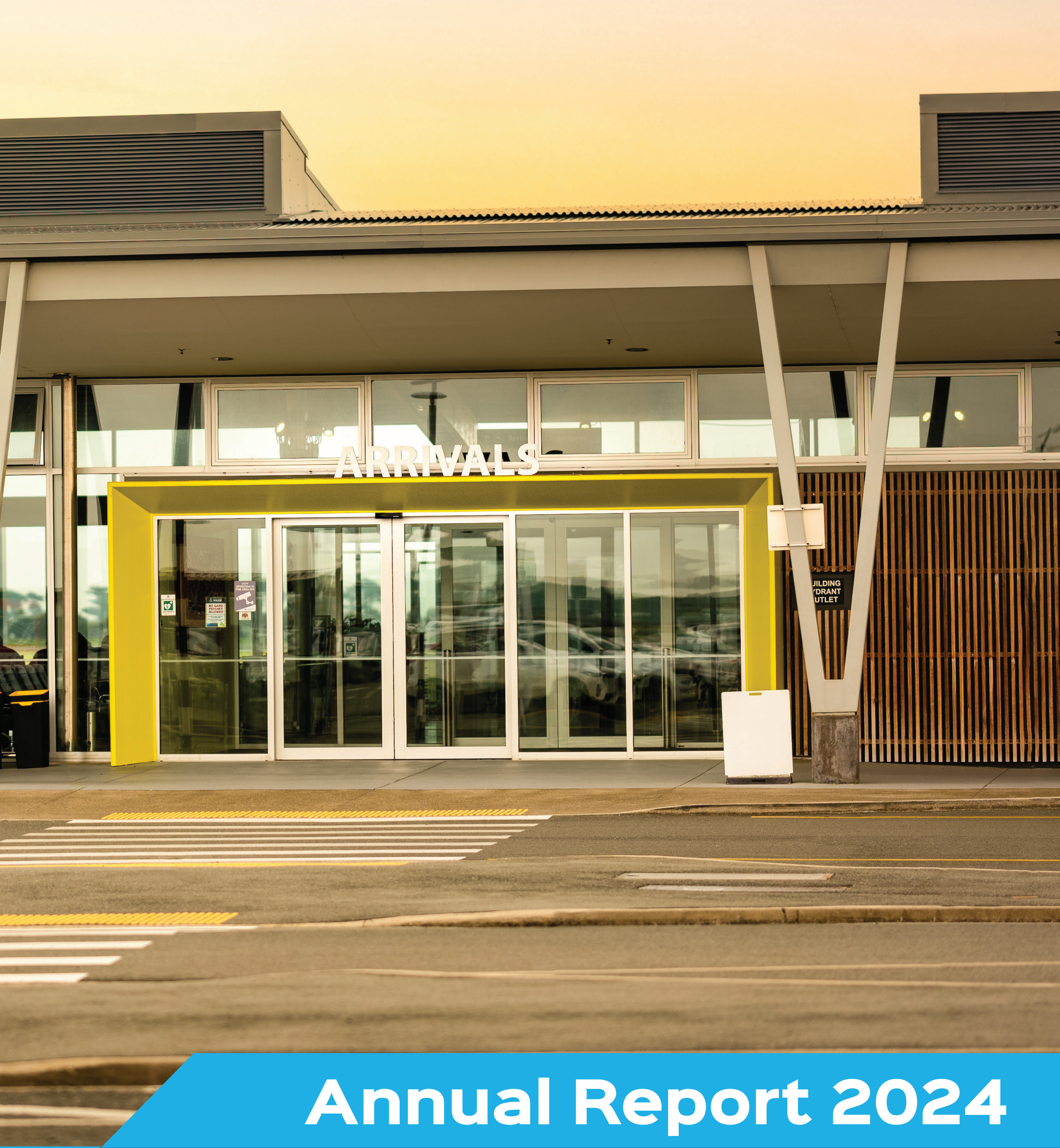
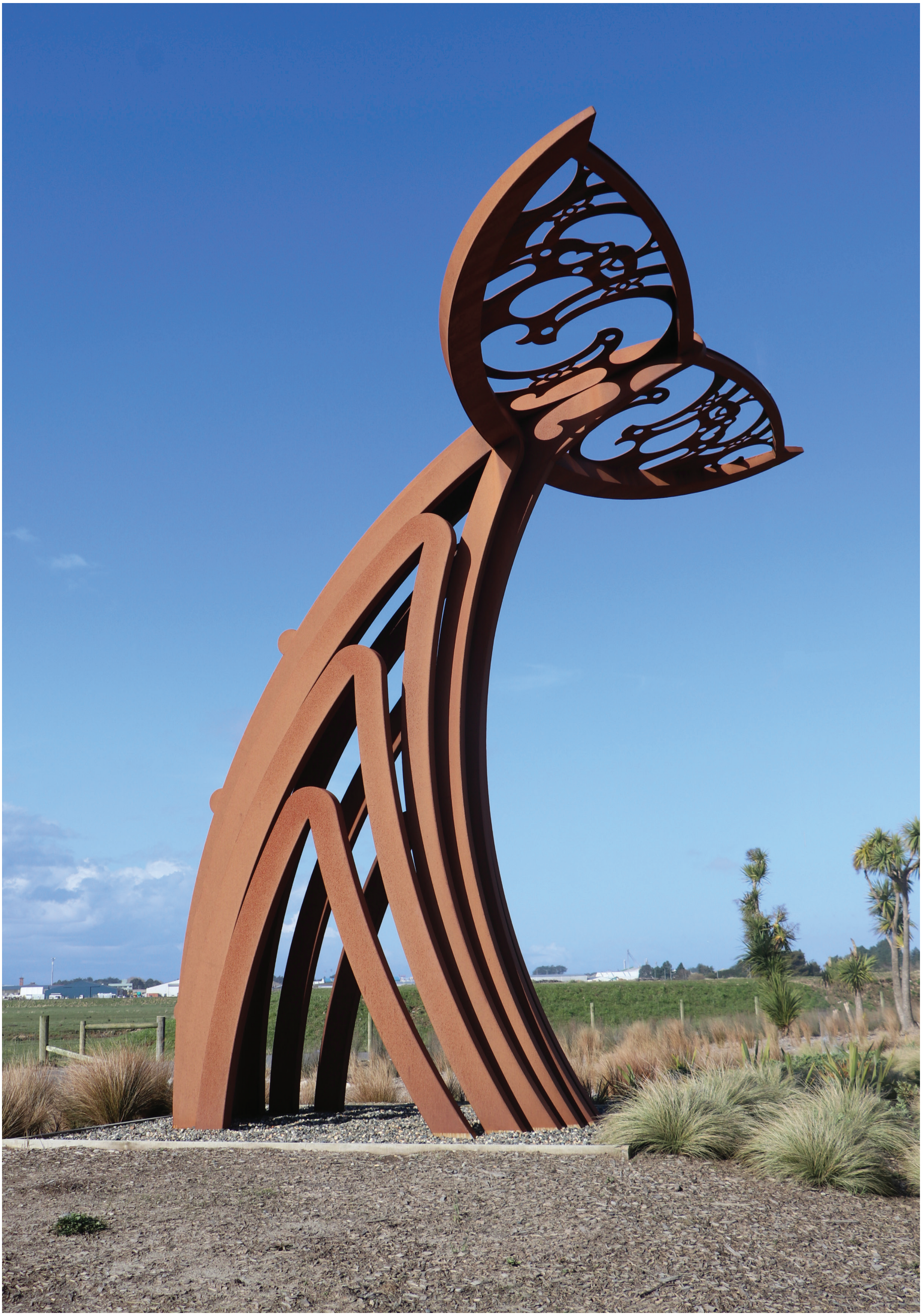


Annual Report 2024

INVERCARGILL AIRPORT



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Approval by Directors

The Directors have approved for issue the financial statements of Invercargill Airport Limited for the year ended 30 June 2024.

G Lilly
Chairman

J George
Director

For and on behalf of the Board of Directors
30 September 2024

Directory

Directors who held office during the year ended 30 June 2024

G Lilly - Chairman
J George
A Hercus
P Halstead
D Addie (from 30 January 2024)

Management

Mr S Harris – Chief Executive

Registered Office

C/- Invercargill City Council
101 Esk Street
Invercargill 9810

Physical Address

106 Airport Avenue
Invercargill
Phone (03) 218 6367
Fax (03) 218 6939

Postal Address

PO Box 1203
Invercargill 9840

Auditor

Audit New Zealand
Dunedin

Bankers

BNZ

Solicitors

AWS Legal
80 Don Street
Invercargill 9810

Statutory Information

Directors' Remuneration

Invercargill Airport Limited	$
G Lilly (Chairman)	54,000
J George	27,000
A Hercus	27,000
P Halstead	27,000
D Addie (from 30 January 2024)	11,250

There was no remuneration or other benefits paid to Directors during the year for any of the following:

- Compensation for loss of office.
- Guarantees given by the Company for debts incurred by a Director.

Directors' Interests

Invercargill Airport Limited maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded. This is a requirement under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2024.

Grant Lilly

Director................ Aviation Tourism Investments and Consulting Limited
Chair..................... Hanmer Springs Thermal Pools and Spa
Director................ New Zealand Experience Limited
Director................ Rainbows End Theme Park Limited
Director................ Raumati Investments Limited
Director................ Search and Rescue Services Limited
Director................ Rotorua Regional Airport Limited
Chair..................... Bus and Coach Association of New Zealand

Alastair Hercus

Commissioner...... Toka Tū Ake EQC
Chair..................... Co-operative Life Limited
Chair..................... MBIE Risk and Advisory Committee
Trustee .... MG Charitable Trust
Director................ Fonterra Shareholders' Fund
Director and Shareholder.......... Budfin Nominees Limited
Director................ Mid-Town Agency Services Limited
Director................ Findgard Investments Limited
Director................ Findgard Investments Auckland Limited
Director................ FSF Management Company Limited
Shareholder.......... Kaynemaile Limited
Shareholder.......... Nutcracker Limited

Jane George

Director................ AG Foley Limited
Director................ Jane George Consulting
Director................ Delta Utility Services Limited

Prue Halstead

Executive Officer. Invest South GP Limited
Board Member..... COIN South Incorporated
Director................ Mainland Angel Investors Incorporated
Director and Shareholder.......... The Planter Limited
Executive Committee Member .... Angel Association of New Zealand
Shareholder.......... Alexandra Building Limited
Shareholder.......... 23 Yarrow Limited
Shareholder.......... Antrim 767 Limited
Shareholder.......... Bluff Services Limited
Director and Shareholder.......... The Plant Store

Dean Addie

Chair..................... Southland Engineering and Manufacturing Cluster
Director and Shareholder.......... Dranda Investments Limited
Director and Shareholder.......... SAPP Holdings Limited
Executive Director................ T4 Group Limited
Chair..................... Dog Island Motu Piu Trust
Shareholder.......... EIS Holdings (2010) Limited
Director................ Endless Energy EIS Limited

Use of Company Information by Directors

No Director of the Company has disclosed, used or acted on information that would not otherwise be available to a Director.

Shareholding by Directors

No Director has an interest in any of the Company shares held, acquired or disposed of during the year.

Directors' and Officers' Indemnity Insurance

The Company has insured all its Directors and Executive Officers against liabilities to other parties that may arise from their positions.

Employees' Remuneration

Five employees of the Company received remuneration and other benefits of $100,000 or greater during the year.

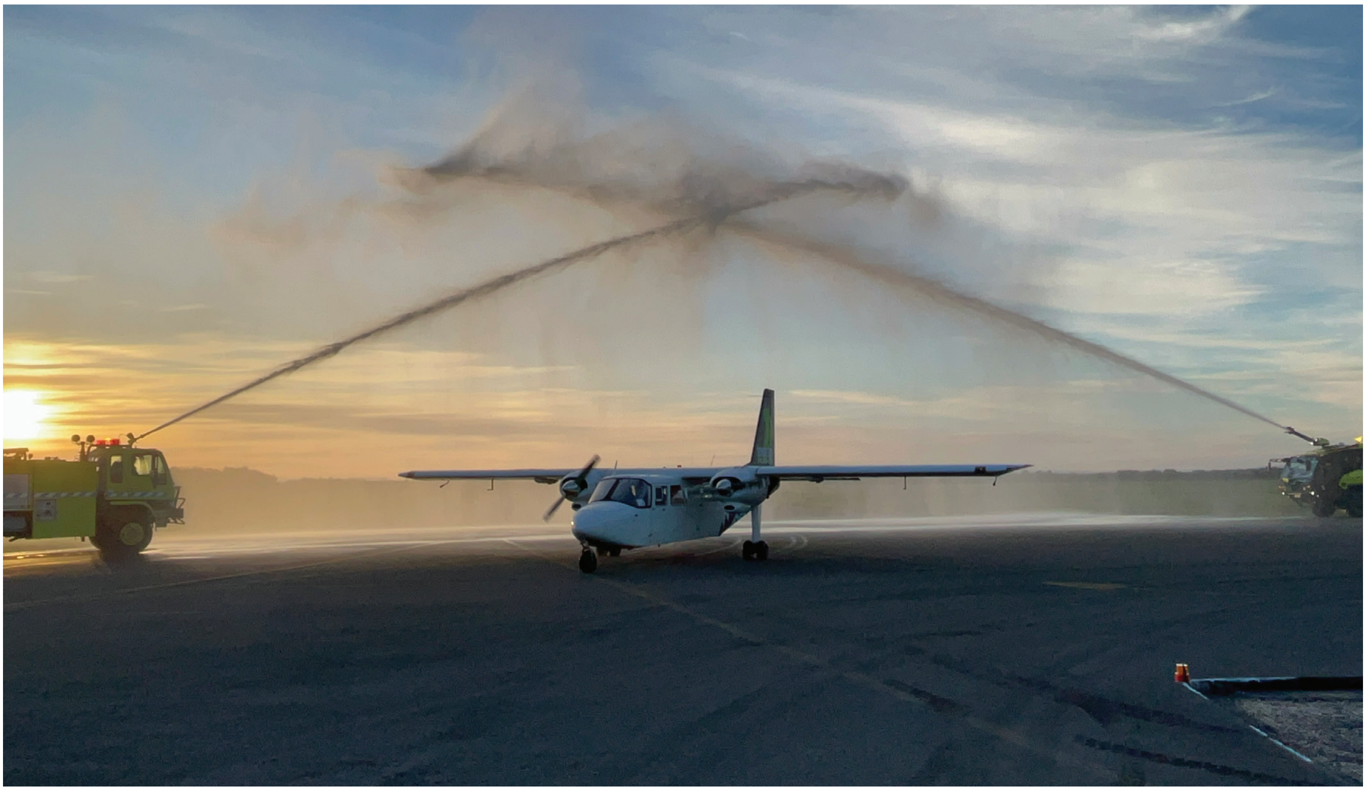
$000	No. of employees
260-270	1
170-180	1
150-160	1
130-140	1
100-110	1

Auditors' Remuneration

Audit fees for the Company totalled $66,000. Details of fees payable are contained in Note 1.

Dividend

A dividend of $722,000 was paid during the year.



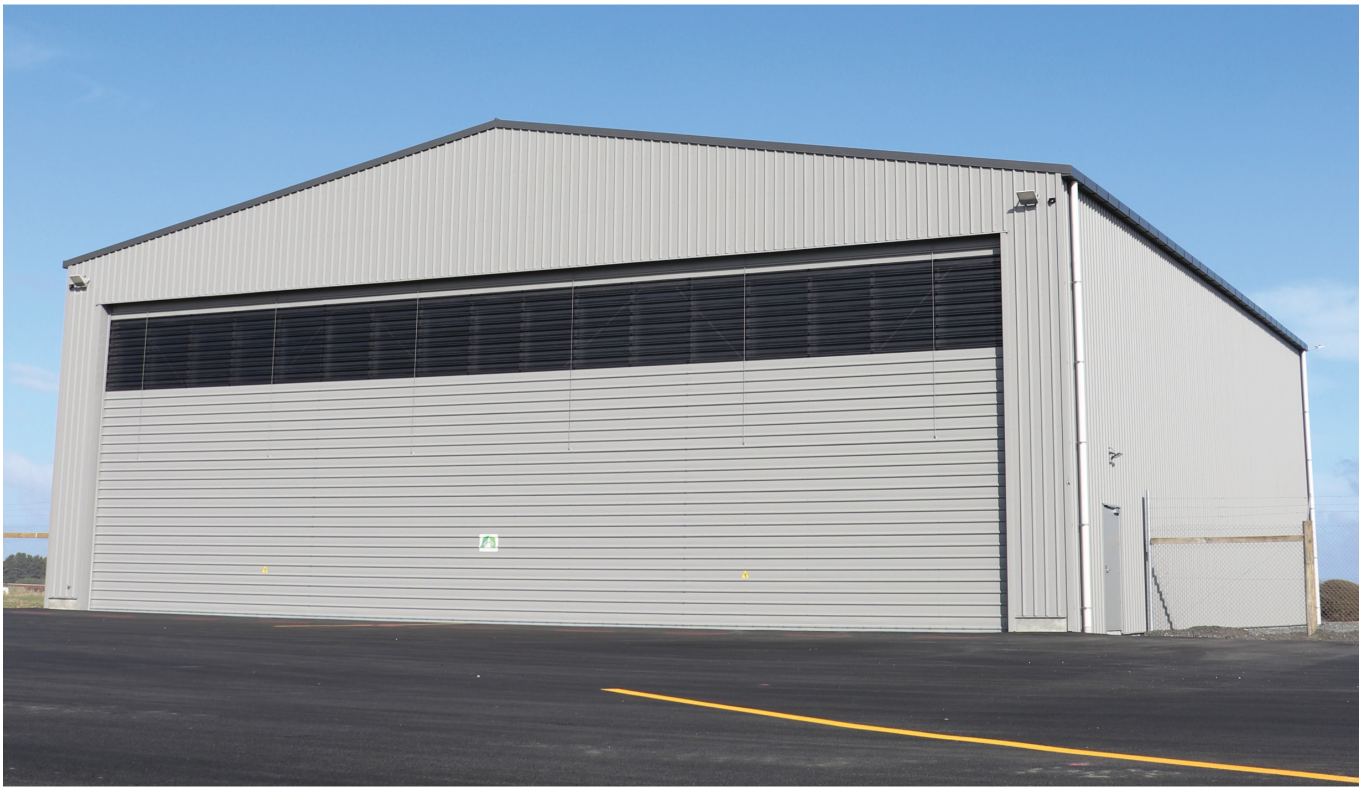
Executive Report

Invercargill Airport Limited Chairman and Chief Executive's Report, 30 June 2024.

We are pleased to report on the performance of Invercargill Airport Limited (IAL) for the financial year that ended on 30 June 2024, the twenty seventh year of trading for the Airport Company.

IAL was presented with a severely constrained operating environment this year, with domestic airline capacity reduced across the country because of various fleet and related airline issues. This resulted in our aeronautical revenues being down by $650k on the previous year, at $4.7m. Good growth in our commercial/non-aeronautical revenues helped protect our total revenues of $8.2m, down just $44k on our 2023 achievement. Through careful management of expenses throughout the year IAL has been able to achieve a trading profit in excess of our budget target, despite the reduced revenues. Our trading Net Profit of just on $930k was increased by a nominal gain of $480K in the value of our investment properties. Legislative changes in the tax treatment of depreciation on buildings taking effect this financial year created a significant tax cost in the year, resulting in a final Net Profit after Tax for the business of $428k. IAL's focus on developing its non-aeronautical revenue streams is showing results, and these have increased year on year for four years, to now be a healthy 37% of our total revenues.

Demand for domestic travel has been reduced this year, with higher airfares, a general economic downturn with significant inflationary pressures, and now Government cost-cutting, all acting as drivers for the softer demand across the country. On top of that, Air New Zealand have reduced their domestic schedules nationally in response to ongoing engine issues for their A321 fleet. These reductions in their jet schedules have flowed through to reductions in turboprop flights to Invercargill, however our 5 day a week jet schedule on the Invercargill/Auckland route has remained intact. Our total passenger number for the year was 366,114, which represents a reduction of 2% from 2023's all-time record. Both Stewart Island Flights and Air New Zealand were down on their 2023 numbers. Stewart Island Flights continue to provide a highly-desired tourist service to Rakiura Stewart Island, with a regular flow of passengers especially in the warmer months. Their service also remains highly valuable to the residents of the Island for connectivity, freight, and medical support.



Demand for the jet service direct to Auckland remains strong. Of the three destinations served by Air New Zealand from Invercargill, Auckland continues to have the highest load factors, with an 85% average for the year. This service has been highly reliable, with negligible disruptions throughout the year, adding to its popularity.

IAL further invested in strengthening its facilities to service jet aircraft with an upgrade to the jet parking apron at stand 2 underway at the close of the financial year. This upgrade provides additional high-strength concrete around the jet when it is parked, giving a highly durable surface for the loading equipment used. This work should ensure the stand is suitable to support jet operations for many years to come.

This year we have had a strong focus on investment related to building assets that generate commercial/non-aeronautical revenue. Most notable of these projects was the construction of a new private jet hangar at the eastern end of the apron. This has been sized to suit the current corporate jet tenant, but with flexibility for other aircraft types. The Airport is nearing completion of the construction of a purpose-built facility for Air New Zealand to house their ground support equipment. Located airside just south of the terminal, it will provide weather protection for their valuable equipment, and provide easy access to the apron by way of a new airside road connecting to the back of apron stand 1.

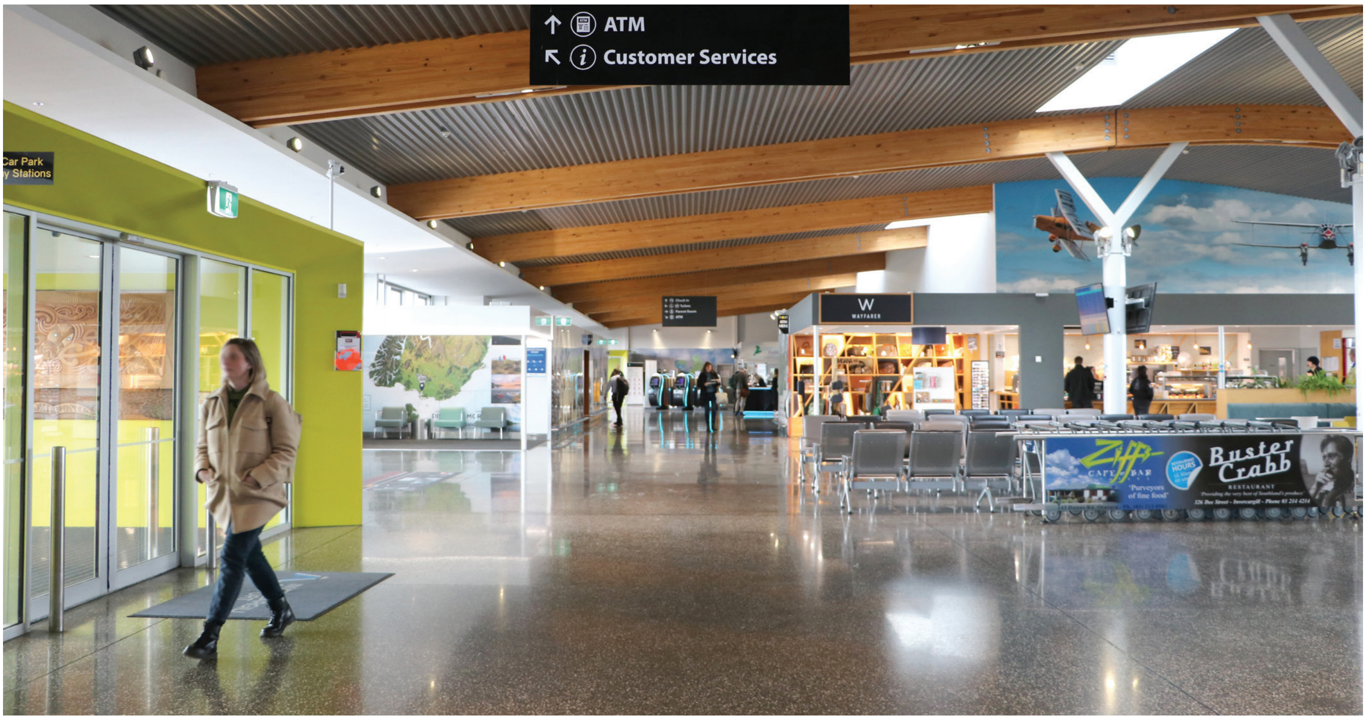
The rental car precinct has been extensively repainted and repaired including new roofs for two structures. RAD and EZI have moved into the refurbished house office at the entry to the Airport. Work in the rental car precinct will soon be closed out with the completion of the new 6 bay carwash building. This structure also provides an office facility in readiness for Go Rentals' arrival in Invercargill in September 2024.

Further investment in the Airport's buildings will continue in the coming financial year with a refurbishment of our large Hangar 3 planned. Hangar 1, which is beyond its useful life, will be demolished, as it is uneconomic to repair. This will open up further airside access property for future development.

We replaced our ageing carparking equipment this year, with a fully ticketless system. The previous system had become unreliable and relied on outdated technology. This investment removes the need for producing over 100,000 paper tickets per year, and the frequent faults that were being experienced with those tickets. Fine-tuning of the system was still taking place at the close of the financial year, with further improvements being rolled out.

IAL has taken back possession of the dairy farm land we own at the Otatara end of the runway, following the conclusion of some long-term leases that had been in place for many years. We will be undertaking a range of required remedial work on this farm property whilst considering how best to make use of this valuable asset going forward. This property has the potential to provide significant additional non-aeronautical revenue for the business.

The Airport is assessing design options to improve our main passenger terminal, driven primarily by required operational needs. If adopted, this work would improve passenger experience for our outbound jet passengers, and enable required equipment upgrade of the passenger and baggage screening equipment in use. The work would also provide back of house efficiencies and reduce congestion throughout the terminal. The options being investigated would ensure the terminal is better suited to current demands and provide some increased capability and capacity for future growth.



IAL commenced management of the Milford Sound Piopiotahi Aerodrome in August 2023, under a contract with the owner, the Ministry of Transport. At the same time the aerodrome was certificated by CAA as a qualifying aerodrome under Part 139 of the CAA regulations. In our role as day of operations manager, IAL provides fundamental safety and aerodrome operations management activities, as well as maintenance of the aerodrome.

Invercargill Airport's emergency services have been growing in capability in the past two years through investment in people, training and equipment. Our capabilities were put to the test late this financial year with a series of emergency landings in a short period of time. The successful handling of these emergency landings clearly demonstrated the capabilities of the IAL team and infrastructure as being well trained, well equipped, highly capable and strongly supported by other local emergency services.

This year the Airport has made further progress on its sustainability journey. IAL was awarded Toitū level one certification, as well as formally receiving completion of level one accreditation in the airport specific ACERT system. IAL is actively exploring opportunities for reducing its environmental footprint across our site.

The first round of a review of the flood resilience of the Airport site has been commissioned, to understand the competence of our existing flood mitigation infrastructure to cope with both current expectations, and more extreme rainfall events. The existing flood protection infrastructure on the site, which comprises a series of field drains, ring drains and a local pumping station, have been performing adequately since installation some time ago, however the upgrade of Environment Southland's Stead St pump station provides greatly improved capacity downstream of the Airport to ensure water is removed once pumped away from the Airport. This prompted the Airport to consider whether its own capabilities can and should be upgraded to protect the site in the future.

The Airport completed the audit required to renew its Part 139 airport operator's certificate with CAA. This process was completed without any significant audit findings, and our airport operators' certificate has now been renewed for a further five years.

The Southland region is a highly diversified economic powerhouse for New Zealand. There are numerous exciting innovations taking place in the region to complement its established farming, horticulture, aquaculture, and tourist activity. A core component of Southland's economy was in some doubt beyond the end of 2024, with the uncertain future of the Tiwai Point Aluminium Smelter. Rio Tinto announced in late May that it had signed a 20-year power deal for Tiwai, and this provides significant levels of confidence not just for the employees of the smelter and their families, but also to all their supporting industries and suppliers. Tiwai's future will help cement the underlying strength of the region's economy and will allow other growth industries (including data centres and aquaculture) to develop with confidence.

Southland continues to develop its capabilities and attractiveness for visitors. The Bluff Oyster Festival was held again this year, after a few years of hiatus driven by Covid restrictions. The festival was sold out and received very good publicity around the country. Equally, the Tour of Southland, New Zealand's premier road cycling event, maintained its high level of media coverage and public support. Air New Zealand provided additional jet services from Christchurch for the Tour, which were well patronised. The Burt Munro Festival drew extensive crowds of motorbike enthusiasts to town for a long weekend of well-attended bike racing, which included an aerobatic display from the Air Force's Black Falcons. Overall, Invercargill and Southland continue to expand their event related reasons to visit, complementing the wide range of year round attractions the region can offer, including Milford Sound, trekking around Te Anau and in Fiordland National Park, the Catlins, and of course Rakiura. Few regions have the unique mix of natural potential to work with that Southland has.

The IAL board retained all of its incumbent directors through this year. Dean Addie joined the board in late 2023 and has brought additional local knowledge, as well as his experience in technology, health and safety, and business leadership. We would like to take this opportunity to formally welcome Dean to the board, and thank all the Directors for their commitment and expertise.

It only remains for the Company to thank several very important partners and stakeholders in our operation as Invercargill and Southland's major gateway. Firstly, our Airport staff team for their commitment and professionalism during a busy year with many competing demands for their attention. Also, all our aviation and travel related partners, the scheduled airlines, our general aviation companies, our rental vehicle partners, and all the other people and firms who help us deliver service on a day by day, passenger by passenger, basis at the airport.

The Company would also like to acknowledge and thank our shareholders, and our many wider community stakeholders, for their continued support of our airport. It has been another very successful year for the facility and the company, measured across many criteria, and we are excited about the growth and development opportunities which are available to us, and planned, over the coming years.

G Lilly
Chairman
Invercargill Airport Ltd

S Harris
Chief Executive
Invercargill Airport Ltd

Statement of Financial Position

AS AT JUNE 30, 2024

	NOTE	2024 $000	2023 $000
ASSETS			
Current assets			
Cash and cash equivalents		173	719
Trade and other receivables	**5**	716	753
Inventories		2	6
Total current assets		**891**	**1,478**
Non-current assets			
Property, plant and equipment	**6**	17,230	18,286
Investment property	**7**	7,775	5,830
Capital work in progress		6,982	510
Total non-current assets		**31,987**	**24,626**
Total assets		**32,878**	**26,104**
LIABILITIES			
Current liabilities			
Trade and other payables	**8**	1,137	641
Retentions		-	49
Employee benefit liabilities	**9**	231	169
Tax payable		428	468
Provisions	**10**	3,895	-
Total current liabilities		**5,691**	**1,327**
Non-current liabilities			
Borrowings	**11**	2,150	-
Deferred tax liability	**12**	1,042	488
Total non-current liabilities		**3,192**	**488**
Total liabilities		**8,883**	**1,815**
EQUITY			
Share capital	**13**	12,325	12,325
Retained earnings	**13**	7,140	7,434
Additional paid in capital	**13**	4,530	4,530
Total equity attributable to the equity holders of the company		**23,995**	**24,289**
Equity is attributable to:			
Parent entity	**13**	22,175	22,462
Minority interest	**13**	1,820	1,827
		23,995	**24,289**

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.

Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2024

	NOTE	2024 $000	2023 $000
INCOME			
Aircraft movement and terminal charges		4,686	5,338
Ground transportation		1,262	1,208
Rental income		1,021	985
Sundry income		774	411
Change in fair value of investment property		480	325
Total income		**8,223**	**8,267**
EXPENDITURE			
Employee expenses	**2**	1,941	1,621
Depreciation	**6**	1,762	1,784
Other expenses	**1**	3,111	2,895
Total operating expenditure		**6,814**	**6,300**
Finance income	**3**	26	14
Finance expenses	**3**	(23)	(8)
Net finance expense		3	6
Operating profit / (loss) before tax		**1,412**	**1,973**
Income tax expense	**4**	984	529
Profit / (loss) after tax		**428**	**1,444**
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income		428	1,444
Total comprehensive income attributable to:			
Parent entity		417	1,408
Minority interest		11	36
		428	1,444

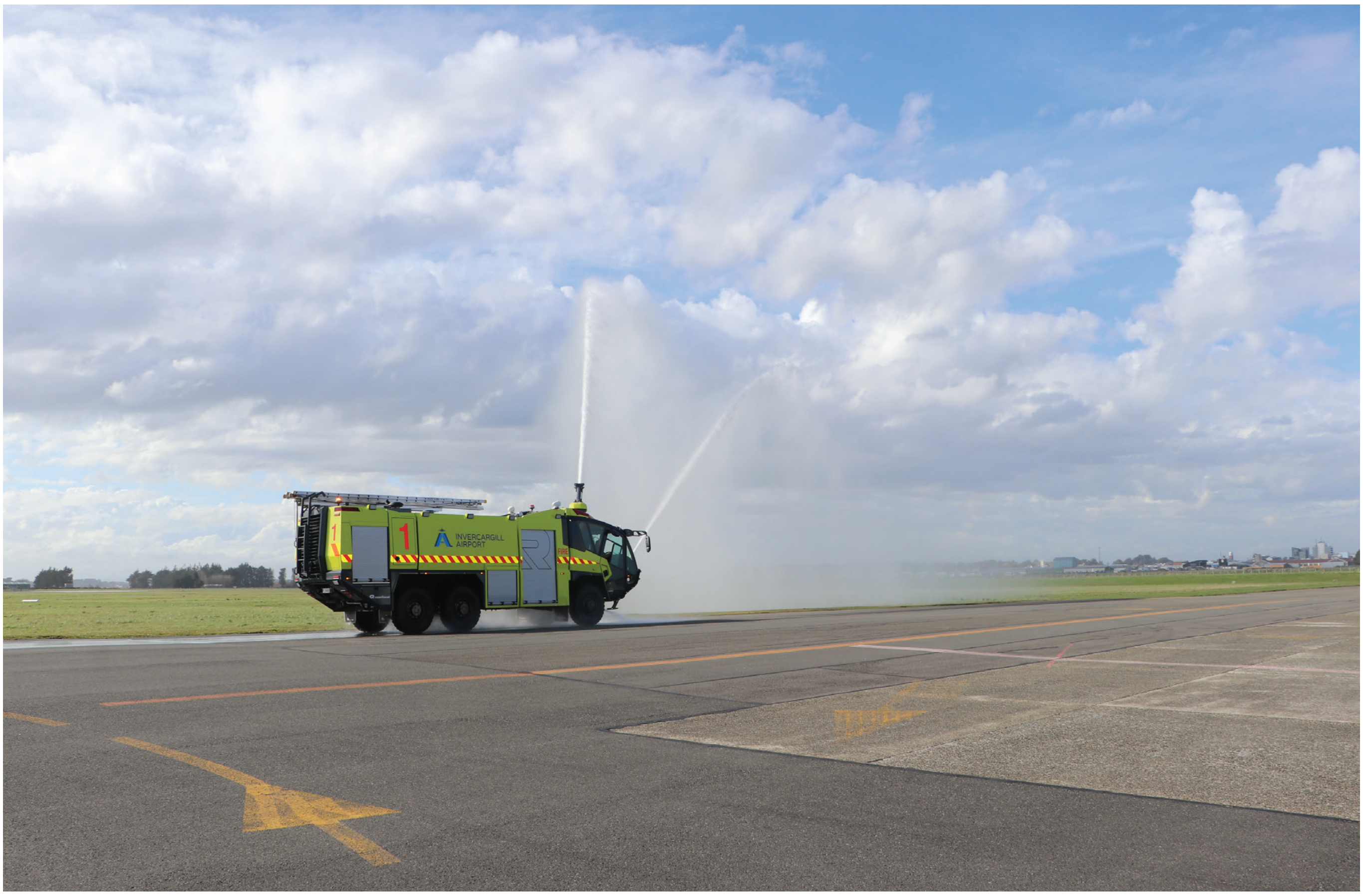
The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.

Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2024

	NOTE	2024 $000	2023 $000
BALANCE AT 1 JULY		24,289	23,114
Total Comprehensive Income for the year	**13**	428	1,444
Distributions to Shareholders			
Dividends paid	**13**	(722)	(269)
BALANCE AT 30 JUNE		**23,995**	**24,289**
Attributable to:			
Parent entity		22,175	22,462
Minority interest		1,820	1,827
BALANCE AT 30 JUNE		**23,995**	**24,289**

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.



Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2024

	2024 $000	2023 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	8,040	7,793
Interest received	26	14
Payments to suppliers and employees	(5,475)	(4,148)
Interest paid	(23)	(8)
Income tax (paid) / refund	(275)	(225)
Subvention payment	(196)	(323)
Goods and services tax [net]	(70)	(128)
Net cash from operating activities	**2,027**	**2,975**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment work in progress	(1,093)	(3,542)
Purchase of investment property work in progress	(2,908)	(199)
Net cash from investing activities	**(4,001)**	**(3,741)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,500	780
Repayment of borrowings	(350)	(780)
Dividends paid	(722)	(269)
Net cash from financing activities	**1,428**	**(269)**
Net (decrease) / increase in cash and cash equivalents	**(546)**	**(1,035)**
Cash and cash equivalents at the beginning of the year	719	1,754
Cash and cash equivalents at the end of the year	**173**	**719**

RECONCILIATION OF NET PROFIT/(LOSS) TO NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES

	2024 $000	2023 $000
Reconciliation with reported operating profit		
Net profit after tax	428	1,444
Add/(deduct) non-cash items		
Depreciation	1,762	1,784
Change in fair value of investment property	(480)	(325)
Increase/(decrease) in deferred taxation	554	(166)
Impairment of trade receivables	-	-
Loss of disposal of property, plant and equipment	2	4
	1,838	**1,297**
Add/(less) movements in working capital:		
(Increase)/decrease in prepayments	1	(10)
(Increase)/ decrease in receivables	106	(148)
(Increase)/ decrease in inventories	4	-
Increase/ (decrease) in accounts payable and accruals	(240)	373
Increase/ (decrease) in GST/taxation	(110)	19
	(239)	**234**
Net cash inflow (outflow) from operating activities	**2,027**	**2,975**

RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the liabilities arising from financing activities can be classified as follows:

	SHORT-TERM BORROWINGS $000	LONG-TERM BORROWINGS $000	TOTAL $000
1 July 2023	-	-	-
Cashflows			
Proceeds	-	2,500	2,500
Repayments	-	(350)	(350)
Non-Cash			
Reclassification	-	-	-
30 June 2024	-	2,150	2,150

Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2024

REPORTING ENTITY

Invercargill Airport Limited (the Company) is a company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is 97.47% owned by Invercargill City Holdings Limited. Hokonui Research and Development Ltd, Waihōpai Rūnaka Holdings Ltd, Te Rūnaka O Awarua Charitable Trust and Ōraka-Aparima Rūnanga Incorporated Society each hold 0.63% of the share capital.

The Company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.

The primary objective of the Company is to operate the Invercargill Airport and associated assets.

Accordingly, the Company has designated itself as a profit orientated entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for the year ended 30 June 2024 were approved and authorised for issue by the Board of Directors on 30 September 2024. The entity's directors do not have the right to amend the financial statements after issue.

BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (NZ IFRS RDR).

The Company is a Tier 2 for-profit entity and has elected to report in accordance with the NZ IFRS Reduced Disclosure Regime on the basis that it does not have public accountability and is not a large for-profit public sector entity.

The accounting policies that have been applied to these financial statements are based on the External Reporting Board A1, Accounting Standards Framework (For-profit Entities Update).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand ($'000) except when otherwise indicated. The functional currency of the Company is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

REVENUE

Revenue is recognised as the amount of consideration expected to be received in exchange for transferring promised goods or services to a customer.

Aircraft movement and terminal charges are recognised over time as the passenger travels or uses the airport facilities and the Company provides the service to the customer.

Car parking revenue is earned by charging customers a fee for the use of the airport carpark. The revenue earned is recognised over time as the service is used.

Rent and lease income is recognised on a straight line basis over the term of the lease.

Interest income is recognised using the effective interest method.

Sundry income is recognised over time as the Company provides the goods or services to the customer.

GOVERNMENT GRANTS

Government grants related to assets are recognised by deducting the grant in arriving at the carrying amount of the asset when they become receivable, unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation the grant is initially recorded as grants received in advance and then recognised as a deduction to the asset when the conditions of the grant are satisfied.

Government grants related to income are recognised as revenue or a deduction in expenses when they become receivable, unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue or a deduction in expenses when conditions of the grant are satisfied.

CAPITAL WORK IN PROGRESS

Work in progress includes the cost of direct materials and direct labour used in putting replacement and new systems and plant in their present location and condition. It includes accruals for the proportion of work completed at the end of the period. Capital work in progress is not depreciated.

IMPAIRMENT OF ASSETS

The carrying amounts of the Company's assets, other than investment property, are reviewed at each balance date to determine whether there is any indication that an asset may be impaired. If any such indication exists, the assets recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss and any subsequent reversal are recognised in the Statement of Comprehensive Income. If an impairment loss is reversed, the carrying value of the asset is stated at no more than what its carrying value would have been had the earlier impairment not occurred.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as 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 disclosed exclusive of GST.

BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are included as non-current liabilities except for those with maturities less than 12 months from the reporting date, which are classified as current liabilities.

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Company makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. These estimates and assumptions may differ from the subsequent actual results. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. The estimates, assumptions and critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows. In particular, estimates and assumptions have been used in the following areas:

Determination of the recoverable amount of assets

There are estimates and judgements made to determine the fair value of investment property.

These are discussed in Note 7. The most sensitive assumption on the valuation is that one hangar will be demolished within the next year but no decision has been made on its replacement (2023: one hangar will be demolished within the next year but no decision has been made on its replacement).

For 2024, due to the impact of high inflation and interest rate environment in New Zealand and globally, an impairment assessment was carried out.

The following major inputs and assumptions were adopted:

- The forecast free cash flows reflect the charges determined following the 2025 Aeronautical Charges Review.

- Expected revenues reflect expected passenger numbers and other contractual revenues.
- The weighted average cost of capital (WACC) used ranges from 7.12% to 8.64% (2023: 7.04% to 8.48%) depending on the asset class.

The assessment indicated that the value of property, plant and equipment was not impaired. The assessment is sensitive to the WACC applied. An impairment arises if the WACC for all asset classes is increased by any amount more than 2.10% (resulting in an average WACC of 9.75%).

Provision for Lessee Improvements Settlement
There are estimates and judgements made to determine the lessee improvements settlement provision. These are discussed in Note 10.

NEW STANDARDS ADOPTED

There have been no new standards adopted during the financial year.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the period except for those arising from the adoption of the new standards. All accounting policies have been consistently applied throughout the period covered by these financial statements.

1. OTHER EXPENSES (INCLUDES)

	2024 $000	2023 $000
Director fees	146	135
Net loss/(gain) on sales of property, plant and equipment	2	4
Auditor's remuneration to Audit New Zealand comprises:		
· audit of financial statements	66	52

2. EMPLOYEE EXPENSES

	2024 $000	2023 $000
Wages and salaries	1,891	1,583
Defined contribution expenses	50	38
Total employee expenses	**1,941**	**1,621**

3. FINANCE INCOME AND EXPENSE

	2024 $000	2023 $000
Finance Income		
Interest income on bank deposits	26	14
Total finance income	**26**	**14**
Financial expense		
Interest expense on financial liabilities measured at amortised cost	(23)	(8)
Total financial expenses	**(23)**	**(8)**
Net finance costs	**3**	**6**

4. INCOME TAX EXPENSE

Income tax expense in relation to the profit or loss for the period comprises 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 rates 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 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

	2024 $000	2023 $000
CURRENT TAX EXPENSE		
Current period	428	695
Total current tax expense	**428**	**695**
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	(190)	(166)
Effect of removal of tax depreciation on buildings*	746	-
Total deferred tax expense	**556**	**(166)**
Total income tax expense	**984**	**529**

RECONCILIATION OF EFFECTIVE TAX RATE	2024 $000	2023 $000
Profit for the year	1,412	1,973
Permanent differences	-	-
Profit excluding income tax	**1,412**	**1,973**
Tax at 28%	395	552
Non-taxable income	-	-
Deferred tax adjustment	(157)	(23)
Under/(over) provided in prior periods	-	-
Effect of removal of tax depreciation on buildings*	746	-
Total income tax expense	**984**	**529**
Effective Tax Rate	70%	27%

A tax loss offset and subvention payment were arranged during 2024 resulting in a tax compensation payment of $174,832 (2023: $117,832) to Invercargill City Holdings Limited and $20,938 (2023: $204,910) to Invercargill City Council.

*On 28 March 2024 the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act passed into law. The Act removed tax depreciation deductions for industrial and commercial buildings with an estimated tax useful life of 50 years or more, with effect from 2024/25 income tax year. Application of the enacted tax law has resulted in a $746,000 increase in the recognition of deferred tax expense in the Statement of Comprehensive Income and a corresponding increase to the deferred tax liability recognised in the Statement of Financial Position.

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, less any provision for expected credit losses.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default.

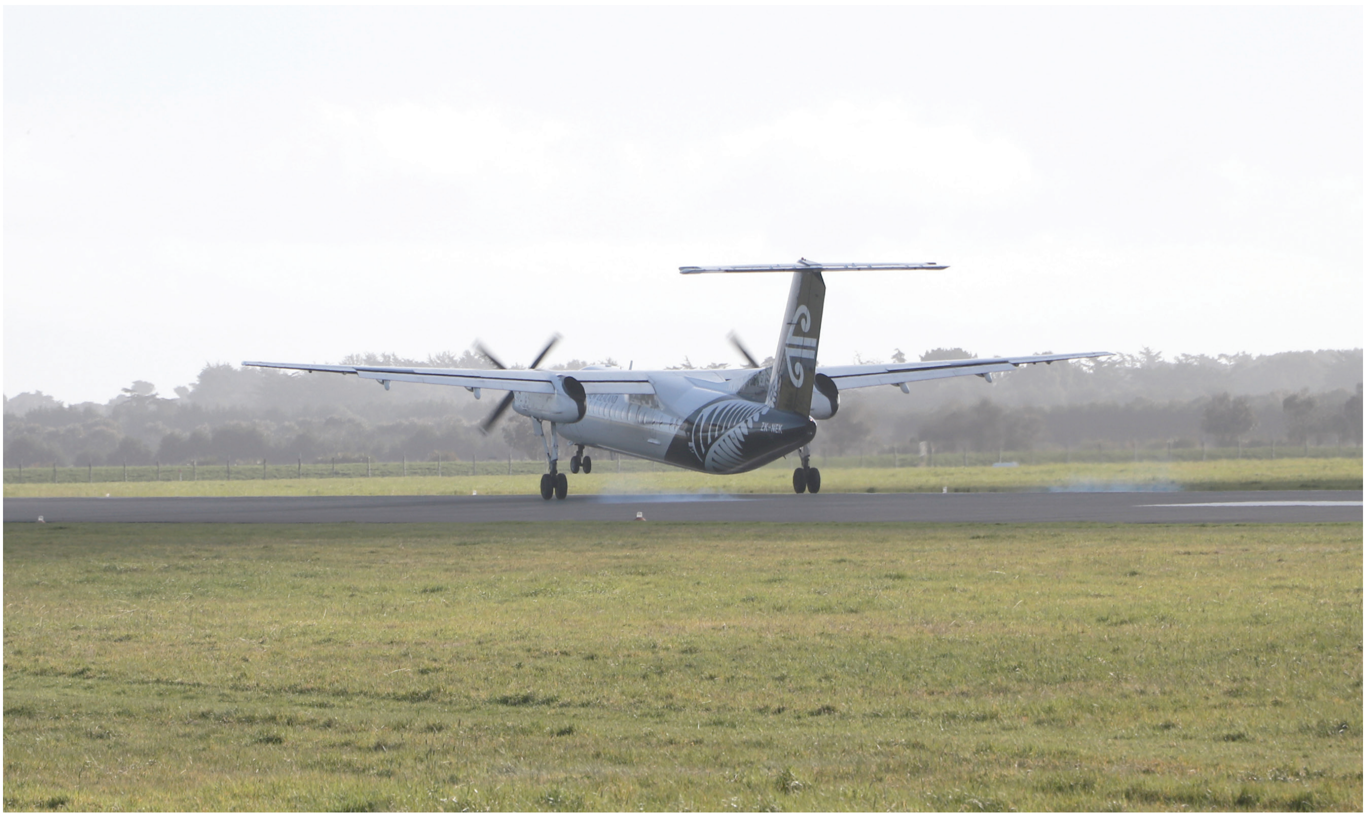
The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

	2024 $000	2023 $000
Trade receivables	142	284
Less allowance for expected credit losses	-	(98)
GST Receivable	113	43
Accrued revenue	437	499
Prepayments	24	25
Total trade and other receivables	**716**	**753**

Trade receivables are non-interest bearing and are generally on terms of 30 days. For terms and conditions relating to related party receivables, refer to Note 14.

As at 30 June, the ageing analysis of trade receivables is, as follows:

	TOTAL $000	NEITHER PAST DUE NOR IMPAIRED $000	PAST DUE BUT NOT IMPAIRED <30 DAYS $000	PAST DUE BUT NOT IMPAIRED >30 DAYS $000
2024	142	105	31	6
2023	284	50	27	207



6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2005, the date of transition to NZ IFRS are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

Subsequent Costs

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.

Depreciation

Depreciation is provided on all property, plant and equipment other than land, at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

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

(a) Buildings	1.5%-19.2% Straight Line
(b) Furniture and Fittings	9.6%-30% Diminishing Value and 6%-67% Straight Line
(c) Plant	8%-50% Diminishing Value and 5%-67% Straight Line
(d) Crash Fire Vehicle, other vehicles, tractors and mowing equipment	10%-15.6% Diminishing Value and 7%-25% Straight Line
(e) Other Airport Assets	
- Runway, Apron and Taxiway (Base-course and sub-base)	3% Straight Line
- Top Surface (Runway)	8.3% Straight Line
- Top Surface (Apron and Taxiway)	6.7% Straight Line
- Roads, carparks, fencing and stop banks	1%-30% Straight Line

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

2024 ($000)	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES	CARRYING AMOUNT	CURRENT YEAR ADDITIONS - COST	CURRENT YEAR DISPOSALS - COST	CURRENT YEAR DISPOSALS - DEPRECIATION	CURRENT YEAR DEPRECIATION	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES	CARRYING AMOUNT
	1 July 2023							30 June 2024		
Land	509	-	509	159	-	-	-	668	-	668
Carpark and fencing	4,477	1,817	2,660	28	-	-	173	4,505	1,990	2,515
Runway, apron and taxiway	17,055	11,658	5,397	336	-	-	790	17,391	12,448	4,943
Terminal and buildings	7,344	1,727	5,617	27	-	-	220	7,371	1,947	5,424
Plant and equipment	1,385	918	467	120	1	1	104	1,504	1,021	483
Motor vehicles	1,571	251	1,320	2	34	33	117	1,539	335	1,204
Furniture and fittings	5,424	3,108	2,316	35	-	-	358	5,459	3,466	1,993
Total assets	**37,765**	**19,479**	**18,286**	**707**	**35**	**34**	**1,762**	**38,437**	**21,207**	**17,230**

2023 ($000)	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES	CARRYING AMOUNT	CURRENT YEAR ADDITIONS - COST	CURRENT YEAR DISPOSALS - COST	CURRENT YEAR DISPOSALS - DEPRECIATION	CURRENT YEAR DEPRECIATION	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES	CARRYING AMOUNT
	1 July 2022							30 June 2023		
Land	509	-	509	-	-	-	-	509	-	509
Carpark and fencing	4,316	1,647	2,669	161	-	-	170	4,477	1,817	2,660
Runway, apron and taxiway	14,974	10,806	4,168	2,081	-	-	852	17,055	11,658	5,397
Terminal and buildings	7,256	1,509	5,747	88	-	-	218	7,344	1,727	5,617
Plant and equipment	1,264	830	434	130	9	9	97	1,385	918	467
Motor vehicles	341	206	135	1,230	-	-	45	1,571	251	1,320
Furniture and fittings	5,404	2,709	2,695	27	7	3	402	5,424	3,108	2,316
Total assets	**34,064**	**17,707**	**16,357**	**3,717**	**16**	**12**	**1,784**	**37,765**	**19,479**	**18,286**

As presented in the Statement of Financial Position work in progress of $6,982,000 for 2024 is disclosed (2023: $510,000). Of this balance $5,192,000 relates to property, plant and equipment (2023: $181,000).

7. INVESTMENT PROPERTY

Land is held by the Company for long term strategic purposes as guided by the Master Plan and is not held for resale.

Investment properties are land and buildings that are not occupied by the Company and is held for long term rental yield, where the Company intends to maximise the return on the land and buildings.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Company measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the Statement of Comprehensive Income.

	2024 $000	2023 $000
Balance at 1 July	5,830	5,505
Additions	1,465	-
Change in fair value	480	325
Balance at 30 June	**7,775**	**5,830**

The Company's investment properties are valued annually at fair value effective 30 June. For 2024 and 2023, all investment properties were valued based on the income approach and comparable sales approach except for one property being less than 5% of the portfolio value. This property is planned to be demolished within the next year but no decision has been made on its replacement (2023: this property is planned to be demolished within the next year but no decision has been made on its replacement), hence the open market evidence valuation has been adjusted by management to be valued on a discounted cashflow basis of their remaining expected earnings. The 2024 and 2023 valuations were performed by Robert Todd, an independent valuer from TelferYoung from CBRE. The valuer is an experienced valuer who holds a recognised and relevant professional qualification and has extensive market knowledge in the types of investment properties owned by the Company.

As presented in the Statement of Financial Position work in progress of $6,982,000 for 2024 is disclosed (2023: $510,000). Of this balance $1,789,000 relates to investment property (2023: $330,000).

8. TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are non-interest bearing and are normally settled within 30 day terms

	2024 $000	2023 $000
Trade payables	127	31
Accrued expenses	984	608
Income in advance	26	1
Total trade and other payables	**1,137**	**641**

9. EMPLOYEE BENEFIT LIABILITIES

Short-Term Benefits

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, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income as incurred.

	2024 $000	2023 $000
Accrued pay	116	62
Annual leave	115	107
	231	169
Comprising:		
Current	231	169
Non-current	-	-
Total employee benefit liabilities	**231**	**169**

10. PROVISIONS

Provisions are recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

	2024 $000	2023 $000
Lessee Improvements Settlement Provision		
Balance at 1 July	-	-
Provisions made during the year	3,895	-
Expenditure for the year	-	-
Balance at 30 June	**3,895**	**-**

A provision has been recognised for the estimated cost of settlement for improvements made to Invercargill Airport land by a former lessee. Under the terms of the leases and in accordance with the Public Bodies Leases Act the Company is required to provide compensation for improvements made during the tenure of the leases.

The lessee has been provided with the valuation and has 2 months to agree to the amount or require the valuation be determined by arbitration in accordance with the Act. The provision has been disclosed as a current liability as settlement is expected to occur within the next financial year. If arbitration is required the timeframe for settlement may be extended and the final costs may differ subject to the arbitration process.

The provision is calculated based on an independent valuation performed by CBRE of the lessee improvements. The valuation methodology applied is based on a market approach using comparative sales.

11. BORROWINGS

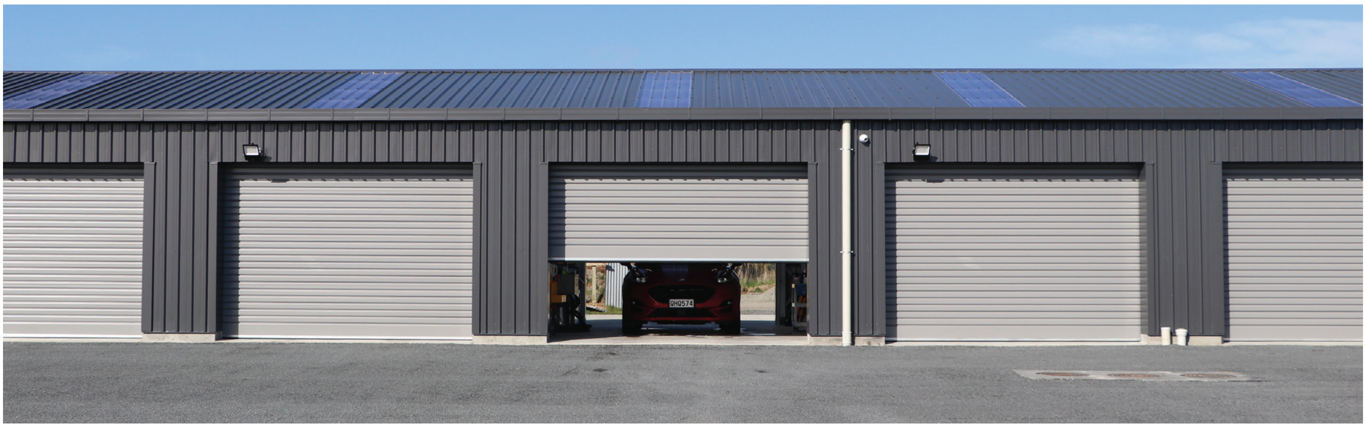
Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

	2024 $000	2023 $000
Invercargill City Holdings Ltd - Non Current Portion	2,150	-
Total borrowings	**2,150**	**-**

The Company's shareholder Invercargill City Holdings Ltd (ICHL) provides all loan facilities for companies in the ICHL Group including Invercargill Airport Limited. Costs incurred by ICHL on their borrowings and facilities are passed directly through to the Company.

A general facility agreement for $10 million was entered into with ICHL in 2023, for a five year term and is available for extension from time to time in accordance with the agreement.

The weighted average interest rate for the loan is 5.01% (2023: 4.48%).



12. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities	BALANCE	Recognised in: PROFIT OR LOSS	Recognised in: EQUITY	BALANCE
	1 July 2023 $000	$000	$000	30 June 2024 $000
Property, plant and equipment	136	581	-	717
Investment property	396	(28)	-	368
Trade payables and accruals	(44)	1	-	(43)
Total movements	**488**	**554**	**-**	**1,042**

Recognised deferred tax assets and liabilities	BALANCE	Recognised in: PROFIT OR LOSS	Recognised in: EQUITY	BALANCE
	1 July 2022 $000	$000	$000	30 June 2023 $000
Property, plant and equipment	302	(166)	-	136
Investment property	389	7	-	396
Trade payables and accruals	(37)	(7)	-	(44)
Total movements	**654**	**(166)**	**-**	**488**

13. EQUITY

	Attributable to equity holders of the Company					
	SHARE CAPITAL $000	ADDITIONAL PAID IN CAPITAL $000	RETAINED EARNINGS $000	TOTAL $000	MINORITY INTEREST $000	PARENT INTEREST $000
Balance at 1 July 2022	12,325	4,530	6,259	23,114	1,798	21,316
Profit / (loss) after tax	-	-	1,444	1,444	36	1,408
Distributions to Shareholders						
Dividends Paid	-	-	(269)	(269)	(7)	(262)
Balance at 30 June 2023	**12,325**	**4,530**	**7,434**	**24,289**	**1,827**	**22,462**
Balance at 1 July 2023	12,325	4,530	7,434	24,289	1,827	22,462
Profit / (loss) after tax	-	-	428	428	11	417
Distributions to Shareholders						
Dividends Paid	-	-	(722)	(722)	(18)	(704)
Balance at 30 June 2024	**12,325**	**4,530**	**7,140**	**23,995**	**1,820**	**22,175**

The Company has 9,324,560 ordinary shares issued and fully paid at $1.00 and 49,868,679 ordinary shares issued and fully paid at $0.06. All ordinary shares, whether called or uncalled, have equal voting rights and have no par value.

14. RELATED PARTY TRANSACTIONS

The Company is 97.47% owned by Invercargill City Holdings Limited and its ultimate parent is the Invercargill City Council.

	2024 $000	2023 $000
(a) Invercargill City Holdings Limited		
Expenditure		
Provision of services	196	196
Interest paid	23	8
Subvention payment	175	118
Loss offset	450	303
Loans repaid / (drawndown)	2,150	-
Loans outstanding at balance date by the Company	2,150	-
Expenditure outstanding at balance date by the Company	7	-

(b) Invercargill City Council	2024 $000	2023 $000
Revenue		
Provision of services	-	-
Expenditure		
Provision of services	125	103
Subvention payment	21	205
Loss offset	54	527

No related party transactions have been written off or were forgiven during the 2024 year (2023: nil).

Key management personnel include the Directors and Chief Executive. Short-term employment benefits consists of salaries and does not include any costs for the following: post-employment benefits, other long-term benefits and termination benefits as they are not provided by the Company.

Key management personnel compensation comprises:	2024 $000	2023 $000
Short term employment benefits	264	267
Directors fees	146	135

15. CAPITAL COMMITMENTS AND OPERATING LEASES

	2024 $000	2023 $000
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred.	903	85

Operating leases as lessor

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income over a straight-line basis over the period of the lease.

The Company leases its investment property under operating leases. Standard lease terms have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non- cancellable operating leases are as follows:

	2024 $000	2023 $000
Non-cancellable operating leases as lessor		
Not later than one year	674	613
Later than one year and not later than five years	1,168	1,304
Later than five years	381	177
Total non-cancellable operating leases	**2,223**	**2,094**

There are no restrictions placed on the Company by any of the leasing arrangements.

Operating leases as lessee

The Company does not have any operating leases where it is the lessee (2023: Nil).

16. CONTINGENCIES

During the 2020 year the Company received a $500,000 grant from the Provincial Growth Fund. The grant was in recognition that Air New Zealand was to commence a 12 month pilot of scheduled jet services from Auckland to Invercargill on 25 August 2019 and the Company needed to rapidly deliver urgent airside and non-airside upgrades to handle the scheduled jet services.

A contingency for repayment exists for a 10 year term from 31 October 2019 if the Company either:

- sells, disposes or transfers the asset, without the Ministry's prior written consent; or
- the asset will no longer be used for the purpose intended.

There are no other contingent liabilities or assets at 30 June 2024 (2023:Nil).

17. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after balance date.

18. FINANCIAL INSTRUMENTS

- **Receivables**
  Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.
- **Cash and cash equivalents**
  Cash and cash equivalents comprise cash on hand and on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value.
- **Trade and Other Payables**
  Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method.
- **Borrowings**
  Borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

  Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability at least 12 months after the balance date.


FIRE

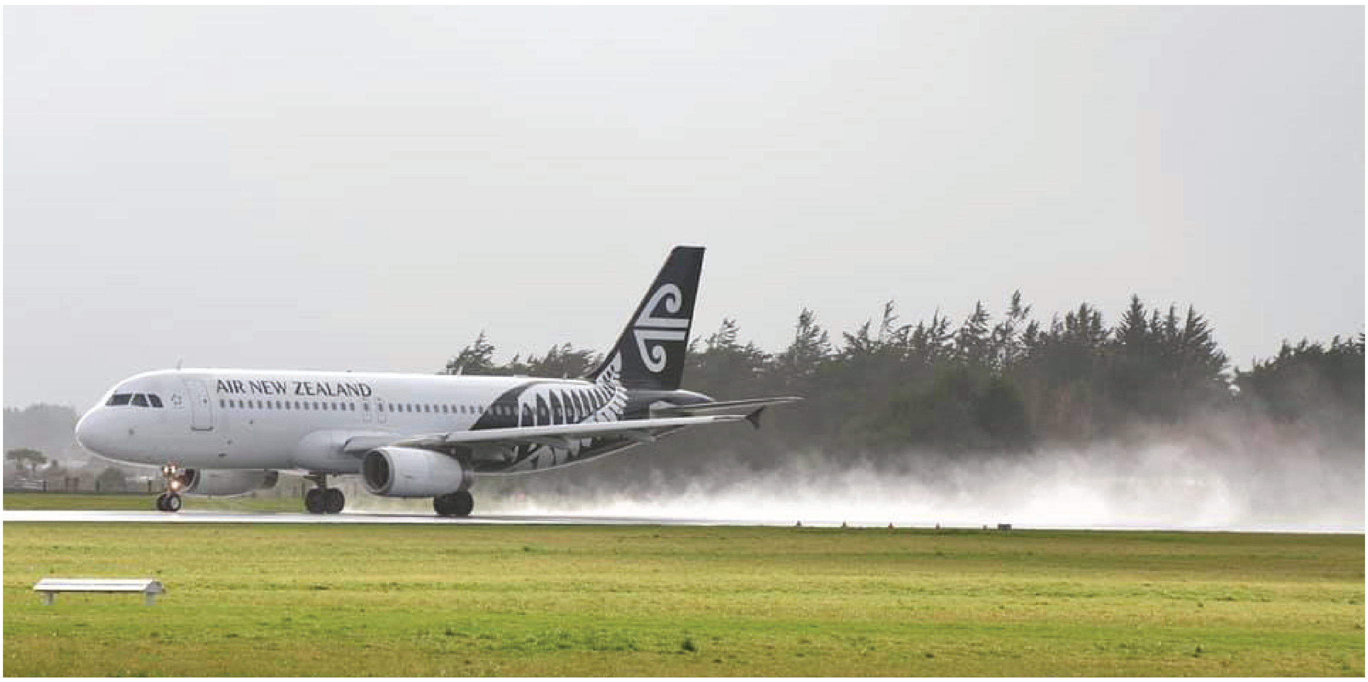
Statement of Service Performance

FOR THE YEAR ENDED JUNE 30, 2024

The Statement of Service Performance for Invercargill Airport Limited prepared for the year ended 30 June 2024 sets a number of financial performance measures. The targets and the Company's achievement, as reported under International Financial Reporting Standards, in relation to those targets are set out in the following table.

FINANCIAL	**ACTUAL 2024 $000**	**TARGET 2024 $000**
Total Capital Expenditure*	4,001	9,211
Total Revenue	8,223	8,735
EBITDA	3,197	3,041
Interest (net)	3	(423)
Net Profit after Tax	428	516
EBITDA as % of Revenue	**39%**	**35%**
Return on Capital	**2%**	**2%**
Total Equity	23,995	23,958
Total Assets*	32,878	32,933
Total Equity/Total Assets	**73%**	**73%**
Passenger numbers	366,114	398,155

*Total capital expenditure is below target due to delayed capital expenditure which is scheduled to be progressed during 2025.



NON FINANCIAL:

Safety

- **ZERO LOST TIME INJURIES FOR STAFF**
  NOT ACHIEVED
  There were two injuries sustained in the IAL workplace this financial year. These injuries resulted in eight days of lost time. IAL continues to strive for improvements in its health and safety practices.

- **BUSINESS CONTINUITY PLAN IS REVIEWED, UPDATED AND IMPLEMENTED**
  PARTIALLY ACHIEVED
  IAL held a desktop exercise during the year to test the business continuity plan. That session identified multiple areas for improvement which have been further developed. The plan requires some items to be updated to allow it to be adopted.

- **COMPLETION RATE FOR PRIORITY 1 (P1) SAFETY AND HEALTH ACTIONS ACHIEVED WITHIN THE DEFINED TIME PERIODS**
  ACHIEVED
  No Priority One incidents were recorded for the period.

Environmental

- **NO NOTIFIABLE ENVIRONMENTAL INCIDENTS ON AIRPORT MANAGED PROPERTY**
  ACHIEVED
  There were no notifiable environmental incidents on airport managed property in this period.

Operations

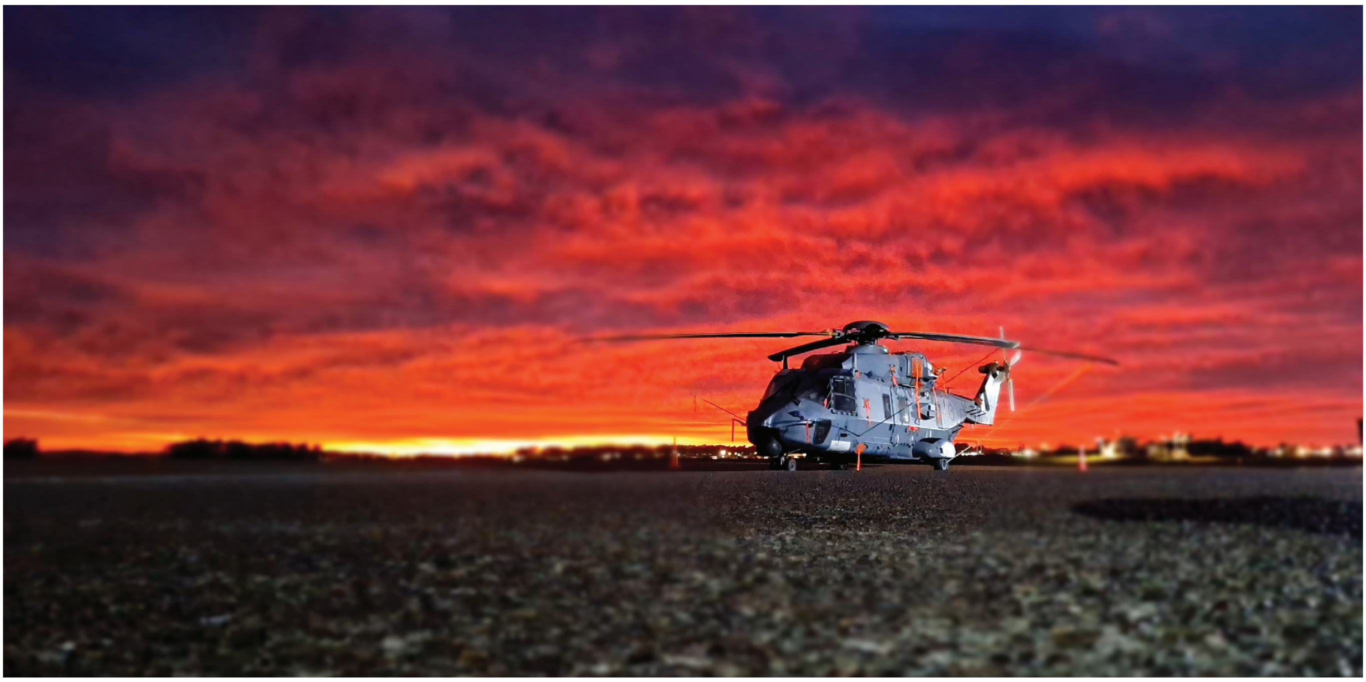
- **RETAIN AERODROME CERTIFICATION VIA ASSESSMENT FROM THE CIVIL AVIATION AUTHORITY**
  ACHIEVED
  The Civil Aviation Authority audited the Airport in October 2023. The aerodrome operator's certification was renewed for five years following that audit.

Infrastructure

- **NO SIGNIFICANT DISRUPTION TO AIRPORT OPERATIONS DUE TO INFRASTRUCTURE FAILURE**
  ACHIEVED
  No significant disruption to airport operations in the reporting period, caused by infrastructure.

Sustainability

- **THE ACERT LEVEL 1 ACCREDITATION IS COMPLETED**
  ACHIEVED
  Level 1 accreditation was certified in October 2023. IAL has commenced level 2, with a review of reduction pathways completed.



Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Invercargill Airport Limited's financial statements and statement of service performance for the year ended 30 June 2024

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

Opinion

We have audited:

- the financial statements of the Company on pages 10 to 28, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Company on pages 30 to 31.

In our opinion:

- the financial statements of the Company on pages 10 to 28:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand's equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the statement of service performance of the Company on pages 30 to 31 present fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

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

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

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

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

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 9 but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

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

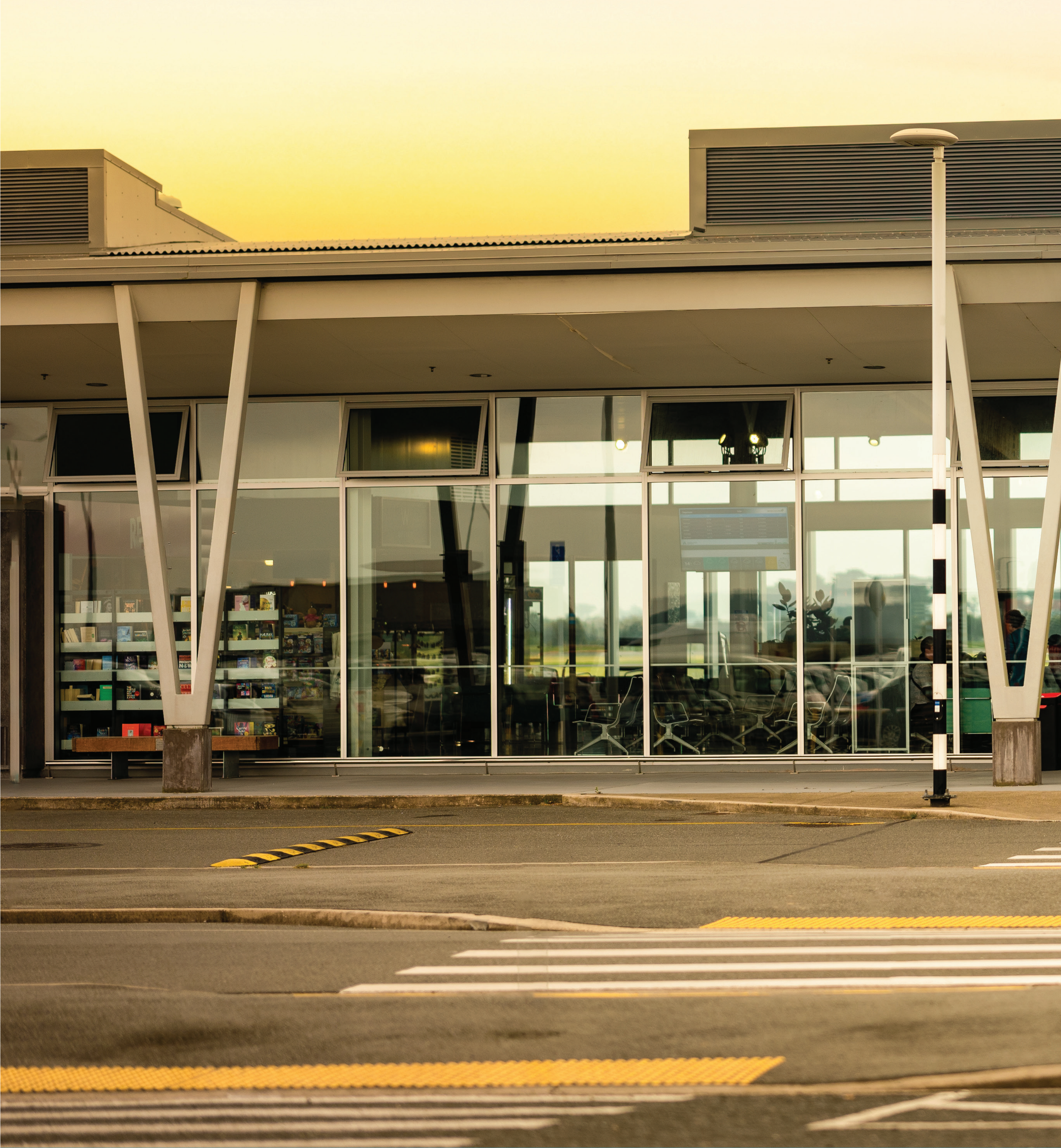
In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance,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

Independence

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

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

Chris Genet
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



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