2017 EDITION | Annual Report

FINANCIAL STATEMENTS

CHRISTCHURCH AIRPORT

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FINANCIAL STATEMENTS

For the year ended 30 June 2017

CHRISTCHURCH AIRPORT

GOVERNANCE

"THE BOARD IS ACCOUNTABLE TO SHAREHOLDERS FOR THE PERFORMANCE OF THE COMPANY AND SUCCESS IN MEETING THE OVERALL GOAL OF CREATING LONG TERM VALUE FOR SHAREHOLDERS. THE STRUCTURE OF THIS CORPORATE GOVERNANCE SECTION OF THE ANNUAL REPORT OUTLINES CHRISTCHURCH INTERNATIONAL AIRPORT LIMITED'S POLICIES AND PROCEDURES FOR GOVERNANCE AND HAS BEEN ADOPTED TO MAXIMISE THE TRANSPARENCY OF THE COMPANY'S GOVERNANCE PRACTISES FOR THE BENEFIT OF SHAREHOLDERS AND OTHER STAKEHOLDERS."

DIRECTORS' AND MANAGEMENT COMMITMENT

Directors and management are committed to effective governance. As with safety and quality, governance includes a set of systems and processes, supported by people with the appropriate competencies and principles. This provides shareholders and other stakeholders with the assurance that the company delivers on its promises.

Governance by its very nature is on-going; it does not have a finite end. Changing commercial circumstances require regular review and continually evolving systems that implement newly developed techniques and industry best practice.

REGULATORY FRAMEWORK

The company operates in New Zealand and is governed by a range of legislation and regulation. This includes regulatory control under the Commerce Amendment Act; for the monitoring of Aeronautical Economic performance under the Information Disclosure monitoring regime administered by the Commerce Commission. In addition, it is regulated as an Airport under the Civil Aviation Act, Part 139, in terms of operational and safety performance. Christchurch International Airport Limited (CIAL) aims to make sufficient disclosure so that the reader of the Annual Report will be able to assess the effectiveness of the company's corporate governance.

BOARD ACCOUNTABILITY

The Board is ultimately responsible for approving CIAL's strategic direction; oversight of the management of the company and achievement of its business strategy, with the aim being to increase shareholder value while sustaining and ensuring the obligations of the company are properly met.

The Board is accountable to shareholders for the performance of the company.

In carrying out its principal function, the Board's specific responsibilities include:

- Working with executive leadership to ensure that the company's strategic goals are clearly established and communicated, and that strategies are in place to achieve them;
- Monitor management performance in strategy implementation;
- Appointing the Chief Executive Officer (CEO), approving his or her performance and, where necessary, terminating the CEO's employment;
- Approving and monitoring the company's financial statements and other reporting, including reporting to shareholders, and ensuring the company's disclosure obligations are met;
- Adopting appropriate procedures to ensure compliance with all laws, governmental regulations, applicable codes and accounting standards;
- Ensuring that CIAL's internal decision making and compliance policies and procedures are implemented, to ensure that the business of the company is conducted in an open and ethical manner;
- Approving performance criteria for CIAL and monitoring the performance of the CEO and Executive Leadership Team against these;
- Deciding necessary actions to protect CIAL's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such actions are taken;

- Ensuring that the company adheres to high ethical and corporate behaviour standards;
- Establishing procedures and systems to ensure the occupational health and safety of the company's people and contractors working for CIAL across the airport campus;
- Promoting a company culture and remuneration practice which facilitates the recruitment, professional development and retention of staff;
- Ensuring that CIAL has appropriate risk management and regulatory compliance policies in place and monitoring the appropriateness and implementation of these policies.

The Board delegates day-to-day operations of the company to management under the control of the CEO. Such day-to-day operations are required to be conducted in accordance with strategies set by the Board.

All directors are required to comply with a formal code of conduct, which is based on the New Zealand Institute of Directors Code of Proper Practice for Directors.

BOARD STRUCTURE

The composition of the Board reflects an appropriate mix of skills required to discharge the duties and responsibilities of the Board and aligns to the interests of the shareholders as a whole, establishing the company's strategy and ensuring that it is effectively implemented.

The Board consists of six directors; four appointed by majority shareholder, Christchurch City Holdings Ltd (CCHL), and two appointed by the Minister of Finance and the Minister for State Owned Enterprises (on behalf of the New Zealand Government). From 1 July 2014, CCHL has also been appointing an intern director for a period of eighteen months in order to enable prospective directors to gain an insight into good governance practice and to observe the dynamics of sitting on a board.

Directors' appointments are for such period as determined by the relevant shareholder, but shall not exceed three years. Retiring directors may be reappointed by the relevant shareholder by way of notice prior to the Annual General Meeting.

The Board has a broad range of commercial, legal, property, and other relevant experience and expertise required to meet its objectives. Fees for the Board are reviewed annually by the shareholders using independent advice.

The Board has four formally constituted committees; the Risk, Audit and Finance Committee, the Remuneration Committee, the Property and Commercial Committee and the Aeronautical Committee. All committees have Board-approved terms of reference outlining the committee's authority, duties and responsibilities and relationship with the Board. Additional committees may be established on the basis of need. Each committee must include a representative of each shareholder.

INDUCTION OF NEW DIRECTORS

On their first appointment, directors undertake an induction programme aimed at deepening their understanding of the company business and the environment and markets in which the company operates. As part of the programme directors receive essential Board and company information and meet key management.

Directors are expected to be familiar with changes and trends in the business and CIAL's environment and markets and trends in the economic, political, social and legal climate generally.

OPERATION OF THE BOARD

The Board met nine times during the year. In addition, a number of Board workshops were also held to consider discrete subject matters. The table on the following page sets out the Board and sub-committee meetings attended by the directors during the course of the year. Directors unable to attend Board or Committee meetings review the relevant papers and provide comments to the Chairman or Committee Chair as appropriate.

The Chairman, CEO, Chief Financial Officer (CFO) and General Manager Corporate Affairs prepare the agenda for each meeting and board papers are provided to the directors in electronic format prior to the meeting.

At each meeting CIAL's interests register is updated as necessary and the Board considers:

- A report from the CEO focusing on company performance including operating performance, passenger numbers, seat capacity and route development, property development, planning, safety, environmental and financial performance, identification and management of risks and, as appropriate, progress towards the achievement of company goals and business targets;
- Specific business cases for capital expenditure and acquisitions;
- Separate reports from management covering matters requiring a Board decision or for more detailed information;

- Health and safety reporting and any proposed preventative measures to be applied;
- Standard items and action items arising from previous meetings.

In addition, based on a predetermined schedule, the Board:

- Reviews and approves the company objectives and strategies, business plan and budgets including the annual profit targets and capital investment programmes;
- Approves the annual and half-yearly financial statements, including the Annual Report to shareholders and public announcements;
- Considers and, if appropriate, declares or recommends the payment of dividends;
- Reviews directors' remuneration following approval from shareholders;
- Reviews the CEO's performance and remuneration;
- Approves remuneration policies and practices for Executive Leadership on the recommendation of the Remuneration Committee;
- Approves risk assessment policies and controls, including insurance cover and compliance with legal and regulatory requirements, on the recommendation of the Risk, Audit and Finance committee;
- Reviews the adherence to, and annual public disclosure required by the Information Disclosure regime;
- Reviews the strategy and proposals for the reset of aeronautical charges;
- Reviews the strategy for CIAL's funding needs and approves banking facilities and debt capital markets issuances;
- Reviews CIAL's code of conduct and ethical standards;
- Sets the following year's Board work plan.

The Board annually critically evaluates its own performance, its processes and procedures to ensure that they are not unduly complex and that they assist the Board in effectively fulfilling its role and performing its duties. The Board and Committees and each director have the right to seek independent professional advice at CIAL's expense to assist them to carry out their responsibilities.

The Board and Committees have the authority to secure the attendance at meetings of advisers with relevant experience and expertise.

Board and Committee Meeting attendance	Original appointment	Current term expires	Board Meetings	Risk, Audit & Finance Committee Meetings	Remuneration Committee Meetings	Property & Commercial Committee Meetings	Aeronautical Committee Meetings
Total number of meetings held Normal / (Special/teleconference)			9 (2)	4	4 (1)	4	4(1)
D. Mackenzie	August 2008	October 2017	9 (2)	4	4 (1)	4	4(1)
C. Drayton*	September 2009	October 2020	9 (2)	4	-	4	-
C. Paulsen	October 2010	October 2019	8 (2)	4	-	-	4(1)
J. Murray	June 2011	April 2020	9 (2)	-	-	4	4(1)
A. Lovatt	June 2014	October 2020	9 (2)	-	4 (1)	4	-
L. Palomino Forbes	May 2015	May 2018	9 (2)	4	4 (1)	-	-

*C Drayton Chair RAF appointed as Chair Designate to replace D Mackenzie Oct 17

COMMUNICATION WITH SHAREHOLDERS

CIAL is committed to keeping its shareholders informed and places a high degree of importance on open communication and transparent reporting.

In achieving this outcome and in accordance with the Local Government Act 2002, CIAL submits a draft Statement of Intent (SoI) in February for the coming financial year to shareholders. The SoI sets out the company's overall objectives, intentions and financial and performance targets. Shareholders make comment on the draft SoI. The Board then considers these comments and delivers a final SoI to shareholders by the end of June.

The Board aims to ensure that shareholders are informed of all major developments affecting the company's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. Within this constraint, information is communicated to the shareholders through quarterly reports and periodic briefings providing financial information and commentary on operational and non-financial performance measures. The company provides half yearly and annual reports to shareholders by the end of February and September respectively.

In addition, CIAL proactively develops positive and productive relationships with stakeholders, to ensure effective communication of the initiatives being undertaken.

ETHICAL AND RESPONSIBLE DECISION MAKING

The company requires the highest standards of honesty and integrity from its directors and employees. This, as a consequence, necessitates responsible and ethical decision making which is supported by the highest standards of corporate behaviour towards our stakeholders.

The Business Plan, incorporating CIAL's values and aspirations is made available to all staff.

All directors and employees are expected to act honestly in all of their business dealings and to act in the best interests of the company at all times, including:

- Responsibilities to shareholders including protection of confidential information, rules for making public statements on behalf of the company, accounting practises and co-operation with auditors;
- Responsibilities to customers and suppliers of CIAL and other persons using the airport;
- Responsibilities to the community including compliance with statutory and regulatory obligations, use of assets and resources and conflicts of interest.

RECOGNISE AND MANAGE RISK

CIAL has a comprehensive risk management framework to identify and manage all business risks. A risk is defined as any event that may inhibit the company in meeting its objectives. Risk management takes place in the context of CIAL's day-to-day activities and is used to identify:

- The potential consequence (measured in terms of the impact on strategic outcomes, finances, operations and reputation) and probability (measured in terms of likely occurrence) of an event or activity;
- Activities and systems in place to mitigate a risk;
- The residual unmitigated risk.

The Board determines its appetite for risk by considering whether the residual unmitigated risk is acceptable and if necessary plans are put in place for additional controls or systems. The risk management framework is implemented through business processes, such as business planning, investment analysis, project management and operations management. Major initiatives to manage and mitigate business risk will be reflected as activities in the Business Plan.

The Board review CIAL's risk profile periodically, and the Risk, Audit and Finance Committee reviews risk activity on a regular basis.

Health & Safety

At the core of CIAL's Health, Safety and Wellbeing Strategy is the protection of our people. The Board and management's focus is on building a culture of safety leadership, taking a strategic approach to risk assessment, management and our safety assurance programme and ensuring consistency in culture across airside and aviation operations.

Business Assurance

The role of business assurance, outsourced to an external service provider, is to develop a comprehensive continuous audit programme, which supports CIAL's risk management process. Business assurance is used to verify the company's risk profile and to confirm that risk mitigation is operating as documented.

A comprehensive register of action items arising from business assurance reviews is maintained; which includes a description of the action item, records target completion dates, and responsibility for completion. Progress of high and medium-rated action items is reviewed by the Executive Leadership Team and ultimately the Risk, Audit and Finance Committee. A register, as part of the risk management framework, will also be maintained of all incidents and noncompliance events, including near misses.

Chief Executive Officer and Chief Financial Officer Assurance

The CEO and CFO have provided written assurance to the Risk, Audit and Finance Committee regarding the adequacy of:

- Governance, ethics and compliance assurance;
- Financial policies and systems of internal control.

There were no qualifications to the assurances provided by management for the year ended 30 June 2017.

Insurance and Indemnities

CIAL has a comprehensive insurance programme as part of risk mitigation. This programme is reviewed annually to ensure that appropriate cover is in place. The Board has continued its significant consideration of insurance placements as a mitigation of risk in the 2017 financial year to ensure such risk remains adequately protected through both the type and duration of insurance coverage and the level of capacity placed.

Deeds of Indemnity have been given to directors in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as directors. In addition, Deeds of Indemnity have been provided to the Executive Leadership Team in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as employees of CIAL.

During the year, the directors' and officers' liability insurance was renewed to cover risks arising out of acts, omissions or legal defence of directors and employees in their capacity as such. Insurance is not provided for dishonest, fraudulent, malicious or wilful acts or omissions. The insurance cover is provided by QBE Insurance (International) Ltd. The cost of the cover for the year to 30 June 2017 is $40,000 (2016 $40,000).

Internal Policies and Procedures

Compliance with the many legal, regulatory and industry requirements is a priority for the Board. CIAL takes its obligations seriously in this regard and continually look for ways to improve the standard of compliance. CIAL employees are responsible for ensuring the company carries out its business in a way that gives consideration to all applicable legal requirements, minimises the cost of legal risk and maximises business opportunities. Managers are responsible for making sure their staff understand what compliance means in their particular areas, by ensuring appropriate training and compliance information is available. Compliance with legal and regulatory risk is monitored twice annually and reported to the subsequent quarterly Risk, Audit and Finance Committee meeting.

INTEGRITY IN FINANCIAL REPORTING

Going Concern

The directors have considered whether it is appropriate to prepare the 2017 financial statements on the basis that CIAL is a going concern. As part of its normal business practices, the company prepares annual budgets and longer term financial and business plans. In reviewing this information, the directors are satisfied that the company has adequate resources to continue in business for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the company's financial statements.

System of Internal Controls

CIAL has a comprehensive management system, which covers all aspects of its business. The management system incorporating internal financial and operational controls is designed to meet CIAL's particular needs and aims to:

- Facilitate effective and efficient operations;
- Safeguard the company's assets;
- Ensure proper accounting records are maintained;
- Ensure that the financial information used within the business and for publication is reliable.

The system is formally documented and includes performance standards, policies, procedures, instructions and guidance.

The company is committed to maintaining management systems that meet the requirements of occupational health and safety and environmental management, with these systems embedding continuous improvement processes. During the year the company carried out periodic reviews to ensure the required standards were being met.

If any incidents occur during the year then an event specific audit review is carried out to ensure full understanding of cause and outcomes and that appropriate remedial actions are undertaken.

Reviews of these systems/controls provide management and the Board with reasonable assurance that the company's management systems are thorough, reliable and comply with the relevant recognised standards.

Such systems of internal control can only be designed to manage, rather than eliminate, risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement and loss.

THE BOARD'S RELATIONSHIP WITH MANAGEMENT

Position of Chief Executive Officer

The CEO is the primary point of accountability and link between the Board and operational management functions.

All Board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the Board is concerned.

The Board and CEO agree to meet specific results directed towards the company goals. This will usually take the form of an annual performance programme directed at achieving the company goals.

The Board systematically and rigorously monitors the CEO's performance against the criteria established in the performance objectives and the company goals.

Between Board meetings the Chairman maintains a link between the Board and the CEO. He is kept informed by the CEO on all important matters, and is available to the CEO to provide counsel and advice where appropriate. The Chairman however does not use this link to personally manage the CEO and does not impede the flow of information to the Board necessary for sound governance.

Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual directors, officers or committees cannot be given to the CEO and are not binding in any event except in those instances where specific authorisation is given by the Board.

The Board instructs the CEO through written policies that prescribe the shareholder benefit to be achieved (company goals) and the organisational circumstances to be avoided, allowing the CEO any reasonable interpretation of those policies. The Board is the final arbiter of "reasonableness" based on a "reasonable person" test.

Delegation of Responsibilities

The Board delegates management of the day-to-day affairs and management responsibilities of the company to the CEO and Executive Leadership Team to deliver the strategic direction and goals determined by the Board. This delegation includes:

- Operating CIAL's business within the parameters set by the Board from time to time and, where a proposed transaction, commitment or arrangement exceeds these parameters, referring the matter to the Board for its consideration and approval;
- Developing business plans, budgets and company strategies for the Board's consideration and, to the extent that they are approved by the Board, implementing these plans, budgets and strategies;
- Identifying and managing business risks, and if those risks could materially affect the company or its business, formulating strategies to manage those risks;
- Managing CIAL's current financial and other reporting mechanisms to ensure that they are functioning effectively to capture all relevant material information on a timely basis;
- Implementing CIAL's internal controls, policies and procedures and monitoring these controls, policies and procedures to ensure that they are appropriate and effective.

BOARD SUB-COMMITTEES

Risk, Audit and Finance Committee

The Risk, Audit & Finance Committee consists of three Board members who have appropriate financial experience and understanding of the company's industry. The Board requires that at least one member of the Audit Committee be a "financial expert". In addition, the Board will nominate an appropriately experienced Director as a "health & safety" champion.

The role of the Risk, Audit and Finance Committee is to act as an advisor to the Board to assist the Board of Directors to discharge its responsibility to exercise due care, diligence and skill in relation to:

- Risk management and systems of internal control;
- Business policies and practices;
- Protection of the company's assets;
- Compliance with applicable laws and regulations;
- Reporting of financial information and regulatory disclosure requirements;
- Financial management.

The Board authorises and empowers the Risk, Audit and Finance Committee to:

- Review and approve accounting policies and practices as they apply to the company;
- Review the current risk management framework, and associated procedures for effective identification and management of the company's financial and business risks;
- Review management's approach to maintaining an effective internal control environment, including implementation of relevant policies and procedures;
- Review the adequacy of insurance cover at each insurance renewal and recommend to the Board any significant changes to insurance cover;
- Review and approve the annual business assurance plan, and regularly monitor business assurance findings;
- Recommend to the Board the appointment of the external auditor and business assurance advisor and approve their fee;
- Provide advice on and review the company's Annual Report and Financial Statements prior to consideration and approval by the Board;
- Provide advice on and review the company's regulatory Annual Information Disclosure prior to consideration and approval by the Board;
- Review, on an on-going basis, the company's capital structure and optimal funding portfolio;
- Establish procedures and systems to ensure the occupational health and safety of the company's employees and contractors working for CIAL across the Christchurch Airport campus;
- Seek any outside external advice it may require.

In order to fulfil this role the committee meets independently with both the business assurance and external auditors to provide a forum for open discussion regarding management's integrity and performance. The external auditors are only permitted to engage on assurance work.

The members of the Risk, Audit and Finance Committee as at 30 June 2017 were Catherine Drayton (Chairman), Chris Paulsen and Laura Palomino Forbes. The Chairman, David Mackenzie, is a member ex officio, and also attended meetings of the committee.

Particular areas of focus for the committee during 2017 were:

- Review the annual and half-yearly financial statements, to ensure adherence to accounting standards;
- Review the robustness and integrity of the adherence to, and public disclosure of, the Information Disclosure regime as regulated by the Commerce Commission, covering both annual and pricing reset disclosures;
- To review and confirm the Information Disclosure of CIAL historic aeronautical performance to the Commerce Commission;
- The integrity and effectiveness of the business assurance programme and internal control processes;
- Risk management and the progressive development of enterprise wide risk management;
- On-going review of CIAL capital structure and optimal funding portfolio in the future;

- Continue to assist with the development of our leadership, culture and capability in our safety eco-system, involving critical risk assessment and risk management via best practice policies and mitigation procedures;
- Valuation of assets and consideration of the commercial valuation of the business;
- Renewal of insurance policies, including assessment of alternate risk financing options to reduce the increasing exposure, and cost, to the insurance market;
- Review overall tax risk profile of CIAL with focus on adherence to tax governance policy.

Remuneration Committee

The Remuneration Committee's role is to assist the Board in overseeing the management of CIAL's human resources activities. The responsibilities of the Committee are:

- To review the people strategy, structure and policies for the company and reviewing remuneration practices to ensure that they are consistent with such policies;
- To oversee CIAL's recruitment, retention and termination policies and procedures for senior leadership, and the succession planning for senior leadership and the CEO;
- To review the performance of the CEO, the engagement agreement and benefit structure for the CEO and Executive Leadership Team, and recommend to the Board senior executive incentive remuneration plans, other employee benefits, and key performance objectives of the CEO and Executive Leadership Team.

The members of the Remuneration Committee as at 30 June 2017 were David Mackenzie (Chairman), Andre Lovatt and Laura Palomino Forbes.

Particular areas of focus for the committee during 2017 were:

- Remuneration policy for the forthcoming year, taking particular cognisance of the prevailing economic conditions;
- Review of CEO and senior executive performance;
- Review of activation of the People Strategy;
- Mandates for individual employment and collective bargaining increases.

Property and Commercial Committee

The Property and Commercial Committee's role is to assist the Board in ensuring that the company maximises the level of returns received (and wider economic value to the business as a whole) from investments made in property development, on-going property management and other commercial opportunities.

The responsibilities of the Committee are:

- To regularly review, test and recommend for approval the company's property and commercial development and management strategy (including its priorities) to ensure that it remains appropriate having regard to all relevant matters. Such matters shall include the company's financial position, maintenance of a balanced property portfolio, property market conditions, regulatory planning issues, strategic focus and priorities, timetabling of investments, and any other matters considered relevant by the committee;
- To review and recommend for approval the principles and standards with respect to the company's property and commercial investment strategy, in respect of the type of property investment, and rates of return parameters to be achieved;
- Review and recommend to the Board approval of significant property and commercial investment and development proposals;
- Review and recommend to the Board the long term property investment and commercial development path to be pursued.

The members of the Property Committee as at 30 June 2017 were Justin Murray (Chairman), Catherine Drayton and Andre Lovatt. The Chairman, David Mackenzie, is a member ex officio, and also attended meetings of the committee.

Particular areas of focus for the Committee during 2017 were:

- Review of the company's property strategy;
- Planning and consenting to enable development of the wider property portfolio;
- Approval of investment cases for specific property development initiatives;
- Review of commercial arrangements with terminal tenants.
- Identification and understanding of exponential technologies and how digital change will disrupt and shape CIAL's business in the future.

Aeronautical Committee

The Aeronautical Committee's role is to assist the Board in overseeing aeronautical activity to ensure that CIAL obtains the best level of return the aeronautical segment of the business is reasonably able to produce, while ensuring its aeronautical operations are safe and efficient, and represent best aviation practice.

The responsibilities of the Committee are:

- To review and recommend to the Board strategies in respect of the provision of aeronautical facilities, general aviation and aeronautical business development (including marketing and pricing issues);
- To review specific proposals, and subsequent post project reviews, relating to aeronautical charging, commercial arrangements to support route development initiatives, and airline incentives or promotions;
- To review the returns and aeronautical market position being achieved by CIAL's aeronautical business to ensure it is in line with the overall objectives of CIAL's business strategy;
- To report to the Board annually, or as required, on; the safety, effectiveness and operational bench-marking of CIAL's aeronautical operations; the market position of its aeronautical business; the returns being achieved on individual aeronautical initiatives; and, the effectiveness and the implementation of CIAL's aeronautical strategies.

The members of the Aeronautical Committee as at 30 June 2017 were Chris Paulsen (Chairman), David Mackenzie and Justin Murray.

Particular areas of focus for the committee during 2017 were:

- The continued evolution of CIAL's Aeronautical Strategy to support the growth targets encompassed within CIAL's Real Growth 2025 Strategy;
- Consider and approve new business development initiatives to grow existing market share and overall passenger numbers, with a focus on connectivity to key hubs, along with lifting regional feed into those hubs over Christchurch;
- Reviews the strategy and proposals for the next reset of aeronautical charges which became effective from 1 July 2017;
- To review and support the progressive development of "South", the strategy implemented by CIAL for the stimulation and resurgence of growth of the South Island tourism sector, in conjunction with regional tourism organisations and other industry stakeholders.

REMUNERATION

Directors

The total remuneration paid to directors for the year ended 30 June 2017 is:

Name	Remuneration
D Mackenzie	$88,500
L Palomino Forbes	$47,300
C Drayton	$52,300
C Paulsen	$50,300
J Murray	$50,300
A Lovatt	$47,300
Total Fees	**$336,000**

No other remuneration or benefits other than reimbursement of expenses has been paid or given to directors. CIAL has made no loans to any director, nor has the company guaranteed any debts incurred by a director.

CIAL Employees

Framework for Remuneration
The Remuneration Committee is responsible for reviewing remuneration policy and human resources strategy, structure, policy and practices. It seeks external expert advice on best practice remuneration structures and market trends to ensure that the remuneration strategy for CIAL contributes to effective performance and value creation. To grow and be successful, CIAL must be able to attract, retain and motivate capable individuals.

The key principles determined by the Remuneration Committee that underpin CIAL's remuneration policies are that rewards are market-competitive and that remuneration is linked to performance to attract and retain talented individuals.

The overall cost of remuneration is managed and linked to the ability of the company to pay. The Remuneration Committee reviews the CEO's performance evaluation of his direct reports and approves the remuneration and other variations to the terms and conditions of employment of his direct reports.

Remuneration ranges	Number of current and former employees	
$'000	**2017**	**2016**
$100 - $110	15	13
$110 - $120	11	7
$120 - $130	6	4
$130 - $140	5	6
$140 - $150	7	5
$150 - $160	3	2
$160 - $170	5	3
$170 - $180	1	3
$180 - $190	-	1
$190 - $200	1	1
$200 - $210	1	1
$220 - $230	-	1
$230 - $240	1	-
$240 - $250	-	1
$250 - $260	1	2
$260 - $270	1	-
$270 - $280	1	-
$280 - $290	1	-
$320 - $330	-	1
$330 - $340	-	1
$340 - $350	1	1
$350 - $360	1	-
$360 - $370	1	1
$430 - $440	1	-
$650 - $660	-	1*
$720 - $730	1*	-

* This is the remuneration to the CEO.

The CEO's salary for financial year 2017 consisted of a base salary of $600,000 (2016: $550,000), an at-risk salary of $100,000 (2016: $90,000) and Kiwisaver contributions of $21,000 (2016: $16,500) on his base salary. Total remuneration of $721,000 (2016: $656,500). There is $100,000 at risk salary relating to 2017 financial year approved by the board after year end.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

CIAL seeks to operate the business in a sustainable manner. As such, it is committed to run the business in a way that minimizes its environmental and social impact, whilst at the same time maximizing its economic contribution to Canterbury and the South Island as a whole.

The CIAL purpose and values statements guide the behaviour of all CIAL staff and how they conduct CIAL's business. The purpose defines what CIAL does and CIAL's values state how CIAL people choose to interact with each other, customers, suppliers and communities.

The CEO is required to ensure that managers act in a manner that is consistent with corporate policy and direction.

The Board has established governance principles that provide a broad description of the way in which the Board expects the company to be managed for shareholders' benefit.

These are:

- CIAL exists to grow shareholder value, with business strategies being customer and market focused;
- Overarching strategy and policy will be decided at corporate level, with the development of strategic relationships being pursued to create a source of competitive advantage;
- Accountability will be clear and measurable, and systems and processes will support strategy;
- The organisational model will enable flexibility for change.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the company as at 30 June 2017, and the financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates, and that all relevant financial reporting and accounting standards have been followed.

The directors consider that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider they have taken adequate steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors have the pleasure in presenting the financial statements, set out on pages 13-44, of the Christchurch International Airport Limited for the year ended 30 June 2017.

The Board of Directors of Christchurch International Airport Limited authorise these financial statements for issue on 4 September 2017.

For and on behalf of the Board

David Mackenzie
CHAIRMAN

Catherine Drayton
DIRECTOR

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2017

	Note	2017	2016
		$000	$000
INCOME			
Operating revenue	1	177,272	169,924
Fair value gain on investment properties	13	35,926	12,489
Interest income		272	244
Total income		**213,470**	**182,657**
EXPENSES			
Operating costs	2	68,762	63,820
Financing and interest costs	2	21,481	21,227
Depreciation, amortisation and impairment	2	36,525	34,968
Investment property expenditure		1,000	3,330
Total expenses		**127,768**	**125,147**
Surplus before tax		**85,702**	**57,510**
Total taxation expense	3a	21,112	14,454
Net operating surplus after income tax		**64,590**	**43,056**

The accompanying notes and policies form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	2017	2016
		$000	$000
Surplus after income tax		**64,590**	**43,056**
Other comprehensive income			
Items that will not be reclassified to the statement of financial performance			
Fair value (loss)/gain on revaluation of assets	7	(3,714)	24,361
Deferred tax on revaluation of assets	4	116	(4,161)
		(3,598)	**20,200**
Items that may be reclassified subsequently to the statement of financial performance			
Cash flow hedges:			
Fair value gains/(losses) recognised in the cash flow hedge reserve	7	5,197	(17,274)
Realised losses transferred to the statement of financial performance	7	5,486	3,961
Deferred tax on revaluation of cash flow hedges	4	(2,991)	3,728
		7,692	**(9,585)**
Other comprehensive income for year, net of tax		**4,094**	**10,615**
Total comprehensive income for year		**68,684**	**53,671**

The income tax relating to each component of other comprehensive income is disclosed in note 7.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Note	Share Capital	Reserves	Retained Earnings	Total Equity
		$000	$000	$000	$000
Balance at 1 July 2015		57,600	443,727	265,439	766,766
Transfer of Asset revaluation	7	-	(62)	62	-
Dividends paid to shareholders	6	-	-	(29,262)	(29,262)
Total comprehensive income for the year	7	-	10,615	43,056	53,671
Balance at 30 June 2016		**57,600**	**454,280**	**279,295**	**791,175**
Transfer of Asset revaluation	7	-	(415)	415	-
Dividends paid to shareholders	6	-	-	(32,957)	(32,957)
Total comprehensive income for the year	7	-	4,094	64,590	68,684
Balance at 30 June 2017		**57,600**	**457,959**	**311,343**	**826,902**

The accompanying notes and policies form part of these financial statements

STATEMENT OF
FINANCIAL POSITION

As at 30 June 2017

	Note	2017	2016
		$000	$000
EQUITY			
Share capital		57,600	57,600
Reserves	7	457,959	454,280
Retained earnings	7	311,343	279,295
Total equity		**826,902**	**791,175**
NON-CURRENT LIABILITIES			
Term borrowings	8	340,151	256,026
Derivative financial instruments	9	12,988	22,856
Deferred taxation	4	112,674	105,070
Trade and other payables	10	985	1,086
Total non-current liabilities		**466,798**	**385,038**
CURRENT LIABILITIES			
Trade and other payables	10	19,120	12,214
Current portion of borrowings	8	29,000	68,000
Taxation payable	3c	3,650	2,878
Derivative financial instruments	9	1,577	1,339
Total current liabilities		**53,347**	**84,431**
Total liabilities		**520,145**	**469,469**
Total equity and liabilities		**1,347,047**	**1,260,644**
NON-CURRENT ASSETS			
Property, plant and equipment	11	948,707	929,234
Investment properties	13	370,523	303,692
Intangible assets	12	3,774	3,985
Trade and other receivables	14	5,878	6,546
Total non-current assets		**1,328,882**	**1,243,457**
CURRENT ASSETS			
Cash and cash equivalents		3,268	763
Trade and other receivables	14	14,164	15,684
Inventories		733	740
Total current assets		**18,165**	**17,187**
Total assets		**1,347,047**	**1,260,644**

The accompanying notes and policies form part of these financial statements

STATEMENT OF
CASH FLOWS

For the year ended 30 June 2017

	Note	2017	2016
		$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		179,123	165,872
Interest received		272	244
Net goods and services tax received		328	-
		179,723	**166,116**
Cash was applied to:			
Payments to suppliers and employees		(69,011)	(77,384)
Financing and interest costs		(20,086)	(19,968)
Net income tax refunded (paid)		(12,800)	(12,200)
Subvention payments		(2,812)	(6,500)
Net goods and services tax paid		-	(598)
		(104,709)	**(116,650)**
Net cash flows from operating activities	15	**75,014**	**49,466**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		103	3,580
Proceeds from sale of businesses	23	-	5,326
Proceeds from sale of investment property land		-	3,308
		103	**12,214**
Cash was applied to:			
Purchase of property, plant and equipment		(54,175)	(20,469)
Purchase of investment properties		(30,905)	(39,420)
Purchase of intangible assets		(575)	(547)
		(85,655)	**(60,436)**
Net cash flows from investing activities		**(85,552)**	**(48,222)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Borrowings		**125,000**	**26,000**
Cash was applied to:			
Dividends paid	6	(32,957)	(29,262)
Borrowings		(79,000)	-
		(111,957)	**(29,262)**
Net cash flows from financing activities		**13,043**	**(3,262)**
Net (decrease) / increase in cash held		**2,505**	**(2,018)**
Add cash and cash equivalents at beginning of the year		763	2,781
Cash and cash equivalents at the end of the year		**3,268**	**763**

The accompanying notes and policies form part of these financial statements

ACCOUNTING POLICIES

GENERAL INFORMATION

Christchurch International Airport Limited (the company) owns and operates Christchurch International Airport. The company is owned 75% by Christchurch City Holdings Limited, a wholly owned subsidiary of Christchurch City Council, and 25% owned by the New Zealand Government.

The company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Level 4 Car Park Building, Christchurch International Airport, Christchurch.

The company operates predominantly in the business of providing airport facilities and services to airline and airport users. All operations are based at Christchurch International Airport.

These financial statements have been approved for issue by the Board of Directors on 4th September 2017.

The Board of Directors has the power to amend the financial statements after issue.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), the International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for profit entities.

Entity reporting

The financial statements are for Christchurch International Airport Limited and its wholly owned subsidiaries:

CIAL Holdings Number 1 Limited
CIAL Holdings Number 2 Limited
CIAL Holdings Number 3 Limited
CIAL Holdings Number 4 Limited
CIAL Holdings Number 5 Limited

As the wholly owned subsidiaries were not trading and held no assets and liabilities during and at the end of the period of review, the financial statements for the group are the same as that of the parent.

The company is designated as a for profit entity for financial reporting purposes.

Statutory base

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

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, the Financial Reporting Act 1993 and the Companies Act 1993.

Functional and presentation currency

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($1,000). The functional currency of the company is New Zealand dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies.

Critical accounting estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions. It also requires the company to exercise its judgement in the process of applying the accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

i. Identification of Property, Plant and Equipment to be reclassified to Investment Property
The company makes a decision on the assets to be included in Investment Properties based on their "interim use" as outlined in accounting policy (m). A key factor of this classification is that the "interim use" of such property is not for aircraft related activities. The classification of property between categories gives rise to different accounting treatments which can impact the Statement of Financial Performance.

ii. Determining the fair value of Property, Plant and Equipment and Investment Property
The company uses independent valuers to determine the fair value of certain assets within the business. The valuation process requires the use of assumptions and estimates which are based on market conditions at the time. Any changes in market conditions subsequent to balance date will impact future valuations. A movement in the fair value of an asset is subsequently recorded within the Statement of Financial Performance or Statement of Comprehensive Income, depending on the asset classification.

Impairment assessments are completed annually on various asset classes. An impairment assessment measures the recoverable amount of an asset based on projections and estimates of future cash flows specifically related to the asset. An impairment charge is recognised for any asset with a carrying value in excess of its recoverable amount.

For further information on the estimates and assumptions used in measuring these assets to fair value see accounting policies (l) and (m) and notes to the financial statements 11 and 13.

New and amended standards adopted by the company
No new accounting standards or interpretations that became effective for the period had a material impact on the company.

Those NZ IFRS Standards and Interpretations that have been issued or amended and which may have a significant impact on the company, but are not yet effective and have not been adopted by the company for year ended 30 June 2017 are:

- NZ IFRS 15 Revenue from Contracts with Customers will replace NZ IAS 11 Construction Contracts and NZ IAS 18 Revenue on 1 January 2018. The core principle of NZ IFRS 15 is that an entity recognises revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management are still determining the impact the new standard will have on the company.
- NZ IFRS 9 Financial Instruments is effective for annual periods beginning on or after 1 January 2018. NZ IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and relaxes the current NZ IAS 39 requirements for hedge accounting. The company is yet to assess NZ IFRS 9's full impact. The company intends to apply the standard from 1 July 2018.
- NZ IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019. NZ IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The accounting requirements for lessors are substantially the same as those in NZ IAS 17, and while the company is yet to assess NZ IFRS 16's full impact, it is not expected to be material. The company will apply this standard from 1 July 2019.

B. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance, except when deferred in equity as qualifying cash flow hedges.

C. REVENUE RECOGNITION

Revenue comprises the fair value of the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

i. Sales of goods
Sales of goods are recognised when the company has delivered a product to the customer.

ii. Sales of services
Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

iii. Interest income
Interest income is recognised on a time proportion basis using the effective interest method.

iv. Rental income
Rental income is recognised on a straight line basis in accordance with the substance of the relevant agreements.

D. INCOME TAX

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using the rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the Statement of Financial Performance, except when it relates to items charged or credited directly to other comprehensive income, in which case the tax is dealt with in the Statement of Comprehensive Income.

E. GOODS AND SERVICES TAX (GST)

The Statement of Financial Performance and the Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated exclusive of GST, with the exception of receivables and payables, which include GST invoiced. Commitments and contingencies are stated exclusive of GST.

F. IMPAIRMENT

Non-financial assets

Non-financial assets are assessed for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Financial assets

Assets are reviewed for impairment at the end of each reporting period and any possible loss is recognised when the carrying amount exceeds its recoverable amount.

G. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held on call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

H. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for doubtful debts.

Collectability of trade and other receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in Note 14.

I. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes cost of materials. Net realisable value is the estimated selling price in the ordinary course of business. Any write-down is recognised in the Statement of Financial Performance.

J. DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as either:

i. Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

ii. Hedges of highly probable forecast transactions (cash flow hedges).
The company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

iii. Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Financial Performance, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The company only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Statement of Financial Performance within "Financing and Interest Costs".

Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate movements are also recognised in the Statement of Financial Performance within "Financing and Interest Costs".

iv. Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Financial Performance. Amounts accumulated in other comprehensive income are recycled in the Statement of Financial Performance in the periods when the hedged item will affect profit or loss (for instance when the forecast transaction that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, asset purchase) or a non financial liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the Statement of Financial Performance or is capitalised on the recognition of a non-financial asset. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the Statement of Financial Performance.

v. Derivatives that do not qualify for hedge accounting
Where derivative instruments do not qualify for hedge accounting or for which hedge accounting has not been adopted, changes in the fair value of these derivative instruments will be recognised immediately in the Statement of Financial Performance.

K. FAIR VALUE MEASUREMENT

The company measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 22.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as properties and investment properties and significant liabilities.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

L. PROPERTY, PLANT AND EQUIPMENT

The following assets are shown at fair value, based on periodic valuations (at minimum every five years), by external independent valuers, less subsequent depreciation:

- Land
- Buildings
- Terminal facilities
- Airport sealed surfaces
- Infrastructure assets
- Car park.

The last valuation was performed by Crighton Anderson Property and Infrastructure Ltd, trading as Colliers International Ltd, on car park assets as at 30 June 2017. Land assets were reviewed for impairment as at the 30 June 2017 by Crighton Anderson, with no adjustment for impairment being deemed necessary. The terminal assets, specialised buildings, sealed surfaces and infrastructure assets were reviewed for impairment as at 30 June 2017 by Opus International Limited, with no adjustment for impairment being deemed necessary. The carrying values of property, plant and equipment are assessed annually to ensure they do not differ materially from the assets' fair values. If a material difference exists, then these off cycle asset classes are revalued.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Costs subsequent to revaluation are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the Statement of Financial Performance during the financial year in which they are incurred.

Increases in the carrying amounts arising on revaluation are credited to reserves in shareholders' equity through the Statement of Comprehensive Income. To the extent that the increase reverses a decrease previously recognised in the Statement of Financial Performance, the increase is first recognised in the Statement of Financial Performance. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Statement of Financial Performance.

Depreciation

Land is not depreciated. Depreciation of property, plant and equipment is calculated on a straight line basis so as to expense the cost of the assets over their estimated useful lives. The useful lives are as follows:

- Terminal — 40 years
- Other buildings — 10 to 40 years
- Sealed surfaces — 15 to 120 years (some components non-depreciable)
- Plant and equipment — 3 to 25 years
- Motor vehicles — 5 to 16 years

- Office and computer equipment — 3 to 9 years
- Car park assets (excluding land) — 7 to 30 years
- Infrastructure — 15 to 70 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. These are included in the Statement of Financial Performance. If disposal is made of an asset that has been revalued, any surplus included in equity is transferred directly to retained earnings when the asset is derecognised.

Work in progress is measured at cost and reviewed for impairment. No depreciation is charged, or revaluation made, prior to work in progress being capitalised to the appropriate asset category.

M. INVESTMENT PROPERTY

Land is held by the company for long term and strategic purposes and is not held for resale. Investment properties are land and buildings where the building is built to maximise the return on land and buildings as an "interim use", are held for long term rental yield and are not occupied by the company. Investment property also includes property that is being constructed or developed for future use as investment property.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- The occupants provide services that are integral to the operation of the company's business;
- The property is being held for future delivery of services.

Land where there are infrastructure services in place up to its boundary or there is a firm commitment to provide such infrastructure **and** the further development of that land is signalled within the next 3 years (being the current business planning cycle) is classified as investment property. Buildings that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

The classification of properties is done at the lowest possible level. Thus, where part of a property is occupied by a party other than the company, consideration is given to whether that portion of the building could be classified as an investment property. Classification as an investment property will be indicated if the section of the building could be separately sold or leased under a finance lease. If the section of the property occupied by a party other than the company is unable to be sold or leased separately from the rest of the building, the building is assessed as a whole and will usually only be classified as investment property if the company occupies an insignificant portion of the total building.

Investment property is carried at fair value, based on discounted cash flow projections, as determined annually by external valuers. Gains or losses arising from a change in fair value are recorded in the Statement of Financial Performance.

Crighton Anderson Property and Infrastructure Ltd, trading as Colliers International Ltd prepared the 2017 and 2016 investment property valuations.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. If it is determined that the fair value of an investment property under construction is not reliably determinable but the company has an expectation that the fair value of the property will be reliably determinable when construction is complete, the investment property under construction will be measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

N. FINITE LIFE INTANGIBLE ASSETS

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These have a finite useful life and are amortised on a straight line basis over the useful economic life of 2 to 6 years. Computer software licences are carried at cost less accumulated amortisation.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

O. TRADE AND OTHER PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

P. BORROWINGS

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings (other than those subject to a fair value hedge relationship – see accounting policy j(i)) are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs that are directly attributable to the acquisition or construction of an item of property, plant and equipment, investment properties or a qualifying asset (an asset that takes a substantial period of time to get ready for intended sale or use and is of significant cost), have been capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Q. SHARE CAPITAL

Ordinary shares are fully paid and classified as equity. All 57,600,000 shares have equal voting rights and share equally as to dividends and surplus on winding up.

R. PROVISIONS

The company recognises a provision for future expenditure of an uncertain amount or timing when there is a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

S. EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non monetary benefits, annual leave, long service leave and accumulating sick leave and other contractual payments are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

T. DIVIDENDS

Dividend distribution to the company shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are authorised by the directors and notified to the company's shareholders.

U. LEASE INDUCEMENTS

Lease inducements are incentives provided for the agreement of a new or renewed operating lease with a lessee. Lease inducements are recognised as an integral part of the net consideration agreed for the use of the leased asset and are recognised over the lease term, on a straight line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

V. FINANCIAL INSTRUMENTS

Financial assets

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading which have been acquired principally for the purpose of selling in the short term. Derivatives also fall within this category unless they are designated as hedges and the hedge is effective for accounting purposes.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Financial liabilities

The company classifies its financial liabilities in the following categories: financial liabilities at fair value through the profit and loss and financial liabilities at amortised cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The company's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Financial Performance.

Financial liabilities at amortised cost

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Any amortisation from the effective interest rate method is included in financing and interest costs in the Statement of Financial Performance.

Financial liabilities designated at fair value through profit and loss are designated at the initial date of recognition.

W. GOODWILL

All business combinations are accounted for by the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment, by comparing the carrying value (including goodwill) with the recoverable value of the cash-generating unit. The recoverable value is determined by assessing the future cash flows directly associated with the asset.

Negative goodwill arising on acquisition is recognised directly in the Statement of Financial Performance.

X. CAPITAL MANAGEMENT

The company's capital includes share capital, reserves and retained earnings. The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The company is not subject to any externally imposed capital requirements, other than the covenants required under our borrowing agreements. These covenants cover Guaranteeing Group coverage, Gearing, Interest Cover, Joint Ventures and EBITDA to Senior Debt and are reported to lenders every six months. During the year, there were no breaches of these covenants.

There have been no material changes to the company's management of capital during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	2017	2016
	$000	$000
1. OPERATING REVENUE		
Landing and Terminal charges	85,662	80,717
Rent and Lease income	63,941	60,479
Ground transport and other trading activities	21,125	20,758
Gain on disposal of assets	73	1,791
Other revenue	6,471	6,179
Total operating revenue	**177,272**	**169,924**
2. EXPENSES		
Operating Expenses		
Staff	26,970	25,174
Asset Management, maintenance and airport ops	11,294	11,290
Rates and insurance	8,773	8,316
Marketing and promotions	11,786	9,285
Professional services and levies	2,953	4,010
Commercial entity running costs	85	364
Other	6,901	6,881
	68,762	**65,320**
Other includes:		
Doubtful debts written off	29	-
Professional services and levies include:		
Audit of financial statements	102	100
Fees paid to the Auditor for other assurance services:		
- Audit of disclosure regulations	40	40
- Review of compliance with bond conditions	4	4
Staff costs comprise:		
Wages and Salaries	24,372	22,687
Payroll related expenses	2,225	2,115
Contributions to defined contribution schemes	37	42
Directors' fees	336	330
Total staff costs	**26,970**	**25,174**
Financing and interest costs:		
Interest costs	21,412	20,165
Fair value hedge ineffectiveness	69	(114)
Total finance costs	**21,481**	**20,051**

	2017	2016
	$000	$000
Depreciation, amortisation and impairment		
Depreciation (note 11)	35,739	35,295
Amortisation of intangibles (note 12)	786	1,151
Total Depreciation, amortisation and impairment	**36,525**	**36,446**

During the year terminal assets were tested for impairment by independent valuers. No impairment has been determined on the company's assets as at 30 June 2017 (2016: NIL).

3. INCOME TAX

	2017	2016
a) Income tax expense		
Operating surplus before income tax	85,702	57,510
Prima facie taxation at 28%	**23,997**	**16,103**
Plus/(less) taxation effect of:		
Revenue not assessible for tax purposes	(2,313)	(2,618)
Expenses not deductible for tax purposes	671	1,324
Income tax attributable to operating surplus	**22,355**	**14,809**
Under provision in prior years	(2)	(917)
Income tax attributable to operations	**22,353**	**13,892**
Deferred tax adjustments from prior periods	(1,241)	562
Total taxation expense	**21,112**	**14,454**
b) Components of tax expense		
Current tax expense	16,386	15,075
Adjustments to current tax of prior years	(2)	(917)
Deferred tax expense – current year	5,969	(266)
Deferred tax adjustments from prior periods	(1,241)	562
Total tax expense	**21,112**	**14,454**
c) Taxation payable		
Balance at beginning of the year	2,878	7,423
Prior year adjustment	(2)	40
	2,876	**7,463**
Current tax expense	16,386	15,075
	19,262	**22,538**
Payments to:		
Inland Revenue Department	(12,800)	(12,200)
Prior period reassessment	-	(960)
Subvention payments to members of the CCC tax group	(2,812)	(6,500)
Taxation (receivable)/payable	**3,650**	**2,878**

Christchurch International Airport Ltd is a member of the Christchurch City Council (CCC) Tax group. The company pays subvention payments to other members of the CCC tax group. The amount paid in 2017 was $2,812,000 (2016 $6,500,000). These payments are treated as if they were payments of income tax and are reflected as part of the taxation payable amount.

4. DEFERRED TAXATION

	Opening balance	Charged to income	Charged to Equity	Closing balance
	$000	$000	$000	$000
2017				
Property, plant & equipment	89,190	33	(116)	89,107
Intangible assets	340	35	-	375
Investment properties	23,323	4,847	-	28,170
Provisions and payments	(485)	(186)	-	(671)
Derivatives	(7,298)	-	2,991	(4,307)
	105,070	**4,729**	**2,875**	**112,674**
2016				
Property, plant & equipment	94,881	(9,852)	4,161	89,190
Intangible assets	285	55	-	340
Investment properties	13,311	10,012	-	23,323
Provisions and payments	(498)	13	-	(485)
Derivatives	(3,640)	70	(3,728)	(7,298)
	104,339	**298**	**433**	**105,070**

	Note	2017	2016
		$000	$000

5. IMPUTATION CREDIT MEMORANDUM ACCOUNT

Balance at beginning of the year		155	295
Income tax payments made		12,800	12,200
Prior period reassessment		-	(960)
Imputation credits attached to dividends paid		(12,817)	(11,380)
Balance available for use in subsequent reporting periods		**138**	**155**

Imputation credits are not earned on subvention payments made to other members of the CCC tax group.

No adjustments have been made for credits/debits associated with tax payable/receivable due to uncertainty regarding the utilisation of group losses.

6. DIVIDENDS

2015 Final dividend paid ($0.26 per share)		-	14,703
2016 Interim dividend paid ($0.25 per share)		-	14,559
2016 Final dividend paid ($0.29 per share)		16,514	-
2017 Interim dividend paid ($0.29 per share)		16,443	-
	7b	**32,957**	**29,262**

7. RESERVES AND RETAINED EARNINGS

a) Reserves

Balances

Cash flow hedges reserve		(11,658)	(19,350)
Asset revaluation reserve		469,617	473,630
Balance at end of the year		**457,959**	**454,280**

	Note	2017	2016
		$000	$000

Cash flow hedges reserve

Movements:

Balance at the beginning of the year		(19,350)	(9,765)
Revaluation to fair value		5,197	(17,274)
Transfer to statement of financial performance		5,486	3,961
Deferred tax on revaluation		(2,991)	3,728
Balance at end of the year		**(11,658)**	**(19,350)**

The cash flow hedge reserve is used to record gains and losses on the value of hedging instruments. The fair value is determined by reference to 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 movement in the fair value from prior year reflects the impact of a change in market interest rates, compared to the underlying fixed hedging instruments currently held by CIAL. Amounts transferred to the statement of financial performance are included in financing and interest costs.

Asset revaluation reserve

Balance at beginning of the year		473,630	453,492
Revaluation of assets		(3,714)	24,361
Deferred tax on revaluation		116	(4,161)
Transfer from Asset Revaluation Reserve		(415)	(62)
Balance at end of the year		**469,617**	**473,630**
Comprising:			
Revaluation on:			
Land		226,326	226,326
Terminal facilities		103,060	103,359
Buildings		8,624	8,624
Sealed surfaces		53,301	53,301
Infrastructure assets		7,863	7,863
Car parking		70,443	74,157
Balance at end of the year		**469,617***	**473,630***

The asset revaluation reserve records movements in the fair value of property, plant and equipment.
* balances are net of deferred tax

b) Retained earnings

Balance at the beginning of the year		279,295	265,439
Net surplus for the year		64,590	43,056
Transfer to Asset Revaluation Reserve		415	62
Dividends paid	6	(32,957)	(29,262)
Balance at end of the year		**311,343**	**279,295**

8. BORROWINGS

The company has a committed bank funding facility for an aggregate $295,000,000 (2016: $235,000,000) with five banks (2016: four banks). In the prior period the company also had a fully drawn subordinated loan facility of $25,000,000 from its majority shareholder, Christchurch City Holdings Ltd. This was repaid in October 2016. In addition, the company has an overdraft facility of $1,000,000 (2016: $1,000,000).

During December 2016, the company extended the maturity of two existing facilities by five years. Additionally, new facilities were also arranged with an existing provider and a new funding partner.

The company completed a $50,000,000 bond issue in April 2017. The bonds have an interest rate of 5.53% and maturity of 10 years. Costs associated with the bond issue were written off to financing and interest costs as incurred. Total bond funding is $175,000,000 (2016:$125,000,000). The funds raised from these bond issues were used to refinance in part the company's maturing debt facilities. The $75,000,000 bond is held at amortised cost, adjusted by the fair value of the designated hedge risk.

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 year, including offsetting interest rate swaps, ranged from 5.2% to 5.9% (2016: 5.6% to 6.3%). The bond constitutes direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

Current borrowings are expected to be refinanced through the extension of existing facilities, new facilities and debt capital market issue.

Maturity of debt as at 30 June

	2017	2017	2016	2016
	$000	$000	$000	$000
	Actual drawn down	Facility available	Actual drawn down	Facility available
Maturing in				
2017	-	-	68,000	80,000
2018	29,000	50,000	74,000	100,000
2019	15,000	25,000	-	25,000
2020	116,300*	115,000	107,212*	105,000
2021	35,000	55,000	25,000	25,000
2022	123,851**	175,000	49,814**	50,000
2027	50,000	50,000	-	-
	369,151	**470,000**	**324,026**	**385,000**
Current	29,000	50,000	68,000	80,000
Non-Current	340,151	420,000	256,026	305,000
	369,151	**470,000**	**324,026**	**385,000**

*This balance includes $75,000,000 of bond funding and is held at amortised cost, adjusted by the fair value of the designated hedge risk and capitalised borrowing costs. A reconciliation of this is in the table below.

** This balance includes $149,000 (2016: $186,000) of capitalised borrowing costs associated with the issue of the $50 million bond in October 2013.

	2017	2016
	$000	$000
Bond principal	75,000	75,000
Directly attributable borrowing costs	(280)	(280)
Amortisation of borrowing costs (cumulative)	174	131
Fair value hedging adjustment 2017	(955)	-
Fair value hedging adjustment 2016	2,670	2,670
Fair value hedging adjustment 2015	4,422	4,422
Fair value hedging adjustment 2014	(1,364)	(1,364)
Fair value hedging adjustment 2013	(3,367)	(3,367)
Bond fair value	**76,300**	**77,212**

Fair value hedge

At 30 June 2017, the company had an interest rate swap agreement in place with a notional amount of $75,000,000 (2016: $75,000,000) whereby the company receives a fixed rate of interest of 5.15% and pays interest at a variable rate on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its 5.15% $75,000,000 bond.

The decrease in fair value of the interest rate swap of $955,000 (2016: increase $2,670,000) has been recognised in finance costs and offset with an increase of $1,024,000 on the bank borrowings. The ineffectiveness recognised in 2017 was $69,000 (2016: $114,000).

9. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value		Notional principal	
	2017	2016	2017	2016
	$000	$000	$000	$000
Current liabilities				
Interest rate swaps – cash flow hedges	1,577	1,339	120,000	50,000
Total current financial liabilities	**1,577**	**1,339**	**120,000**	**50,000**
Non-current liabilities				
Interest rate swaps – fair value hedges	(1,567)	(2,579)	75,000	75,000
Interest rate swaps – cash flow hedges	14,555	25,435	404,000	524,000
Total non-current liabilities	**12,988**	**22,856**	**479,000**	**599,000**

10. TRADE AND OTHER PAYABLES

	2017	2016
	$000	$000
Trade and other payables less than one year		
Trade payables	5,522	3,005
Employee entitlements and provisions	2,696	2,509
Goods and Services Tax	(103)	127
Revenue in advance	986	465
Accrued interest	2,316	1,954
Accrued capital items	4,532	2,118
Accrued expenses	3,171	2,036
	19,120	**12,214**
Trade and other payables greater than one year		
Revenue in advance	985	1,086
	985	**1,086**
Total trade and other payables	**20,105**	**13,300**

11. PROPERTY, PLANT AND EQUIPMENT

Revaluation of property, plant and equipment

The methods of valuation applied by independent valuers are as follows:

Land

- Specialised assets: where there is no market based evidence of the sale of such land the value has been determined taking into account:
  - its existing zoning and use as an airport;
  - benchmark selling prices for land in the local commercial, industrial, service, residential and rural markets;
  - adjustments to reflect the unique features of the land which includes its size, location, titles, easements and services;
  - the overall land use plan for Christchurch Airport.
- Commercial portfolio: with valuations taking reference to the wider market for sales evidence of land zoned for similar permitted activities, with adjustments made for the size, location and physical characteristics of these assets.

Buildings
At market value based on the estimated amount for which a property would exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably, prudently, and without compulsion, but with the explicit assumption that the existing use of the asset is ignored.

Where a building is a specialised asset then it will be valued at optimised depreciated replacement cost (ODRC). ODRC measures the minimum cost of replacing or replicating the service potential embodied in the assets with modern equivalent assets in the most efficient way practicable, given the service requirements, the age and condition of the existing assets and replacement in the normal course of business.

Terminal facilities
Terminal facilities are a specialised asset and are valued using ODRC.

Car parking assets
Car parking assets are valued using a discounted cash flow valuation approach, using a forecast ten year discount period and an allowance for an appropriate terminal value reflecting an estimate of their residual estimated life. The approach to the allocation of the car park valuation is to assess the pro-rata share of an ODRC based valuation of the car parking assets, and then apportion the additional value over and above this to the underlying land value.

Sealed surfaces and infrastructure assets
The ODRC approach is utilised to value sealed surfaces and infrastructure assets. The optimisation process minimises the cost of replacing the services offered, given the age and condition of the existing assets and recognising the incremental process (brownfield) associated with airport development. Costs reflect the replacement of current assets with modern equivalents, an optimised construction sequence and adjustment to allow for the difficulties associated with a "brownfield" environment. Where appropriate, adjustments have been made to eliminate surplus assets, obsolescence and over design. The valuation methodology considers the asset inventory (description and quantity of assets), relevant optimisation, estimation of the current replacement cost and depreciation to reflect remaining life expectancy.

For details of the property, plant and equipment accounting policy, refer Summary of Significant Accounting Policies, subsection (l) Property, plant and equipment.

On 30 June 2017 car parking assets were revalued by independent valuers Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. Land and commercial buildings were revalued by independent valuers Crighton Anderson Property and Infrastructure Ltd, trading as Colliers International Ltd as at 30 June 2016. Sealed surfaces, infrastructure assets and specialised buildings were valued by independent valuers Opus International Limited as at 30 June 2016. The terminal was last valued by independent valuers Opus International Limited as at 30 June 2014.

The result of the revaluations at 30 June were:

	2017	2016
	$000	$000
Land	-	2,275
Buildings	-	3,250
Sealed surfaces	-	17,051
Infrastructure	-	(5,129)
Car parking	(3,714)	6,914
	(3,714)	**24,361**

The valuation methodologies used in the revaluation as at 30 June 2017 were consistent with those used in the last valuation.

	2017	2016
	$000	$000
Summary of movement in net book value		
Opening net book value	929,234	925,165
Plus Additions	88,859	57,915
Plus Transfers to investment properties and intangibles	(29,903)	(39,569)
Less Disposals (cost less depreciation)	(30)	(3,343)
Less this year's depreciation	(35,739)	(35,295)
Plus Revaluation (loss)/gain	(3,714)	24,361
Closing net book value	**948,707**	**929,234**

PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2017

Gross carrying amount

	Cost/ Valuation 1 July 2016	Current Year Additions at Cost	Transfers at Cost	Disposals at Cost/ Impairment	Revaluation Adjustment	Cost/ Valuation 30 June 2017
	$000	$000	$000	$000	$000	$000
Land	264,710	-	320	(29)	-	265,001
Buildings	27,037	-	62	-	-	27,099
Terminal facilities	348,365	-	8,704	(494)	-	356,575
Sealed surfaces	157,395	-	6,300	-	-	163,695
Plant & equipment	6,938	-	901	-	-	7,839
Office & computers	9,554	-	911	(21)	-	10,444
Infrastructure	34,124	-	8,190	-	-	42,314
Car parking	109,997	-	6,743	-	(5,241)	111,499
Motor vehicles	7,573	-	14	-	-	7,587
Work in progress	16,001	88,859	(62,048)	-	-	42,812
Total gross carrying amount	**981,694**	**88,859**	**(29,903)**	**(544)**	**(5,241)**	**1,034,865**

Accumulated depreciation

	Accumulated Depreciation 1 July 2016	Current Year Depreciation	Depreciation on Transfers	Depreciation on Disposals	Revaluation Adjustment	Accumulated Depreciation 30 June 2017
	$000	$000	$000	$000	$000	$000
Buildings	-	1,088	-	-	-	1,088
Terminal facilities	40,374	21,082	131	(487)	-	61,100
Sealed surfaces	-	7,043	-	-	-	7,043
Plant & equipment	3,182	538	(131)	-	-	3,589
Office & computers	4,839	2,335	-	(27)	-	7,147
Infrastructure	-	1,703	-	-	-	1,703
Car parking	-	1,527	-	-	(1,527)	-
Motor vehicles	4,065	423	-	-	-	4,488
Total accumulated depreciation	**52,460**	**35,739**	**-**	**(514)**	**(1,527)**	**86,158**

Summary

	1 July 2016	Current year movement	Transfers	Disposals	Revaluation	30 June 2017
	$000	$000	$000	$000	$000	$000
Cost	981,694	88,859	(29,903)	(544)	(5,241)	1,034,865
Accumulated Depreciation	52,460	35,739	-	(514)	(1,527)	86,158
Book Value	**929,234**	**53,120**	**(29,903)**	**(30)**	**(3,714)**	**948,707**

Fair value hierarchy

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation Sensitivity
Land				
Includes land used for airport activities and specialised aeronautical assets and for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business.	Market value highest and best use approach, with an allowance being deducted to allow for services valued as infrastructure assets. Land included in car parking and Investment property categories are not included in this category.	Adopted rate per hectare of $600,000	3	+/-$25.8 million (of a 5% change in adopted rate)
Infrastructure and Sealed Surfaces				
Infrastructure and sealed surfaces including site services.	Optimised depreciated replacement cost - the cost of constructing equivalent asset at current market based input cost rates, adjusted for the remaining useful life of the assets (depreciation) and the sub optimal usage of the assets in their current application (optimisation). These inputs are deemed unobservable.	Lives spanning from 15 to 120 years. The adoption of current unit replacement rates which are adjusted for an airside factor and prelim and general costs of 14% and 10% respectively. Airside factors increase costs associated with work due to increased security, scheduling and access costs. Prelim and general costs are contract costs which are normally incurred, but are higher due to airside factors.	3	+/- $11.8 million (of a 5% change of cost estimate)
Buildings				
Buildings for identified airport activities, including offices spaces and storage that exist because of the airport activities	Specialised buildings are valued by optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Infrastructure and Sealed Surfaces above. Buildings that are owned by CIAL that could be leased by a third party are valued on an income valuation approach similar to that used for Investment Properties (see note 13).	For specialised buildings the modern equivalent asset cost rates from recent construction projects. Useful life of up to 60 years for assets.	3	+/- $1.660 million (of a 5% change of cost estimate)
Terminal	Optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Infrastructure and Sealed Surfaces above.	Modern equivalent asset cost rates from recent construction projects. Useful life of up to 60 years for assets.	3	+/- $17.020 million (of a 5% change of cost estimate)
Car parking				
Assets associated with car parking, taxi, shuttle and bus services (Including land).	Discounted cash flow valuation performed by independent valuers based on: Internal management information such as forecast future revenues, costs and capital expenditure. - Assumptions such as the discount rate. These are based on management's judgement and arrived at in consultation with external experts. Both the internal management information and the discount rate are deemed to be unobservable inputs.	Revenue Growth per annum 0.5% and 1% from year 11. Cost growth per annum 2% for the 10 year cashflow period and 1% from year 11. Discount rate 9.0% post tax, 10 year cash flow period and 8% from year 11.	3	+/- $3.4 million (of a 5% change in discount rate) +/- $2.9m (of a change in growth rate to 0.5% for the year 11 onwards)
Plant & equipment, office & computers, motor vehicles and work in progress				
Plant and equipment, office & computers, motor vehicles and work in progress are measured at cost and comprises a mixture of specialised and non-specialised assets.	Not applicable - measured at cost less depreciation.			

Level 3 Asset Classification

	Sensitivity of significant unobservable inputs
Land	The critical elements in establishing the 'market value existing use' of land is the market rate prevailing for similar land. - An increase in demand for land will increase the fair value - A decrease in demand will decrease the fair value
Infrastructure and Sealed Surfaces	The critical elements in establishing the fair value of civil assets is the movement in the average cost rates for concrete, asphalt, base course and foundations, as well as the estimated remaining useful life of the assets. - An increase to any of the average cost rates listed above will increase the fair value - A reduction in the estimated remaining useful life of the assets will reduce the fair value
Buildings	- An increase in modern equivalent asset replacement cost will increase the fair value - A decrease in modern equivalent asset replacement will decrease the fair value - An increase in the cashflow from an asset will increase the fair value - A decrease in the cashflow from an asset will decrease the fair value of the asset
Car parking	- An increase in the vehicle numbers will increase the fair value - A decrease in vehicle numbers will decrease the fair value - An increase in the discount rate used would decrease the fair value - An increase in costs would decrease the fair value

PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2016

Gross carrying amount

	Cost/ Valuation 1 July 2015	Current Year Additions at Cost	Transfers at Cost	Disposals at Cost/ Impairment	Revaluation Adjustment	Cost/ Valuation 30 June 2016
	$000	$000	$000	$000	$000	$000
Land	272,909	4,089	(12,977)	(1,586)	2,275	264,710
Buildings	32,610	-	(6,948)	-	1,375	27,037
Terminal facilities	344,285	-	4,080	-	-	348,365
Sealed surfaces	138,892	-	17,088	-	1,415	157,395
Plant & equipment	6,861	-	1,020	(943)	-	6,938
Office & computers	9,072	9	2,013	(1,540)	-	9,554
Infrastructure	41,037	-	1,963	-	(8,876)	34,124
Car parking	104,605	366	285	(43)	4,784	109,997
Motor vehicles	9,292	5	(81)	(1,643)	-	7,573
Work in progress	8,966	53,446	(46,411)	-	-	16,001
Total gross carrying amount	**968,529**	**57,915**	**(39,968)**	**(5,755)**	**973**	**981,694**

Accumulated depreciation

	Accumulated Depreciation 1 July 2015	Current Year Depreciation	Depreciation on Transfers	Depreciation on Disposals	Revaluation Adjustment	Accumulated Depreciation 30 June 2016
	$000	$000	$000	$000	$000	$000
Buildings	1,203	1,071	(399)	-	(1,875)	-
Terminal facilities	20,063	20,311	-	-	-	40,374
Sealed surfaces	7,627	8,010	-	-	(15,637)	-
Plant & equipment	3,256	502	-	(576)	-	3,182
Office & computers	3,956	1,550	-	(667)	-	4,839
Infrastructure	1,622	2,126	-	-	(3,748)	-
Car parking	1,011	1,153	-	(36)	(2,128)	-
Motor vehicles	4,626	572	-	(1,133)	-	4,065
Total accumulated depreciation	**43,364**	**35,295**	**(399)**	**(2,412)**	**(23,388)**	**52,460**

Summary

	1 July 2015	Current year movement	Transfers	Disposals	Revaluation	30 June 2016
	$000	$000	$000	$000	$000	$000
Cost	968,529	57,915	(39,968)	(5,755)	973	981,694
Accumulated depreciation	43,364	35,295	(399)	(2,412)	(23,388)	52,460
Book Value	**925,165**	**22,620**	**(39,569)**	**(3,343)**	**24,361**	**929,234**

The carrying amount at which each revalued class of property, plant & equipment if measured at historical cost less accumulated depreciation is as per the table below:

	2017	2016
	$000	$000
Land	124,294	124,294
Buildings	19,415	20,626
Terminal	179,714	169,040
Sealed surfaces	96,697	100,998
Infrastructure	36,768	32,034
Car parking	35,189	36,300
	492,077	**483,292**

12. INTANGIBLE ASSETS AS AT 30 JUNE 2017

Gross carrying amount

	Cost/valuation 1 July 2016	Current year additions at cost	Transfers from WIP	Current year disposals/ impairment	Cost/valuation 30 June 2017
	$000	$000	$000	$000	$000
Software	7,085	-	575	-	7,660
Goodwill	1,740	-	-	-	1,740
Gross carrying amount	**8,825**	**-**	**575**	**-**	**9,400**

Accumulated amortisation

	Accumulated amortisation 1 July 2016	Current year amortisation		Amortisation on disposal	Accumulated Amortisation 30 June 2017
	$000	$000		$000	$000
Software	4,840	786		-	5,626
Total accumulated amortisation	**4,840**	**786**		**-**	**5,626**
Total book value 30 June 2017	**3,985**	**(786)**	**575**	**-**	**3,774**

Goodwill at 1 July 2015 was generated through the acquisition of Craddocks Car Storage in the 2011 financial year and the International Antarctic Centre in the 2012 financial year. In October 2015, the International Antarctic Centre was sold and the goodwill balance recovered as part of the sale process (refer Note 23).

For the purposes of impairment testing, goodwill is allocated to cash generating units (CGU's); these represent the lowest level at which goodwill is monitored. CIAL tests goodwill annually for impairment or more frequently if there are indicators that it might be impaired.

The remaining goodwill at 30 June 2017 relates to the Craddocks CGU. The recoverable amount has been determined as part of the car park independent valuation performed by Crighton Anderson Property and Infrastructure Ltd, trading as Colliers International Ltd, which confirmed that no impairment is required to be recognised. The valuation was discounted using a nominal rate of 9.0% (post-tax). Revenue and expense growth assumptions were based on board approved budgets for the next three years and ranged between 0.5%-3%.

INTANGIBLE ASSETS AS AT 30 JUNE 2016

Gross carrying amount

	Cost/valuation 1 July 2015	Current year additions at cost	Transfers from WIP	Current year disposals/ impairment	Cost/valuation 30 June 2016
	$000	$000	$000	$000	$000
Software	6,557	-	547	(19)	7,085
Goodwill	5,131	-	-	(3,391)	1,740
Gross carrying amount	**11,688**	**-**	**547**	**(3,410)**	**8,825**

Accumulated amortisation

	Accumulated amortisation 1 July 2015	Current year amortisation		Amortisation on disposal	Accumulated Amortisation 30 June 2016
	$000	$000		$000	$000
Software	3,699	1,151		(10)	4,840
Total accumulated amortisation	**3,699**	**1,151**		**(10)**	**4,840**
Total book value 30 June 2016	**7,989**	**(1,151)**	**547**	**(3,400)**	**3,985**

13. INVESTMENT PROPERTIES

	2017	2016
	$000	$000
At fair value		
Fair value at the beginning of the year	303,692	255,092
Transfer (to) from property, plant and equipment	(6,464)	19,697
Additional capitalised expenditure	35,795	15,404
Disposal	-	(3,308)
Fair value gain from fair value adjustment	35,926	12,489
Fair value at 30 June	**368,949**	**299,374**
Investment properties under construction at cost	1,574	4,318
Total Investment properties	**370,523**	**303,692**
Rental income	21,227	18,785
Direct operating expenses from property that generated rental income	2,892	2,720

Included in the amount above is $3,523,000 related to investment properties under construction, but sufficiently advanced to enable a fair value to be assessed by the independent valuer. These properties are carried at fair value on completion less estimated costs to complete.

Valuation of investment property

The valuation as at 30 June 2017 was completed by Crighton Anderson Property and Infrastructure Ltd, trading as Colliers International Ltd, registered valuers and member of the New Zealand Property Institute. The basis of valuation is fair value, being the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental income using market comparison of capitalisation rates, supported by a discounted cash flow approach. The valuation methodologies are consistent with the prior year.

Principal assumptions used in establishing the valuations were:

- Average rental yield rate 7.68% (2016: 8.41%)
- Average market capitalisation rate 7.19% (2016: 7.68%)
- Weighted average lease term 6.45 years (2016: 4.17 years).

For details of the investment property accounting policy, refer Summary of Significant Accounting Policies, subsection (m) investment property.

Fair value hierarchy

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation Sensitivity
Investment Properties				
Investment properties are land and buildings which are owned to earn rental income, for capital appreciation or both.	The income based valuation approach is used.	Land is included when infrastructure services are available and future development is expected within the next 3 years.	3	+/- $14.6 million (of a 5% change of capitalisation rate)

Level 3 Asset Classification	Sensitivity of significant unobservable inputs
Investment Properties	An increase in the cashflow from an asset will increase the fair value A decrease in the cashflow from an asset will decrease the fair value of the asset

	2017	2016
	$000	$000
14. TRADE AND OTHER RECEIVABLES		
Trade and other receivables less than one year		
Accounts receivable	9,251	10,543
Other receivables	2,475	2,974
Prepayments	1,824	1,582
Lease inducement	646	646
Provision for doubtful debts	(32)	(61)
Trade and other receivables less than one year	**14,164**	**15,684**
Trade and other receivables greater than one year		
Prepayments	54	76
Lease inducement	5,824	6,470
Trade and other receivables greater than one year	**5,878**	**6,546**
Total trade and other receivables	**20,042**	**22,230**

15. RECONCILIATION OF ADJUSTED SURPLUS AFTER INCOME TAX WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
Net operating surplus after tax	64,590	43,056
Non cash items		
Depreciation, amortisation and impairment	36,525	36,446
Amortisation of lease surrender	646	646
Gain on revaluation of investment properties	(35,926)	(12,489)
Amortisation of capitalised borrowing costs	79	78
Accrued interest within derivatives	30	(167)
Fair Value hedge ineffectiveness	69	(114)
Items not classified as operating activities		
Net gain on asset disposals	(73)	(1,791)
Capital items included in trade payables and accruals	(4,781)	1,722
Working capital movement recovered through sale of business	-	466
Deferred taxation	4,728	298
Movements in working capital		
(Increase)/decrease in trade and other receivables	1,543	(2,219)
(Increase)/decrease in inventories	8	375
Increase/(decrease) in trade and other payables	6,804	(12,296)
Increase/(decrease) in taxation payable	772	(4,545)
Net cashflows from operating activities	**75,014**	**49,466**

16. 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. Pricing agreements are renegotiated for aeronautical charges with all airline customers of CIAL, including Air New Zealand, every five years. Air New Zealand also leases a number of properties within the terminal and the wider CIAL campus.

	2017	2016
	$000	$000
Transactions with related entities during the year		
Christchurch City Council (CCC)		
Purchases	1,093	487
Rates paid	4,766	4,427
Revenues	16	(3)
Subvention payments	2,316	4,473
Group loss offset	5,956	4,327
Accounts payable	1	5
Christchurch City Holdings Limited (CCHL)		
Interest paid	389	1,423
Subordinated loan balance payable	-	25,000
Group loss offset	-	7,176
Other CCC group companies		
Purchases	997	685
Revenues	12	8
Accounts payable	-	161
Amounts owing	1	-
Subvention payments	496	2,027
Group loss offset	1,276	5,211

Non shareholder related party transactions

Some directors of the company are, or have been during the year, directors of other companies or organisations with whom Christchurch International Airport Limited 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	2017	2016	Relationship
		$000	$000	
BECA Group Limited	Structural Engineering services	704	829	Catherine Drayton, Company Director is a director of BECA Group Limited
Orbit Travel & House of Travel Holdings Limited	Travel, accommodation	663	539	Chris Paulsen, Company Director is a director of Orbit Travel & House of Travel Holdings Limited

Balance owing to non-shareholder related parties as at 30 June 2017

Entity	2016	2015
	$000	$000
BECA Group Limited	(1)	222
Orbit Travel & House of Travel Holdings Limited	64	(3)

There were no other material related party transactions for the year.

	2017	2016
	$000	$000

17. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel include the CEO and his direct reports consisting of 8 (2016: 6) people.

The key management compensation is:

Salaries and other short term employee benefits	2,789	2,477
Post-employment benefits	85	60
Termination benefits	176	-
	3,050	**2,537**

This excludes directors' remuneration which is disclosed in note 2.

18. COMMITMENTS

Capital expenditure commitments

Property, plant and equipment	31,727	4,231
Intangibles	70	117
Investment properties	14,319	28,110
Total	**46,116**	**32,458**

19. LEASE INCOME

The company has a number of property and technology leases for which it receives rental. The total amount receivable for these operating leases in the future is:

Less than 1 year	58,110	56,242
Between 1-2 years	85,642	83,481
Between 3-5 years	76,605	62,684
Beyond 5 years	135,311	121,267
	355,668	**323,674**

The leases are for terms between 1 month and 36 years, and the majority of the lease agreements are renewable at the end of the lease period at market rates.

20. CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2017 there were no contingent assets (2016: NIL) and there were no contingent liabilities (2016: NIL).

21. EVENTS OCCURRING AFTER BALANCE DATE

A final dividend of $21,861,392, 38.0 cents per share (2016: $16,514,000) net of imputation credits has been declared subsequent to balance date. This is a combination of paying the standard dividend of 90% of distributable profit plus a special dividend of $3,500,000 for the 2017 financial year. There are no other events occurring after balance date that could significantly affect the financial statements (2016: NIL).

22. FINANCIAL INSTRUMENTS

The company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company enters into derivative arrangements in the ordinary course of business to manage foreign currency and interest rate risks.

Risk management is the responsibility of the Board. The Risk, Audit and Finance Committee (the committee) monitors all risk management activities and provides regular reports on such activities to the Board. The company has a treasury policy approved by the committee. The policy provides guidelines for overall risk management, as well as specific guidelines for derivative instrument utilisation including procedures for control, valuation, risk analysis, on-going monitoring and reporting.

Part of the company's risk management strategy is to outsource the back office processing of the treasury function to a third party.

Market risk

Foreign exchange risk

The company has no material exposure to foreign exchange risk at 30 June 2017 (2016: NIL).

Interest rate risk

The company's main interest rate risk arises from term variable rate borrowings denominated in NZD, such borrowings being determined by the company's long term development requirements and the structures approved by the Board.

The treasury policy sets parameters for borrowings and the process for monthly reporting to the Board.

Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Changes in the value of the $75,000,000 fixed rate retail bond has been hedged by a fixed to floating interest rate swap with terms that match those of the underlying bond.

At 30 June 2017, if the interest rates had changed by +/- 1%, with all other variables held constant, the impact to equity would have been $333,000 lower/$334,000 higher, the impact on profit would have been $263,000 lower/$263,000 higher. The valuation of interest rate swaps has been included in this calculation.

A sensitivity of 1% has been selected as this is considered reasonable given the current level of interest rates and the trend observed both on a historical basis and market expectations for future moves.

Interest repricing profile

The following table details the company's exposure to interest rates

	Note	Weighted average effective interest rate	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
		%	$000	$000	$000	$000
As at 30 June 2017						
FINANCIAL ASSETS						
Cash and cash equivalents		1.8	3,268	-	-	3,268
Trade and other receivables	14		-	-	20,042	20,042
			3,268	**-**	**20,042**	**23,310**
FINANCIAL LIABILITIES						
Trade and other payables	10		-	-	15,438	15,438
Derivative financial instruments	9	4.4	16,132	-	-	16,132
Borrowings	8	6.2	193,000	176,151	-	369,151
Employee benefits	10		-	-	2,696	2,696
			209,132	**176,151**	**18,134**	**403,417**
As at 30 June 2016						
FINANCIAL ASSETS						
Cash and cash equivalents		2.5	763	-	-	763
Trade and other receivables	14		-	-	22,230	22,230
			763	**-**	**22,230**	**22,993**
FINANCIAL LIABILITIES						
Trade and other payables	10		-	-	9,240	9,240
Derivative financial instruments	9	4.4	26,774	-	-	26,774
Borrowings	8	6.5	197,000	127,026	-	324,026
Employee benefits	10		-	-	2,509	2,509
			223,774	**127,026**	**11,749**	**362,549**

Credit risk

Credit risk principally arises from cash and short-term investments, trade receivables and interest rate swaps. The company places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with its treasury policy.

The company manages its exposure to credit risk arising from trade receivables by performing credit evaluations on customers requiring credit.

The company also continuously monitors the outstanding credit exposure to individual customers. Credit risk is concentrated on a small number of customers. At 30 June 2017 85% (2016: 91%) of trade receivables were due from 10 customers.

Management practice is to review debtors on a regular basis and write off any amount that is not deemed to be recoverable as required. For the year ended 30 June 2017 $29,000 of debtor balances (2016: NIL) were written off. No further amounts were provided for doubtful debts (2016: NIL).

The status of trade receivables at the reporting date is as follows:

	2017	2016
	$000	$000
Neither past due nor impaired	7,361	8,140
Past due but not impaired 0 – 30 days	1,733	2,288
Past due but not impaired 31 – 60 days	50	14
Past due but not impaired > 60 days	107	101
Impaired assets – written down to recoverable value	-	-
	9,251	**10,543**

There are no restructured assets at 30 June 2017 (2016: NIL). No collateral has been taken as security for trade receivables.

The carrying value is the maximum exposure to credit risk for bank balances, accounts receivable and interest rate swaps.

Liquidity risk

Liquidity risk represents the risk that the company may not have the financial ability to meet its contractual obligations. The company evaluates its liquidity requirements on an on-going basis and reviews the treasury policy headroom levels on an annual basis. In general, the company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding in place to cover potential shortfalls.

The table below analyses the company's financial liabilities and derivative financial liabilities that will be settled on a net basis, into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances within 12 months equal their carrying balances.

30 June 2017	**Carrying Amount**	**Total Cash Flow**	**On demand**	**< 1 year**	**1-2 years**	**3-5 years**	**> 5 years**
Trade and other payables	18,134	18,134	18,134	-	-	-	-
Borrowings	369,151	436,708	-	44,045	155,603	173,235	63,825
Derivative financial instruments*	14,565	15,215	-	5,046	6,310	2,596	1,263
	401,850	**470,057**	**18,134**	**49,091**	**161,913**	**175,831**	**65,088**

30 June 2016	**Carrying Amount**	**Total Cash Flow**	**On demand**	**< 1 year**	**1-2 years**	**3-5 years**	**> 5 years**
Trade and other payables	11,749	11,749	11,749	-	-	-	-
Borrowings	324,026	357,343	-	73,774	92,210	139,796	51,563
Derivative financial instruments*	24,195	25,979	-	5,141	9,088	5,782	5,968
	359,970	**395,071**	**11,749**	**78,915**	**101,298**	**145,578**	**57,531**

* The derivative financial instrument cash flows are paid quarterly.

Derivative financial instrument

Interest rate swaps
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 these agreements, the company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below.

The following table also details the notional principal amounts and remaining term of interest rate swap contracts outstanding as at reporting date:

	Contract fixed interest rate		**Notional principal amount**		**Fair value**	
	2017	2016	**2017**	2016	**2017**	2016
	%	%	**$000**	$000	**$000**	$000
Outstanding floating for fixed contracts						
Less than 1 year	3.8	4.1	120,000	50,000	1,577	1,339
1 to 2 years	4.7	4.3	175,000	192,000	6,142	7,168
3 to 5 years	4.2	4.2	111,000	199,000	5,696	10,997
Beyond 5 years	4.3	4.3	118,000	133,000	2,717	7,270
			524,000	**574,000**	**16,132**	**26,774**
Outstanding fixed to floating contracts						
1 to 2 years	5.2	5.2	75,000	75,000	(1,567)	(2,579)

Movement in cash flow hedge reserve – interest rate swaps

	2017	2016
	$000	$000
Movement in fair value of existing contracts	(10,642)	13,632

Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values, except for the two $50,000,000 fixed rate bonds which have a fair value of $55,212,000 (maturing 2021) and $50,730,000 (maturing 2027).

Financial instruments that are measured in the balance sheet at fair value use the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the company's financial assets and liabilities that are measured at fair value at 30 June 2017.

	Level 1	**Level 2**	**Level 3**	**Total balance**
	$000	$000	$000	$000
Liabilities 30 June 2017				
Derivative financial instruments	-	14,565	-	14,565
Total liabilities	**-**	**14,565**	**-**	**14,565**
Liabilities 30 June 2016				
Derivative financial instruments	-	24,195	-	24,195
Total liabilities	**-**	**24,195**	**-**	**24,195**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observed, the instrument is included in level 2. The company has an outsourced treasury provider that provides the fair value at year end. These valuation techniques are based on observable market data. The interest rate swaps calculation takes into account the present value of the estimated future cash flows.

Classification of financial instruments

	Note	At Fair Value through profit and loss – held for trading	Loans & receivables	Other amortised cost	Total carrying amount
		$000	$000	$000	$000
As at 30 June 2017					
CURRENT ASSETS					
Cash and cash equivalents		-	3,268	-	3,268
Trade and other receivables	14	-	12,341	-	12,341
Total current financial assets		**-**	**15,609**	**-**	**15,609**
NON-CURRENT ASSETS					
Trade and other receivables	14	-	5,824	-	5,824
Total non-current financial assets		**-**	**5,824**	**-**	**5,824**
Total financial assets		**-**	**21,433**	**-**	**21,433**
CURRENT LIABILITIES					
Trade and other payables*	10	-	-	18,134	18,134
Borrowings	8	-	-	29,000	29,000
Derivative financial instruments	9	1,577	-	-	1,577
Total current financial liabilities		**1,577**	**-**	**47,134**	**48,711**
NON-CURRENT LIABILITIES					
Borrowings	8	-	-	340,151	340,151
Derivative financial instruments	9	12,988	-	-	12,988
Total non-current financial liabilities		**12,988**	**-**	**340,151**	**353,139**
Total financial liabilities		**14,565**	**-**	**387,285**	**401,850**
As at 30 June 2016					
CURRENT ASSETS					
Cash and cash equivalents		-	763	-	763
Trade and other receivables	14	-	14,102	-	14,102
Total current financial assets		**-**	**14,865**	**-**	**14,865**
NON-CURRENT ASSETS					
Trade and other receivables	14	-	6,470	-	6,470
Total non-current financial assets		**-**	**6,470**	**-**	**6,470**
Total financial assets		**-**	**21,335**	**-**	**21,335**
CURRENT LIABILITIES					
Trade and other payables*	10	-	-	11,749	11,749
Borrowings	8	-	-	68,000	68,000
Derivative financial instruments	9	1,339	-	-	1,339
Total current financial liabilities		**1,339**	**-**	**79,749**	**81,088**
NON-CURRENT LIABILITIES					
Borrowings	8	-	-	256,026	256,026
Derivative financial instruments	9	22,856	-	-	22,856
Total non-current financial liabilities		**22,856**	**-**	**256,026**	**278,882**
Total financial liabilities		**24,195**	**-**	**335,775**	**359,970**

* Excludes revenue in advance

23. DISPOSAL OF BUSINESSES

On 31 October 2015 CIAL disposed of its International Antarctic Centre (IAC) tourist attraction business and on 29 February 2016 CIAL disposed of its Christchurch Airport i-Site tourist information business.

CIAL continues to own the land and buildings of both these businesses.

The IAC business, including working capital, inventory and fixed assets, was sold for $5.2m. The book value of all related assets and liabilities were recovered, including $3.4m of goodwill generated from the original purchase. There was no material residual gain or loss on sale.

The sale of the IAC business will not materially impact the net operating results or cashflow of the airport business going forward.
The i-Site business was sold for consideration of $160,000. This resulted in a gain on sale of fixed assets of $119,000.

The sale of the i-Site business will not materially impact the net operating results or cashflow of the airport business going forward.

24. COMPARISON OF FORECAST TO ACTUAL RESULTS

The company prepares an annual Statement of Intent which is approved by shareholders and incorporates financial and performance measures for the ensuing year.

A comparison of the company's actual results for the year ended 30 June 2017 with those targets are as follows:

Targets	2017 Achievement	2017 Target
	$000	$000
Financial		
Total Revenue	177,199*	176,023*
EBITDAF	108,709**	108,562**
Net Profit after tax ***	64,590	39,610
EBITDAF as a % Revenue	61.3%	61.6%
Net Profit after tax as % of average equity	8.0%	5.0%
Net Profit after tax as % of average total assets	5.0%	3.1%

* Total revenue excludes unrealised gains on investment property and realised gain on disposal of assets.
** EBITDAF excludes unrealised gains on investment property, investment property expenditure and realised gain on disposal of assets.

Passenger numbers		
Domestic	4,911,095	5,175,124
International	1,655,503	1,682,374
Total passengers	**6,566,598**	**6,857,498**

Ratio of shareholders' funds to total assets		
Shareholder Funds/Total Assets %	61.4%	61.0%
Gearing (debt / (debt + equity)) %	30.7%	31.8%
EBITDAF Interest Cover X	5.06	4.90
Free Funds Interest Cover X	4.09	4.20
Free Funds / Debt %	17.8%	19.7%

*** CIAL's Net Profit before tax of $85.7m was made up of:

Underlying Operating Profit before tax	$50.7m
Realised Gain on Disposal of Assets	$0.1m
Net unrealised gains on Investment Property Revaluations	$34.9m

This amount exceeded the original target because there was a greater than expected gain from the revaluation of the investment properties. In addition, the underlying profit before tax amount was enhanced through lower than forecast interest and depreciation costs during the year.

CORPORATE SOCIAL RESPONSIBILITY

Performance Target	2017	Achievements
Health & Safety		
1. Lost Time Injuries.	• Better than industry standards, with ultimate target of nil.	• A total of 7 lost time injuries were sustained by staff in the 16/17 financial year. This is above the industry average of 5. Three of these injuries were attributed to manual handling (lifting). As part of the 17/18 years H&S objectives, CIAL will develop a manual handling injury prevention programme to reduce injuries.
2. Lost Time Injury Frequency Rate (LTI / million hours worked).	• Better than industry standards, with ultimate target of nil.	• The CIAL LTI frequency rate sits at 7.0 and is above that of our industry peer group which is 4.83.
3. Near Miss Frequency Rate (near misses/million hours worked).	• Increase over the prior year, reflecting an improved near miss reporting culture.	• The near miss frequency rate at 131.0 is below that of the prior year. Reporting in recent months has increased due to the introduction of the Safety Event Reporting Form. CIAL continues to remind staff of the importance of near miss reporting.
Sustainability		
4. 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	• Continue to investigate and implement waste minimisation initiatives that ensure landfill diversion rates are sustained or increased.	• Efforts to improve waste diversion during FY17 have been focused around engaging staff through initiatives, providing more organic waste bins for tenants and encouraging the public to use bespoke coffee cup bins to reduce the contamination rates of recycling streams due to non-recyclable coffee cup bins. We have also been working with Air New Zealand to improve aircraft cabin recycling. These initiatives have increased the overall diversion rate by 3.2% to 44.3% (terminal 46.2%, airside 37%) and reduced landfill per 100PAX to 9.8kg, this is down by 1.4kg on FY16.
5. 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.	• All year to date samples have been compliant with the NZ drinking water standards.
	• Continue environmental compliance and monitoring programme with existing airport operators and new operators on airport land.	• All required tenant audits for FY17 have been completed. All new airport operators have received environmental training and Environmental Compliance Management Plans
	• Ensure all new operators are provided with environmental training.	• We have been actively working with all contractors to ensure spill training is complete and erosion and sediment control plans are implemented.
	• Label storm water drainage systems in all new developments.	• An annual re-labelling of storm water sumps programme has been implemented as part of summer maintenance works.

6. To manage operational risk.	• Achieve a bird strike incidence rate of 3<4/10,000 aircraft movements on a 12 month rolling average basis in line with level set for airports of a similar scale.	• The strike rate was 14.7/10000 movements. Small birds (sparrows/finches) were responsible for majority of strikes recorded.
	• Work with territorial authorities and other stakeholders to implement management strategies for pest birds which pose bird strike hazard risks.	• Agreements have been put in place with Environment Canterbury relating to the management of Black-back Gulls on the Waimakariri river. This has resulted in two control efforts in late 2016 removing ~2,000 birds from the area. A co-ordination group involving CIAL, Christchurch City Council, Environment Canterbury and Ngai Tahu has been formed to target the increasing Canadian Goose population CIAL has been monitoring in the greater Christchurch region (~9,500 geese). The working group is developing an operational plan to carry out a population reduction in late 2017.
	• 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.	• CIAL is required to establish a Noise Liaison Committee by mid-year 2017 in conjunction with Christchurch City Council to generate acceptance of noise contours and ensure airport operations are protected.
	• Continue to facilitate a community liaison group to discuss noise and airport operational and development activities.	• Community liaison group is still successfully operating.
7. To minimise the effects of noise and vibration associated with aircraft and airport operations and to comply with relevant noise rules.	• Adhere to new noise contours in the Regional Policy Statement.	• Annual compliance report is currently being prepared. Preliminary results indicate there are no compliance concerns.
8. To minimise the energy consumption by airport activities through the pursuit of efficient energy practices.	• Continue to investigate and implement energy saving initiatives that ensure energy consumption is reduced.	• CIAL have continued to work with EECA on the continuous commissioning programme. Savings attributed to the programme (compared to business as usual March 2012 – February 2013) at today's energy rates and excluding tenants: Electricity – 3,640,000 kWh/yr (21%) or $370,000 /yr; Thermal fuels – 1,360,000 kWh/yr (21%) or $100,000 /yr.
	• Investigate energy efficiency options which have a mid to long term payback (5-10 years).	• Trials have confirmed that 65° heating hot water is required for artesian heat pump system in the international terminal. This is achievable with ammonia based chiller systems.
	• Continue to investigate and implement energy-saving initiatives that ensure energy consumption is reduced with a targeted reduction of 5-7%.	• A 9% total energy reduction was achieved as of May 2017 with further opportunities yet to be implemented. Savings are likely to be in excess of 10% total energy reduction at the completion of the continuous commissioning programme.
	• Increased engagement with industry bodies involved with sustainable building design and energy efficiency.	• CIAL continues to work with EECA. Further collaborative discussions have been held with Orion determine strategic opportunities. Furthermore, the sustainability strategy external working group has formed with members of the group having expertise in energy management.

Community Engagement		
9. To deliver on our corporate social responsibility and community interest obligations.	• Continue to be a key sponsor of meaningful events which attract visitors to Christchurch and the city's residents to attend and/or take part and contribute to the growing city	• Sponsorship included Christchurch Pops Choir, 2017 Champion Canterbury Business Awards, 2017 CECC Export Growth Series Workshops, 2017 NZ Chinese Language Week, 2017 Social Enterprise World Forum, World Buskers Festival, Christchurch Chinese New Year Parade and NZ Airline Pilots Association Conference.
	• Support community initiatives and organisations through the CIAL Community Fund, charity fundraisers and other donations through the year.	• Community organisations supported include CCS Disability Action, Charity Hospital, Citizens Advice Bureau, CoCA, Home & Family, International Track + Field Trust, Learn Active, Neighbourhood Trust, Oxford Football Club, Phillipstown Community Hub, Quilt Symposium, Shakti Ethnic Women's Support, Special Children's Christmas Party, Watch This Space.
	• To engage and communicate openly with stakeholders through the Chief Executive and GMs initiating and accepting invitations to meetings, speeches, addresses and workshops.	• The Chief Executive, members of the Executive Leadership Team and other senior managers conducted a large number of speeches, addresses and presentations across the city, the South Island, New Zealand and internationally.
Our People		
10. To build a champion team who has the capability and passion required to create our place in the world	• Refresh strategies aligned with team connection and collaboration, leadership and delivery.	• The CIAL people strategy has been developed with a focus on connection and collaboration, high performance and accountability and leadership and ambition.
		• Our CIAL Leadership Development Framework and Programme is well underway and is built around five pillars of leadership. It also includes a Leadership Seminar Series, an Aspiring Leaders Programme (Oct '17), and a Strategy Activation Leadership Programme (Sept 17).
		• A culture and engagement strategy has been implemented (Jan '17) and includes a Culture, Engagement and Strategy Champions Group, team focus groups and bi-monthly pulse checks.
		• Our CIAL wellbeing programme has been developed to focus on four key areas – giving back, physical health, mind health, and sense of connection. A range of initiatives have been implemented including Ronald McDonald House, health checks, change resilience development, pink ribbon initiatives and the job-shadowing programme.
		• Our reward and recognition programme now includes a long service dinner for those celebrating milestones. We have established the strategy and values champion team awards which include nominating peers as award recipients. We have also reinvigorated the informal reward and recognition structure through providing reward and recognition tools to all CIAL leaders.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Christchurch International Airport Limited's financial statements and performance information for the year ended 30 June 2017

The Auditor General is the auditor of Christchurch International Airport Limited (the company). The Auditor General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the company on his behalf.

OPINION ON THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

We have audited:

- the financial statements of the company on pages 13 to 44, that comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 45 to 47.

In our opinion:

- the financial statements of the company on pages 13 to 44:
  - present fairly, in all material respects:
    - > its financial position as at 30 June 2017; and
    - > its financial performance and cash flows for the year then ended;
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards; and
- the performance information of the company on pages 45 to 47 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives, for the year ended 30 June 2017.

Other legal requirements

Our audit was completed on 4 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002, and the Financial Markets Conduct Act 2013.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 12, but does not include the financial statements and performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out assignments in the areas of the audit of the company's disclosures pursuant to the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010, and our report to the bond trustee, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the company.

Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

DIRECTORY

DIRECTORS

as at June 30 2017

David Mackenzie
Chairman

Catherine Drayton
Director

Laura Palomino de Forbes
Director

Justin Murray
Director

Chris Paulsen
Director

André Lovatt
Director

SHAREHOLDERS

Christchurch City Holdings Limited
43,200,000 shares (75%)

Minister of Finance
7,200,000 shares (12.5%)

Minister for State-Owned Enterprises
7,200,000 shares (12.5%)

TOTAL SHARES

57,600,000 shares

EXECUTIVE LEADERSHIP TEAM

Malcolm Johns
Chief Executive Officer

Tim May
Chief Financial Officer

Blair Forgie
Chief Operations and Property Officer

Justin Watson
Chief Commercial and Aeronautical Officer

Rhys Boswell
General Manager
Strategy and Sustainability

Michael Singleton
General Manager
Corporate Affairs

Caroline Harvie-Teare
General Manager
People, Culture and Safety

BANKERS

ASB Bank
ANZ National Bank Ltd
Bank of New Zealand
Westpac Banking Corporation
Bank of Tokyo – Mitsubishi
China Construction Bank

SOLICITORS

Buddle Findlay, Christchurch
Chapman Tripp, Christchurch

REGISTERED OFFICE

Fourth Floor, Carpark Building
Christchurch International Airport
Memorial Avenue, PO Box 14-001
Christchurch, New Zealand

Telephone: +64 3 358 5029
Facsimile: +64 3 353 7730
Website: christchurchairport.co.nz

AUDITORS

Audit New Zealand
On behalf of the Auditor-General

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

This audit report relates to the financial statements and performance information of Christchurch International Airport Limited (the airport) for the year ended 30 June 2017 included on the airport's website. The Board of Directors is responsible for the maintenance and integrity of the airport's website. We have not been engaged to report on the integrity of the airport's website. We accept no responsibility for any changes that may have occurred to the financial statements and performance information since they were initially presented on the website.

The audit report refers only to the financial statements and performance information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements and performance information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and performance information and related audit report dated 4 September 2017 to confirm the information included in the audited financial statements and performance information presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

CHRISTCHURCH AIRPORT

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