

DISCLOSURE FINANCIAL STATEMENTS

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

REGISTERED OFFICE

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Trading Bankers—Bank Of New Zealand

Legal Advisors—Ford Sumner Lawyers, Cooper Rapley Lawyers

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





DIRECTORS REPORT

FOR THE YEAR ENDED
30 JUNE 2025

The Directors have pleasure in presenting the Disclosure Financial Statements of Palmerston North Airport Limited (the Company) for 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 Business Park 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).

AIRPORT AUTHORITIES (AIRPORT COMPANIES INFORMATION DISCLOSURE) REGULATIONS 1999

These statements present the results of the Identified Airport Activities of the Company and additional information and have been prepared for the purposes of, and in accordance with, the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, as amended in 2014.

Palmerston North Airport Limited is yet to register as an Airport Operator under the Civil Aviation Act 2023. ✕



DISCLOSURE FINANCIAL STATEMENTS





PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2025

		30-Jun-25 Actual \$	30-Jun-24 Actual \$
REVENUE	Note 1	12,328,544	10,847,116
OPERATING EXPENSES			
Operations and Maintenance:			
Airfield Services	7a	634,832	612,983
Other Operating Expenses	11	2,036,617	2,176,526
TOTAL OPERATIONS AND MAINTENANCE		2,671,449	2,789,509
Administration:			
Audit Fees	12	107,874	94,438
Bad Debts Written Off		22	19,829
Expected Credit Loss Allowance for Receivables		4,175	(13,317)
Directors' Fees		112,699	105,298
Employee Expenses	7b	1,593,166	1,519,782
General Administration	11a	1,999,200	1,344,350
TOTAL ADMINISTRATION:		3,817,136	3,070,381
TOTAL OPERATING EXPENSES		6,488,585	5,859,890
Earnings Before Interest, Taxation, Depreciation, Amortisation & Valuation of Investment Properties:		5,839,959	4,987,225
Finance Costs, Depreciation, Amortisation & Loss on Sale			
Finance Costs	9	423,916	387,476
Depreciation & Amortisation	2 & 3	5,311,483	1,789,920
Loss/(Gain) on Sale of Assets		82,360	254,527
Assets vested to PNCC	2b	-	3,921,895
TOTAL FINANCE COSTS, DEPRECIATION		5,817,758	6,353,819
Revaluation (Loss)/Gain - Investment Properties	2a	10,986	(71,696)
OPERATING SURPLUS BEFORE TAXATION		33,187	(1,438,290)
Taxation Expense on Operating Surplus	6a	87,317	1,121,054
NET PROFIT(LOSS) AFTER TAXATION		(54,129)	(2,559,343)

Murray Georgel
Chair

Date: 28/11/2025



Shelly Mitchell-Jenkins
Director

Date: 28/11/2025



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-24 Actual \$
NET PROFIT(LOSS) AFTER TAXATION		(54,125)	(2,559,343)
Other Comprehensive Revenue and Expense			
Gains (losses/impairment) on property, plant and equipment revaluations	13	1,990,025	-
Movement in deferred tax at revaluation	13	62,739	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		1,998,634	(2,559,343)

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-24 Actual \$
EQUITY AT THE BEGINNING OF THE YEAR		58,261,708	60,821,052
Opening Balance Reclassification to/from Non-Aero		72,326	-
Total Comprehensive Revenue and Expense for the year		1,998,634	(2,559,343)
Transfer out of Asset Revaluation Reserves for sale of assets	13	-	(1,567,384)
Transfer into Retained Earnings for sale of assets	13	-	1,567,384
Distribution to Shareholder During the Year		(58,428)	-
EQUITY AT THE END OF THE YEAR		60,274,240	58,261,708

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-24 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	40,002	859,830
Trade Accounts Receivable	4	1,084,424	1,059,978
Sundry Receivables and Prepayments		50,947	45,763
TOTAL CURRENT ASSETS		1,175,373	1,965,570
CURRENT LIABILITIES			
Revenue in Advance	14	62,850	69,429
Trade Accounts Payable	14	1,558,007	578,468
Other Creditors	14	187,323	405,023
Employee Benefit Liabilities	7	354,024	347,565
Borrowings	10	955,692	1,998,518
TOTAL CURRENT LIABILITIES		3,117,897	3,399,003
WORKING CAPITAL		(1,942,524)	(1,433,433)
NON CURRENT ASSETS			
Property, Plant & Equipment	2	78,587,216	75,149,803
Investment Property	2a	550,914	539,927
Intangible Assets	3	8,832	8,931
TOTAL NON CURRENT ASSETS		79,146,962	75,698,661
Less: NON CURRENT LIABILITIES			
Deferred Tax Liability	6b	7,959,678	9,062,075
Borrowings	10	8,970,520	6,941,445
TOTAL NON CURRENT LIABILITIES		16,930,198	16,003,520
NET ASSETS		60,274,240	58,261,709

Represented by:

SHAREHOLDER'S EQUITY

Paid in Capital	13(a)	6,748,106	6,748,106
Retained Earnings	13(b)	7,831,526	7,944,084
Asset Revaluation Reserve	13(d)	45,694,608	43,569,519
TOTAL SHAREHOLDER'S EQUITY		60,274,240	58,261,709

For and on behalf of the Board

Murray Georgel
Chair

Date: 28/11/2025



Shelly Mitchell-Jenkins
Director

Date: 28/11/2025



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-24 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		12,074,075	10,745,103
Interest Received		-	-
Income Tax Refund		-	-
		12,074,075	10,745,103
Cash was disbursed to:			
Payment to Suppliers and Employees		5,673,653	5,817,396
Tax Loss Payment to PNCC		-	-
Payment of Income Tax		726,034	929,790
Interest Payments		423,916	387,476
		6,823,603	7,134,662
Net cash flows from operating activities		5,250,473	3,610,441
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of Property Plant and Equipment		-	232
Cash was applied to:			
Acquisitions of Property, Plant & Equipment		6,757,322	2,649,361
Acquisitions of Investment Property		-	-
Acquisitions from Reclassifications		240,799	264,379
Net Cash Flow from Investing Activities		(6,998,122)	(2,913,507)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was provided from:			
Borrowings		1,857,415	223,765
Cash was applied to:			
Repayment of Borrowings		871,165	108,135
Payment of Dividends		58,428	-
Net Cash from Financing Activities		927,822	115,630
Net Increase/(Decrease) in Cash, Cash Equivalents and Bank Overdrafts		(819,827)	812,564
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year		859,830	47,266
Cash, Cash Equivalents and Bank Overdrafts Year End		40,002	859,830

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



NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS





STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2025

REPORTING ENTITY AND GENERAL INFORMATION

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 27 November 2025 by the Board.

The disclosure financial statements are presented in accordance with the Airport Authorities Act 1966 as amended by the Airport Authorities Amendment Act 2000 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 ("The Regulations"), as amended in 2014.

The disclosure financial statements are for the reporting entity's Identified Airport Activities. Identified Airport Activities are defined as:

Airfield activities means the activities undertaken (including the facilities and services provided) to enable the landing and take-off of aircraft and includes:

- a) The provision of any one or more of the following:
 - i. airfields, runways, taxiways, and parking aprons for aircraft
 - ii. facilities and services for air traffic and parking apron control
 - iii. airfield and associated lighting
 - iv. services to maintain and repair airfields, runways, taxiways and parking aprons for aircraft
 - v. rescue, fire, safety and environmental hazard control services
 - vi. airfield supervisory and security services
- b) The holding of any facilities and assets (including land) acquired or held to provide airfield activities in the future (whether or not used for any other purpose in the meantime).

Aircraft and freight activities means the activities undertaken (including the facilities and services provided) to enable, within a security area or areas of the relevant airport, the servicing and maintenance of aircraft and the handling of freight transported, or to be transported, by aircraft and includes:

- a) The provision within a security area or areas of the relevant airport, of any one or more of the following:
 - i. hangars
 - ii. facilities and services for the refuelling of aircraft, flight catering and waste disposal

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

- iii. facilities and services for the storing of freight
- iv. security, customs and quarantine services for freight
- b) The holding of any facilities and assets (including land) acquired or held to provide aircraft and freight activities in the future (whether or not used for any other purpose in the meantime).

Specified passenger terminal activities (specified terminal) means the activities undertaken (including the facilities and services provided) in relation to aircraft passengers while those passengers are in a security area or areas of the relevant airport; and includes:

- a) The provision, within a security area or security areas of the relevant airport of any one or more of the following:
 - i. passenger seating areas, thoroughfares and airbridges
 - ii. flight information and public address systems
 - iii. facilities and services for the operation of customs, immigration and quarantine checks and control
 - iv. facilities for the collection of duty-free items
 - v. facilities and services for the operation of security and Police services
- b) Any activities undertaken (including the facilities and services provided) in a passenger terminal to enable the check-in of aircraft passengers, including services for baggage handling.
- c) The holding of any facilities and assets (including land) acquired or held to provide specified passenger terminal activities in the future (whether or not used for any other purpose in the meantime).

The numbers presented in these financial statements are for the Identified Airport Activities unless it is stated "Whole Company".

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).

PALMERSTON NORTH AIRPORT LIMITED

NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

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
Passenger Aeronautical Revenue	10,449,922	9,056,788
Other Aeronautical Revenue	983,605	946,816
Land and Building Rentals	742,037	767,514
Other	152,980	75,997
Total	12,328,544	10,847,116

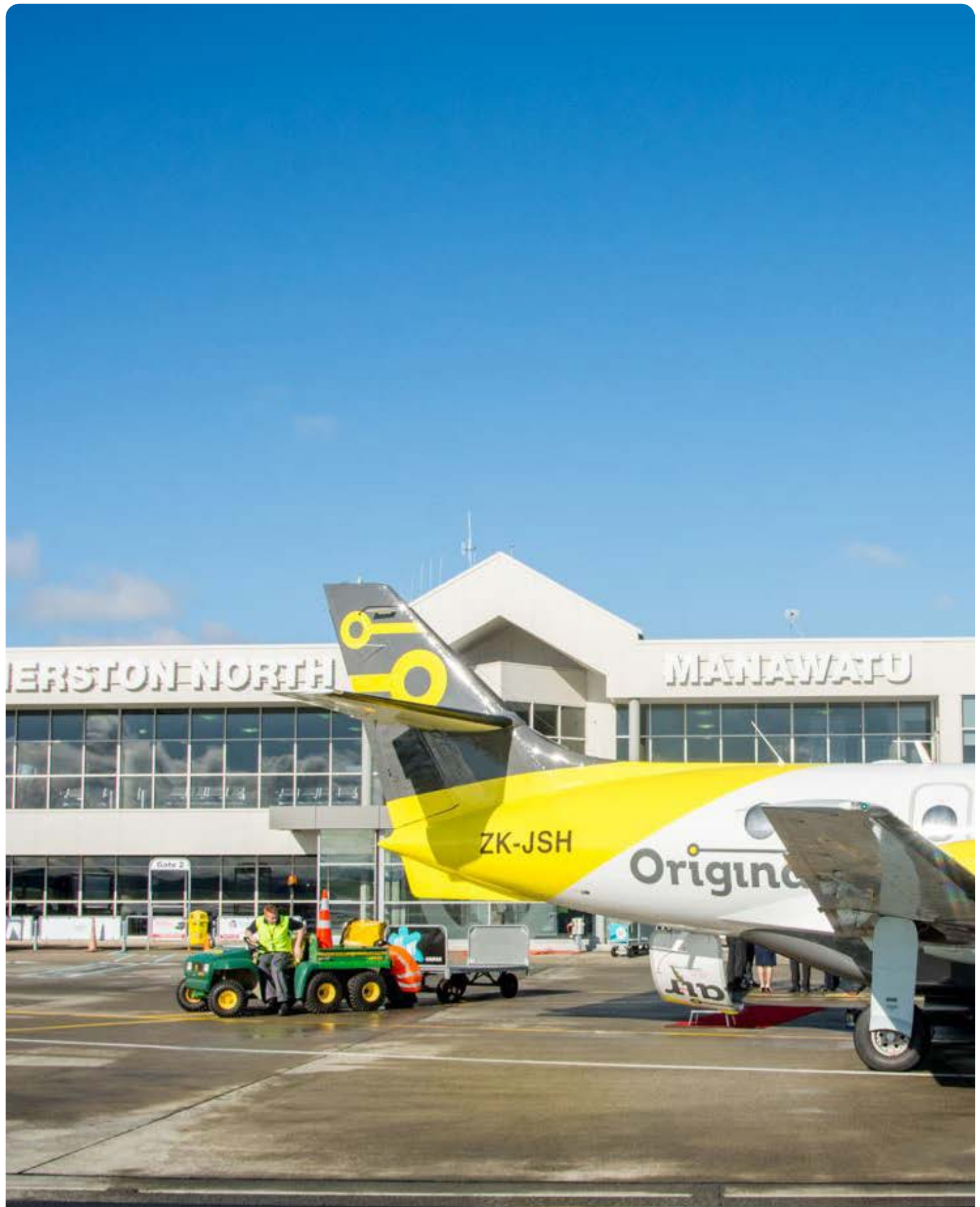
Revenue Measurement and Recognition

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	27,953,932	10,508,095	37,954,977	1,074,871	39,029,847	2,113,672	233,693	115,250	1,560,876	81,515,365
Accumulated Depreciation	-	(977,409)	(3,281,330)	(449,743)	(3,731,073)	(1,232,573)	(180,914)	(81,605)	(161,988)	(6,365,562)
Carrying Amount	27,953,932	9,530,686	34,673,647	625,128	35,298,774	881,099	52,779	33,645	1,398,888	75,149,803
Movements for the year										
Opening Balance Reclassification - Cost	95,806	252,245	-	18,299	18,299	(2,988)	(9,374)	(7,535)	-	346,452
Opening Balance Reclassification - Accumulated Dep.	-	(34,134)	-	(12,936)	(12,936)	1,155	8,112	5,840	-	(31,963)
Reverse Prior Year Work in Progress	-	(2,054,265)	(216,994)	(128,648)	(345,643)	(57,424)	-	(15,613)	-	(2,472,945)
Additions & Current Year Work in Progress	-	6,466,182	1,910,262	227,019	2,137,281	257,622	14,856	50,939	-	8,926,879
Disposals - Cost / Valuation	-	(3,783,030)	(2,333)	(570)	(2,903)	(383,607)	(99,126)	(33,139)	-	(4,301,805)
Revaluation - Cost/Valuation	2,214,091	-	(4,747,179)	-	(4,747,179)	-	-	-	-	(2,533,088)
Disposals - Accumulated Dep.	-	3,783,030	2,333	570	2,903	375,096	92,948	32,839	-	4,286,816
Depreciation for the Year	-	(3,585,130)	(1,244,115)	(37,964)	(1,282,079)	(297,280)	(13,821)	(18,474)	(109,261)	(5,306,045)
Depreciation Reversal on Revaluation	-	-	4,523,112	-	4,523,112	-	-	-	-	4,523,112
Closing Balances 30 June 2025										
Cost/Valuation	30,263,829	11,389,227	34,898,733	1,190,969	36,089,702	1,927,275	140,049	109,901	1,560,876	81,480,858
Accumulated Dep.	-	(813,643)	0	(500,073)	(500,073)	(1,153,602)	(93,675)	(61,400)	(271,249)	(2,893,642)
Carrying Amount	30,263,829	10,575,583	34,898,733	690,896	35,589,630	773,673	46,374	48,501	1,289,626	78,587,216
Capital work in progress included at cost										
30-Jun-25	-	4,793,855	25,206	203,083	228,290	0	11,250	17,728	-	5,051,122

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

	Land	Buildings	Airside Infrastructure	Landside Infrastructure	Total Infrastructure	Plant & Equipment	Furniture & Fittings	Computer Equipment	Motor Vehicles	Total
Balances 1 July 2023										
Cost / Valuation	29,694,639	8,491,352	37,739,061	3,921,114	41,660,175	2,043,082	228,639	95,616	1,537,678	83,751,181
Accumulated Depreciation	-	(755,901)	(2,042,587)	(1,309,712)	(3,352,299)	(1,123,691)	(168,064)	(82,748)	(67,654)	(5,550,357)
Carrying Amount	29,694,639	7,735,451	35,696,474	2,611,402	38,307,876	919,391	60,575	12,868	1,470,024	78,200,824
Movements for the year										
Opening Balance Reclassification - Cost	(8,483)	373,770	-	(135,332)	(135,332)	2,190	688	-	-	232,833
Opening Balance Reclassification - Accumulated Dep.		(8,440)	-	40,728	40,728	(657)	(640)	596	-	31,586
Reverse Prior Year Work in Progress	-	(811,292)	(344,972)	(78,823)	(423,795)	(14,993)	-	-	(829,802)	(2,079,881)
Additions & Current Year Work in Progress	-	2,454,265	560,887	128,648	689,535	102,307	4,366	30,843	852,999	4,134,315
Disposals - Cost / Valuation	(1,732,224)	-	-	(2,760,735)	(2,760,735)	(18,915)	-	(11,209)	-	(4,523,083)
Revaluation Surplus/(Loss/Impairment)	-	-	-	-	-	-	-	-	-	-
Disposals - Accumulated Dep.	-	-	-	912,249	912,249	15,909	-	11,222	-	939,380
Depreciation for the Year	-	(213,067)	(1,238,743)	(93,008)	(1,331,751)	(124,134)	(12,209)	(10,674)	(94,334)	(1,786,170)
Dep. Reversal on Revaluation	-	-	-	-	-	-	-	-	-	-
Closing Balances 30 June 2024										
Cost/Valuation	27,953,932	10,508,095	37,954,977	1,074,871	39,029,847	2,113,672	233,693	115,250	1,560,876	81,515,365
Accumulated Dep.	-	(977,409)	(3,281,330)	(449,743)	(3,731,073)	(1,232,573)	(180,914)	(81,605)	(161,988)	(6,365,562)
Carrying Amount	27,953,932	9,530,686	34,673,647	625,128	35,298,774	881,099	52,779	33,645	1,398,888	75,149,803
Capital work in progress included at cost										
30-Jun-24	-	2,054,265	216,994	128,648	345,643	57,424	0	15,613	0	2,472,945

Land, Buildings and Airside Infrastructure Fair Value

Land

Land is valued at fair value.

The most recent fair value assessment was performed by independent registered valuers, Morgan's Property Advisors. The assessment is effective as at 30 June 2025 and resulted in a suggested 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.

Refer to Note 21 for further details on the allocation of land.

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.

PALMERSTON NORTH AIRPORT LIMITED

NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

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.

Refer to Note 21 for further details on the allocation of buildings.

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

Refer to Note 21 for further details on the allocation of Airside Infrastructure.

Landside Infrastructure

Landside Infrastructure has been valued at historic cost less depreciation.

Refer to Note 21 for further details on the allocation of Landside Infrastructure.

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.

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

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
Motor Vehicles (including Fire Appliances)	5 - 15 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.

PALMERSTON NORTH AIRPORT LIMITED
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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	539,927	611,624
Additions and acquisitions	-	-
Depreciation	-	-
Fair value gains/(losses) on valuation	10,986	(71,696)
Closing Balance	550,914	539,927

2B. ASSETS VESTED TO PNCC

	2025 Actual	2024 Actual
Airport Drive—improvements	-	1,851,102
Airport Drive—land	-	1,732,224
Cash contribution for Airport Drive vesting	-	338,569
Total	-	3,921,895

Investment Property (Whole Company) 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.

PALMERSTON NORTH AIRPORT LIMITED
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The valuation resulted in an increase in value of \$0.51m (Whole Company).

Aeronautical Investment Property rental income for the year was \$0.2m (FY24 \$0.2m). There were no expenses from Investment Property generating income. There are no outstanding contractual obligations relating to Investment Property.

Valuation methodology and significant assumptions (Whole Company)

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	<ul style="list-style-type: none"> → Cost Approach via a Replacement Cost Method (RCM) → Income Approach via a Discounted Cash Flow (DCF) → Market Approach via looking at comparable sales 	<ul style="list-style-type: none"> → Depreciation and saleability condition of the assets → Costs to subdivide the land → Various capitalisation rates
100 Airport Drive	<ul style="list-style-type: none"> → Cost Approach via an RCM → Income Approach via a Capitalisation Rate Method → Market Approach via looking at comparable sales 	<ul style="list-style-type: none"> → 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	<ul style="list-style-type: none"> → Hypothetical Subdivision Method 	<ul style="list-style-type: none"> → 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: <ul style="list-style-type: none"> → Income Approach via a DCF → Market Approach via looking at comparable sales 	<ul style="list-style-type: none"> → Costs to subdivide the land → Various capitalisation and discount rates

3. INTANGIBLE ASSETS

	Website	Software	Total
Balance as at 1 July 2024	15,808	17,657	33,465
Accumulated Amortisation	(10,877)	(13,656)	(24,534)
Carrying Amount	4,930	4,001	8,931
Movement for the year			
Opening Balance Reclassification - Cost	(313)	(1,887)	(2,199)
Opening Balance Reclassification - Accumulated Amortisation	(1,173)	611	(562)
Reverse Prior Year Work in Progress	-	-	-
Additions and Current Year Work in Progress	-	8,101	8,101
Disposals	-	(13,012)	(13,012)
Disposal - Accumulated Amortisation	-	13,012	13,012
Amortisation for the year	(2,476)	(2,962)	(5,438)
Closing Balance as at 30 June 2025			
Cost/Revaluation	15,495	10,860	26,354
Accumulated Amortisation	(14,527)	(2,995)	(17,522)
Carrying Amount	968	7,865	8,833
<i>Capital work in progress included at cost</i>	-	-	-

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

	Website	Software	Total
Balance as at 1 July 2023	15,848	13,602	29,449
Accumulated Amortisation	(6,933)	(13,602)	(20,534)
Carrying Amount	8,915	(-)	8,915

Movement for the year

Opening Balance Reclassification - Cost	(71)	(-)	(71)
Opening Balance Reclassification - Accumulated Amortisation	31	-	31
Reverse Prior Year Work in Progress	-	-	-
Additions and Current Year Work in Progress	-	4,139	4,139
Disposals	-	(83)	(83)
Disposal - Accumulated Amortisation	-	83	83
Amortisation for the year	(3,945)	(138)	(4,083)

Closing Balance as at 30 June 2024

Cost/Revaluation	15,808	17,657	33,465
Accumulated Amortisation	(10,877)	(13,656)	(24,534)
Carrying Amount	4,930	4,001	8,931
<i>Capital work in progress included at cost</i>	-	-	-

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	1,092,569	912,738
Receivables from related party	-	-
Allowance for credit losses	(8,145)	(3,973)
Income tax receivable	-	151,212
Total	1,084,424	1,059,978

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	38,611	855,868
Cash on hand	1,392	3,962
Total	40,002	859,830

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	33,187	(1,438,289)
Tax at 28%	9,292	(402,721)
Plus (Less) tax effect of:		
- Permanent differences/non-deductible expenditure	6,050	500,495
- Prior year under/(over) provision	-	-
- Deferred tax impact from reversal of depreciation on buildings		893,860
- Deferred tax adjustment	71,975	129,419
Tax charge for the year	87,317	1,121,054
Tax expense for the year comprising:		
Current tax expense	1,126,975	524,762
Prior year adjustments	-	-
Deferred tax expense	(1,039,659)	596,292
	87,316	1,121,054

6B. DEFERRED TAX (ASSETS)/LIABILITIES

	Investment Property	Property, plant and equipment	Employee entitlements	Other provisions	Total
Balance at 1 July 2024	16,050	9,121,891	(74,384)	(1,483)	9,062,075
Transfer PPE to IP	-	-	-	-	-
Charged to Surplus and Deficit - Current Year	1,340	(1,039,502)	(698)	(798)	(1,039,658)
Charged to Other Comprehensive Income	-	(62,739)	-	-	(62,739)
Balance at 30 June 2025	17,390	8,019,650	(75,082)	(2,281)	7,959,678
Balance at 1 July 2023	13,089	8,517,727	(59,918)	(5,156)	8,465,741
Transfer PPE to IP	-	-	-	-	-
Charged to Surplus and Deficit - Current Year	2,961	(289,696)	(14,465)	3,674	(297,527)
Charged to Other Comprehensive Income	-	893,860	-	-	893,860
Balance at 30 June 2024	16,050	9,121,891	(74,384)	(1,483)	9,062,075

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	140,431	135,518
Annual Leave	213,593	212,048
Total	354,024	347,565

7A. AIRFIELD SERVICE

	2025 Actual	2024 Actual
Salaries and Wages	564,424	535,896
Employer Contribution to Kiwi Saver	14,730	13,566
Movement in Employee Entitlements	24,357	26,212
Other Rescue Fire Costs	31,321	37,309
Total	634,832	612,983

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

7B. EMPLOYEE EXPENSES

	2025 Actual	2024 Actual
Salaries and Wages	1,553,759	1,439,989
Employer Contribution to Kiwi Saver	42,635	40,077
Movement in Employee Entitlements	(3,228)	39,716
Total	1,593,166	1,519,782

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

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

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	123,533	141,948
Between 1 and 5 Years	23,088	102,224
Over 5 Years	-	-
Total	146,621	244,172

	2025 Actual	2024 Actual
Operating Commitments as Lessor		
Less than 1 Year	642,262	648,934
Between 1 and 5 Years	1,988,579	1,781,203
Over 5 Years	1,121,991	1,504,305
Total	3,752,832	3,934,442

On-going leases per month	64,519	66,954
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PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

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 \$6,559 per annum that are on a month to month basis (2024: \$2,493). There are no contingent rents recognised as revenue in the period.

Capital Commitments (Whole Company)

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	423,916	387,476
Total	423,916	387,476

10. BORROWINGS

	2025 Actual	2024 Actual
Current Borrowings	955,692	1,998,518
Non-Current Borrowings	8,970,520	6,941,445
Total Borrowings	9,926,213	8,939,963

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 \$1.1m borrowings (2024: \$3.0m) 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 (Whole Company) 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 \$8.8m (2024: \$5.9m). 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	453,691	399,181
Power and Insurance	562,087	483,827
Repairs and Maintenance	1,020,839	1,293,517
Total	2,036,617	2,176,526

11A. GENERAL ADMINISTRATION

	2025 Actual	2024 Actual
Marketing	277,865	174,615
Contractors	1,236	11,702
Consultants	607,797	489,792
Legal	112,663	42,702
PFAS Monitoring & Testing	162,067	208,659
Temporary Terminal & Demolition Costs	364,092	9,475
Other	473,480	407,405
Total	1,999,200	1,344,350

12. AUDIT FEES

	2025 Actual	2024 Actual
Fees for Audit of Financial Statements - Audit NZ	72,874	64,438
Fees for Audit of Disclosure Financial Statements -Audit NZ	35,000	30,000
Total	107,874	94,438

13. EQUITY

(A) SHARE CAPITAL

	2025 Actual	2024 Actual
9,195,000 Ordinary Share Capital	6,748,106	6,748,106
Closing Balance	6,748,106	6,748,106

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	7,944,084	8,936,043
Net Operating Surplus	(54,129)	(2,559,343)
Dividends paid during year	(58,428)	-
Transfer from asset revaluation reserve for sale of assets	-	1,567,384
Closing Balance	7,831,527	7,944,084

(C) DIVIDENDS (WHOLE COMPANY):

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 DISCLOSURE FINANCIAL STATEMENTS

(d) Asset Revaluation Reserve:

	2025 Actual	2024 Actual
Opening Balance	43,569,519	45,136,903
Opening Balance Reclassification to/from Non-Aero	72,326	-
Revaluation movement		
- Land	2,214,091	-
- Buildings	-	-
- Airside Infrastructure	(224,066)	-
	1,990,025	-
Less Deferred Taxation		
- Movement - Land	-	-
- Movement - Buildings	-	-
- Movement - Airside Infrastructure	62,739	-
Transfer to Retained Earnings for sale of assets	-	(1,567,384)
Closing Balance	45,694,608	43,569,519

	2025 Actual	2024 Actual
Asset Revaluation Reserve consists of:		
- Land	23,389,315	21,102,898
- Buildings	503,011	503,011
- Airside Infrastructure	21,802,283	21,963,610
Total	45,694,608	43,569,519

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.

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	62,850	69,429
Revenue in advance from non-exchange transactions	-	-
Total	62,850	69,429

Trade Accounts Payable from exchange transactions

Trade Accounts Payable	1,110,368	439,072
Payables to Related Party	197,911	139,396

Trade Accounts Payable from non-exchange transactions

Income tax payable	249,728	-
Total	1,558,007	578,468

Other creditors from exchange transactions

Other creditors	238,673	388,684
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Other creditors from non-exchange transactions

GST (refundable)/payable	(51,349)	16,339
Total	187,323	405,023

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 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). Other than the tax loss, all transactions were concluded on normal commercial terms.

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.

16. 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.

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. FINANCIAL INSTRUMENTS

In accordance with PBE IPSAS 41, the following tables 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			
Cash and Cash Equivalents	AA-	40,002	859,830
Trade Receivables		1,084,424	1,059,978
Total Financial Assets at amortised cost		1,124,426	1,919,807

* Standard & Poor's Rating for BNZ

Financial Liabilities	2025 Actual	2024 Actual
Amortised Cost		
Trade Accounts and Other Payable	1,745,330	983,491
Bank Overdraft	-	-
Borrowings - Secured Loans	9,926,213	8,939,963
Total Financial Liabilities at amortised cost	11,671,543	9,923,454

18. EVENTS AFTER BALANCE DATE

There have been no significant events occurring after Balance Date.

19. 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.

IDENTIFIED AIRPORT ACTIVITIES REPORTING

20. SEGMENT INFORMATION

The preparation of the disclosure financial statements requires the identification and presentation of aeronautical activities, as presented above. In addition to this the Company is required to present segmented information for Identified Airport Activities. These activities are defined in the Airport Authorities Act 1966 (and subsequent amendments). The Identified Airport Activities are as follows:

- (i) Airfield activities
- (ii) Aircraft and freight activities
- (iii) Specified passenger terminal activities

Management have assessed the aeronautical activities of the Company against these definitions and allocated them as appropriate.

The Company is located in one geographic segment in Palmerston North, New Zealand, and operates in the airport industry. The Company earns revenue from aeronautical activities and other charges and rents associated with operating an airport.

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

For the Year Ended 30 June 2025

	Note	Aircraft and Freight Activities	Airfield Activities	Specified Terminal	Total
REVENUE					
Aeronautical charges		-	8,449,666	2,983,861	11,433,527
Rental income		387,401	240,696	113,940	742,037
Other		63,007	71,698	18,275	152,980
Revaluation Gain - Investment Properties	2a	10,986	-	-	10,986
Total Revenue	1	461,394	8,762,059	3,116,076	12,339,530
EXPENSES					
Airfield Services		23,440	599,517	11,876	634,832
Rates		43,614	409,249	828	453,691
Power and Insurance		24,914	380,536	156,637	562,087
Repairs and Maintenance		29,797	637,815	353,227	1,020,839
Audit Fees	12	5,964	85,726	16,183	107,874
Bad Debts Written Off		-	22	-	22
Expected Credit Loss Allowance for Receivables		(760)	4,935	-	4,175
Directors' Fees		7,247	94,106	11,346	112,699
Salaries and Wages	7b	109,679	998,603	445,477	1,553,759
Employer Contribution to Kiwi Saver		3,018	27,455	12,163	42,635
Movement in Employee Entitlements		(228)	(2,078)	(922)	(3,228)
General Administration		82,199	1,331,142	585,859	1,999,200
Finance Costs	9	27,258	353,979	42,679	423,916
Depreciation	2	49,040	1,638,139	3,618,866	5,306,045
Amortisation of intangible assets		145	877	4,416	5,438
Loss/(Gain) on Sale of Assets		221	11,561	70,578	82,360
Revaluation Loss - Investment Properties	2a	-	-	-	-
Total Expenses		405,548	6,571,584	5,329,211	12,306,343
Segment Profit Before Tax		55,847	2,190,475	(2,213,135)	33,187
Taxation Expense on Operating Surplus	6a	146,934	5,763,181	(5,822,799)	87,317
Profit after Tax		(91,087)	(3,572,706)	3,609,663	(54,130)
Additions of property, plant & equipment included in segment assets (excluding WIP)		7,252	2,477,563	1,586,358	4,071,173
Average number of full time staff equivalents		0.9	12.7	3.6	17.2

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

	Note	Aircraft and Freight Activities	Airfield Activities	Specified Terminal	Total
REVENUE					
Aeronautical charges		-	6,772,421	3,231,184	10,003,604
Rental income		379,725	261,181	126,609	767,514
Other		34,416	27,651	13,930	75,997
Revaluation Gain - Investment Properties	2a	-	-	-	-
Total Revenue	1	414,140	7,061,253	3,371,723	10,847,116
EXPENSES					
Airfield Services		23,616	577,779	11,588	612,983
Rates		38,107	358,895	2,179	399,181
Power and Insurance		27,950	310,793	145,084	483,827
Repairs and Maintenance		13,297	955,518	324,703	1,293,517
Audit Fees	12	5,252	73,341	15,846	94,438
Bad Debts Written Off		19,822	8	-	19,829
Expected Credit Loss Allowance for Receivables		(16,530)	3,213	-	(13,317)
Directors' Fees		6,710	87,933	10,655	105,298
Salaries and Wages	7b	108,548	985,529	345,913	1,439,989
Employer Contribution to Kiwi Saver		3,044	27,519	9,514	40,077
Movement in Employee Entitlements		3,017	27,271	9,428	39,716
General Administration		56,969	1,104,192	183,188	1,344,350
Finance Costs	9	24,691	323,575	39,210	387,476
Depreciation	2	39,454	1,461,777	284,940	1,786,170
Amortisation of intangible assets		72	2,328	1,350	3,750
Loss/(Gain) on Sale of Assets		739	12,636	241,152	254,527
Assets vested to PNCC	2b	249,105	2,982,493	690,297	3,921,895
Revaluation Loss - Investment Properties	2a	71,696	-	-	71,696
Total Expenses		675,561	9,294,799	2,315,045	12,285,405
Segment Profit Before Tax		(261,421)	(2,233,546)	1,056,677	(1,438,290)
Taxation Expense on Operating Surplus	6a	203,761	1,740,905	(823,612)	1,121,054
Profit after Tax		(465,181)	(3,974,451)	1,880,289	(2,559,343)
Additions of property, plant & equipment included in segment assets (excluding WIP)		2,025,760	16,670,400	5,708,224	24,404,384
Average number of full time staff equivalents		0.8	12.7	2.9	16.4

COMPARISON TO AMOUNTS DISCLOSED IN AUDITED ANNUAL REPORT

For the Year Ended 30 June 2025

	Disclosure Accounts \$000's	Annual Report \$000's
Statement of Comprehensive Revenue and Expense		
Total Revenue	12,329	16,955
Profit After Tax	(54)	358
Total Comprehensive Income	1,999	2,639
Statement of Financial Position		
Total Assets	80,322	109,475
Total Liabilities	20,048	24,952

For the Year Ended 30 June 2024

	Disclosure Accounts \$000's	Annual Report \$000's
Statement of Comprehensive Revenue and Expense		
Total Revenue	10,847	15,487
Profit After Tax	(2,559)	(2,259)
Total Comprehensive Income	(2,559)	(2,259)
Statement of Financial Position		
Total Assets	77,664	105,042
Total Liabilities	19,403	22,963

21. ALLOCATION METHODOLOGY USED IN THE PREPARATION OF THESE STATEMENTS

a) Revenue categories

Revenue falls into one of the following categories:

i. Aeronautical charges

Aeronautical revenues consist of charges for the movement of aircraft and passengers and aircraft parking. Aeronautical charges are allocated between *Airfield activities* and *Specified Terminal* in accordance with agreed Aeronautical pricing models and the nature of the aircraft (e.g. passenger aircraft vs general aviation).

ii. Land and Building Rentals

Includes a mix of ground leases and building leases located both airside and landside. This revenue category contributes to all categories within the *Identified Airport Activities* requiring every lease to be individually assessed and allocated based on location and use.

iii. Other income

A minor category primarily relating to rates and utilities on-charges for the land and building rentals outlined above.

b) Expenditure categories and allocation

i. Operations, maintenance and administration expenditure

Direct operating costs, that have been incurred solely for Identified Airport Activities (IAA) are allocated within the sub-categories accordingly.

Expenditure that relates to both IAA and non-IAA activities, or over different activities within the IAA categories, are analysed on a case by case basis and allocated accordingly.

Operating expenditure relating directly to an asset, including a property or building, is allocated as per the underlying asset.

Costs of a Corporate nature, such as generation of the Annual Report, are appropriately allocated over all assets, including those not related to *Identified Airport Activities*.

Staff costs are individually allocated over their respective areas of responsibility according to individual analysis of each position.

ii. Non-operating income and expenditure

Depreciation, amortisation, gains/losses on disposal and investment property revaluation gains/losses are allocated as per the underlying asset to which they relate.

Small value debt write-offs are individually analysed to ascertain their correct respective allocations.

Income Tax has been recalculated on the profit from IAA activities, allowing for differences in treatment of transactions between accounting and tax profit.

Finance costs have been allocated over all assets, including those not related to *Identified Airport Activities*.

c) Allocation of assets

Receivables and other current assets, other than cash, are individually analysed, to transaction line level, to ascertain the correct allocation. Individual fixed assets, as opposed to asset classes, are individually analysed to ascertain correct allocation. As well as being allocated between the *Identified Airport Activities* sub-categories some assets also have an appropriate portion excluded, being allocated to *Non-Identified Airport Activities*.

The Company maintains a detailed property, plant and equipment register. Each asset has been either coded directly to an Identified Airport Activity, a non-Identified Airport Activity or allocated using a specific rule. Material asset classes and apportionment approaches include:

- Airport land has been divided into the appropriate categories based on the square metres occupied by its current use. Land held for future airport development has been allocated based on its intended future use.
- Terminal property, plant and equipment have been apportioned based on an area analysis of terminal use.
- Roads have been allocated based on the proportion of revenue derived from *Identified* and *Non-Identified Airport Activities*.
- Common/Corporate assets are allocated to *Identified* and *Non-Identified Airport Activities* based on the allocation proportions of all other assets.

d) Allocation of debt

As with the current assets, current liabilities are individually analysed, to transaction line level, to ascertain the correct allocation.

Liabilities related to individual staff are allocated as per the allocation of the respective staff members in the Income Statement.

Income Tax Paid has also been apportioned on an approximate ratio between *Identified* and *Non-Identified Airport Activities*, with the difference between the calculated Income Tax Payable and the tax paid showing as Income Tax Payable on the Statement of Financial position.

An assessment is done on GST balances to allocate the tax payable or receivable on the same basis as the underlying transactions to which they relate.

Deferred Taxation has been recalculated on the various transactions (accruals, fixed assets) designated to be Identified Airport Activities.

Borrowings are the balancing figure in the Statement of Financial Position and is therefore impacted by the profitability of each specified activity.

e) Allocation of equity

The equity position of the *Identified Airport Activities* is allocated with reference to the following for those activities:

- i. The opening level of equity.
- ii. Adjustments for movements due to net profit less dividends.
- iii. Adjustments for any movements in reserves due to the revaluation of assets.
- iv. Adjustments for any capital issued or repaid.
- v. Adjustments for the reclassification of assets between aeronautical and non- aeronautical areas.

22. WEIGHTED AVERAGE COST OF CAPITAL

a) WACC estimation

A significant element of required revenue is the return on capital. This is estimated as the weighted average cost of capital (WACC). PNAL's approach to estimating the WACC and the resulting estimates is based on the airport's opportunity cost of funds and takes account of the costs of the provision of capital.

PNAL's applied a post-tax WACC model consistent with the Commerce Commission's approach for the information disclosure regime applicable to the major airports, adjusted as appropriate for PNAL's business characteristics. The key elements of PNAL's post-tax WACC calculations are:

- the required return on equity,
- the weights of debt and equity used in the capital structure,
- the after-tax required return on debt.

Under the agreed and finalised FY25 aeronautical pricing review process, aeronautical charges were agreed to be fixed for four years, between FY25-FY28. A wash-up for over/under recovery will then be calculated and applied over the next five year price reset period, commencing from 1 July 2028.

PNAL estimated its WACC for identified airport activities as at 1 July 2024. The following table summarises the key parameters applied by PNAL to estimate its post-tax WACC at 1 July 2024.

	FY25 Base Aeronautical Asset	FY25 Development Asset
	Parameter	Parameter
Risk free rate	4.68%	4.68%
Market risk premium	7.00%	7.00%
Tax rate	28.00%	28.00%
Debt / (Debt + Equity)	30.00%	30.00%
Implied debt premium	1.14%	1.14%
Asset beta	0.50	0.50
Cost of Debt	5.82%	5.82%
Post tax cost of Equity	8.37%	8.37%
Weighted Average Cost of Capital	7.12%	7.12%

PNAL revises its WACC periodically to coincide with its aeronautical pricing consultation processes.

PNAL uses a generally-accepted approach to the calculation of the WACC. This represents the weighted average costs of equity (adopting the simplified version of the Brennan-Lally CAPM) plus the cost of debt, net of corporate tax deductions, as follows:

$$WACC = r_D \times (1 - TC) \times (D/V) + r_E \times (E/V)$$

Where:

rD = The Company's pre-tax cost of debt.

TC = The corporate tax rate.

D = The value of the Company's debt.

rE=The Company's post –tax cost of equity.

E=The value of the Company's equity.

V = The Company's total enterprise value, i.e. ($V = E + D$).

23. METHODOLOGY USED TO DETERMINE AIRPORT CHARGES

Airport charges applying for the disclosure period in respect of Airfield and Specified Terminal activities associated with Regular Air Transport (RPT) operations were set in December 2024 to apply from 1 July 2024 to 30 June 2028.

The Final Pricing Determination dated 13 December 2024 setting the RPT charges reflected the following key attributes:

- A building block approach was used to calculate charges for base aeronautical assets. The approach and assumptions were developed and refined in consultation with PNAL's substantial customers in accordance with Section 4B of the Airport Authorities Act 1966.
- A long run marginal cost (LRMC) approach was used to calculate charges for development assets.
- The approaches derive breakeven aeronautical charges for identified airfield and terminal charges based on PNAL's weighted average cost of capital (WACC) and assumptions regarding passenger and aircraft movements, the value of the assets employed in the activities, the assets' economic lives, and operating costs.
- Base aeronautical charges fund identified airport activities existing on 1 July 2024 with the exception of the development assets or other specific activities relating to general aviation and freight that are funded by their own charges.
- Substantial capital expenditure that may occur during the pricing reset period is funded by new development asset charges based on the approaches set out in PNAL's pricing proposals during the 2024 price reset.

Landing charges for general aviation and the freighter were set to balance funding for general aviation and the facilities used by freight aircraft.

24. SCHEDULE OF AIRPORT CHARGES

a) Regular air transport operations

A flight forming part of a series of flights performed by aircraft for the transport of passengers, cargo or mail between the Airport and one or more points in New Zealand, where the flights are so regular and frequent as to constitute a systematic service, whether or not in accordance with a published timetable, and which are operated in such a manner that each flight is open to use by members of the public.

b) Maximum certified take-off weight (MCTOW)

For an aircraft the lower of its maximum certified take-off weight as specified by the manufacturer (or as approved by the Civil Aviation Authority) and the maximum authorised operating weight as specified by the company.

c) Landing charge - general aviation and passenger operations

The airport landing charge for aircraft with a MCTOW of less than 2,000 kgs is \$10.50 per arrival.

The airport landing charge for an aircraft with a MCTOW from 2,000 kgs, has two components; a MCTOW weight charge and a Seat Capacity / Persons on Board (POB) charge. The MCTOW weight charge applies to each landing. The Seat Capacity / Persons on Board (POB) charge applies to both arriving and departing passengers.

The scale of charges is set out in the following table (applicable to 2024 and 2025):

Aircraft MCTOW (kg)	Base Charge / MCTOW Weight Charge per arrival	Seat Capacity / POB Charge per movement
Up to 1,999 kg	\$7.54	Nil
2,000 kg to 5,999 kg	\$0.01230/kg	\$3.90
6,000 kg to 40,000 kg	\$0.02291/kg	\$3.90
40,000 kg and above	\$0.02291/kg	\$3.90

d) Landing charge – freighter operations

The airport landing charge for all freighter aircraft comprises of a MCTOW weight charge only.

The scale of charges is set out in the following table:

Aircraft MCTOW (kg)	MCTOW Weight Charge per arrival
Up to 5,999 kg	\$0.01278/kg
6,000 kg to 40,000 kg	\$0.02339/kg
40,000 kg and above	\$0.02339/kg

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

e) Aircraft parking charges

For each general aviation aircraft parked in a designated aircraft parking area for a period in excess of two hours, an aircraft parking charge based on the aircraft MCTOW is payable per calendar day or part thereof as set out in the table below.

Aircraft MCTOW (kg)	Year to 30 June 2025 Charge (excl GST)	Year to 30 June 2024 Charge (excl GST)
0 – 5,999	\$15.00	\$15.00
6,000 – 9,999	\$30.00	\$30.00
10,000 – 19,999	\$60.00	\$60.00
20,000 – 29,999	\$150.00	\$150.00
30,000 and greater	\$250.00	\$250.00

For the purpose of aircraft parking charges, “designated aircraft parking area” means an aircraft parking area owned or leased by the Company other than an aircraft parking area which is subject to a lease or license granted by the Company.

25. LANDING STATISTICS

The aircraft landing statistics, as required by the Airport Authorities Amendment Act 1997, are based on aircraft arrivals.

a) Scheduled domestic services

Aircraft MCTOW (kg)	Aircraft Type	Year to 30 June 2025	Year to 30 June 2024
0 to 20,000	PC12	0	1
	JS32	486	520
	DH8C	173	251
20,000 - 26,000	ATR72	4,463	4,427
>71,000	A320	1	1

b) Other landings

Aircraft MCTOW (kg)	Year to 30 June 2025	Year to 30 June 2024
All weights	4,571	4,781

PALMERSTON NORTH AIRPORT LIMITED
NOTES TO THE DISCLOSURE FINANCIAL STATEMENTS

c) Passengers

Class of Passenger	Year to 30 June 2025	Year to 30 June 2024
Passengers arriving and departing on scheduled domestic flights	531,129	547,721

d) Interruptions to Services

Interruption to services, as required by the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, is set out below.

e) Planned disruptions

	Number of Events		Total Duration (to nearest 15 minutes)	
	Number of Events	Total Duration (to nearest 15 minutes)	Year to 30 June 2025	Year to 30 June 2024
Runway Services	-	-	-	-
Stand Position Services	-	-	-	-
Baggage Handling Services	-	-	-	-

f) Un-planned disruptions

	Number of Events		Total Duration (to nearest 15 minutes)	
	Number of Events	Total Duration (to nearest 15 minutes)	Year to 30 June 2025	Year to 30 June 2024
Runway Services	-	-	-	-
Stand Position Services	-	-	-	-
Baggage Handling Services	-	-	-	-



INDEPENDENT ASSURANCE REPORT

TO THE DIRECTORS OF PALMERSTON NORTH AIRPORT LIMITED REPORT ON PALMERSTON NORTH AIRPORT LIMITED'S DISCLOSURE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Palmerston North Airport Limited (the company). The company is required by the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 (the Regulations) to prepare disclosure financial statements for the company's identified airport activities.

The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to undertake a reasonable assurance engagement on whether the disclosure financial statements prepared by the company for the year ended 30 June 2025, complies, in all material respects, with the Regulations. The disclosure financial statements comprise:

- financial statements only for the identified airport activities, and not for the other activities of the company, prepared in accordance with the Regulations; and
- the information specified in section 9 and Schedule 2 of the Regulations.

OPINION

In our opinion the disclosure financial statements on pages 8 to 56 are fairly reflected, in all material respects with the Regulations, and comply, in all material respects, with generally accepted accounting practice in New Zealand.

Our work was completed on 28 November 2025. This is the date at which our conclusion is expressed.

The limitations and use of this report is explained below. In addition, we explain the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

INHERENT LIMITATIONS

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement or non-compliance when it exists. Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal control, it is possible that fraud, error, or non-compliance may occur and not be detected.

Further, a reasonable assurance engagement for the disclosure year ended 30 June 2025 does not provide assurance on whether compliance with the requirements of the Regulations will continue in the future.

INDEPENDENT ASSURANCE REPORT

RESTRICTED USE

The Regulations require the disclosure financial statements to include financial statements only for the company's identified airport activities, which are part of the annual financial statements that we have previously audited. Other than as expressly stated below, we have not carried out any additional procedures on the financial statements for the company's identified airport activities since signing our audit report on the company's annual financial statements on 30 September 2025 which contained an unmodified opinion. Explanation of the scope of our audit engagement on the company's annual financial statements and performance information is contained in that audit report.

This independent assurance report has been prepared for the Directors of the Company in accordance with our responsibilities under the Regulations. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors of the Company, or for any other purpose than that for which it was prepared.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR PREPARING THE DISCLOSURE FINANCIAL STATEMENTS

The Board of Directors is responsible for preparing disclosure financial statements that comply with the guidelines issued under the Regulations, and subject to the Regulations, comply with generally accepted accounting practice in New Zealand.

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

The Board of Directors is also responsible for the publication of the disclosure financial statements, whether in printed or electronic form.

OUR RESPONSIBILITIES

We are responsible for expressing an independent conclusion on the disclosure financial statements and reporting that conclusion to you based on our work. Our responsibility arises from the Regulations and from the Public Audit Act 2001.

We have carried out our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information which has been issued by the External Reporting Board. A copy of this standard is available on the External Reporting Board's website.

INDEPENDENT ASSURANCE REPORT

Our work has been carried out to obtain reasonable assurance about whether the disclosure financial statements are free from material misstatement, and have been prepared in accordance with the Regulations, in all material respects. Material non-compliance with the Regulations relates to differences or omissions of amounts and disclosures that would affect an overall understanding of the disclosure financial statements. If we had found material non-compliance that was not corrected, we would have referred to the non-compliance in our conclusion.

The Regulations require the disclosure financial statements to include financial statements for the company's identified airport activities.

The financial statements for the Company's identified airport activities included in the disclosure financial statements have been extracted from the underlying accounting records of the Company, and our work on them was limited to:

- Obtaining an understanding of how the company has met the requirements of the Regulations to determine its identified airport activities.
- Obtaining an understanding of how the company has determined its allocation methodology which has been used to allocate shared expenditure, assets, debt and equity balances.
- Evaluating how the allocation methodology has been applied by testing the allocation of shared expenditure, assets, debt and equity balances.
- Agreeing the amounts and disclosures in the disclosure financial statements to the company's underlying records, and to the company's audited annual financial statements, where appropriate.

We also performed procedures to obtain evidence about the amounts and disclosures in the additional information included in the disclosure financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the additional information, whether due to fraud or error or non-compliance with the Regulations. In making those risk assessments, we considered internal control relevant to the company's preparation of the additional information in order to design 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 did not examine every transaction, nor do we guarantee complete accuracy of the disclosure financial statements. Also we did not evaluate the security and controls over the electronic publication of the disclosure financial statements.

INDEPENDENCE AND QUALITY CONTROL

We complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The Auditor-General, and his employees, and Audit New Zealand and its employees may deal with the company on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms with the ordinary course of trading activities of the company, this engagement carried out under the Regulations, and our audit of the company's annual financial statements and performance information, 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

DISCLOSURE FINANCIAL STATEMENTS

For the year ended
30 June 2025