

# INTERIM REPORT

For the Six-Month Period Ended  
31 December 2023

**NELSON AIRPORT LIMITED**



**NELSON AIRPORT**  
*Good things start here.*

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## DIRECTORS' AND CHIEF EXECUTIVE REPORT FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

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We are delighted to share with you the highlights of our operational and strategic performance for the first half of the 2023/24 financial year.

Despite the ongoing impact of airline capacity (as a result of Covid-19) on the aviation industry, NAL has demonstrated resilience and adaptability, delivered strong operational and financial performance while pursuing strategic initiatives and maintaining high standards of safety and customer service.

Our passenger numbers continue to recover towards the record pre-COVID levels experienced in 2018 & 2019, which was also the period that Jetstar last serviced the regions. The recovery reflects the strength of our regional market, the attractiveness of our destination, and the effectiveness of our marketing campaigns. Our revenue has increased by 6.4% compared to the same period last year, driven by increased aeronautical, property, and retail income. However, our operating expenses also increased on last year primarily as a result of inflation impacting our business and the broader economy. This resulted in a lower NPAT than last year's record half-year result, \$1.83m vs \$2.05m a reduction of 10.7% which is one of our strongest results to date delivering a healthy balance sheet and positive cash flow.

We have made good progress in our capital works programme, preparing and reviewing tenders for various projects that will enhance our infrastructure, facilities, and services. These include major works in the Airport House Pathway and Private Car Park improvements, thermal improvement work in the back-of-house area, and Hangar 27 strengthening work. We have also completed minor enabling works, such as runway pavement repairs, terminal roof repairs, and security fencing upgrades.

In addition to our operational and financial achievements, we have strengthened our relationships with our key stakeholders, including airlines, iwi, local authorities, and community groups. We have collaborated with Air New Zealand on a successful joint marketing campaign, which boosted our passenger numbers and promoted our region. We have also launched a noteworthy sponsorship partnership with Nelson Tasman Hospice, supporting their Trees of Remembrance campaign and raising funds for their valuable services. Furthermore, we have maintained a high profile in the media, showcasing our emergency response capabilities and highlighting our achievements and challenges.

Demand for tenancies at the airport continues to be strong with all lettable space occupied and two new tenant buildings nearing completion at the end of the period under review.

Our work to deliver the 2050 Master Plan continues to make strong progress with Project 2-Zero's Notice of Requirement and Private Plan Change (PC30) progressing steadily through the application process ahead of a May 2024 Hearing.

We have continued our focus on the customer experience and were pleased to see efforts rewarded with an "Excellent" customer satisfaction rating in our most recent customer survey. Insights from this survey continue to drive improvements efforts, including more activities and installations taking place in the terminal.

Looking ahead we expect passenger volume growth to be muted in the short term due to constraints in the airlines' ability to add capacity. Our focus on customer service will continue as we complete projects designed to further improve the experience through the airport.

The airport's resilience is a significant focus as we know that natural events are more common today and the need to make our airport resilient to adverse events is a priority.

The financial performance for the second half of the current financial year is forecast to be more conservative than that reported for the first half. Increased repairs and maintenance is planned to coincide with the warmer and lighter summer months. However, revenue is expected to be maintained at current levels and the full year forecast remains positive with an estimated Net Profit before Tax of \$4.6m.

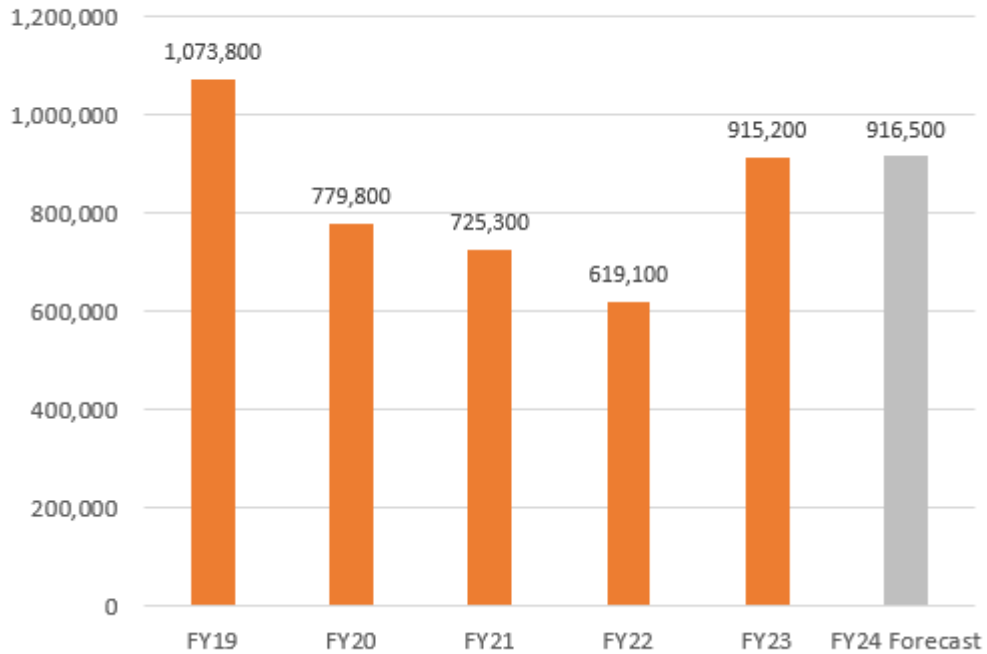
Thank you for your continued interest and investment in NAL.

| Six-month period ended 31 December | 2023     | 2022     | Variance |
|------------------------------------|----------|----------|----------|
| Total Revenue                      | \$8.80m  | \$8.27m  | +6.4%    |
| (EBITDA)                           | \$5.61m  | \$5.31m  | +5.6%    |
| Net Profit before Tax              | \$2.57m  | \$2.85m  | -10.0%   |
| Total Assets                       | \$147.4m | \$149.2m | -1.2%    |
| Equity                             | \$104.3m | \$102.6m | +1.7%    |
| Passenger Numbers                  | 457,281  | 457,214  | 0.0%     |

## OVERVIEW

The following graphs show a simple comparison of total passengers by financial year for the last five years.

### Passengers per Financial Year



Note: FY19 included Jetstar operating out of Nelson.

Quinton Hall  
Chair

Mark Thompson  
Chief Executive

# SERVICE PERFORMANCE REPORT

For the Six-Month Period Ended 31 December 2023

NAL has developed six strategic areas to improve business performance and encourage growth. These strategic areas are underpinned by a series of activities and key performance indicators.

The following table provides a commentary of achievement towards the targets published in the 2023/24 Statement of Intent.

| STRATEGIC AREA                     | MEASURE  | TARGET   | PROGRESS  |
|------------------------------------|--|--|---|
| <b>People, Culture and Values</b>  | Annual employee engagement survey to be undertaken   | Maintain a "Great" <sup>1</sup> result   | Employee survey due in May 2024.                      |
|                                    | Maintain a formal training and development programme for employees   | Achieve 10 hrs/FTE of ongoing personal development   | On track  |
| <b>Health, Safety and Risk</b>     | Meet all our obligations and standards under Civil Aviation Act Rules  | No "major" <sup>2</sup> findings   | Achieved  |
|                                    | Have a behavioural based safety culture where everyone is responsible for safety on the airport and uses the SMS daily | Top 20 risk register reviewed fortnightly by Senior Leadership Team One key risk reviewed at every Board meeting. Board Safety walks scheduled quarterly | On track  |
|                                    | Have an NAL-facilitated Health and Safety Committee in place   | Minimum of 9 safety meetings with all major airside and landside PCBUS <sup>3</sup>  | On track  |
|                                    | Enhance oversight of noise levels as set out in the Nelson Resource Management Plan                                    | Approval of Noise Management and Monitoring Plan by NANEAC <sup>4</sup>  | Achieved  |
| <b>Infrastructure and Property</b> | Maintain an asset management system to manage the condition, criticality, and life cycle of all assets                 | Main apron rehabilitation project completed  | Not achieved. Deferred until FY2025.                  |
|                                    | Attract commercial investment in developments that deliver our vision  | New rental car base project completed by 30 June 2024  | Achieved  |
| <b>Financial Results</b>           | Manage financial performance to ensure we are optimising returns   | Total Operating Revenues \$18.1m<br>EBITDA <sup>5</sup> \$10.4m  | Revenue down by 4.8% to budget<br>EBITDA is on budget |

<sup>1</sup> Employee Engagement Survey Net Promoter Score between 30 - 70

<sup>2</sup> An occurrence or deficiency involving a major system that caused, or had the potential to cause, significant problems to the function or effectiveness of that system.

<sup>3</sup> Person Conducting a Business or Undertaking

<sup>4</sup> Nelson Airport Noise Environment Advisory Committee

<sup>5</sup> Earnings before interest, taxes, depreciation, amortisation, and other non-operating income/expenses

| STRATEGIC AREA                      | MEASURE  | TARGET   | PROGRESS                               |
|-------------------------------------|--|--|--|
|                                     | Annual Audit   | Achieve an unqualified audit opinion   | Achieved                               |
| <b>Customers and Stakeholders</b>   | Deliver an exceptional customer experience for those visiting the airport in any capacity            | Maintain "Excellent" result in FY24 Customer Satisfaction Survey               | Customer survey planned for April 2024 |
|                                     | Appoint cultural advisor and provide plan for iwi engagement and strategic partnership opportunities | Implement one iwi partnership outcome by June 2024                             | Achieved                               |
| <b>Environmental Sustainability</b> | Pursue sustainability initiatives that deliver our goal to be carbon neutral by 2030                 | Achieve Level 2 Airport Carbon Accreditation                                   | Not achieved                           |
|                                     | Zero carbon emission   | Complete feasibility study for green energy production on airport by June 2024 | On track                               |

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the Six-Month Period Ended 31 December 2023

|   | Note | Dec 2023<br>\$000s | Dec 2022<br>\$000s |
|---|------|--------------------|--------------------|
| Revenue   | 2    | 8,796              | 8,274              |
| Operating costs   | 3    | (2,220)            | (2,038)            |
| Administration expenses   | 3    | (1,006)            | (927)              |
| Depreciation and amortisation   | 3    | (2,094)            | (2,036)            |
|   |      | (5,320)            | (5,000)            |
| <b>Profit before Financing and Investing</b>                              |      | <b>3,477</b>       | <b>3,274</b>       |
| Interest revenue  |      | 11                 | 6                  |
| Movement in unhedged derivative financial liability - revenue / (expense) |      | (50)               | 272                |
| Finance costs   | 3    | (872)              | (724)              |
| <b>Net Financing Income</b>   |      | <b>(911)</b>       | <b>(446)</b>       |
| Gain on sale of fixed assets  |      | -                  | 23                 |
| <b>Investing Income</b>   |      | <b>-</b>           | <b>23</b>          |
| <b>Profit before Tax</b>  |      | <b>2,566</b>       | <b>2,851</b>       |
| Income tax expense  | 9    | (733)              | (802)              |
| <b>Profit after Tax</b>   |      | <b>1,834</b>       | <b>2,049</b>       |
| <b>Other Comprehensive Income</b>   |      |                    |                    |
| Gain on asset revaluation   |      | -                  | -                  |
| Tax on asset revaluation  |      | -                  | -                  |
| <b>Total Comprehensive Income</b>   |      | <b>1,834</b>       | <b>2,049</b>       |

The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements



# CONDENSED STATEMENT OF CHANGES IN EQUITY

For the Six-Month Period Ended 31 December 2023

|   | Note | Dec 2023<br>\$000s | Dec 2022<br>\$000s |
|---|------|--------------------|--------------------|
| Opening Retained Earnings   |      | 21,142             | 19,539             |
| Total profit for the period   |      | 1,834              | 2,049              |
| Distributions to Equity Holders   |      | (100)              | -                  |
| Balance of disposed asset transferred from asset revaluation reserve        |      | -                  | 71                 |
| <b>Retained Earnings as at Period End</b>                                   |      | <b>22,876</b>      | <b>21,659</b>      |
| Opening Asset Revaluation Reserve   |      | 79,064             | 78,614             |
| Gain on asset revaluation   |      | -                  | -                  |
| Balance of disposed asset transferred to retained earnings                  |      | -                  | (99)               |
| Movement in deferred tax on disposed asset transferred to retained earnings |      | -                  | 28                 |
| <b>Asset Revaluation as at Period End</b>                                   |      | <b>79,064</b>      | <b>78,543</b>      |
| Share capital   |      | 2,400              | 2,400              |
| <b>Closing Equity as at Period End</b>                                      |      | <b>104,339</b>     | <b>102,601</b>     |

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# CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

|                                      | Note | Dec 2023<br>\$000s | Jun 2023<br>\$000s |
|--------------------------------------|------|--------------------|--------------------|
| <b>Assets</b>                        |      |                    |                    |
| <b>Current Assets</b>                |      |                    |                    |
| Trade and other receivables          | 7    | 1,698              | 975                |
| Cash and cash equivalents            | 8    | 278                | 172                |
| Other current assets                 |      | 83                 | 88                 |
| Derivative financial assets          | 11   | -                  | 675                |
| <b>Total Current Assets</b>          |      | <b>2,059</b>       | <b>1,909</b>       |
| <b>Non-Current Assets</b>            |      |                    |                    |
| Property, plant and equipment        | 5    | 145,209            | 145,198            |
| Intangible assets                    |      | 85                 | 100                |
| Derivative financial assets          | 11   | -                  | 365                |
| <b>Total Non-Current Assets</b>      |      | <b>145,294</b>     | <b>145,663</b>     |
| <b>Total Assets</b>                  |      | <b>147,353</b>     | <b>147,572</b>     |
| <b>Liabilities</b>                   |      |                    |                    |
| <b>Current Liabilities</b>           |      |                    |                    |
| Trade and other payables             | 10   | 1,202              | 2,470              |
| Current income tax liability         |      | 1,003              | 1,418              |
| Employee entitlements                |      | 443                | 538                |
| Interest bearing loans               | 12   | 331                | 26,802             |
| <b>Total Current Liabilities</b>     |      | <b>2,978</b>       | <b>31,227</b>      |
| <b>Non-Current Liabilities</b>       |      |                    |                    |
| Deferred tax                         | 9    | 13,236             | 13,739             |
| Interest bearing loans               | 12   | 26,800             | -                  |
| <b>Total Non-Current Liabilities</b> |      | <b>40,036</b>      | <b>13,739</b>      |
| <b>Total Liabilities</b>             |      | <b>43,014</b>      | <b>44,966</b>      |
| <b>Net Assets</b>                    |      | <b>104,339</b>     | <b>102,605</b>     |
| <b>Equity</b>                        |      |                    |                    |
| Issued share capital                 |      | 2,400              | 2,400              |
| Retained earnings                    |      | 22,876             | 21,142             |
| Asset revaluation reserve            |      | 79,064             | 79,064             |
| <b>Total Equity</b>                  |      | <b>104,339</b>     | <b>102,605</b>     |

*For and on behalf of the Board*



Quinton Hall  
Chair  
21 February 2024



Darren Mark  
Director  
21 February 2024

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

# CONDENSED STATEMENT OF CASH FLOWS

For the Six-Month Period Ended 31 December 2023

|  | Note | Dec 2023<br>\$000s | Dec 2022<br>\$000s |
|--|------|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>            |      |                    |                    |
| <i>Cash was provided from:</i>                         |      |                    |                    |
| Receipts from airport users                            |      | 8,356              | 7,952              |
| Interest received                                      |      | 11                 | 6                  |
|  |      | <u>8,367</u>       | <u>7,957</u>       |
| <i>Cash was disbursed to:</i>                          |      |                    |                    |
| Payments to suppliers and employees                    |      | (3,784)            | (2,983)            |
| Interest paid  |      | 118                | (724)              |
| Income tax paid  |      | (1,652)            | (525)              |
| Net GST movement                                       |      | 23                 | 82                 |
|  |      | <u>(5,294)</u>     | <u>(4,150)</u>     |
| <b>Net Cash Flows from Operating Activities</b>        | 4    | <b>3,073</b>       | <b>3,807</b>       |
| <b>Cash Flows from Investing Activities</b>            |      |                    |                    |
| <i>Cash was provided from:</i>                         |      |                    |                    |
| Sale of property, plant and equipment                  |      | 1                  | 27                 |
|  |      | <u>1</u>           | <u>27</u>          |
| <i>Cash was disbursed to:</i>                          |      |                    |                    |
| Purchase of property, plant and equipment              |      | (1,997)            | (2,730)            |
| Purchase of intangible assets                          |      | -                  | (4)                |
|  |      | <u>(1,997)</u>     | <u>(2,734)</u>     |
| <b>Net Cash Flow from Investing Activities</b>         |      | <b>(1,997)</b>     | <b>(2,706)</b>     |
| <b>Cash Flows from Financing Activities</b>            |      |                    |                    |
| <i>Cash was provided from:</i>                         |      |                    |                    |
| Increase in term loans                                 |      | 37,432             | 6,275              |
|  |      | <u>37,432</u>      | <u>6,275</u>       |
| <i>Cash was disbursed to:</i>                          |      |                    |                    |
| Dividend paid  |      | (1,300)            | (1,100)            |
| Decrease in term loans                                 |      | (37,103)           | (6,223)            |
|  |      | <u>(38,403)</u>    | <u>(7,323)</u>     |
| <b>Net Cash Flow from Financing Activities</b>         |      | <b>(971)</b>       | <b>(1,048)</b>     |
| Net increase / (decrease) in cash and cash equivalents |      | (106)              | 53                 |
| Opening cash and cash equivalents                      |      | 172                | 141                |
| <b>Closing cash and cash equivalents</b>               |      | <b>278</b>         | <b>194</b>         |

The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the Six-Month Period Ended 31 December 2023

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## 1. STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

Nelson Airport Limited is an Airport Company pursuant to Section 3 of the *Airport Authorities Act 1996* and is a Council Controlled Trading Organisation under Section 6 of the *Local Government Act 2002*. Nelson Airport Limited is registered under the *Companies Act 1993*.

Nelson Airport Limited is a wholly owned subsidiary of Infrastructure Holdings Limited. The shares in Infrastructure Holdings Limited are held by both Tasman District Council (50%) and Nelson City Council (50%). Neither of these entities has the ultimate control over Infrastructure Holdings Limited or Nelson Airport Limited.

Nelson Airport Limited operates and manages the Nelson regional airport. The major activities are the provision of facilities for aircraft landing and servicing, and the airline and landside processing of passengers and freight to and from the aircraft.

The unaudited interim financial statements for Nelson Airport Limited are for the six-month period ended 31 December 2023.

### BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with *Generally Accepted Accounting Practice* in New Zealand as required by the *Companies Act 1993*, *Financial Reporting Act 2013* and financial reporting standards adopted by Chartered Accountants Australia and New Zealand.

The interim financial statements are presented in New Zealand dollars. The interim financial statements are prepared on the basis of historical cost with the exception of property, plant and equipment which is measured at fair value.

- The unaudited interim financial statements have been prepared in accordance with the *New Zealand Equivalent to International Accounting Standard No. 34* (Interim Financial Reporting) and should be read in conjunction with the previous annual report.
- There have been no significant changes in accounting policies. All policies have been applied on bases consistent with those used in the previous annual report. To ensure consistency with the current period, comparative figures have been restated where appropriate.

### FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in New Zealand dollars and all values are rounded to the nearest thousand dollars. This may result in some rounding calculation differences in financial statements and notes. The functional currency of Nelson Airport Limited is New Zealand dollars (NZ\$).

## 2. REVENUE

|                               | Dec 2023     | Dec 2022     |
|-------------------------------|--------------|--------------|
|                               | \$000s       | \$000s       |
| <b>Contract Revenue</b>       |              |              |
| Aeronautical charges          | 4,917        | 4,596        |
| Ground transport revenue      | 1,621        | 1,739        |
| Advertising revenue           | 109          | 118          |
| Sundry income                 | 0            | -            |
| <b>Total Contract Revenue</b> | <b>6,647</b> | <b>6,453</b> |
| <b>Other Revenue</b>          |              |              |
| Ground transport revenue      | 666          | 488          |
| Retail revenue                | 212          | 193          |
| Property revenue              | 1,245        | 1,140        |
| Sundry income                 | 27           | 0            |
| <b>Total Other Revenue</b>    | <b>2,150</b> | <b>1,821</b> |
| <b>Total Revenue</b>          | <b>8,796</b> | <b>8,274</b> |

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

### 3. EXPENSES

#### a) Operating Costs

|                            | Dec 2023     | Dec 2022     |
|----------------------------|--------------|--------------|
|                            | \$000s       | \$000s       |
| Employee entitlements      | 1,462        | 1,231        |
| Other operating expenses   | 755          | 755          |
| Loss on disposal of assets | 2            | 51           |
|                            | <b>2,220</b> | <b>2,038</b> |

#### b) Administration Costs

|                               | Dec 2023     | Dec 2022   |
|-------------------------------|--------------|------------|
|                               | \$000s       | \$000s     |
| Auditors remuneration         | 80           | 31         |
| Directors' fees               | 87           | 89         |
| Insurance and rates           | 487          | 434        |
| Other administration expenses | 352          | 373        |
|                               | <b>1,006</b> | <b>927</b> |

#### c) Depreciation and Amortisation

|                                    | Dec 2023     | Dec 2022     |
|------------------------------------|--------------|--------------|
|                                    | \$000s       | \$000s       |
| Depreciation                       | 2,079        | 2,020        |
| Depreciation – right of use assets | 1            | 2            |
| Amortisation of intangible assets  | 15           | 14           |
|                                    | <b>2,094</b> | <b>2,036</b> |

#### d) Finance Costs

|                                      | Dec 2023   | Dec 2022   |
|--------------------------------------|------------|------------|
|                                      | \$000s     | \$000s     |
| Interest expense                     | 871        | 723        |
| Interest expense – lease liabilities | 0          | 0          |
|                                      | <b>872</b> | <b>724</b> |

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#### 4. RECONCILIATION OF COMPREHENSIVE INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

|   | Dec 2023<br>\$000s | Dec 2022<br>\$000s |
|---|--------------------|--------------------|
| Net Profit for the Period                             | 1,834              | 2,049              |
| <i>Add / (less) non-cash and non-operating items:</i> |                    |                    |
| (Gain) / loss on disposal of assets                   | 2                  | 28                 |
| Depreciation and amortisation                         | 2,094              | 2,036              |
| Value of donated assets received                      | (27)               | -                  |
| Movement in deferred taxation                         | (504)              | (153)              |
| Movement in derivative financial instrument           | 1,040              | (272)              |
| Tax on asset revaluation                              | -                  | -                  |
| <i>Movement in working capital:</i>                   |                    |                    |
| (Increase) / decrease in other current assets         | 5                  | (23)               |
| (Increase) / decrease in receivables                  | (723)              | (579)              |
| Increase / (decrease) in current tax payable          | (416)              | 430                |
| Increase / (decrease) in payables                     | (232)              | 291                |
| <b>Net cash flows from operating activities</b>       | <b>3,073</b>       | <b>3,807</b>       |

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

## 5. PROPERTY, PLANT & EQUIPMENT

| 31 December 2023                                      | Land & Improvements<br>\$000s | Buildings<br>\$000s | Airfield Infrastructure<br>\$000s | Landside Infrastructure<br>\$000s | Equipment<br>\$000s | Motor Vehicles<br>\$000s | Fixtures & Fittings<br>\$000s | Capital Work in Progress<br>\$000s | Total<br>\$000s |
|---|-------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|--------------------------|-------------------------------|------------------------------------|-----------------|
| <b>Cost or Valuation</b>                              |                               |                     |                                   |                                   |                     |                          |                               |                                    |                 |
| Balance as at 1 July 2023                             | 42,448                        | 59,848              | 26,477                            | 17,703                            | 763                 | 1,348                    | 486                           | 806                                | 149,880         |
| Reclassification                                      | -                             | 43                  | 91                                | -                                 | 31                  | -                        | -                             | (164)                              | -               |
| Additions   | -                             | 18                  | 43                                | 42                                | 94                  | 8                        | -                             | 1,887                              | 2,093           |
| Disposals   | -                             | -                   | -                                 | (1)                               | (1)                 | -                        | -                             | -                                  | (2)             |
| Balance as at 31 December 2023                        | 42,448                        | 59,909              | 26,612                            | 17,744                            | 886                 | 1,357                    | 486                           | 2,529                              | 151,971         |
| <b>Accumulated Depreciation and Impairment Losses</b> |                               |                     |                                   |                                   |                     |                          |                               |                                    |                 |
| Balance as at 1 July 2023                             | -                             | 1,651               | 1,707                             | 698                               | 281                 | 97                       | 249                           | -                                  | 4,682           |
| Depreciation  | -                             | 812                 | 825                               | 288                               | 64                  | 69                       | 21                            | -                                  | 2,080           |
| Disposals   | -                             | -                   | -                                 | (0)                               | -                   | -                        | -                             | -                                  | (0)             |
| Balance as at 31 December 2023                        | -                             | 2,462               | 2,532                             | 986                               | 345                 | 166                      | 270                           | -                                  | 6,761           |
| <b>Net Book Value as at 31 December 2023</b>          | <b>42,448</b>                 | <b>57,446</b>       | <b>24,080</b>                     | <b>16,758</b>                     | <b>541</b>          | <b>1,191</b>             | <b>216</b>                    | <b>2,529</b>                       | <b>145,209</b>  |
| <b>31 December 2022</b>                               |                               |                     |                                   |                                   |                     |                          |                               |                                    |                 |
| <b>Cost or Valuation</b>                              |                               |                     |                                   |                                   |                     |                          |                               |                                    |                 |
| Balance as at 1 July 2022                             | 42,448                        | 58,056              | 25,249                            | 16,887                            | 452                 | 151                      | 455                           | 2,313                              | 146,012         |
| Reclassification                                      | -                             | 1,870               | 389                               | 282                               | 92                  | 1,251                    | -                             | (3,883)                            | (0)             |
| Additions   | -                             | 8                   | 8                                 | 2                                 | 29                  | 32                       | -                             | 2,655                              | 2,734           |
| Disposals   | -                             | -                   | (49)                              | -                                 | (3)                 | (99)                     | (4)                           | -                                  | (155)           |
| Balance as at 31 December 2022                        | 42,448                        | 59,935              | 25,597                            | 17,170                            | 570                 | 1,336                    | 451                           | 1,085                              | 148,591         |
| <b>Accumulated Depreciation and Impairment Losses</b> |                               |                     |                                   |                                   |                     |                          |                               |                                    |                 |
| Balance as at 1 July 2022                             | -                             | 96                  | 1                                 | 3                                 | 216                 | 101                      | 206                           | -                                  | 624             |
| Depreciation  | -                             | 785                 | 824                               | 341                               | 32                  | 18                       | 23                            | -                                  | 2,022           |
| Disposals   | -                             | -                   | -                                 | -                                 | (2)                 | (97)                     | (1)                           | -                                  | (100)           |
| Balance as at 31 December 2022                        | -                             | 881                 | 825                               | 344                               | 246                 | 22                       | 228                           | -                                  | 2,546           |
| <b>Net Book Value as at 31 December 2022</b>          | <b>42,448</b>                 | <b>59,054</b>       | <b>24,771</b>                     | <b>16,826</b>                     | <b>324</b>          | <b>1,313</b>             | <b>223</b>                    | <b>1,085</b>                       | <b>146,045</b>  |

The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements



## VALUATION

As at 30 June 2023, Nelson Airport Limited reviewed its tangible and intangible assets and established that there were no indications of impairment. Therefore, no independent external revaluations were conducted since 30 June 2022.

Residential and commercial land was valued as at 30 June 2022 by Duke & Cooke Limited in accordance with International Financial Reporting Standards, NZ International Accounting Standards, specifically NZ IAS16, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value \$3,048,000).

Leasehold aerodrome land, upon which the airport is situated, was vested by the Crown to be held in trust by Nelson City Council. Nelson Airport Limited has a renewable 60-year lease over this land at a peppercorn rental. The leasehold interest in airport land was valued as at 30 June 2022 by Duke & Cooke Limited in accordance with International Financial Reporting Standards, NZ International Accounting Standards, specifically NZ IAS16, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value \$39,400,000).

Buildings were valued as at 30 June 2022 by Duke & Cooke Limited in accordance with International Financial Reporting Standards, NZ International Accounting Standards, specifically NZ IAS16, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value \$57,644,398).

Airfield infrastructure was valued as at 30 June 2022 by Beca Limited in accordance with International Valuation Standards, NZ International Accounting Standards, specifically NZ IAS16, and Property Institute of New Zealand Guidance Papers for Valuers and Property Professionals (fair value \$25,244,518).

Landside infrastructure was valued as at 30 June 2022 by Beca Limited in accordance with International Valuation Standards, NZ International Accounting Standards, specifically NZ IAS16, and Property Institute of New Zealand Guidance Papers for Valuers and Property Professionals (fair value \$16,753,948).

Both Duke & Cooke Limited and Beca Limited are independent registered valuers.

## 6. INTANGIBLE ASSETS

| Dec 2023          | Original Cost<br>\$000s | Accum Amortisation<br>\$000s | Opening WDV<br>\$000s | Additions<br>\$000s | Reclassifications<br>\$000s | Disposals<br>\$000s | Amortisation<br>\$000s | Closing WDV<br>\$000s |
|-------------------|-------------------------|------------------------------|-----------------------|---------------------|-----------------------------|---------------------|------------------------|-----------------------|
| Software          | 100                     | 79                           | 20                    | -                   | -                           | 1                   | 4                      | 15                    |
| Other Intangibles | 180                     | 100                          | 80                    | -                   | -                           | -                   | 10                     | 70                    |
| <b>Total</b>      | <b>279</b>              | <b>179</b>                   | <b>100</b>            | <b>-</b>            | <b>-</b>                    | <b>1</b>            | <b>15</b>              | <b>85</b>             |

| Dec 2022          | Original Cost<br>\$000s | Accum Amortisation<br>\$000s | Opening WDV<br>\$000s | Additions<br>\$000s | Reclassifications<br>\$000s | Disposals<br>\$000s | Amortisation<br>\$000s | Closing WDV<br>\$000s |
|-------------------|-------------------------|------------------------------|-----------------------|---------------------|-----------------------------|---------------------|------------------------|-----------------------|
| Software          | 96                      | 66                           | 30                    | 4                   | -                           | -                   | 8                      | 26                    |
| Other Intangibles | 180                     | 79                           | 100                   | -                   | -                           | -                   | 6                      | 94                    |
| <b>Total</b>      | <b>275</b>              | <b>145</b>                   | <b>130</b>            | <b>4</b>            | <b>-</b>                    | <b>-</b>            | <b>14</b>              | <b>121</b>            |

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## 7. TRADE AND OTHER RECEIVABLES

|                                      | Dec 2023<br>\$000s | Jun 2023<br>\$000s |
|--------------------------------------|--------------------|--------------------|
| Trade receivables – contract revenue | 1,251              | 854                |
| Trade receivables – other revenue    | 107                | 60                 |
| Accrued debtors                      | 0                  | 0                  |
| Prepayments                          | 339                | 60                 |
|                                      | <b>1,698</b>       | <b>975</b>         |

## 8. CASH AND CASH EQUIVALENTS

|              | Dec 2023<br>\$000s | Jun 2023<br>\$000s |
|--------------|--------------------|--------------------|
| Cash on hand | 12                 | 10                 |
| Bank Balance | 266                | 162                |
|              | <b>278</b>         | <b>172</b>         |

## 9. INCOME TAX

### Components of Income Tax Expense

|   | Dec 2023<br>6 months<br>\$000s | Dec 2022<br>6 months<br>\$000s |
|---|--------------------------------|--------------------------------|
| Current tax expense                     | 1,236                          | 955                            |
| Prior years tax under / (over) provided | -                              | -                              |
| Deferred tax expense                    | (504)                          | (153)                          |
|   | <b>733</b>                     | <b>802</b>                     |

### Relationship between Tax Expense and Accounting Profit

|  | Dec 2023<br>6 months<br>\$000s | Dec 2022<br>6 months<br>\$000s |
|--|--------------------------------|--------------------------------|
| Operating Profit before Taxation                             | 2,566                          | 2,851                          |
| Prima facie tax @ 28%  | 719                            | 798                            |
| Adjustment for timing and taxation differences               | 504                            | 153                            |
| Adjustment for permanent differences                         | 14                             | 3                              |
| Prior years tax under / (over) provided                      | -                              | -                              |
| Adjustments for deferred tax                                 | (297)                          | 66                             |
| Adjustments for deferred tax – property, plant and equipment | (207)                          | (220)                          |
| <b>Income Tax Expense</b>                                    | <b>733</b>                     | <b>802</b>                     |

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## Deferred Tax

|                                       | Dec 2023<br>6 months<br>\$000s | Dec 2022<br>6 months<br>\$000s |
|---------------------------------------|--------------------------------|--------------------------------|
| <b>Property, Plant and Equipment</b>  |                                |                                |
| Opening balance                       | (13,510)                       | (13,773)                       |
| Charged to profit and loss            | 207                            | 220                            |
| Charged to asset revaluation reserve  | -                              | -                              |
| Closing balance                       | (13,303)                       | (13,553)                       |
| <b>Employee Entitlements</b>          |                                |                                |
| Opening balance                       | 50                             | 41                             |
| Charged to profit and loss            | 6                              | 6                              |
| Closing balance                       | 56                             | 47                             |
| <b>Derivative Financial Liability</b> |                                |                                |
| Opening balance                       | (291)                          | (262)                          |
| Charged to profit and loss            | 291                            | (76)                           |
| Closing balance                       | -                              | (338)                          |
| <b>Other Provisions</b>               |                                |                                |
| Opening balance                       | 12                             | 1                              |
| Charged to profit and loss            | (1)                            | 4                              |
| Closing balance                       | 11                             | 5                              |
| <b>Total</b>                          | <b>(13,236)</b>                | <b>(13,839)</b>                |

## 10. TRADE AND OTHER PAYABLES

|                                  | Dec 2023<br>\$000s | Jun 2023<br>\$000s |
|----------------------------------|--------------------|--------------------|
| Trade payables                   | 595                | 855                |
| Trade payables (related parties) | 149                | 33                 |
| Dividend payable                 | -                  | 1,200              |
| Accruals                         | 133                | 136                |
| GST liability                    | 320                | 215                |
| Income received in advance       | 5                  | 30                 |
|                                  | 1,202              | 2,470              |

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## 11. DERIVATIVE FINANCIAL INSTRUMENTS

|                                    | Dec 2023<br>\$000s | Jun 2023<br>\$000s |
|------------------------------------|--------------------|--------------------|
| <b>Derivative Financial Assets</b> |                    |                    |
| <b>Interest rate swaps</b>         |                    |                    |
| Current portion                    | -                  | 675                |
| Non-current portion                | -                  | 365                |
|                                    | -                  | 1,040              |

Nelson Airport Limited cancelled its interest rate swap contracts on 6<sup>th</sup> October 2023 leaving a nil balance at 31 December 2023 (2022: \$19,000,000).

The notional principal amounts of outstanding floating to fixed interest rate swap contracts as at the 6<sup>th</sup> October 2023 totalled \$19,000,000 (2022: \$19,000,000).

Their fair value at cancellation date was an asset of \$623,911 (June 2023: asset of \$1,039,520).

The weighted average fixed interest rate on swaps held at balance date was 3.63% (June 2023: 3.63%).

The movement in the interest rate swaps has been recognised as a movement in profit or loss within finance costs.

## 12. INTEREST BEARING LOANS

|                                  | Dec 2023<br>\$000s | Jun 2023<br>\$000s |
|----------------------------------|--------------------|--------------------|
| <b>Repayable as follows:</b>     |                    |                    |
| Less than 1 year                 | 330                | 26,795             |
| Between 1 and 5 years            | 26,795             | -                  |
|                                  | 27,125             | 26,795             |
| <b>Finance Lease Liabilities</b> |                    |                    |
| Less than 1 year                 | 1                  | 7                  |
| Between 1 and 5 years            | 5                  | -                  |
|                                  | 6                  | 7                  |

On the 6<sup>th</sup> October 2023, Nelson Airport Limited secured a loan facility with Infrastructure Holdings Limited. The applicable interest rate at balance date was charged at a blended rate of 6.104% with a loan balance of \$27,125,000.

Nelson Airport Limited continues to hold a line of credit with Westpac which has reduced to \$4,400,000 from the 24<sup>th</sup> November 2023 (previously \$35,000,000). The interest rate applying to this loan facility at balance date was 6.5% (June 2023: 7.20%). These funds are available and drawn down as required. This loan is secured by a general security agreement over assets and undertakings of Nelson Airport Limited and used to finance short term operation costs.

## 13. TRANSACTIONS INVOLVING PARENT ENTITIES

### TRANSACTIONS WITH SHAREHOLDERS

Nelson Airport Limited is a 100% wholly owned subsidiary of Infrastructure Holdings Limited (IHL). IHL is jointly owned by Nelson City Council (NCC) (50%) and Tasman District Council (TDC) (50%).

The company paid interest on their loan facility to IHL amounting to \$258,037 (2022: Nil) with the payable balance as at 31 December 2023 of \$141,374 (2022: Nil).

Nelson Airport Limited paid rates, maintenance, consents, fees and facility hire costs to NCC amounting to \$431,829 (2022: \$310,059) while receiving income of \$12,333.53 (2022: \$4,600) and the balance included as owing in trade payables as at 31 December 2023 is \$1,517 (2022: \$20,357).

The Company is liable to pay a peppercorn rent to the Nelson City Council, if requested, in respect of aerodrome reserve land.

### TRANSACTIONS WITH ENTITIES OWNED BY PARENT ENTITIES

Nelmac Limited is a 100% subsidiary of Nelson City Council. Nelson Airport Limited paid grounds maintenance and other fees to Nelmac Limited amounting to \$61,565.61 (2022: \$48,452) and the balance included as owing in trade payables as at 31 December 2023 was \$5,120 (2022: \$6,670).

Nelson Regional Development Agency Limited is wholly owned by the Nelson City Council. Nelson Airport Limited paid costs of Nil (2022: \$17,250) and the balance included as owing in trade payables as at 31 December 2023 was Nil (2022: Nil).

Port Nelson Ltd is jointly owned by Nelson City Council (50%) and Tasman District Council (50%). Nelson Airport Limited paid costs of \$923 (2022: Nil) and the balance included as owing in trade payables as at 31 December 2023 was Nil (2022: Nil).

### TRANSACTIONS WITH ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

During the period, Nelson Airport Limited paid \$142 (2022: Nil) for travel expenses to Vertus Group Ltd, of which Quinton Hall, NAL Chair, is a director and shareholder.

Nelson Airport Limited paid \$18,630 (2022: \$2,807) for director fees to Findex NZ Ltd, of which Darren Mark, NAL Audit & Risk Chair, is a senior partner.

Nelson Airport Limited paid \$923 (2022: Nil) for travel expenses to Port Nelson Limited, of which Matthew McDonald, NAL Director, is the General Manager of Operations.

Nelson Airport Limited paid \$22,964 (2022: \$21,362) for an annual membership to NZ Airport Association Inc, of which Matt Clarke, NAL Director, is the Chair.

With the exception of a peppercorn rent in relation to the aerodrome land all related party transactions are at arms-length and were charged on normal terms and conditions and outstanding accounts are payable on normal trading terms. No related debts have been written off or provided for as doubtful. All related party balances are unsecured.

## 14. DISTRIBUTIONS TO SHAREHOLDERS

No interim dividend has been declared for the period ending 31 December 2023. The final dividend for the 2022/23 financial year of \$1,200,000 was accrued as at 30 June 2023 and paid to shareholders on 04 July 2023.

## 15. CONTINGENCIES

There are no material contingent liabilities to record as at 31 December 2023.

## 16. EVENTS AFTER BALANCE DATE

There were no significant events after balance date 31 December 2023.

## 17. CAPITAL COMMITMENTS

Nelson Airport Ltd has \$1,186,884 worth of contractual commitments for property, plant and equipment as at 31 December 2023 (2022: \$23,306).

## 18. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the board of directors on 21 February 2024.

# COMPANY DIRECTORY

## Directors

Quinton Hall - Chair  
Darren Mark - Audit & Risk Chair  
Emma Ihaia - Health & Safety Chair  
Matthew Clarke  
Matthew McDonald

## Registered Office

Nelson Airport Management Offices  
Trent Drive, Nelson 7011  
Telephone 03-547-3199  
Email [office@nelsonairport.co.nz](mailto:office@nelsonairport.co.nz)

## Senior Leadership Team (as at 31 December 2023)

|                              |                   |
|------------------------------|-------------------|
| Chief Executive Officer      | Mark Thompson     |
| Chief Financial Officer      | Adrian Ferris     |
| Commercial                   | Simon Barr        |
| Communications and Marketing | Beth Catley       |
| Customer Service             | Michael Jukes     |
| Facilities and Assets        | Jonathan Truslove |
| Operations                   | Jesse Woods       |
| Support Services             | Tania Mitchell    |

## Auditor

Audit New Zealand, on behalf of the Auditor-General

## Accountant

Johnston Associates Chartered Accountants

## Banker

Westpac Banking Corporation

## Lawyer

Ford Sumner Lawyers