



TDHL

Timaru District Holdings Ltd
Enabling Prosperity

Annual Report 2026

www.tdhl.co.nz



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Directors' declaration

In the opinion of the Directors of Timaru District Holdings Limited ('the Company') the financial statements and notes, on pages 11 to 34:

- comply with New Zealand generally accepted accounting practice and present fairly the financial position of the Company as at 30 June 2026 and the result of operations for the year ended on that date;
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the annual report including the financial statements of Timaru District Holdings Limited for the year ended 30 June 2026.



Mark F. Rogers (Chairperson)

Date: 29 September 2026



Darren M. Evans (Deputy Chairperson)

Date: 29 September 2026

Directory

Incorporation number	881487
Principal activities	Property – non-residential – renting or leasing
Registered office	117 Stafford Street Timaru 7910 New Zealand
Directors	Aaron W.K Bethune Sally B. Parker (ceased 05/11/2025) Darren M. Evans Mark F. Rogers Justin M. Riley (appointed 05/11/2025) Keri J. Johnston (appointed 05/11/2025)
Shareholders	Timaru District Council 49,550,000 ordinary shares _____ 49,550,000 ordinary shares =====
Auditor	The Audit Office On behalf of the Auditor-General

Highlights & Challenges

Total Comprehensive Income

\$10.9M

up from \$2.3M

Net Cash from Operations

\$1.6M

up from \$1.1M

Dividends from Associates

\$0.8M

up from \$0.75M

Property Revenue

\$3.7m

up from \$3.6M

Investment Property Valuation

\$74.1M

up 3.4%

Share of Associate Surplus

\$9.1M

up from -\$4.4M

Total Dividend to TDC

\$1.4M

up from \$1.2M

Total Equity

\$196.0M

up from \$186.7M

Chairman and General Manager Report

TDHL has delivered another year of strong performance, with our associate investments producing solid operational results and our property portfolio continuing to perform exceptionally well. The decision to divest our Alpine shareholding represents a significant milestone and will be a major focus for 2026/27 as we reshape the portfolio for the future.

Strategic Overview

The 2025/26 year was marked by two significant strategic developments: the launch of TDHL's Investment Fund and Council's decision to commence a competitive divestment process for TDHL's 47.5% shareholding in Alpine Energy Limited. Following a comprehensive portfolio review, Council resolved on 30 June 2026 to support the divestment, with proceeds intended for reinvestment in a ring-fenced, independently managed investment fund designed to deliver stronger, more sustainable returns and increased dividend capacity for our shareholder. Work on the divestment is now well underway.

Our Investment Fund, established in December 2025 with an initial \$2 million investment and a further \$1 million invested in January 2026, performed strongly, delivering an annualised return of 9.1%. This provides encouraging proof of concept ahead of any larger-scale investment following an Alpine divestment.

Our property portfolio and PrimePort investment continued to generate dependable returns and underpin TDHL's performance. Alpine Energy also recorded a positive operational turnaround, although earnings continue to be retained to support its capital programme rather than distributed as dividends.

Financial performance

TDHL's financial performance strengthened significantly during the year. While EBITA (excluding revaluations) of \$2.34m was 8.6% below the \$2.56m target due to the delayed settlement of the Showgrounds development, operating profit remained strong enabling the payment of the targeted \$1.4m dividend.

PrimePort continued its strong performance, increasing profit after tax to \$6.9 million from \$4.7 million in the prior year, while growth in shareholders' equity and an \$800,000 dividend further enhanced returns. TDHL's share of associate earnings also improved materially, reflecting Alpine Energy's return to profitability, although dividend distributions from Alpine remain suspended as the company continues to fund its capital programme.

The property portfolio also delivered another strong result. Property revenue increased to \$3.7 million, and the portfolio achieved a 7.2% return on investment, exceeding the Statement of Intent target of 7.0%. An independent valuation by CBRE assessed the commercial and industrial property portfolio at \$74.1 million as at 30 June 2026, an increase of 3.4% on the previous year.

TDHL paid a dividend of \$1.4 million to Timaru District Council, in line with the Statement of Intent, and returned a total of \$2.84 million to Council through dividends, interest, rates and other payments. These results contributed to a materially stronger net surplus and equity position than FY25, demonstrating the resilience of a diversified portfolio and the improved performance of our associate investments.



TDHL has a 50.0% shareholding in PrimePort

PrimePort continued to deliver a stable, consistent performance in 2025/26, with trading results tracking ahead of budget and TDHL receiving an \$800,000 dividend, up from \$750,000 the prior year. The port has also continued to invest in critical infrastructure, including progress on the North Mole Wharf Stage 5 upgrade.



TDHL has 47.50% shareholding in Alpine Energy

Alpine Energy delivered a significant operational turnaround in 2025/26, recording an after-tax operating surplus of \$11.3 million, compared to a \$13.0 million loss the prior year, driven by increased regulated revenue and reduced operating costs following completion of the Commerce Commission price path correction. However, given continued high capital expenditure requirements, no dividend was paid this year.



TDHL's actively managed port precinct properties continue to perform strongly and underpins our results.

TDHL's property portfolio, comprising 48 hectares of industrial and commercial land concentrated around the Port of Timaru and Washdyke, continued to be a high-performing and stable asset within our portfolio, achieving a return on investment of 7.2% for the year against a target of 7%. Notable achievements included completion of earthquake strengthening projects and significant lease renewals.

Chairman and General Manager Report *continued*

Governance and Engagement

TDHL continued to invest in its relationships with our shareholder, joint venture partners and associate companies throughout 2025/26. The Chair and General Manager presented quarterly reports to Council and participated in workshops on TDHL's performance and Statement of Intent. Following Council's December 2025 Letter of Expectation, we undertook extensive engagement with Alpine Energy's fellow shareholders, as well as the wider community and key stakeholders, regarding the proposed divestment.

At Board level, we farewelled Sally Parker in November 2025 and thank her for her valuable contribution to TDHL, particularly the shareholder perspective and insights she brought to the Board.

We were also pleased to welcome Keri Johnston and Justin Riley to the Board in November 2025. Joining at a pivotal time for the company, both have made valuable contributions and brought fresh perspectives to our discussions.

Looking Ahead

As we enter 2026/27, TDHL's priorities are to progress the Alpine Energy divestment, work with Council to finalise the ownership and governance framework for the investment fund, and support board succession across our associate investments. As local government continues to evolve, TDHL will take a proactive and constructive approach to ensuring it remains well placed to support the long-term interests of its shareholder and wider region.

We remain committed to growing an investment portfolio that delivers sustainable intergenerational returns for our shareholder. On behalf of the Board, we thank the Mayor, Councillors, Council officers and our associate companies for their support and partnership throughout this pivotal year.



Mark F. Rogers (Chairman)

Date: 29 September 2026



Frazer Munro (General Manager)

Date: 29 September 2026

Statement of objectives and performance

For the year ended 30 June 2026 in New Zealand dollars

Strategic Priorities	Performance Target	Achievement	
Intergenerational Investments Ensuring our intergenerational investments (PrimePort and Alpine) are well governed, meet the needs of our community, and generate a growing sustainable return.	Annually undertake at least one workshop with each associate on Board skills matrix, succession planning, strategic outlook and financial performance.		Target achieved. Met and discussed Board skills and succession planning with each associate at least once during the year. Additional consultation with fellow shareholders and engagement with the respective Board Chairs was also undertaken. Strategic and financial performance is achieved through reviewing quarterly reporting from the associates.
Property Portfolio Manage and grow a property portfolio in a profitable manner that complements our associate investments and our Shareholder's strategic priorities.	Achieve a three-year rolling average return on investment of 7% or greater for Port property held for investment purposes.		Target achieved. Return of 7.2% achieved.
New Investments & Diversification Pursue new and enabling investments that will grow the business.	Identify and assess at least 3 new investment opportunities		Target achieved. In excess of 3 new investment opportunities considered by the Board.
Providing Shareholder Return Provide the Shareholder with a sustainable and increasing cash dividend.	Pay a dividend to TDC of \$1.4M.		Target achieved. Dividend of \$1.4m paid in June 2026.
	Hold at least one workshop with Council per annum.		Target achieved. Workshop held 5 Nov 2025 and workshop held 21 April 2026.
	Achieve statutory compliance.		Target achieved. All statutory reporting time frames and compliance requirements met.
Relationships + Partnerships Ensuring we invest time and effort into the relationships with our Shareholder, joint venture partners, associates and future investment partners. Ensuring we are aligned to our Shareholder's strategic direction.	That the TDHL Chair and/or GM presents the quarterly reports to Council.		Target achieved. Chair and GM presented reports at the 9 September, 9 December, 31 March, and 26 May and 30 June meetings.
Financial Metrics	Performance Target	Achievement	
EBITA ¹ (excluding revaluations)	\$2,556,558	\$2,336,993	Not Achieved. This is due to the Showgrounds land not settling as budgeted. This is now expected to settle in 2026/2027.
Net Profit before tax to S/H Funds	3.6%	5.1%	Target achieved.
Dividend	\$1.4m	\$1.4m	Target achieved. Dividend of \$1.4m paid in June 2026.
Shareholder funds to total assets	>60%	83.84%	Target achieved.

¹EBITA (Earnings Before Interest Tax and Amortisation) as detailed above includes dividends received from associates but excludes revaluation of investment properties and share of associated surplus.

Statement of comprehensive income

For the year ended 30 June 2026 in New Zealand dollars

	Note	2026 \$000	2025 \$000 Restated*
Revenue from property leasing	5	3,748	3,601
Revaluation of investment properties	13	278	4,280
Operating revenue		4,026	7,881
Impairment loss on property, plant and equipment	10	(92)	-
Administrative expenses	6	(654)	(793)
Depreciation		(52)	(29)
Employee benefits		(394)	(386)
Property operating expenses	7	(1,019)	(1,059)
Operating profit		1,815	5,614
Investment income and fair value movements	12	157	-
Interest received		80	31
Share of profit/(loss) of associate	15	9,051	(4,361)
Profit before financing and income taxes		11,103	1,284
Interest expense		(1,205)	(1,646)
Change in fair value of interest rate swaps gain (loss)		78	(62)
Profit/(loss) before income tax		9,976	(424)
Income (tax benefit)/expense	8	(198)	29
Profit/(loss) for the year		10,174	(453)
Other comprehensive income			
Share of associate surplus - other comprehensive income	15	750	2,785
Other comprehensive income for the year, net of income tax		750	2,785
Total comprehensive income for the year		10,924	2,332

*The Statement of comprehensive Income for the year ended 30 June 2025 has been restated to reflect the presentation and disclosure requirements of NZ IFRS 18, Presentation and Disclosure in Financial Statements. Refer to Note 3, Adoption of NZ IFRS 18 Presentation and Disclosure in Financial Statements, for an overview of the changes and a reconciliation to the presentation previously applied under NZ IAS 1, Presentation of Financial Statements.

Statement of financial position

For the year ended 30 June 2026 in New Zealand dollars

	Note	2026 \$000	2025 \$000
Assets			
Current assets			
Cash and cash equivalents	9	1,320	149
Trade and other receivables		359	215
Property held for sale	14	1,202	1,202
Derivative financial assets	18,19	13	-
Total current assets		2,894	1,566
Non-current assets			
Property, plant and equipment	10	1,485	1,183
Right of use assets		15	23
Borrowers note receivable	11	150	-
Investment fund	12	3,155	-
Investment properties	13	74,219	71,761
Investments in associates	15	151,713	142,914
Term deposits		-	800
Deferred tax asset	8	128	150
Total non-current assets		230,865	216,831
Total assets		233,759	218,397
Liabilities			
Current liabilities			
Trade and other payables	16	451	313
Employee benefits		23	24
Interest bearing loans and borrowings	17	12,500	9,300
Income tax payable	8	105	327
Lease liabilities		11	22
Total current liabilities		13,090	9,986
Non-current liabilities			
Interest bearing loans and borrowings	17	24,681	21,681
Derivative financial liabilities	18,19	-	65
Total non-current liabilities		24,681	21,746
Total liabilities		37,771	31,732
Equity			
Share capital	21	31,000	31,000
Retained earnings		136,166	127,021
Asset revaluation reserve		28,822	28,644
Total equity		195,988	186,665
Total liabilities and equity		233,759	218,397

Statement of changes in equity

For the year ended 30 June 2026 in New Zealand dollars

	Note	Share capital	Retained earnings	Asset revaluation reserve	Total
		\$000	\$000	\$000	\$000
Balance at 1 July 2025	21	31,000	127,021	28,644	186,665
Profit for the year		-	10,174	-	10,174
Other comprehensive income for the year		-	-	750	750
Total comprehensive income for the year		-	10,174	750	10,924
Other movements in equity					
Correction of prior period reserve allocation		-	128	(128)	-
Correction of prior period associate revaluation		-	-	(201)	(201)
Disposal of investment property by associate		-	243	(243)	-
Total transfers between reserves		-	371	(572)	(201)
Transactions with owners of the Company					
Dividends paid during the year		-	(1,400)	-	(1,400)
Total transactions with owners		-	(1,400)	-	(1,400)
Balance at 30 June 2026		31,000	136,166	28,822	195,988

Balance at 1 July 2024	21	31,000	128,674	25,859	185,533
Profit for the year		-	(453)	-	(453)
Other comprehensive income for the year		-	-	2,785	2,785
Total comprehensive income for the year		-	(453)	2,785	2,332
Transactions with owners of the Company					
Dividends paid during the year		-	(1,200)	-	(1,200)
Total transactions with owners		-	(1,200)	-	(1,200)
Balance at 30 June 2025		31,000	127,021	28,644	186,665

Statement of cash flows

For the year ended 30 June 2026 in New Zealand dollars

	Note	2026	2025 Restated*
		\$000	\$000
Cash flows from operating activities			
Cash received from customers		3,637	3,572
Cash paid to suppliers and employees		(2,017)	(2,507)
Net cash from operating activities		1,620	1,065
Cash flows from investing activities			
Interest received		80	33
Dividends received		800	750
Proceeds from sale of investments		-	705
Proceeds from sale of property held for sale		-	100
Acquisition of property, plant and equipment		(430)	-
Acquisition of investment property		(2,129)	(2,079)
Acquisition of Term deposit		(600)	(800)
Proceeds from redemption of Term deposit		1,400	-
Purchase of financial investments		(3,000)	-
Net cash from/(to) investing activities		(3,879)	(1,291)
Cash flows from financing activities			
Interest payments and line of credit		(1,197)	(1,497)
Proceeds from loans and borrowings		49,850	2,100
Repayments of loans and borrowings		(43,800)	-
Dividends paid to shareholders		(1,400)	(1,200)
Lease payments		(23)	(14)
Net cash from financing activities		3,430	(611)
Net increase/(decrease)		1,171	(837)
Opening cash and cash equivalents 1 July		149	986
Closing cash and cash equivalents 30 June	9	1,320	149

*The Statement of cash flows for the year ended 30 June 2025 has been restated to reflect the presentation and disclosure requirements of NZ IFRS 18, Presentation and Disclosure in Financial Statements. Refer to Note 3, Adoption of NZ IFRS 18 Presentation and Disclosure in Financial Statements, for an overview of the changes and a reconciliation to the presentation previously applied under NZ IAS 1, Presentation of Financial Statements.

Notes to the financial statements

1 Reporting entity

Timaru District Holdings Limited ("the Company") is a Council Controlled Trading Organisation as defined in the Local Government Act 2002. The Company is wholly owned by Timaru District Council. The Company began operation on 29 October 1997.

The entity consists of Timaru District Holdings Limited, and associated entities, PrimePort Timaru Limited (50%) and Alpine Energy Limited (47.50%). All entities are incorporated and domiciled in New Zealand under the Companies Act 1993.

The Company's principal activity is property - non-residential - renting or leasing.

The annual report presented is for Timaru District Holdings Limited as at and for the year ended 30 June 2026. The annual report was authorised for issue by the Company's Board of Directors on the date shown on the Director's declaration.

2 Basis of preparation

The financial statements of Timaru District Holdings Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Local Government Act 2002 and the New Zealand International Financial Reporting Standards.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

For the purposes of complying with NZ GAAP, the Company is eligible to apply Tier-2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR")) on the basis that it does not have public accountability and is not a large for-profit public sector entity. The Company has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

All accounting policies set out below have been consistently applied to all periods presented in these financial statements. Where applicable, certain comparatives have been restated to comply with the accounting presentation adopted in the current year to ensure consistency with the current year classification.

Changes in accounting policies

The following new standard was applied during the year:

The Company applied for the first-time the amendments to NZ IAS 21, which are effective for annual periods beginning on or after 1 July 2025. The Company has early adopted NZ IFRS 18 Presentation and Disclosure in Financial Statements for the year ended 30 June 2026 see note 3 for details.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment property which is measured at fair value, and associates which are equity accounted. Fair values have been determined for measurement purposes based on the methods outlined in the notes specific to the asset.

Where applicable, further information about the assumptions made in determining fair value is also disclosed in the notes specific to that asset or liability.

These financial statements are presented in New Zealand dollars (\$) which is the Company's functional currency, rounded to the nearest thousand dollars (\$000). They have been prepared on a GST exclusive basis except for receivables and payables that are stated inclusive of GST.

Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the financial statements (continued)

2 Basis of preparation (continued)

The principal areas of judgement in preparing these financial statements are set out below. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 13 Valuation of investment property.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Goods and Services Tax

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of trade receivables and trade payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense. Timaru District Holdings Limited became registered for GST in January 2007 and all parent transactions prior to this time were recorded inclusive of GST.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Cash and cash equivalents policy

Cash and cash equivalents means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Company invests as part of its day-to-day cash management.

Derivative financial instruments

Derivatives held by the Group are initially measured at fair value. Subsequent to initial recognition derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land

Land is shown at fair value, based on valuations by external independent valuers. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The valuation of port land is determined annually, while commercial land is evaluated every three years. Commercial land was last revalued in 2026.

Increases in the carrying amount arising on revaluation of land is credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss. The revaluation surplus recognised in the revaluation reserve is transferred directly to retained earnings when the surplus is realised, usually when the asset is de-recognised.

Land is not depreciated.

Property, plant and equipment (excluding land)

Plant and equipment are measured using the cost model. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Notes to the financial statements (continued)

2 Basis of preparation (continued)

Depreciation

Property, plant and equipment, excluding land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use. The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Land	0.00%
Land improvements	5.00%
Buildings	2.00%
Plant and equipment	16.00%-50.00%
Furniture and Fittings	5.00%

Borrowing costs

All borrowing costs except for borrowing costs related to a qualifying asset are recognised as an expense in the period they are incurred.

3 Adoption of NZ IFRS 18 Presentation and Disclosure in Financial Statements

The Company has early adopted NZ IFRS 18 Presentation and Disclosure in Financial Statements for the year ended 30 June 2026. NZ IFRS 18 replaces NZ IAS 1 Presentation of Financial Statements and introduces new requirements for the structure of the statement of profit or loss, including the specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. It also requires disclosure of management-defined performance measures (Note 4).

The Company's principal activities include investing in and managing income-producing properties. Therefore, it has been concluded that investing in assets is a main business activity of the Company for the purposes of NZ IFRS 18. Accordingly, income and expenses arising from investment properties, including revaluation movements, are classified within the operating category. Returns from associates and interest income are classified within the investing category, while borrowing costs and related financing items are classified within the financing category.

The Company has applied NZ IFRS 18 retrospectively and comparative information has been re-presented to conform with the current year presentation. The adoption of NZ IFRS 18 has not changed the recognition or measurement of any assets, liabilities, equity, income or expenses. Reconciliation on statement of profit or loss for the year ended 30 June 2025.

Notes to the financial statements (continued)

3 Adoption of NZ IFRS 18 Presentation and Disclosure in Financial Statements (continued)

Statement of profit or loss reconciliation to reflect adoption of NZ IFRS 18

The statement of profit or loss under NZ IAS 1 for the year ended 30 June 2025 reconciles to the statement of profit or loss under NZ IFRS 18, as follows:

	NZ IAS 1	Adjustments	NZ IFRS 18	note
Revenue from property leasing	3,601	-	3,601	
Share of associate profit/(loss)	(4,361)	4,361	-	a
Revaluation of investment properties	4,280	-	4,280	b
Operating revenue	3,520	4,361	7,881	
Operating expenses	(2,267)	2,267	-	c
Loss on changes in fair value of interest rate swaps	(62)	62	-	d
Administration expenses	-	(791)	(791)	c
Depreciation	-	(29)	(29)	c
Employee benefits	-	(387)	(387)	c
Property operating expenses	-	(1,060)	(1,060)	c
Operating profit	1,191	4,423	5,614	
Finance income	31	-	31	e
Share of associate profit/(loss)	-	(4,361)	(4,361)	a
Profit before financing and income taxes	-	1,284	1,284	
Change in fair value of interest rate swaps	-	(62)	(62)	d
Finance expenses	(1,646)	-	(1,646)	f
Net financing costs	(1,615)	424	-	
Profit/(loss) before income tax	(424)	-	(424)	
Income tax expense	(29)	-	(29)	
Profit/(loss) for the year	(453)	-	(453)	
Other comprehensive income				
Share of associate profit/(loss) - Other comprehensive income	2,785	-	2,785	
Other comprehensive income for the year, net of tax income	2,785	(2,785)	-	
Total comprehensive income, net of tax	2,332	-	2,332	

(a) Share of associate profit/(loss)

Share of associate profit/(loss) being presented within the investing category rather than within operating profit. This reflects that returns from associates are generated through investments over which the Company does not have control and are therefore distinguished from the Company's principal operating activities.

(b) Revaluation of investment properties

Investment property fair value movements remaining within the operating category. The Company's principal activities include earning rental income and generating returns from its investment property portfolio. Accordingly, changes in the fair value of investment properties are considered part of operating performance and continue to be included within operating profit.

(c) Operating expenses

operating expenses that were previously presented as a single line item under "Operating expenses" have been disaggregated into administration expenses, depreciation and amortisation, employee benefits expense, and property operating expenses. This change provides users of the financial statements with more useful and transparent information about the nature of expenses incurred by the Company.

(d) Change in fair value of interest rate swaps

Change in the fair value of interest rate swaps, which were previously included within operating profit, are now presented within the financing category of the statement of profit or loss. The interest rate swaps are used to manage the Company's exposure to interest rate risk arising from borrowings and are therefore considered part of the Company's financing activities.

Notes to the financial statements (continued)

3 Adoption of NZ IFRS 18 Presentation and Disclosure in Financial Statements (Continued)

(e) Finance income

Finance income represents a return earned on cash balances and other financial assets that generate a return independently of the Company's principal operations. Accordingly, NZ IFRS 18 requires such income to be presented within the investing category rather than within operating profit.

(f) Finance expenses

Finance expenses remaining within the financing category, reflecting the costs incurred in obtaining and servicing the Company's sources of finance. Presentation within the financing category provides users with a clearer distinction between operating performance and the costs of the Company's capital structure.

Statement of Cash flow changes as a result of adoption of NZ IFRS 18

NZ IFRS 18 amended NZ IAS 7 Statement of Cash Flows relating to the classification of interest and dividends, paid and received.

The 2025 comparative statement of cash flows has been reclassified accordingly. Interest paid of \$1,497,000 was reclassified from operating to financing activities, while interest received of \$33,000 and dividends received of \$750,000 were reclassified from operating to investing activities. These reclassifications had no effect on the total net movement in cash and cash equivalents or the opening and closing cash and cash equivalent balances.

4 MPM's - management-defined performance measures

Management-defined performance measures

The Company uses the following management-defined performance measure in its public communications outside the financial statements. This measure reflects management's view of an aspect of the Company's financial performance and is not a total or subtotal specified by NZ IFRS Accounting Standards. The measure may not be comparable with similarly titled measures presented by other entities.

EBITA excluding revaluations

EBITA excluding revaluations represents operating profit, adjusted to exclude fair value gains or losses on investment properties and the Company's share of profit or loss from associates, and to include dividends received from associates.

Management uses this measure to assess the performance of the Company's directly managed activities together with the cash returns received from associates. Management considers the measure useful because investment property fair value movements are non-cash valuation movements, while the share of profit or loss from associates does not necessarily represent the cash return received by the Company from those investments.

The income tax effect presented in the reconciliation has been calculated using the New Zealand corporate income tax rate of 28%, being the statutory tax rate applicable to the Company.

EBITA excluding revaluations is reconciled to operating profit as follows:

	2026	2026 Income tax Effect	2025	2025 Income tax Effect
EBITA excluding revaluations	2,337	-	2,084	-
Add: Revaluation of investment properties	278	(78)	4,280	(1,198)
Less: Dividends received	800	-	750	-
Operating profit	1,815	-	5,641	-

Notes to the financial statements (continued)

5 Revenue

	2026	2025
	\$000	\$000
Rental income	3,748	3,601
	<u>3,748</u>	<u>3,601</u>

Rental income from the investment property is recognised as revenue when due and paid by the Lessee and is spread evenly over the lease period. Rental income from investment property solely comprises of operating lease income from lease contracts in which the Company acts as a lessor (refer to note 13).

6 Administrative expenses

	2026	2025
	\$000	\$000
Audit or review of the financial statements - recovery for prior year audit	21	18
Audit or review of the financial statements - annual report audit	68	43
Directors fees	217	194
Insurance	14	13
Travel costs	18	28
Office expenses	54	60
Professional services	262	437
	<u>654</u>	<u>793</u>

7 Operating expenses

	2026	2025
	\$000	\$000
Bad debts	2	-
Insurance	79	67
Rates	505	467
Repairs and maintenance	241	331
Professional services	74	59
Utilities	118	135
	<u>1,019</u>	<u>1,059</u>

Notes to the financial statements (continued)

8 Income tax

	2026 \$000	2025 \$000
<i>Tax recognised in profit or loss</i>		
Current tax expense		
Current period	(220)	(292)
Total current tax expense	(220)	(292)
Deferred tax expense		
Origination and reversal of temporary differences	(70)	413
Recognition/(utilisation) of tax losses	92	(92)
Total deferred tax expense	22	321
Total income tax (benefit)/expense	(198)	29
Reconciliation of effective tax rate		
Profit/(Loss) before tax	9,976	(424)
Income tax using the Company's domestic tax rate of 28%	3,050	(119)
Permanent differences	(3,024)	358
Imputation credits received on dividends	(224)	(210)
Income tax (benefit)/expense	(198)	29
Deferred tax		
Investment property	(131)	(225)
Property held for sale	258	258
Employee benefits	6	7
Lease liability	3	6
Right of use assets	(4)	(6)
Accruals	(4)	18
Tax losses	-	92
Net deferred tax asset	128	150

The current tax liability of \$105,000 (2025: 327,000) represents the amount of income taxes payable in respect of current and prior periods.

Income tax policy

Tax expense comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance date. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is recognised as an adjustment against the item to which it relates.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of goodwill. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes to the financial statements (continued)

9 Cash and cash equivalents

	2026 \$000	2025 \$000
Current assets		
Bank accounts	1,320	149
Total cash and cash equivalents in the statement of cash flows	1,320	149

10 Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2026 Land	2026 Buildings	2026 Plant and equipment	2026 Furniture and fittings	2026 Total
Opening net book amount	320	830	33	-	1,183
Additions	-	141	30	259	430
Depreciation	-	(19)	(12)	(5)	(36)
Impairment loss	-	(92)	-	-	(92)
Balance at end of year	320	860	51	254	1,485

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the previous financial year:

	2025 Land \$000	2025 Buildings \$000	2025 Plant and equipment \$000	2025 Furniture and fittings \$000	2025 Total \$000
Opening net book amount	-	-	-	-	-
Additions	321	841	40	-	1,202
Depreciation	(1)	(11)	(7)	-	(19)
Balance at end of year	320	830	33	-	1,183

Property, plant and equipment policy

An independent valuation of the land is performed by a registered valuer every three years, to determine the fair value of the land as at the end of the financial year. The revaluation movement net of applicable deferred income taxes is applied to other comprehensive income and is included in "Asset Revaluation Reserves" in equity. An independent valuation was performed as at 30 June 2026. This determined no revaluation increase was required. The Directors have assessed the current carrying value as appropriate.

An impairment loss of \$92,000 (2025: \$Nil) has been recognised in respect of the Company's buildings during the year. The impairment arose following a review of the recoverable amount of the assets, which was determined to be below the carrying value. The recoverable amount is the higher of fair value less costs of disposal and value in use.

Notes to the financial statements (continued)

10 Property, plant and equipment (continued)

Carrying value of property, plant and equipment:

	Land \$000	Buildings \$000	Plant and equipment \$000	Furniture and fittings \$000
As at 30 June 2026				
Cost	321	982	70	259
Accumulated depreciation	(1)	(31)	(19)	(5)
Impairment loss	-	(92)	-	-
Balance at end of year	320	860	51	254

	Land \$000	Buildings \$000	Plant and equipment \$000	Furniture and fittings \$000
As at 30 June 2025				
Cost	321	841	40	-
Accumulated depreciation	(1)	(11)	(7)	-
Balance at end of year	320	830	33	-

11 Borrowers notes

	2026 \$000	2025 \$000
LGFA	150	-
	150	-

TDHL holds borrower notes issued by the New Zealand Local Government Funding Agency Limited as part of its LGFA borrowing arrangements. At 30 June 2026, the carrying amount of LGFA borrower notes was \$150,000.

The borrower notes comprise floating rate securities with principal amounts of \$100,000 and \$50,000, both maturing on 20 April 2029. Interest on the borrower notes is paid on maturity and is non-compounding.

The borrower notes are measured at amortised cost and are presented as non-current financial assets.

Notes to the financial statements (continued)

12 Investment portfolio

During the year, the Company invested funds with Forsyth Barr through the Customised Investment Solutions service. The portfolio is managed on a discretionary basis in accordance with the service agreement and Statement of Investment Policy and Objectives. At 30 June 2026, the portfolio had a fair value of \$3.155 million.

The portfolio has been classified as a financial asset measured at fair value through profit or loss. Under this classification, changes in fair value, together with related investment income and portfolio expenses, are recognised in the profit or loss in the period in which they arise.

	2026 \$000	2025 \$000
Asset class		
Cash	354	-
Australian equities	548	-
International equities	2,128	-
Alternatives	125	-
Total	3,155	-

The following amounts were recognised in the profit or loss during the year:

	2026 \$000	2025 \$000
Interest income	8	-
Overseas income	16	-
PIE income	1	-
Fair value gain on financial assets	137	-
Portfolio management fees	(5)	-
Net gain recognised in profit or loss	157	-

Foreign withholding tax credits of \$2,258 and imputation credits of \$37 have been recognised as tax credits receivable, where recoverable. No amount has been recognised in other comprehensive income, as the portfolio has been classified as financial assets measured at fair value through profit or loss.

13 Investment properties

	2026 \$000	2025 \$000
Opening balance	71,761	67,398
Change in fair value	278	4,280
Acquisition of investment property	3,627	1,251
Disposal of investment property	(1,447)	(704)
Transfer Stafford Street Properties to property, plant and equipment	-	(464)
Closing balance	74,219	71,761

Notes to the financial statements (continued)

13 Investment properties (continued)

Amounts recognised in profit or loss for investment properties

	2026	2025
	\$000	\$000
Rental income from operating leases	3,748	3,601
Direct operating expenses from property that generated rental income	(686)	(967)
Direct operating expenses from property that did not generate rental income	(225)	(76)
Changes in fair value of investment properties	278	4,280
	<u>3,115</u>	<u>6,838</u>

Measuring investment property at fair value

Investment properties are land and buildings where the building is built to maximise the return on land and buildings as an “interim use”, are held for long term rental yield and are not occupied by the Company. Investment property also includes property that is being constructed or developed for future use as investment property.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- The occupants provide services that are integral to the operation of the Company’s business;
- The property is being held for future delivery of services.

Land where there are infrastructure services in place or there is a firm commitment to provide such infrastructure is classified as investment property. Buildings that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

The classification of properties is done at the lowest possible level. Thus, where part of a property is occupied by a party other than the Company, consideration is given to whether that portion of the building could be classified as an investment property. Classification as an investment property will be indicated if the section of the building could be separately sold or leased under a finance lease.

If the section of the property occupied by a party other than the Company is unable to be sold or leased separately from the rest of the building, the building is assessed as a whole and will usually only be classified as investment property if the Company occupies an insignificant portion of the total building.

Investment property is carried at fair value, based on valuation methodologies using direct sales comparison or a direct capitalisation of rental income using market comparison of capitalisation rates. These values are determined annually by external valuers. Gains or losses arising from a change in fair value are recorded in the Statement of Comprehensive Income.

Investment property held by the Company has been independently reviewed as at 30 June 2026 by Hayden Doody SPINZ, ANZIV, MRICS a registered valuer with CBRE.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

If it is determined that the fair value of an investment property under construction is not reliably determinable but the Company has an expectation that the fair value of the property will be reliably determinable when construction is complete, the investment property under construction will be measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Transfers are made to investment property when there is a change in use. This may be evidenced by ending of owner occupation, commencement of an operating lease to another party or commencement of construction or development for future use as investment property.

The Company leases out its investment properties. The Company classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Assets held under operating leases are included within Investment property in note 13.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Notes to the financial statements (continued)

13 Investment properties (continued)

	2026	2025
	\$000	\$000
One year	2,587	2,290
Two years	2,269	1,889
Three years	1,714	1,748
Four years	1,084	1,261
Five years	818	635
More than five years	14,473	15,175
	<u>22,945</u>	<u>22,998</u>

14 Property held for sale

	2026	2025
	\$000	\$000
Property held for sale	1,202	1,202

Property held for sale is classified as held for sale if their carrying amount will be recovered principally through a sale transaction within the next financial year. Property held for sale is valued at the lower of carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the profit or loss. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Property held for sale is not depreciated or amortised while they are classified as held for sale.

At 30 June 2023 Timaru District Holdings Limited had committed to selling Showgrounds lots 8 and 9 with an expected settlement date of October 2023. This contract has been renegotiated to extend the settlement date into FY2027 and to include Showgrounds lot 7 in the sale.

15 Investments in associate companies

The interest in the associate companies has been reflected in the financial statements on an equity accounting basis, which shows the share of surplus/deficits in the profit for the year and the share of post-acquisition increases/decreases in net assets in the statement of financial position.

For the purpose of equity accounting, all property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses with the exception of port land and other land which is recognised at fair value. Port land is revalued every year, other land is revalued cyclically every 3 years. Other land was last revalued in 2023.

An impairment assessment has been completed for the Company's investment in associate entities (Alpine Energy Limited and PrimePort Timaru Limited) as at 30 June 2026. No impairment loss has been recognised.

PrimePort Timaru Ltd

Principal activity: Port operator

Ownership: 50.0% (2025: 50.0%)

Balance date: 30 June

Results of Associate

	2026	2025
	\$000	\$000
Share of Profit before tax	4,795	2,815
Taxation	(1,356)	(932)
Share of Profit After Tax	<u>3,439</u>	<u>1,883</u>
Share of Other Comprehensive Income	750	2,785
Share of Total comprehensive income	<u>4,189</u>	<u>4,668</u>

Notes to the financial statements (continued)

15 Investments in associate companies (continued)

Interest in Associate

	2026	2025
	\$000	\$000
Balance at Beginning of Year	55,591	51,673
Recognised total comprehensive income	4,189	4,668
Dividends	(800)	(750)
Balance at End of Year	58,980	55,591
Movements in reserves		
Share of Recognised total comprehensive income	4,189	4,668
Share of profit after tax	3,439	1,883
Share of other comprehensive income	750	2,785
Dividends Paid	(800)	(750)
Total movement in investment	3,389	3,918

Summarised financial information of PrimePort Timaru Limited presented on a gross basis

	2026	2025
	\$000	\$000
Current Assets	7,133	5,806
Non Current Assets	174,931	169,097
Current Liabilities	6,888	45,393
Non Current Liabilities	57,222	18,334
Revenues	38,085	33,237
Profit or loss from continuing operations	6,877	3,765
Other Comprehensive Income	1,500	5,570
Total Comprehensive Income	8,377	9,335

Alpine Energy Ltd

During the FY2023 financial year, Alpine Energy Limited management discovered an administrative error in the previous nine years' Information Disclosure Schedules that were submitted to the Commerce Commission (the Commission). This administrative error resulted in the Commission using the incorrect information in setting the Company's default price-quality path under the Commerce Act 1986, resulting in the Commission setting maximum allowable revenue higher than it should have been. The matter was referred to the Commerce Commission with the investigation of errors concluded in the year ended 31 March 2025.

An agreement was reached between Alpine Energy Limited and the Commerce Commission (Price Path Correction) and provisions totaling \$19.075m were recorded in the financial statements ended 31 March 2025. This included credits to current customers, payments to former consumers, community initiatives and execution costs to deliver on the agreed obligations. The carrying amount of provisions recognised in the year ended 31 March 2025 which remain outstanding as at 31 March 2026 is \$1.608m.

Principal activity: Electricity Distribution

Ownership: 47.50% (2025: 47.50%)

Balance date: 31 March

Results of Associate

	2026	2025
	\$000	\$000
Share of Profit before tax	7,775	(8,490)
Taxation	(2,163)	2,246
Share of Profit After Tax	5,612	(6,244)
Share of Total comprehensive income	5,612	(6,244)

Notes to the financial statements (continued)

15 Investments in associate companies (continued)

Interest in Associate

	2026	2025
	\$000	\$000
Balance at Beginning of Year	87,323	93,567
Recognised total comprehensive income	5,615	(6,244)
Correction of prior period associate revaluation	(201)	-
Balance at End of Year	92,737	87,323
Share of Recognised total comprehensive income	5,615	(6,244)
Total movement in investment	5,615	(6,244)

Summarised financial information of Alpine Energy Limited presented on a gross basis

	2026	2025
	\$000	\$000
Current Assets	22,352	22,741
Non Current Assets	364,665	353,991
Current Liabilities	15,867	14,667
Non Current Liabilities	175,918	178,230
Revenues	92,139	63,869
Profit or loss from continuing operations	11,820	(13,145)
Total Comprehensive Income	11,820	(13,145)

Consolidated Investment in Associates

	2026	2025
	\$000	\$000
Balance at beginning of year	142,914	145,240
Recognised total comprehensive income	9,801	(1,576)
Dividends	(800)	(750)
Correction of prior period associate revaluation	(201)	-
Balance at End of Year	151,713	142,914

Notes to the financial statements (continued)

16 Trade and other payables

	2026	2025
	\$000	\$000
Trade creditors and accruals	300	113
Interest payable	38	86
Sundry payables	113	114
	<u>451</u>	<u>313</u>

Trade and other payables policy

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

17 Interest bearing loans and borrowings

	Note	2026	2025
		\$000	\$000
Current			
LGFA Funding		12,500	9,300
		<u>12,500</u>	<u>9,300</u>
Non-current			
Loans from Timaru District Council	20	21,681	21,681
LGFA Funding		3,000	-
		<u>24,681</u>	<u>21,681</u>

The interest rates for the loans from Timaru District Council range from 2.89% to 3.64% (2025: 3.96% to 6.81%). These loans have no fixed repayment terms and are repayable within 366 days (2025: 366 days) after notice by the Council seeking repayment of the outstanding amount. The interest rate applied is linked to the bank bill rate for the period plus basis points agreed with the Council.

Borrowing comprised fixed-rate loans from the Local Government Funding Agency (LGFA). At 30 June 2026 total borrowings were \$15.5 million (2025: 9.3 million). \$12.5 million of these wholesale security notes have contractual maturity periods of approximately three months, accordingly, these borrowings are classified as current liabilities. The Company has historically refinanced these borrowings on maturity and expects to continue doing so as part of its treasury management activities.

Subsequent to balance date, the Company refinanced its maturing LGFA borrowings on 9 September 2026 for a further 3 months. The interest rates for LGFA Funding range from 2.92% to 3.46% (2025: 3.46% to 4.44%). The average rate on the LGFA borrowings during the year is 2.96% (2025: 4.05%). The LGFA borrowing is secured under a General Security Deed.

The borrowings mature as follows:

	2026	2025
	\$000	\$000
Less than one year	12,500	9,300
One to five years	3,000	-

Security

Timaru District Holdings Limited commercial bills are secured by a first ranking general security agreement over all property of the Company. Loan from Timaru District Council to the Company is secured by Debenture over the Company's assets.

Interest bearing loans and liabilities policy

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the Company has a right to defer settlement for at least 12 months after balance date.

Notes to the financial statements (continued)

18 Financial instruments classification

Financial instruments are recognised in the Statement of Financial Position when the Company becomes party to a financial contract. They include cash and cash equivalents, short term investments, trade and other receivables, trade and other payables, interest bearing loans and borrowings, lease liabilities, shares in associate companies, related party receivables, and related party payables.

Financial assets (except for trade receivables without a significant financing component) and liabilities are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and liabilities are classified into the following categories:

Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amounts outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit and loss.

Financial assets held at amortised cost comprise: cash and cash equivalents, short term investments, trade and other receivables, and related party receivables.

Financial assets held at fair value through profit and loss

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss.

Financial assets at FVTPL comprise derivative financial instruments.

Financial assets held at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income (FVOCI) if it meets both the following conditions, and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amounts outstanding.

Financial liabilities held at amortised cost

Financial liabilities not designated as at FVTPL on initial recognition are classified as at amortised cost. Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit and loss.

Financial liabilities held at amortised cost comprise: trade and other payables, interest bearing loans and borrowings, related party payables, and lease liabilities.

Impairment - financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Notes to the financial statements (continued)

18 Financial instruments classification (continued)

The carrying value of financial assets and liabilities are as follows:

	2026 \$000	2025 \$000
Financial assets as per balance sheet		
<i>Measured at amortised cost:</i>		
Cash and cash equivalents	1,320	149
Receivables	356	139
Term deposits	-	800
Borrower note	150	-
<i>Measured as FVPL:</i>		
Derivatives	13	-
Investment portfolio	3,155	-
Total financial assets	4,994	1,088

GST receivable and prepayments do not meet the definition of a financial asset and have been excluded from the above table.

	2026 \$000	2025 \$000
Financial liabilities as per balance sheet		
<i>Measured at amortised cost:</i>		
Payables and accruals	472	335
Term loans	37,181	30,979
	37,653	31,314
<i>Measured at FVPL:</i>		
Derivatives	-	65
	-	65
Total financial liabilities	37,653	31,379

GST payable, fringe benefit taxes and employee entitlements do not meet the definition of a financial liability and have been excluded from the above table.

Notes to the financial statements (continued)

19 Derivative financial instruments

	2026 \$000	2025 \$000
Current assets		
Interest rate swaps	13	
Current liabilities		
Interest rate swaps	-	(65)
	<u>-</u>	<u>(65)</u>

The Company has variable rate long term borrowings to fund ongoing activities. Swaps were entered into, to manage interest rate fluctuation risks. The interest rate swaps provide a fixed interest rate to the Company in exchange for a floating rate.

The following table details outstanding interest rate swaps as at the reporting date:

	Contracted fixed interest rates %	Notional principal swap amounts		Carrying value asset/(liability)	
		2026 \$000	2025 \$000	2026 \$000	2025 \$000
Swap maturity dates					
March 2028	3.35	3,000	3,000	(6)	(7)
June 2030	3.65	-	5,000	-	(25)
June 2032	3.86	6,600	6,600	(53)	(33)
December 2028	2.67	5,000	-	84	-
November 2033	3.46	2,000	-	43	-
November 2033	3.77	1,000	-	1	-
June 2033	3.96	5,000	-	(57)	-
		<u>22,600</u>	<u>14,600</u>	<u>13</u>	<u>(65)</u>

Derivative financial instrument policy

Derivative financial instruments are recognised in the Statement of Financial Position when the Company becomes party to a financial contract. The Company holds derivative financial instruments to hedge its exposure to fluctuations in interest rates as the Company holds a floating-rate interest-bearing loan. They include interest rate swaps.

The Company has a series of policies providing risk management for interest rates and the concentration of credit. The Company is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions that are speculative in nature to be entered into. Information used to measure and manage risk includes staff experience, market commentary, strategic planning, financial planning and forecasting, financial reporting, operating and management systems, and risk management audits.

Derivative financial instruments held at fair value through profit and loss

Derivative financial instruments are classified as at fair value through profit and loss when the instrument is not designated as a hedging instrument in a qualifying hedge accounting relationship.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value using mark to market based on market observable interest or foreign exchange rates at valuation date. Any changes therein are recognised in the statement of comprehensive income.

Derivative financial instruments held at fair value through profit and loss comprise of interest rate swaps.

Notes to the financial statements (continued)

20 Related parties

Key management personnel

Key management personnel comprise the Directors and General Manager.

Key management personnel compensation comprised of:

	2026 \$000	2025 \$000
Key management personnel compensation	482	453
	<u>482</u>	<u>453</u>

Dividends paid

During the year a dividend of \$1,400,000 (2025: \$1,200,000) was paid.

Transactions involving related entities

The entities, the nature of the relationship and the types of transactions which the Company entered into during the period are detailed below:

Related entity	Nature of relationship	Types of transactions
Timaru District Council	Parent	Leases and services, leases and loan payable
Alpine Energy Limited	Associate	Leases, services received
PrimePort Timaru Limited	Associate	Leases, services received

The following transactions between related parties occurred during the year:

Related party	2026					
	Sale of goods and services \$000	Purchase of goods and services \$000	Dividends received \$000	Balances receivable \$000	Balances payable \$000	Loan payable \$000
Timaru District Council	95	1,434	-	-	51	21,681
Alpine Energy Limited	2	27	-	-	-	-
PrimePort Timaru Limited	123	33	800	-	-	-
	<u>220</u>	<u>1,494</u>	<u>800</u>	<u>-</u>	<u>51</u>	<u>21,681</u>

Related party	2025					
	Sale of goods and services \$000	Purchase of goods and services \$000	Dividends received \$000	Balances receivable \$000	Balances payable \$000	Loan receivable / payable \$000
Timaru District Council	81	1,735	-	8	84	21,681
Alpine Energy Limited	11	-	-	-	-	-
PrimePort Timaru Limited	112	223	750	4	39	-
	<u>204</u>	<u>1,958</u>	<u>750</u>	<u>12</u>	<u>123</u>	<u>21,681</u>

No related party debts have been written off or forgiven during the year. Refer to note 17 for Timaru District Council loan policy.

Notes to the financial statements (continued)

21 Share capital and reserves

	Number of shares		2026	2025
	2026	2025	\$000	\$000
Shares				
Balance 1 July	49,550,000	49,550,000	31,000	31,000
Balance at 30 June	<u>49,550,000</u>	<u>49,550,000</u>	<u>31,000</u>	<u>31,000</u>

At 30 June 2026, share capital comprised 49,550,000 shares (2025: 49,550,000). 18,550,000 shares (2025: 18,550,000) issued at a price of \$1.35 each have been paid to \$185.50 (2025: \$185.50). This uncalled capital is security for the General Security Deed with LGFA. All issued shares rank equally.

Share capital policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

22 Contingencies

No contingent assets or contingent liabilities exist at balance date for Timaru District Holdings Limited (2025: nil).

As reported in PrimePort Timaru Limited financial statements, no contingent assets or contingent liabilities exist at balance date for PrimePort Timaru Limited (2025: nil)

As reported in the Alpine Energy Limited financial statements, Alpine Energy Limited group has no contingent assets or contingent liabilities as at 31 March 2026 (2025: \$730,000 liabilities).

23 Capital commitments

As at 30 June 2026 the Company had contracted capital commitments of \$334,000. (2025: \$1,764,000).

As reported in the Alpine Energy Limited financial statements, as at 31 March 2026 Alpine Energy Limited had contracted capital commitments of \$12,981,000. (2025: \$8,291,000).

As reported in PrimePort Timaru Limited financial statements, as at 30 June 2026 PrimePort had capital commitments of \$5,390,000 (2025: nil).

24 Subsequent events

Subsequent to balance date, the Timaru District Council approved a proposal to commence a process for the disposal of Timaru District Holdings Limited's shareholding in Alpine Energy Limited.

As at the date of authorisation of these financial statements, the proposed sale remains subject to the completion of the relevant sale process, including negotiation of transaction terms and satisfaction of any required conditions and approvals. As the transaction was not committed to at balance date no adjustment has been made to the carrying value of the investment at 30 June 2026.

Management will continue to monitor developments and assess the financial reporting implications of the transaction as further information becomes available.

Statutory information

Directors

Timaru District Holdings Limited

Mark Rogers (Chairperson)

Darren M. Evans (Deputy Chairperson)

Sally B. Parker (ceased 5 November 2025)

Aaron W. K. Bethune

Keri J. Johnston (appointed 5 November 2025)

Justin M. Riley (appointed 5 November 2025)

Entries made in the interests register

The following entries were recorded in the interests registers of the Company:

Mark F. Rogers (Chairperson)

PrimePort Timaru Limited - Director

Kingsdown Salisbury Hall Society Incorporated - Treasurer

MVHB Professional Services Limited - Shareholder and Director

Te Runanga o Arowhenua Limited - Chairman

The Rogers Family Trust - Trustee

Westroads Limited - Chairman

Cumberland Property Group Limited - Chairman

Cumberland Rural Properties Limited - Chairman

Fulton Hogan Limited - Shareholder

Darren Evans

Keith Andrews Trucks – Chief Executive Officer

Otautahi Community Housing Trust- Trustee Chairman

DM Evans Consulting Limited - Shareholder and Director

CDM Capital Partners Limited - Shareholder and Director

Foundations of Equitable Housing Limited - Director

Sally B. Parker (ceased)

Timaru District Council - Councillor

Te Whatu Ora - Employee

NZNO New Zealand Nursing Organisation - Member

Aaron W.K. Bethune

Stand Forestry Limited - Chief Financial Officer

Alpine Energy Limited - Director

Bethune Consulting Limited – Director

Bethune Family Trust – Trustee

Keri J. Johnston

The Agri-Women's Development Trust - Co-chair

Irricon Resource Solutions Limited - Director and Shareholder

Stoncroft Limited - Director and Shareholder

Justin M. Riley

High Country Salmon Limited - Chairman

The 4B Trustee Company Limited - Director

Flywheel Partners Limited - Director and Shareholder

Aoraki Foundation Investment and Finance Committee (IFAC) - Member

GM Milburn Family Trust - Trustee

Central South Island Water - Chairman

Salmon Smolt NZ Limited - Board Member

Lead to Grow Collective - Trustee

Statutory information (continued)

Interest in transactions

- All transactions with Directors were entered into during the normal course of business and at normal terms and conditions.

Use of Company information

- During the year there were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors, which would otherwise have been available to them.

Shareholding by directors

There are no shareholdings held by directors.

Remuneration and other benefits to directors

Timaru District Council independently chose to undertake a review of Directors fees in October 2024 and established a new fee structure.

	Timaru District Holdings Limited	2026	2025
Director FY2025	Mark Rogers (Chairperson)	\$65,456	\$63,691
Director FY2025	Darren M. Evans	\$47,728	\$41,906
Ceased 5 November 2025	Sally B. Parker	\$15,126	\$36,941
Director FY2025	Aaron Bethune	\$38,183	\$36,941
Ceased 1 November 2024	Rebecca L. Keogh	\$ -	\$14,583
Appointed 5 November 2025	Keri J. Johnston	\$25,031	\$ -
Appointed 5 November 2025	Justin M. Riley	\$25,031	\$ -
	Total	\$216,555	\$194,062

Indemnity and Insurance: Directors and Employees

Timaru District Holdings Limited

- The Company has entered into an agreement to indemnify all Directors, Company Secretary, and Executive Officer, against loss resulting from the actions which arise out of the performance of their normal duties as director or advisor.

Dividends

Net dividends of 4 cents per fully paid share were paid during the year.

Employee benefits

The Company paid employee benefits of between:

	2026	2025
\$100,001 - \$110,000	1	-
\$110,001 - \$120,000	-	1
\$230,001 - \$240,000	1	1
Total employees	2	2

Donations

During the year Timaru District Holdings Limited made no donations (2025: \$0).

Auditors' Remuneration

During the year the following amounts were payable to the auditors of the Company:

Company	Audit Work	Recovery of prior year fee
Timaru District Holdings Limited	\$67,000	\$21,654

Independent Auditors Report



Independent Auditor's Report

To the readers of Timaru District Holdings Limited's financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Timaru District Holdings Limited (the Company). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Company that comprise the statement of financial position as at 30 June 2026, 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 on pages 11 to 34; and
- the performance information that consists of the statement of objectives and performance for the year ended 30 June 2026 on page 10.

In our opinion:

- the financial statements of the Company present fairly, in all material respects its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the New Zealand equivalents to IFRS Accounting Standards Reduced Disclosure Regime; and
- the performance information accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

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.

Independent Auditors Report

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 performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and comply with the New Zealand equivalents to IFRS Accounting Standards Reduced Disclosure Regime. The Board of Directors is also responsible for preparing the performance information contained in the statement of objectives and performance of the Company in accordance with the Act.

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

In preparing the financial statements and performance information, 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 there is an intention to liquidate the Company 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 performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and 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 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 performance information.

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

Independent Auditors Report

We did not evaluate the security and controls over the electronic publication of the financial statements and 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 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 internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

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

Our responsibilities arise from the Public Audit Act 2001.

Independent Auditors Report

Other information

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

Our opinion on the financial statements and 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 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 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 Company in accordance with 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)*, as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Company.



Dereck Ollsson
The Audit Office
On behalf of the Auditor-General
Christchurch New Zealand
29 September 2026

