FINANCIAL STATEMENTS

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 2007 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 judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 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 pleasure in presenting the financial statements, set out on pages 42 to 71, of Christchurch International Airport Limited for the year ended 30 June 2007.

The Board of Directors of Christchurch International Airport Limited authorise these financial statements for issue on the 18 September 2007.

For and on behalf of the Board

Syd Bradley
CHAIRMAN

Denis O’Rourke
DIRECTOR

GOVERNANCE AT CHRISTCHURCH INTERNATIONAL AIRPORT LIMITED

Christchurch International Airport Ltd (CIAL) recognises that its shareholders depend on the Company's Board for strategic guidance and oversight of the company as set out in the Board Charter. The Board recognises its overriding responsibility to act honestly, fairly, diligently and progressively, in accordance with the law, in serving the interests of CIAL's shareholders and other stakeholders.

Corporate Governance is an important focus for the Board, to ensure that the corporate governance practices meet ethical and stewardship responsibilities and provide a strong commercial advantage. To this end, the Board progressively reviews and assesses CIAL's governance structures and processes to ensure that they are consistent and meet good practice in form and substance.

1. APPROACH TO CORPORATE GOVERNANCE

Governance objectives

The Board is responsible to shareholders for the governance of the company and oversees its operations and financial performance. To this end it:

- sets the strategic direction, laying down solid foundations for management and oversight;
- sets financial objectives and structures itself to add value;
- promotes ethical and responsible decision-making, monitoring compliance in terms of ethical standards and regulatory requirements;
- safeguards the integrity of its financial reporting and makes timely and balanced disclosure;
- recognises and manages risk and encourages enhanced performance;
- remunerates fairly and responsibly; and
- respects the rights and recognises the legitimate interests of stakeholders.

These objectives are reflected in the Board's regulation of itself and its Committees, and CIAL's policies and governance practices.

2. THE BOARD OF DIRECTORS

2.1 ROLE OF THE BOARD AND RESPONSIBILITY

The Board of Directors is appointed by shareholders to govern CIAL in their interests and is the overall and final body responsible for all decision-making within the Company.

The Board is responsible for the proper direction and control of the company's activities and guides and monitors the business and affairs of CIAL on behalf of the shareholders, Christchurch City Holdings Ltd, the Minister of Finance and Minister for State Owned Enterprises (on behalf of the New Zealand Government), to whom it is accountable, within the framework of the vision and objectives set out in the Statement of Intent.

The Board Charter describes the Board's role and responsibilities and through which it regulates internal Board procedure. The Board has the responsibility to work to enhance the value of the Company in the interests of the Company and its shareholders.

In summary, the Board:

- engages in strategic planning and approves corporate strategies, including the approval of transactions relating to acquisitions and divestments, and capital expenditure above management delegated authority limits;
- reviews and approves the Business Plan for the forthcoming year and following two years, including the capital expenditure and operating budget, and reviews performance against strategic objectives;
- assesses business opportunities and risks on an ongoing basis and oversees the Company's control and accountability systems, monitors and approves the Company's financial reporting and dividend policies;
- appoints and monitors the performance of the Chief Executive Officer and approves the recommendations of the Remuneration Committee regarding the Chief Executive Officer's remuneration (which is based on his performance); and
- oversees succession planning for the Chief Executive Officer and senior management.

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.

The Chairman conducts a formal performance review for each Director biennially.

To enhance efficiency, the Board has delegated some of its powers to Board Committees and other powers to the Chief Executive Officer and senior executives. The Chief Executive Officer has, in some cases, formally delegated certain authorities to his direct

reports and has established a formal process for his direct reports to sub-delegate certain authorities.

The Board has three formally constituted committees, being the Risk, Audit and Finance Committee, the Remuneration Committee and the Property Committee. All committees have a Board-approved charter outlining the committee's authority, duties and responsibilities, and relationship with the Board. There are no other committees but additional committees may be established on the basis of need.

2.2 RESPONSIBILITY TO SHAREHOLDERS

In accordance with the Local Government Act 2002, the Company must submit a draft Statement of Intent (SoI) for the coming financial year to Shareholders. The SoI must set out the Company's overall objectives, intentions and financial and performance targets. After due consultation and discussion, the SoI is accepted by the Shareholders.

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 periodic reports, occasional briefings and through the annual report and the half-yearly report.

2.3 BOARD MEMBERSHIP, SIZE AND COMPOSITION

As at 30 June 2007, the Board comprised six Directors, four appointed by Christchurch City Holdings Limited (CCHL) and two appointed by the New Zealand Government.

Directors are appointed by either Christchurch City Holdings Limited or the New Zealand Government, depending on the Director concerned. Such appointment is for such period as determined by the Shareholder, but shall not exceed three years. Retiring Directors may be reappointed by the shareholders by way of notice prior to the Annual Shareholders Meeting.

The Board has a broad range of commercial, financial, business and other skills, experience and expertise to meet its objectives. The Board composition, with details of the background of individual Directors, is set out on page 10.

During the year Jim Boult, Director, was reappointed by the minority Shareholder, the Minister of Finance and Minister for State Owned Enterprises (on behalf of the New Zealand Government), in accordance with the constitution.

2.4 SELECTION AND ROLE OF CHAIRMAN

The Chairman is appointed by the Shareholders. The Chairman's role is to manage the Board effectively, to provide leadership to the Board and to facilitate the Board's interface with the Chief Executive Officer. The current Chairman, Syd Bradley, is Chairman of the Remuneration Committee and an ex-officio member of the Risk, Audit and Finance and Property Committees. Sue Sheldon is the Deputy Chairman and is the Chairman of the Risk, Audit and Finance Committee.

2.5 CONFLICTS OF INTEREST

Over and above the issue of independence, each Director has the continuing responsibility to determine whether he or she has a potential or actual conflict of interest in relation to any material matter that comes before the Board. Such situations may arise from external associations, interests or personal relationships which might affect, or be seen potentially to affect, the Director's position to act in the best interest of CIAL.

Under the Directors' Disclosure of Interest Policy a Director may not exercise any influence over the Board if a potential conflict of interest exists. In such circumstances, the Director may not receive relevant Board papers, may not be present for Board deliberations on the subject, and may not vote on any related Board resolutions. These matters, should they occur, are recorded in the Board minutes.

2.6 NOMINATIONS AND APPOINTMENTS OF NEW DIRECTORS

The procedures for the appointment and removal of Directors are governed by the Company's constitution. When considering candidates to act as Director, the Shareholder takes into account such factors as it deems appropriate, including the experience, qualifications, availability and judgment of a candidate, and the candidate's ability to work with other Directors.

2.7 CONTINUING EDUCATION

Directors take part in a range of training and continuing education programmes. New Directors take part in an induction programme which ensures they are introduced to management and the business through dedicated programmes specifically tailored to meet the needs of the individual Director.

In addition, all Directors are periodically updated on relevant industry and company issues, including briefings from key executives and industry experts and attendance at relevant industry conferences.

In late 2006 Hanlin Johnstone, Director, attended an international forum on Global Airport Developments in the aviation/airport sector. In addition, briefings were held during the year to ensure Directors were fully apprised of relevant information with respect to the proposed Integrated Terminal Project.

2.8 BOARD ACCESS TO INFORMATION AND ADVICE

The Directors generally receive materials for Board meetings five days in advance. Further, Directors have unrestricted access to company records and information.

The Board, the Board Committees and each Director have the right, subject to the approval of the Chairman, to seek independent professional advice at CIAL's expense to assist them to carry out their responsibilities.

2.9 INDEMNITIES AND INSURANCE

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 certain senior staff 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 normally covered by such policies arising out of acts or omissions of Directors and employees in their capacity as such. Insurance is not provided for dishonest, fraudulent, malicious or willful acts or omissions. The insurance cover is provided by QBE Insurance (International) Ltd and Vero Liability Insurance (NZ). The cost of the cover for the year to 30 June 2007 is $21,320.

2.10 CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW

The Remuneration Committee reviews the performance of the Chief Executive Officer and is responsible for the evaluation of the Chief Executive Officer against his key performance objectives.

2.11 ATTENDANCE AT BOARD AND COMMITTEE MEETINGS FOR THE YEAR 1 JULY 2006 – 30 JUNE 2007

The full Board had eleven formal meetings during the year ended 30 June 2007. The table below shows attendance at Board meetings by Directors and at Committee meetings by Committee members. The composition of committees was revised during the year through the establishment of a Property Committee.

Board and Committee Meeting attendance	Board Meetings	Risk, Audit and Finance Committee Meetings	Remuneration Committee Meetings	Property Committee Meetings
Total number of meetings held	11	5	4	3
Bradley	11	-	4	-
Sheldon	11	5	-	-
O'Rourke	11	4	-	-
Boult	9	5	-	3
Carter	11	-	4	3
Johnstone	10	-	3	3

2.12 DIRECTORS' INTERESTS

The Directors have made general disclosures of interest with respect to any transactions that may be entered into with certain organisations on the basis of their being a Director, a partner, trustee, member or officer of those organisations.

Director	Entity	Interest
S J Bradley	Canterbury District Health Board	Chairman
S J Sheldon	Asure New Zealand Limited	Director
	MediaWorks NZ Limited	Director
	Electronic Transaction Services Limited	Director
	FibreTech Holdings Limited	Director
	FibreTech New Zealand Limited	Director
	Freightways Limited	Director
	National Provident Fund Board of Trustees	Chairman
	Smiths City Group Limited	Director
	Wool Industry Network Limited	Chairman
J Boult	Armada Holdings Limited and its subsidiaries	Director
	Armada Tourism Limited	Director
	Cobb & Co Restaurants Limited and its subsidiaries	Director
	Luggate Holdings Limited	Director
	Meadow 2 Limited	Director
	Meadow 3 Limited	Director
	Meadow 4 Limited	Director
	Meadow 5 Limited	Director
	Meadow 6 Limited	Director
	Central Otago Cold Test Providores Limited	Director
	Armada Publishing Limited	Director
	Cromwell Motorsport Park Trust Limited	Director
D J O'Rourke	Central Plains Water Trust	Trustee
	GSI Limited	Chairman
P Carter	Carter Group Limited and its Subsidiaries	Chairman
	Philip Carter Management Limited	Chairman
	Crystal Plaza Limited	Chairman
	Avonhead Mall Limited	Director
H Johnstone	Christchurch City Facilities Limited	Director
	Dunedin Casinos Limited	Chairman
	Fulton Hogan Limited	Director
	FRH Pty Limited	Director
	Jade Stadium Limited	Director
	VBase Limited	Director
	Jet Engine Facility Limited	Director

3 BOARD COMMITTEES

3.1 STRUCTURE

The Board has established three Committees to assist in the execution of the Board's responsibilities – the Remuneration Committee, the Risk, Audit and Finance Committee and the Property Committee.

3.2 COMMITTEE CHARTERS

Charters for each Committee have been established, and the Board periodically reviews these Charters.

3.3 REMUNERATION COMMITTEE

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

The Committee's responsibilities include:

- Reviewing the remuneration and human resources strategy, structure and policy for the Company and reviewing remuneration practices to ensure that they are consistent with such policies;
- Overseeing the Company's recruitment, retention and termination policies and procedures for senior management, and the succession planning for senior management and the Chief Executive Officer;
- Reviewing the performance of the Chief Executive Officer, the employment agreements and benefit structures for the Chief Executive Officer and Executive Management group, and the recommendations to the Board with respect to senior executive incentive remuneration plans, other employee benefits, and key performance objectives of the Chief Executive Officer and Executive Management group.

Composition
The members of Remuneration Committee as at 30 June 2007 were: Syd Bradley (Chairman), Philip Carter and Hanlin Johnstone.

3.4 RISK, AUDIT AND FINANCE COMMITTEE

Role
The Risk, Audit and Finance Committee's role is to assist the Board in its oversight of the integrity of the financial reporting and the risk management framework.

The Risk, Audit and Finance Committee's responsibilities include:

- Reviewing the external financial reporting and recommending adoption to the Board, considering, and if appropriate approving, major accounting policy changes;
- Assessing the adequacy and standard of internal controls and accounting policies after consultation with management, the external and business assurance Auditors;
- Ensuring that policies and processes exist to effectively identify, manage and monitor principal business risks and the Company's risk profile, and pre-approving and monitoring all audit and related assurance services provided;
- Annually reviewing the external Auditors' report which includes a description of the relationships between CIAL and the external Auditors, the Company's internal control procedures, and critical accounting policies relating to external financial reporting;
- Setting the principals and standards with respect to the treasury policy (including adherence to policy), raising of finance, and recommending new financing arrangements to the board.

The Risk, Audit and Finance Committee meet the External and Business Assurance Auditors without management present at least annually.

Composition
The members of Risk, Audit and Finance Committee as at 30 June 2007 were: Sue Sheldon (Chairman), Jim Boult and Denis O'Rourke. Chairman Syd Bradley, is an ex officio member of the Risk, Audit and Financial Committee.

3.5 PROPERTY COMMITTEE

Role
The Property Committee's role is to assist the Board in overseeing the development and implementation of the Property Portfolio development and investment strategies and implementation of investment initiatives within that portfolio to maximise value of the Company's property holdings.

The Committee's responsibilities include;

- Reviewing and determining Property Investment Policy for the Company and making recommendations to the Board for approval in respect of the same and acting as the centre of expertise for CIAL Property investment, development and management from a Governance perspective
- Reviewing the Property Investment and Development Strategy to ensure the Company achieves maximum returns
- Reviewing proposed Investment and Development initiatives in excess of $1 million and recommending approval or otherwise of such proposals to the Board, and periodically reviewing the returns being achieved by the Property Portfolio in line with the overall objectives of the Property Strategy.

Composition
The members of Property Committee as at 30 June 2007 were: Philip Carter (Chairman), Jim Boult and Hanlin Johnstone. Chairman Syd Bradley is an ex officio member of the Property Committee.

The Chief Executive and General Manager Business Services have a standing invitation to attend Committee Board meetings except where these are held in executive session.

4 REMUNERATION AT CIAL

DIRECTORS

The total remuneration paid to Directors for the year ended 30 June 2007 is:

NAME	*REMUNERATION*
S J Bradley	$58,220
S J Sheldon	$40,010
D J O'Rourke	$30,445
J Boult	$33,110
P Carter	$35,776
H Johnstone	$31,776

No other remuneration or benefits other than normal reimbursement of expenses has been paid or given to Directors. The Company 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 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 Chief Executive Officer'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 employees*
$100,001 – $110,000	2
$120,001 – $130,000	3
$140,001 – $150,000	3
$150,001 – $160,000	1
$170,001 – $180,000	1
$220,001 – $230,000	1
$270,001 – $280,000	1
$330,001 – $340,000	1

5 CONTROLLING AND MANAGING RISKS

5.1 AUDIT GOVERNANCE AND INDEPENDENCE

The external Auditors are only permitted to engage in assurance activity work.

5.2 RISK MANAGEMENT

CIAL has established a comprehensive risk and compliance management framework to ensure alignment with best practice. The Board is principally responsible for establishing risk tolerance, approving related strategies and policies, monitoring and assessing the activities of management and overseeing policy compliance and the effectiveness of the risk systems and policies.

5.3 LEGAL COMPLIANCE

All CIAL staff are responsible for ensuring that CIAL carries out its business activities in a way that gives due consideration to all applicable legal requirements, minimises the cost of legal risk and maximises business opportunities. The company carries out periodic reviews of legislative compliance to ensure the company is adhering to current legislation and regulation.

5.4 CEO/GENERAL MANAGER BUSINESS SERVICES ASSURANCE

The Chief Executive Officer and General Manager Business Services have stated to the Board in writing that, in respect of the year ended 30 June 2007, to the best of their knowledge and belief a sound system of risk management and internal compliance and control exists in order to provide assurance that the CIAL financial statements give a true and fair view of the matters to which they relate and have been prepared in accordance with NZ IFRS.

5.5 BUSINESS ASSURANCE

CIAL has an outsourced Business Assurance Service. The Business Assurance Service Charter defines the service's objectives, scope, independence, responsibilities and authority. The primary objective is to assist the Board and Chief Executive Officer in exercising good governance by providing independent assurance on CIAL's control and risk management processes.

6 CORPORATE RESPONSIBILITY AND SUSTAINABILITY

6.1 APPROACH TO 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 minimises its environmental and social impact, whilst at the same time maximising 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 Chief Executive Officer 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:

- the Company exists to grow shareholder value, with business strategies being customer and market focused;
- overarching strategy and policy will be decided at corporate level, with relationships being a source of competitive advantage;
- accountability will be clear and measurable, and systems and processes will support strategy; and
- the organisational model will enable flexibility for change.

6.2 SHAREHOLDER AND STAKEHOLDER COMMUNICATIONS

CIAL is committed to providing comprehensive disclosure to shareholders. CIAL's website contains media releases, annual financial information, current and past annual reports and other information about the Company.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2007

	Note	2007 $000	2006 $000
REVENUE			
Operating revenue	1	79,158	74,715
Other income	17	4,108	8,695
Interest income	2	436	376
Total revenue		83,702	83,786
EXPENSES			
Employee remuneration		13,488	11,624
Other operating costs	3	17,118	19,075
Financing and interest costs		6,455	5,515
Depreciation and amortisation	4	14,461	13,506
Intergrated Terminal Project costs	5	1,219	1,102
Total expenses		52,741	50,822
Operating surplus before income tax		30,961	32,964
Income tax	6	6,958	9,468
Net operating surplus after income tax		24,003	23,496

The accompanying notes form part of these financial statements.

STATEMENT OF RECOGNISED REVENUE AND EXPENDITURE

for the year ended 30 June 2007

	Note	2007 $000	2006 $000
Equity at beginning of year		238,460	224,277
SURPLUS			
Net operating surplus after income tax		24,003	23,496
Total recognised revenue and expenditure for the year		24,003	23,496
OTHER MOVEMENTS			
Dividends paid to shareholders	9	(10,052)	(9,858)
Asset revaluations	11	299,527	-
Cashflow reserve	11	858	545
Equity at end of year		552,796	238,460

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2007

	Note	2007 $000	2006 $000
EQUITY			
Share capital	10	57,600	57,600
Reserves	11	301,335	950
Retained earnings	11	193,861	179,910
Total equity		552,796	238,460
NON-CURRENT LIABILITIES			
Term borrowings	12	90,000	90,000
Deferred taxation	7	63,304	19,367
Total non-current liabilities		153,304	109,367
CURRENT LIABILITIES			
Trade and other payables	14	9,306	8,710
Current portion of borrowings	12	10,000	6,000
Taxation	6	509	-
Other financial liabilities	13	3,378	-
Total current liabilities		23,193	14,710
Total equity and liabilities		729,293	362,537
NON-CURRENT ASSETS			
Property, plant and equipment	15	645,342	291,262
Investment properties	17	71,474	64,087
Intangible assets	16	612	654
Other financial assets	13	6,593	1,448
Total non-current assets		724,021	357,451
CURRENT ASSETS			
Cash and cash equivalents		542	66
Trade and other receivables	18	4,147	3,888
Taxation receivable	6	-	320
Inventories	19	583	546
Other financial assets	13	-	266
Total current assets		5,272	5,086
Total assets		729,293	362,537

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2007

	Note	2007 $000	2006 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		77,375	75,383
Interest received		434	371
Net Goods and Services Tax received		227	-
		78,036	75,754
Cash was applied to:			
Payments to suppliers and employees		30,532	32,940
Financing and interest costs		6,337	6,617
Net income tax paid		3,073	3,781
Subvention payments		4,851	3,322
Net Goods and Services Tax paid		-	30
		44,793	46,690
Net cash flows from operating activities	20	33,243	29,064
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		61	93
Cash was applied to:			
Purchase of property, plant and equipment		23,220	26,048
Purchase of Investment Property		3,279	3,516
Purchase of Intangibles		277	370
Net cash flows from investing activities		(26,715)	(29,841)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Borrowings		4,000	8,541
Cash was applied to:			
Dividends paid	9	10,052	9,858
		10,052	9,858
Net cash flows from financing activities		(6,052)	(1,317)
Net increase/(decrease) in cash held		476	(2,094)
Add cash and cash equivalents at beginning of the year		66	2,160
Cash and equivalents at the end of the year		542	66

The accompanying notes form part of these financial statements.

STATEMENT OF ACCOUNTING POLICIES

1. 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 2 International Terminal Building, Christchurch International Airport.

These financial statements have been approved for issue by the Board of Directors on 18 September 2007.

The company adopted for the first time New Zealand equivalents to IFRS (NZ IFRS) for the year ended 30 June 2007.

The entity's owners do not have the power to amend these financial statements once issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. Compliance with NZ IFRS ensures compliance with International Financial Reporting Standards.

a) Basis of preparation

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.

Entity reporting

The financial statements are for Christchurch International Airport Limited. The 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
have not been consolidated as they were not trading and held no assets or liabilities during and at the end of the period under review.

The Company is designated as a profit-oriented 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 Airports Authorities Act 1966, the Local Government Act 2002, the Financial Reporting Act 1993 and the Companies Act 1993.

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 as identified in specific accounting policies.

Application of NZ IFRS 1 First time Adoption of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS 1)

Financial statements of Christchurch International Airport Limited until 30 June 2006 had been prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS. When preparing the Company financial statements for the year ended 30 June 2007, management has amended certain accounting and valuation methods applied in the previous NZ FRS financial statements to comply with NZ IFRS. The comparative figures were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of transition from previous NZ FRS to NZ IFRS on the Company's equity and their net income are given in note 28.

In preparing these financial statements in accordance with NZ IFRS 1 the Company has applied certain mandatory and optional exemptions and from full retrospective application of NZ IFRS. Further details are given in note 28.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Company to exercise its judgement in the process of applying the accounting policies.

a) Identification of Property, Plant & Equipment to be reclassified to Investment Property.

The Company makes a decision on the assets to be included in Investment Properties by using a predetermined method of classification.

b) Estimated life of the existing Domestic Terminal

The Company has estimated the life of the existing Domestic Terminal for valuation purposes. This period equals the estimated build time for the new terminal.

c) Provisions

The Company has made a number of provisions based on information available relating to anticipated expenditure of an uncertain amount which relates to a past event.

Standards issued and not yet adopted

The following new standards are not yet effective for the year ended 30 June 2007 and have not been adopted in preparing these financial statements.

- NZ IFRS 7 Financial Instrument Disclosures
- NZ IFRS 8 Operating Segments

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 income statement, except when deferred in equity as qualifying cash flow hedges.

c) Revenue recognition

Revenue comprises the fair value for 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 an accruals 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 substantially 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 income statement, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

e) Goods and Services Tax (GST)

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

f) Leases

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

g) Impairment of non financial assets

Assets are reviewed for 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.

h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at 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. Bank overdrafts are shown within the current liabilities on the balance sheet.

i) Trade receivables

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

Collectibility of trade receivables is reviewed on an ongoing 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 effective interest rate. The amount of the provision is recognised in the income statement.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business.

k) Other financial assets

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.

The classification into the following category depends on the purpose for which the investment was acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through income statement

The group has certain derivatives which are stated at fair value and the movements are recognised in the income statement.

l) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured 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 ongoing 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.

i. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

ii. 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 equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale 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 equity are transferred from equity 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 equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

iii. Derivatives that do not qualify for hedge accounting

Certain 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 are recognised immediately in the income statement.

m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

n) Property, plant and equipment

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

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

The last valuation was performed by Seagar and Partners (land, buildings and car park) and Opus International Limited (Airport sealed surfaces, terminal facilities and infrastructure assets) as at 30 June 2007.

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 depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs 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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land, buildings, airport sealed surfaces and infrastructure assets are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. 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 income statement.

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 rates are as follows:

• Terminal	40 years
• Other buildings	10 to 40 years
• Sealed surfaces	9 to 100 years
• Roading	50 years
• Plant and equipment	3 to 25 years
• Motor vehicles	5 to 16 years
• Office and computer equipment	3 to 9 years
• Carpark assets (excluding land)	50 years

Capital work in progress is not depreciated until commissioned.

An assets' carrying amount is written down immediately to its recoverable amount if the assets' 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 income statement.

o) 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 buildings, 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.

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 and/or these services could not be provided efficiently and effectively by the lessee in another location
- The property is being held for future delivery of services
- The lessee uses services of the Company and those services are integral to the reasons for the lessee's occupancy of the property.

Properties 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 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 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, representing open market value determined annually by external valuers. Gains or losses arising from a change in fair value are recorded in the income statement.

p) Intangible assets

Software costs have a finite useful life. Software costs are capitalised and amortised on a straight line basis over the useful economic life to 2 to 5 years.

q) Trade and other payables

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.

r) Borrowings

Borrowings are recognised at fair value, net of transaction costs incurred.

Borrowing costs that are directly attributable to the acquisition or construction of an item of property, plant and equipment has been capitalised where the construction exceeds $10 Million and is greater than 12 months in duration.
Borrowing costs that are not capitalised are expensed as incurred.

s) Share Capital

Ordinary shares are classified as equity.

t) Provisions

The company recognises a provision for future expenditure of an uncertain amount or timing when there is an obligation as a result of a past event.

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

Provisions are not recognised for future operating losses.

u) Employee benefits

Liabilities for wages and salaries, including non monetary benefits, annual leave, long service leave, accumulating sick leave and other contractual payments expected to be settled within 12 months of the reporting date 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.

Contributions to multi employer defined benefit schemes are expensed when incurred.

v) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

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 approved by the Company's shareholders.

TRANSITION TO NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (NZ IFRS)

Application of NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS 1).

The Company's financial statements for the year ended 30 June 2007 are the first annual financial statements that comply with NZ IFRS and NZ IFRS 1 has been applied in their preparation. The Company's transition date is 1 July 2005. The Company prepared the opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2007. The Company's NZ IFRS adoption date is 1 July 2006.

In preparing these financial statements in accordance with NZ IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of NZ IFRS.

The following optional exemptions from full retrospective application have been applied.

- Fair Value as Deemed Cost Exemption
  The company has elected to measure land and sealed surfaces as at 1 July 2005 and use that fair value as the deemed cost at that date.

The following mandatory exceptions from retrospective application has been applied.

- Estimates exception
  Estimates under NZ IFRS at 1 July 2005 are required to be consistent with estimates made for the same date under previous NZ FRS, unless there is evidence that those estimates were in error. No adjustments to previous estimates have been made by the Directors.

The reconciliations in note 28 provide a quantification of the effect of the transition to NZ IFRS. The three reconciliations provide details of the impact of the transition on:

- Equity at 1 July 2005
- Equity at 30 June 2006
- Profit for the year ended 30 June 2006

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

		2007 $000	2006 $000
1. OPERATING REVENUE			
Airport charges		22,980	23,441
Passenger departure charge		15,980	14,460
Lease rentals and concessions		30,057	28,849
Vehicle parking		7,358	6,108
Gain on disposal of assets		25	21
Other revenue		2,758	1,836
Total Operating Revenue		79,158	74,715
2. INTEREST INCOME			
Interest income was derived from:			
Short term bank deposits		170	190
Other		266	186
Total Interest Income		436	376
3. OTHER OPERATING COSTS			
Other operating costs include:			
Audit fees	- financial report	63	42
	- disclosure regulations	10	7
	- NZ IFRS	20	-
Directors' fees		229	160
Doubtful Debts		-	73
Donations		2	2
Electricity, fuel and oil		1,515	2,252
Lease and rental payments		426	387
Maintenance expense	- buildings and plant	1,949	1,708
	- sealed surfaces	243	50
4. DEPRECIATION AND AMORTISATION			
Buildings		1,096	982
Terminal facilities		8,799	8,397
Sealed surfaces		2,068	2,216
Roading		211	169
Plant and equipment		663	601
Office and computer equipment		935	480
Motor vehicles		354	350
Amortisation on Intangibles		319	294
Loss on disposal of assets		16	17
Total Depreciation and Amortisation		14,461	13,506

No depreciation is shown for the infrastructural and car park assets for the year ended 30 June 2007 as these asset categories were first recognised on 30 June 2007. The depreciation relating to individual assets now in those categories is included in roading, plant and equipment, buildings, and office and computer equipment.

Terminal facilities depreciation includes an additional amount of $1,804,699 (2006 : $1,804,699) reflecting a reduction in the remaining estimated economic life of the domestic terminal and international check-in facilities. The domestic terminal and international check-in will be replaced by 2010 as part of the proposed integrated terminal redevelopment.

5. INTEGRATED TERMINAL DEVELOPMENT PROJECT COSTS

These are the incremental operating costs incurred directly as a consequence of the Integrated Terminal Development project.

	2007 $000	2006 $000
6. INCOME TAX		
(a) Income tax expense		
Operating surplus before income tax	30,961	32,964
Prima facie taxation at 33%	10,217	10,878
Plus/(less) taxation effect of:		
Permanent differences	1,871	1,410
Income tax attributable to operating surplus	8,346	9,468
(Over)/under provision in prior years	44	-
	8,390	9,468
Deferred taxation adjustment due to change in tax rate	1,432	-
Current taxation expense	6,958	9,468

	2007 $000	2006 $000
(b) Taxation provision		
Taxation payable/(receivable) as at 1 July	(320)	(803)
Prior year adjustment	44	-
Income tax attributable to operating surplus	8,346	9,468
Subvention payment paid to Christchurch City Holdings Limited Group companies	(4,851)	(3,322)
Income tax paid to Inland Revenue Department	(5,200)	(6,700)
Income tax refunded by Inland Revenue Department	2,127	2,919
Deferred taxation	363	(1,882)
Taxation payable/(receivable) as at 30 June	509	(320)

7. DEFERRED TAXATION LIABILITY

	Opening Balance $000	Charged to Income $000	Charged to Equity $000	Closing Balance $000
2007				
Property Plant & Equipment	15,269	(1,419)	45,237	59,087
Intangible Assets	218	(34)	-	184
Investment Properties	3,880	(411)	-	3,469
Provisions and Prepayments	(406)	(90)	-	(496)
Cashflow hedges	406	(1)	655	1,060
Total Deferred Taxation	19,367	(1,955)	45,892	63,304
2006				
Property Plant & Equipment	15,170	99	-	15,269
Intangible Assets	191	27	-	218
Investment Properties	2,266	1,614	-	3,880
Provisions and Prepayments	(417)	11	-	(406)
Cashflow hedges	(1)	211	196	406
Total Deferred Taxation	17,209	1,962	196	19,367

8. IMPUTATION CREDIT MEMORANDUM ACCOUNT

	2007 $000	2006 $000
Balance at beginning of the year	14,516	15,590
Income tax payments made (net)	3,073	3,781
Imputation credits attached to dividends paid	(4,951)	(4,855)
Balance at end of the year	12,638	14,516

9. DIVIDENDS

	2007 $000	2006 $000
2006 Final dividend paid	4,652	5,414
2007 Interim dividend paid	5,400	4,444
	10,052	9,858

10. SHARE CAPITAL

	2007 $000	2006 $000
57,600,000 fully paid ordinary shares	57,600	57,600

All shares have equal voting rights and share equally as to dividends and surplus on winding up.

11. RESERVES

	2007 $000	2006 $000
Balances		
Cashflow hedge reserve	3,542	475
Asset revaluation reserve	299,527	-
Foreign currency translation reserve	(2,100)	109
Capital reserve	366	366
Balance at end of the year	301,335	950
Cash flow hedges reserve		
Movements:		
Balance at the beginning of the year	475	(21)
Revaluation	4,808	639
Deferred taxation	(1,741)	(143)
Balance at the end of the year	3,542	475
Asset revaluation reserve		
Balance at beginning of the year	-	-
Revaluation	344,764	-
Deferred Taxation	(45,237)	-
Balance at end of the year	299,527	-
Comprising:		
Land revaluation	181,681	-
Terminal facilities revaluation	62,912	-
Buildings revaluation	3,973	-
Sealed surfaces revaluation	15,376	-
Infrastructure assets revaluation	5,843	-
Carparking revaluation	29,742	-
Balance at the end of the year	299,527	-
Foreign currency translation reserve		
Movements:		
Balance at the beginning of the year	109	-
Exchange difference for the year	(3,295)	162
Deferred taxation	1,086	(53)
Balance at the end of the year	(2,100)	109
Capital Reserve		
Balance at the beginning of the year	366	366
Movements	-	-
Balance at the end of the year	366	366

	2007 $000	2006 $000
Retained Earnings		
Balance at the beginning of the year	179,910	166,272
Net surplus for the year	24,003	23,496
Dividends paid	(10,052)	(9,858)
Balance at end of year	193,861	179,910

12. BORROWINGS

The company has a $250,000,000 funding facility with four banks to fund the ongoing business and the proposed Terminal development. In addition, the company has an overdraft facility of $1,000,000.

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. Interest rates paid during the year, including offsetting interest rate swaps, ranged from 7.02% to 7.64%.

Maturity of Debt as at 30 June	2007 $000	2006 $000
Less than 1 Year	10,000	6,000
2-5 Years	50,000	50,000
Greater than 5 Years	40,000	40,000
	100,000	96,000

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair Value		Notional Principal	
	2007 $000	2006 $000	2007 $000	2006 $000
Current Assets				
Forward foreign currency contracts	-	160	-	14,820
Interest rate swaps – cash flow hedges	-	106	12,000	12,000
Total current financial assets	-	266	12,000	26,820
Non-current Assets				
Interest rate swaps – cash flow hedges	6,593	1,448	93,000	93,000
Total non-current financial assets	6,593	1,448	93,000	93,000
Current Liabilities				
Interest rate swaps – cash flow hedges	84	-	12,000	-
Forward foreign currency contracts	3,294	-	17,124	-
Total current financial liabilities	3,378	-	29,124	-

The Company is subject to currency risk, interest rate risk and credit risk as a result of its operations.

To manage and limit the effects of those financial risks, the Board of Directors has approved policy guidelines and authorised the use of various financial instruments.

Currency Risk

Currency risk arises from movements in foreign exchange rates and can impact cash flows.

Payments to overseas suppliers are made using the currency conversion rate at the date of payment. For certain more significant committed expenditure it is company policy to enter into forward foreign exchange contracts to manage the exposure to fluctuations in currency rates.

Credit Risk

Credit risk is the risk of the failure of a debtor or counterparty to honour its contractual obligation.

Financial assets, which potentially subject the company to concentrations of credit risk, consist principally of cash, short-term deposits, trade receivables, interest rate swaps and forward foreign exchange contracts. The maximum credit risk at 30 June 2007 is the fair value of the financial asset/liability. The Company's cash equivalents and short-term deposits are placed with high credit quality financial institutions. Trade receivables are presented net of the allowance for estimated doubtful receivables. Because of the limited number of customers the Company is exposed to a concentration of credit risks. At 30 June 2007, 30% of trade receivables were due from one customer. These receivables are considered to be fully receivable.

Interest Rate Risk

To ensure the Company's cost of funds is reasonably predictable from year to year, it is the Company's policy that floating rate debt not exceed 55% of total debt. Furthermore, of fixed rate debt 15% to 60% must re-price within one to three years, 15% to 60% in three to five years and 10% to 60% in five years plus. The company uses interest rate swaps to manage its interest rate risk. The interest on debt is either converted from fixed to floating or floating to fixed through entering into interest rate swap agreements.

Gains and losses on derivatives which are part of an effective cash flow hedging relationship are recognised in the cash flow hedge reserve. The balance in the reserve is expected to be released to the Income Statement over the maturity profile of the underlying debt as detailed in note 12.

Refer to note 12 for the Company's exposure to interest rate risk.

14. TRADE AND OTHER PAYABLES

	2007 $000	2006 $000
Creditors	1,693	2,576
Employee entitlements	1,678	1,625
Goods and Services Tax	500	272
Accrued expenses	5,435	4,237
Total Trade and other payables	9,306	8,710

15. PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

Gross Carrying Amount

	Cost or Revaluation 1 July 2006	Current Year Additions at Cost	Transfers at Cost	Disposals at cost	Revaluation Adjustment	Cost or Revaluation 30 June 2007
Land	110,378	-	(7,048)	-	181,682	285,012
Buildings	20,789	13,320	(13,575)	-	3,959	24,493
Terminal Facilities	126,447	906	-	-	18,962	146,315
Roading	8,006	191	(8,197)	-	-	-
Sealed Surfaces	64,439	4,857	-	-	14,360	83,656
Plant & Equipment	12,608	1,030	(5,669)	(74)	-	7,895
Office & Computers	6,070	1,140	(654)	(9)	-	6,547
Infrastructure	-	-	10,291	-	3,997	14,288
Carparking	-	-	24,867	-	40,133	65,000
Motor Vehicles	6,351	152	-	(115)	-	6,388
Work in Progress	19,567	1,623	-	-	-	21,190
Total	374,655	23,219	15	(198)	262,093	660,784

Accumulated Depreciation

	Provision for Depreciation 1 July 2006	Current Year Depreciation	Depreciation on Transfers	Depreciation on Disposals	Revaluation Adjustment	Provision for Depreciation 30 June 2007
Land	-	-	-	-	-	-
Buildings	982	1,096	(539)	-	(1,539)	-
Terminal Facilities	59,301	8,799	-	-	(68,100)	-
Roading	1,604	211	(1,815)	-	-	-
Sealed Surfaces	4,851	2,068	-	-	(6,919)	-
Plant & Equipment	8,055	663	(2,608)	(51)	-	6,059
Office & Computers	4,499	935	(409)	(9)	-	5,016
Infrastructure	-	-	4,087	-	(4,087)	-
Carparking	-	-	1,026	-	(1,026)	-
Motor Vehicles	4,101	354	-	(88)	-	4,367
Work in Progress	-	-	-	-	-	-
Total	83,393	14,126	(258)	(148)	(81,671)	15,442
Total Book Value	291,262					645,342

15. PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

Gross Carrying Amount

	Cost or Revaluation 1 July 2005	Current Year Additions at Cost	Transfers at Cost	Disposals at Cost	Revaluation Adjustment	Cost or Revaluation 30 June 2006
Land	112,352	-	(1,974)	-	-	110,378
Buildings	20,120	669	-	-	-	20,789
Terminal Facilities	120,498	5,949	-	-	-	126,447
Roading	7,689	1,105	(788)	-	-	8,006
Sealed Surfaces	59,631	4,808	-	-	-	64,439
Plant & Equipment	12,202	426	-	(20)	-	12,608
Office & Computers	5,651	421	-	(2)	-	6,070
Motor Vehicles	5,074	1,509	-	(232)	-	6,351
Work in Progress	8,160	11,407	-	-	-	19,567
Total	351,377	26,294	(2,762)	(254)	-	374,655

Accumulated Depreciation

	Provision for Depreciation 1 July 2005	Current Year Depreciation	Depreciation on Transfers	Depreciation on Disposal	Revaluation Adjustment	Provision for Depreciation 30 June 2006
Land	-	-	-	-	-	-
Buildings	-	982	-	-	-	982
Terminal Facilities	50,904	8,397	-	-	-	59,301
Roading	1,569	169	(134)	-	-	1,604
Sealed Surfaces	2,635	2,216	-	-	-	4,851
Plant & Equipment	7,472	601	-	(18)	-	8,055
Office & Computers	4,019	480	-	-	-	4,499
Motor Vehicles	3,945	350	-	(194)	-	4,101
Work in Progress	-	-	-	-	-	-
Total	70,544	13,195	(134)	(212)	-	83,393
Total Book Value	280,833					291,262

The company adopted the fair value of land, buildings and sealed surfaces as the deemed cost on 1 July 2005. Land and sealed surfaces had been valued as at 30 June 2004 and buildings as at 30 June 2005. The valuations were completed by an independent valuer, Crighton Anderson Property and Infrastructure Limited. On 30 June 2007 land, terminal facilities, buildings, sealed surfaces, infrastructure and car parking assets were revalued by independent valuers Seagar & Partners (land, buildings and car park) and Opus International Limited (terminal facilities, sealed surfaces and infrastructure assets).

The carrying amount at which each revalued class of property, plant and equipment would have been carried had the assets been measured under the cost model is as follows:

	2007 $000	2006 $000
Land	103,330	110,378
Buildings	19,009	19,792
Terminal facilities	59,253	67,162
Sealed surfaces	-	6,402
Infrastructure	6,203	-
Car parking	23,841	-
	211,636	203,734

16. INTANGIBLE ASSETS

	2007 $000	2006 $000
Opening Cost	3,992	3,622
Provision for Depreciation	3,338	3,044
Opening Book Value	654	578
Current Year		
Additions at Cost	277	370
Depreciation	319	294
Closing Cost	4,269	3,992
Provision for Depreciation	3,657	3,338
Closing Book Value	612	654

As part of the transition to NZ IFRS computer software has been reclassified to Intangible Assets.

17. INVESTMENT PROPERTIES

	2007 $000	2006 $000
At fair value		
Balance at the beginning of the year	64,087	49,248
Transfer from property, plant and equipment	-	2,628
Additional capitalised expenditure	3,279	3,516
Fair value gain from fair value adjustment	4,108	8,695
Balance at the end of the year	71,474	64,087
Rental Income	5,417	4,554
Direct operating expenses from property that generated rental income	331	585

Investment properties are not depreciated and are required to be fair valued each year. Investment properties were valued with effective dates of 1 July 2005, 30 June 2006 by Crighton Anderson Property and Infrastructure Limited, registered valuers and member of the New Zealand Property Institute. The valuation as at 30 June 2007 was completed by Seagar and Partners, 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.

18. RECEIVABLES AND PREPAYMENTS

	2007 $000	2006 $000
Accounts Receivable	3,614	2,968
Prepayments	533	920
Total Receivables and Prepayments	4,147	3,888

19. INVENTORIES

	2007 $000	2006 $000
Materials	362	318
Retail stock	114	125
Livestock	107	103
Total Inventory	583	546

20. RECONCILIATION OF NET OPERATING SURPLUS AFTER TAX WITH NET CASHFLOW FROM OPERATING ACTIVITIES

	2007 $000	2006 $000
Net operating surplus after tax	24,003	23,496
Non cash items		
Depreciation	14,461	13,506
Gain on revaluation of investment properties	(4,108)	(8,695)
Financial derivatives adjustment	(55)	999
Items not classified as operating activities		
Gain on asset disposals	25	21
Taxation rate change	(1,432)	(281)
Movements in working capital		
(Increase)/Decrease in trade and other receivables	(259)	(11)
(Increase)/Decrease in inventories	(37)	(32)
Increase/(Decrease) in trade and other payables	(183)	(422)
Increase/(Decrease) in taxation	828	483
Net cashflows from operating activities	33,243	29,064

21. RELATED PARTY TRANSACTIONS

Christchurch City Holdings Limited, a wholly owned subsidiary of the Christchurch City Council, 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. These transactions are not separately disclosed where they:

- are conducted on an arm's length basis;
- result from the normal dealings of the parties; and
- 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.

Transactions with owners during the year	2007 $000	2006 $000
Purchases from CCC and Subsidiaries	579	527
Rates paid to CCC	1,558	1,334
Revenues from CCC and Subsidiaries	12	49
Subvention payments to CCC and Subsidiaries	4,851	3,322

Outstanding Balances with owners as at 30 June	2007 $000	2006 $000
Accounts Payable to CCC and Subsidiaries	19	16
Amounts owing from CCC and Subsidiaries	2	-

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	2007 $000	2006 $000	Relationship
Fulton Hogan Corporation Limited	Pavement Maintenance	5,585	5,129	Hanlin Johnston, CIAL Director is a Director
	Carparking Maintenance	25	25	of Fulton Hogan Corporation Limited
Parceline Limited	Rental	128	128	Sue Sheldon, CIAL Director is a Director of Freightways Limited, parent company of Parceline Limited
Jet Engine Facility Limited	Rental	36	36	Hanlin Johnstone, CIAL Director is a Director
	Subvention payment	962	-	of Jet Engine Facility Limited
	Rates	2	-	
Christchurch City Facilities Limited	Subvention payment	533	-	Hanlin Johnstone, CIAL Director is a Director of Christchurch City Facilities Limited
Jade Stadium Limited	Subvention payment	83	-	Hanlin Johnstone, CIAL Director is a Director of Jade Stadium Limited
META NZ Limtied	Resource recycling	-	58	Denis O'Rourke, CIAL Director is a Director of META NZ Limited.

Balance owing at 30 June

Entity	2007 $000	2006 $000
Fulton Hogan Corporation Limited	89	47
META NZ Ltd	-	6

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

22. KEY MANAGEMENT PERSONAL COMPENSATION

The key management personnel include the Chief Executive and his direct reports.	2007 $000	2006 $000
The key management compensation is:		
Salaries and other short term benefits	1,392	1,100
Termination Benefits	81	-
	1,473	1,100

23. SEGMENT INFORMATION

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.

24. COMMITMENTS

	2007 $000	2006 $000
Capital Expenditure Commitments		
Total capital expenditures committed to but not recognised in the financial statements	20,027	23,627
Operating Lease Commitments		
Operating Lease expenditure committed to but not recognised in the financial statements		
Less than 1 year	230	230
Between 1-2 Years	118	340
Between 2-5 Years	-	8
	348	578

25. CONTINGENT ASSETS AND LIABILITIES

The Company has a contingent liability for the amount of unamortised refurbishment costs at the expiry of a lease. As at 30 June 2007 the amount of the contingent liability was $266,975 (2006 $266,975). This obligation has been subsequently removed by renegotiation.

The Company is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme the Company could be responsible for the entire deficit of the scheme (see note 26). Similarly, if a number of employers ceased to participate in the scheme, the Company could be responsible for an increased share of the deficit .

26. DEFINED BENEFIT SUPERANNUATION SCHEME

As outlined in note 25, the group contributes to a multi-employer defined benefit superannuation scheme (the scheme) operated by the National Provident Fund. The Fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2006, the scheme had an estimated past service surplus of $16.5 million (5% of the estimated liabilities). This amount is exclusive of specified superannuation contribution withholding tax. This surplus was calculated by the actuary to the scheme using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19. The actuary to the scheme has recommended the employer contribution continues at 2 times contributors' contributions at present. The 2 times is inclusive of specified superannuation contribution withholding tax. The equivalent information as at 31 March 2007 is not available at the date of preparation of these financial statements.

Refer also to accounting policy 1u – employee benefits.

27. EVENTS OCCURRING AFTER BALANCE DATE

There are no events occurring after balance date that could significantly affect the financial statements.

28. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS

At the date of transition to NZ IFRS: 1 June 2005

		Previous NZ FRS	Effect of transition to NZ IFRS	NZ IFRS
ASSETS		$000	$000	$000
Current assets				
Cash and cash equivalents		2,160	-	2,160
Trade and other receivables		4,680	-	4,680
Inventories		514	-	514
Other financial assets	(a)	-	135	135
Total current assets		7,354	135	7,489
Non-current assets				
Property, plant and equipment	(b)	311,560	(30,674)	280,886
Intangible assets	(c)	-	578	578
Investment Property	(d)	-	49,248	49,248
Total non-current assets		311,560	19,152	330,712
Total assets		318,914	19,287	338,201
LIABILITIES				
Current liabilities				
Trade and other payables	(e)	8,806	449	9,255
Total current liabilities		8,806	449	9,255
Non-current liabilities				
Deferred Taxation	(f)	-	17,209	17,209
Borrowings		87,459	-	87,459
Total non-current liabilities		87,459	17,209	104,668
Total liabilities		96,265	17,658	113,923
Net assets		222,649	1,629	224,278
EQUITY				
Share Capital		57,600	-	57,600
Reserves	(g)	129,543	(129,197)	346
Retained earnings	(h)	35,506	130,826	166,332
Minority interest				
Total equity		222,649	1,629	224,278

EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS (CONTINUED)

At the end of the last reporting period under previous NZ FRS: 30 June 2006

		Previous NZ FRS	Effect of transition to NZ IFRS	NZ IFRS
ASSETS		$000	$000	$000
Current assets				
Cash and cash equivalents		66	-	66
Trade and other receivables		3,888	-	3,888
Inventories		546	-	546
Other financial assets	(a)	-	266	266
Tax receivable		320	-	320
Total current assets		4,820	266	5,086
Non-current assets				
Other financial assets	(a)	-	1,448	1,448
Property, plant and equipment	(b)	327,514	(36,252)	291,262
Intangible assets	(c)	-	654	654
Investment property	(d)	-	64,087	64,087
Total non-current assets		327,514	29,937	357,451
Total assets		332,334	30,203	362,537
LIABILITIES				
Current liabilities				
Trade and other payables	(e)	8,384	326	8,710
Current portion of borrowings		6,000	-	6,000
Total current liabilities		14,384	326	14,710
Non-current liabilities				
Deferred Tax	(f)	-	19,367	19,367
Term borrowings		90,000	-	90,000
Total non-current liabilities		90,000	19,367	109,367
Total liabilities		104,384	19,693	124,077
Net assets		227,950	10,510	238,460
EQUITY				
Share capital		57,600	-	57,600
Reserves	(g)	129,543	(128,595)	948
Retained earnings	(h)	40,807	139,105	179,912
Total equity		227,950	10,510	238,460

EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS (CONTINUED)

Reconciliation of profit for the year ended 30 June 2006

		Previous NZ FRS	Effect of transition to NZ IFRS	NZ IFRS
		$000	$000	$000
Revenue from sale of goods and services		74,715	-	74,715
Other Income	(k)	-	8,695	8,695
Interest		376	-	376
Total Revenue		75,091	8,695	83,786
Expenses				
Payroll		11,624	-	11,624
Operating		19,075	-	19,075
Terminal Development		1,102	-	1,102
Finance Costs	(i)	6,398	(883)	5,515
Depreciation	(j)	14,147	(641)	13,506
Total Expenses		52,346	(1,524)	50,822
Profit before income tax		22,745	10,219	32,964
Income Tax	(l)	7,586	1,882	9,468
Profit from Operations		15,159	8,337	23,496

EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS (CONTINUED)

Notes to the reconciliations

Note (a) Other Financial Assets	2006 $000	2005 $000
Fair Value Assets brought to Account - Current	266	135
Fair Value Assets bought to Account - Term	1,448	-

Note (b) Property, Plant and Equipment	2006 $000	2005 $000
Reclassification of software included in property, plant and equipment to intangibles	(3,992)	(3,622)
Reclassification of associated amortisation of software previously included in property, plant and equipment	3,338	3,044
Reclassification of Investment Property included in Plant/Property and Equipment to Investment Property	(49,323)	(43,180)
Reclassification of Associated Amortisation relating to Investment Properties	8,335	7,694
Revaluation of Buildings	5,390	5,390
	(36,252)	(30,674)

Note (c) Intangible assets	2006 $000	2005 $000
Reclassification of software – refer (b)	3,992	3,622
Reclassification of amortisation associated with software – refer (b)	(3,338)	(3,044)
	654	578

Note (d) Investment Properties	2006 $000	2005 $000
Reclassification of Investment Properties	64,087	49,248
	64,087	49,248

Note (e) Trade and other Payables	2006 $000	2005 $000
Reclassification of Long Service Leave and Sick Leave	295	295
Fair Value Derivative Interest	31	154
	326	449

Note (f) Deferred Taxation	2006 $000	2005 $000
Deferred taxation brought to Account	19,367	17,209
	19,367	17,209

Note (g) Reserves	2006 $000	2005 $000
Reclassification of Asset Revaluation Reserve in respect to Assets being recorded at Deemed Cost	(129,176)	(129,176)
Cashflow Hedge Reserve brought to Account	581	(21)
	(128,595)	(129,197)

EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS (CONTINUED)

Note (h) Retained Earnings	2006 $000	2005 $000
Reclassification of Deferred Taxation	(19,149)	(17,209)
Reclassification of Asset Revaluation Reserve in respect to Assets being recorded at Deemed Cost	129,176	129,176
Reclassification of Investment Property	23,100	13,764
Building Revaluation	5,390	5,390
Reclassification of Long Service Leave and Sick Leave	(295)	(295)
Reclassification of Interest on Derivatives	883	-
	139,105	130,826

Note (i) Finance Costs	2006 $000
Interest on Derivatives	(883)

Note (j) Depreciation	2006 $000
Being writeback of Depreciation of Buildings now classified as Investment Properties	(641)

Note (k) Investment Properties	2006 $000
Being the net increase in valuation of Investments Properties	8,695

Note (l) Taxation Expense	2006 $000
Taxation on temporary difference	1,882

29. 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 2007 with those targets are detailed below. It is noted that the actual results have been prepared under NZ IFRS, where as the targets were prepared under NZ FRS. It is believed the differences are not material.

Financial Performance	2007 Actual $000	2007 Target $000
Revenue	79,158	77,656
EBITDA from operations	47,333	44,980
Surplus after tax but before Intergrated Terminal Project costs	24,820	16,249
Surplus after tax and after Intergrated Terminal Project costs	24,003	15,019
Dividend Payment	10,052	8,715
Ratio of after-tax surplus to average equity	6.06%	6.59%
Operational performance		
Aircraft		
Aircraft departures excluding General Aviation	37,401	39,265
Passengers		
Domestic	3,926,591	4,102,336
International	1,557,979	1,579,986
Total Passengers	5,484,570	5,682,322
Employees		
Average full-time equivalent employees	176	177
Performance Indicators	$	$
Operating revenue per employee	449,761	438,734
Operating revenue per passenger	14.43	13.67
Surplus after-tax per employee	136,386	84,853
Surplus after-tax per passenger	4.38	2.64
Total assets per passenger	132.97	66.44
Net debt per passenger	18.23	21.86
Ratio of aeronautical revenue to operating	49.2%	50.7%

AUDIT 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 2007

The Auditor-General is the auditor of Christchurch International Airport Limited (the company). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company, on his behalf, for the year ended 30 June 2007.

Unqualified opinion

In our opinion:

- The financial statements of the company on pages 42 to 71:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of:
    - the company's financial position as at 30 June 2007; and
    - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on page 71 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2007.
- Based on our examination the company kept proper accounting records.

The audit was completed on 21 September 2007, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the company as at 30 June 2007. They must also give a true and fair view of the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of the performance achievements for the year ended 30 June 2007. The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit of the financial statements and performance information, we carry out an annual audit-related engagement for the company involving the issuance of an audit opinion pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999. This engagement is compatible with those independence requirements.

Other than the audit and this engagement, we have no relationship with or interests in the company.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

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 company) for the year ended 30 June 2007 included on its web site. The company's Board of Directors is responsible for the maintenance and integrity of the web site. We have not been engaged to report on the integrity of the web site. 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 web site.

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 the 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 dated 18 September 2007 and the related audit report dated 21 September 2007 to confirm the information included in the audited financial statements and performance information presented on this web site.

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

FIVE YEAR REVIEW

	2007 $000	2006 $000	2005 $000	2004 $000	2003 $000
FINANCIAL	* Prepared under NZ IFRS				
Revenue	83,702	83,786	71,779	63,734	55,397
Expense	52,741	50,822	47,594	45,060	39,017
Operating surplus before income tax	30,961	32,964	24,185	18,674	16,380
Operating surplus after income tax	24,003	23,496	16,551	14,844	13,041
Dividends paid	10,052	9,858	9,376	8,698	16,647
Return on average shareholders' equity	6.1%	10.2%	7.5%	7.9%	8.1%
Total equity	552,796	238,460	222,649	215,474	158,773
Total assets	729,293	362,537	318,914	289,408	233,913
Net asset backing per share	$9.60	$4.14	$3.86	$3.74	$2.76
Shareholders' equity ratio	75.8%	65.8%	69.8%	74.5%	67.9%

	2007 $000	2006 $000	2005 $000	2004 $000	2003 $000
OPERATIONAL					
Passengers					
Domestic passengers	3,926,591	3,973,139	4,066,665	3,944,895	3,571,835
International passengers	1,557,979	1,499,023	1,489,660	1,191,180	1,021,384
Total passengers	5,484,570	5,472,162	5,556,325	5,136,075	4,593,219
Total aircraft movements (arrivals and departures)					
Domestic aircraft	70,700	74,672	76,838	81,535	78,894
International aircraft	11,434	11,524	11,990	9,259	7,807
Total aircraft movements	82,134	86,196	88,828	90,794	86,701
PERSONNEL					
Average staff strength (full-time equivalents)	176	172	159	156	155

DIRECTORY

DIRECTORS

Syd Bradley
Chairman

Sue Sheldon
Deputy Chairman

Jim Boult
Director

Denis O'Rourke
Director

Philip Carter
Director

Hanlin Johnstone
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

BANKERS

ANZ Banking Group (New Zealand) Ltd
Bank of New Zealand
Westpac Banking Corporation
Commonwealth Bank of Australia

SOLICITORS

Buddle Findlay, Christchurch
Chapman Tripp, Christchurch

EXECUTIVE MANAGEMENT TEAM

Rene Bakx
Chief Executive

Alan Beuzenberg
General Manager Facilities Services

Neil Cochrane
General Manager Business Services

Brett Reiss
General Manager Property & Planning

Gareth Owen
General Manager Marketing & Business Development

Gary Buick
Integrated Terminal Project Director

Natalie Lombe
Manager Organisational Development

REGISTERED OFFICE

Second Floor, International Terminal Building
Christchurch International Airport
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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

gateway for the best of the South Island...

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