred Tax adjustment		-	(70)
Tax expense for the period		1,888	2,783
Net operating surplus after income tax		6,091	7,406

The accompanying notes form part of these financial statements.

Statement of comprehensive income for the six months ended 31 December 2013

	Note	For six months ended 2013 $000	For six months ended 2012 $000
Net operating surplus after income tax		6,091	7,406
Other comprehensive income			
Movement in revaluation reserve – building sale		(125)	-
Cash flow hedges	7	6,292	344
Other comprehensive income for period, net of tax		6,167	344
Total comprehensive income for the period		12,258	7,750

Statement of movements in equity for the six months ended 31 December 2013

	For six months ended 2013 $000	For six months ended 2012 $000
Equity at the beginning of the period	668,430	617,963
Total comprehensive income for the period	12,258	7,750
Transactions with owners		
Dividends paid to shareholders	(2,907)	(4,405)
Equity at end of period	677,781	621,308

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2013

	Note	As at 31 December		As at 30 June
		2013	2012	2013
		$000	$000	$000
EQUITY				
Share capital		57,600	57,600	57,600
Reserves		394,577	347,866	388,408
Retained earnings		225,604	215,842	222,422
TOTAL EQUITY		677,781	621,308	668,430
NON-CURRENT LIABILITIES				
Borrowings	4	293,569	264,697	276,353
Derivative financial instruments		7,503	19,409	13,380
Deferred taxation		90,387	93,068	87,987
Trade and other payables		-	-	1,389
TOTAL NON-CURRENT LIABILITIES		391,459	377,174	379,109
CURRENT LIABILITIES				
Current Portion of Borrowings	4	-	53,000	25,000
Trade and other payables		12,217	14,674	11,479
Taxation payable		(51)	3,498	960
Derivative financial instruments		707	543	973
TOTAL CURRENT LIABILITIES		12,873	71,715	38,412
TOTAL EQUITY AND LIABILITIES		1,082,113	1,070,197	1,085,951
NON-CURRENT ASSETS				
Property, plant and equipment		881,370	889,740	888,348
Investment Properties		169,433	128,981	169,383
Intangible Assets		6,721	6,326	6,992
Trade and other receivables		8,665	9,283	8,099
TOTAL NON-CURRENT ASSETS		1,066,189	1,034,330	1,072,822

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2013 (continued)

	Note	As at 31 December **2013** **$000**	As at 31 December 2012 $000	As at 30 June 2013 $000
CURRENT ASSETS				
Cash and short-term deposits		2,207	23,213	767
Receivables and pre-payments		12,715	11,788	8,265
Asset held for sale		-	-	3,234
Inventories		1,002	866	863
TOTAL CURRENT ASSETS		15,924	35,867	13,129
TOTAL ASSETS		1,082,113	1,070,197	1,085,951

For and on behalf of the Board

D Mackenzie
Chairman

C Drayton
Director

28 February 2014

The accompanying notes form part of these financial statements.

Statement of cash flows for the six months ended 31 December 2013

	For six months ended 2013	For six months ended 2012
	$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	65,178	58,015
Interest received	127	144
Net Goods and Services Tax received	2,493	809
	67,798	58,968
Cash was applied to:		
Payments to suppliers and employees	38,122	30,348
Financing and interest costs	10,267	8,167
Income tax paid	2,948	1,000
	51,337	39,515
Net Cash Inflows from Operating Activities	16,461	19,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of property, plant and equipment	4,414	5
Cash was applied to:		
Purchase of property, plant and equipment	11,273	23,136
Net Cash (Outflows) from Investing Activities	(6,859)	(23,131)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Borrowings	50,000	75,000
Cash was applied to:		
Repayment of Borrowings	55,255	44,303
Dividends paid	2,907	4,405
	(58,162)	48,708
Net Cash Inflows (Outflows) from Financing Activities	(8,162)	26,292

The accompanying notes form part of these financial statements.

Statement of cash flows for the six months ended 31 December 2013 (cont.)

	For six months ended 2013	For six months ended 2012
	$000	$000
Net Increase/ (Decrease) In Cash Held	1,440	22,614
Add cash at beginning of the period	767	599
CASH AT END OF THE PERIOD	2,207	23,213
Cash	9	10
Bank and deposits	2,198	23,203
Cash At End Of The Period	2,207	23,213
RECONCILIATION WITH OPERATING SURPLUS		
Reported net operating surplus after income tax	6,091	7,406
Items classified as investing or financing activities		
Gain on sale of building	(1,233)	-
Items Not Involving Cash Flows		
Amortised borrowing costs and fair value hedge ineffectiveness	132	-
Depreciation expense	17,311	15,008
	22,301	22,414
Impact Of Changes In Working Capital Items		
Increase/(decrease) in accounts payable	865	(1,540)
(Increase)/decrease in accounts receivable	(5,554)	(3,160)
(Increase)/decrease in inventories	(139)	(50)
Increase/(decrease) in taxation payable	(1,012)	1,789
	(5,840)	(2,961)
Net Cash Flows From Operating Activities	16,461	19,453

The accompanying notes form part of these financial statements.

Abridged notes to the financial statements for the six months ended 31 December 2013

1. Accounting Policies

The company has used the same accounting policies and methods of computation as were used in the 2013 annual financial statements.

The financial statements have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Companies Act 1993, the Local Government Act 2002, the Financial Reporting Act 1993 and the New Zealand equivalents to International Financial Reporting Standards.

These unaudited statements for the six months ended 31 December 2013 have been prepared in accordance with NZ GAAP and are in compliance with NZ IAS 34.

Christchurch International Airport Limited is a company registered under the Companies Act 1993.

2. Operating Revenue

	For six months ended 2013	For six months ended 2012
	$000	$000
Airport charges	16,492	13,929
Passenger departure charge	7,376	6,852
Lease rentals and concessions	30,716	29,948
Vehicle parking	8,675	8,076
Other revenue	760	624
	64,019	59,429

3. Other Costs

	For six months ended 2013	For six months ended 2012
	$000	$000
Insurance	1,838	1,864
Promotional, marketing and sponsorship	3,039	2,023
Energy	1,788	1,680
Property - cleaning & maintenance	2,511	2,338
Other property costs	1,273	1,163
Other operating costs	4,113	3,334
Other administration costs	2,040	2,073
	16,602	14,475

4. Borrowings

As at 31 December 2013, the Company has committed bank funding facilities for an aggregate $205,000,000 (2012: $300,000,000) with four banks (five banks in 2012) and a subordinated loan facility of $50,000,000 from its majority shareholder, CCHL ($50,000,000 drawn). In addition, the Company has an overdraft facility of $1,000,000.

The Company completed a $50,000,000 bond issue in October 2013. The bonds have an interest rate of 6.25% and maturity of eight years. Total bond funding at 31 December 2013 is $125,000,000 (2012:$75,000,000). The funds raised from these bond issues were used to refinance in part the Company's maturing debt facilities. $75,000,000 of the bond funding is held at fair value in the balance sheet, as it is subject to a fair value hedge relationship.

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. The negative pledge deed requires that no security interest is provided over any assets for borrowings, unless an equivalent security interest is created for the borrowing group and bond holders. Interest rates paid during the period, including offsetting interest rate swaps, ranged from 5.15% to 6.7%. (2012: 5.15 to 7.1%). The bonds constitute direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

	As at 31 December		As at 30 June
	2013	2012	2013
	$000	$000	$000
Less than 1 year	-	53,000	25,000
1-2 Years	81,000	120,000	125,000
3-5 Years	94,000	70,000	80,000
Greater than 5 Years	118,569	74,697	71,353
	293,569	317,697	301,353

5. Related Party Transactions

Christchurch City Holdings Limited (CCHL), a wholly owned subsidiary of the Christchurch City Council (CCC), owns 75% and the New Zealand Government owns 25% respectively of the issued share capital of the company. Christchurch International Airport Limited enters into a large number of transactions with government departments, Crown entities, State-owned enterprises and other entities controlled or subject to significant influence by the Crown. All transactions with related entities:

- are conducted on an arm's length basis
- result from the normal dealings of the parties
- meet the definition of related party transactions only because of the relationship between the parties being subject to common control or significant influence by the Crown.

The New Zealand Government directly controls Air New Zealand, a major customer of CIAL from both an aeronautical and rental and lease perspective. During the most recent year, pricing agreements were renegotiated for aeronautical charges with all airline customers of CIAL, including Air New Zealand. Air New Zealand also leases a number of properties within the terminal and the wider CIAL campus.

	For six months ended 2013	For six months ended 2012
	$000	$000
Transactions with owners during the period to 31 December		
Purchases from CCC and subsidiaries	1,746	95
Rates paid to CCC	1,881	1,474
Revenues from CCC and subsidiaries	58	58
Interest paid to CCHL	1,365	1,364
Amounts payable to CCC and subsidiaries	464	3
Amounts receivable from CCC and subsidiaries	8	-
Subordinated loan balance payable to CCHL	50,000	50,000

Non-Shareholder Related Party Transactions

Some directors of the company are, or have been during the period, directors of other companies or organisations with whom Christchurch International Airport Ltd may transact. Such transactions are all carried out on an arm's-length basis and are conducted on normal commercial terms. No amounts were written off or forgiven during the reporting period and outstanding balances were settled under normal trading terms.

Entity	Transaction	**For six months ended 2013 $000**	For six months ended 2012 $000	Relationship
BECA Group Limited	Structural Engineering services	106	-	Catherine Drayton company director was appointed to the board of BECA Group Limited on 22nd April 2013.
New Zealand Institute of Chartered Accountants	Subscriptions	6	5	Catherine Drayton company director was appointed to the board of New Zealand Institute of Chartered Accountants during the 2013 financial year.
Orion New Zealand Ltd	Maintenance	381	26	George Gould, Company Director, is a director of Orion New Zealand Ltd.
PGG Wrightson Ltd	Agricultural and landscaping supplies	-	20	George Gould, company director ceased to be Managing Director of PGG Wrightson Limited on 28th June 2013.
Orbit Travel and House of Travel Holdings Ltd	Travel, accommodation, lease tenancy and joint marketing activities	240	277	Chris Paulsen, company director is a director of House of Travel at Orbit Limited.

Management Contract

Christchurch International Airport Ltd had a management contract with Denali Management Ltd to provide the services of Jim Boult as Chief Executive up until its termination on the 31 December 2013. Management fees and other benefits paid for the six month period were $346,000 (2012: $286,000). This amount includes a $50,000 at-risk bonus, earned on termination of the contract.

There were no other material related-party transactions for the period.

6. Commitments

	As at 31 December 2013 $000	As at 31 December 2012 $000
Total capital expenditures committed to, but not recognised in, the financial statements (the 2012 balance includes $15,405 relating to terminal development)	26,910	18,435

7. Cash Flow Hedge Reserve

The company has long term borrowings at a variable rate of interest. In order to protect against interest rate movements, the company has entered into interest rate swap agreements to fix the interest rate.

Under current New Zealand Equivalents to International Financial Reporting Standards, these interest rate swaps are deemed to be derivative instruments and are required to be re-measured to their fair value at each reporting period. Given that the company has adopted hedge accounting, the movement in the fair value of these derivatives over the six month period under review is recognised in the Statement of Comprehensive Income.

The fair value of the interest rate swaps is based on the market value of equivalent instruments at the reporting date, and will fluctuate each period as the market variables change and the future cash flows resulting from the instrument reduce. The company intends to hold all such derivatives to maturity and hence this fair value movement will be recognised to the income statement in future periods over the remaining life of the derivative as each quarterly interest settlement actually occurs.

HOW DID WE COMPARE AGAINST OUR STATEMENT OF INTENT?

TARGETS		Progress to 31 December	
	FY2014 Total Plan $000	**2013 Actual $000**	2013 Target $000
a) FINANCIAL			
Operating Revenue	129,719	64,019	63,252
EBITDA	71,339	36,118	35,116
Net Surplus after tax	14,217	6,091	5,827
EBITDA as a % Revenue	55.0%	56.4%	55.5%
Net Profit after tax to average equity	2.3%	0.9%	0.9%
Return on assets (NPAT as % average total assets)	1.3%	0.6%	0.5%

b) OPERATIONAL MOVEMENTS	2014 Total Plan	**2013 Actual**	2013 Target
Passenger			
Domestic	4,282,693	2,177,602	2,165,365
International	1,315,699	672,690	653,994
Total	5,598,392	2,850,292	2,819,359
Aircraft			
Aircraft Movements	66,713	34,266	33,908

c) OPERATIONAL PERFORMANCE	2014 Total Plan	**2013 Actual**	2013 Target
PERFORMANCE INDICATORS			
Total operating revenue per passenger	$23.17	$22.46	$22.43
Aeronautical revenue per passenger	$8.26	$8.37	$8.19
Commercial revenue per passenger	$14.91	$14.09	$14.24
NPAT per passenger	$2.54	$2.14	$2.07
Total assets per passenger	$196.70	$379.65	$386.61
Net debt per passenger	$60.70	$103.00	$117.24
Ratio of aeronautical revenue to total operating revenue	35.6%	37.3%	35.7%

d) CORPORATE SOCIAL RESPONSIBILITY

Performance target	Performance Measures	
	2014	Progress to 31 December 2013
1. To minimise the impact of airport activities on groundwater quality through cost-effective measures to avoid or mitigate the risks of contamination	▪ Ensure on-going compliance with NZ Drinking Water Standards through implementation of the Public Risk and Management Plan for Managing Potable Water and regular monitoring of potable drinking groundwater supply ▪ Continue Environmental Compliance and Monitoring Programme with existing airport operators and new operators on airport land. ▪ Ensure all new operators are provided with Environmental Training ▪ Label storm water drainage systems in all new developments	▪ Completed – drinking water is audited yearly to ensure compliance with NZ Drinking Water Standards. ▪ Completed - 30 audits undertaken on airport tenants with good levels of compliance. ▪ Ongoing. ▪ Ongoing.
2. To investigate and implement cost-effective ways in which to progressively reduce the amount of solid waste arising from airport activities being disposed of to landfill through the development of waste minimisation and recovery measures	▪ Progressively increase amount of material being diverted from landfill from 32% to 40% of total waste produced by CIAL by 2014	▪ Diversion rates are nearing 40%.
3. To minimise the energy consumption by airport activities through the pursuit of efficient energy practices	▪ Maintain carbon-neutral status for CIAL's operational activities ▪ Review carboNZero commitments against future needs, including consideration of alternative monitoring programmes ▪ Achieve a further 5% (Kwh/m2) energy consumption reduction over 2010 levels, by 2014 ▪ Further investigate energy saving opportunities outlined in the DETA Consulting report on energy efficiency options (2012/13)	▪ Achieved re-accreditation in October 2013 ▪ Currently reviewing options for alternative reporting mechanisms. ▪ Will be achieved by mid-2014 ▪ Feasibility study underway assessing potential for use of groundwater and ITP chillers to reduce need to run fossil fuel burners. Change likely to be implemented by end of 2014.
4. To deliver on our corporate social responsibility and community interest obligations	▪ Be a key sponsor of a major city event (such as the Christchurch Airport Marathon) and one other cultural event in the city ▪ Support various community organisations through the CIAL Community Fund and other donations through the year ▪ To host two charities a month to operate their fundraising day activities within the terminal ▪ Continue an information and engagement program for stakeholders and the community, involving sharing information on airport issues, regular speaking engagements and Q&A sessions for the CEO and GMs, offering members of the public opportunities to carry out volunteers tasks at the airport	▪ Christchurch Airport Marathon will be held on Sunday June 2nd 2014. Preparation well underway. Plans to return the event to town for 2015. ▪ Arts Festival 2013 – Faultlines ▪ Court Theatre Sponsor (monthly) ▪ Supporter of NZ Cup & Show week and The Buskers Festival ▪ Canterbury Youth Development Programme ▪ Child Cancer Foundation ▪ Heart Foundation ▪ Red Cross Red Nose Day ▪ RSA Poppy Appeal ▪ ChCh Women's Refuge ▪ Westpac Rescue Helicopter ▪ Autism New Zealand ▪ Ronald McDonald House Si ▪ St John ▪ Alzheimers NZ ▪ Home and Family ▪ Daffodil Day ▪ Carnation Day ▪ Arthritis New Zealand

		▪ Breast Cancer Awareness ▪ SPCA ▪ Quarterly Briefings ▪ Retailer Presentations ▪ Airport Voice OTBA newsletter, e-newsletter, ▪ Facebook and Christchurch Airport website ▪ Speeches by CEO and other Executives
5. To manage Operational Risk	▪ Achieve a Bird Strike incidence rate of 3<5/10,000 aircraft movements on a 12 month rolling average basis, in line with levels set for airports of a similar scale ▪ Work with territorial authorities and other stakeholders to implement management strategies for pest birds which pose bird strike hazard risks ▪ Work with statutory authorities and the community to achieve general acceptance of noise contours and associated policies and rules in regional and district plans to protect the 24/7 airport operating status ▪ Seek to have airport safe-guarding measures included in the Christchurch Land Use Recovery Plan	▪ Achieved ▪ Coordination committee on goose management including all stakeholders has been established. Proposed pest management strategy (Canada Geese) is currently being discussed. Similar work underway for black back gulls and feral pigeons. ▪ Completed – noise contours inserted into SDC and WDC district plans. The City Plan is being updated this year. The Regional Plan has been updated by way of CERA's Land Use Recovery Plan (LURP). ▪ Not achieved – development of safeguarding policy/rules is being prepared at present.
6. To minimise the effects of noise and vibration associated with aircraft and airport operations and to comply with relevant noise rules	▪ Develop Noise Management Plans with respect to overnight aircraft maintenance ▪ Work with airlines and air traffic control authorities to implement agreed policies on Required Navigation Procedures (RNP) approach and departure flight paths	▪ Once final monitoring of noise emissions from ground running events is completed, a draft noise management plan will be discussed with ANZ & CCC ▪ Airways NZ have indicated that RNP procedures for CIA will be developed during 2014. CIAL staff is formulating strategies and policies to ensure that shortcomings that were evident at AIA, are avoided.
7. To deliver an environment for staff that is supportive, stimulating and engaging	▪ To develop and retain staff ensuring business continuity and improved business performance	▪ Engagement Survey conducted in July 2013 showed 94.5% of our staff are either "engaged" or "satisfied" with their jobs. Survey is an ongoing annual commitment with an engagement and performance focus. Action plans are actively implemented to address improvement areas. ▪ Two EAP providers remain available to all staff including one providing onsite early intervention support