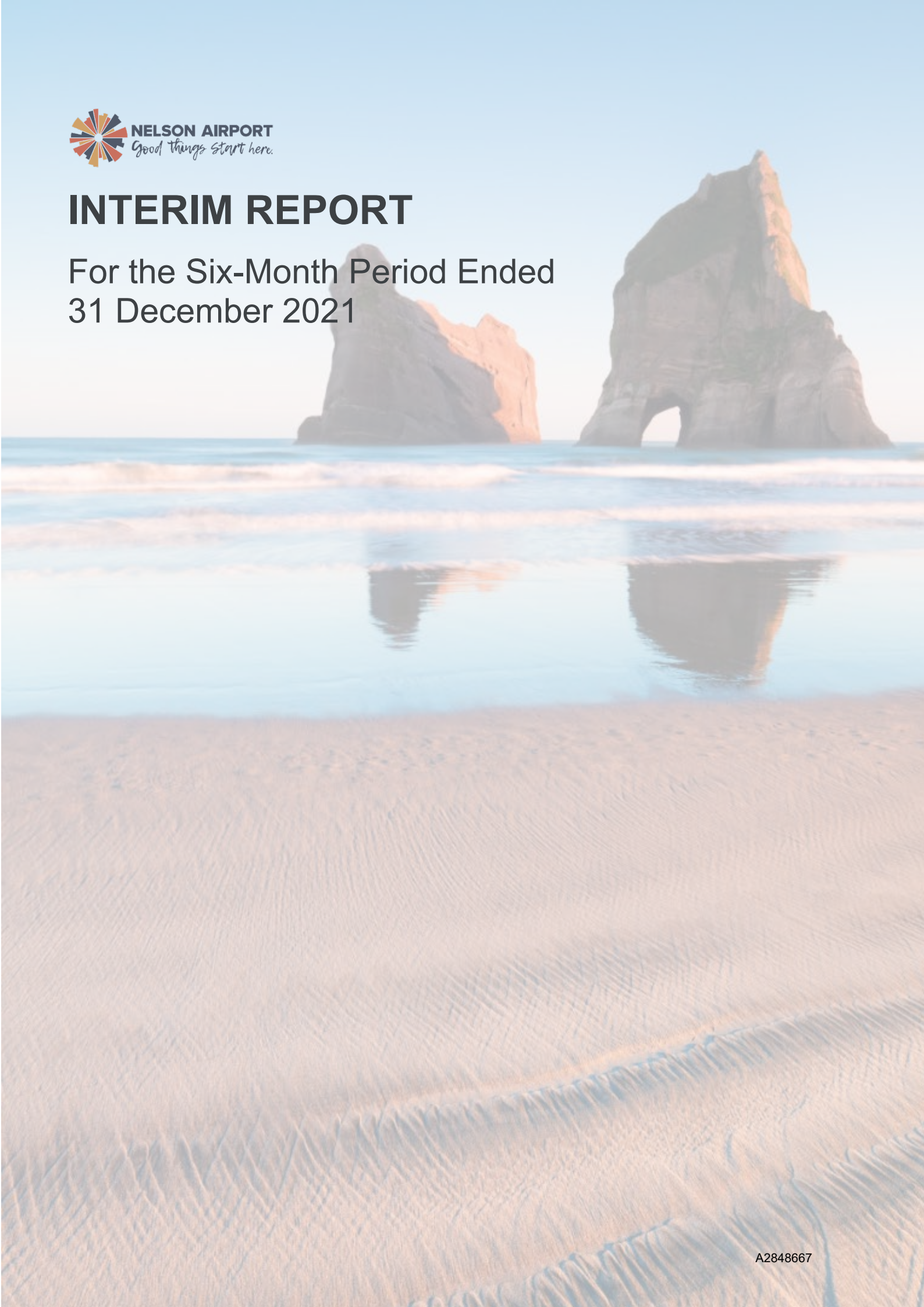

NELSON AIRPORT
Good things start here.

INTERIM REPORT

For the Six-Month Period Ended 31 December 2021

A2848667

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DIRECTORS' AND CHIEF EXECUTIVE REPORT

For the Six-Month Period Ended 31 December 2021

Six-month period ended 31 December	2021	2020	Variance
Total Revenue	$5.70m	$5.21m	+9%
(EBITDA)	$2.80m	$2.62m	+7%
Net Profit before Tax	$1.35m	$0.63m	+114%
Total Assets	$140.7m	$108.3m	+30%
Equity	$94.7m	$67.9m	+39%
Passenger Numbers	280,820	324,639	-13%

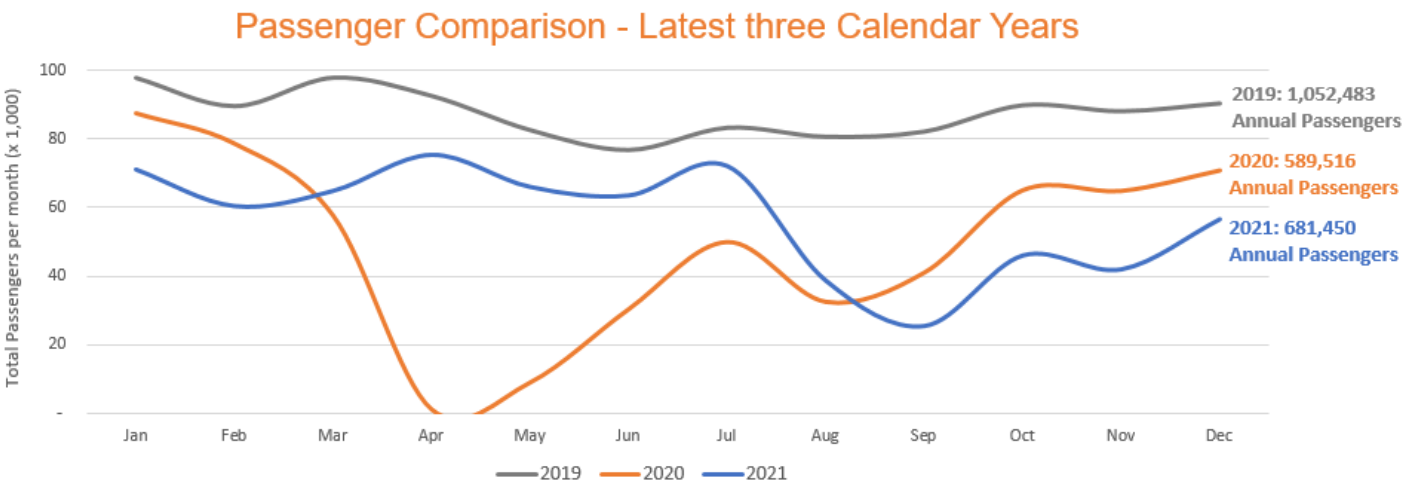
OVERVIEW

We entered the first half of our fiscal year with cautious optimism as international border restrictions were eased with Australia and the Pacific. While there had been significant economic impacts from COVID-19 control measures in hospitality and travel, New Zealand had weathered the storm better than most. Nelson Airport had adapted well to managing in a COVID-19 environment and we anticipated some growth for the year ahead.

While July provided a positive start, the announcement of more restrictive national lockdowns in August - which for Auckland would remain until mid-December - resulted in severe limiting effects on travel, domestic tourism and hospitality, plus economic impacts.

Our new Chief Executive, Mark Thompson, was finally able take up his post in mid-August and with well experienced new eyes, has been able to manage optimal mitigation of the COVID-19 impact. He has also focussed on the need for an improved company culture, and enhanced engagement with customers and other stakeholders.

With Auckland out of severe lockdown over the summer holiday period we saw an increase in passenger numbers in December. However, the Omicron COVID-19 variant outbreak nationally plus the red traffic light restrictions will constrain travel in the second half.



HEALTH, SAFETY AND WELLBEING

Management of compliance with COVID-19 rules added complexity to both landside and airside interactions as some passengers or visitors took exception to Government requirements. We have ensured our staff are trained and supported during what can be difficult times for some. Similarly, where possible and workable, we have encouraged staff to work from home utilising digital communications.

All staff are fully vaccinated and provided with the approved PPE[1] to provide services safely.

A new digitalised Safety Management System trialled at many Australasian Airports was introduced during the period. This 'real time on site' record, tracks and archives all hazards and incidents providing analysis, including comparisons, the subsequent actions required and when taken, individual ownership of responsibility and reporting.

The regular safety forum with stakeholder users, facilitated by Nelson Airport, has maintained our focus on airport safety and compliance to both CAA[2] and HSWA[3] regulations. The introduction of the new Safety Management System has provided better access and transparency around risk management and the commitment to continuous improvement.

During the period the following were reported compared to the same previous period.

Six-month period ended 31 December	2021	2020	Variance
Aircraft bird strikes	8	11	-3
Birds retrieved from bird strikes	18	12	+6
Airport incidents	31	49	-18
NAL hazards reported*	9	16	-7

*Hazard reporting is considered a proactive indicator of effective safety engagement in the workplace.

OPERATIONS

While our relationship with Air New Zealand is strong, our other carriers are commended for their fortitude during the period and their resilience to be able to recommence schedules to new destinations. We appreciate their efforts and seek to ensure their Nelson requirements are positively managed. New aeronautical charges took effect from 1st July and all carriers engaged positively in that process, understanding the justification for the change.

We have raised the leadership experience of our Customer Service team in the terminal to ensure that passenger and visitor experience is enhanced and reputable.

While limiting capital works to essential only, we completed the airside lighting and energy centre upgrades allowing the deconstruction of what remained of the old terminal. Similarly, we deconstructed Hangar 3 – a pre-war building presenting challenges around asbestos, borer, and earthquake rating. We completed planning for quality permanent landside facilities for Rental Car registration, collection and drop off which we plan to complete during 2022 and which will further enhance customer experience. Similarly, we have nearly completed the tall perimeter full precinct fencing required to make the airport secure from unlawful access and further enhance security and safety. In that regard, government continues to engage on future security screening requirements

[1] Personal Protective Equipment
[2] Civil Aviation Act
[3] Health and Safety at Work Act 2015

Work on options for solar and hydrogen generation continues. There is significant global activity to work through options to make the aviation industry more environmentally friendly including electric planes and alternative fuelling options.

OUTLOOK

As indicated, the continuing alert levels for COVID-19 and the community infection rate for the Omicron variant continue to affect all travel, both business and leisure. We are hopeful that there will be some improvement during the period ahead, but this is now looking more likely towards the end of the financial year.

Our objective is to sustain the airport's safe operation in parallel with maximising revenues, managing costs and capital expenditure to provide for its critical needs. That does require a standing resource regardless of the level of aircraft flights. Save more stringent lockdowns, we remain confident that we can internally meet costs and provide a dividend at year end. NAL will establish a new dividend policy maximising net earnings distribution in line with a prudent debt: equity ratio that allows the ongoing growth and development of the airport.

The set-up of a Holding Company to ensure access to potentially lower interest costs is underway. It is important that given the commercial environment, the focus remains on the primary objective of providing access to lower borrowing costs. Establishment and ongoing costs should be kept at a minimum and the project should not be a distraction for management or governance at this time.

We are grateful for the effort and devotion of our staff, many of whom are new, during these challenging times.

Paul Steere
Chair
23 February 2022

Mark Thompson
Chief Executive
23 February 2022

SERVICE PERFORMANCE REPORT

For the Six-Month Period Ended 31 December 2021

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

The following table provides a commentary of achievement towards the targets published in the 2021/22 Statement of Intent.

STRATEGIC AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE V TARGET
People, Culture and Values	Staff wellbeing policy created, consulted with staff, and formally signed off by the Board.	By 31 December 2021	Achieved. Integrated with existing Health and Safety Policy.
	Board and management to determine and promulgate new values statement.	By 31 December 2021	Covid impacted. Not achieved. Virtual workshop held in February and new values statement to be presented to the Board in April.
	Design and implement a staff survey.	By 30 June 2022	On target
	Implement new remuneration structure.	By 31 July 2021	Achieved
	Board and CEO oversight of EAP[4] activity.	All EAP independent reports reviewed by nominated Board representative and CEO	Achieved
Health, Safety and Risk	Nil harm to staff, contractors, and visitors.	Nil serious harm injuries	On target
		Nil lost-time injuries	On target
	Improve operational safety.	NAL to facilitate a minimum of nine Safety/Security meetings	On target
	Educate NAL staff on human factors in safety to reinforce safety culture.	Specific training for all staff	On target

[4] Employee Assistance Programme

STRATEGIC AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE V TARGET
	Further improve implementation of NAL's newly implemented Safety Management System (SMS).	Obtain audited certification from the Civil Aviation Authority as "Operating and Effective"	On target. The Civil Aviation Authority has not conducted a safety audit of NAL this year. Implementation of new Safety Management System has improved ease of reporting for staff and stakeholders.
	Ensure all incidents are investigated appropriately and actions/learnings processed.	Formal incident investigation training for Airfield & Safety Manager by 31 December 2021	Achieved
Infrastructure and Property	Implement Phase I of upgrade of stormwater improvement works for storm surge and sea level rise mitigation.	By 30 June 2022	Achieved. Non-return valve installed in stormwater pipe to protect Hangar 1 and Hangar 2 areas from high tide surge events.
	Complete rental car facilities, including offices and public counters, for on-site rental car operators.	By 30 June 2022	Covid impacted. Not expected to be achieved due to long lead times for structural materials. Construction contract has been awarded with planned completion within the 2022 calendar year.
	Construct new purpose-built rescue fire and emergency management centre.	By 30 June 2022	Covid impacted. Not achieved. New building concept design complete with detailed design to be costed for Board approval in FY23.
	Implement full aerodrome aviation security fence.	By 30 June 2022	On target
Financial Results	Manage performance to achieve real business growth, maximising return to shareholders.	Total Revenues $13.7m	Covid impacted. Not expected to be achieved as COVID-19 lockdowns have reduced passenger numbers.
		Earnings before Interest, Tax and Depreciation (EBITDA or Operating Profit) $8.0m	Covid impacted. Not expected to be achieved, despite cost savings secured, as COVID-19 lockdowns have reduced passenger numbers

STRATEGIC AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE V TARGET
		Dividends Policy to be reviewed	The ultimate corporate structure, with NAL as part of the HoldCo Group, is yet to be determined. Dividend review will follow the outcome with a view to maximising dividend distributions within a prudent debt:equity ratio that provides for the ongoing growth and development of the airport.
	Maintain accurate, reliable, and informative financial records and reports.	Secure an unmodified audit opinion from Audit New Zealand	On target
Customers and Stakeholders	Actively support airlines and the market to achieve customer growth.	Total passengers 800,000	Covid impacted. Not expected to be achieved due to COVID-19 lockdown restrictions shutting down major markets such as Auckland for four months.
	Establish a positive, effective, ongoing relationship with local iwi.	Advocate for establishment of a meaningful representation for local iwi at governance level	On target. Engagement with iwi representative underway.
	Utilise research to understand NAL's customer profile in the post COVID environment.	Implement a customer survey by 31 December 2021	Covid impacted. Not achieved due to lack of air travel but survey rescheduled for completion by June 2022
Environmental Sustainability	Continuous improvement in sustainability performance.	At least one new significant sustainability project completed delivering a step-change in environmental performance/impact	On target with Sustainability Group established and initiatives to be identified and implemented.
	Complete coastal protection works where critical to airfield protection.	By 30 June 2022	Covid impacted. Not expected to be achieved but work has commenced on rock wall design for southern end of airfield and consultation underway with NCC for a stop bank along Jenkins Creek.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the Six-Month Period Ended 31 December 2021

	Note	Dec 2021 $000s	Dec 2020 $000s
Revenue	2	5,702	5,210
Operating costs	3	1,788	1,832
Administration expenses	3	1,113	762
Depreciation and amortisation	3	1,755	1,720
		4,656	4,314
Operating Profit		**1,046**	**896**
Interest revenue		0	0
Movement in unhedged derivative financial liability - revenue / (expense)	10	856	286
Finance costs	3	(557)	(554)
Net Financing Income		**300**	**(268)**
Gain on sale of fixed assets		-	1
Investing Income		**-**	**1**
Profit before Tax		**1,346**	**629**
Income tax expense	13	379	152
Profit after Tax		**967**	**477**
Gain on asset revaluation		23	-
Tax on asset revaluation		(6)	-
Total Comprehensive Income		**984**	**477**

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the Six-Month Period Ended 31 December 2021

	Note	Dec 2021 $000s	Dec 2020 $000s
Opening Retained Earnings		18,504	17,468
Total profit for the period		967	477
Balance of disposed asset transferred from asset revaluation reserve		5	-
Retained Earnings as at Period End		**19,476**	**17,945**
Opening Asset Revaluation Reserve		72,857	47,591
Gain on asset revaluation		17	-
Balance of disposed asset transferred to retained earnings		(5)	-
Movement in deferred tax on disposed asset transferred to retained earnings		1	-
Asset Revaluation as at Period End		**72,870**	**47,591**
Share capital		2,400	2,400
Closing Equity as at Period End		**94,746**	**67,937**

Note
The opening equity at 1 July 2021 was $93,761k

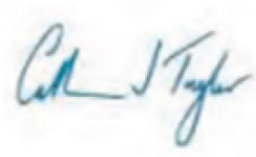
The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Dec 2021 $000s	Jun 2021 $000s
Assets			
Current Assets			
Trade and other receivables	6	1,049	780
Cash and cash equivalents	7	195	41
Current income tax asset		180	-
Other current assets		65	66
Total Current Assets		**1,490**	**887**
Non-Current Assets			
Property, plant and equipment	5	138,815	139,192
Intangible assets		149	170
Derivative financial assets	10	227	-
Total Non-Current Assets		**139,190**	**139,363**
Total Assets		**140,680**	**140,250**
Liabilities			
Current Liabilities			
Trade and other payables	9	735	1,803
Derivative financial liabilities	10	86	329
Current income tax liability		-	70
Employee entitlements		209	262
Interest bearing loans	11	10	16
Total Current Liabilities		**1,040**	**2,479**
Non-Current Liabilities			
Deferred tax	8	13,033	12,909
Derivative financial liabilities	10	-	387
Interest bearing loans	11	31,860	30,713
Total Non-Current Liabilities		**44,894**	**44,010**
Total Liabilities		**45,934**	**46,489**
Net Assets		**94,746**	**93,761**
Equity			
Issued share capital		2,400	2,400
Retained earnings		19,476	18,504
Asset revaluation reserve		72,870	72,857
Total Equity		**94,746**	**93,761**

For and on behalf of the Board



Paul Steere
Chair
28 February 2022

Catherine Taylor
Deputy Chair
28 February 2022

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

CONDENSED STATEMENT OF CASH FLOWS

For the Six-Month Period Ended 31 December 2021

	Note	Dec 2021 $000s	Dec 2020 $000s
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from airport users		5,699	4,324
Interest received		0	0
		5,699	4,324
Cash was disbursed to:			
Payments to suppliers and employees		(3,265)	(3,137)
Interest paid		(557)	(554)
Income tax paid		(510)	(225)
Net GST movement		8	153
		(4,323)	(3,763)
Net Cash Flows from Operating Activities	4	**1,376**	**562**
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of property, plant and equipment		-	2
		-	2
Cash was disbursed to:			
Purchase of property, plant and equipment		(1,363)	(205)
Purchase of intangible assets		-	(3)
		(1,363)	(207)
Net Cash Flow from Investing Activities		**(1,363)**	**(206)**
Cash Flows from Financing Activities			
Cash was provided from:			
Increase in term loans		3,600	1,952
		3,600	1,952
Cash was disbursed to:			
Dividend paid		(1,000)	(850)
Decrease in term loans		(2,459)	(1,600)
		(3,459)	(2,450)
Net Cash Flow from Financing Activities		**141**	**(498)**
Net increase / (decrease) in cash and cash equivalents		154	(142)
Opening cash and cash equivalents		41	309
Closing cash and cash equivalents		**195**	**167**

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

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

The unaudited interim financial statements for Nelson Airport Limited are for the six-month period ended 31 December 2021.

BASIS OF PREPARATION

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

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

- The unaudited interim financial statements have been prepared in accordance with the *New Zealand Equivalent to International Accounting Standard No. 34* (Interim Financial Reporting) and should be read in conjunction with the previous annual report.

- There have been no significant changes in accounting policies. All policies have been applied on bases consistent with those used in the previous annual report. To ensure consistency with the current period, comparative figures have been restated where appropriate.

FUNCTIONAL AND PRESENTATION CURRENCY

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

2. REVENUE

	Dec 2021 $000s	Dec 2020 $000s
Contract Revenue		
Aeronautical charges	2,627	2,517
Ground transport revenue	888	873
Advertising revenue	96	63
Property revenue	2	8
Sundry income	2	1
Total Contract Revenue	**3,615**	**3,462**
Other Revenue		
Aeronautical charges	-	7
Ground transport revenue	290	348
Retail revenue	134	159
Property revenue	1,459	1,138
Sundry income	79	-
Wage subsidy	126	96
Total Other Revenue	**2,087**	**1,748**
Total Revenue	**5,702**	**5,210**

3. EXPENSES

a) Operating Costs

	Dec 2021 $000s	Dec 2020 $000s
Employee entitlements	924	1,003
Other operating expenses	859	828
Loss on disposal of assets	5	2
	1,788	**1,832**

b) Administration Costs

	Dec 2021 $000s	Dec 2020 $000s
Auditors remuneration	31	27
Directors' fees	75	73
Insurance and rates	415	370
Other administration expenses	592	292
	1,113	**762**

c) Depreciation and Amortisation

	Dec 2021 $000s	Dec 2020 $000s
Depreciation	1,725	1,697
Depreciation – right of use assets	8	8
Amortisation of intangible assets	21	15
	1,755	**1,720**

d) Finance Costs

	Dec 2021 $000s	Dec 2020 $000s
Interest expense	555	551
Interest expense – lease liabilities	1	2
	557	**554**

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

	Dec 2021 $000s	Dec 2020 $000s
Net Profit for the Period	967	477
Add / (less) non-cash and non-operating items:		
(Gain) / loss on disposal of assets	5	1
Depreciation and amortisation	1,755	1,720
Movement in deferred taxation	124	(3)
Movement in derivative financial instrument	(856)	(286)
Tax on asset revaluation	(5)	-
Movement in working capital:		
(Increase) / decrease in receivables and other financial assets	(268)	(1,048)
Increase / (decrease) in current tax payable	(250)	(70)
Increase / (decrease) in payables	(96)	(229)
Net cash flows from operating activities	**1,376**	**562**

5. PROPERTY, PLANT & EQUIPMENT

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

31 December 2020	Land & Improvements $000s	Buildings $000s	Airfield Infrastructure $000s	Landside Infrastructure $000s	Equipment $000s	Motor Vehicles $000s	Fixtures & Fittings $000s	Capital Work in Progress $000s	Total $000s
Cost or Valuation									
Balance as at 1 July 2020	32,652	47,304	19,592	13,554	518	-	268	807	114,695
Reclassification	-	-	-	21	-	-	42	(63)	-
Additions	-	38	-	6	11	-	33	116	205
Disposals	-	-	-	-	(8)	-	(5)	-	(13)
Balance at 31 December 2020	32,652	47,342	19,592	13,581	521	-	338	860	114,887
Accumulated Depreciation and Impairment Losses									
Balance as at 1 July 2020	-	2,573	1,823	1,862	301	-	86	-	6,644
Depreciation	-	908	479	267	33	-	18	-	1,705
Disposals	-	-	-	-	(6)	-	(5)	-	(10)
Balance at 31 December 2020	-	3,481	2,302	2,128	328	-	100	-	8,339
Net Book Value at 31 December 2020	**32,652**	**43,861**	**17,291**	**11,453**	**194**	**-**	**238**	**860**	**106,548**

VALUATION

Residential and commercial land was valued as at 30 June 2021 by Duke & Cooke Limited in accordance with New Zealand equivalent to International Accounting Standards, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value $2,646,000).

Leasehold aerodrome land, upon which the airport is situated, was vested by the Crown to be held in trust by Nelson City Council. Nelson Airport Limited has a renewable 60-year lease over this land at a peppercorn rental. The leasehold interest in airport land was valued as at 30 June 2021 by Duke & Cooke Limited in accordance with New Zealand equivalent to International Accounting Standards, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value $36,020,000).

Buildings, including the new terminal building, were valued as at 30 June 2021 by Duke & Cooke Limited in accordance with New Zealand equivalent to International Accounting Standards, the Australia and New Zealand Guidance Papers for Valuers and Property Professionals, and International Valuation Standards (fair value $57,127,969).

Airfield infrastructure was valued as at 30 June 2021 by Beca Limited in accordance with New Zealand equivalent to International Accounting Standards, and International Valuation Standards (fair value $25,091,000).

Landside infrastructure was valued as at 30 June 2021 by Beca Limited in accordance with New Zealand equivalent to International Accounting Standards, and International Valuation Standards (fair value $16,086,000).

6. TRADE AND OTHER RECEIVABLES

	Dec 2021 $000s	Jun 2021 $000s
Trade receivables – contract revenue	627	576
Trade receivables – other revenue	173	182
Accrued debtors	0	0
Prepayments	248	22
	1,049	**780**

7. CASH AND CASH EQUIVALENTS

	Dec 2021 $000s	Jun 2021 $000s
Cash on hand	11	11
Bank Balance	184	30
	195	**41**

8. INCOME TAX

Components of Income Tax Expense

	Dec 2021 6 months $000s	Dec 2021 6 months $000s
Current tax expense	260	180
Prior years tax under / (over) provided	-	(24)
Deferred tax expense	119	(3)
	379	**152**

Relationship between Tax Expense and Accounting Profit

	Dec 2021 6 months $000s	Dec 2021 6 months $000s
Operating Profit before Taxation	1,346	629
Prima facie tax @ 28%	377	176
Adjustment for timing and taxation differences	(118)	3
Adjustment for permanent differences	1	0
Prior years tax under / (over) provided	-	(24)
Adjustments for deferred tax	236	93
Adjustments for deferred tax – property, plant and equipment	(117)	(97)
Income Tax Expense	**379**	**152**

Deferred Tax

	Dec 2021 6 months $000s	Dec 2021 6 months $000s
Property, Plant and Equipment		
Opening balance	(13,145)	(5,893)
Charged to profit and loss	117	97
Charged to asset revaluation reserve	(5)	-
Closing balance	(13,033)	(5,796)
Employee Entitlements		
Opening balance	34	31
Charged to profit and loss	4	(9)
Closing balance	38	22
Derivative Financial Liability		
Opening balance	200	453
Charged to profit and loss	(240)	(80)
Closing balance	(39)	(373)
Other Provisions		
Opening balance	2	7
Charged to profit and loss	(1)	(4)
Closing balance	1	3
Total	**(13,033)**	**(5,399)**

9. TRADE AND OTHER PAYABLES

	Dec 2021 $000s	Jun 2021 $000s
Trade payables	403	476
Trade payables (related parties)	35	21
Dividend payable	-	1,000
Accruals	71	94
GST liability	189	167
Lease income in advance	37	45
	735	**1,803**

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Dec 2021 $000s	Jun 2021 $000s
Derivative Financial Liabilities / (Assets)		
Interest rate swaps		
Current portion	86	329
Non-current portion	(227)	387
	(140)	**716**

Nelson Airport Limited uses derivative instruments to hedge exposure to interest rate risks arising from financing activities. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

11. INTEREST BEARING LOANS

	Dec 2021 $000s	Jun 2021 $000s
Repayable as follows:		
Less than 1 year	-	-
Between 1 and 5 years	31,860	30,710
	31,860	**30,710**
Finance Lease Liabilities		
Less than 1 year	10	16
Between 1 and 5 years	0	3
	10	**19**

Nelson Airport Limited arranged for a line of credit with Westpac to finance the business during, and post, the construction of the recently completed new terminal. This loan is secured by a general security agreement over assets and undertakings of Nelson Airport Limited. The total line of credit with Westpac is $40 million, to be made available and drawn down when required.

The interest rate applying at balance date to the loan was 2.45%. (2020: 1.95%).

12. TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH SHAREHOLDERS

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

The Company paid rates and maintenance costs to NCC amounting to $267,662 (2020: $275,186) and the balance included as owing in trade payables as at 31 December 2021 is $18,748 (2020: $17,731).

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

TRANSACTIONS WITH ENTITIES OWNED BY SHAREHOLDERS

Nelmac Limited is a 100% subsidiary of Nelson City Council. Nelson Airport Limited paid grounds maintenance and other fees to Nelmac Limited amounting to $49,905 (2020: $89,542) and the balance included as owing in trade payables as at 31 December 2021 was $16,221 (2020: $8,078).

TRANSACTIONS WITH ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

During the period there were no transactions with entities related to key management personnel (2020: $518).

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

13. DISTRIBUTIONS TO SHAREHOLDERS

No interim dividend has been declared for the period ending 31 December 2021. The final dividend for the 2020/21 financial year of $1,000,000 was paid to shareholders on 12 July 2021.

14. CONTINGENCIES

There are no material contingent liabilities to record as at 31 December 2021.

15. EVENTS AFTER BALANCE DATE

THE COVID-19 PANDEMIC

At balance date, and to date, the Company has recognised the significant uncertainties around the ongoing COVID-19 pandemic and the impact on air travel demand. All of New Zealand moved from the Orange traffic light setting to Red on 23 January 2022 in response to Omicron community outbreaks. The Company conducted scenario analysis against different COVID-19 recovery stories to ensure the forecast five-year performance supported the company during a significantly worsening and ongoing pandemic. Further the Company devised and implemented cost saving and deferred expenditure initiatives to manage the risk and continues to do so. Notwithstanding the significant impact of COVID-19 on the business the view of the directors is that the business retains strong business fundamentals. The directors are confident that the Company is well paced to continue operating as a going concern pending the ultimate return of more usual levels of trading.

FORECAST CHANGE OF OWNERSHIP

During May 2021 Tasman District Council and Nelson City Council resolved to establish a Holding Company, to hold the two Councils' shareholdings in Nelson Airport and Port Nelson. The Holding Company is expected to be established in 2022 and Nelson Airport Ltd and Port Nelson Ltd will be subsidiaries of the new company.

16. CAPITAL COMMITMENTS

Nelson Airport Ltd has $937,796 worth of contractual commitments for property, plant and equipment as at 31 December 2021 (2020: Nil).

17. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the board of directors on 28 February 2022.

COMPANY DIRECTORY

Directors

Paul Steere - Chair
Catherine Taylor - Deputy Chair
Matthew Clarke
Matthew McDonald
Quinton Hall

Registered Office

Nelson Airport Management Offices
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Senior Leadership Team

Chief Executive	Mark Thompson
Airfield and Safety	James Middlewick
Commercial	Simon Barr
Corporate Services	Simon Orr
Marketing and Landside Operations	Bryn Lloyd

Auditor

Audit New Zealand on behalf of the Auditor-General

Accountant

Johnston Associates Chartered Accountants

Banker

Westpac Banking Corporation

Lawyer

Ford Sumner Lawyers