IVY HOLDCO LIMITED

Report and Unaudited Interim Consolidated Financial Statements
for the six months ended 30 September 2013

Company Registration Number 07497036

REPORT AND UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

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BUSINESS REVIEW

The Directors present their report and the unaudited interim consolidated financial statements for Ivy Holdco Limited ("the Company") and its subsidiaries, together "the Group", for the six months ended 30 September 2013.

Basis of preparation

As at 30 September 2013, the Company has two wholly-owned subsidiaries: Gatwick Airport Limited and Gatwick Funding Limited.

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings to 30 September 2013. The results and cash flows of all group entities have been included in the consolidated interim financial statements of the Group for the six months ended 30 September 2013.

Group operations

The Company is a holding company with two wholly-owned subsidiaries: Gatwick Airport Limited is the owner and operator of Gatwick Airport ("the Airport") and Gatwick Funding Limited is a financing company. Gatwick Airport Limited provides the significant majority of the Group's operations with results from the Company considered immaterial. Gatwick Funding Limited has material financing transactions which are replicated in a back-to-back relationship with Gatwick Airport Limited (its parent). Therefore, the business and financial reviews of Gatwick Airport Limited in the Gatwick Airport Limited report and interim financial statements for the six months ended 30 September 2013 are considered an appropriate review of the Group's operations. For the purposes of the Ivy Holdco Limited report and unaudited interim consolidated financial statements for the six months ended 30 September 2013, the business and financial review is replicated below.

BUSINESS REVIEW (continued)

PASSENGER TRAFFIC TRENDS

	Six months ended 30 September 2013	Six months ended 30 September 2012
Passengers	**20,804,271**	19,935,700
Air transport movements (“ATMs”)	**138,971**	135,310
Passengers per ATM	**149.7**	147.3
Average load factor (%)	**85.6**	84.3

During the six months ended 30 September 2013 a total of 20.8 million passengers travelled through Gatwick Airport (“Gatwick”) (“the Airport”), an increase of 0.9 million or 4.4%.

Passenger numbers for the six months ended 30 September 2013 have been in line with expectations. There was a 2.7% increase in Air Transport Movements compared to the same period in the prior year which resulted in an increase in passengers of 0.5 million, equating to 55% of passenger growth. The remaining growth was achieved through an increase in load factors.

Passenger numbers in July and early August of the prior period were adversely affected as UK based travellers stayed in the country during the Olympic Games. This resulted in passenger growth in the comparable months of the current period of 0.2 million passengers relative to the prior period.

A number of carriers have increased frequencies on existing routes whilst others have expanded their route profile at Gatwick contributing to the increase in ATMs. The European region showed the largest growth, up 6.5% or 1.0 million passengers compared to the prior period. In particular, Spanish routes showed the strongest growth for the six months ended 30 September 2013, up 14.2% or 0.5 million passengers period-on-period.

Growth amongst long haul carriers servicing leisure destinations, such as the Caribbean and Africa, was complemented by growth in business routes such as Moscow, Dubai, and China, leading to an increase of 0.2 million passengers. However, during the six months ended 30 September 2013, a number of airlines also ceased to operate from Gatwick which dampened overall passenger growth by 0.3 million.

In May 2013, easyJet plc completed an agreement with Flybe Group plc to acquire 25 pairs of arrival and departure slots at Gatwick for a total consideration of £20 million. The slots will transfer from April 2014 and will allow easyJet to provide additional frequencies on popular existing routes from Gatwick as well as add new destinations across the UK and Europe. In October 2013, easyJet announced the introduction of four new routes from Gatwick beginning next summer serving new destinations, including Paris and Newcastle.

Norwegian Air Shuttle continued to increase its presence at Gatwick. From July 2014, it will launch direct services from Gatwick to New York (JFK), Los Angeles (LAX) and Fort Lauderdale. The good-value Norwegian can offer on these key routes, both for economy and premium economy travellers, also shows once again that competition is the key to giving air passengers more choice and better value.

Independent data shows that North America will remain a key market for business travel long into the future, second only to Europe. This highlights the importance of these new US routes to the UK economy, alongside the recent connections Gatwick has gained to fast growing markets such as Vietnam, Russia, Turkey and from next year Indonesia.

BUSINESS REVIEW (continued)

CAPITAL INVESTMENT PROGRAMME AND THE REGULATORY ASSET BASE

	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m
Capital expenditure	**104.8**	119.1
Regulatory Asset Base ("RAB")	**2,453.1**	2,297.2

The key strategic objective of Gatwick is to become London's airport of choice. A key enabler in delivering this objective is continued focus on transforming the experience of passengers and airlines using the Airport through both investment in modern infrastructure and improving service standards. This will ensure customers enjoy a superior airport experience relative to competitors, encouraging greater utilisation of Gatwick and supporting its long-term growth ambitions.

The following significant projects that continue to transform the passenger experience, increase airport capacity, enhance airline performance and upgrade technology at Gatwick were completed during the period:

- The second phase of refurbishment of the South Terminal departure lounge completed in August 2013. The project delivered new and improved retail offerings to passengers through the addition of brand new retailers including premium brands like Ernest Jones and Aspinal of London, and expanded retail space for incumbent retailers such as Harrods. The project has also provided an enhanced departure lounge environment and improved vertical circulation.
- A new domestic arrivals facility for the South Terminal including a coach drop off point and a new walking route for domestic passengers arriving at the South Terminal completed during the period. The facility supports the delivery of the overall South Terminal programme including the new Pier 1 and the South Terminal departure lounge.
- Improvements to the North Terminal departure lounge project were delivered during the period. The delivery has improved the food, beverage and retail offerings within the existing footprint of the departure lounge to provide increased capacity and improved service to passengers.
- The reconfiguration of stand 110 to accommodate A380 aircraft completed in April 2013. The new stand is a symbol of the major changes that have happened at Gatwick under new ownership. The fact that the Airport can now offer current and future airlines a pier-served facility for A380 aircraft demonstrates the scale of ambition for the future of Gatwick.

There are a number of significant live projects that will continue to replace and upgrade worn infrastructure, enhance passenger experience, provide a platform for growth for the Airport and its airlines, and meet compliance requirements. Amongst these significant projects that commenced or continued during the period are:

- In October 2012 the main contract relating to the demolition and reconstruction of Pier 1 (the Airport's second oldest passenger facility) was awarded. The innovative design solution will include an automated baggage storage facility, providing airlines and passengers with greater check-in and baggage processing capacity and flexibility, including enhanced early check in options, as well as modern gate rooms and segregated departures and arrivals routes. Demolition of the existing Pier 1 commenced in April 2013 and is on target for completion by early 2014. The new Pier 1 will be operational in 2015.
- To support the delivery of a pier service level target of 95% for the North Terminal and to meet future growth in passenger numbers, a project reconfiguring aircraft stands and gate rooms in Pier 5 continued during the first six months of the current financial year. Lifts, escalators and stairs will be provided for passengers to access each gate room, which are also being refurbished. The project will create a new and faster route for passengers from the departure lounge to the gate rooms and brings in new design concepts to support our ambition to be London's airport of choice.

BUSINESS REVIEW (continued)

CAPITAL INVESTMENT PROGRAMME AND THE REGULATORY ASSET BASE (continued)

- The final phase of the refurbishment of the South Terminal departure lounge which will deliver a further eight new and improved retail offers, and complement the already enhanced departure lounge environment and improved vertical circulation.
- The extension and refurbishment of Atlantic House to accommodate improved crew reporting facilities and airline operational processes. The project will support airlines' ability to deliver on time performance and thereby strengthen Gatwick's competitive position.

The Company's January 2013 Business Plan and subsequent related submissions to the CAA detail the service proposition that the Airport is seeking to deliver for beyond Q5 (the fifth regulatory "quinquennium"). This is designed to enable Gatwick to compete directly and effectively with other London airports for long haul business, as well as continue to grow the existing short haul European network to enhance London's international connectivity. The Business Plan provides a programme approach which is designed to group projects effectively to drive greater efficiency in delivery of the Capital Investment Programme.

The Regulatory Asset Base ("RAB") of Gatwick is provided to the CAA and published as at 31 March each year in the Company's regulatory accounts. The RAB is rolled forward between each date according to a formula set out by the CAA. The RAB was £2,391.6 million as at 31 March 2013, and has increased by a further £61.5 million to £2,453.1 million as at 30 September 2013 (30 September 2012: £2,297.2 million). This increase has been driven by the capital expenditure programme for Q5, with total capital expenditure of £1,088.4 million in the first five and a half years of the six year programme (including car parks acquired from Ivy Subco Limited). The total capital expenditure programme for Q5 is planned to be £1,172.0 million (excluding car parks acquired from Ivy Subco Limited).

BUSINESS REVIEW (continued)

INDEPENDENT COMMISSION ON AVIATION CAPACITY

In July 2012, Gatwick published its new Masterplan which outlined the detailed vision for the Airport up to 2020. It also discussed the longer-term options for the Airport including a scenario for a new runway. On 17 October 2012, Gatwick announced its intention to begin detailed work on the options for a new runway.

In July 2013, Gatwick submitted its Outline Proposals for providing additional runway capacity in the longer term to the Independent Airports Commission on aviation capacity, chaired by Sir Howard Davies. This, and any other submissions to the Commission are consistent with Gatwick's commitment to the 1979 legal agreement with West Sussex County Council. That agreement prohibits Gatwick from constructing a new runway before 2019. The agreement is, however, no longer a practical constraint on development at Gatwick as construction could not commence until after the Airports Commission's work has been concluded, the Government has prepared a National Policy Statement, and the Development Consent Order process for Nationally Significant Infrastructure Projects has come to a conclusion. The local planning authority, Crawley Borough Council, has continued to safeguard the land that would be required for a new runway.

The Airports Commission will publish an Interim Report in December 2013. This report will examine the scale and timing of any requirement for additional capacity in the long term and is expected to identify a short list of options to be taken forward into the next stage of the Commission's process. It will also evaluate how the best use can be made of existing capacity in the short and medium term.

Gatwick's work programme will continue to cover all issues which the Airport understands will be relevant to the Commission's process and the eventual policy decision by the Government on airport expansion. Gatwick will continue to evaluate various runway options and assess key requirements, including environmental, surface access and economic impacts. Relevant environmental issues will include noise and air quality impacts on local communities. We are strongly committed to working with the local community, local authorities, airlines, and other key stakeholders and interest groups in developing our proposals for a new runway. The consideration of stakeholder views will form an essential part of our process on many different aspects of the development proposal. If shortlisted, and subject to any guidance on consultation issued by the Airports Commission, Gatwick intends to carry out public consultation in Spring 2014. By Summer 2014, the Airport would then be in a position to submit draft proposals to the Commission which take account of the views of our diverse range of stakeholders.

Gatwick believes that the additional capacity, flexibility and resilience that could be provided by a new runway at the Airport would help to ensure that London's airports provide the South East and the UK with the connectivity they need, while providing competition to the other London airports.

At least for the rest of this decade, London's airports will be relying on their existing physical capacity to meet expected increasing demand. Gatwick's work, and subsequent submission to the Commission in May 2013, includes a detailed evaluation of how Gatwick's existing single runway capacity can be maximised to contribute to the short-term capacity needs for London and the UK.

A new runway at Gatwick will further enhance the Airport's ability to provide direct long haul routes to international business centres in developed and emerging economies key to long term UK economic growth, building upon existing routes to Moscow, Beijing, Turkey and South East Asia.

REGULATORY ENVIRONMENT

In March 2008 the Civil Aviation Authority ("CAA") published its price control review for Gatwick Airport for the five year period ending 31 March 2013 ("Q5"). This was extended by one year so that the Q5 regulatory period now expires on 31 March 2014. The price control constrained the growth in aeronautical revenue yield per passenger to no more than RPI+2% at Gatwick for the 5 years to 31 March 2013 and to RPI-0.5% for the year to 31 March 2014. There is an adjustment mechanism to allow for the recovery of 90% of the costs of any new security requirements (i.e. those not envisaged when the price control was set) that amount to more than £7.0 million per annum.

BUSINESS REVIEW (continued)

REGULATORY ENVIRONMENT (continued)

In the CAA's Q5 decision there are incentive arrangements to promote quality of service and the timely completion of capital projects. Gatwick has continued to deliver its Q5 capital expenditure programme, including capital expenditure trigger projects (certain capital projects which, under the CAA's price control, specify a reduction to the level of the revenues that the Airport would be allowed to recover in airport charges if certain milestones were not reached in respect of these capital projects by defined dates), as agreed both with the airlines and the CAA. New triggers, covering 60 per cent. of the forecast capital expenditure in the year ending 31 March 2014, were agreed with the airlines operating at Gatwick and subsequently approved by the CAA. In September 2013 the Airport failed to meet one of the new Q5+1 triggers (completion of new crew reporting facilities), by a period of one month. This resulted in a trigger payment of £0.2 million.

On 19 December 2012, the Civil Aviation Act 2012 ("CA Act 2012") was passed modernising the system of economic regulation of airports in the UK. The CA Act 2012 introduced a new general duty for the CAA to carry out its functions in a manner which furthers the interests of users of air transport services regarding the range, availability, continuity, cost and quality of airport operation services, by doing so where appropriate in a manner which will promote competition in the provision of airport operation services. In carrying out its general duty, the CAA is required, among other things, to have regard to "the need to secure that a licence holder is able to finance its provision of airport operation services in the area for which the licence is granted".

The CA Act 2012 provides for the economic licensing of dominant airports (and dominant airport areas) where operators are determined by the CAA to have passed the Market Power Test in the CA Act 2012, which includes the CAA determining that the operator has Substantial Market Power. Where the CAA determines that a licence is required, the CA Act 2012 gives the CAA greater flexibility to align the regulatory requirements that it imposes with the market and competitive position at the relevant airport, concentrating more on service quality and performance incentives. Where a licence is not required, an airport's activities will remain subject to general competition law and the provisions of the Airport Charges Regulations, in respect of both of which the CAA will have an enforcement role.

The Company submitted its initial analysis of competition in November 2011, setting out that the available evidence does not support a finding that Gatwick has Substantial Market Power and thus it should not be subject to economic regulation beyond the end of Q5. The CAA published its initial views on the competitive position of Gatwick, Heathrow and Stansted in February 2012. The CAA's initial view was that each of the three airports currently subject to economic regulation have some degree of market power and thus could be subject to economic regulation beyond the end of Q5. The Company submitted further analysis in response to the CAA's initial view, setting out that the available evidence does not support a finding that Gatwick has Substantial Market Power and that the Market Power Test in the CA Act 2012 is not met.

The CAA published, for consultation, its "minded to" position on Gatwick's market power in May 2013. The Company submitted further analysis in response to the CAA's "minded to" consultation, continuing to set out its position that the available evidence does not support a finding that Gatwick has Substantial Market Power and that the Market Power Test in the CA Act 2012 is not met. The CAA is expected to publish its decision on its assessment of Gatwick's market power in January 2014. The CA Act 2012 includes provisions for the CAA's decision on its assessment of Gatwick's market power to be appealed to the Competition Appeal Tribunal.

The CAA, as part of its preparations for any regulation beyond the end of Q5, required the Company to participate in constructive engagement with the airlines operating at Gatwick. This constructive engagement between the Company and represented airlines took place from April to December 2012. To facilitate constructive engagement, the Company provided to the airlines and the CAA its Initial Business Plan (April 2012) for the period to 2020. In particular, constructive engagement with the Airport's airline community assessed key themes such as capital investment, traffic forecasts, operating costs and commercial revenue opportunities. The outputs of constructive engagement were then used, as appropriate, by the Company to inform the Revised Business Plan that the Company submitted to the CAA in January 2013.

BUSINESS REVIEW (continued)

REGULATORY ENVIRONMENT (continued)

As part of the Company's Business Plan submission to the CAA, it proposed that the Airport would enter into a set of legally enforceable Commitments to airlines covering price, service, transparency, financial resilience, operational resilience and dispute resolution. The proposal was that these Commitments would be in place for seven years from April 2014 and would replace the need for economic regulation of Gatwick by the CAA. In addition, the Company envisaged that there would a series of bilateral Contracts, incorporating, for example, price, service and duration, agreed on a commercial basis between the Company and individual airlines. The Commitments proposal incorporated a price level which increases by RPI+1.3% for seven years following a one off price correction of 10.7% in April 2014.

On 30 April 2013, the CAA issued for consultation its Initial Proposals for regulation at Gatwick beyond 31 March 2014. This document, together with the Market Power assessment noted above, propose that Gatwick has sufficient market power to justify on-going regulation, together with the introduction of a licence, at a price level which increases by no more than RPI+1% for five years.

The Company submitted its response to the CAA's Initial Proposals where it continued to propose to enter into a set of legally enforceable Commitments to all airlines and bilateral contracts with individual airlines. The Company proposed a number of revisions to the Commitments, including amendments to the service quality regime and a commitment to limit the maximum average revenue yield over the next seven years, based on published prices at RPI+1.5% per year, and average prices (taking into account bilateral contracts) at RPI+0.5% per year (i.e. the 'blended price').

On 3 October 2013 the CAA issued for consultation its Final Proposals for regulation at Gatwick beyond 31 March 2014, together with a draft licence incorporating Gatwick's Commitments. The CAA requested responses to its Final Proposals by 4 November 2013. The Company's response welcomed the CAA's final proposals, which reflect the Commitments framework offered by Gatwick. The Company believes firmly that the Commitments framework can lead to a transformational change in the way Gatwick operates, how it co-operates with its airline customers, and how – together – we can transform the passenger experience at Gatwick. This tailored approach to the regulation of the London airports will also facilitate increased competition between the London airports which will also be to the benefit of passengers.

The Company continues the process of engagement with the CAA and airlines on a solution which protects airline and passenger interests, whilst accelerating Gatwick's drive for improved passenger service and operational excellence. Final decisions on market power and economic regulation will be published by the CAA in January 2014.

All airport operators are subject to aerodrome licensing under the Air Navigation Order 2009, which requires an airport operator to demonstrate that it is competent to conduct aerodrome operations safely. That licensing requirement is not ffected by the CA Act 2012.

BUSINESS REVIEW (continued)

FINANCIAL REVIEW

Turnover

	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m
Aeronautical income	**206.9**	185.4
Retail income	**74.6**	69.7
Car parking income	**39.5**	33.5
Property rental income	**12.7**	13.1
Operational facilities and utilities income	**14.8**	13.8
Other income	**12.1**	10.3
Total turnover	**360.6**	325.8

The increase in turnover for the six months ended 30 September 2013 was largely the result of period-on-period traffic growth discussed in passenger traffic trends above and the increased aeronautical yield as discussed below. Growth in passenger traffic affects aeronautical, retail and car parking income.

Aeronautical income

Aeronautical income is driven by the number of passengers, ATMs and airport charges. In the six months ended 30 September 2013, aeronautical income increased by 11.6% or £21.5 million to £206.9 million, of which £204.5 million is regulated income. This was mainly due to a 4.7% or 0.4 million increase in departing international passengers during the six months ended 30 September 2013 compared to the prior year and an increase the allowable aeronautical yield over the same period.

As noted above, the current price control constrains the growth in aeronautical revenue yield per passenger to no more than RPI-0.5% for the year to 31 March 2014. The structure of airport charges is set annually by the Airport within the overall regulatory constraints relating to aeronautical yield.

The regulated allowable aeronautical yield increased by 9.1% to £8.797 for the year ending 31 March 2014 (year ending 31 March 2013: £8.065). The allowable aeronautical yield in the year ended 31 March 2013 reflected a one-off adjustment, equivalent to £15.6 million in aeronautical revenue, to reflect trigger payments associated with two capital projects that the Company chose not to complete during Q5. It was agreed with the airlines operating at Gatwick that these triggers would be removed for the year ending 31 March 2014 and replaced by alternative capital project triggers.

The actual aeronautical yield for the six months ended 30 September 2013 was £9.831 (six months ended 30 September 2012: £9.147). Any over or under recovery that arises for the 12 months ending 31 March 2014 will be an adjustment to the allowable yield in the year ending 31 March 2016.

Whilst the actual aeronautical yield for the six months ended 30 September 2013 is tracking above the maximum allowable yield, as a result of zero Winter landing and take-off charges, the actual aeronautical yield for 2013/14 is expected to be in line with £8.797.

BUSINESS REVIEW (continued)

Retail income

Net retail income per passenger is calculated as follows:

	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m
Duty and tax-free	**27.1**	25.0
Specialist shops	**17.1**	17.4
Catering	**12.1**	11.6
Bureau de Change	**11.0**	8.8
Other retail	**7.3**	6.9
	74.6	69.7
Less: retail expenditure	**(0.7)**	(0.5)
Net retail income	**73.9**	69.2
Passengers (m)	**20.8**	19.9
Net retail income per passenger	**£3.55**	£3.48

In the six months ended 30 September 2013, net retail income increased by 6.8% period-on-period to £3.55 per passenger.

Duty and tax free income increased by 8.4% primarily due to the increase in passenger numbers and the World Duty Free Group store in the South Terminal, which opened in July 2012 and operated for the entire six months of the current period.

The Specialist Shop category was adversely impacted throughout the year by on-going Capital Investment Programme works in the South Terminal, and by modernisations in the North Terminal. In August 2013, the second phase of the redevelopment of the South Terminal International Departure Lounge was completed, adding new premium brand outlets and increased retail space for existing operators.

The increase in Catering income was largely in line with passenger growth with spend per passenger remaining largely flat due to the on-going construction program.

In the Bureau de Change sector, the Company signed a new pan Airport agreement with Moneycorp as the single operator from 1 April 2013. The increase in income is as a result of working in partnership with their team to improve penetration and deliver a better service proposition for the passenger.

BUSINESS REVIEW (continued)

Car parking income

Net car parking income per passenger is calculated as follows:

	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m
Car parking income	**39.5**	33.5
Less: car parking expenditure	**(9.0)**	(8.3)
Net car parking income	**30.5**	25.2
Passengers (m)	**20.8**	19.9
Net car parking income per passenger	**£1.47**	£1.27

In the six months ended 30 September 2013 net car parking income increased by 21.0% period-on-period as a result of leveraging increased valet capacity and successful yield-management over the peak season. Transactions made via third party consolidators and park-and-stay operators (hotel stay and car park packages) have also increased over the period.

Other income categories

For the six months ended 30 September 2013, income from other areas increased by 6.5% to £39.6 million (six months ended 30 September 2012: £37.2 million). The increase was driven largely by increased operational facilities income as a result of passenger growth and increased ATMs. Property income is forecast to increase in the next 12 months as the capital development programme delivers properties back to a rentable status.

BUSINESS REVIEW (continued)

Operating costs

	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m
Staff costs	**82.1**	73.9
Retail expenditure	**0.7**	0.5
Car parking expenditure	**9.1**	8.3
Depreciation	**52.1**	61.0
Maintenance and IT expenditure	**19.4**	18.2
Utility costs	**13.3**	13.2
Rent and rates	**13.8**	13.5
General expenses	**25.5**	26.2
Total operating costs – ordinary	**216.0**	214.8

Staff costs increased £8.2 million or 11.1% period-on-period primarily due to a 2% increase in average salaries and increase in the number of full-time equivalent ("FTE") employees in the current period. Average FTE numbers increased to 2,491 for the six months ended 30 September 2013 from 2,426 for the corresponding prior period, reflecting increased requirements in operational areas and the insourcing of contractors to support the capital investment program. Pension costs increased by £1.7m as a result of market based conditions and the impact of auto enrolment. Staff costs attributable to the capital expenditure programme are offset by the subsequent capitalisation of these costs, which appears as part of general expenses. Overall, total staff capitalisation was £12.6 million in the six months ended 30 September 2013 (six months ended 30 September 2012: £11.4 million).

Operating profit

Operating profit increased by £30.0 million to £141.0 million in the six months to 30 September 2013 (six months ended 30 September 2012: £111.0 million).

BUSINESS REVIEW (continued)

EBITDA

	Note	**Six months ended 30 September 2013 £m**	Six months ended 30 September 2012 £m
Operating profit		**141.0**	111.0
Add back: depreciation		**52.1**	61.0
EBITDA		**193.1**	172.0
Add back: exceptionals	6	**3.6**	-
EBITDA pre exceptionals		**196.7**	172.0

Earnings before interest, tax, depreciation and amortisation ("Pre Exceptional EBITDA") pre exceptionals increased £24.7 million or 14.4% to £196.7 million in the six months ended 30 September 2013 (six months ended 30 September 2012: £172.0 million). The reasons underlying these changes are discussed in the relevant sections above.

Principle risks and uncertainties

'The directors consider that the principal risks and uncertainties remain the same as those disclosed in the Directors' Report for the Gatwick Airport Limited for the year ended 31 March 2013.

Going concern

All the Group's financial covenants (see note 13) have been met and are forecast to be met for the foreseeable future.

Based on the availability of undrawn committed borrowing facilities, and as further detailed in note 13 of the interim financial statements, the Directors have a reasonable expectation that the Company will continue as a going concern and accordingly these interim financial statements have been prepared on that basis.

REPORT OF THE DIRECTORS

The attached unaudited interim consolidated financial statements of Ivy Holdco Limited, comprising the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Reconciliation of Movements in Shareholders' Funds, Consolidated Balance Sheet, Consolidated Cash Flow Statement and other explanatory notes have been prepared in accordance with the requirements of the Ivy Holdco Limited Common Terms Agreement and are considered to fairly represent the financial condition and operations of Ivy Holdco Limited and its subsidiaries as at 30 September 2013 and for the six months then ended.

Significant Board changes

James Hime resigned from the Board on 16 September 2013.

Andrew Gillespie-Smith
Director

20 November 2013

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six months ended 30 September 2013

	Note	**Unaudited Six months ended 30 September 2013 £m**	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Turnover	4	**360.6**	325.8	538.9
Operating costs	5	**(216.0)**	(214.8)	(422.5)
Operating costs – exceptional: other	6	**(3.6)**	-	-
Total operating costs		**(219.6)**	(214.8)	(422.5)
Operating profit before exceptional items		**144.6**	111.0	116.3
Operating costs – exceptional: other	6	**(3.6)**	-	-
Operating profit		**141.0**	111.0	116.3
Loss on disposal of tangible fixed assets	7	**(3.3)**	(1.0)	(2.4)
Net interest payable and similar charges – ordinary	8	**(46.9)**	(48.3)	(93.1)
Net interest payable and similar credit/(charges) – exceptional	6	**36.5**	45.5	(49.1)
Profit/(loss) on ordinary activities before taxation		**127.3**	107.2	(28.3)
Tax charge on profit/(loss) on ordinary activities	9	**(29.1)**	(27.8)	(0.8)
Profit/(loss) on ordinary activities after taxation		**98.2**	79.4	(29.1)

The notes on pages 18 to 28 form an integral part of these unaudited interim consolidated financial statements.

All profits and losses recognised during the current and prior periods are from continuing operations.

There are no material differences between the profit and losses on ordinary activities before taxation and the retained profit and losses for the period and year and their historical cost equivalents.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the six months ended 30 September 2013

	Note	**Unaudited Six months ended 30 September 2013 £m**	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Profit/(loss) for the financial period		**98.2**	79.4	(29.1)
Actuarial losses on pension scheme	15	**(3.2)**	(4.5)	(16.8)
Deferred tax allocated to actuarial losses	15	**0.7**	1.0	3.9
Unrealised revaluation surplus		**-**	-	27.7
Total recognised gains/(losses) relating to the period		**95.7**	75.9	(14.3)

CONSOLIDATED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the six months ended 30 September 2013

	Note	**Unaudited Six months ended 30 September 2013 £m**	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Profit/(loss) for the financial period		**98.2**	79.4	(29.1)
Retained profit/(loss) for the financial period		**98.2**	79.4	(29.1)
Actuarial losses on pension scheme net of tax	15	**(2.5)**	(3.5)	(12.9)
Other net recognised losses relating to the period		**-**	-	(27.7)
Capital contribution		**0.3**	0.3	0.6
Net increase/(reduction) in shareholders' funds		**96.0**	76.2	(13.7)
Opening shareholders' funds		**315.0**	328.7	328.7
Closing shareholders' funds		**411.0**	404.9	315.0

The notes on pages 18 to 28 form an integral part of these unaudited interim consolidated financial statements.

CONSOLIDATED BALANCE SHEET
As at 30 September 2013

	Note	**Unaudited 30 September 2013 £m**	Unaudited 30 September 2012 £m	Audited 31 March 2013 £m
FIXED ASSETS				
Tangible assets	10	**2,211.7**	2,078.6	2,160.4
CURRENT ASSETS				
Stocks		**3.5**	4.0	3.3
Debtors: due within one year		**74.6**	79.5	49.7
: due after more than one year		**17.0**	10.4	45.9
Cash at bank and in hand		**0.5**	2.2	0.5
TOTAL CURRENT ASSETS		**95.6**	96.1	99.4
CREDITORS: amounts falling due within one year	11	**(140.0)**	(143.3)	(117.1)
NET CURRENT LIABILITIES		**(44.4)**	(47.2)	(17.7)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,167.3**	2,031.4	2,142.7
CREDITORS: amounts falling due after more than one year	12	**(1,542.2)**	(1,484.3)	(1,581.3)
Provisions for liabilities	14	**(203.3)**	(145.2)	(239.8)
NET ASSETS EXCLUDING PENSION (LIABILITY)/ASSET		**421.8**	401.9	321.6
Pension (liability)/asset	15	**(10.8)**	3.0	(6.6)
NET ASSETS INCLUDING PENSION (LIABILITY)/ASSET		**411.0**	404.9	315.0
CAPITAL AND RESERVES				
Called up share capital		**246.6**	246.6	246.6
Revaluation reserve		**22.0**	(7.6)	21.9
Profit and loss reserve		**403.2**	426.7	307.3
Merger reserve		**(260.8)**	(260.8)	(260.8)
TOTAL SHAREHOLDERS' FUNDS		**411.0**	404.9	315.0

The notes on pages 18 to 28 form an integral part of these unaudited interim consolidated financial statements.

The financial statements of Ivy Holdco Limited (Company registration number: 07497036) were approved by the Board of Directors on 20 November 2013 and were signed on its behalf by:

Michael McGhee
Director

Andrew Gillespie-Smith
Director

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 September 2013

	Note	**Unaudited Six months ended 30 September 2013 £m**	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Net cash inflow from operating activities		**178.6**	154.6	244.7
Returns on investments and servicing of finance		**(8.5)**	(6.7)	(68.7)
Capital expenditure and financial investment		**(113.9)**	(122.9)	(234.7)
Cash inflow/(outflow) before management of liquid resources and financing		**56.2**	25.0	(58.7)
Financing	16	**(56.2)**	(35.0)	47.0
Increase/(decrease) in cash in the period		**-**	(10.0)	(11.7)

Reconciliation of operating profit to net cash inflow from operating activities:

	Note	**Unaudited Six months ended 30 September 2013 £m**	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Operating profit		**141.0**	111.0	116.3
Adjustments for:				
Depreciation		**52.1**	61.0	110.7
Impairment of tangible fixed assets		**3.6**	-	-
Decrease/(increase) in stocks and debtors		**(16.7)**	(12.4)	12.6
(Decrease)/increase in creditors		**(3.1)**	(4.3)	5.4
Decrease in provisions		**-**	(0.4)	(0.4)
Increase in net pension (liability)/asset		**1.7**	(0.3)	0.1
Net cash inflow from operating activities		**178.6**	154.6	244.7

The notes on pages 18 to 28 form an integral part of these unaudited interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 September 2013

1. BASIS OF PREPARATION

These consolidated financial statements are the interim financial statements of Ivy Holdco Limited ("the Company") and its subsidiaries ("the Group") for the six months ended 30 September 2013. The comparative periods are the six months ended 30 September 2012 and the year ended 31 March 2013. They have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 2006 and United Kingdom Accounting Standards (UK GAAP), except as set out within the accounting policies.

The Directors confirm that the interim financial information has been prepared in accordance with the Accounting Standards Board (ASB) Statement: Half Yearly Financial Reports, and that the interim management report includes a fair review of the key events impacting upon the consolidated financial statements for the periods disclosed.

Going Concern

The Directors have prepared the interim consolidated financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have reviewed the cash flow projections of the Company and Group taking into account:

- the forecast passenger numbers, revenue and operating cash flows from the underlying operations;
- the forecast level of capital expenditure;
- the Group's funding structure and the facilities that are available to the Group (see note 13); and
- the Group's financial covenants.

All of the Group's financial covenants (see note 13) have been met and are forecast to be met for the foreseeable future.

As a result of the review, having made appropriate enquiries of management and allowing for headroom to accommodate a reasonable downside scenario (including a fall in passenger numbers), the Directors have a reasonable expectation that sufficient funds are available to meet the Company and Group's funding requirement over a period of at least 12 months from the date of the interim financial statements. Accordingly the Directors have a reasonable expectation that the Company and Group will continue as a going concern, and the financial statements have been prepared on that basis.

The interim consolidated financial statements were approved by the Directors on 20 November 2013.

Basis of consolidation

As at 30 September 2013, the Company has two wholly-owned subsidiaries: Gatwick Airport Limited and Gatwick Funding Limited.

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings to 30 September 2013. The results and cash flows of all group entities have been included in the consolidated interim financial statements of the Group for the six months ended 30 September 2013.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

2. ACCOUNTING POLICIES

The accounting policies adopted by the Group for these interim consolidated financial statements are consistent with those described in pages 14 to 20 of the Report and Financial Statements of Ivy Holdco Limited prepared under UK GAAP for the year ended 31 March 2013.

Taxation

The tax provision for the interim period represents the expected tax rate applicable for the full year ending 31 March 2014.

3. GENERAL INFORMATION

The financial information set out herein does not constitute the Company's statutory financial statements for the year ended 31 March 2013 within the meaning of Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been filed with the Registrar of Companies. The auditor's report on the 31 March 2013 financial statements is unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. Those financial statements were prepared in accordance with UK GAAP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

4. SEGMENTAL ANALYSIS

The Directors consider the business has only one segment (defined as the Airport due to the nature of its regulatory environment, type of operation, geographic location, and internal management reporting framework). All of the Company's turnover arises in the United Kingdom and is from continuing operations. Additional details of the turnover generated by each of the Company's key activities are given below.

Turnover	**Unaudited Six months ended 30 September 2013 £m**	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Airport and other traffic charges	**206.9**	185.4	285.8
Retail	**74.6**	69.7	123.2
Car parking	**39.5**	33.5	58.1
Property rental income	**12.7**	13.1	25.7
Operational facilities and utilities income	**14.8**	13.8	25.4
Other income	**12.1**	10.3	20.7
	360.6	325.8	538.9

5. OPERATING COSTS

	Unaudited Six months ended 30 September 2013 £m	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Wages and salaries	**64.7**	57.9	115.8
Social security costs	**4.8**	4.3	9.1
Pension costs	**9.6**	7.9	16.5
Share based payments	**0.3**	0.3	0.6
Other staff related costs	**2.7**	3.5	7.1
Staff costs	**82.1**	73.9	149.1
Retail expenditure	**0.7**	0.5	1.1
Car parking expenditure	**9.1**	8.3	16.5
Depreciation	**52.1**	61.0	110.7
Maintenance and IT expenditure	**19.4**	18.2	37.1
Rent and rates	**13.8**	13.5	28.2
Utility costs	**9.0**	9.3	19.8
Police costs	**5.7**	6.2	12.2
General expenses	**10.7**	10.2	20.4
Aerodrome navigation service costs	**9.1**	9.8	19.7
Distribution fee	**4.3**	3.9	7.8
	216.0	214.8	422.6

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

6. EXCEPTIONAL COSTS

	Unaudited Six months ended 30 September 2013 £m	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Operating items			
Impairment of tangible fixed assets (a)	**(3.6)**	-	-
Operating costs - exceptional	**(3.6)**	-	-
Interest payable and similar charges			
Provision released/(recognised) on financial derivatives (b)	**36.5**	45.5	(49.1)
Net interest payable and similar charges – exceptional credit/(charge)	**36.5**	45.5	(49.1)

(a) In the six month period ended 30 September 2013 the Group impaired tangible fixed assets by £3.6 million because it was deemed that certain projects had changed scope significantly, and the costs associated with them should not be carried forward to completion. No such costs were incurred in the six month period ended 30 September 2012 or the year ended 31 March 2013.

(b) The £36.5 million provision release on financial derivatives (September 2012: £45.5 million credit, 31 March 2013: £49.1 million charge) represents the period-on-period decrease in the present value of expected net cash outflows on interest rate and index-linked derivative contracts (refer to note 14). Although the contracts are economic hedges, they do not fully satisfy the requirements of UK GAAP in order for hedge accounting to be applied. Due to the size and nature of this balance it has been recognised as an exceptional item.

7. NON-OPERATING COSTS

	Unaudited Six months ended 30 September 2013 £m	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Non-operating item			
Loss on disposal of tangible fixed assets	**3.3**	1.0	2.4
	3.3	1.0	2.4

Loss on disposal of tangible fixed assets totalled £3.3 million during the six months to 30 September 2013 (30 September 2012: £1 million loss, 31 March 2013: £2.4 million loss). These profits and losses relate to assets no longer in use at the Airport.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

8. NET INTEREST PAYABLE AND SIMILAR CHARGES – ORDINARY

	Unaudited Six months ended 30 September 2013 £m	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Interest payable			
Interest on bank borrowings[1]	**3.2**	1.9	4.2
Interest on fixed rate bonds[2]	**35.6**	35.6	70.5
Interest on borrowings from other group undertakings[3]	**6.9**	10.3	17.9
Net interest payable on derivative financial instruments[4]	**5.1**	2.8	5.1
Amortisation of debt costs[5]	**1.6**	1.7	3.3
Non-utilisation fees on bank facilities	**1.3**	1.7	3.7
	53.7	54.0	104.7
Interest receivable			
Net return on pension scheme	**(0.9)**	(1.3)	(2.5)
Interest receivable on money markets and bank deposits	**-**	-	(0.1)
Finance lease income	**(0.4)**	(0.2)	(0.4)
	(1.3)	(1.5)	(3.0)
Less: capitalised borrowings costs[6]	**(5.5)**	(4.2)	(8.6)
Net interest payable	**46.9**	48.3	93.1

1 These amounts mainly relate to interest payable on loans drawn under the £970 million Initial Authorised Credit Facilities Agreement.

2 This amount relates to interest payable on fixed rate bonds issued by Gatwick Funding Limited for the Group on 2 March 2011 and 20 January 2012.

3 This amount relates to interest payable on a Loan Agreement with Ivy Bidco Limited entered into on 3 December 2009 that was amended and restated under a Deed dated 15 February 2011.

4 These amounts relate to interest rate derivatives of £32.3 million and £396 million index-linked derivatives. In March 2012, an additional £75 million of fixed to floating rate swaps, expiring in September 2012 were undertaken by the group. Refer to note 19 for detail on the nominal value of the Groups's swaps. These amounts include inflation accretion on index-linked swaps.

5 These amounts relate to the debt costs incurred in relation to the issue of fixed rate bonds by the Group on 2 March 2011 and 20 January 2012 (refer to note 13).

6 Borrowing costs have been capitalised using a rate of 6.1% (30 September 2012: 6.2%, 31 March 2013: 6.0%), which is the weighted average of rates applicable to the Group's overall borrowings outstanding during the year. The capitalised interest amount is calculated by applying the capitalisation rate to the average monthly balance of assets in the course of construction, after deducting the value of construction work undertaken but not paid for, and included in the value of such assets (see note 13).

9. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The taxation charge for the six months ended 30 September 2013 has been based on the estimated effective rate for the full year of 22.9% (30 September 2012: 26%, 31 March 2013: 23%).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

10. TANGIBLE ASSETS

	Investment properties £m	Land held for development £m	Terminal complexes £m	Airfields £m	Group occupied properties £m	Plant, equipment & other assets £m	Assets in the course of construction £m	Total £m
Cost or valuation								
1 April 2013	688.2	4.1	1,708.6	293.0	32.6	222.0	185.7	3,134.2
Additions at cost	-	-	-	-	-	-	104.8	104.8
Transfers to completed assets	0.7	-	42.4	6.7	-	35.1	(84.9)	-
Transfers between asset classes	-	-	3.6	-	(4.6)	1.0	-	-
Impairment							(3.6)	(3.6)
Interest capitalised	-	-	-	-	-	-	5.5	5.5
Disposals	(0.2)	-	(59.9)	(0.2)	-	(4.2)	-	(64.5)
30 September 2013	**688.7**	**4.1**	**1,694.7**	**299.5**	**28.0**	**253.9**	**207.5**	**3,176.4**
Depreciation								
1 April 2013	-	-	763.6	87.4	7.3	115.5	-	973.8
Charge for the year	-	-	31.1	7.5	0.6	12.9	-	52.1
Disposals	-	-	(56.8)	(0.2)	-	(4.2)	-	(61.2)
30 September 2013	**-**	**-**	**737.9**	**94.7**	**7.9**	**124.2**	**-**	**964.7**
Net book value								
30 September 2013	**688.7**	**4.1**	**956.8**	**204.8**	**20.1**	**129.7**	**207.5**	**2,211.7**
30 September 2012	673.6	4.1	925.9	156.8	17.0	110.7	190.5	2,078.6
31 March 2013	688.2	4.1	945.0	205.6	25.3	106.5	185.7	2,160.4

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

10. TANGIBLE ASSETS (continued)

Security

As part of the refinancing agreements outlined in note 13, the Group have granted security over their assets and share capital to the Group's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Unaudited 30 September 2013 £m	Unaudited 30 September 2012 £m	Audited 31 March 2013 £m
Trade creditors	**13.9**	11.5	15.2
Accruals	**20.3**	17.1	21.0
Capital creditors	**42.6**	55.7	51.6
Amounts owed to group undertakings – interest free	**2.8**	-	2.8
Other tax and social security	**2.8**	2.7	2.7
Accrued financing charges	**0.2**	0.3	0.3
Accrued interest payable	**-**	-	0.1
Accrued interest payable to other group undertakings	**45.6**	45.9	10.1
Finance lease liabilities	**-**	0.2	0.2
Other creditors	**2.4**	2.0	2.1
Deferred income	**9.4**	7.9	11.1
	140.0	143.3	117.1

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Unaudited 30 September 2013 £m	Unaudited 30 September 2012 £m	Audited 31 March 2013 £m
Borrowings (refer to note 13)	**1,399.7**	1,320.4	1,404.0
Amounts owed to group undertakings – interest bearing[1]	**90.0**	125.4	133.1
Accrued financing charges[2]	**52.5**	38.5	44.2
	1,542.2	1,484.3	1,581.3

1 'Amounts owed to group undertakings – interest bearing' represents amounts owing to Ivy Bidco Limited.

2 'Accrued financing charges relate to the cumulative inflation accretion on index linked swaps.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

13. BORROWINGS

	Unaudited 30 September 2013 £m	Unaudited 30 September 2012 £m	Audited 31 March 2013 £m
Non-Current borrowings			
Fixed rate bonds	**1,180.3**	1,179.4	1,179.8
Initial Authorised Credit Facility Agreement			
Term Facility	**103.4**	101.0	102.2
Capex Facility	**116.0**	40.0	92.0
Revolving Credit Facility	**-**	-	30.0
Total non-current borrowings	**1,399.7**	1,320.4	1,404.0
Maturity Profile:			
Repayable between 1 and 2 years	**219.4**	-	224.2
Repayable between 2 and 5 Years	**-**	141.0	
Repayable in more than 5 Years	**1,180.3**	1,179.4	1,179.8
	1,399.7	1,320.4	1,404.0

All the above borrowings are secured and carried at amortised cost.

Ivy Holdco Group Facilities

The Group entered into a Common Terms Agreement (“CTA”) with, *inter alia*, the Royal Bank of Scotland plc as Initial ACF agent. The CTA together with a Master Definitions Agreement covers, *inter alia*, the Initial Authorised Credit Facility Agreement (the “Initial ACF Agreement”).

The Initial ACF Agreement has total facilities of £970.0 million, comprising a Term Facility of £620.0 million, a non-revolving Capex Facility of £300.0 million and a Revolving Credit Facility of £50.0 million. The Initial ACF Agreement terminates on 3 December 2014. The outstanding balance on the Term Facility at 31 March 2013 after mandatory deductions and prepayments was £106.4 million (30 September 2012: £106.4 million, 31 March 2013: £106.4 million).

The Group has issued £1,200.0 million of publicly listed fixed rate secured bonds comprising £300 million Class A 6.125 per cent. Bonds with scheduled and legal maturities of 2026 and 2028 respectively, £300 million Class A 6.5 per cent. Bonds with scheduled and legal maturities of 2041 and 2043 respectively, £300 million Class A 5.25 per cent. Bonds with scheduled and legal maturities of 2024 and 2026 respectively and £300 million Class A 5.75 per cent. Bonds with scheduled and legal maturities of 2037 and 2039 respectively.

At 30 September 2013, the average interest rate payable on borrowings was 6.21% p.a. (30 September 2012: 6.20%, 31 March 2013: 5.78% p.a.).

At 30 September 2013, the Group had £234.0 million (30 September 2012: £310.0 million, 31 March 2013: £228.0 million) undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

13. BORROWINGS (continued)

Financial covenants

Under the CTA, the Group is required to comply with certain financial and information covenants, which are defined in relation to the financial performance, position and cash flows of Gatwick Airport Limited (a subsidiary undertaking of the Company). All financial covenants have been tested and complied with as at 30 September 2013 (30 September 2012: all covenants tested and complied with, 31 March 2013: all covenants tested and complied with).

The following table summarises Gatwick Airport Limited's financial covenants compliance as at 30 September 2013 under the CTA, and lists the trigger and default levels:

Covenant	30 September 2013	31 March 2013	Trigger	Default
Minimum interest cover ratio ("Senior ICR")	**3.11**	**2.88**	< 1.50	< 1.10
Maximum net indebtedness to the total regulatory asset base ("Senior RAR")	**0.60**	**0.62**	0.70	0.85

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Financial derivatives (a) £m	Total £m
1 April 2013	239.8	239.8
Released in the period	(36.5)	(36.5)
30 September 2013	**203.3**	**203.3**
30 September 2012	145.2	145.2

Financial derivatives

The Group has entered into financial derivative contracts to hedge its exposure to cash flow interest rate risk on variable rate borrowings and inflation risk arising on inflation related income. Although the contracts are commercial hedges, they do not fully satisfy the requirements of UK GAAP hedge accounting. A provision of £203.3 million, equal to the present value of expected net cash outflows on these contracts at 30 September 2013 (as shown below), has been recognised:

	Nominal Amount £m	Average Term (Yrs)	Average Rate Payable %	Average Rate Receivable %	Provision £m
Interest rate swaps	32.3	1.2	1.66	0.52	0.4
Variable to index-linked swaps	137.0	19.7	0.68	0.59	54.4
Fixed rate to index-linked swaps	259.0	19.3	3.73	6.32	148.5
Totals	428.3	18.1	2.60	4.05	203.3

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

15. PENSIONS

For some employees, the Group operates a funded pension plan providing benefits based on final pensionable pay. Assets of the plan are held in a separate trustee administered fund.

Plan assets and liabilities at 30 September 2013 have been recognised at their fair value based on an interim valuation prepared by an independent qualified actuary in accordance with FRS 17.

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plan is as follows:

	Unaudited 30 September 2013 £m	Unaudited 30 September 2012 £m	Audited 31 March 2013 £m
Present value of plan liabilities	**(296.6)**	(240.0)	(290.0)
Fair value of plan assets	**283.1**	244.0	281.4
(Deficit)/surplus	**(13.5)**	4.0	(8.6)
Related deferred tax asset/(liability)	**2.7**	(1.0)	2.0
Net pension (liability)/asset	**(10.8)**	3.0	(6.6)

16. ANALYSIS OF FINANCING CASH FLOWS

	Unaudited Six months ended 30 September 2013 £m	Unaudited Six months ended 30 September 2012 £m	Audited Year ended 31 March 2013 £m
Financing			
Debt (repaid)/drawn under the Initial ACF Agreement	**(6.2)**	40.0	122.0
Decrease in related party borrowings	**(50.0)**	(75.0)	(75.0)
Net cash (outflow)/inflow from financing	**(56.2)**	(35.0)	47.0

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the six months ended 30 September 2013

17. CLAIMS AND CONTINGENT LIABILITIES

As part of the refinancing agreements outlined in note 13, the Group have granted security over their assets and share capital to the Group's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

Other than the above, the Group has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other items arising in the normal course of business at 30 September 2013 (30 September 2012: nil, 31 March 2013: nil).

The Company's subsidiary, Gatwick Airport Limited, commenced proceedings on 6 February 2009 against Ryanair for recovery of check-in and baggage charges withheld since 2004, which as at 30 September 2013 totalled £3.9 million (30 September 2012: £3.5 million, 31 March 2013: £3.7 million).

Ryanair has defended the claim on the basis that the charges are excessive and discriminatory and also in breach of competition laws and had also complained to the CAA that Gatwick was in breach of the Transparency Condition (imposed by the CAA in relation to specified activities) and also in breach of the Groundhandling Regulations. The CAA published its decision in relation to this complaint on 31 May 2011. While the decision does not find that Gatwick Airport Limited's per passenger charge for check-in and baggage is discriminatory, it does find that Gatwick Airport Limited did not use objective criteria in setting its internet check-in charge as Ryanair's percentage of passengers travelling without hold baggage increased. The CAA also found that Gatwick Airport Limited was not sufficiently transparent in revealing how the charges were calculated.

Gatwick Airport Limited was directed by the CAA to carry out a consultation by April 2012 to revise its pricing structure for check-in and baggage and in doing so to ensure that a proper cost reflective charge is made for passengers checking-in online who do not use the baggage system. At the same time, Gatwick Airport Limited was also required to provide users with a precise and comprehensible description of the method of calculating the charge. Gatwick Airport Limited completed the consultation as required by the CAA direction and implemented a revised charging structure effective from April 2012.

Ryanair subsequently appealed to the CAA claiming that the charging structure effective from April 2012 was also in breach of the Groundhandling Regulations as it was not determined according to relevant objective transparent and non-discriminatory criteria. Following a hearing the CAA published its decisions and draft directions for consultation in May 2013. The CAA decided that the charging structure did breach the Regulations and in particular the allocation of planned maintenance costs and rates resulted in charges that had a discriminatory effect against Ryanair and other airlines who used some of the facilities less than others. Following a consultation on remedies, the CAA directed Gatwick Airport Limited to charge for planned maintenance so as to reflect the time-in-use required by individual airlines and to charge for rates to reflect any material differences in the intensity of use.

The litigation in relation to the check-in and baggage charges remains on hold. The CAA decisions do not mean that Ryanair is not liable for any of the check-in and baggage charges that have been withheld since 2004, and the Gatwick Airport Limited continues to seek resolution of that issue.

18. SUBSEQUENT EVENTS

There have been no material events or circumstances that have occurred after the balance sheet date, but prior to the signing of the financial statements, that require disclosure or adjustment to balances and transactions that existed at the balance sheet date.