

ANNUAL REPORT

For the year ended 30 June 2025

2025



PALMERSTON NORTH
AIRPORT LIMITED



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COMPANY DIRECTORY

DIRECTORS

AS AT JUNE 2025

Murray Georgel—Chair

Shelly Mitchell-Jenkins—Chair of Audit & Risk Committee

Christopher Cardwell—Chair of Terminal & Property Development Committee

Sarah Everton

Russell Wilson

MANAGEMENT

David Lanham—Chief Executive

Jonathon Baker—Chief Financial Officer

Mark Lash—Chief Commercial Officer

Brent Lawry—Terminal & Facilities Manager

Johan VanVuuren—Infrastructure Manager

Alex Fechney—Safety & Operations Manager

Baylie Corney—Marketing & Communications Manager

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Auditor—Audit New Zealand (On Behalf Of The Auditor-General)





THE CHAIR AND CHIEF EXECUTIVE'S JOINT REPORT

FOR THE YEAR ENDED
30 JUNE 2025

Haere mai and welcome to the Palmerston North Airport 2025 Annual Report.

This year marked a significant period of progress and achievement for Palmerston North Airport Limited, as we navigated significant change while continuing to deliver a high level of customer service and operational reliability.

Three key milestones to highlight here include:

- Progress on the terminal development project with the completion of design for the new terminal facility, successful opening of our temporary terminal, and the commencement of demolition works on the western end of the existing terminal. Thanks to careful planning and a focus on customer experience involving collaboration across multiple stakeholder groups, we are proud to report that airport operations have continued throughout the period without disruption and customer feedback on the temporary facilities has generally been positive. Our attention now turns to the construction of the new terminal, due to open in two stages across 2026 and 2027.
- The signing of a lease agreement with Freightways for a new freight and logistics warehouse, a key addition to the broader vision for Ruapehu Aeropark and the Te Utanganui Central New Zealand Distribution hub. With a floor plate of over 5,500m² the development includes warehousing, breezeway and office space. Due for completion by early 2027, this represents the next major project to get underway within Ruapehu Aeropark.
- Execution of a Memorandum of Understanding with Air New Zealand focusing on a number of key growth opportunities. These include air service development across passenger and cargo services, sustainable aircraft operations and continued support of pilot training in Palmerston North.

Underpinning this year, our people remain at the heart of our success. Team engagement reached an all-time high, with a record engagement score of 83% and, for the first time, a 100% response rate



to the staff survey. This result highlights the strong culture we continue to build and the commitment of our team and our wellness programme.

While Net Profit After Tax was subdued, largely due to one-off and non-cash adjustments relating to the terminal redevelopment, underlying financial performance was also strong with the airport delivering an EBITDA result of \$7.6m (2024: \$7.5m), 15% ahead of SOI. We also continued to invest significantly in critical airside infrastructure, ensuring that our airport remains safe, efficient, and ready to support the future growth of our region.

These achievements and other highlights are outlined further in the 2025 Annual Report. ✖

Underpinning this year, our people remain at the heart of our success.


Murray Georgel
Chair


David Lanham
Chief Executive

2025 HIGHLIGHTS

PASSENGER
MOVEMENTS

531,129

TOTAL
INCOME

\$16.95 M

TOTAL
AERONAUTICAL
INCOME

\$11.43 M

DIVIDEND
DECLARED

\$300 K

54% INCREASE
ON YEAR PRIOR

ENGAGEMENT
SURVEY RESPONSE

100%

19% INCREASE
ON PRIOR YEAR

ENGAGEMENT
SURVEY SCORE

83%

5% INCREASE
ON YEAR PRIOR



MOU SIGNED
WITH AIR NZ
& CEDA

HIGHLIGHTS

AIRSIDE
INFRASTRUCTURE
INVESTMENT

\$1.56 M

**TEMPORARY
TERMINAL
OPENED**



TOTAL SCOPE 1 AND 2
EMISSION REDUCTIONS
(SINCE 2022)

170 T_{CO₂e}
(80% REDUCTION)

CURRENT YEAR SCOPE
1 AND 2 EMISSION
REDUCTIONS

34 T_{CO₂e}
(44% REDUCTION)

TOTAL SEAT
CAPACITY



639,574

TOTAL AIRCRAFT
MOVEMENTS (PAX,
FREIGHT, CHARTER, GA)

19,386

PASSENGER
AIRCRAFT
MOVEMENTS



10,372

FY25
NET PROMOTER SCORE
(NPS)

42

LOST
TIME
INJURIES

0

BUSIEST MONTH
(PAX NUMBERS)



47,931

OCTOBER 2024

EBITDA

\$7.61 M

(15% UP ON SOI)

MAJOR MILESTONES

For Terminal Development Project

Building Our Future, Minimising Disruption

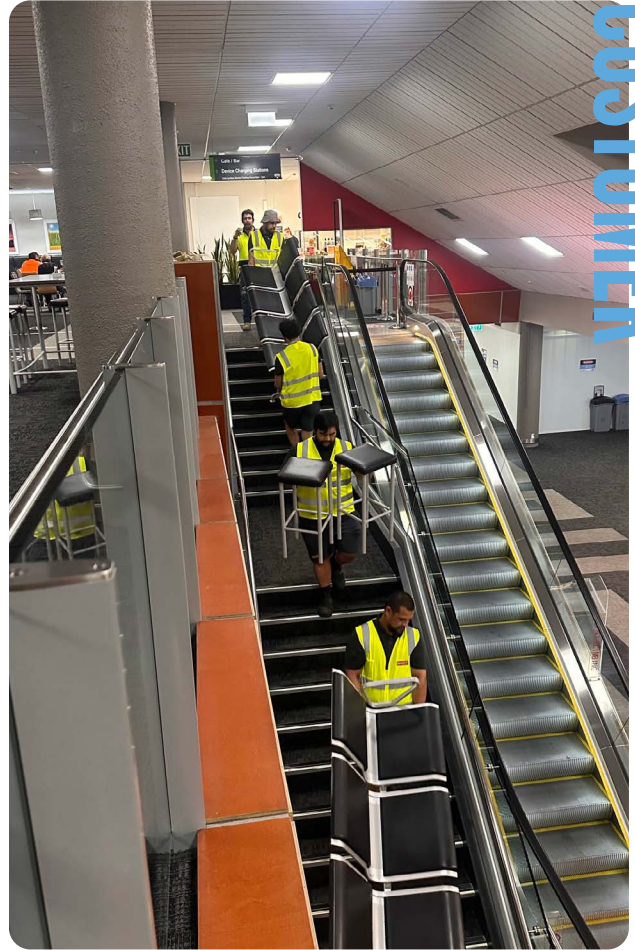
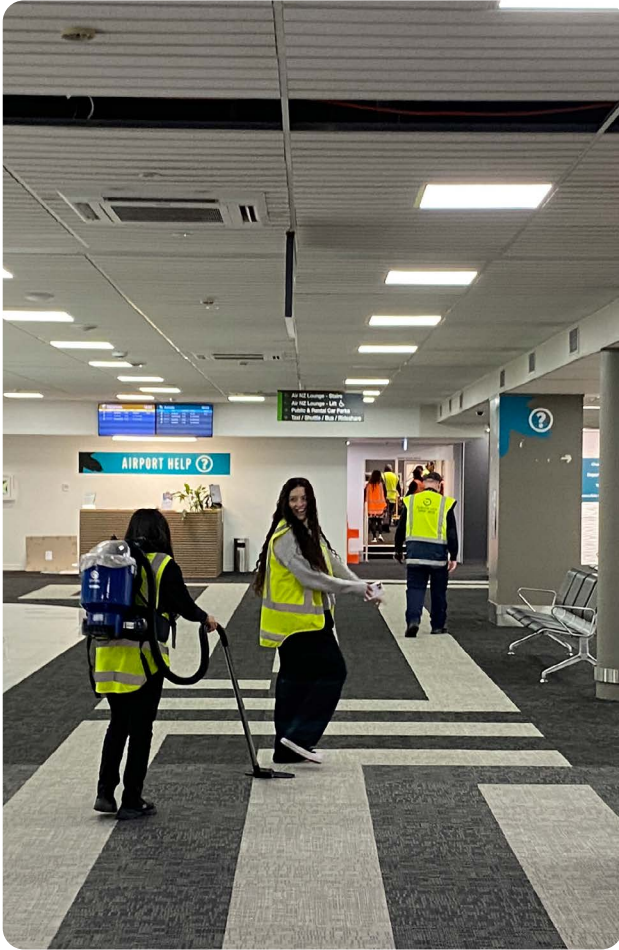
Our Terminal Development Project is a significant undertaking, but throughout this two-year endeavour, we want to support our region with uninterrupted service.

In the first quarter of this financial year, our focus was on careful planning - how construction could be done in a way that minimised noise, how we could reduce the impact on tenants and users, and how we could ensure people felt informed and proud of this project.

Proactive Community Engagement

Airport users who know what to expect when they visit us - and know what's coming next - have a more positive experience. Proactive communications throughout the year helped ensure this and have included media releases, regular updates to tenants, mail drops to neighbours, and awareness campaigns running across radio, social media, newspapers, billboards, and bus-backs. For every milestone, this also included empowering our stakeholders and influential community groups, supplying them with key messages so they could help us better reach their communities.





CASE STUDY

The redeveloped western end is expected to open in mid-2026, and we know our community is looking forward to it.

National Presence, Local Expertise

We're pleased to partner with LT McGuinness on this project, who have proven themselves through the delivery of some of Manawatū's most significant builds over the past five years. This includes the Palmerston North Police Station, Massey University's iconic Refectory, and the Palmerston North Hospital's Mental Health Unit.

The LT McGuinness team has been involved with our temporary terminal project since early 2024. They share our values around the importance of supporting local, which was an important factor for us when selecting a contractor. Their experienced team, supported by a number of local contractors and labourers, will help deliver a terminal our region can be proud of.

The LTs Manawatū management team is comprised of six key leaders and 25 carpenters, all of whom reside locally. Delivery is through the local team, and in many instances locally based sub-contractors, however a benefit of having a national presence is that additional labour and resources can be called on if needed.

It is estimated that up to 90% of all site based work will be supplied from the Manawatū – Whanganui region. A good example is the Techlam mass timber structure that is processed and supplied from Levin. The balance of specialist trades will come into the region, albeit largely because the services cannot be sourced locally.

At peak times, it is estimated that up to 90 staff may be present on-site. During the two-year term of the build, anywhere between 800-900 contractors and suppliers may be involved in the TDP.

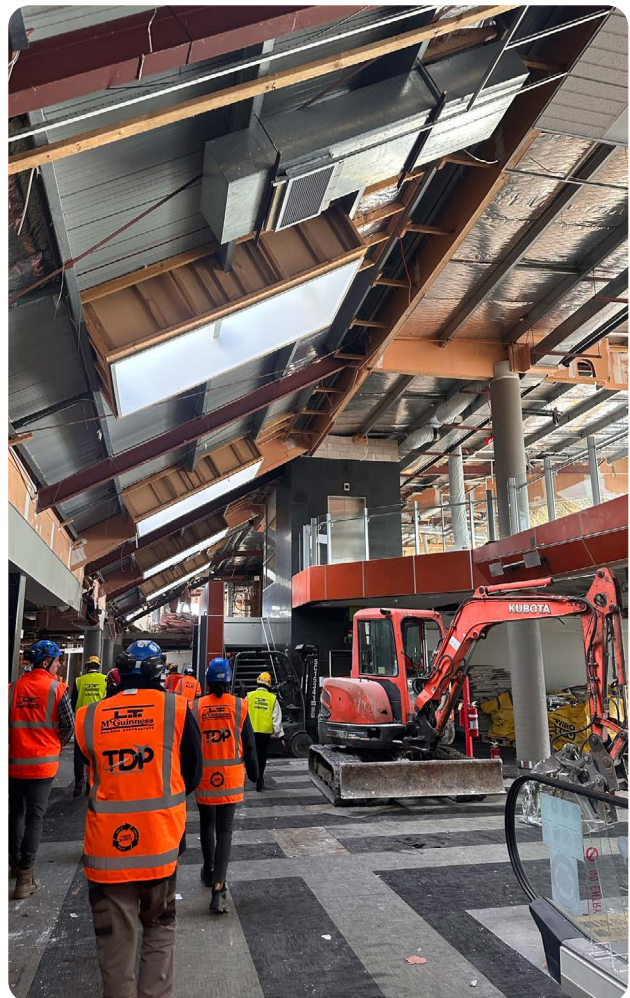
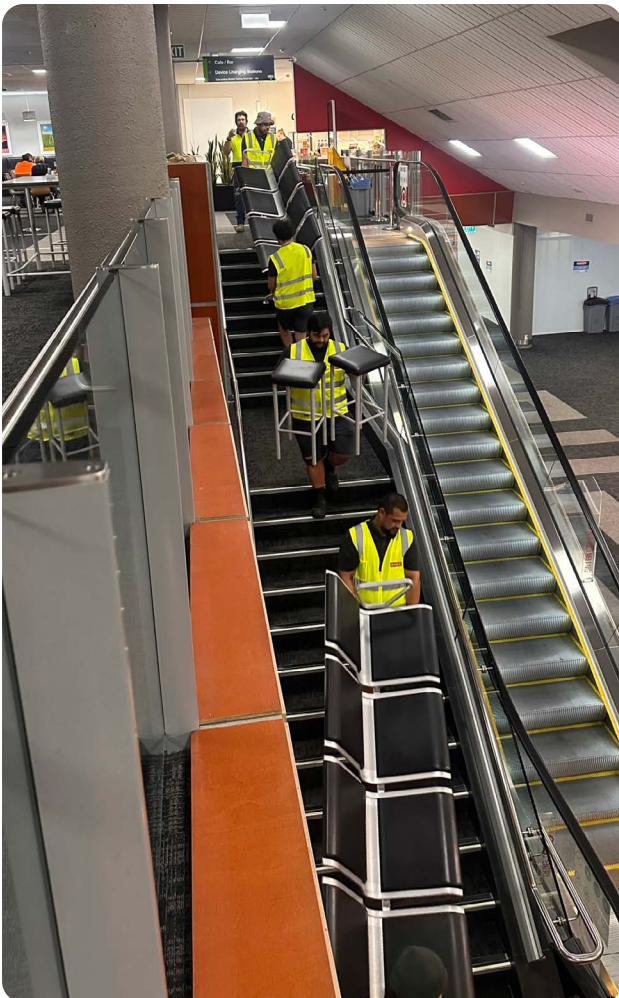
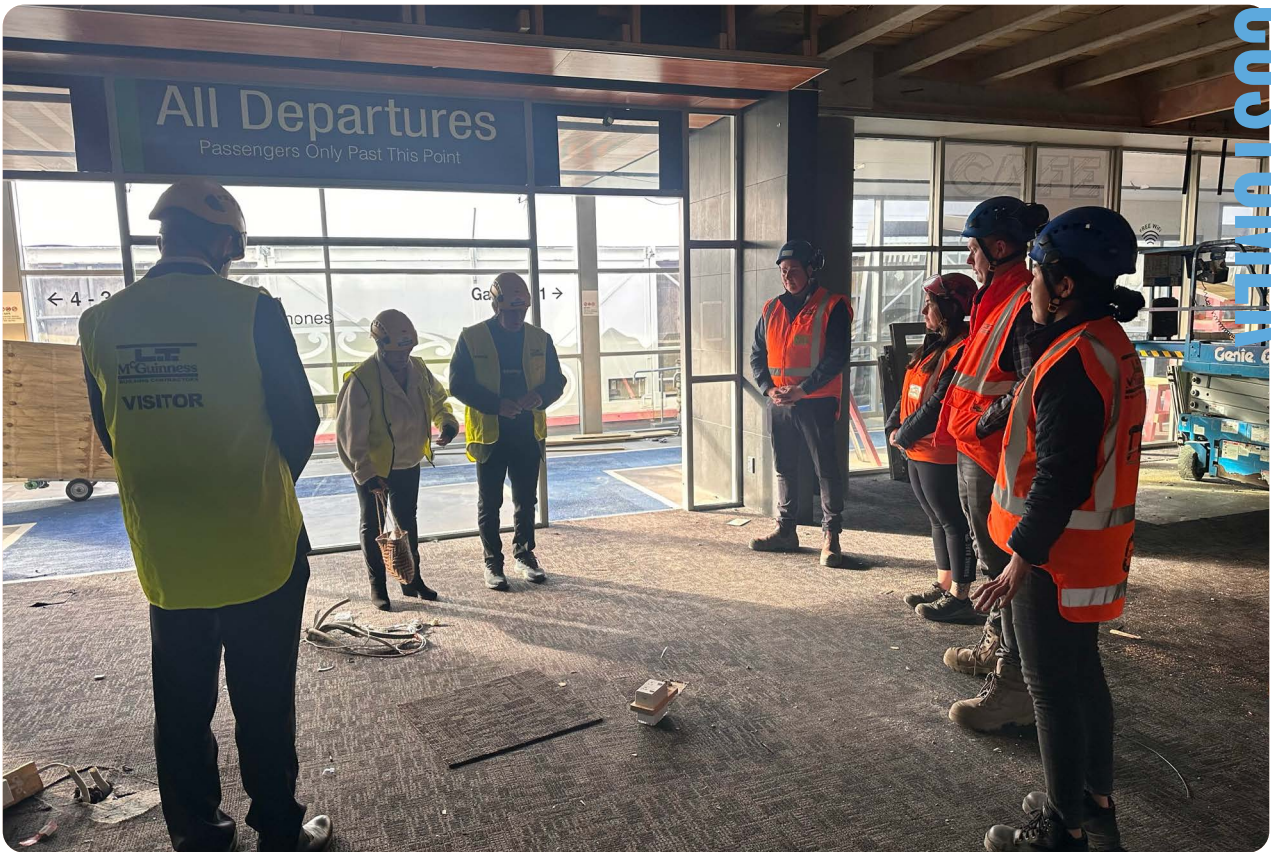
Construction Of Our Temporary Home

In October, enabling works on our temporary terminal got underway, and airport users became familiar with the large marquee around what was previously our valet parking area. Rental car operators were the first to relocate in January, to portacoms just outside the main terminal. Meanwhile, underneath the canvas, the valet space was transformed, complete with a full check in and departures space and new baggage carousel. Everything was completed in April, and our temporary terminal was ready for action.

Green Light to Go Ahead

In May, the PNAL Board met to ensure the project would deliver value for money, affordability, and meet the goals we have for our region's future gateway. This was approved, and LT McGuinness was confirmed as the main contractor. Given the excellent work they'd done with the enabling works, and their commitment to using local subcontractors, we were confident they were the right team to lead the construction.

Only a week later, 70 people from 15 different organisations helped shift all airport operations into the temporary terminal - in a single night. It was a long one, but everyone's hard work meant uninterrupted service for our airport users the next day.



CASE STUDY

Ready For the Next Steps

Even with our public spaces essentially halved in size, we've had positive feedback on the temporary terminal from airport users. Our decision to have additional frontline operational support staff has been a worthwhile investment as we manage the increase in online and in-person customer queries. There have been the expected teething problems, but additional wayfinding signage and fine-tuning of the heating system have helped address these, and we continue to closely monitor and respond to community feedback.

The now-vacant western end of the terminal has been handed over to the LT McGuinness crew. They've erected hoardings around the demolition zone and have begun internal demolition, which will progress rapidly as we move into the new financial year. The redeveloped western end is expected to open in mid-2026, and we know our community is looking forward to it.

Minimising Waste, Maximising Impact

We are aware of the impact on the environment that a project like this can take, and that's reflected in the way we're working with our demolition partners. Together, we are committed to reducing waste to landfill. Materials from the old terminal are being carefully separated and repurposed: ceiling tiles and gip are being processed into compost and fertiliser, concrete is crushed and reused as aggregate for roads and other infrastructure projects, and both treated and untreated timber is being turned into biofuel. Metal is melted down and given new life elsewhere. It's great knowing that so much of the material being taken off site is avoiding landfill and being reused around the region. ✖





OUR AIRPORT RESCUE FIRE SERVICE

Aerodrome safety is our primary focus amongst all other objectives. It's a critical enabler of everything we do and our Rescue Fire Service plays a vital role in keeping our operations safe, secure, and resilient 24 hours a day, 365 days a year.

Our Rescue Fire team are highly trained professionals who not only respond to aviation-related incidents but also support a wide range of activities across the aerodrome, from medical and fire callouts to hazardous substance events. They're also responsible for day-to-day airfield operations, including runway inspections, wildlife management, perimeter security, and foreign object detection.

As an ICAO Category 5 airport (Category 6 by request) for rescue and firefighting purposes, we meet strict international standards to be ready for a rapid & effective emergency response.

To achieve Category 5 requires being equipped with at least two firefighting vehicles, a minimum of 5,400 litres of water, a foam solution discharge rate of 3,000 litres per minute, and 180kg of dry chemical powder that can be deployed at 2.25kg per second. With regular passenger transport services operating from early morning to late evening, followed by overnight Boeing freighter services, our team of six Rescue Fire Officers work on a rotating roster to provide full coverage around the clock.

The team operates with three specialised firefighting vehicles, 2 Panther FL 6×6 and 1 Stryker 6, all purpose-built to respond quickly and effectively to any scenario on or near the airfield. The Panther firefighting vehicle has a water capacity of 12,000L, a foam capacity of 1,500L and a discharge rate of 6,000L per minute. The Stryker vehicle has a water tank capacity of 10,000 litres and a foam tank capacity of 1,200 litres with a pump discharge rate of 4,500 litres per minute.

Whether it's maintaining a close watch for FOD, undertaking security patrols, managing on-airfield wildlife, standing by for aircraft emergencies or medical events, our Rescue Fire Service is an essential part of the airport's safety and compliance operations. ✖

Aerodrome safety is our primary focus amongst all other objectives. It's a critical enabler of everything we do.



MURRAY HAUSMAN

Fire Rescue Team Leader



Can you tell us what your job involves in simple terms?

Providing Fire Rescue capabilities for the Airport.

What's one thing you do every day that helps things run smoothly?

We ensure the safe arrivals and departures of all and any aircraft.

What's your favourite part of your daily work?

The early mornings start to the day, sometimes watching beautiful sunrises and sunsets.

Is there a part of your job that people might be surprised to learn about?

We have learnt to drive the Airport tractor with the sweeper on it, in case of any foreign object debris (FOD) found on the airfield that needs cleaning up.

How do you work with other teams or departments?

We work close with all and any AirNZ staff from the ladies/gents on the ground floor, to aircrew and fuel tanker drivers...depending on what the need is.

What's something small you do that makes a big difference?

We either scare off or kill any small wildlife that make their way onto the Airfield.

What happens behind the scenes in your role that most people don't see?

There is at times a lot of paperwork, lessons to give from contractor inductions, Airport drivers' licensing and of course escorts from ambulance arrivals to trucks needing to be airside.

What kind of planning or preparation goes into your work?

For myself, I have done this work for the past 28 years. Combining volunteer firefighting this tallies to over 36 years firefighting experience.

What's one tool or system you use every day, and why is it important?

OneReg is a great help. It has helped us cut down on unnecessary paperwork and has made our reporting system easy and friendly to use.

What do you enjoy doing outside of work?

Fishing...I have a fishing Jet ski that gets used a lot in the better weather days and sometimes in the rough days.... like a cork in a bathtub. If not fishing, then golf would be my next preference.

What's something (funny, surprising, or memorable) your colleagues might say about you?

Always willing to have a laugh or make someone laugh.

If you could swap jobs with anyone for a day, who would it be and why?

I'm not sure if I would "Like it or not" but David Lanham's job would interest me...the complex day to day running and movements within an airport just seems to me would be mind boggling.

What motivates you at work?

With this job, having to be ready at a moment's notice in case of a crash or emergency incident...the unknown of just what may be around the corner... hoping that the day never comes but being ready for it. ✕



CASE STUDY

WHĀNAU KOTAHI

Supporting Our People, Together

At Palmerston North Airport, our people are at the heart of everything we do. We truly value our team members and are committed to supporting their health, happiness, and sense of belonging. Through our wellness programme, Whānau Kotahi, now in its fifth year, we continue to invest in the wellbeing of our team by offering a wide range of activities designed to connect, uplift and support everyone across the organisation.

Over the past year, our calendar has been packed with events that bring our people together in meaningful ways. From monthly team building exercises, social events, cultural celebrations to community volunteering there's been something for everyone. The diversity of events, from Mental Health Awareness Week and Matariki to Pet Day and Gumboot Friday, reflects the diverse needs of our people, and we're proud to support them in both fun and serious moments.

We also celebrated 10 year service anniversaries for three team members, a first for our organisation.

This year, our team's engagement in wellbeing initiatives hit an all-time high. We were thrilled to achieve a 100% response rate in our annual engagement survey for the first time. Even better, our engagement score rose to 83%, a clear sign that our people feel connected, supported, and valued.

We also celebrated 10 year service anniversaries for three team members, a first for our organisation.



We continue to offer our team members free access to EAP (Employee Assistance Programme) for confidential mental health and counselling services, hybrid working opportunities to support work-life balance, free gym access and subsidised health insurance to ensure our people are looked after when it matters most.

Whānau Kotahi continues to grow, and so does our commitment. We firmly believe that when our people thrive, so does our organisation, and we're very proud to keep wellbeing at the heart of our workplace.

Here's to another year of looking after each other as one whānau. ✖



TERRY COONEY

Airfield Operations Manager



Can you tell us what your job involves in simple terms?

Ensuring day to day safety and security of operations.

What's one thing you do every day that helps things run smoothly?

Communicate.

What's your favourite part of your daily work?

The first thing in the morning prior to the first passenger flight is a chance to plan the day and catch up with paper work.

Is there a part of your job that people might be surprised to learn about?

The variety of activities the job entails. No day is the same.

How do you work with other teams or departments?

Our PNAL team works closely together and collaborates effectively during our many projects.

What's something small you do that makes a big difference?

Appreciate the extra work our staff do when it's required.

What happens behind the scenes in your role that most people don't see?

CAA 139 compliance including inspections and training.

What's one tool or system you use every day, and why is it important?

The regulators (CAA) advisory circulars. They provide advisory, practical guidance to at times complex rules and regulations.

What do you enjoy doing outside of work?

Working on the new property and walking on the many awesome Taranaki trails.

If you could swap jobs with anyone for a day, who would it be and why?

Farmer. My grandfather was a farmer and I have fond memories of being on the farm as a 5-9 year old.

What motivates you at work?

Outcomes. It is always satisfying to complete projects and maintain operations. ✖



GROWING OUR COMMERCIAL FOOTPRINT

New Freight & Logistics Warehouse at Ruapehu Aeropark



As the region grows, so too does the role of Ruapehu Aeropark in supporting economic development, regional and national connectivity, and long-term opportunity. This year, we reached a major milestone, with the signing of a lease agreement with Freightways for a new freight and logistics warehouse, a key addition to the broader vision for the precinct, and the Te Utanganui Central New Zealand Distribution hub.

The development features warehousing, breezeway and office space over an area of 5,000m².

The facility is purpose-built, a future-ready space that aligns with the increasing demand for efficient and connected warehouse space. It also includes a future expansion option for a second adjoining warehouse, allowing room for growth as tenant needs evolve.

Construction is expected to begin in late 2025, with the completed warehouse becoming a cornerstone of operations within Ruapehu Aeropark by early Calendar Year 2027. The completion will mark a major step in futureproofing Freightways' operations to meet the demand for fast, reliable courier and cargo services across New Zealand.

Ruapehu Aeropark is a vital part of the Te Utanganui – Central New Zealand Distribution Hub, a collaborative effort that firmly establishes Palmerston North / Manawātū as an integral part of the national supply chain. This development adds critical capacity and further strengthens the hub's infrastructure, helping move goods faster, more efficiently, and more sustainably across Aotearoa.

Expanding our commercial footprint allows us to diversify revenue streams to support the airport's long-term resilience, attract and retain business investment in the region and create employment opportunities both during construction and once operational.

Ruapehu Aeropark represents a unique opportunity to bring together aeronautical activity, freight & logistics, and associated industry in a well-connected, future-focused precinct. We're excited to see this next chapter take shape and look forward to welcoming new partners to the space as the precinct continues to grow.

This project is a strong vote of confidence in Te Utanganui and our region, and we're proud to play a leading role in building the infrastructure that supports its future. ✖

This project is a strong vote of confidence in
Te Utanganui and our region.



Working Together for Growth

MOU Sets a Course for Regional Success

This year, a Memorandum of Understanding (MOU) was signed between Air New Zealand, Palmerston North Airport Limited, and CEDA, a shared commitment to unlocking the full potential of our region.

This agreement focuses on key opportunities for growth, including the development of passenger and cargo air services, advancing sustainable aircraft operations, and continued support for pilot training in Palmerston North.

More than just a formal agreement, this MOU is a united effort to strengthen the role of Manawātū as a fast-growing, strategically positioned economic hub with a vital part to play in New Zealand's freight and aviation future.



BRIGIT MACKAY

Business Support Executive



Can you tell us what your job involves in simple terms?

I'm in a support role which means a lot of variety - on any given day I could be answering calls and emails from customers, shopping for supplies, taking minutes, managing calendars, updating safety documents, or arranging catering.

What's your favourite part of your daily work?

Airports are exciting places. There is always something interesting happening out the window with the different aircraft coming through. You can't help becoming a bit of a plane spotter working here!

How do you work with other teams or departments?

The PNAL team is a great bunch of people doing many diverse roles. I'm lucky that I get to provide admin support to everyone from the corporate team to the Rescue Fire staff, Terminal Operations team, engineers and our many stakeholders.

Can you share a moment when you helped solve a problem or went the extra mile?

We get all sorts of questions and queries and I never quite know what I'm going to get asked. I once spent over an hour talking an elderly customer through online bookings. Airports and airline processes are

unfamiliar to many people, which can make travel really stressful. If we can help customers manage some of the logistics, it makes for a much more pleasant travel experience.

What happens behind the scenes in your role that most people don't see?

As a member of the public, I used to think of the airport as just the terminal. Now I work here I know there is so much that goes on around the airfield - the commercial spaces, carparking, infrastructure, rescue fire tasks, wildlife management... It's never boring and I'm gradually learning the language of the aviation world.

What's something (funny, surprising, or memorable) your colleagues might say about you?

I know one or two of my colleagues would laugh at my ability to misplace my phone several times a day.

If you could swap jobs with anyone for a day, who would it be and why?

So many possibilities....if it was just for a day, perhaps a tour guide somewhere in Europe, or a surf instructor in Bali...something outdoorsy, active, and in a warm climate sounds appealing. ✕



SUPPORTING OUR COMMUNITY

At Palmerston North Airport, we recognise that being an airport is about more than just planes and asphalt. At the core of why we exist is our community. Every day, our community chooses to use our airport when they do have other choices, and in return, we're committed to giving back in ways that matter.

As a regional airport, we know we're deeply connected to the success, wellbeing and spirit of our region. The people who choose to use our airport are also the people who teach our kids, run our businesses, coach our sports teams and perform on our local stages. That's why we see it as our responsibility, and our privilege, to be an active partner in the community that supports us, and to not rest on our laurels.

As an airport we are working hard to earn and maintain the trust, respect and support of the community by being a responsible and engaged partner. We want the people of our region to see value in having an airport that genuinely cares about our community and is playing its part in positively contributing to our community's economic and social wellbeing. Our participation in the community takes many forms including volunteering, presenting to local community groups, hosting school visits to the airport and sponsorship. Through our sponsorship programme, we aim to make a real difference by supporting organisations and initiatives that uplift, connect and enrich the lives of our community members.





CASE STUDY

This year, we were proud to continue backing a range of incredible local groups:

- Just Zilch – A food rescue operation that's spent over a decade helping local families put food on the table. We're proud to be Gold Sponsors of this organisation, which goes above and beyond every day to support those in need.
- Wildbase Hospital – New Zealand's national wildlife hospital, providing expert care for sick and injured native species. Our support includes a leased vehicle, helping to safely return recovered animals to the wild.
- Te Rangimarie Marae – A place of deep cultural and historical significance in Rangiotū. The marae delivers important education programmes for schools, sharing the rich Māori history of our region. We have a longstanding and deep friendship with the Marae and its custodians as kaumatua of Rangitāne o Manawātū.

- Fly Palmy Arena – A premier indoor sports and events venue, hosting everything from netball tournaments to concerts and expos. We proudly sponsor this space, which brings the community together year-round.
- Centrepoint Theatre – A cultural cornerstone of Manawātū since 1974. As Silver Sponsors, we help ensure the region's only professional theatre can continue to challenge, inspire and entertain local audiences.

In addition to these cornerstone partnerships, we also support other local events and initiatives throughout the year, from sports tournaments and cultural events to one-off community projects, because we know even the smallest gesture can have a big impact.

We're proud of the relationships we've built, and we remain committed to playing our part, not just as a transport hub, but as part of the rich fabric of our community. ✖

We're proud of the relationships we've built, and we remain committed to playing our part, not just as a transport hub, but as part of the rich fabric of our community.





A Friendly Face at the Terminal

Our Airport Ambassadors

Since launching in 2023, our Airport Ambassador Programme has brought a warm and welcoming presence to the terminal. Whether it's pointing someone in the right direction, answering a quick question, or simply offering a friendly smile, our ambassadors play a vital role in creating a positive experience for everyone who passes through the airport.

These dedicated volunteers help welcome passengers, visitors, and customers, while providing helpful information about airport services and facilities. Their local knowledge and approachable personalities make a real difference, especially for those who may be travelling for the first time or navigating unfamiliar surroundings.



LINDA MANUNUI

Terminal Supervisor



Can you tell us what your job involves in simple terms?

Ensuring a safe and operational terminal and carpark.

What's one thing you do every day that helps things run smoothly?

Lots of communication.

What's your favourite part of your daily work?

Customer support and to make a difference in someone's day.

Is there a part of your job that people might be surprised to learn about?

How quick things can turn from good to bad.

How do you work with other teams or departments?

Building good working relationships and being approachable.

What's something small you do that makes a big difference?

Refill the terminal operations cookie jar.

How do you help customers or the public in your role?

Respond to customer inquiries in an efficient manner, be a good listener, show empathy and address concerns effectively.

What's something you do to create a good experience for others?

Always try to go above and beyond.

Can you share a moment when you helped solve a problem or went the extra mile?

I received a phonecall from an elderly lady who was parking and flying out. I met her in the carpark, loaded her bags onto the trolley, walked with her to the check-in. On her return, I waited for her to de-board, loaded her bags onto the trolley, assisted her at the paystation and then unloaded her bags into the car. She was very grateful for the assistance received.

What kind of planning or preparation goes into your work?

Really, it's just about being organized and ready to face a new day, as no two days are the same.

What do you enjoy doing outside of work?

Interior/exterior design and renovation, motorcycle riding, gardening, reading.

What's something (funny, surprising, or memorable) your colleagues might say about you?

Loves to have a good laugh.

If you could swap jobs with anyone for a day, who would it be and why?

A day in the life of a nurse in an emergency department. I like working in an unpredictable, fast paced, yet incredibly rewarding environment.

What motivates you at work?

Accomplishment. ✖



CORPORATE REPORT





CORPORATE REPORT

FOR THE YEAR ENDED
30 JUNE 2025

Palmerston North Airport Limited is a 'Council-Controlled Organisation' pursuant to the Local Government Act 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were:

- To provide airport facilities and services to airlines, air freight operators and airport users (both commercial and non-commercial) through the ownership and operation of Palmerston North Airport.
- The development of non-aeronautical revenue streams including Ruapehu Aeropark and other commercial property.

OWNERSHIP

Palmerston North Airport Limited (PNAL) is a Limited Liability Company incorporated and registered under the Companies Act 1993 and is 100% owned by the Palmerston North City Council (PNCC).

FINANCIAL REPORT

Here are the financial results for the year under review. Details of these financial results are shown on pages 40 to 49.

PERFORMANCE

	2025 Actual	2025 SOI	2024 Actual
Passengers	531,129	559,400	547,721
Revenue	16,954,928	17,777,234	15,487,238
EBITDA & Valuation of Investment Property	7,610,039	6,598,829	7,540,652
Net Profit after Tax	358,061	(1,857,119)	(2,259,016)

Financial Position

Cash and Cash Equivalents	54,414	56,213	1,161,631
Current Assets	1,382,367	5,123,109	2,580,866
Property, Plant & Equipment	92,226,767	113,126,799	87,077,037
Shareholder Funds	84,523,190	83,647,734	82,079,388

COMPANY'S AFFAIRS

The Directors regard the state of the Company's affairs to be satisfactory. Details of the year under review are included in the joint Chair and Chief Executive's Report and the statutory accounts of the Company published herewith.

DIRECTORS

Reappointments

Murray Georgel, Shelly Mitchell-Jenkins and Chris Cardwell were reappointed during the year ended 30 June 2025.

Appointments

Russell Wilson was appointed to the Board, effective October 2024.

Retirements

Sarah Laurence retired from the Board, effective September 2024.

Directors' remuneration

For the year ended 30 June 2025, the amount of \$153,300 (\$142,256: 2024) for Director Remuneration was paid, or due and payable, to members of the Board as authorised by the shareholder as follows:

	2025 Actual	2024 Actual
Murray Georgel	47,169	44,920
Shelly Mitchell-Jenkins	29,481	28,075
Chris Cardwell	29,481	28,075
Sarah Laurence	5,896	22,465
Sarah Everton	23,585	18,721
Russell Wilson	17,688	-
Total	153,300	142,256

No other remuneration or benefits, other than reimbursement of expenses, have been paid or given to Directors.

Directors' indemnity and insurance

The Company is responsible for the payment of the Directors' indemnity insurance premiums. All Directors are under the Directors and Officers Liability Insurance Policy.

Use of Company information by Directors

There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors that would not otherwise have been available to them.

Shareholding by Directors

During the year there were no shareholding transactions involving the Directors.

Directors' interests

As at 30th June 2025, Directors declared interests in the following entities:

Murray Georgel

Interest	Nature of Interest	Relationship to PNAL
Director	Manawatū Investment Group Limited	None
Trustee	Sir Patrick Higgins Charitable Trust	None
Trustee	Arohanui Hospice Service Trust	None
Trustee	Arohanui Hospice Foundation	None
Director	Levno Limited	None
Director	Levno Group Limited	None
Director	Levno IP Holdings Ltd	None
Director	CH Management Ltd	None
Shareholder	CH Management Ltd	None
Trustee	Central Energy Trust	None

Chris Cardwell

Interest	Nature of Interest	Relationship to PNAL
Director of infrastructure (Northern Region)	Health New Zealand	None
Director	Australis Property Ltd	None
Shareholder	Australis Property Ltd	None
Director	Laurent Investments Ltd	None
Shareholder	Laurent Investments Ltd	None
Director	Ngā Maunga Whakahii o Kaipara Whenua Hoko Holdings Limited	None
Director	Te Uru Limited	None
Director	Ngā Maunga Whakahii o Kaipara Commercial Development Limited	None
Director	Pitoitoi Limited	None
Director	Te Rau Manga Limited	None
Director	Ngā Maunga Whakahii o Kaipara Ngahere Limited	None
Wife	Lawyer in Procurement team - BNZ	Bank

Sarah Everton

Interest	Nature of Interest	Relationship to PNAL
Director	Horowhenua Developments Limited	None
Board Member	Whangamata Golf Club	None
Director	The Horowhenua Company Limited	None
Director	Gymnastics New Zealand	None
Independent member of Risk & Assurance committee	Horowhenua District Council	None

Russell Wilson

Interest	Nature of Interest	Relationship to PNAL
Minority s/holder	Air New Zealand Limited	Customer
Minority s/holder	Auckland International Airport Limited	None
Minority s/holder	Freightways Group Limited	Customer

Shelly Mitchell-Jenkins

Interest	Nature of Interest	Relationship to PNAL
Director	Web Genius Central NZ Limited	None
Director	The Web Genius Limited (non-trading)	None
Director	Colbert Cooper Limited	None
Shareholder	Colbert Cooper Limited	None
Director	Cobert Cooper Trustees Limited	None
Shareholder	Cobert Cooper Trustees Limited	None
Director	Colbert Cooper Trustees (2015) Limited	None
Shareholder	Colbert Cooper Trustees (2015) Limited	None
Director	Colbert Cooper Trustees (TONKS) Limited	None
Shareholder	Colbert Cooper Trustees (TONKS) Limited	None

Details of the related party transactions made during the year are shown in Note 15 of the Notes to the Financial Statements.

Schedule of Board meeting attendance

Director	Number of Board meetings held	Number of Board meetings attended
Murray Georgel	12	10
Shelly Mitchell-Jenkins	12	12
Chris Cardwell	12	11
Sarah Everton	12	12
Russell Wilson	9	9
Sarah Laurence	3	3

Schedule of Committee meeting attendance

Director	Number of Audit & Risk Committee Meetings held	Number of Audit & Risk Committee Meetings attended	Number of Terminal & Property Development Committee Meetings held	Number of Terminal & Property Development Committee Meetings attended
Murray Georgel	4	3	8	8
Shelly Mitchell-Jenkins	4	4	N/A	N/A
Sarah Laurence	1	1	N/A	N/A
Russell Wilson	3	3	N/A	N/A
Chris Cardwell	N/A	N/A	8	8
Sarah Everton	N/A	N/A	8	7

REMUNERATION OF EMPLOYEES

The number of employees, who are not Directors, whose total remuneration and benefits exceeded \$100,000 in the financial year were:

	2025 Actual	2024 Actual
\$100,000 - \$110,000	0	2
\$110,000 - \$120,000	3	1
\$120,000 - \$130,000	1	1
\$130,000 - \$140,000	1	1
\$140,000 - \$150,000	0	1
\$160,000 - \$170,000	1	0
\$170,000 - \$180,000	0	1
\$190,000 - \$200,000	0	1
\$200,000 - \$210,000	2	1
\$230,000 - \$240,000	1	0
\$340,000 - \$350,000	0	1
\$370,000 - \$380,000	1	0

Variances in the table above arise from the timing of employee resignations and appointments, remuneration increases and/or cash-ins of annual leave balances.

AUDITORS

As provided for by Section 70 of the Local Government Act 2002, Audit New Zealand, on behalf of the Auditor-General, is hereby re-appointed as Auditor to the Company.

Auditor's remuneration of \$0.099m (GST exclusive) for the 2025 annual financial statements audit and \$0.003m for the 2025 disclosure accounts audit are reflected in the financial statements as due and payable.

DONATIONS

The Company made nil donations this year (2024: \$1,000).

AIRPORT AUTHORITIES (AIRPORT COMPANIES INFORMATION DISCLOSURE) REGULATIONS 1999

A separate set of audited financial statements have been prepared as the disclosure financial statements for the purposes of, and in accordance with, the above Regulations.

AUDIT AND RISK COMMITTEE

The Company has an Audit and Risk Committee comprised of three directors of the PNAL Board. The Committee is responsible for overseeing the financial accounting and audit activities of the Company, including reviewing the adequacy and effectiveness of internal controls, meeting with and reviewing the performance of the external auditors, reviewing the financial statements and making recommendations on financial and accounting policies.

TERMINAL AND PROPERTY DEVELOPMENT COMMITTEE

The Company established a Terminal and Property Development Committee (TPDC), comprised of three directors of the PNAL Board, in September 2023. The Committee has a board-approved Terms of Reference, outlining its membership, authority and purpose.

The TPDC acts as a steering group to PNAL's Board, reviews feasibility studies and business cases, and provides oversight of PNAL's vertical and horizontal property development in Ruapehu Aeropark, as well as the redevelopment of the terminal. This Committee was set up to provide adequate governance over PNAL's increasing capital expenditure and the complexity of commercial development and the terminal.



STATEMENT OF SERVICE PERFORMANCE





STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED
30 JUNE 2025

- The Company's Statement of Intent, against which FY25 performance is judged, is dated 30 May 2024.
- The Company is trading as Palmerston North Airport Limited.
- The Board of Directors believe that the statements contained in this report accurately reflect the overall performance of Palmerston North Airport Limited for the year ended 30 June 2025.
- The below report contains an appropriate and meaningful mix of performance measures for the reporting period, as judged by the Directors. These have been assessed against Palmerston North Airport Limited's Statement of Intent for FY25 and adequately cover the five strategic objectives of the Company. These strategic objectives are considered the most appropriate categories to ensure a full reflection of the Company's performance, highlighting both quantitative and qualitative measures.
- In reflecting on future metrics and anticipated performance, the Company refers readers to the FY26-FY28 Statement of Intent, available on its website.

OUR VISION
WHAT WE ASPIRE
TO BE

**NEW ZEALAND'S
LEADING REGIONAL
AIRPORT.**



**OUR
PURPOSE**

**LAUNCHING OUR
COMMUNITIES
INTO A PROMISING
FUTURE.**



STRATEGIC OBJECTIVES

COMPLIANCE

We maintain a safe and secure operation.

- The safety and security of all airport users is our critical concern. We have a Zero Harm approach to those who visit and work within our airport community.
- We will continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatū District Plans.

CULTURE

We empower our team members and work as one-team.

- Our People are the key to our success. We will care for each other's well-being, and develop skills, commitment, engagement and resourcefulness across our team recognising achievement.
- Our one-team ethos is supported by the five pillars of Leadership, Trust & Respect, Communication, Empowerment and Celebrating Success.

CUSTOMER

We continue to improve the customer experience for all airport users.

- Our customers include all airport users: contractors, tenants, staff, passengers, meeters and greeters, and other airport visitors.
- We lead the way in terms of delivering a high quality and efficient regional airport experience.
- We promote Palmerston North Airport as the gateway and Lower North Island commercial hub to our 90 minute drive market.

COMMUNITY

We contribute to regional prosperity.

- We are kaitiaki for the environment by operating in a sustainable manner in all of our business activities.
- We recognise our community is multi-cultural and will engage with mana whenua and all ethnic groups.

COMMERCIAL

We are a financially sustainable business enabling long term success.

- We maintain and develop core infrastructure that is business critical.
- We diversify and grow revenue streams through a focus on both aeronautical and non-aeronautical income activities.
- We operate a successful enterprise that enables us to provide a return to our shareholder when we have surplus to our ongoing investment and operating requirements.
- We facilitate regional economic development by growing passenger and airfreight volumes.

COMPLIANCE

Activity	Measure	Result	Achieved	Comments
CAA Part 139 Compliance	Recertification achieved	Achieved	●	The 5 yearly CAA Audit of PNAL's compliance with Civil Aviation Rule Part 139 was completed in June 2024 with recertification achieved on 27 June 2024. Compliance has been maintained throughout FY25.
IT infrastructure resilience	Upgrade / installation of key IT infrastructure	Underway	●	At year-end, a Disaster Recovery Server had been installed within the airport campus and was undergoing commissioning, due to go live in FY26.
Ongoing SMS development	Complete annual SMS Audit	Underway	●	PNAL's last SMS Audit occurred in March 2024 with the next audit scheduled to occur in early FY26.
Airside pavement upgrades	Critical airside pavement upgrades completed	Achieved	●	Key airside infrastructure upgrades were completed around the General Aviation fuel pumps, Aircraft Stand 6, Rescue Fire Station airside roads and other airside roads. Total spend on airside infrastructure in FY25 totalled \$1.56m.
Compliance software management	OneReg enhancements	Achieved	●	OneReg, PNAL's safety management reporting system, has seen a number of enhancements across FY25. These include the inclusion of external stakeholders within the platform, a new contractor sign in/out and inductions kiosk and enhanced wildlife reporting.
Obstacle Limitation Surface (OLS) Management	Stakeholder engagement and compliance with OLS	Achieved	●	OLS compliance and stakeholder management has continued, with additional mapping and tree height management on PNAL and surrounding neighbours' land. In addition, during FY25 PNAL has engaged the services of a three dimensional geospatial aeronautical tool, Blackmaps, to assist in ongoing OLS mapping and compliance.
Noise Management	Refresh Noise Management Plan	Achieved	●	At year-end, PNAL had completed its update to the Noise Management Plan and was in discussion with PNCC about planned improvements to further mitigate ground noise. No noise complaints were received during FY25.
PFAS Management	Global consent obtained	Underway	●	At year-end, PNAL's submission for a global consent had been submitted to Horizons Regional Council, following engagement with Rangitane. PNAL is currently awaiting acceptance of its global consent application, due to occur in FY26.
	Ongoing PFAS management and compliance with global consent	Underway	●	

CULTURE

Activity	Measure	Result	Achieved	Comments
Continual improvement of safety culture	Zero lost time injuries	Achieved	●	There were zero lost time injuries in FY25.
	Improved aerodrome safety culture scores	Underway	●	PNAL's last safety culture survey occurred in March 2023, with a score of 90% (an improvement from the prior survey of 87%). A further survey is scheduled during the upcoming SMS audit, due to occur in early FY26.
	SMS Maturity level assessed as "Effective" (currently "Operating")	Underway	●	PNAL's last SMS Audit occurred in March 2024, with the results identifying the SMS is "present, suitable, operating and effective" on 12 of 13 elements. The 13th element, relating to measuring performance, was identified as "present". The next SMS audit is scheduled for early FY26.
Whanau Kotahi / One Team Wellness Plan	Wellness Plan updated annually and implemented	Achieved	●	PNAL's wellness plan continues to deliver strong benefits to staff and enhance engagement.
	Team engagement scores in line with or exceeding industry benchmarks	Achieved	●	PNAL conducted its latest annual engagement survey in November 2024 with an overall engagement score of 84%, an improvement of 6% on prior year. This was achieved on the back of a 100% completion rate (FY24: 83%), meaning the result provides a comprehensive and accurate assessment of PNAL's team engagement.
Payroll/ HRIS system	Implementation of a new HRIS / payroll system	Achieved	●	PNAL completed implementation of a new payroll and HRIS system, Employment Hero, in Q4 of FY25, providing employees with a comprehensive solution for leave management, policy management and performance reviews.

- Meets or exceeds target
- Within 10% of target or in progress
- More than 10% below target or not started

CUSTOMER

Activity	Measure	Result	Achieved	Comments
Terminal Development Plan	Detailed design complete	Achieved	●	At year-end, PNAL had concluded detailed design and commenced demolition of the existing terminal.
Customer Loyalty	Communication strategy implementation commenced	Achieved	●	The TDP communication strategy has been implemented with a wide range of communications going out across media channels to keep stakeholders informed and have plans in place for significant milestones to be shared with the local community. Little & Loud have been engaged as PNAL's Communications and PR partner to assist in designing and implementing the strategy.
	TDP customer service operations plan implemented	Achieved	●	The TDP customer service operations plan is in effect, with conflict de-escalation training provided to the team, refreshed customer related Standard Operating Procedures (SOP's) in place and improved customer feedback loops.
	Net Promoter Score as close as reasonably practical to tourism industry benchmark of 45	NPS score of 42	●	The Net Promoter score of 42 (2024: 45) for the full year is based off 7,471 responses, a 18% decrease in the number of responses compared to prior year. The target of 45 is a stretch target, well above the benchmark average NPS scores for the New Zealand aviation industry of 33%. Going forward, reflecting the temporary nature of the temporary terminal, and its reduced customer amenity, PNAL anticipates a challenging NPS result during the disruption caused by the terminal reconstruction.
Carpark Upgrades - Products & Systems	Licence Plate Recognition implemented in all carpark	Achieved	●	Licence Plate Recognition went live in the general, longstay and rental carpark in early FY25, providing a seamless 'windows up' experience for customers arriving and departing from the carpark.
	Covered walkway – Longstay to General carpark	Deferred to later year	●	In order to preserve available debt capacity, PNAL has elected to defer the construction of additional covered walkways within the carpark until FY27.

- Meets or exceeds target
- Within 10% of target or in progress
- More than 10% below target or not started

COMMUNITY

Activity	Measure	Result	Achieved	Comments
Sustainability	Airport Carbon Accreditation Level 4 maintained	Achieved	●	The Airport Carbon Accreditation (ACA) program is the only institutionally endorsed, global carbon management certification programme for airports. It independently assesses and recognises the efforts of airports to manage and reduce their carbon emissions. PNAL last received recertification in September 2024, with a further renewal due in FY26.
	Additional Scope 1 & 2 carbon reduction initiatives implemented	Achieved	●	PNAL has achieved additional Scope 1 and 2 carbon reductions, based on the most recent ACA audited period to 30 June 2024. This is the result of a cumulation of initiatives over the past several years, including procurement of Renewable Energy Certificates, transitioning to EV's/PHEV's, the decommissioning of the terminal gas boiler and the replacement of terminal and carpark lighting with LED's. Going forward, PNAL is now reaching the bottom of potential further Scope 1 and 2 emissions that are economically viable.
	Tenant stakeholder engagement plan established (Scope 3 emissions focus)	Achieved	●	PNAL has developed a tenant stakeholder engagement plan, which has been reviewed and audited by the Airport Carbon Accreditation programme. This focusses PNAL's attention in future years towards reductions in Scope 3 (third party) emissions.
Sponsorship Strategy	Strategy refreshed	Refreshed	●	PNAL's sponsorship strategy was refreshed in late 2025 and was subsequently endorsed by PNAL's Board for implementation, which is now underway. This refresh included updating our strategic sponsorship categories to better align with our vision and target demographic, updates to our sponsorship tier levels and improved reporting and measurement criteria.
	Strategy implemented	Implemented	●	

- Meets or exceeds target
- Within 10% of target or in progress
- More than 10% below target or not started

COMMERCIAL

Activity	Measure	Result	Achieved	Comments
Total Debt	\$34.5m	\$13.3m	●	Capital spend was below budget primarily due to the start dates for the construction of the new terminal building, and the Zone D warehouse, being later than originally budgeted. These projects are both now progressing at pace, but resulted in debt requirements in FY25 being reduced, with the spend now occurring in FY26.
Total Debt to Total Debt+ Equity Ratio	29%	14%	●	As above, the reduced debt level resulted in a reduced Debt to Debt+Equity ratio.
Ratio of net surplus before interest/tax/ depreciation/ revaluations to total assets	5%	7%	●	The net surplus before interest/tax/ depreciation/revaluations exceeded expectations largely due to tight cost control and a greater proportion of temporary terminal costs being capitalised than expensed.
Ratio of net surplus after tax to consolidated shareholders funds inclusive of revaluation reserve.	-2%	0%	●	The SOI anticipated a loss for FY25, largely due to one-off and/or non-cash adjustments relating to the terminal development project (e.g. temporary terminal costs and/or accelerated depreciation). The actual results for FY25 saw a greater proportion of costs being capitalised and/or reduced accelerated depreciation within FY25. These reduced expenses contributed to the positive surplus after tax for FY25, relative to the SOI.
Maintain a ratio of consolidated shareholders funds to Total Assets of at least 40%	64%	77%	●	Due to delay in construction of the new terminal and Zone D warehouse, the increase in total assets and increase in debt were less than budgeted. As a result, consolidated shareholder funds as a proportion of total assets was higher than budgeted.
Interest coverage ratio of EBITDA to interest of at least 2.5 as per BNZ loan covenants	5.6	13.2	●	Interest expenditure was lower than budgeted resulting from the deferral of a number of budgeted capital projects. EBITDA also exceeded budget for the reasons outlined above.

- Meets or exceeds target
- Within 10% of target or in progress
- More than 10% below target or not started

Activity	Measure	Result	Achieved	Comments
Maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$80m	\$83.6m	\$84.5m	●	Primarily due to revaluation gains on land, and the higher than budgeted profit outlined above, net assets have increased above budgeted amounts.
Net Debt*/EBITDA less than 4.5 (long term target)	5.2	1.7	●	Net debt was less than anticipated due to capital expenditure being lower than budgeted as outlined above. EBITDA also exceeded budget for the reasons outlined above. Achievement of this target in future years is likely to be impacted in the short term by the planned terminal redevelopment and capital projects within Ruapehu Aeropark.
Funds from Operations (FFO**)/Net Debt greater than 11% (long term target)	17.8%	52.9%	●	Funds from Operations exceeded budget and Net Debt was below budget for the reasons outlined above.
Ruapehu Aeropark – strategic partnership(s)	Strategic investment option identified and implemented	Underway	●	At year-end, PNAL was in the processing of completing a debt raise to bring total available debt facilities up to \$95m, enabling PNAL to accelerate development within Ruapehu Aeropark. This debt raise is anticipated to be completed in early FY26. In addition, PNAL continues to evaluate options to divest non-strategic land and engage with potential Joint Venture partners for Ruapehu Aeropark development.
Ruapehu Aeropark – commercial developments	Zone D warehouses – 50% preleased	Complete	●	PNAL has successfully executed an Agreement to Lease with a tenant for Stage 1 of the Zone D warehouse precinct. The final design stages for the warehouse are now underway, with construction due to commence in FY26.
Passenger movements	559,400	531,129	●	Total passenger movements were 5% below SOI and 3% below prior year, reflecting the wider suppression in demand across the New Zealand aviation industry currently being experienced. Challenges across the industry included the economic recession, higher fares, costs of living, challenges with Air New Zealand capacity and a challenging operating environment for smaller regional carriers.

*Net debt equals total borrowing less cash and cash equivalents

**FFO equals EBITDA less interest less tax

● Meets or exceeds target

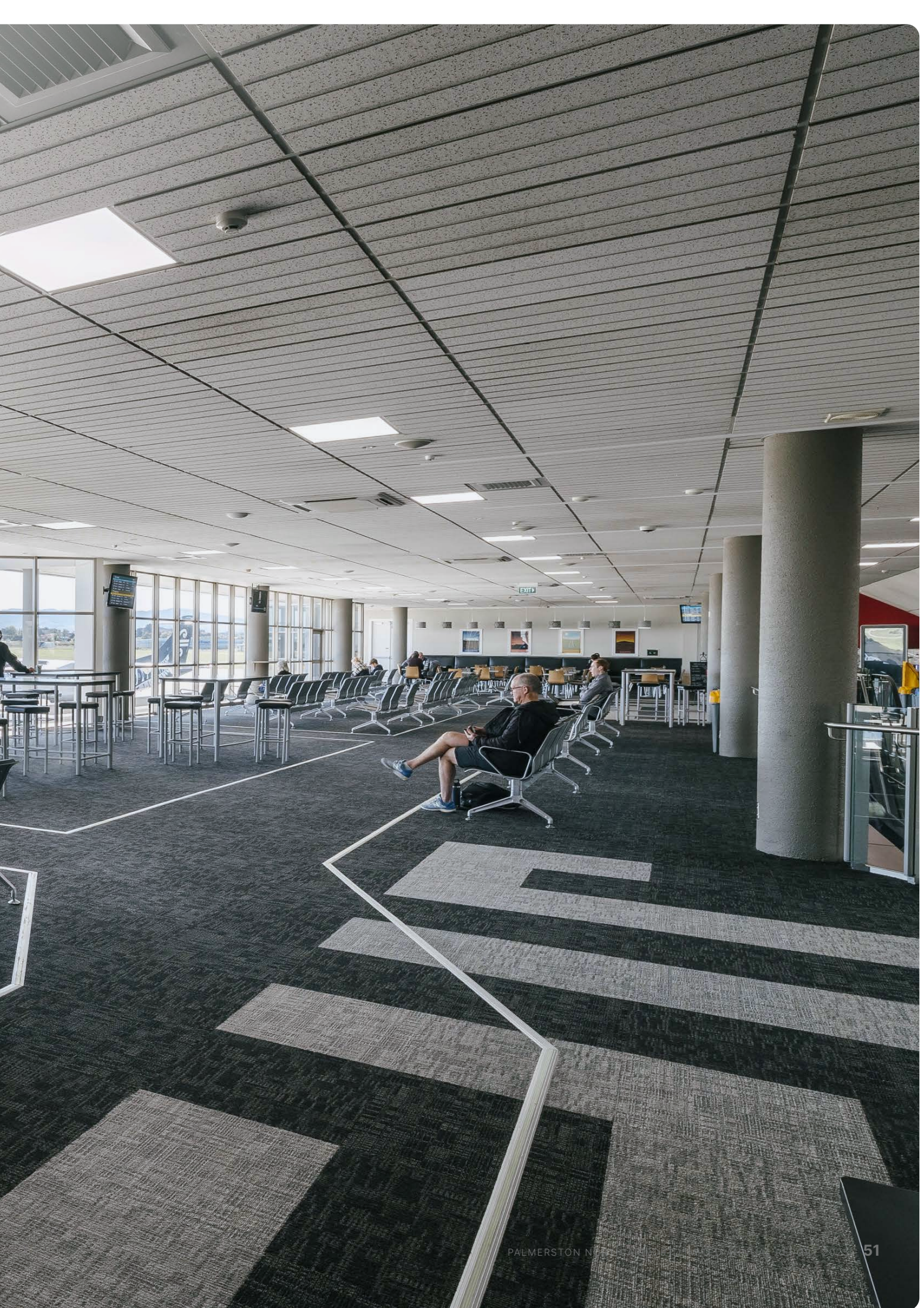
● Within 10% of target or in progress

● More than 10% below target or not started

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025





PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2025

	Note	30-Jun-25 Actual \$	30-Jun-25 SOI \$	30-Jun-24 Actual \$
REVENUE	1	16,954,928	17,777,234	15,487,238
OPERATING EXPENSES				
Operations and Maintenance:				
Airfield Services	7a	646,629	690,361	624,155
Other Operating Expenses	11	2,760,535	3,543,833	2,730,726
TOTAL OPERATIONS AND MAINTENANCE		3,407,164	4,234,194	3,354,881
Administration:				
Audit Fees	12	134,132	131,626	117,060
Bad Debts Written Off		101	-	19,955
Expected Credit Loss Allowance for Receivables	4	(6,189)	5,000	(2,955)
Directors' Fees	15	153,301	151,840	142,258
Employee Expenses	7b	2,590,369	2,651,774	2,293,407
General Administration	11a	3,066,011	4,003,971	2,021,980
TOTAL ADMINISTRATION:		5,937,725	6,944,211	4,591,705
TOTAL OPERATING EXPENSES		9,344,889	11,178,405	7,946,586
Earnings Before Interest, Taxation, Depreciation, Amortisation & Valuation of Investment Properties:		7,610,039	6,598,829	7,540,652
Finance Costs, Depreciation, Amortisation & Loss on Sale				
Finance Costs	9	576,640	1,177,678	523,481
Depreciation & Amortisation	2 & 3	7,040,294	8,000,482	2,192,583
Loss/(Gain) on Sale of Assets		110,101	-	349,303
Assets vested to PNCC	2b	-	-	5,046,062
TOTAL FINANCE COSTS, DEPRECIATION		7,727,035	9,178,160	8,111,429
Revaluation (Loss)/Gain - Investment Properties	2a	507,200	-	(70,500)
OPERATING SURPLUS BEFORE TAXATION		390,204	(2,579,331)	(641,277)
Taxation Expense on Operating Surplus	6a	32,143	(722,212)	1,617,739
NET PROFIT(LOSS) AFTER TAXATION		358,061	(1,857,119)	(2,259,016)

Murray Georgel
Chair



Date: 30 September 2025

Shelly Mitchell-Jenkins
Director



Date: 30 September 2025

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2025

	Note	30-Jun-25 Actual \$	30-Jun-25 SOI \$	30-Jun-24 Actual \$
NET PROFIT(LOSS) AFTER TAXATION		358,061	(1,857,119)	(2,259,016)
Other Comprehensive Revenue and Expense				
Gains (losses/impairment) on property, plant and equipment revaluations	13(d)	2,218,003	-	-
Movement in deferred tax at revaluation	13(d)	62,738	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		2,638,802	(1,857,119)	(2,259,016)

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Note	30-Jun-25 Actual \$	30-Jun-25 SOI \$	30-Jun-24 Actual \$
EQUITY AT THE BEGINNING OF THE YEAR		82,079,388	85,504,851	84,338,404
Total Comprehensive Revenue and Expense for the year		2,638,802	(1,857,119)	(2,259,016)
Transfer out of Asset Revaluation Reserves for sale of assets	13(d)	-	-	(1,727,530)
Transfer into Retained Earnings for sale of assets	13(d)	-	-	1,727,530
Distribution to Shareholder during the year		(195,000)	-*	-
EQUITY AT THE END OF THE YEAR		84,523,190	83,647,734	82,079,388

*Declared dividend - paid in the following financial year

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	30-Jun-25 Actual \$	30-Jun-25 SOI \$	30-Jun-24 Actual \$
CURRENT ASSETS				
Cash and Cash Equivalents	5	54,414	56,213	1,161,631
Trade Accounts Receivable	4	1,144,993	4,270,160	1,224,360
Sundry Receivables and Prepayments		182,960	796,736	194,875
TOTAL CURRENT ASSETS		1,382,367	5,123,109	2,580,866
CURRENT LIABILITIES				
Revenue in Advance	14	75,358	204,988	77,459
Trade Accounts Payable	14	2,272,548	5,849,733	1,002,643
Other Creditors	14	271,724	(263,401)	715,861
Employee Benefit Liabilities	7	512,531	386,101	476,620
Borrowings	10	1,300,000	-	2,700,000
TOTAL CURRENT LIABILITIES		4,432,161	6,177,421	4,972,583
WORKING CAPITAL		(3,049,794)	(1,054,312)	(2,391,717)
NON CURRENT ASSETS				
Property, Plant & Equipment	2	92,226,767	113,126,799	87,077,037
Investment Property	2a	15,836,700	15,400,000	15,329,500
Intangible Assets	3	29,261	1,920	54,634
TOTAL NON CURRENT ASSETS		108,092,728	128,528,719	102,461,171
Less: NON CURRENT LIABILITIES				
Deferred Tax Liability	6b	8,519,744	9,250,607	9,990,066
Borrowings	10	12,000,000	34,576,065	8,000,000
TOTAL NON CURRENT LIABILITIES		20,519,744	43,826,673	17,990,066
NET ASSETS		84,523,190	83,647,734	82,079,388
SHAREHOLDER'S EQUITY				
Paid in Capital	13(a)	9,380,400	9,380,400	9,380,400
Retained Earnings	13(b)	26,675,956	26,353,711	26,512,895
Asset Revaluation Reserve	13(d)	48,466,834	47,913,623	46,186,093
TOTAL SHAREHOLDER'S EQUITY		84,523,190	83,647,734	82,079,388

Represented by:

SHAREHOLDER'S EQUITY

Paid in Capital	13(a)	9,380,400	9,380,400	9,380,400
Retained Earnings	13(b)	26,675,956	26,353,711	26,512,895
Asset Revaluation Reserve	13(d)	48,466,834	47,913,623	46,186,093
TOTAL SHAREHOLDER'S EQUITY		84,523,190	83,647,734	82,079,388

For and on behalf of the Board

Murray Georger
Chair

Date: 30 September 2025

Shelly Mitchell-Jenkins
Director

Date: 30 September 2025

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Note	30-Jun-25 Actual \$	30-Jun-25 SOI \$	30-Jun-24 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from Customers		16,756,830	20,157,486	15,428,280
Interest Received		-	-	-
Income Tax Refund		-	-	-
		16,756,830	20,157,486	15,428,280
Cash was disbursed to:				
Payment to Suppliers and Employees		8,709,427	9,671,337	7,620,382
Tax Loss Payment to PNCC	15	114,458	-	110,019
Payment of Income Tax		730,754	1,175,000	1,392,593
Interest Payments		502,663	1,177,678	443,089
		10,057,302	12,024,015	9,566,083
Net cash flows from operating activities		6,699,528	8,133,471	5,862,197
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Property Plant and Equipment		-	-	313
Cash was applied to:				
Acquisitions of Property, Plant & Equipment		10,211,745	31,725,165	4,699,260
Acquisitions of Investment Property		-	-	-
Net Cash Flow from Investing Activities		(10,211,745)	(31,725,165)	(4,698,947)
CASH FLOW FROM FINANCING ACTIVITIES				
Cash was provided from:				
Borrowings		5,300,000	24,020,330	3,000,000
Cash was applied to:				
Repayment of Borrowings		2,700,000	298,511	3,065,000
Payment of Dividends	13(c)	195,000	129,605	-
Net Cash from Financing Activities		2,405,000	23,592,214	(65,000)
Net Increase/(Decrease) in Cash, Cash Equivalents and Bank Overdrafts		(1,107,217)	520	1,098,250
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year		1,161,631	55,693	63,381
Cash, Cash Equivalents and Bank Overdrafts Year End	5	54,414	56,213	1,161,631

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.



NOTES TO THE FINANCIAL STATEMENTS





STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2025

REPORTING ENTITY

Palmerston North Airport Limited (PNAL) is a New Zealand company registered under the Companies Act 1993.

The Company has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2025. The financial statements were authorised for issue on 30 September 2025 by the Board.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis. The Company has prepared a going concern assessment and is satisfied the conditions for a going concern are met. The Company has prepared a three-year Statement of Intent for the FY26-FY28 income years, which is available on the Company's website. This illustrates the anticipated financial position and performance, and for the next three years the Company will be able to meet its financial obligations as they fall due. Assumptions underlying the going concern basis are documented throughout these financial statements.

Accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of Palmerston North Airport Limited have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Airport Authorities Amendment Act 2000, the Local Government Act 2002, Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

The entity is eligible and has elected to report in accordance with Tier 2 PBE Standards RDR on the basis that the entity has no public accountability and has Expenses $\geq$ \$5m and $<$ \$33m.

These financial statements comply with PBE standards.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of Palmerston North Airport Limited is New Zealand dollars.

SIGNIFICANT ACCOUNTING POLICIES

Measurement Basis

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, buildings and airside infrastructure assets.

1. ANALYSIS OF OPERATING REVENUE

	2025 Actual	2024 Actual
Aeronautical Charges	11,433,527	10,003,603
Car Park, Rent, and Advertising	5,130,415	5,167,725
Other	390,986	315,910
Total	16,954,928	15,487,238

Revenue Measurement and Recognition

Revenue is measured at the fair value of consideration received or receivable.

Landing, departure, facility fees and car park revenue are recognised when the facilities are used.

Interest received is recognised as it accrues using the effective interest rate method.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished.

2. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Airside Infrastructure	Landside Infrastructure	Total Infrastructure	Plant & Equipment	Furniture & Fittings	Computer Equipment	Motor Vehicles	Total
Balances 1 July 2024										
Cost / Valuation	30,937,931	14,561,642	37,954,975	7,554,247	45,509,222	3,553,987	358,335	217,119	1,560,879	96,699,115
Accumulated Depreciation	-	(1,373,915)	(3,281,328)	(2,222,975)	(5,504,303)	(2,140,593)	(288,096)	(153,180)	(161,991)	(9,622,078)
Carrying Amount	30,937,931	13,187,728	34,673,647	5,331,272	40,004,918	1,413,395	70,239	63,938	1,398,888	87,077,037
Movements for the year										
Reverse Prior Year Work in Progress	-	(2,856,301)	(216,994)	(1,108,168)	(1,325,162)	(64,834)	-	(29,415)	-	(4,275,711)
Additions & Current Year Work in Progress	-	8,924,137	1,910,262	2,786,048	4,696,310	471,282	25,860	107,274	-	14,224,864
Disposals - Cost / Valuation	-	(5,203,821)	(2,333)	(783)	(3,115)	(505,830)	(140,404)	(63,539)	-	(5,916,709)
Revaluation - Cost/Valuation	2,442,069	-	(4,747,179)	-	(4,747,179)	-	-	-	-	(2,305,110)
Disposals - Accumulated Dep.	-	5,203,821	2,333	783	3,115	497,447	133,806	62,924	-	5,901,113
Depreciation for the Year	-	(4,925,544)	(1,244,115)	(217,131)	(1,461,246)	(445,441)	(21,294)	(39,043)	(109,261)	(7,001,829)
Depreciation Reversal on Revaluation	-	-	4,523,112	-	4,523,112	-	-	-	-	4,523,112
Closing Balances 30 June 2025										
Cost/Valuation	33,380,000	15,425,658	34,898,731	9,231,345	44,130,076	3,454,605	243,791	231,440	1,560,879	98,426,449
Accumulated Dep.	-	(1,095,638)	-	(2,439,323)	(2,439,323)	(2,088,586)	(175,583)	(129,299)	(271,252)	(6,199,682)
Carrying Amount	33,380,000	14,330,020	34,898,732	6,792,022	41,690,754	1,366,019	68,207	102,140	1,289,627	92,226,767
Capital work in progress included at cost										
30-Jun-25	-	6,634,871	25,206	848,681	873,887	-	19,583	37,333	-	7,565,674

	Land	Buildings	Airside Infrastructure	Landside Infrastructure	Total Infrastructure	Plant & Equipment	Furniture & Fittings	Computer Equipment	Motor Vehicles	Total
Balances 1 July 2023										
Cost / Valuation	32,855,065	12,455,386	37,739,060	10,614,185	48,353,245	3,446,202	352,663	179,739	1,537,678	99,179,978
Accumulated Depreciation	-	(1,074,339)	(2,042,573)	(3,277,138)	(5,319,711)	(1,947,134)	(270,122)	(153,642)	(67,657)	(8,832,604)
Carrying Amount	32,855,065	11,381,047	35,696,487	7,337,047	43,033,534	1,499,069	82,541	26,096	1,470,022	90,347,374
Movements for the year										
Reverse Prior Year Work in Progress	-	(1,150,049)	(344,972)	(1,055,062)	(1,400,034)	(18,117)	-	-	(829,802)	(3,398,002)
Additions & Current Year Work in Progress	-	3,256,306	560,887	1,969,370	2,530,256	153,469	5,672	58,498	853,002	6,857,202
Disposals - Cost / Valuation	(1,917,134)	-	-	(3,974,246)	(3,974,246)	(27,567)	-	(21,118)	-	(5,940,064)
Revaluation Surplus/(Loss)	-	-	-	-	-	-	-	-	-	-
Disposals - Accumulated Dep.	-	-	-	1,327,928	1,327,928	23,747	-	21,065	-	1,372,739
Depreciation for the Year	-	(299,576)	(1,238,756)	(273,765)	(1,512,521)	(217,206)	(17,974)	(20,603)	(94,334)	(2,162,213)
Dep. Reversal on Revaluation	-	-	-	-	-	-	-	-	-	-
Closing Balances 30 June 2024										
Cost/Valuation	30,937,931	14,561,642	37,954,975	7,554,247	45,509,222	3,553,987	358,335	217,119	1,560,879	96,699,115
Accumulated Dep.	-	(1,373,915)	(3,281,328)	(2,222,975)	(5,504,303)	(2,140,593)	(288,096)	(153,180)	(161,991)	(9,622,078)
Carrying Amount	30,937,931	13,187,728	34,673,647	5,331,272	40,004,918	1,413,395	70,239	63,938	1,398,888	87,077,037
Capital work in progress included at cost										
30-Jun-24	-	2,856,301	216,994	1,108,168	1,325,162	64,834	-	29,415	-	4,275,711

Land, Buildings and Airside Infrastructure Fair Value

Land

Land is valued at fair value.

The most recent valuation was performed by independent registered valuers, Morgan's Property Advisors. The valuation is effective as at 30 June 2025 and resulted in an increase in value of \$2.44m. This has been recognised in the 2025 annual accounts.

As per Commerce Commission guidelines, fair value has been determined using the Market Value Alternative Use Highest and Best Use (MVAU) methodology. A discounted cashflow has been used to determine the MVAU.

In order to determine MVAU, the airport land has been split into five hypothetical areas based on location. These include Rural, Lifestyle, Residential, Commercial and Industrial, to which MVAU valuations have then been applied.

The Company's zones (Airside, Commercial and Rural) have then been overlaid. Valuation of the Company's activity zones are therefore based on the MVAU values applied to the respective underlying hypothetical areas falling within each PNAL zone.

Key assumptions

The independent valuation advice is based on the following key assumptions:

- The hypothetical areas determined.
- Land sales and cost have been spread over a ten-year period.
- Annual land inflation has been set at between 1.0% and 2.5% over the next ten years.
- Basic development costs, i.e. servicing, earthworks etc. are estimated to be 25% of the sale price.
- Discount rates of between 17.5% and 22.5%.

Sensitivity analysis

Sensitivity analysis has been completed where changes in key inputs to assumptions would significantly change the fair value. The change to the fair value assessment from changing these inputs has been estimated as follows:

- Decreasing the discount rate to 17.5% would result in an increase in land value of \$3.0m.
- Increasing the discount rate to 22.5% would result in a decrease in land value of \$2.6m.
- If the land inflation rate was increased to 5.0% annually this would result in an increase of land value of \$3.53m.
- No land inflation over the 10 years would result in a reduction in land value of \$1.84m.
- An increase of Basic Development Costs by 10% would result in a reduction of \$1.86m. This assumes a change in the Basic Development Costs from 25% to 27.5%.
- An increase of Basic Development Costs by 50% would result in a reduction of \$9.31m. This assumes a change in the Basic Development Costs from 25% to 37.5%.

Buildings

Buildings are valued at fair value using depreciated replacement cost. Where appropriate, the value of the improvements has then been reconciled against the investment method which capitalises the actual, or potential, market rental income having regard for yields as derived from sales of comparable property from which deduct the underlying value.

The most recent valuation was performed by independent registered valuers Morgan's Property Advisors. The valuation is effective as at 30 June 2025 and resulted in an increase of \$0.1m. The Company has considered that this movement is not sufficiently material to warrant the recognition of any fair value adjustment for the year ended 30 June 2025.

Revaluations will continue to be undertaken at least three yearly in line with the current revaluation cycle of the Company. The last revaluation was as at 30 June 2023.

Airside Infrastructure

Airside Infrastructure is valued at fair value based on depreciated replacement cost in accordance with PBE IPSAS 17.

Fair value has been determined calculating the replacement cost of the asset based on current construction costs to recreate the asset with current legislative requirements. Assets have then been adjusted for physical obsolescence using a straight-line depreciation approach. From there an estimated percentage of remaining life of the asset is applied, based on the condition of the asset, to calculate the current replacement cost.

The most recent valuation was performed by independent consultant engineers and valuers AECOM New Zealand Limited. The valuation is effective as at 30 June 2025 and resulted in a decrease in value of \$0.22m. This has been recognised in the 2025 annual accounts.

Landside Infrastructure

Landside Infrastructure has been valued at historic cost less depreciation.

Impairment

Impairment for Property, Plant and Equipment for 2025 was \$0.1m (2024: \$0.34m). This relates to historic WIP expenditure which is no longer considered attributable to an identifiable project.

Property, Plant and Equipment pledged as security on borrowings

There is a general Debenture held by the BNZ of the Company assets and undertaking of the airport. Additionally, the BNZ also hold first mortgages over land at 230, 289 and 296 Milson Line (CT WN48A/146, CT WN55B/574 and CT 242875), 320 Milson Line (CT 716768), and Railway Road (CT 480423 and CT 503654), RD10, Roslyn, Palmerston North.

Property Plant and Equipment

Property Plant and Equipment consists of:

Operational Assets

These include land, buildings, furniture and fittings, computer equipment, motor vehicles and various plant and equipment.

Infrastructure Assets

Infrastructure Assets consist of Airside and Landside Infrastructure. Airside Infrastructure assets include runways, aprons, taxiways, and underground reticulated systems. Landside infrastructure assets include pavements, car parking and roading outside the secure areas of the airport.

Measurement of Property, Plant, Equipment and Intangible Assets

Property plant and equipment and landside infrastructure are measured at cost less accumulated depreciation and impairment losses with the following exceptions:

- Land is measured at fair value
- Buildings and airside infrastructure are measured at fair value less accumulated depreciation.

Revaluations

Land, buildings and airside infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and are revalued at least every three years. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Accounting for Revaluations

Palmerston North Airport Limited accounts for revaluations on a class of assets basis.

The net revaluation results are credited or debited to 'Other Comprehensive Revenue and Expense' and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in Other Comprehensive Revenue and Expense but is recognised in the Surplus or Deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the Surplus or Deficit will be recognised first in the Surplus or Deficit up to the amount previously expensed, and then recognised in Other Comprehensive Revenue and Expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefit or service potential associated with the item will flow to the Company and the cost can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus and deficit account.

When revalued assets are sold, the amount included in revaluation reserve in respect of those assets is transferred to retained earnings.

Subsequent cost

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus and deficit account as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all items of property, plant & equipment (other than land) at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of the major categories have been estimated as follows:

Land Improvements	99 years
Roading & Carparks (Landside Infrastructure)	2 - 99 years
Buildings & Building services	8 - 99 years
Runway, Taxiways, Aprons (Airside Infrastructure)	2 - 80 years
Plant and Equipment	2 - 50 years
Furniture & Fittings	3 - 99 years
Computer Equipment	3 - 6 years
Temporary terminal and associated assets	1 - 2 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Impairment of property, plant, equipment and intangible assets

Property, plant, equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount.

The total impairment loss is recognised in the surplus and deficit account.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Non-current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are held for sale.

Critical accounting estimates and assumptions

In preparing these financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Statement of Comprehensive Revenue and Expense and carrying amount of the asset in the Statement of Financial Position.

The Company minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programmes;
- Review of second-hand market prices for similar assets; and
- Analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

The Company has assessed the impact of the planned terminal redevelopment on the remaining useful life of the terminal building. The Company has assessed the remaining terminal building (including temporary terminal) has a reduced remaining useful life, based on the current construction/demolition programme. The remaining terminal building is considered to have a remaining useful life of 12 months, as at 30 June 2025.

2A. INVESTMENT PROPERTY

	2025 Actual	2024 Actual
Opening Balance	15,329,500	15,400,000
Additions and acquisitions	–	–
Depreciation	–	–
Fair value gains/(losses) on valuation	507,200	(70,500)
Closing Balance	15,836,700	15,329,500

Investment Property consists of the following:

- Land and improvements associated with one property at 100 Airport Drive, occupied by two tenants;
- Land and improvements associated with the Massey University School of Aviation facility;
- Land and improvements associated with the Zone B Stage 1 subdivision which are available for lease (design/build); and
- Land and improvements associated with three lots on Zone H.

Investment Property is valued annually at 30 June at fair value. The valuation was performed by independent valuers Morgan's Property Advisors as at 30 June 2025. The valuer holds the recognised and relevant qualifications of MPINZ NZIV BBS (VMP) and has significant valuation experience in the local region and for the category of investment property.

The valuation resulted in an increase in value of \$0.51m.

Rental income for the year was \$0.98m (FY24 \$0.97m). There were no expenses from Investment Property generating income. There are no outstanding contractual obligations relating to Investment Property.

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Valuation methodology and significant assumptions

One of the lots within Zone B Stage 1 was subject to a sale and purchase agreement as at 30 June 2025. The Company has determined that there was significant uncertainty as at 30 June 2025 as to whether this lot would ultimately be sold. As such, this lot has been classified as Investment Property (instead of Inventory).

In determining the fair value, the valuer has relied on the following methodologies and significant assumptions:

Investment Property	Valuation Methodologies	Significant Assumptions
Massey School of Aviation	→ Cost Approach via a Replacement Cost Method (RCM) → Income Approach via a Discounted Cash Flow (DCF) → Market Approach via looking at comparable sales	→ Depreciation and saleability condition of the assets → Costs to subdivide the land → Various capitalisation rates
100 Airport Drive	→ Cost Approach via an RCM → Income Approach via a Capitalisation Rate Method → Market Approach via looking at comparable sales	→ Depreciation and saleability condition of the assets → Costs to subdivide the land → Various capitalisation rates → Market rentals for similar types of improvements (workshop, offices, carparks)
Zone B Stage 1	→ Hypothetical Subdivision Method	→ Lot sizes as specified in the Zone B Stage 1 subdivision plan → Costs to subdivide the land
Three lots on Zone H	One or more methods including: → Income Approach via a DCF → Market Approach via looking at comparable sales	→ Costs to subdivide the land → Various capitalisation and discount rates

2B. ASSETS VESTED TO PNCC

	2025 Actual	2024 Actual
Airport Drive—improvements	–	2,646,319
Airport Drive—land	–	1,917,134
Cash contribution for Airport Drive vesting	–	482,609
Total	-	5,046,062

During FY24 the Company vested Airport Drive land and improvements to PNCC. In addition a cash contribution of \$0.48m was paid to PNCC to assist with ongoing upgrades and maintenance.

3. INTANGIBLE ASSETS

	Website	Software	Total
Balance as at 1 July 2024	21,500	123,455	144,955
Accumulated Amortisation	(14,782)	(75,538)	(90,321)
Carrying Amount	6,718	47,916	54,634
Movement for the year			
Reverse Prior Year Work in Progress	-	(1,920)	(1,920)
Additions and Current Year Work in Progress	-	15,011	15,011
Disposals	-	(22,619)	(22,619)
Disposal - Accumulated Amortisation	-	22,619	22,619
Amortisation for the year	(5,375)	(33,090)	(38,465)
Closing Balance 30 June 2025			
Cost/Revaluation	21,500	113,927	135,427
Accumulated Amortisation	(20,157)	(86,009)	(106,166)
Carrying Amount	1,343	27,918	29,261
<i>Capital work in progress included at cost</i>	-	1,920	1,920

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	Website	Software	Total
Balance as at 1 July 2023	21,500	95,099	116,599
Accumulated Amortisation	(9,407)	(51,124)	(60,531)
Carrying Amount	12,093	43,975	56,068

Movement for the year

Reverse Prior Year Work in Progress	-	(1,920)	-
Additions and Current Year Work in Progress	-	30,858	30,858
Disposals	-	(582)	(582)
Disposal - Accumulated Amortisation	-	582	582
Amortisation for the year	(5,375)	(24,997)	(30,372)

Closing Balance 30 June 2024

Cost/Revaluation	21,500	123,455	144,955
Accumulated Amortisation	(14,782)	(75,538)	(90,321)
Carrying Amount	6,718	47,916	54,634
<i>Capital work in progress included at cost</i>	-	1,920	1,920

Intangible Assets

Internally generated intangible assets

Costs associated with the development of the Company's website are recognised as an intangible asset and are capitalised on the basis of the cost incurred to bring to use the intangible asset. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Website Development	4 years:	25%
Software	2.5 years:	40%

4. TRADE ACCOUNTS AND OTHER RECEIVABLES

	2025 Actual	2024 Actual
Debtors and Other Receivables	1,152,481	985,290
Receivables from related party	656	578
Allowance for credit losses	(8,144)	(14,334)
Income tax receivable	-	252,826
Total	1,144,993	1,224,360

Trade and Other Receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Company applied the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped based on days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

5. CASH & CASH EQUIVALENTS

	2025 Actual	2024 Actual
Current account	52,521	1,156,279
Cash on hand	1,893	5,352
Total	54,414	1,161,631

Cash, Cash Equivalents and Bank Overdrafts

Cash, Cash Equivalents and Bank Overdrafts includes cash on hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

6A. TAXATION

	2025 Actual	2024 Actual
Operating Surplus (Deficit) Before Taxation	390,205	(641,277)
Tax at 28%	109,257	(179,557)
Plus (Less) tax effect of:		
- Permanent differences/non-deductible expenditure	(105,293)	565,021
- Prior year under/(over) provision	-	-
- Deferred tax impact from reversal of depreciation on buildings	-	1,117,310
- Deferred tax adjustment	28,179	114,965
Tax charge for the year	32,143	1,617,739
Tax expense for the year comprising:		
Current tax expense	1,439,727	878,279
Prior year adjustments	-	-
Deferred tax expense	(1,407,583)	739,460
	32,143	1,617,739

6B. DEFERRED TAX (ASSETS)/LIABILITIES

	Investment Property	Property, plant and equipment	Employee entitlements	Other provisions	Total
Balance at 1 July 2024	254,704	9,841,729	(101,842)	(4,525)	9,990,066
Charged to Surplus and Deficit - Current Year	22,228	(1,425,491)	(6,564)	2,243	(1,407,583)
Charged to Other Comprehensive Income	-	(62,738)	-	-	(62,738)
Balance at 30 June 2025	276,933	8,353,499	(108,406)	(2,281)	8,519,744
Balance at 1 July 2023	205,790	9,126,227	(76,169)	(5,242)	9,250,607
Charged to Surplus and Deficit - Current Year	48,914	715,501	(25,674)	717	739,459
Charged to Other Comprehensive Income	-	-	-	-	-
Balance at 30 June 2024	254,704	9,841,729	(101,842)	(4,525)	9,990,066

Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

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

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

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

For deferred tax purposes, PNAL has not rebutted the recovery through sale presumption in respect of buildings held as investment property.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Goods and Services Tax

All items in the financial statements are stated exclusive of Goods and Services Tax (GST) with the exception of receivables and payables, which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are stated exclusive of GST.

7. EMPLOYEE BENEFIT LIABILITIES

	2025 Actual	2024 Actual
Accrued Pay	200,702	184,354
Annual Leave	311,829	292,265
Total	512,531	476,620

7A. AIRFIELD SERVICE

	2025 Actual	2024 Actual
Salaries and Wages	575,236	546,098
Employer Contribution to Kiwi Saver	15,010	13,839
Movement in Employee Entitlements	24,819	26,739
Other Rescue Fire Costs	31,564	37,479
Total	646,629	624,155

Airfield Service costs comprise those specifically relating to employee costs associated with Rescue Fire Service employees.

Throughout the year PNAL have employed the equivalent of 7 FTE within the Rescue Fire Service (2024: 6.8).

7B. EMPLOYEE EXPENSES

	2025 Actual	2024 Actual
Salaries and Wages	2,526,192	2,172,788
Employer Contribution to Kiwi Saver	69,433	60,583
Movement in Employee Entitlements	(5,256)	60,036
Total	2,590,369	2,293,407

Throughout the year PNAL have employed the equivalent of 20 FTE (2024: 17).

The above employee costs exclude Rescue Fire Services. Refer to Note 7a above.

Employee Entitlements

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

The Company does not provide for long service or retirement leave entitlements.

Salaries and wages are recognised as an expense as employees provide services.

Presentation of employee entitlements

Annual leave is classified as a current liability.

Superannuation schemes

Obligations for contributions to Kiwi Saver are accounted for as defined contributions superannuation schemes and are recognised as an expense in the surplus and deficit account when incurred.

8. COMMITMENTS

	2025 Actual	2024 Actual
Operating Commitments as Lessee		
Less than 1 Year	213,652	277,172
Between 1 and 5 Years	150,250	142,973
Over 5 Years	-	-
Total	363,902	420,145

	2025 Actual	2024 Actual
Operating Commitments as Lessor		
Less than 1 Year	1,595,862	1,803,932
Between 1 and 5 Years	5,344,381	5,237,380
Over 5 Years	3,127,117	4,271,394
Total	10,067,360	11,312,706

On-going leases per month	177,251	182,138
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Leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Operating Commitments as Lessee

PNAL leases computer and electronic equipment, carpark equipment, lift infrastructure, portacoms and three motor vehicles. The unexpired terms of leases as at 30 June 2025 range from 1 to 53 months.

Operating Commitments as Lessor

PNAL leases land, buildings and advertising space in the normal course of its business. The future aggregate minimum lease payments under non-cancellable operating leases are as outlined.

2025 commitments have been calculated until the end of the current right of renewal, or end of the contract, whichever comes first. These commitments relate to property leases, advertising, and rental agency contracts and are GST exclusive.

There are other ongoing leases amounting to \$40,502 per month that are on a month to month basis (2024: \$6,797). There are no contingent rents recognised as revenue in the period.

Capital Commitments

PNAL had capital commitments of \$35.23m as at 30 June 2025 largely relating to the terminal redevelopment and Zone D warehouses (2024: \$3.48m).

9. FINANCE COSTS

	2025 Actual	2024 Actual
Interest on Secured Long Term Loans	576,640	523,481
Total	576,640	523,481

10. BORROWINGS

	2025 Actual	2024 Actual
Current Borrowings	1,300,000	2,700,000
Non-Current Borrowings	12,000,000	8,000,000
Total Borrowings	13,300,000	10,700,000

Borrowings and borrowing costs

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities where the debt tranche is floating or fixed for less than 12 months after balance date. Otherwise borrowings are classified as non-current. PNAL's debt facility with Bank of New Zealand (BNZ) has a current maturity date of December 2025 which covers the current debt specified above.

All borrowing costs are recognised as an expense in the period in which they are incurred.

Registered mortgage over property owned by the Company secure the \$1.3m borrowings (2024: \$2.7m) from BNZ. This includes existing perfected security interest in all present and after acquired property of Palmerston North Airport Limited. Refer to Note 2 for the carrying value of the secured assets at balance date. The Company had borrowing facilities available from BNZ but not yet drawn down of \$9.8m at 30 June 2025 (2024: \$12.6m).

The Company has an approved overdraft facility of \$100,000.

The Company raises long term borrowings from BNZ predominantly at fixed rates under a Customised Average Rate Loan (CARL) facility. The Company's portfolio of debt is structured with a view to minimising interest rate risk and maximising certainty of the Company's debt servicing costs in the current financial year.

The Company also has an unsecured, subordinated loan agreement with the Shareholder. The balance of this loan at 30 June 2025 is \$12m (2024: \$8m). The facility limit is subject to annual review and is set at the lesser of \$50m or the Company's approved annual SOI debt plus 10%. The Company is charged an arms length fair market rate margin on any borrowings from the Shareholder. The debt facility with the Shareholder has a current maturity date of June 2035.

11. OTHER OPERATING EXPENSES

	2025 Actual	2024 Actual
Rates	509,112	449,364
Power and Insurance	754,611	649,082
Repairs and Maintenance	1,496,812	1,632,280
Total	2,760,535	2,730,726

11a. General Administration

	2025 Actual	2024 Actual
Marketing	414,346	242,629
Contractors	34,879	59,868
Consultants	927,043	756,375
Legal	176,318	85,342
PFAS Monitoring & Testing	162,067	208,659
Temporary Terminal & Demolition Costs	613,434	13,884
Other	737,924	655,222
Total	3,066,011	2,021,980

12. AUDIT FEES

	2025 Actual	2024 Actual
Fees for Audit of Financial Statements – Audit NZ	99,132	87,060
Fees for Audit of Disclosure Financial Statements – Audit NZ	35,000	30,000
Disbursements – Audit NZ	-	-
Audit Fees from Other Providers	-	-
Total	134,132	117,060

13. EQUITY

(a) Share Capital

	2025 Actual	2024 Actual
9,195,000 Ordinary Share Capital	9,380,400	9,380,400
Closing Balance	9,380,400	9,380,400

All shares carry equal voting rights and the right to any share in surplus on winding up of the Company. None of the shares carry fixed dividend rights.

(b) Retained Earnings

	2025 Actual	2024 Actual
Opening Balance	26,512,895	27,044,381
Net Operating Surplus	358,061	(2,259,016)
Dividends paid during year	(195,000)	-
Transfer from asset revaluation reserve for sale of assets	-	1,727,530
Closing Balance	26,675,956	26,512,895

(c) Dividends:

Once the solvency test has been satisfied, the Directors will declare a fully imputed dividend of 3.198 cents per \$1 paid up share capital (exclusive of any premium on issue) as at 30 June 2025 representing \$300,000 for the 12 months ending 30 June 2025 (2024: \$195,000).

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(d) Asset Revaluation Reserve:

	2025 Actual	2024 Actual
Opening Balance	46,186,094	47,913,624
Revaluation movement		
- Land	2,442,069	-
- Buildings	-	-
- Airside Infrastructure	(224,066)	-
Less Deferred Taxation		
- Movement - Buildings	-	-
- Movement - Airside Infrastructure	62,738	-
Transfer to Retained Earnings for sale of assets	-	(1,727,530)
Closing Balance	48,466,834	46,186,094

	2025 Actual	2024 Actual
Asset Revaluation Reserve consists of:		
- Land	25,797,639	23,355,570
- Buildings	866,912	866,912
- Airside Infrastructure	21,802,283	21,963,610
Total	48,466,834	46,186,093

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Retained Earnings
- Paid in Capital
- Asset Revaluation Reserve

Asset Revaluation Reserves

This reserve relates to the revaluation of Land, Buildings and Airside Infrastructure to fair value.

Historic revaluation gains relating to land transferred to Investment Property from Property, Plant and Equipment during prior income years remain in the reserve until the land is disposed. Total historic revaluation gains reflected in reserves relating to Investment Property total \$1.5m at 30 June 2025 (2024: \$1.5m).

Critical judgements in applying accounting policies

Classification of property

The Company owns a number of properties as a land bank to cover possible future expansion of the runway and safety areas. The receipt of market-based rental from these properties is incidental to this purpose. The properties are held for service delivery objectives as part of the Airport's overall operating strategy. The properties are therefore accounted for as Property, Plant and Equipment rather than Investment Property.

14. TRADE ACCOUNTS PAYABLE

	2025 Actual	2024 Actual
Revenue in advance from exchange transactions	75,358	77,459
Revenue in advance from non-exchange transactions	-	-
Total	75,358	77,459

Trade Accounts Payable from exchange transactions

Trade Accounts Payable	1,683,226	818,319
Payables to Related Party	270,180	184,324

Trade Accounts Payable from non-exchange transactions

Income tax payable	319,142	-
Total	2,272,548	1,002,643

Other creditors from exchange transactions

Other creditors	349,549	685,620
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Other creditors from non-exchange transactions

GST (refundable)/payable	(77,825)	30,241
Total	271,724	715,861

Short-term creditors and other payables are measured at the amount payable.

15. RELATED PARTY TRANSACTIONS

Palmerston North City Council (PNCC) holds 100% of the issued shares of PNAL.

PNAL received services from PNCC during the 12 months ended 30 June 2025 for \$575,022 (2024: \$954,572).

In addition, during the 2025 income year, PNAL utilised accumulated tax losses from PNCC totalling \$408,778, resulting in a tax payment to PNCC of \$114,458 for the 2024 tax year (2024: The tax losses utilised totalled \$392,925 via a tax payment to PNCC of \$110,019 for the 2023 tax year).

During the year PNAL paid interest to PNCC of \$400,901 (2024: \$299,505). At 30 June 2025 a further \$257,723 (2024: \$183,746) of interest was accrued but unpaid. Refer to Note 10 for further details.

Refer to Note 13(c) regarding dividends declared and paid to PNCC.

PNAL provided services to PNCC during the 12 months ended 30 June 2025 for \$8,512 (2024: \$11,954). Other than the tax loss, all transactions were conducted on normal commercial terms.

PNAL owed PNCC \$270,180 inclusive of GST as at 30 June 2025 (2024: \$184,324).

PNCC owed PNAL \$656 inclusive of GST as at 30 June 2025 (2024: \$578).

Key Personnel Remuneration

	2025 Actual	2024 Actual
Directors Remuneration	153,300	142,256
Number of directors	5	5
Senior Management Team including the Chief		
Executive Remuneration	1,440,943	1,207,111
Full time Equivalents	7	6

Variances in the table above arise from the timing of employee resignations and appointments, remuneration increases and/or cash-ins of annual leave.

Other Significant Policies

Statement of Cash Flows

Operating activities include cash received from all revenue sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

16. OTHER FINANCIAL ASSETS

Other financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOCRE); and
- Fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated as FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Company's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collection contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Company may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance.

Expected credit loss allowance (ECL)

The Company recognises an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Company in accordance with the contract and cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due. The Company may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligation in full.

If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence that the Company will not be able to collect amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits are recognised directly against the instrument's carrying amount.

17. MAJOR VARIANCES EXPLAINED

Account	Actual	Budget	Variance	Notes
Operating Revenue	16,954,928	17,777,234	(822,306)	Aeronautical income was 6% below budget, largely due to passenger volumes being 5% below budget. In turn, this resulted in carpark revenue also being unfavourable to budget.
Operations Expenditure	3,407,164	4,234,194	(827,030)	Careful management of expenditure through FY25, including underspend on surface rejuvenation treatments on airside pavements.
General Administration Expenditure	3,066,011	4,003,971	(937,960)	Largely due to timing and quantum of spend capitalised in respect of the temporary terminal due to required compliance with accounting standards. SOI assumed additional costs would be expensed. Actual costs have largely been capitalised.
Finance Costs	576,640	1,177,678	(601,038)	Total debt lower than budgeted resulted in lower finance costs.
Depreciation & Amortisation	7,040,294	8,000,482	(960,188)	Accelerated depreciation of existing terminal assets was less than budgeted. Now anticipated to occur in FY26.
Revaluation (Loss) / Gain - Investment Properties	507,200	-	507,200	Revaluation movements are not budgeted.
Current Assets	1,382,367	5,123,109	(3,740,742)	Budget anticipated an income tax receivable position at 30 June. Actual income tax position was a payable.
Current Liabilities (excluding bank overdraft & current borrowings)	3,132,161	6,177,421	(3,045,260)	Year-end account payable balances were lower than budgeted due to June capex spend being below budget. This was partly offset by higher than budgeted current debt balance as current debt balances are not budgeted.
Property, Plant, Equipment, Intangible Assets & Investment Property	108,092,728	128,528,719	(20,435,991)	Capital spend was below budget, resulting in reduced asset base. This was partly offset by revaluation gains recognising equity totalling \$2.2m.
Total Borrowings	13,300,000	34,576,065	(21,276,065)	Similar to above, capital spend below budget resulted in reduced debt requirements.

18. FINANCIAL INSTRUMENTS

In accordance with PBE IPSAS 41, the following table outlines the carrying amounts of the Company's financial assets and liabilities in each of the financial instrument categories:

Financial Assets	Rating*	2025 Actual	2024 Actual
Amortised Cost	AA-		
Cash and Cash Equivalents		54,414	1,161,631
Trade Receivables		1,144,993	1,224,360
Total Financial Assets at amortised cost		1,199,407	2,385,991

* Standard & Poor's Rating for BNZ

Financial Liabilities	2025 Actual	2024 Actual
Amortised Cost		
Trade Accounts and Other Payable	2,302,955	1,688,263
Bank Overdraft	-	-
Borrowings - Secured Loans	13,300,000	10,700,000
Total Financial Liabilities at amortised cost	15,602,955	12,388,263

19. EVENTS AFTER BALANCE DATE

There have been no significant events occurring after Balance Date.

20. CONTINGENCIES

The New Zealand Environmental Protection Agency commenced a review during 2018 into the use of PFOS foam in firefighting applications, including at airports. Investigations at Palmerston North Airport have since confirmed that this foam was used for firefighting training exercises at the airport up until the late 1980s.

All PFOS foam was successfully removed from the fire appliances and storage containers onsite during the 2019 financial year. Further testing, consenting and investigation totalling \$0.16m has been completed during the 2025 financial year (2024: \$0.21m).

Future outflows associated with monitoring and treating PFOS are expected to be incurred in future accounting periods. However, the timing and value of outflows are not able to be reliably estimated at 30 June 2025.



HISTORICAL FINANCIAL HIGHLIGHTS

Year ending **2025** **2024**

Statement of Financial Performance: **(000)** **(000)**

Total Revenue	16,955	15,487
Net Surplus Before Interest, Depn, Taxation & Reval of Investment Property	7,610	7,541
Net Surplus Before Taxation & Misc items (*)	(117)	(571)
Net Surplus After Taxation excluding deferred tax adj. (*)	(149)	(2,189)
Earnings Per \$ of Paid Up Share Capital (excl. any premium on issue and deferred tax adjustments) (*)	(1.59c)	(23.33c)
Dividend Proposed or Paid Per \$ of Paid Up Share Capital (excl. of any premium on issue)	3.20c	2.08c

Statement of Financial Position **(000)** **(000)**

Total Assets	109,475	105,042
Shareholders Funds	84,523	82,079
Share Capital paid up (excl. of any premium on issue)	9,195	9,195
Net Asset Backing Per Share	\$9.19	\$8.93
Return On Shareholder Funds (excl deferred tax adjustments (*)	(0.18%)	(2.67%)

* Revaluation Gain on Investment Properties have been removed for comparability purposes.

ANNUAL PASSENGER NUMBERS

Year ending **2025** **2024**

Total Passengers	531,129	547,721
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2023	2022	2021	2020	2019	2018	2017	2016	2015
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
12,585	9,485	8,346	9,137	10,202	8,483	7,313	5,523	4,943
6,103	3,058	3,598	4,079	5,025	4,074	3,534	2,391	2,064
3,597	715	1,257	1,695	2,593	2,211	1,849	841	911
2,535	834	819	2,024	1,713	1,609	1,299	805	662
27.02c	8.89c	8.73c	21.58c	18.26c	17.50c	14.13c	8.75c	7.20c
0.00c	0.00c	0.00c	0.00c	7.31c	7.00c	5.65c	3.50c	2.88c
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
106,910	109,126	89,416	86,468	89,617	77,894	73,588	62,946	61,543
84,338	82,990	68,265	67,120	67,481	60,704	59,615	49,810	49,305
9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195
\$9.17	\$9.03	\$7.42	\$7.30	\$7.34	\$6.60	\$6.48	\$5.42	\$5.36
3.01%	1.00%	1.20%	3.02%	4.10%	2.65%	2.18%	1.62%	1.34%

2023	2022	2021	2020	2019	2018	2017	2016	2015
534,651	323,615	400,467	498,442	687,142	657,515	629,400	515,727	466,557

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF PALMERSTON NORTH AIRPORT LIMITED'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Palmerston North Airport Limited (the Company)). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Company on his behalf.

We have audited:

- the financial statements of the Company on pages 52 to 88, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Company on pages 42 to 49.

OPINION

In our opinion:

- the financial statements of the Company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- the statement of service performance:
 - accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent for the year ended 30 June 2025; and
 - has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 30 September 2025. This is the date at which our opinion is expressed.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audit of the financial statements* and the statement of service performance section of our report.

INDEPENDENT AUDITOR'S REPORT

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of service performance in accordance with the Act.

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

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

The Board of Directors' responsibilities arise from the Local Government Act 2002.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

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

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

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the Company's statement of intent.

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the statement of service performance, and our auditor's report thereon.

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

INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENCE

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

In addition to the audit, we will carry out an assurance engagement in relation to the Company's disclosure financial statements pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, which are compatible with those independence requirements.

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



Debbie Perera
Audit New Zealand

On behalf of the Auditor-General
Palmerston North, New Zealand

30 September 2025

ANNUAL REPORT

For the year ended
30 June 2025