



# INTERIM REPORT

For the Six-Month Period Ended  
31 December 2022



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## DIRECTORS' AND CHIEF EXECUTIVE REPORT FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

Six-month period ended 31 December	2022	2021	Variance
Total Revenue	\$8.27m	\$5.70m	+45%
(EBITDA)	\$5.31m	\$2.80m	+90%
Net Profit before Tax	\$2.85m	\$1.35m	+112%
Total Assets	\$149.2m	\$140.7m	+6%
Equity	\$102.6m	\$94.7m	+8%
Passenger Numbers	457,214	280,820	+63%

### OVERVIEW

The first half of our fiscal year saw our recovery post Covid continue, the reopening of the international border in July continued to provide a cautious return to normality in terms of air travel. The Nelson Airport Limited (NAL) team has continued to manage well through the disruptions caused by ongoing waves of Covid.

August saw a significant weather event that saw the road between Blenheim and Nelson closed for seven weeks. Nelson Airport played an important role in supporting air links during this time. Mark Thompson our CEO continues to focus on financial performance, sustainability and building a strong leadership team. The team continues work on ensuring our assets are resilient and is developing plans for long-term strategic growth.

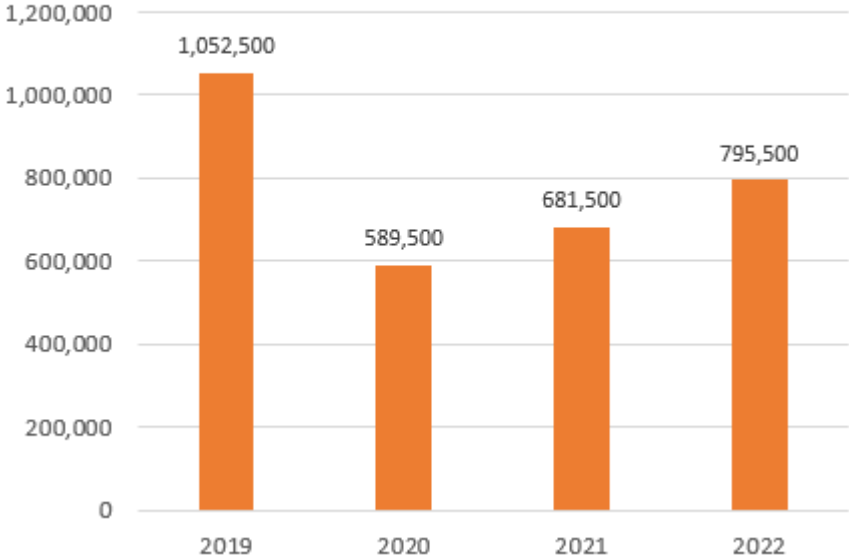
During the period we saw the retirement of two long serving Board Members in Paul Steere and Catherine Taylor, stepping down as Chair and Deputy Chair respectively. Paul and Catherine had led Nelson Airport through significant change and development during their time at NAL including the construction of the incredible terminal building.

Financial performance continues to be strong as passenger volumes have recovered faster than expected post Covid. All indications at this point are that we should see continued recovery post Covid even with the current head winds in the economy.

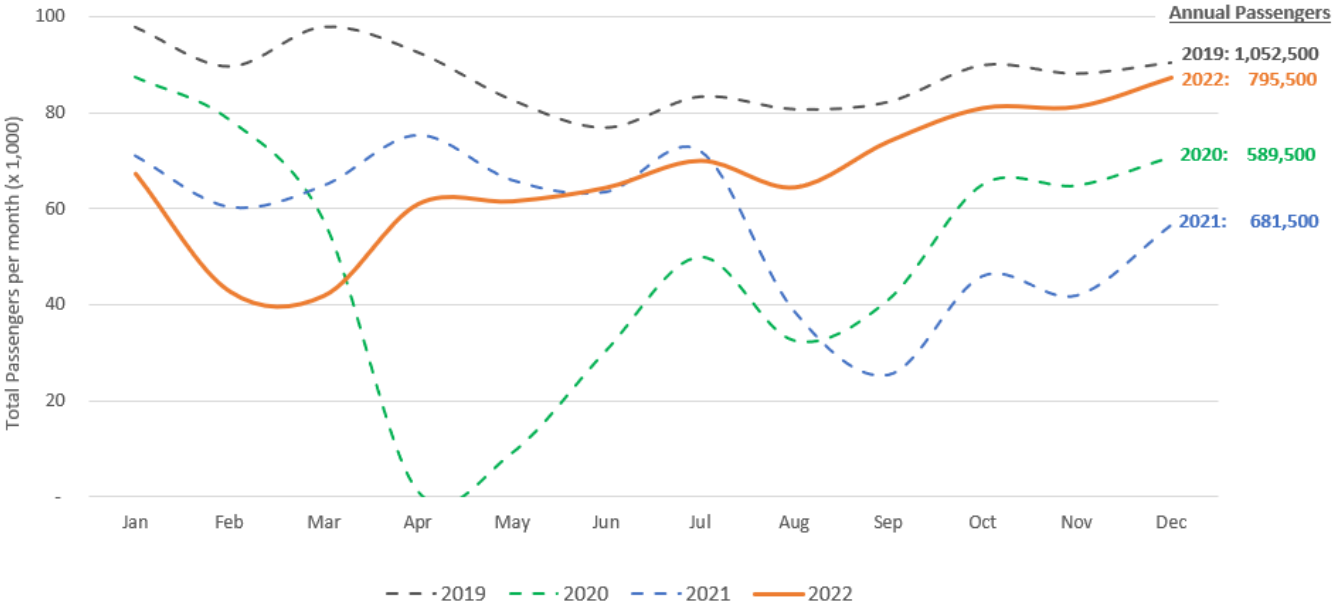
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The following graphs show a simple comparison of total passengers by calendar year for the last four years as well as the monthly detail that demonstrates the impact on passenger numbers throughout NAL's Covid journey.

### Total Passengers per Calendar Year



### Passenger Comparison - Latest Four Calendar Years



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## HEALTH, SAFETY AND RISK

Ensuring safety and managing our risks to as low as practicable remains the top priority for Nelson Airport. A proactive safety culture across airport operators and tenants protects against complacency, and this is evidenced by the active reporting of incidents and hazards by our users. Ongoing communication in areas of overlapping duties also ensures risks are considered from several viewpoints.

The arrival of the new Rosenbauer Panther fire truck, along with an increase in Rescue Fire personnel, is a step change in our ability to effectively respond to an airfield emergency.

Our bird strike risk, as determined by CAA, has reduced from Medium to Low. This is largely due to the extra resource in the Rescue Fire team, allowing them to discourage bird activity more proactively at the airport.

## CUSTOMERS AND STAKEHOLDERS

Demand for tenancies at the airport continues to be strong with essentially all lettable space occupied. Building on last year's planning work that culminated in the public release of our 2050 Master Plan, we are nearing completion of a more detailed Development Plan that will provide a road map for the infill of our three development precincts: the Southern Airfield, Jenkins Creek eastern precinct, and our undeveloped Bolt Road land.

Late in the period under review, we secured the necessary consents for a new back of house precinct for rental car operations and look forward to breaking ground on that development.

October saw the opening of our new Kiosk Building for our on-airport rental car partners. The new building is a welcome addition and confirms our determination to offer world class facilities.

Our airline partners continue to demonstrate the strong underlying demand for their services with passenger numbers rapidly rebounding towards, and at times, ahead of pre-Covid levels.

We have increased our focus on the customer experience with the introduction of the Customer Service Kiosk in the centre of the terminal to provide increased accessibility and enhanced service to passengers, stakeholders, and contractors.

And based on feedback from our customer survey presenting a demand for a children's play area we have created the Kids Zone, a dedicated play area for young children, which opened in November 2022.

## OUTLOOK

Looking ahead we are expecting demand for domestic travel to remain strong with international visitors returning and Covid cases declining. Our second half passenger activity forecast remains at budgeted levels, marginally more conservative than first half performance. Our focus on customer service will continue as we complete projects designed to further improve the experience through the airport.

Our safety and security focus continues to increase as our CAA<sup>1</sup> and HSWA<sup>2</sup> obligations are met and the delivery of state-of-the-art equipment such as the Rosenbauer Fire Truck and the security fencing around the total airside perimeter.

The airports resilience will become a major focus as we know that natural events are more common today and the need to make our airport resilient to such events is a top priority.

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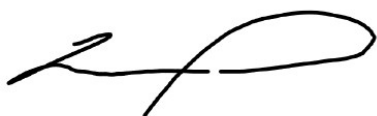
<sup>1</sup> Civil Aviation Authority

<sup>2</sup> Health & Safety at Work Act

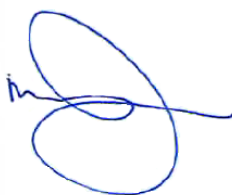
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People are our biggest asset and we are investing in their training and development to ensure that we have a highly engaged workforce that will deliver the expectations of our customers, shareholders and stakeholders.

Financial performance for the second half of the current financial year is forecast to be more conservative than that reported for the first half, with *Net Profit before Tax* forecast at \$0.1m. this is due to a number of reasons including; the full deconstruction and removal of two significant buildings and services removal from a third; a \$0.6m movement in the value of the interest rate swaps portfolio; increased *Repairs and Maintenance* expenditure as previously deferred maintenance is conducted; a marginal reduction in several revenue streams. The full year forecast of *Net Profit before Tax* remains positive at \$2.93m.



Quinton Hall  
Chair  
22 February 2023



Mark Thompson  
Chief Executive  
22 February 2023

# SERVICE PERFORMANCE REPORT

For the Six-Month Period Ended 31 December 2022

NAL has developed six strategic areas to improve business performance and encourage growth. These strategies 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 2022/23 Statement of Intent.

STRATEGIC AREA	MEASURE	TARGET	PROGRESS
<b>People, Culture and Values</b>	Annual employee engagement survey to be undertaken	Move from “Good” <sup>3</sup> to “Great” <sup>4</sup> result	Employee survey scheduled for April 2023
	Manage staff turnover and unplanned absenteeism.	Nil unplanned staff turnover	Not achieved.
	Implement a formal training programme for employees	30 hrs/FTE of personal development	On track
<b>Health, Safety and Risk</b>	Meet all our obligations and standards under Civil Aviation Act Rules	No “major” findings	On track. CAA recertification audit in April 2023.
	Have a behavioural based safety culture where everyone is responsible for safety on the Airport and uses the Safety Management System (SMS) daily	Top 10 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 PCBU <sup>5</sup>	On track
	Provide best practice safety services	Deliver new Rosenbauer rescue fire appliance and associated training programme	Achieved and training on track
<b>Infrastructure and Property</b>	Develop an asset management system to manage the condition, criticality, and life cycle of all assets	Asset management system in place by 30 June 2023	On track

<sup>3</sup> Employee Engagement Survey Net Promoter Score between 0-30%

<sup>4</sup> Employee Engagement Survey Net Promoter Score between 30-70%

<sup>5</sup> Person Conducting a Business or Undertaking

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STRATEGIC AREA	MEASURE	TARGET	PROGRESS
	Attract commercial investment in developments that deliver our vision	Deliver Rental Car Kiosk and Go Rental project by 30 June 2023	Achieved Rental Car Kiosk Building opened in October 2022. Go Rentals in progress
<b>Financial Results</b>	Manage financial performance to ensure we are optimising returns	Total Operating Revenues \$14.3m EBITDA <sup>6</sup> \$7.0m	On track
	Diversify revenue streams to provide resilience to macro activities outside our control	Add at least one non-aeronautical revenue stream	On track
	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	Improvement on FY22 Customer Satisfaction Survey Score from “Good” to “Excellent”	Survey scheduled for April 2023
	Engage cultural advisor and consult on all major Airport developments	Establish iwi engagement model by 30 June 2023	On track
<b>Environmental Sustainability</b>	Pursue sustainability initiatives that deliver our goal to be carbon neutral by 2030	CO <sub>2</sub> e per-passenger reduction Level 1 Airport Carbon Accreditation	On track  Achieved and On Track to achieve Level 2
	Enhance oversight of noise levels as set out in the Nelson Resource Management Plan	Introduce an industry compliant monitoring system for engine testing noise	Achieved
	Zero carbon emission	20% improvement in carbon emissions pre offset	Not likely to be achieved due to delays with potential green energy partners

<sup>6</sup> Earnings before interest, taxes, depreciation, and amortisation

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# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the Six-Month Period Ended 31 December 2022

	Note	Dec 2022 \$000s	Dec 2021 \$000s
Revenue	2	8,274	5,702
Operating costs	3	(2,038)	(1,788)
Administration expenses	3	(927)	(1,113)
Depreciation and amortisation	3	(2,036)	(1,755)
		(5,000)	(4,656)
<b>Profit before Financing and Investing</b>		<b>3,274</b>	<b>1,046</b>
Interest revenue		6	0
Movement in unhedged derivative financial liability - revenue / (expense)	11	272	856
Finance costs	3	(724)	(557)
<b>Net Financing Income</b>		<b>(446)</b>	<b>300</b>
Gain on sale of fixed assets		23	-
<b>Investing Income</b>		<b>23</b>	<b>-</b>
<b>Profit before Tax</b>		<b>2,851</b>	<b>1,346</b>
Income tax expense	9	(802)	(379)
<b>Profit after Tax</b>		<b>2,049</b>	<b>967</b>
<b>Other Comprehensive Income</b>			
Gain on asset revaluation		-	23
Tax on asset revaluation		-	(6)
<b>Total Comprehensive Income</b>		<b>2,049</b>	<b>984</b>

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# CONDENSED STATEMENT OF CHANGES IN EQUITY

For the Six-Month Period Ended 31 December 2022

	Note	Dec 2022 \$000s	Dec 2021 \$000s
Opening Retained Earnings		19,539	18,504
Total profit for the period		2,049	967
Balance of disposed asset transferred from asset revaluation reserve		71	5
<b>Retained Earnings as at Period End</b>		<b>21,659</b>	<b>19,476</b>
Opening Asset Revaluation Reserve		78,614	72,857
Gain on asset revaluation		-	17
Balance of disposed asset transferred to retained earnings		(99)	(5)
Movement in deferred tax on disposed asset transferred to retained earnings		28	1
<b>Asset Revaluation as at Period End</b>		<b>78,543</b>	<b>72,870</b>
Share capital		2,400	2,400
<b>Closing Equity as at Period End</b>		<b>102,601</b>	<b>94,746</b>

## Note

The opening equity as at 1 July 2022 was \$100,553k

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# CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	Dec 2022 \$000s	Jun 2022 \$000s
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	7	1,523	944
Cash and cash equivalents	8	194	141
Other current assets		88	65
Derivative financial assets	11	588	291
<b>Total Current Assets</b>		<b>2,393</b>	<b>1,441</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	146,045	145,388
Intangible assets		121	130
Derivative financial assets	11	617	643
<b>Total Non-Current Assets</b>		<b>146,783</b>	<b>146,161</b>
<b>Total Assets</b>		<b>149,176</b>	<b>147,602</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	1,358	2,127
Current income tax liability		701	271
Employee entitlements		260	296
Interest bearing loans	12	30,415	30,363
<b>Total Current Liabilities</b>		<b>32,735</b>	<b>33,057</b>
<b>Non-Current Liabilities</b>			
Deferred tax	9	13,839	13,992
<b>Total Non-Current Liabilities</b>		<b>13,839</b>	<b>13,992</b>
<b>Total Liabilities</b>		<b>46,574</b>	<b>47,049</b>
<b>Net Assets</b>		<b>102,601</b>	<b>100,553</b>
<b>Equity</b>			
Issued share capital		2,400	2,400
Retained earnings		21,659	19,539
Asset revaluation reserve		78,543	78,614
<b>Total Equity</b>		<b>102,601</b>	<b>100,553</b>

*For and on behalf of the Board*



Quinton Hall  
Chair  
22 February 2023



Darren Mark  
Director  
22 February 2023

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# CONDENSED STATEMENT OF CASH FLOWS

For the Six-Month Period Ended 31 December 2022

	Note	Dec 2022 \$000s	Dec 2021 \$000s
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Receipts from airport users		7,952	5,699
Interest received		6	0
		<u>7,957</u>	<u>5,699</u>
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(2,983)	(3,265)
Interest paid		(724)	(557)
Income tax paid		(525)	(510)
Net GST movement		82	8
		<u>(4,150)</u>	<u>(4,323)</u>
<b>Net Cash Flows from Operating Activities</b>	4	<b>3,807</b>	<b>1,376</b>
<b>Cash Flows from Investing Activities</b>			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment		27	-
		<u>27</u>	<u>-</u>
<i>Cash was disbursed to:</i>			
Purchase of property, plant and equipment		(2,730)	(1,363)
Purchase of intangible assets		(4)	-
		<u>(2,734)</u>	<u>(1,363)</u>
<b>Net Cash Flow from Investing Activities</b>		<b>(2,706)</b>	<b>(1,363)</b>
<b>Cash Flows from Financing Activities</b>			
<i>Cash was provided from:</i>			
Increase in term loans		6,275	3,600
		<u>6,275</u>	<u>3,600</u>
<i>Cash was disbursed to:</i>			
Dividend paid		(1,100)	(1,000)
Decrease in term loans		(6,223)	(2,459)
		<u>(7,323)</u>	<u>(3,459)</u>
<b>Net Cash Flow from Financing Activities</b>		<b>(1,048)</b>	<b>141</b>
Net increase / (decrease) in cash and cash equivalents		53	154
Opening cash and cash equivalents		141	41
<b>Closing cash and cash equivalents</b>		<b>194</b>	<b>195</b>

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# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the Six-Month Period Ended 31 December 2022

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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 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 shares in Nelson Airport Limited are held by both Tasman District Council (50%) and Nelson City Council (50%). Neither of these entities has the ultimate control over Nelson Airport Limited.

The unaudited interim financial statements for Nelson Airport Limited are for the six-month period ended 31 December 2022.

### 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\$).

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## 2. REVENUE

	Dec 2022 \$000s	Dec 2021 \$000s
<b>Contract Revenue</b>		
Aeronautical charges	4,596	2,627
Ground transport revenue	1,739	888
Advertising revenue	118	96
Property revenue	-	2
Sundry income	-	2
<b>Total Contract Revenue</b>	<b>6,453</b>	<b>3,615</b>
<b>Other Revenue</b>		
Ground transport revenue	488	290
Retail revenue	193	134
Property revenue	1,140	1,459
Sundry income	0	79
Wage subsidy	-	126
<b>Total Other Revenue</b>	<b>1,821</b>	<b>2,087</b>
<b>Total Revenue</b>	<b>8,274</b>	<b>5,702</b>

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### 3. EXPENSES

#### a) Operating Costs

	Dec 2022 \$000s	Dec 2021 \$000s
Employee entitlements	1,231	924
Other operating expenses	755	859
Loss on disposal of assets	51	5
	<b>2,038</b>	<b>1,788</b>

#### b) Administration Costs

	Dec 2022 \$000s	Dec 2021 \$000s
Auditors remuneration	31	31
Directors' fees	89	75
Insurance and rates	434	415
Other administration expenses	373	592
	<b>927</b>	<b>1,113</b>

#### c) Depreciation and Amortisation

	Dec 2022 \$000s	Dec 2021 \$000s
Depreciation	2,020	1,725
Depreciation – right of use assets	2	8
Amortisation of intangible assets	14	21
	<b>2,036</b>	<b>1,755</b>

#### d) Finance Costs

	Dec 2022 \$000s	Dec 2021 \$000s
Interest expense	723	555
Interest expense – lease liabilities	0	1
	<b>724</b>	<b>557</b>

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

	Dec 2022 \$000s	Dec 2021 \$000s
Net Profit for the Period	2,049	967
<i>Add / (less) non-cash and non-operating items:</i>		
(Gain) / loss on disposal of assets	28	5
Depreciation and amortisation	2,036	1,755
Movement in deferred taxation	(153)	124
Movement in derivative financial instrument	(272)	(856)
Tax on asset revaluation	-	(5)
<i>Movement in working capital:</i>		
(Increase) / decrease in other current assets	(23)	-
(Increase) / decrease in receivables	(579)	(268)
Increase / (decrease) in current tax payable	430	(250)
Increase / (decrease) in payables	291	(96)
<b>Net cash flows from operating activities</b>	<b>3,807</b>	<b>1,376</b>

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## 5. PROPERTY, PLANT & EQUIPMENT

31 December 2022	Land & Improvements \$000s	Buildings \$000s	Airfield Infrastructure \$000s	Landside Infrastructure \$000s	Equipment \$000s	Motor Vehicles \$000s	Fixtures & Fittings \$000s	Capital Work in Progress \$000s	Total \$000s
<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)
<b>Balance as at 31 December 2022</b>	<b>42,448</b>	<b>59,935</b>	<b>25,597</b>	<b>17,170</b>	<b>570</b>	<b>1,336</b>	<b>451</b>	<b>1,085</b>	<b>148,591</b>
<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)
<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>881</b>	<b>825</b>	<b>344</b>	<b>246</b>	<b>22</b>	<b>228</b>	<b>-</b>	<b>2,546</b>
<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>

31 December 2021	Land & Improvements \$000s	Buildings \$000s	Airfield Infrastructure \$000s	Landside Infrastructure \$000s	Equipment \$000s	Motor Vehicles \$000s	Fixtures & Fittings \$000s	Capital Work in Progress \$000s	Total \$000s
<b>Cost or Valuation</b>									
Balance as at 1 July 2021	38,666	57,309	25,092	16,188	360	180	458	1,464	139,717
Reclassification – opening balances	-	(23)	-	-	23	-	-	-	-
Reclassification	-	218	1,458	39	78	-	-	(1,794)	-
Additions	-	52	1	14	20	-	5	1,289	1,382
Movement in asset revaluation	-	23	-	-	-	-	-	-	23
Disposals	-	-	-	(5)	(6)	-	-	(44)	(54)
<b>Balance as at 31 December 2021</b>	<b>38,666</b>	<b>57,580</b>	<b>26,551</b>	<b>16,237</b>	<b>475</b>	<b>180</b>	<b>464</b>	<b>915</b>	<b>141,067</b>
<b>Accumulated Depreciation and Impairment Losses</b>									
Balance as at 1 July 2021	-	48	0	4	201	113	158	-	524
Depreciation	-	793	597	278	27	10	29	-	1,733
Disposals	-	-	-	0	(5)	-	-	-	(5)
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>841</b>	<b>597</b>	<b>282</b>	<b>222</b>	<b>123</b>	<b>187</b>	<b>-</b>	<b>2,252</b>
<b>Net Book Value as at 31 December 2021</b>	<b>38,666</b>	<b>56,739</b>	<b>25,954</b>	<b>15,955</b>	<b>253</b>	<b>57</b>	<b>277</b>	<b>915</b>	<b>138,815</b>

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## VALUATION

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 2022	Original Cost \$000s	Accum Amortisation \$000s	Opening WDV \$000s	Additions \$000s	Reclassifications \$000s	Disposals \$000s	Amortisation \$000s	Closing WDV \$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>

Dec 2021	Original Cost \$000s	Accum Amortisation \$000s	Opening WDV \$000s	Additions \$000s	Reclassifications \$000s	Disposals \$000s	Amortisation \$000s	Closing WDV \$000s
Software	96	46	50	-	-	-	11	39
Other Intangibles	180	59	121	-	-	-	10	110
<b>Total</b>	<b>275</b>	<b>105</b>	<b>170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>149</b>

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

## 7. TRADE AND OTHER RECEIVABLES

	Dec 2022 \$000s	Jun 2022 \$000s
Trade receivables – contract revenue	1,035	716
Trade receivables – other revenue	213	182
Accrued debtors	8	1
Prepayments	268	45
	<b>1,523</b>	<b>944</b>

## 8. CASH AND CASH EQUIVALENTS

	Dec 2022 \$000s	Jun 2022 \$000s
Cash on hand	7	8
Bank Balance	187	132
	<b>194</b>	<b>141</b>

## 9. INCOME TAX

### Components of Income Tax Expense

	Dec 2022 6 months \$000s	Dec 2021 6 months \$000s
Current tax expense	955	260
Prior years tax under / (over) provided	-	-
Deferred tax expense	(153)	119
	<b>802</b>	<b>379</b>

### Relationship between Tax Expense and Accounting Profit

	Dec 2022 6 months \$000s	Dec 2021 6 months \$000s
Operating Profit before Taxation	2,851	1,346
Prima facie tax @ 28%	798	377
Adjustment for timing and taxation differences	153	(118)
Adjustment for permanent differences	3	1
Prior years tax under / (over) provided	-	-
Adjustments for deferred tax	66	236
Adjustments for deferred tax – property, plant and equipment	(220)	(117)
<b>Income Tax Expense</b>	<b>802</b>	<b>379</b>

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## Deferred Tax

	Dec 2022 6 months \$000s	Dec 2021 6 months \$000s
<b>Property, Plant and Equipment</b>		
Opening balance	(13,773)	(13,145)
Charged to profit and loss	220	117
Charged to asset revaluation reserve	-	(5)
Closing balance	(13,553)	(13,033)
<b>Employee Entitlements</b>		
Opening balance	41	34
Charged to profit and loss	6	4
Closing balance	47	38
<b>Derivative Financial Liability</b>		
Opening balance	(262)	200
Charged to profit and loss	(76)	(240)
Closing balance	(338)	(39)
<b>Other Provisions</b>		
Opening balance	1	2
Charged to profit and loss	4	(1)
Closing balance	5	1
<b>Total</b>	<b>(13,839)</b>	<b>(13,033)</b>

## 10. TRADE AND OTHER PAYABLES

	Dec 2022 \$000s	Jun 2022 \$000s
Trade payables	547	643
Trade payables (related parties)	27	38
Dividend payable	-	1,100
Accruals	441	118
GST liability	322	178
Income received in advance	22	49
	<b>1,358</b>	<b>2,127</b>

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## 11. DERIVATIVE FINANCIAL INSTRUMENTS

	Dec 2022 \$000s	Jun 2022 \$000s
<b>Derivative Financial Assets</b>		
<b>Interest rate swaps</b>		
Current portion	588	291
Non-current portion	617	643
	<b>1,206</b>	<b>934</b>

Nelson Airport Limited manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. The notional principal amounts of outstanding floating to fixed interest rate swap contracts as at 31 December 2022 (including swaps in place for future borrowings on a floating interest rate) totalled \$19,000,000 (2021: \$19,000,000). Their fair value at balance date was an asset of \$1,205,827 (June 2022: \$934,165).

The weighted average fixed interest rate on swaps held at balance date was 3.63% (June 2022: 3.63%).

Nelson Airport Limited has chosen not to determine whether the interest rate swaps in place are an effective hedge in mitigating cash flow risk from changes in interest rates. 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 2022 \$000s	Jun 2022 \$000s
<b>Repayable as follows:</b>		
Less than 1 year	30,415	30,360
Between 1 and 5 years	-	-
	<b>30,415</b>	<b>30,360</b>
<b>Finance Lease Liabilities</b>		
Less than 1 year	0	3
Between 1 and 5 years	-	-
	<b>0</b>	<b>3</b>

Nelson Airport Limited arranged for a line of credit with Westpac to finance the business during and post the construction of the new terminal and associated landside infrastructure completed 2020. This loan is secured by a general security agreement over assets and undertakings of Nelson Airport Limited.

The total line of credit with Westpac is \$40 million, to be made available and drawn down as required.

The interest rate applying to the loan facility at balance date was 5.95% (June 2022: 3.70%).

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## 13. TRANSACTIONS WITH RELATED PARTIES

### TRANSACTIONS WITH SHAREHOLDERS

The Company is jointly owned by Nelson City Council (NCC) (50%) and Tasman District Council (TDC) (50%).

The Company paid rates, maintenance, consents, fees and facility hire costs to NCC amounting to \$310,059 (2021: \$267,662) and the balance included as owing in trade payables as at 31 December 2022 is \$20,357 (2021: \$18,748).

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 SHAREHOLDERS

Nelmac Limited is a 100% subsidiary of Nelson City Council. Nelson Airport Limited paid grounds maintenance and other fees to Nelmac Limited amounting to \$48,452 (2021: \$49,905) and the balance included as owing in trade payables as at 31 December 2022 was \$6,670 (2021: \$16,221).

### TRANSACTIONS WITH ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

During the period, Nelson Airport Limited paid \$30 (2021: \$35) to New Zealand Transport Agency for motor vehicle registration information, of which Catherine Taylor, NAL Director, is a director.

Nelson Airport Limited paid \$2,807 (2021: nil) for director fees to Findex NZ Ltd, of which Darren Mark, NAL Director, is a senior partner.

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 2022. The final dividend for the 2021/22 financial year of \$1,100,000 was paid to shareholders on 08 July 2022.

## 15. CONTINGENCIES

There are no material contingent liabilities to record as at 31 December 2022.

## 16. EVENTS AFTER BALANCE DATE

### THE COVID-19 PANDEMIC

At balance date, and to date, the Company has recognised the uncertainties around the ongoing effects of the Covid pandemic and the impact on air travel demand. Notwithstanding the potential for ongoing impacts of Covid on the business the view of the directors is that the business retains strong business fundamentals. The directors are confident that the Company is well paced to continue operating as a going concern pending the ultimate return of more usual levels of trading. Underlying passenger performance has been steadily returning towards pre-pandemic levels. Passenger performance in December 2022 was only 3.6% down on the last pre-COVID 19 December period being December 2019.

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## FORECAST CHANGE OF OWNERSHIP

Following Tasman District Council and Nelson City Council's respective resolutions to establish a Holding Company, to hold the two Councils' shareholdings in Nelson Airport and Port Nelson, work continues towards establishing the new group. The Group is expected to be established in 2023 and Nelson Airport Ltd and Port Nelson Ltd will be subsidiaries of the new company. Infrastructure Holdings Ltd (the entity to ultimately become the holding company) was incorporated on 17<sup>th</sup> January 2023.

## 17. CAPITAL COMMITMENTS

Nelson Airport Ltd has \$28,306 worth of contractual commitments for property, plant and equipment as at 31 December 2022 (2021: \$937,796).

## 18. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the board of directors on 22 February 2023.

# COMPANY DIRECTORY

## Directors

Paul Steere - Chair *(Retired as Director and Chair on 31/10/22)*  
Quinton Hall - Chair *(Appointed Chair from 1/11/22)*  
Catherine Taylor - Deputy Chair *(Retired as Director and Deputy Chair on 16/10/22)*  
Matthew Clarke  
Matthew McDonald  
Darren Mark  
Emma Ihaia *(Appointed as Director from 17/10/22)*

## 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

Chief Executive Officer	Mark Thompson
Safety and Sustainability	James Middlewick
Commercial	Simon Barr
Communications and Marketing	Beth Catley
Customer Service	Siosateki Faletau
Chief Financial Officer	Simon Orr
Facilities and Assets	Jonathan Truslove
Marketing and Landside Operations	Bryn Lloyd <i>(Resigned September 2022)</i>
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