Annual Report

FOR THE YEAR ENDED 30 JUNE

2024

Hamilton Airport

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2024 Results at a glance

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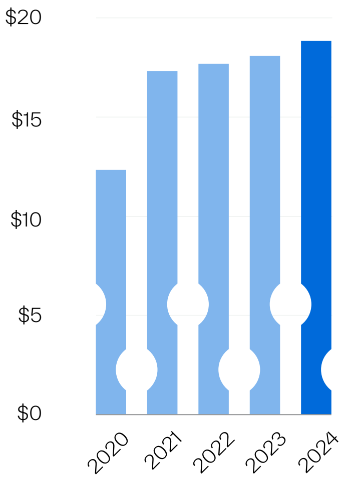
Operating Revenue



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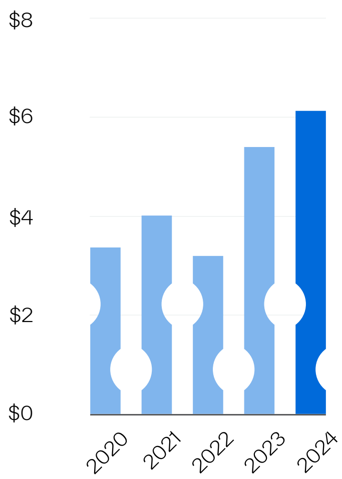
Aeronautical Income



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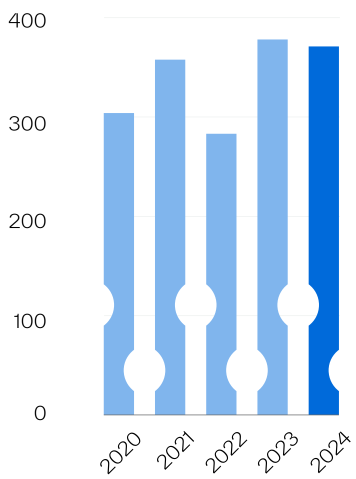
Passenger Activity



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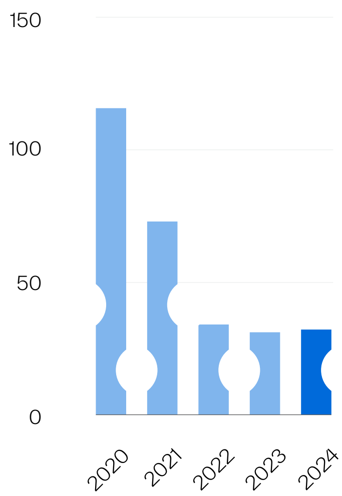
Aircraft Movements



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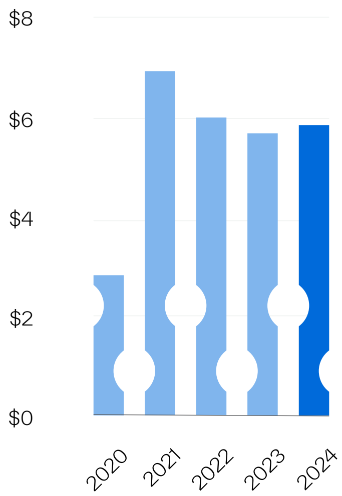
Profitability: EBITDA before Land Sales



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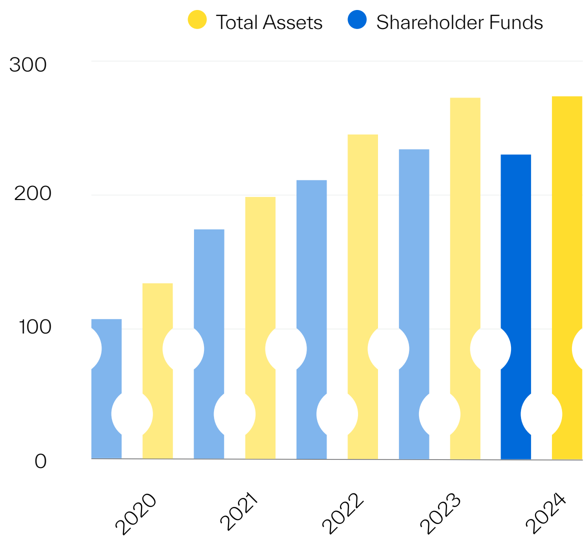
Balance Sheet: Equity & Assets



Five Year Summary

All amounts in ‘000	2020	2021	2022	2023	2024
Aeronautical income	$3,379	$4,015	$3,200	$5,398	$6,134
Operating revenue	$12,355	$17,324	$17,686	$18,090	$18,845
EBITDA excluding Land sales	$2,838	$6,931	$5,996	$5,674	$5,843
Net profit before tax	$5,780	$37,141	$25,129	$18,581	$3,618
Passenger Activity	304	358	283	378	371
Activity Aircraft movements	116	73	34	31	32
Total Assets	$132,576	$197,801	$243,990	$272,767	$274,058
Funds Shareholder	$105,734	$173,192	$210,725	$233,932	$229,944
Funds Shareholder Ratio	81%	88%	86%	86%	84%
Net Asset Backing per Share	$21.55	$34.82	$42.37	$47.04	$46.23

Chair's introduction

With Precinct North coming to life after seven years of planning and significant advancements in aeronautical opportunities, our Group is not just reflecting on past successes but actively shaping a bright and innovative future.

The successes in recent years' financial results have been attributed to the strong focus on the Group's diversification strategy. 2024 has provided a different theatre for this strategy to be tested. The Group is able to reflect on some pleasing results, having navigated several challenges that have been inherent in the harder than expected economic conditions that the national economy has encountered in the current year.

What sets 2024 apart from recent years is the reduced contribution of land sales, and instead this year's results are underpinned by growth of several key operating revenue streams for the Group. Titanium Park's staged approach to development of land means there is some variability in land sales, and 2024 was always expected to yield minimal land sales after the highs of 2023 which saw much of the Central Precinct sold off the plans.

> As we advance towards our first credible international airline service in over a decade, we're set to capitalise on the growing Central North Island catchment, potentially welcoming 100,000 additional passengers by 2026.

Tourism by its very nature is highly challenged in difficult economic conditions, and this has flowed through to the aeronautical and hotel businesses. While most revenue streams across these businesses did appear to grow, overall airline passenger volumes and hotel occupancy did not. An additional set of complications faced our airline activity, with Air New Zealand, suffering from shortages in capacity arising from global engine recalls on Airbus A320 fleets and labour challenges. Reduced seat capacity has constrained growth possibilities from our airport and based on timelines from manufacturers to deliver new aircraft and resolve fleet issues, seems destined to play a notable role in the Airport's fortunes over the next two financial years.

WRAL has followed on from 2023 efforts to further showcase a refreshed corporate identity in the current year. 2023 was dominated by the $15 million terminal upgrade project that showcased the region via modern architecture infused with elements of the rich cultural history of our region. 2024 saw our identity as a Sustainability leader as Hamilton Airport became the first airport in New Zealand to install, commission and operate its own solar farm. Gifted the name Tama-nui-te-ra (son of the sun) by mana whenua Ngati Haua, our solar generation development can produce up to 0.5 Megawatts of electricity for use around the terminal precinct, including the ability when generation exceeds demand to retail 100% renewable energy to our tenants. Since being commissioned, the facility has contributed to a 20% reduction in power sourced from the national grid by the airport company.

The highlight of 2024 for the Airport's Hotel was achievement of its Qualmark 4 Star Plus accreditation. This positions the hotel as only the second hotel property with this level of accreditation in the greater Hamilton catchment market and is a credit to our hotel operator JetPark, as is the high guest ratings and reviews consistently positioning the hotel as the highest rated property in the market.

Continued investment in Titanium Park accounted for around half of the Group's $7 million capital expenditure across its broad portfolio of assets.

While a successful private plan change to access a further 100ha of industrial land around the airport (to be known as Titanium Park Precinct North) was granted late in the previous year, much of 2024 was spent resolving an appeal of this decision to the environment court. In resolving the appeal, a second ecological compensation site was acquired to provide an ecological corridor connecting the future Precinct North land. Titanium Park now jointly controls 16ha of ecological reserve land which will provide a natural barrier between future residential development and the industrial park as well as serving its important purposes as an environmental solution. The business also completed the delivery of permanent infrastructure obligations for roading and potable water around the airport.

2025 will see the visionary project of Precinct North come to life after seven years in the making. With all appeal matters now resolved, the private plan change has become operative early in the new financial year. Titanium Park has also completed the purchase of this 100ha land from parent company WRAL, and a launch tenant for the newest Precinct for the airport business park has been secured. A total outlay of over $30 million will be invested to activate the first developments of Precinct North over the next two years.

The immediate bright future of the Group is not limited to the property business. Significant progress has been made in developing aeronautical opportunities in both the airline and general aviation sectors we serve. The Hamilton Training Facility will be re-purposed as it has key features that make it attractive to aviation operators who are currently engaged exploring how the facility can support their growth aspirations for their presence at Hamilton Airport, most notably from the aero-medical sector.

The Group has also been actively advancing its first credible international airline service in over a decade. Progress at year end was very positive and if successful would result in 100,000 additional passengers passing through the terminal from 2026. A growing catchment in the Central North Island including New Zealand's two fastest growing cities and regional economies, with over one million people living within 90 minutes all provide strong arguments to support a successful launch of viable services. Launching such services demands investment from the airport however much of the basic infrastructure needed remains and was preserved during the recent terminal project, so the financial quantum is not significant.

Hamilton & Waikato Tourism, the regional tourism organisation will also approach the future with a refreshed outlook and new opportunities. The organisation's response to the Local Government long term plan funding challenges is to approach the future with a consolidated focus on domestic visitation for leisure and event-based tourism. Activity will now be targeted at a smaller catchment area, overall reflective of around 20% less funding than in 2024.

Barry Harris
Chair

Consolidated Financial Statements

2024

Hamilton Airport

Consolidated Statement of
COMPREHENSIVE REVENUE AND EXPENSE

YEAR ENDED
30 June
2024

		2024 $'000	2023 $'000
Revenue			
Operating revenue	2A	18,845	18,090
Land sales		3,623	14,723
Other gains	2B	1,817	10,861
		24,285	43,674
Expenses			
Operating expenses		(7,474)	(7,337)
Cost of land sales		(764)	(4,633)
Employee benefits expense		(5,528)	(5,079)
Depreciation & amortisation	3A, 3B	(4,809)	(4,419)
Other losses	2B	(581)	(3,043)
Finance costs		(1,511)	(582)
		(20,667)	(25,093)
Net Surplus/(deficit) before tax		**3,618**	**18,581**
Tax (expense)/credit	4A	(7,106)	(122)
Net surplus/(deficit) after tax		**(3,488)**	**18,459**
Other comprehensive revenue & expense			
Revaluation of property, plant & equipment	3A	-	6,919
Tax (expense)/credit	4A	-	(1,671)
Total other comprehensive revenue & expense		**-**	**5,248**
		(3,488)	**23,707**

The accompanying notes form part of these financial statements

Consolidated Statement of
CHANGES IN EQUITY

YEAR ENDED
30 June
2024

	SHARE CAPITAL $'000	RETAINED EARNINGS $'000	REVALUATION RESERVES $'000	TOTAL $'000
Opening Balance - 1 July 2022	14,860	96,637	99,228	210,725
Net profit/(loss) after tax	-	18,459	-	18,459
Other comprehensive income	-	-	5,248	5,248
Total comprehensive income	**-**	**18,459**	**5,248**	**23,707**
Dividends paid to shareholders	-	(500)	-	(500)
Closing Balance - 30 June 2023	**14,860**	**114,596**	**104,476**	**233,932**
Opening Balance - 1 July 2023	14,860	114,596	104,476	233,932
Net profit/(loss) after tax	-	(3,488)	-	(3,488)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(3,488)	-	(3,488)
Dividends paid to shareholders	-	(500)	-	(500)
Closing Balance - 30 June 2024	**14,860**	**110,608**	**104,476**	**229,944**

The accompanying notes form part of these financial statements

Consolidated Statement of FINANCIAL POSITION

AS AT 30 JUNE 2024

		2024 $'000	2023 $'000
Current Assets			
Cash and cash equivalents	5B	394	672
Trade and other receivables		1,927	2,679
Inventories		129	39
Development property	3C	16,516	13,833
		18,966	**17,223**
Non Current Assets			
Property, plant and equipment	3A	159,647	161,942
Investment property	3D	94,590	92,620
Intangible & other non-current assets	3B	855	982
		255,092	**255,544**
Total Assets		**274,058**	**272,767**
Current Liabilities			
Trade and other payables	4B	3,596	6,864
Employee entitlements		711	595
Provisions	4C	-	556
Borrowings	5B	-	20,220
		4,307	**28,235**
Non Current Liabilities			
Provisions	4C	5,391	5,087
Borrowings	5B	22,790	-
Deferred tax liability	4A	11,626	5,522
		39,807	**10,600**
Total Liabilities		**44,114**	**38,835**
Net Assets		**229,944**	**233,932**
Equity			
Share capital		14,860	14,860
Retained earnings		110,608	114,596
Revaluation reserves	5A	104,476	104,476
Total Equity		**229,944**	**233,932**

Authorised for issue by the Board of Directors on 24 September 2024

Director ______________________ Director ______________________

The accompanying notes form part of these financial statements

Consolidated Statement of CASH FLOWS

YEAR ENDED
30 June
2024

	Note	2024 $'000	2023 $'000
Operating activities			
Receipts from operations		18,325	17,374
Receipts from land sales		3,779	14,574
Payments to suppliers and employees		(12,720)	(12,584)
Payments for construction of development property		(4,030)	(5,994)
Payment of interest		(1,480)	(864)
Payment of income taxes		(2,626)	(1,270)
Net cash from/(used in) operations		**1,248**	**11,236**
Investing activities			
Receipts from sale of property, plant and equipment		55	13
Purchases of property, plant and equipment		(3,140)	(13,669)
Purchases of investment properties		(153)	(49)
Purchases of intangible and other assets		(71)	(406)
Net cash from/(used in) investment activities		**(3,309)**	**(14,111)**
Financing activities			
Receipts from/(repayments of) borrowings		2,570	3,225
Payments of dividends		(500)	(500)
Net cash from/(used in) financing activities		**2,070**	**2,725**
Net change in cash for the period		**9**	**(150)**
Add opening cash and cash equivalents balance		71	221
Closing cash and cash equivalents attributable to the Group	5B	**80**	**71**
Closing cash and cash equivalents attributable to the Group		80	71
Cash and bank balances held in capacity as agent		314	601
Total cash and cash equivalents	5B	**394**	**672**

The accompanying notes form part of these financial statements

Notes to the CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED
30 June
2024

Section One: About our annual report

This section of notes explains how we have prepared the financial statements and the general accounting policies we have applied. More specific policies and judgements we have made are explained in sections 2-4.

1A Reporting entity

Waikato Regional Airport Limited owns and operates Hamilton Airport. Its consolidated financial statements include the results of the Company and its wholly owned subsidiaries:

- Titanium Park Limited (TPL) conducts commercial and industrial property development around the airport precinct.
- Hamilton & Waikato Tourism Limited (HWT) is the Waikato region's official Regional Tourism Organisation and promotes the region as a business and leisure tourism destination both nationally and internationally.
- Waikato Regional Airport Hotel Limited (WRAHL) trading as the Jet Park Hamilton Airport Hotel & Conference Centre.

1B Basis of preparation

These consolidated financial statements have been prepared to comply with:

- Companies Act 1993
- Local Government Act 2002
- Airport Authorities Act 1966

The financial statements are prepared in accordance with Generally Accepted Accounting Practice, which in the case of the Group, is the Public Benefit Entity standards for Public Sector organisations that have less than $33 million annual expenditure ("Tier 2 PBE Standards"). The Group is eligible to apply Tier 2 PBE Standards, including the Reduced Disclosure Regime as it is not publicly accountable or large.

The financial statements are presented in New Zealand Dollars and rounded to the nearest thousand dollars unless otherwise stated. The Group does not routinely enter into material transactions denominated in foreign currencies.

Except as disclosed in the Notes to the Financial statements, all amounts have been recorded using the historical cost measurement basis, on the assumption the Group is a going concern. All amounts presented are shown exclusive of GST, except for amounts owing or receivable where the balance is inclusive of GST.

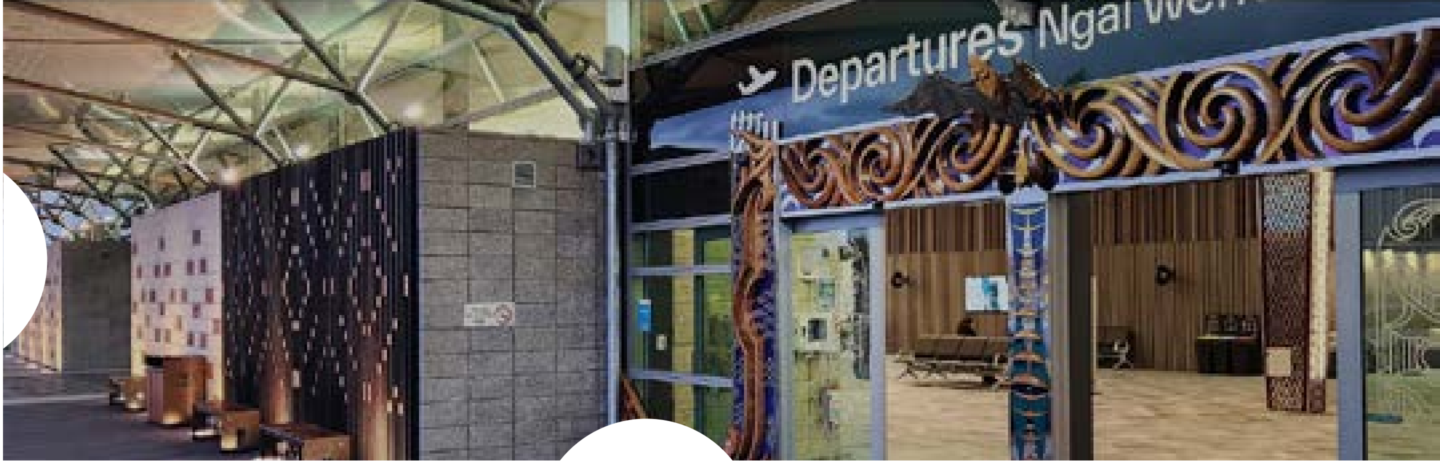
In preparing the consolidated financial statements, transactions including revenues, expenses and loans occurring between entities and balances owing/receivable between entities at year end in the Group have been eliminated. Individual entity financial statements are adjusted, if necessary, to comply with the Group's accounting policies upon consolidation.

Hamilton & Waikato Tourism is the lead entity for the Thermal Explorer Regional Events Fund, a central government-funded tourism initiative to boost domestic tourism. HWT acts only as an agent for the fund which represents 8 Central North Island RTOs and Local Authorities, therefore revenues and expenses of the fund's trading activity are excluded from the consolidated results of the Group. Any assets and liabilities held by HWT on behalf of the fund in its capacity as an agent are separately identified in the Notes accompanying these financial statements.

Critical estimates and judgements

In preparing financial statements that comply with Tier 2 PBE Standards, the Company has made certain estimates and judgements which have a material impact on the amounts reported, in particular the valuation of Property, Plant & Equipment (Note 3A), carrying value of Intangible Assets (Note 3B); cost of Development Property (Note 3C); valuation of Investment Property (Note 3D); and Provisions and Contingencies in respect of Infrastructure Development (Note 4C).

There have been no material changes in estimate methodologies adopted in the current year.



1C Specific Accounting Policies

Accounting policies adopted by the Group and critical estimates and judgements made in preparing these financial statements are detailed further in the accompanying notes, in addition to those outlined below.

All accounting policies have been applied consistently to both the current reported period balances and the comparative amounts, and there have been no changes in accounting policies in the current or previous year. Additionally, there have been no material changes arising from the adoption of newly effective accounting standards.

(i) Land Sales

Revenue from sale of development property is recognised when the significant risks and rewards of ownership have passed to the purchaser. This ordinarily coincides with settlement by the purchaser. Upon recognising the sale of development property, the cost of that property and any transaction costs are expensed to net surplus/(deficit).

(ii) Employee benefit expense & Employee entitlements

Employee benefit expense includes all salaries, wages, any performance bonuses paid to staff and contributions to post-employment benefit schemes (e.g. Kiwi Saver). The Group's expense also includes PAYE income tax and other deductions made by the Group. Amounts owing to staff, and any deductions collected but not yet paid, are recognised within the Employee entitlements liability. All Employee entitlements including performance bonus schemes are expected to be settled in the next twelve months, so no discounting adjustment is made.

(iii) Finance Costs

Finance costs include interest incurred on borrowings and other similar charges. Finance costs are expensed except to the extend they relate to borrowings specifically incurred to finance construction of qualifying assets, in which case the finance costs are capitalised as part of the asset's cost. Qualifying assets typically take more than 6 months to construct. Upon completion of the asset construction, capitalisation of further finance costs ceases. During the year ended 30 June 2024, no interest costs were capitalised to property, plant & equipment (2023: $204,000).

(iv) Trade and other receivables

Trade and other receivables are recorded at their expected realisable value, net of an allowance for balances where collection appears doubtful. Balances receivable by the Group are subject to a provision where there is material uncertainty around collection. No provision was made at 30 June 2024 (2023: none).

(v) Inventory

Inventories include consumables for use in the Group's operations which are recorded at cost, and goods for re-sale in the Group's retail outlets which are recorded at lower of cost or net realisable value when it is identified the selling price will be less than their cost. There have been no material write downs of inventory in the current or previous period.

(vii) Impairment of non-financial assets

All assets not already recorded at fair value are reviewed for indicators of impairment when there are indicators that asset's value may not be recoverable. An impairment loss is recognised when an asset's recoverable value is less than its current carrying value. Impairment losses are recognised in net surplus/(deficit) except to the extent a loss relates to a reduction in the fair value of an asset previously revalued through the Asset Revaluation Reserve, in which case the revaluation reserve is reduced. The recoverable value of an asset is the greater of its disposal value or value in use, being its depreciated replacement cost.

Notes to the

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 June 2024

Section Two: About our performance for the year

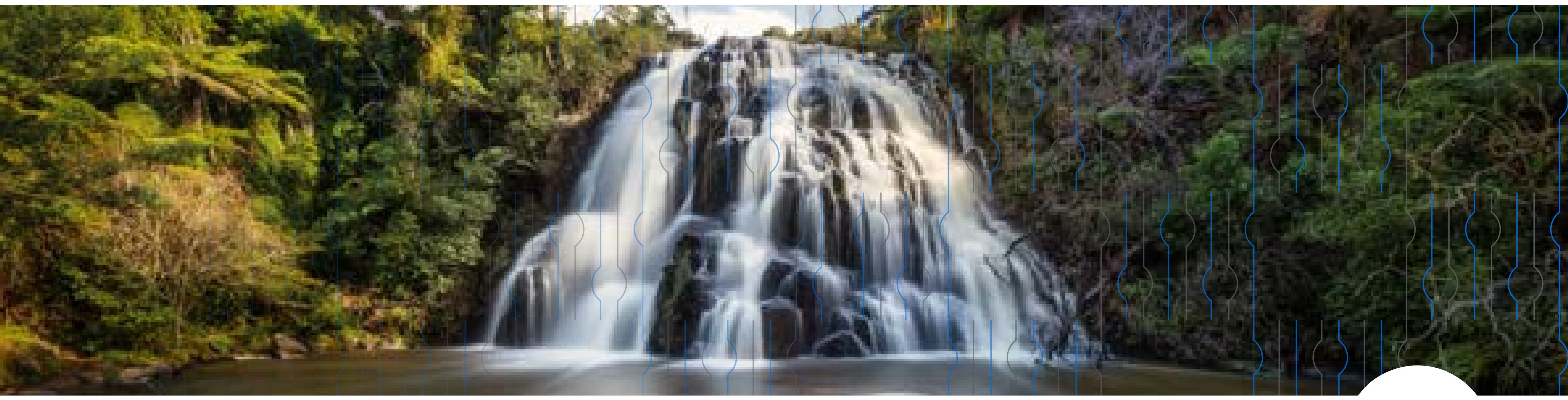
This section provides information about how we performed for the year including how we derived our revenue and earnings, and how we performed against our Statement of Intent.

2A Operating Revenue

Operating revenue from exchange transactions is recognised when the underlying goods or services have been provided to the customer. Rental income from property leased to customers by the Group is recognised on a straight line basis over the lease term. Amounts received from customers in advance of the underlying goods or services being delivered are deferred initially and recognised within the revenue in advance liability in Note 4B.

Revenue from non-exchange transactions arise when there is no obligation to deliver goods or services directly in return to the funding provider. Revenue is only deferred if there are other substantive performance obligations yet to be met or conditions to return unspent amounts to the funding provider.

	2024 $'000	2023 $'000
Aeronautical, landing and passenger charges	6,134	5,398
Leases, rentals and concessions	3,673	3,621
Carparking & rental	3,424	3,175
Hotel trading	3,444	3,344
Other	394	231
Total exchange revenue	**17,069**	**15,769**
Regional Tourism Organisation funding	1,776	2,321
Total non-exchange revenue	**1,776**	**2,321**
Total operating revenue	**18,845**	**18,090**



2A Operating Revenue (continued)

In addition to its own operating revenue, the Group also receives revenues and incurs expenses in an agency capacity on behalf of other parties. Amounts received in the capacity as an agent, and expenditures incurred in the same capacity, are excluded from the amounts reported in the Consolidated Statement of Comprehensive Revenue and Expense. The Group entered into the following major agency relationships:

- The Group, via its subsidiary Hamilton & Waikato Tourism Limited, was appointed as the lead entity for the Thermal Explorer Regional Event Fund, a fund administered by HWT on behalf of four Central North Island regional tourism organisations. HWT received funding from the Ministry of Business, Innovation & Employment on behalf of the Fund.
- The Group, in connection with its Hotel operation that traded as a Managed Isolation & Quarantine (MIQ) Facility incurred expenditure on behalf of, and received monies from, the Ministry of Health in connection with providing specialist health and security services to guests during the period of its MIQ contract ending early in 2023, in addition to regular hotel accommodation and food and beverage services.

AGENCY REVENUE	2024 $'000	2023 $'000
Thermal Explorer Regional Event Fund	820	1,052
Hotel Managed Isolation Quarantine Contract	-	95
Total agency revenue not recognised	**820**	**1,147**

2B Other gains and (losses)

		2024 $'000	2023 $'000
Other gains			
Gain on revaluation of investment property	3D	1,817	8,121
Gain on acquisition of property, plant & equipment	3A	-	2,740
		1,817	**10,861**
Other losses			
Change in provision estimate for infrastructure obligations	4C	(429)	(2,888)
Impairment expense		-	(109)
Loss on disposal of property, plant and equipment		(152)	(46)
		(581)	**(3,043)**

2C Our performance against our financial targets set in our Statement of Intent (Our Statement of Service Performance)

	2024			2023		
EARNINGS PERFORMANCE	**Actual $'000**	**Target $'000**	**Met**	**Actual $'000**	**Target $'000**	**Met**
Net surplus/(deficit) before tax no less than	2,382	1,000	✓	10,763	6,000	✓
Earnings before tax, interest, depreciation & amortisation (EBITDA) excl Land Sales of at least	5,843	6,000	✗	5,674	4,300	✓
Earnings before tax, interest, depreciation & amortisation (EBITDA) incl Land Sales of at least	8,702	7,500	✓	15,764	11,100	✓
Percentage of non-landing charges to total revenue of at least	67%	60%	✓	70%	60%	✓
Land Sales of at least	3,623	3,000	✓	14,723	14,000	✓
Interest coverage ratio of at least	3.9	3.0	✓	9.7	4.0	✓
CASH FLOW AND FUNDING PERFORMANCE TARGETS						
Net operating cash flow excl Land Sales of at least	1,499	6,000	✗	2,656	3,500	✗
Net debt a maximum of	22,790	35,000	✓	20,149	30,000	✓
SHAREHOLDER VALUE PERFORMANCE TARGETS						
Shareholder funds to total assets of at least	84%	75%	✓	86%	75%	✓

All earnings and profitability financial performance targets exclude the effect of other gains and losses recognised in net surplus/(deficit) unless otherwise stated.

2C Our performance against our non-financial targets set in our Statement of Intent (Our Statement of Service Performance)

Targets are revised to reflect annual objectives, therefore metrics are denoted "n/a" if they were not set in a particular year.

ANNUAL NON-FINANCIAL TARGETS	COMMENT	Met 2024	Met 2023
Zero WorkSafe notifiable accidents/ injuries.	There were no notifiable incidents.	✓	✓
Operate a workplace that fosters employee wellbeing and improving organisational culture, as measured by the Employee Engagement Survey.	The annual staff engagement survey showed positive results.	✓	n/a
Independently review and audit the health and safety system each year.	An independent audit of the Group's health and safety framework was undertaken and all recommendations were implemented.	n/a	✓
To achieve airport certification standards required by the Civil Aviation Authority (CAA) as evidenced by CAA audit reports.	The airport continues to meet all relevant CAA certification standards	✓	✓
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	There have been no incidences of scheduled flights being operationally impacted by controllable events	✓	✓
Assist airlines to identify opportunities to increase flight schedules and passenger numbers.	The airport made significant progress towards securing new scheduled routes during the year	✓	n/a
Identify and activate new development opportunities within the general aviation sector.	The airport continued to pursue opportunities to tenant the former flight school training centre	✓	n/a
Position and protect the airport as an efficient, cost effective international port.	The airport maintains relevant Customs and Biosecurity approvals to receive adhoc international flights	✓	n/a
Remain collaborative with local authorities and central government agencies for joint infrastructure and transport initiatives.	The airport entered into agreements and joint investment around future three waters and roading infrastructure	✓	n/a
Complete construction of airport infrastructure to support property development and optimisation	The airport remains committed to this development however tenants did not require this in the current or previous year	✗	✗

2C Our performance against our non-financial targets set in our Statement of Intent (Our Statement of Service Performance)

		Met	
ANNUAL NON-FINANCIAL TARGETS	**COMMENT**	**2024**	**2023**
Develop a MOU with local iwi organisations that provides for a collaborative relationship to future developments that will embrace Te Ao Maori principles and celebrating the rich cultural history of our rohe.	An agreement was progressed during the year however remains under ongoing development	✗	n/a
Reduce Group electricity purchases by at least 20% on 2023 levels (measured in kWh used) upon commissioning of the first stage of the solar farm development.	Due to a delay in commissioning the farm, this metric was not met for the full year	✗	n/a
Reduce Group electricity consumption by 3% on 2022 levels (measured in kWh used) and maintain water consumption level on 2022 levels (measured in Litres used).	Reductions in water and electricity of greater than 3% in each were achieved in 2023. There was no target set for 2022.	n/a	✓
Achieve Level 3 (Optimisation) accreditation to the Airport Council International's Airport Carbon Accreditation programme.	The Airport achieved Level 4 accreditation	✓	n/a
Reduce landfill waste through reduced usage of non-recyclable single-use materials and improved sustainable material usage in construction	Airport food and beverage retail moved to using biodegradable and recyclable single use packaging	✓	n/a
Implement a recovery plan to enable a steady return to pre-COVID key metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating.	The hotel resumed trading to the public in the 2023 financial year after two years as a MIQ Hotel. The Hotel maintained its Qualmark 4 Star rating and exceeded trading budget during 2023.	n/a	✓

Notes to the
CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED
30 June
2024

Section Three: About our assets

This section provides information about the assets we own, how much they are worth and how we value and report them on an ongoing basis.

3A Property, Plant and Equipment

Classes of Asset

Property plant and equipment comprises the following classes of assets:

- Land owned by the Group for use in its own operations or retained for strategic purposes
- Buildings owned by the Group for use in its own operations or retained for strategic purposes
- Airport infrastructure, including runways, taxiways, apron areas, reticulated systems, solar generation assets, internal roading and carparking
- Other plant and equipment, including motor vehicles, general plant and equipment, computer & IT equipment and furnishings

Initial recognition

Items of property, plant and equipment are recognised initially at cost. Assets under construction (work in progress) are recognised at cost and are not depreciated until available for use.

Subsequent measurement

- Land is revalued to fair value determined from market based evidence of similar land.
- Buildings and Airport infrastructure are revalued to fair value. Fair value is determined with reference to market valuations where comparable market data exists for the type of asset being valued. If no market information exists, fair value is estimated using an Optimised Depreciated Cost basis.

Valuations are undertaken when the Group estimates there has been a material change in fair value, or at least every 5 years. All valuations are undertaken by independent, professional valuers with experience in the types of assets the Group owns. CBRE Telfer Young undertake land valuations (last full valuation: 2023), Beca Valuations Limited undertake building and airport infrastructure (last full valuations: buildings 2023, infrastructure 2023), except for the Airport Hotel Buildings which are valued by Jones Lange LaSalle (last valuation: 2023) and other Buildings than can be valued with reference to an active market, which are valued by CBRE Telfer Young (last full valuation 2023).

In applying the optimised depreciated replacement cost basis for determining fair value of buildings, assets in relation to Hamilton Airport's former handling of international air services have been optimised to nil fair value as at balance date, the Group has no confirmed plans to realise the economic benefits and service potential of these assets in the foreseeable future.

Changes in fair value including impairment losses are recognised within Other comprehensive revenue & expense except where a revaluation results in a carrying value below the asset's cost, in which case decreases below cost are recognised in net surplus/(deficit) for the period.

Depreciation

Except for land, the cost or valuation of all items of property, plant and equipment are depreciated over their estimated useful lives on a straight line basis

- Buildings - 4-60 years
- Airport infrastructure - 5-100 years
- Other plant and equipment - 3-50 years

Disposals

Upon disposal of an asset, any gain or loss arising between the disposal proceeds and carrying value is recognised in net surplus/(deficit). Any revaluation reserve attributable to the asset is transferred directly to retained earnings.

3A Property, Plant and Equipment (continued)

	Land $'000	Buildings $'000	Airport Infrastructure $'000	Other Plant & equipment $'000	Total $000
Cost/Valuation					
Cost/Valuation at 1 July 2022	81,253	35,420	24,434	6,144	147,251
Additions	323	13,200	1,622	1,473	16,618
Disposals	-	-	-	(712)	(712)
Revaluation	617	5,846	1,380	-	7,843
Cost/Valuation at 30 June 2023	82,193	54,466	27,436	6,905	171,000
Cost/Valuation at 1 July 2023	82,193	54,466	27,436	6,905	171,000
Additions	-	436	1,610	314	2,360
Disposals	-	-	-	(551)	(551)
Revaluation	-	-	-	-	-
Cost/Valuation at 30 June 2024	82,193	54,902	29,046	6,668	172,809
Accumulated Depreciation & Impairment					
Accumulated Depreciation 1 July 2022	-	(1,011)	-	(3,473)	(4,484)
Depreciation Expense	-	(1,494)	(2,101)	(634)	(4,229)
Disposals	-	-	-	579	579
Revaluation	-	(3,025)	2,101	-	(924)
Accumulated Depreciation 30 June 2023	-	(5,530)	-	(3,528)	(9,058)
Accumulated Depreciation 1 July 2023	-	(5,530)	-	(3,528)	(9,058)
Depreciation Expense	-	(1,612)	(2,345)	(665)	(4,622)
Disposals	-	-	-	518	518
Revaluation	-	-	-	-	-
Accumulated Depreciation 30 June 2024	-	(7,142)	(2,345)	(3,675)	(13,162)
Carrying Value					
30 June 2023	82,193	48,936	27,436	3,377	161,942
30 June 2024	**82,193**	**47,760**	**26,701**	**2,993**	**159,647**

At 30 June 2024, airport infrastructure of $367,000, buildings of $36,000 and other plant & equipment of $21,000 remained under construction and were not in use or depreciated. (2023: aeronautical infrastructure $1,769,000 and other plant and equipment $66,000).

Included in additions to buildings year ended 30 June 2023 were assets acquired in a non-exchange transaction for consideration of $360,000. These were recognised initially at their fair value upon acquisition of $3,100,000, with the corresponding revenue included within Other Gains.

3B Intangible and other non-current assets

Intangible and other non-current assets comprise:

- Aeronautical designations are consents issued by local authorities that provide regulatory protection for the Group to undertake activities such as extend the airport runway and install approach lighting on neighbouring properties. Assets are recognised initially at the cost obtaining consent from the local authorities, and amortised on a straight line basis over the period of the consents which are between 10 and 15 years (up to 3 years remaining). These assets have been designated as being held in non-cash generating units as the principal purpose is to protect and enhance the future service potential of the airport, over and above generating an economic return.
- Other intangibles have arisen primarily from the acquisition of other business around the airport. They reflect the benefit to the Group of acquiring these businesses with standing contracts and customers and are amortised on a straight line basis over the length of the remaining lives of the contracts which are normally up to 3-6 years. These assets are designated as being held in cash generating units as these businesses were acquired for the primary purpose of generating a profit, rather than to enhance the service potential of the aeronautical business.
- Other assets are recognised initially at the cost of acquisition and amortised on a straight line basis over the expected life of the underlying asset if they have a finite life. Other assets also include investments in other entities where the Group has neither control nor significant influence. Investments are revalued to fair value through other comprehensive revenue and expense where material changes in valuation exist, and the valuation can be reliably estimated. Included in other assets is a 1.40% shareholding acquired during 2023 by the Group in Pyper Vision Limited, a company researching and developing unmanned aerial vehicle (UAV/Drone) and fog dispersal technologies.

3B Intangible and other non-current assets (continued)

	AERONAUTICAL DESIGNATIONS $'000	OTHER INTANGIBLES $'000	OTHER ASSETS $'000	TOTAL $'000
Cost				
Cost at 1 July 2022	1,166	1,118	184	2,468
Additions	180	-	250	430
Disposals	-	-	(184)	(184)
Cost at 30 June 2023	1,346	1,118	250	2,714
Cost at 1 July 2023	1,346	1,118	250	2,714
Additions	58	-	-	58
Disposals	-	-	-	-
Cost at 30 June 2024	1,404	1,118	250	2,772
Amortisation				
Accumulated Depreciation 1 July 2022	(678)	(867)	(157)	(1,702)
Amortisation Expense	(95)	(92)	(3)	(190)
Disposals	-	-	160	160
Accumulated Amortisation 30 June 2023	(773)	(959)	-	(1,732)
Accumulated Depreciation 1 July 2023	(773)	(959)	-	(1,732)
Amortisation Expense	(95)	(90)	-	(185)
Disposals	-	-	-	-
Accumulated Amortisation 30 June 2024	(868)	(1,049)	-	(1,917)
Carrying Value				
30 June 2023	573	159	250	982
30 June 2024	**536**	**69**	**250**	**855**

Included in Aeronautical Designations are costs capitalised toward future and in-progress consent applications of $345,000 (2023: $287,000).These costs are not amortised until such time as consents take effect. The Group considers there is low risk of these consents not being granted and therefore no impairment loss is recognised at 30 June 2024 (2023: none).

3C Development Property

The Group, through its subsidiary Titanium Park Limited, undertakes the development of commercial and industrial property for sale. Land held by the Group for development is recognised initially at cost, or carrying value on the date it is designated for development if previously held as Investment property, or Property, plant and equipment. The balance of Development Property includes the costs of land plus costs such as roading and utilities infrastructure as well as consents from regulatory authorities needed to develop subdivisions and interest capitalised on borrowings used to finance development.

Development property is carried at the lower of its cost or its fair value less cost to sell. Fair value less cost to sell is determined by the Group based on contracted future sales prices, and estimates of market value of land not committed to future sale, taking into account sales activity of comparable properties and typical costs incurred in completing sales.

	2024 $'000	2023 $'000
Opening balance	13,833	11,831
Development costs capitalised	3,434	6,322
Less cost of development property sold	(751)	(4,320)
	16,516	**13,833**

At 30 June 2024, the Group has 7.4 hectares (2023: 8.1 hectares) available for development and sale.

3D Investment Property

Investment properties are land and buildings owned by the Group and held for capital appreciation, or primarily for earning rental income under operating leases. Investment properties are recognised initially at cost then subsequently measured to fair value annually, with changes recognised in net surplus/(deficit).

Fair value is determined by independent, professional valuers Telfer Young Waikato who have experience in the type of Investment properties owned by the Group. Valuations are derived from comparable market data for similar properties.

Included within the Group's portfolio are properties that have been valued based on proposed future subdivision developments. These valuations require a significant degree of judgement and estimate to be made about future events in the process of determining a fair value. Such factors requiring estimate and judgment include assumptions in relation to the following key inputs:

- future private plan change (re-zoning) applications and similar resource consent applications being successful
- future costs of subdivision and development and future market sales prices
- timelines to develop and sell and market rates of return on property development

The outcome of these valuations can be materially sensitive to changes in one or more the key inputs and assumptions, which are reviewed annually by the Group's independent valuer.

		2024 $'000	2023 $'000
Opening balance		92,620	84,450
Acquisitions & additions		153	49
Changes in fair value	2B	1,817	8,121
		94,590	**92,620**

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CONSOLIDATED FINANCIAL STATEMENTS

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Section Four: About our obligations and commitments

This section details the future liabilities and commitments we have, and how we have measured and calculated them.

4A Income Tax

Income tax is recognised in net profit/(deficit) except to the extent it relates to items recognised in equity. Income tax expense for the period comprises current tax and deferred tax. Current tax is the estimated income tax payable based on the current period taxable income, plus any adjustments to income tax payable in respect to prior periods.

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 losses 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 it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

During the year ended 30 June 2024, changes in income tax legislation were enacted meaning the Group will no longer be able to claim a deduction for depreciation on buildings for tax purposes, where buildings have useful lives of 50 years of more. This change takes effect from 1 July 2024. This change in legislation has resulted in an increase to deferred tax liability of $6,522,000 that has been reflected in Tax Expense for the year ended 30 June 2024, and Deferred Tax Liabilities attributable to Property, Plant & Equipment as at 30 June 2024.

RECONCILIATION OF EFFECTIVE TAX RATE		2024 $'000		2023 $'000
Net surplus/(deficit) before tax		3,618		18,581
Income tax at Group's tax rate	28.0%	(1,013)	28.0%	(5,203)
Effect of tax exempt income	(20.0%)	722	(20.5%)	3,812
Effect of expenditure non-deductible for tax	5.7%	(206)	1.9%	(354)
Change in recoverable depreciation of building assets	180.3%	(6,522)	(9.1%)	1,695
Adjustments in respect of prior periods	2.4%	(87)	0.4%	(72)
Total tax expense/(credit)	**196.4%**	**(7,106)**	**0.7%**	**(122)**

Tax expense composition	2024 $'000	2023 $'000
Current tax	(1,002)	(3,308)
Deferred taxes	(6,104)	3,186
Total tax expense/(credit)	**(7,106)**	**(122)**

Movement in Deferred Tax Assets/ (Liabilities)	1 July 2022 $'000	Recognised in Surplus $'000	Recognised in OCRE $'000	30 June 2023 $'000
Property, plant and equipment	(7,149)	2,206	(1,671)	(6,614)
Provisions	(58)	1,148	-	1,090
Employee entitlements	111	(8)	-	103
Other	59	(160)	-	(101)
	(7,037)	**3,186**	**(1,671)**	**(5,522)**

Movement in Deferred Tax Assets/ (Liabilities)	1 July 2023 $'000	Recognised in Surplus $'000	Recognised in OCRE $'000	30 June 2024 $'000
Property, plant and equipment	(6,614)	(6,121)	-	(12,735)
Provisions	1,090	80	-	1,170
Employee entitlements	103	7	-	110
Other	(101)	(70)	-	(171)
	(5,522)	**(6,104)**	**-**	**(11,626)**

4B Trade and other payables

Trade and other payables are recorded initially at their fair value. All amounts are interest free, and expected to be settled in the next accounting period.

	2024 $'000	2023 $'000
Trade payables and accrued expenses	1,989	2,948
Revenue received in advance	974	1,601
Thermal Explorer Regional Events Fund Agency Liability	246	305
Income tax payable	387	2,010
	3,596	**6,864**

4C Provision for Infrastructure Development

Due to the nature of property development undertaken by the Group in connection with the Titanium Park commercial and industrial business park, the Group has a number of actual and potential future obligations to construct (or contribute to the construction of) water supply and reticulation, waste water facilities and roading infrastructure around the Hamilton Airport precinct.

Provisions are recognised at the Group's best estimate of future costs in relation to commitments where a present obligation has arisen, discounted for the expected timing of the construction or contribution being made. The initial cost of a provision is capitalised as part of the asset to which it relates with subsequent changes in the provision due to discounting reflected in net surplus/(deficit).

	2024 $'000	2023 $'000
Opening balance	5,634	1,651
Additional obligations and commitments capitalised	-	5,196
Provision utilised	(672)	(910)
Other changes recognised in net surplus/(deficit)	429	(303)
	5,391	**5,634**

Presentation in Financial Statements

	2024 $'000	2023 $'000
Current Liability	-	556
Non Current Liability	5,391	5,078
	5,391	**5,634**

The total movement in provisions recognised in net surplus/(deficit) for the year ended 30 June 2024 was an expense of $429,000 (2023: $2,888,000).

Contingent liabilities are recognised where there is less certainty about the timing, amount or likelihood of a future commitment, and when no present obligation exists. The Group's best estimate of the potential future commitment is disclosed where practicable, but not included within its balance sheet.

	2024 $'000	2023 $'000
Contingent liabilities		
Waipa District Council - waste and potable water upgrades	3,287	1,264
Northern Precinct - joint development obligations	6,022	-
Waka Kotahi State Highway 21 - intersection upgrade contribution	unknown	unknown

The potential costs in relation to the Waka Kotahi State Highway 21 Intersection cannot be reliably estimated as the eventual intersection design is dependent on future traffic flow and generation which are outside the control of the Group.

During the year ended 30 June 2024, the Group (via subsidiary Titanium Park Limited, with adjacent landowners) were successful in their application to re-zone 130ha of land adjacent to the airport. Under this agreement, TPL has incurred obligations to contribute to joint roading and water initiatives when called on by other parties to do so. TPL had not received any demand by year end.

4D Commitments

At 30 June 2024, the Group had contractual commitments for capital expenditure of $351,000 (2023: $1,033,000).

4E Events subsequent to balance date

Subsequent to balance date, the Group entered into an agreement with Jetstar for the resumption of international air services during 2025. This agreement is an indicator that property, plant and equipment assets in relation to the international terminal that had previously been revalued to a fair value of nil, are no longer impaired. The Group is in the process of calculating the amount of the impairment reversal however a reliable estimate of this cannot be made at this early stage.

Subsequent to balance date, the Group completed the inter-company sale and purchase of $67.7 million of investment property from its parent company to subsidiary Titanium Park Limited in connection with its future Precinct North industrial development.

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Section Five: About how we are funded and our shareholder value

This section gives information about our shareholders including their shareholdings and how their interest in the Group has grown in value.

5A Equity

Share Capital

The shareholding of Waikato Regional Airport Limited at 30 June 2024 was:

	ORDINARY SHARES	PERCENTAGE
Hamilton City Council	2,486,752	50.0%
Waipa District Council	777,110	15.6%
Waikato District Council	777,110	15.6%
Matamata Piako District Council	777,110	15.6%
Otorohanga District Council	155,422	3.2%
	4,973,504	**100.0%**

There were no changes in shareholding during the year (2023: none). All shares are fully paid and carry equal rights to vote and share the net assets of the Company. The shares have no par value, nor any fixed dividend rights.

Asset Revaluation Reserve

The accumulated, unrealised gains in asset revaluation are accumulated in the Asset revaluation reserve and are attributable the following asset classes:

	2024 $'000	2023 $'000
Land	70,273	70,273
Buildings	10,474	10,474
Airport Infrastructure	23,729	23,729
	104,476	**104,476**

5B Cash and Borrowings

Cash and cash equivalents comprise cash on hand and bank accounts held with reputable retail banks in New Zealand. This balance also includes overdraft facilities used for working capital purposes and set off facilities between account balances among Group entities.

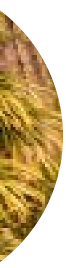
Borrowings are longer term debt facilities held with retail banks in New Zealand used to finance capital and investment requirements.

BORROWINGS	2024 $'000	2023 $'000
Current portion - due within 12 months	-	20,220
Non-current portion - due between 12 and 24 months	-	-
Non-current portion - due between 24 and 36 months	22,790	-
Total drawn borrowing facilities	**22,790**	**20,220**
Undrawn bank overdraft facilities	565	731
Undrawn term borrowing facilities	16,210	8,780
Total unutilised borrowing and overdraft facilities	**16,775**	**9,511**

The weighted average interest rate on borrowings at year end was 7.70% (2023: 5.84%). All borrowings and overdraft facilities are held with the Bank of New Zealand and are secured by way of a general security agreement and mortgages over certain land, buildings, and investment properties. The facilities have a maturity date of 17 November 2026.

CASH AND CASH EQUIVALENTS	2024 $'000	2023 $'000
Cash and bank/(bank overdraft) balances held by the Group	80	71
Cash and bank balances held in capacity as agent	314	601
Total cash and cash equivalents	**394**	**672**

The Group, via its subsidiary Hamilton & Waikato Tourism, held cash of $314,000 at 30 June 2024 (2023: $601,000) in an agency capacity on behalf of the Thermal Explorer Regional Events Fund. The corresponding liability is recognised as a component of trade and other payables in Note 4B.



Notes to the
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YEAR ENDED 30 June 2024

Section Six: Corporate Governance and Management

Section Six provides details about remuneration provided to the Group's Directors and Key Management Personnel, as well as details of transactions that took place with related parties.

6A Related parties

The following transactions took place with entities and individuals related to the Group

	2024 $'000	2023 $'000
Remuneration		
Directors	313	242
Number of directors	7	9
Key management personnel	1,061	967
Number of personnel (full time equivalent)	4	4
Other		
Transactions in which directors declared an interest	240	267

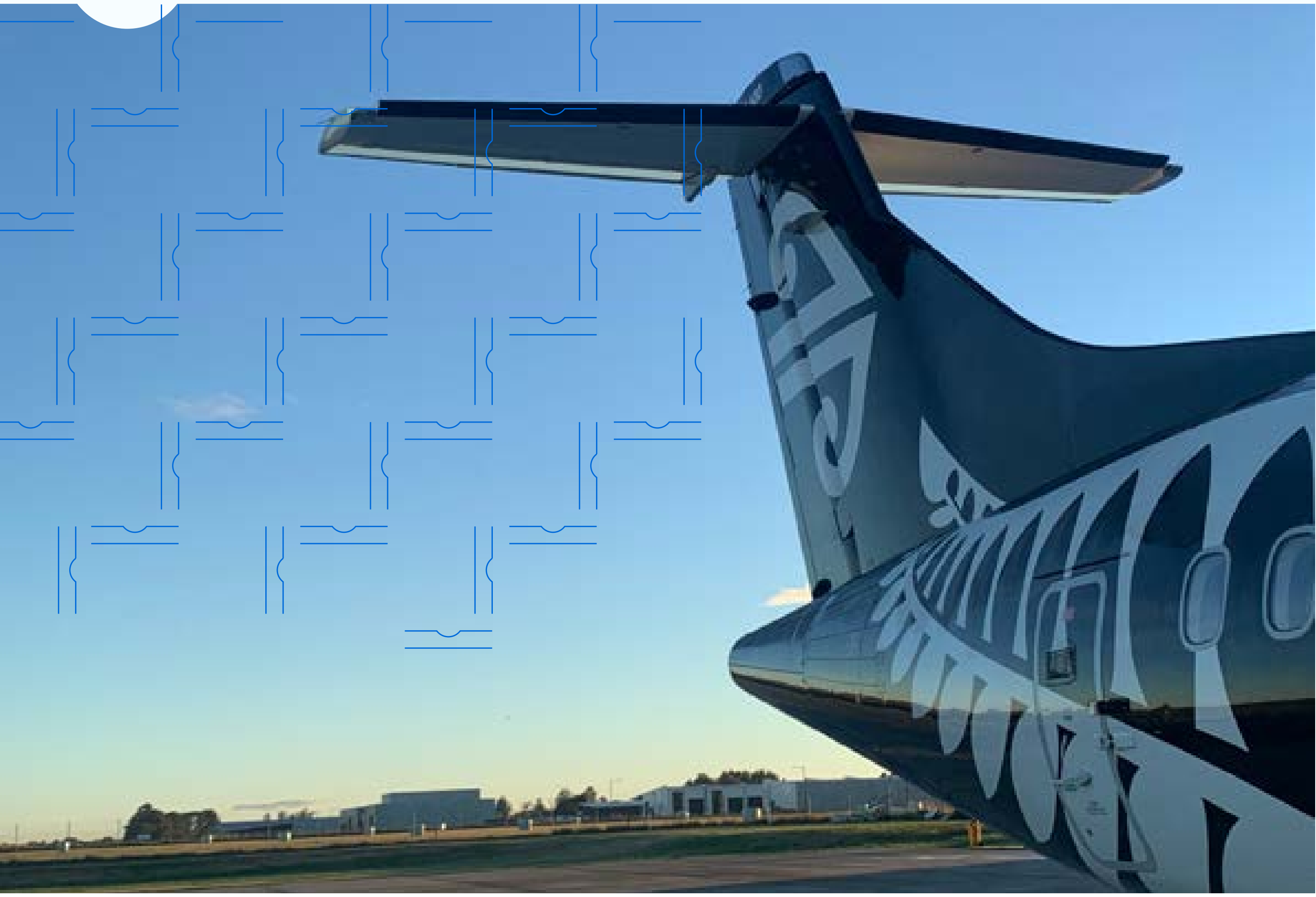
Transactions carried out between the Group and its related parties arise from interests declared by directors. These transactions were for purchases of IT-related goods and services (2024: $187,000, 2023: $262,000) and utility infrastructure (2024: $53,000, 2023: $5,000) in the normal course of the Group's business on normal commercial terms.

6B Directors Holding Office

	DIRECTOR FEES	
	2024 $'000	2023 $'000
Waikato Regional Airport Limited		
Barry Harris (Chair)	60	60
Margaret Devlin	33	33
Gerard Gilmore	33	33
Kate Searancke (retired November 2023)	14	33
Renae Smart	33	33
Titanium Park Limited		
Barry Harris (Chair)	33	-
Margaret Devlin	17	-
Gerard Gilmore	17	-
Kate Searancke (retired November 2023)	6	-
Renae Smart	17	-
Hamilton & Waikato Tourism Limited		
Richard Leggat	22	22
Steven Gow	14	14
Gus Gilmore (appointed October 2022)	14	10
Margaret Devlin (retired October 2022)	-	4
Mark Morgan	-	-

The Directors of the Parent Company (WRAL) are also the Directors of subsidiary Waikato Regional Airport Hotel Limited under a common Board of Directors. The Directors of the Parent Company (WRAL) formed a separate Titanium Park Limited Board of Directors from 1 August 2023.

In addition to Director Fees paid, Margaret Devlin received $5,500 for Chairing the Group's Audit & Risk Committee in 2024 (2023: $5,500).



6C Employee Remuneration

The numbers of employees outlined below received remuneration including salaries and performance bonuses exceeding $100,000:

	2024	2023
$410,000-$419,999	1	-
$390,000-$399,999	-	1
$240,000-$249,999	1	-
$230,000-$239,999	1	-
$220,000-$229,000	-	1
$200,000-$209,999	-	1
$150,000-$159,999	2	-
$140,000-$149,999	1	2
$130,000-$139,999	1	-
$120,000-$130,000	1	1
$110,000-$119,999	-	2
$100,000-$109,999	3	2

6D Auditor

Pursuant to the Local Government Act 2002, KPMG is the auditor of the Group on behalf of the Auditor General. KPMG were paid $224,000 for the audit of the Group and subsidiary financial statements (2023: KPMG, $211,000).

KPMG

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAIKATO REGIONAL AIRPORT LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Waikato Regional Airport Group (the Group). The Auditor-General has appointed me, Glenn Keaney, using the staff and resources of KPMG, to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 8 to 15 and 19 to 31, that comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 performance information of the Group on pages 16 to 18.

In our opinion:

- the financial statements of the Group on pages 8 to 15 and 19 to 31:
    - 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 the Public Benefit Entity Reporting Standards applying the Reduced Disclosure Regime; and
- the performance information of the Group on pages 16 to 18 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives, for the year ended 30 June 2024.

Our audit was completed on 24 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

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 audit opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

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

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

In preparing the financial statements and the performance information, the Board of Directors is responsible, on behalf of the Group for assessing the Group'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 there is an intention to liquidate the Group or to cease operations, or there is 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 performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 it 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 decision of readers taken on the basis of these financial statements and the performance information.

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

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

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:

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

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

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

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's framework for reporting 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 Group'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 performance information 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 Group to cease to continue as a going concern.

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

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and the performance of the group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 6 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 performance information, 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 performance information 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 Group 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* issued by the New Zealand Auditing and Assurance Standards Board.

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

Glenn Keaney
KPMG
On behalf of the Auditor-General
Tauranga, New Zealand

Hamilton Airport

HAMILTON KIRIKIRIROA AIRPORT,
A WAHAROA, A VITAL GATEWAY.

A PLACE WHERE REGIONS COME TOGETHER, PATHWAYS CROSS AND CONNECTIONS ARE FORMED.

WE'RE FIERCELY, PROUDLY MANA WAIKATO.

WE UNITE PEOPLE THROUGH MANAAKITANGA, CARE AND UNITY.

OUR PULSE FLOWS FROM THE WATERS OF THE AWA, INTO THE WHENUA THAT SURROUNDS IT, BACK THROUGH TIME AND FORWARD INTO THE FUTURE.

PEOPLE AND COMMERCE FLY IN AND OUT OF OUR GATEWAY, CARRYING CULTURAL AND ECONOMIC LIFE BEYOND OUR BORDERS, ENRICHING OUR COMMUNITIES.

WE'RE MASTER PLANNING TE ARA – OUR PATHWAY TO TOMORROW – WHERE INNOVATION, FAST-PACED GROWTH AND SUSTAINABLE PRACTICES WILL PROPEL OUR REGION TO GREATNESS.

KIA ORA AND WELCOME TO HAMILTON AIRPORT: A VIBRANT HUB WITH A RICH HISTORY AND A BOLD FUTURE.