

acl

Ashburton Contracting Limited

ANNUAL REPORT

YEAR ENDED 30 JUNE 2025



acl



**Your first choice
for customers,
community
and people.**

We Care | We Grow | We Deliver

ASHBURTON CONTRACTING LIMITED

**ANNUAL REPORT
THE YEAR ENDED 30 JUNE 2025**

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ASHBURTON CONTRACTING LIMITED

**ANNUAL REPORT
THE YEAR ENDED 30 JUNE 2025**

Directory

DIRECTORS	A S Lilley (Chairman) A D Barlass D R Cusack R A Pickworth C R Stewart
CHIEF EXECUTIVE OFFICER	K G Casey
SECRETARY	Mark Cousins CA
REGISTERED OFFICE	Gabites Limited Chartered Accountants 54 Cass St ASHBURTON
COMPANY NUMBER	CH 512584
NEW ZEALAND BUSINESS NUMBER	9429039092267
BANKERS	ANZ Bank Limited P O Box 112 ASHBURTON
SOLICITORS	Buddle Findlay Barristers and Solicitors P O Box 322 CHRISTCHURCH
ACCOUNTING and TAX ADVISORS	Ernst Young Level 4, 93 Cambridge Tce Christchurch 8013
AUDITORS	Audit New Zealand P O Box 2 CHRISTCHURCH
	On behalf of the Controller and Auditor-General
CONTACT US	Ashburton Contracting Limited Range St P O Box 264 ASHBURTON Phone 03 308 4039 Fax 03 308 0288 www.ashcon.co.nz

PERFORMANCE REPORT

For the Financial Year Ended 30 June 2025

The Company has produced a satisfactory result for 2025 in what has been one of the most challenging trading years since the 2008-9 Global Financial Crisis, completing the financial year ended 30 June 2025 with a Parent pre-tax profit of \$1.028m. When taking in account the share of the loss in our Joint Venture, Lake Hood Extension Project, the company made an overall profit before tax of \$570k.

Total revenue for 2025 was \$46.595m. Key comments on our activities are as follows:

- Our civil contracting divisions in Ashburton and Rolleston have experienced a very weak market across the board with subdivision activity throttled back by developers and a lack of large infrastructure projects released by government and local authorities. This has made the tender box market particularly competitive as contractors chase work, putting pressure on margins.
- Sealing revenue was ahead of last year as we completed the 2nd year of the 2023-25 ADC reseals contract. The original portion of the contract was completed by Christmas 2024 allowing the Company to carry out further sealing from an additional allocation of funds by Council to improve road quality.
- Drainage revenue was back on the previous year with very little work coming from customers in the first half of the year. This improved in the second half with the Company winning two Ashburton District Council projects, albeit at competitive rates.
- Our Water Services operation has continued with its maintenance contract for Ashburton District Three Waters Contract. We have continued to exceed our KPIs during the year. As part of our strategy to ensure ongoing capability in Water Services we invested in 3 cadets during the year, 2 in reticulation and 1 in plant operations, all of whom are under NZQA training standards.
- Concrete volumes across New Zealand were 10% lower than in 2024. Our Readymix operation has been resilient to this trend with volumes at the same level as last year. This is on a mix of residential and some larger commercial projects.
- Both Ashburton and Timaru workshops have had a solid year. The Ashburton workshop was the first workshop in the country to achieve the Scania Dealer Operating Standard (DOS), an internationally recognised standard for Scania workshops worldwide. We have also recently opened the Southpac Service Centre, adding DAF and Kenworth to our servicing base.

Staff

Staff numbers have reduced slightly over last year with 159 at the end of the year compared with 162 last year. The Company paid \$13.722m in wages and salaries and employment related costs including kiwisaver of \$362k during the year.

The company currently has 29 staff under formal training across a number of our business units. We see this as extremely important both in terms of ensuring sustainable company capability and also as part of staff retention as our people see our investment in them and their capacity to grow within the organisation and enhance their earnings.

PERFORMANCE REPORT

For the Financial Year Ended 30 June 2025

Capital Expenditure

The Company has paired back capital expenditure. The company purchased \$1.461m of assets in 2025 (2024: \$2.923m) and realised \$353k in asset sales. Major asset purchases included the replacement of our front line Volvo loader, setting up our DAF and Kenworth service centre in Ashburton and installation of solar panels on our Range St to improve our carbon footprint.

Cash

The Company has had a net cash decrease of \$390k (2024: \$395k increase), finishing with a closing cash balance of \$3.088m. The Company generated \$2.983m in cash from operations after paying 452k in tax. The Company paid a final dividend in respect of the 2024 financial year of \$1.300m along with repaying term debt of \$586k and lease payments of \$750k

Dividends

The Company proposes to pay a final dividend in respect of the 2025 financial year of \$750k

Lake Hood Extension Project

The company's share of the joint venture loss for the year of \$458k. During the year, the JV completed the development of Stage 10f, a small 5 lot subdivision. Two lots have been sold. Current land development valuations have not been kind to property developers with an overall downwards impairment adjustment totalling \$738k (2024: \$55k). This is based on independent valuations of the development lots and completed lots on hand.

The joint venture ceased its management agreement with ADC on 30 June 2024 with ADC taking over the responsibility for the running of the Lake and its surrounds. ACL has been engaged under a five year contract to provide maintenance and weed cutting services to the Ashburton District Council from 1 July 2024. Neither LHEP or ACL are responsible for Lake Hood water quality.

Health & Safety

The Company has two performance targets in relation to Health & Safety under our SOI. The Company has met its targets for its Lost Time Injury Rate at 0.7 per 100,000 hours worked, and 2.5 incidents per 100,000 works for its Medical Treatment Injury Rate. This is very pleasing as we continue to have a high degree of focus on the health and wellbeing of our staff.

The Company continues to support its staff through Mates in Construction, wellbeing grants and EAP services.

We have maintained our Environmental, Quality and Health & Safety accreditations during the year.

Community Support

The Company supports various organisations in the community with a mixture of sponsorship and donations. Sponsorships include gold donor for EA Networks Stadium, Mid Canterbury JAB Rugby, Mid Canterbury Netball, Canterbury Westpac Helicopter Rescue, Cancer Charity Bus, Mid Canterbury Tennis, NZME Children's Christmas Party and a number of community events and child based events. In the current year donations and sponsorships totalled \$31,123.

PERFORMANCE REPORT

For the Financial Year Ended 30 June 2025

Sustainability

Following the appointment of an Envirotech Manager last year, we have established a sustainability committee to engage across the business in sustainability opportunities. This committee includes ACL staff, ADC representatives and a University of Canterbury student. The Company has an MOU in place with the University of Canterbury which includes engaging students from engineering and sustainability courses as part of their course requirements.

We have installed solar panels at Range St which we expect to save between 20t to 30t of carbon annually.

Future Prospects

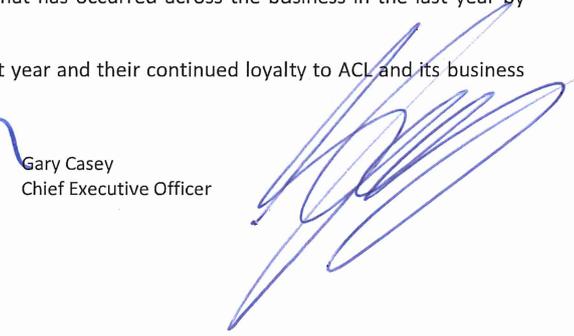
The Company sees a continuation of the current trading environment. We see some opportunities appearing as the Government has announced several significant projects to be started in Canterbury within the next calendar year. These include the Woodend Bypass and Rolleston SH1 Traffic Safety Improvements and locally, the second Ashburton Bridge. We have also formed a strong relationship with Freedom Lifestyle Villages, who we are working with on a number of projects. The company has also been awarded the ADC 2025-7 Reseals Contract.

Strategically, our diversification underpins business activity and ongoing operations. We expect that readymix concrete, Lake Hood Quarry, Workshops and maintenance contracts will continue to provide underlying profitability.

The Directors acknowledge the significant workload that has occurred across the business in the last year by people at all levels of the organisation.

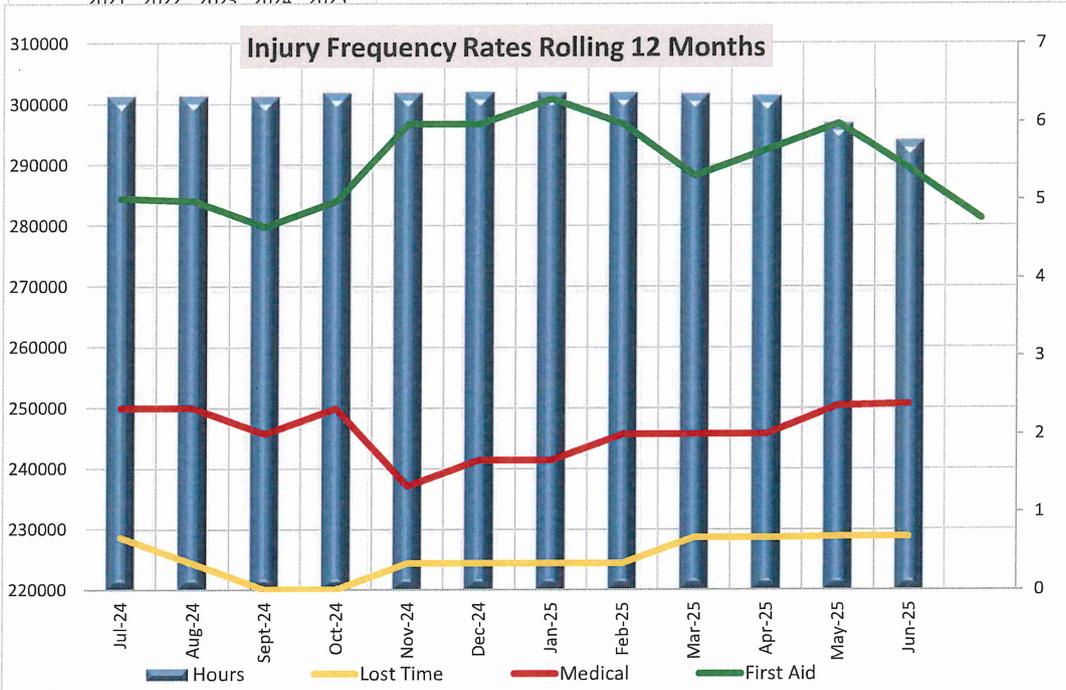
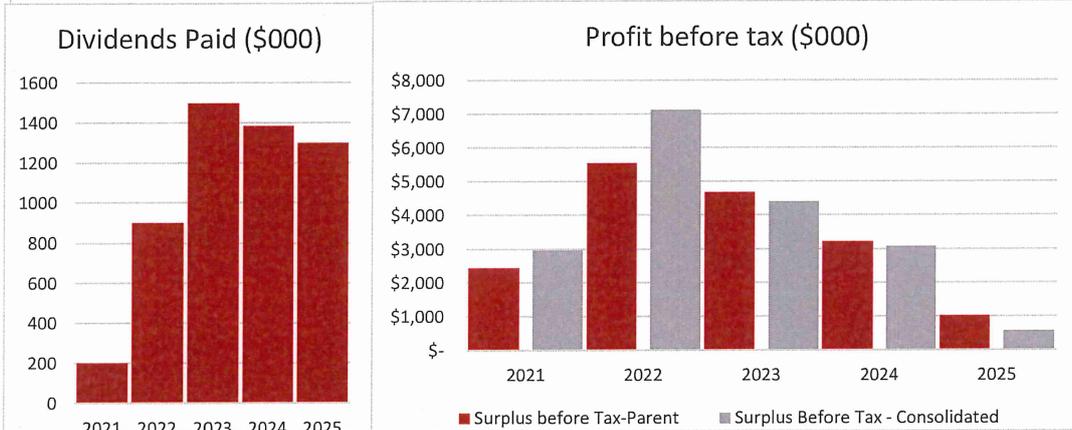
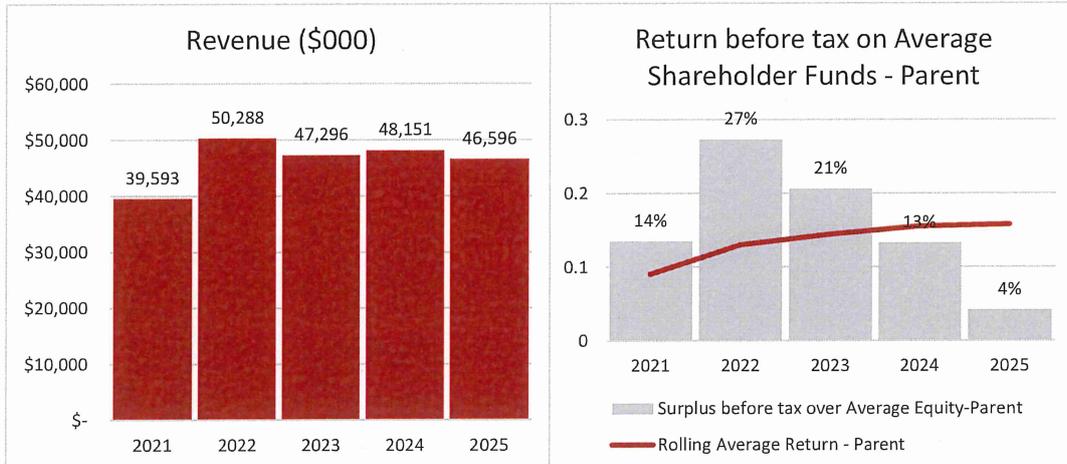
The Directors thank all staff for their efforts in the last year and their continued loyalty to ACL and its business goals.


Alister Lilley
Chairman
30-Sept-25


Gary Casey
Chief Executive Officer

ASHBURTON CONTRACTING LIMITED

REVIEW OF OPERATIONS



ASHBURTON CONTRACTING LIMITED

**DIRECTORS' REPORT
THE YEAR ENDED 30 JUNE 2025**

The Directors present their Annual Report for the year ended 30 June 2025 in compliance with Section 211 of the Companies Act 1993, presented under the New Zealand equivalent to the International Financial Reporting Standards Tier 1 Reporting Regime (NZ IFRS) and disclose the following information:

Activities

The Company's business includes contracting for physical works, both maintenance and construction, offering goods and services for sale and plant and equipment for hire. These activities occur predominantly in the Ashburton district and immediate surrounding areas. The general nature of the Company's activities has not changed in the year under review.

The Company's management status and structure changed from a management LATE to a full trading LATE effective from 1 April 1995 and from a trading LATE to a Council Controlled Trading Organisation on 1 July 2003.

Results

The state of the Company affairs as at 30 June 2025 is as follows:

		Change	2025 \$000's	2024 \$000's
Total Assets	-	4.38%	36,855	38,542
Were financed by:				
Equity	-	-3.41%	24,269	25,125
Liabilities	-	6.19%	12,586	13,417
			36,855	38,542

Dividends

The Company paid a fully imputed final dividend for 2024 in June 2025 of \$1,300,000. The Company did not pay an interim dividend for the 2025 financial year. The Company proposes to pay dividends in respect of the 2025 financial year of \$750,000 in 2025 financial year.

Directors and remuneration are as follows:

	2025 \$000's	2024 \$000's
A Lilley (Chairman)	82	75
A D Barlass	40	38
D R Cusack	40	38
R A Pickworth	40	38
C R Stewart (Appointed 01/11/2023)	40	26
D Prendergast (Retired 31/10/2023)	-	11
	242	226

Directors Insurance

The Company has arranged policies to indemnify all Directors, the Company Secretary, the Chief Executive Officer and the Chief Financial Officer against any liability incurred in the performance of their normal duties on the Company's behalf, limited to the value of the Company's net assets at the time the act or omission occurred.

Donations

Donations for the financial year totalled \$7,710 (2024: \$7,569). Sponsorship of other community organisations totalled \$23,413 for 2025.

Company Information

The Board received no notices during the year from Directors to use Company information received in their capacity as Directors which they would not otherwise have available to them.

ASHBURTON CONTRACTING LIMITED

**DIRECTORS' REPORT
THE YEAR ENDED 30 JUNE 2025**

Remuneration of Employees

Remuneration bands for employees earning over \$100,000 in the 30 June 2025 are as follows:

	2025	2024
\$100,000 to \$109,999	13	10
\$110,000 to \$119,999	6	11
\$120,000 to \$129,999	4	3
\$130,000 to \$139,999	3	4
\$140,000 to \$149,999	2	5
\$150,000 to \$159,999	4	3
\$160,000 to \$169,999	2	-
\$170,000 to \$179,999	3	-
\$180,000 to \$189,999	-	2
\$190,000 to \$199,999	1	-
\$250,000 to \$259,999	1	-
\$260,000 to \$269,999	-	1
\$270,000 to \$279,999	1	1
\$470,000 to \$479,999	1	-
\$490,000 to \$499,999	-	1

Interests Register

Details of Directors interest in transactions can be found by reference to the Company's interests register. All transactions were conducted on normal trading terms. Disclosure of transactions with Directors and entities which they are beneficial owners of are disclosed in Note 21, Transactions with Related Parties under Directors Interests.

Auditors

Audit New Zealand, as agent for the Auditor-General was appointed as the Company's auditor in accordance with Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002.

Audit Fees for the current financial year were \$137,353 (2024 \$115,235).

No other services were purchased from Audit New Zealand (2024 \$Nil).

Conflicts of Interest

The Company closely monitors its Conflicts of Interest. A Conflicts of Interest Register is held for both Directors and Senior Management.

Both Craig Stewart, through a family trust, of which he is a trustee and beneficiary and Gary Casey (CEO) hold minor shareholdings in Fulton Hogan Ltd from staff share schemes while employed by Fulton Hogan Ltd. These have been disclosed under the Director and Senior Management Disclosure Schedule's. The Company works closely with Fulton Hogan Limited but considers that an actual conflict of interest is unlikely due to these shareholdings.

Alister Lilley is a member of the Electricity Ashburton Shareholders Committee and Andrew Barlass is a Director and Chairman of Electricity Ashburton Limited. The Ashburton District Council is a shareholder in Electricity Ashburton Limited. The Company carries out work for Electricity Ashburton which is tendered on an arms' length basis. Andrew Barlass is excluded from any discussion with regard to contracts.

For and on behalf of the Board

Director



Director



Date 30 September 2025

ASHBURTON CONTRACTING LIMITED

DIRECTORS' INTERESTS

The Directors of Ashburton Contracting Limited are Directors of the following companies:

Alister Stewart Lilley	Appliance Connexion Limited Cass Street Properties Limited Electraserve Limited Havelock Holdings Limited Score Pos Limited Smith & Church Appliances Limited
Ross Anthony Pickworth	Electraserve Limited Industrial Controls South Canterbury Ltd McLenaghan Contracting Limited (ceased 24/10/2024) Network Tasman Ltd Pipeline and Civil Limited Pipeline Group Ltd PLC Plant Limited Transwaste Canterbury Ltd Waiotahi Contractors Ltd West Oak Trading Ltd Westroads Ltd
Andrew David Barlass	CentrePort Limited CentrePort Investment Holdings Limited CentrePort Captive Limited Christchurch International Airport Limited EA Networks Limited Electricity Ashburton Limited Kowhai Barlass Trustee Limited Kowhai Farmlands Limited
Darin Ronald Cusack	Airways Corporation of NZ Limited Airways International Limited Auckland One Rail Limited Canterbury Cricket Association Civil Aviation Authority of NZ CSC Group Limited (Partner) DC & Co Limited Hawkes Bay Airport Limited Hawkes Bay Airport Construction Ltd (Ceased 20/08/2024)
Craig Rodger Stewart	No Directorships

Statement of Accounting Policies and Disclosures for Financial Year 2025

Reporting Entity

Ashburton Contracting Limited (the "Company") is a Tier 1 for-profit company domiciled in New Zealand.

The Company is a Council Controlled Trading Organisation as defined in Section 6 (1) of the Local Government Act 2002, wholly owned by the Ashburton District Council and is a profit-oriented entity for financial reporting purposes.

The Company's business includes contracting for physical works, both maintenance and construction, offering goods and services for sale and plant and equipment for hire. These activities occur predominantly in the Ashburton district and immediate surrounding areas and may be undertaken in other geographical areas.

Statement of Compliance

The financial statements have been prepared in accordance with the Companies Act 1993, Local Government Act 2002, Generally Accepted Accounting Practice in New Zealand (NZ GAAP), the pronouncements of the Chartered Accountants of Australia and New Zealand and they comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis of Preparation

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand. They are prepared on the historical cost basis, except for Land and Buildings, and certain other investments, which are stated at fair value.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except where otherwise stated.

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

New and amended standards and interpretations

NZ IFRS Standards and Interpretations that have recently been issued or amended but are not yet effective will be adopted in the period that application of the standard is required, however they are not expected to have a significant impact on the Company's financial statements.

Statement of Accounting Policies and Disclosures for Financial Year 2025

Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses, except for Land and Buildings which are valued annually by a registered valuer and are stated at fair value with Level 3 inputs.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Costs

Further expenditures are added to cost only if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is charged to profit or loss on either straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Lower value assets (cost less than \$50,000) are depreciated at the current maximum rates allowed by the Inland Revenue Department as these rates approximate the useful lives and residual values associated with these assets. Leasehold improvements are depreciated within the remaining term of the lease. Land is not depreciated. The residual value and useful life of an asset is reviewed, and depreciation rates adjusted if applicable, at each financial year-end.

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

Particulars	Useful Life
Buildings	14 – 50 years
Leasehold Improvements	14 - 20 years
Plant, Motor Vehicles & Equipment	2 – 38 years
Office Equipment & Fixtures	2 – 10 years
Land Improvements	20 years

Intangible Assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets with a finite life is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating-unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

The accompanying notes and policies form part of the financial statements

Statement of Accounting Policies and Disclosures for Financial Year 2025

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. The recoverable amount of assets is the greater of their market value less cost to sell and value in use. 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 assets. For an asset that does not generate largely independent cashflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Goodwill is allocated to cash generating units and stated at cost less any accumulated impairment losses. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The amount of the impairment loss is measured as the difference between the assets carrying amount and the recoverable amount. An impairment loss in respect of goodwill is tested annually. Any impairment is not reversed in subsequent periods.

Software

Acquired computer software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. The useful life of software has been estimated and amortised between 3 to 10 years.

Resource Consents

Any resource consent issued is amortised over the life of the consent.

Impairment of non – financial assets

The carrying amount of the Company's assets other than inventories are reviewed at each balance date to determine whether there is any objective evidence of the indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss. For revalued assets the impairment loss is recognised in other comprehensive income for that asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in profit or loss.

Reversal of Impairment

Impairment losses are reversed when there is a change in the estimate used to determine the recoverable amount. For revalued assets the reversal of an impairment loss is recognised in other comprehensive income and credited to the revaluation reserve.

An impairment loss is reversed if there has been a change in the estimated use to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost or net realisable value using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The write down from cost to net realisable value is recognised in the surplus or deficit in the Statement of Profit and Loss.

Statement of Accounting Policies and Disclosures for Financial Year 2025

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

Civil construction and contracting

Civil construction and contracting services include drainage, sealing, asphalt laying, utilities and rural contracting.

Construction services within a contract are deemed to represent a single performance obligation, which is satisfied progressively over the construction period. Performance is measured using an output method, by reference to regular progress claims and assessments by client contract engineers.

Any expected loss on construction contracts is recognised immediately as an expense in profit or loss.

Any variable consideration, such as liquidated damages, included in the Company's revenue contracts is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Payment is due as specified in the payment schedules.

Rendering of services

Contracts for all other streams are comprised of one performance obligation, with revenue being recognised over time. Payment is generally due upon completion and acceptance by the customer. An input method (cost incurred) is used as a measure of progress.

Production and sale of goods

The Company earns revenue from the sale of goods, including ready-mix concrete, aggregates and vehicle parts.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery. Payment is generally due based on standard 30-day trading terms.

Contract assets, contract liabilities and trade receivables

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable. Trade receivables are measured at the transaction price determined under NZ IFRS 15.

When an amount of consideration is received from a customer prior to the Company transferring a good or service to the customer, the Company recognises a contract liability.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies the simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Statement of Accounting Policies and Disclosures for Financial Year 2025

Warranties

The Company provides for defects liability periods in accordance with NZ IAS 37.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of less than 3 months. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments

Investments in equity securities held by the Company are recorded at fair value through profit or loss.

Advances and other Financial Assets at Amortised Cost

The Company has provided an advance to the Lake Hood Extension Project (LHEP), which is interest bearing and unsecured.

Financial assets are initially recognised at fair value plus transaction costs. Subsequent measurement is at amortised cost using the effective interest method.

If there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the instrument.

Term Deposits

Term Deposits are recorded at cost at the time of investment and where interest is compounded then this is added to the Term Deposit when credited.

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the Joint Venture are incorporated into these financial statements using the equity method of accounting.

Under the equity method an investment in a joint venture is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the joint venture.

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income 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 provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of any deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates or substantively enacted at the balance date.

Current tax and deferred tax are charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income, in which case the tax is dealt with in other comprehensive income.

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.

The accompanying notes and policies form part of the financial statements

ASHBURTON CONTRACTING LIMITED

Statement of Accounting Policies and Disclosures for Financial Year 2025

Employee Entitlements

The Company has made provision in respect of entitlements for annual leave, long service leave and retirement gratuities. The provision is calculated on an actual entitlement basis at current rates of pay.

The Company recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date to the extent the Company anticipates it will be used by staff to cover those future absences.

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in profit or loss when they are due.

Net Financing Costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested and dividend income. Interest income is recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date the Company's right to receive payment is established.

Trade and Other Payables

Trade and other payables are stated at amortised cost. Due to their short-term nature, they are not discounted.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Loans

Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method.

Goods and Services Tax (GST)

All amounts are shown exclusive of GST, except for trade receivables and payables that are stated inclusive of GST.

Leases

Right-of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments at or before the commencement date less any lease incentives received.

The provision for restoration costs is an estimate of costs to be incurred in relation to restoring an asset to the condition required by the terms and conditions of leases entered into by the company.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets as follows:

Buildings and Leasehold Improvements	0 to 20 years
Plant, Motor Vehicles and Equipment	0 to 5 years
Office Equipment & Fixtures	0 to 5 years

The accompanying notes and policies form part of the financial statements

Statement of Accounting Policies and Disclosures for Financial Year 2025

Sublease right-of-use-assets

Subleases of right-of-use assets that do not transfer ownership of the assets to the lease by the end of the lease term are classified as operating leases. Income as an intermediate lessor from subleasing right-of-use assets is disclosed as gross revenue within other operating income.

Lease liabilities

At commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. These lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of an option reasonably certain to be exercised by the Company and penalties for terminating the lease, if the lease term reflects the Company's option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at lease commencement because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities.

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e. those with a lease term of 12 months or less from the commencement date with no purchase option). The Company also applies the lease of low-value assets recognition exemption to leases of office equipment that are low value. Management has defined this as assets which are, when new, valued at \$8,000 or less.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

ASHBURTON CONTRACTING LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 \$'000	2024 \$'000
Revenue	1	46,596	48,151
Trading Expenses	2	<u>(41,328)</u>	<u>(41,059)</u>
Gross Profit		5,268	7,092
Other Operating Income		167	216
Administrative Expenses	2	<u>(3,990)</u>	<u>(3,766)</u>
Operating Profit before Financing Costs		1,444	3,542
Financial Income	3	101	230
Financial Expenses	3	<u>(516)</u>	<u>(549)</u>
Net Financing Costs		<u>(415)</u>	<u>(319)</u>
Parent Operating Profit		1,028	3,223
Share of Joint Venture Surplus/(Deficit)	27	(458)	(146)
Profit before Tax		<u>570</u>	<u>3,077</u>
Income tax Subvention payment	4	-	(77)
Income tax Expense	4	<u>(193)</u>	<u>(656)</u>
Total Tax Expense		<u>(193)</u>	<u>(732)</u>
Profit after Tax		<u>377</u>	<u>2,345</u>
Other Comprehensive Income			
Revaluation Gain/(Loss) on Land and Buildings	5	74	124
Deferred Tax on Revaluation of Buildings	4	(7)	(20)
Other Comprehensive Income for the Period after Tax		<u>67</u>	<u>104</u>
Total Comprehensive Income		<u>444</u>	<u>2,449</u>

The accompanying notes and policies form part of the financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 \$'000	2024 \$'000
Equity at the start of the year		25,125	24,060
Profit for the Period		377	2,345
Other Comprehensive Income		67	104
Total Comprehensive Income for the Period		<u>444</u>	<u>2,449</u>
Dividends Paid		(1,300)	(1,384)
Equity at the end of the year	14	<u><u>24,269</u></u>	<u><u>25,125</u></u>

ASHBURTON CONTRACTING LIMITED

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 \$'000	2024 \$'000
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	5	15,055	15,578
Right of Use Assets	6	5,209	5,322
Participation in Joint Venture	27	2,955	3,413
Investment	8	10	10
Intangibles	9	184	161
Goodwill	28	488	488
Receivables and Prepayments-Non Current	12	<u>323</u>	<u>145</u>
		24,223	25,118
Current Assets			
Cash & Cash Equivalents	10	3,089	3,479
Loan to Joint Venture	11	159	-
Receivables & Prepayments	12	4,091	5,679
Inventories	13	2,723	2,447
Contract assets	29	<u>2,571</u>	<u>1,819</u>
		12,632	13,424
TOTAL ASSETS		<u><u>36,855</u></u>	<u><u>38,542</u></u>
EQUITY			
Share Capital	14	4,500	4,500
Retained Earnings	14	17,548	18,471
Capital Reserve	14	373	373
Revaluation Reserve	14	<u>1,848</u>	<u>1,781</u>
		24,269	25,125
LIABILITIES			
Non-Current Liabilities			
Provision for Employee Entitlements	16	63	52
Lease Liability	7	5,697	5,733
Term Loans	17	1,000	1,468
Deferred Tax Liability	4	<u>454</u>	<u>560</u>
		7,213	7,813
Current Liabilities			
Bank Overdraft	10	1	1
Provision for Employee Entitlements	16	998	1,105
Lease Liability – Current Portion	7	337	286
Term Loans – Current Portion	17	-	117
Accounts Payable & Accruals	18	3,409	3,347
Provision for Defects Liability	19	606	573
Tax Payable	4	<u>21</u>	<u>174</u>
		5,373	5,604
TOTAL LIABILITIES		<u><u>12,586</u></u>	<u><u>13,417</u></u>
TOTAL EQUITY & LIABILITIES		<u><u>36,855</u></u>	<u><u>38,542</u></u>

The financial statements were approved and authorised for issue on 30 September 2025
for and on behalf of, the Board:

Director



The accompanying notes and policies form part of the financial statements

ASHBURTON CONTRACTING LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 \$'000	2024 \$'000
Cash Flows from Operating Activities			
Cash receipts from customers		47,169	49,048
Cash paid to suppliers and employees		<u>(43,227)</u>	<u>(42,783)</u>
Cash generated from operations		3,942	6,265
Income taxes paid		(452)	(1,439)
Interest Paid		(81)	(95)
Interest Paid Lease Liability		(438)	(451)
Net GST movement		12	318
Net Cash from Operating Activities	24	2,983	4,598
 Cash Flows from Investing Activities			
Proceeds from sale of property, plant & equipment		330	57
Interest received		101	230
Acquisition of property, plant & equipment		(1,434)	(3,183)
Acquisition of intangibles		(58)	(83)
Loan (to)/from Joint Venture (LHEP)		(159)	-
Maturity/(Purchase) of ANZ Bank Term Deposit		-	2,000
Cash Distributions (to)/from LHEP		-	(1,482)
Dividends Received		<u>27</u>	<u>43</u>
Net Cash from Investing Activities		(1,193)	(2,418)
 Cash Flows from Financing Activities			
Repayment of borrowing		(586)	(113)
Lease Liability		(294)	(288)
Dividends paid		<u>(1,300)</u>	<u>(1,384)</u>
Net Cash from Financing Activities		(2,180)	(1,785)
Net Increase/(Decrease) in Cash & Cash Equivalents		(390)	395
Add Opening Cash & Cash Equivalents brought forward		3,478	3,083
Closing Cash & Cash Equivalents carried forward	10	3,088	3,478

The accompanying notes and policies form part of the financial statements

ASHBURTON CONTRACTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1	Revenue from contracts with customers	2025	2024
		\$'000	\$'000
	Disaggregated revenue information		
	Type of good or service		
	Construction and contracting	22,086	19,732
	Rendering of services	15,252	19,410
	Production and sale of goods	9,258	9,009
	Total revenue from contracts with customers	<u>46,596</u>	<u>48,151</u>
2	Trading & Administration Expenses	2025	2024
		\$'000	\$'000
	Trading Expenses		
	Materials and consumables	18,466	16,653
	Net loss on sale of property, plant & equipment	36	17
	Short term & low value leases	78	66
	Personnel expenses	11,726	11,654
	Other trading expenses	11,022	12,669
	Total Trading Expenses	<u>41,328</u>	<u>41,059</u>
	 Administration Expenses		
	Audit fees	137	115
	Directors fees	242	226
	Bad debts	74	64
	Short term & low value leases	3	3
	Personnel expenses	1,996	1,931
	Other administrative expenses	1,538	1,427
	Total Administration Expenses	<u>3,990</u>	<u>3,766</u>
	 Personnel Expenses included in Trading and Administration Expenses		
	Wages and salaries	13,345	13,220
	Contributions to defined contribution plans	16	15
	Contributions to Kiwisaver	362	341
	Increase/(decrease) in liability for long service leave	(1)	9
	Total Personnel Expenses	<u>13,722</u>	<u>13,585</u>
3	Net Financing Costs	2025	2024
		\$'000	\$'000
	Interest income	101	230
	Interest expense	(79)	(98)
	Interest expense on lease liabilities	(437)	(451)
	Net Financing Costs	<u>(415)</u>	<u>(319)</u>

ASHBURTON CONTRACTING LIMITED

4 Taxation	2025	2024
	\$'000	\$'000
<u>Reconciliation of effective tax rate</u>		
Profit before tax	570	3,077
Tax @ 28%	160	862
<i>plus/(less) tax effect of:</i>		
Non-deductible expenses/(non-taxable gains)	14	9
Temporary differences not previously recognised	(27)	(48)
Reversal of Prior Year Over-provision	53	(79)
Tax Credits	(7)	(12)
Income Tax expense reported in profit & loss	<u>193</u>	<u>732</u>
<u>Recognised in the income statement</u>		
Current year tax payable	324	781
Relating to origination/reversal of temporary differences	(184)	30
Deferred Tax Prior Year Adjustment	71	(69)
Overprovision of Prior Year Tax	(18)	(10)
Total income tax expense in the income statement	<u>193</u>	<u>732</u>
<u>Amounts charged or (credited) through Other Comprehensive Income</u>		
Revaluation of property, plant & equipment.	<u>7</u>	<u>20</u>
	<u>7</u>	<u>20</u>
<u>Movement in tax payable / (refund)</u>		
Balance at the start of the year	(174)	(919)
Taxation paid / (refunded)	450	1,439
(Overprovision)/under provision prior year	17	87
Provided for this year	(314)	(781)
Balance at the end of the year-(payable)/refund due	<u>(21)</u>	<u>(174)</u>
Imputation credits available for use in subsequent periods	<u>6,803</u>	<u>7,002</u>

Deferred Tax assets/(liabilities)

2025	Opening Balance	Recognised in Income	Recognised in Other Compre- hensive Income	Closing Balance
	\$'000	\$'000	\$'000	\$'000
Plant, Property & Equipment	(778)	51	(7)	(734)
Employee Benefits	247	(30)	-	217
Retentions	(286)	(31)	-	(317)
Capitalised Interest	(181)	-	-	(181)
Provisions	252	88	-	340
Intangible Assets	(8)	(2)	-	(10)
Finance Leases	194	37	-	231

ASHBURTON CONTRACTING LIMITED

	(560)	113	(7)	(454)
2024	Opening Balance	Recognised in Income	Recognised in Other Comprehensive Income	Closing Balance
	\$'000	\$'000	\$'000	\$'000
Plant, Property & Equipment	(819)	61	(20)	(778)
Employee Benefits	232	15	-	247
Retentions	(252)	(34)	-	(286)
Capitalised Interest	(181)	-	-	(181)
Provisions	290	(38)	-	252
Intangible Assets	(6)	(2)	-	(8)
Finance Leases	156	38	-	194
	(580)	40	(20)	(560)

5 Property, Plant & Equipment

2025	Leasehold Improvement	Land & Buildings (Valuation)	Motor Vehicles	Plant	Office Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost/Valuation			-			
Opening Balance	1,382	2,500	19,419	7,822	503	31,627
Purchases	312	-	822	277	50	1,461
Transfers	-	-	-	-	-	-
Disposals	-	-	(1,657)	(115)	(127)	(1,899)
Valuations	-	55	-	-	-	55
Closing Balance	1,694	2,555	18,584	7,984	426	31,244
Depreciation/Impairment Losses						
Opening Balance	351	-	10,787	4,502	409	16,049
Depreciation for the year	90	19	1,147	403	65	1,724
Impairment Losses	-	-	(27)	(6)	(15)	(48)
Transfers	-	-	-	-	-	-
Valuations	-	(19)	-	-	-	(19)
Disposals	-	-	(1,295)	(110)	(112)	(1,517)
Closing Balance	441	-	10,612	4,789	347	16,189
Carrying Amounts						
At 30 June 2024	1,031	2,500	8,632	3,320	94	15,578
At 30 June 2025	1,253	2,555	7,972	3,195	79	15,055

ASHBURTON CONTRACTING LIMITED

2024	Leasehold Improve- ment \$'000	Land & Buildings (Valuation) \$'000	Motor Vehicles \$'000	Plant \$'000	Office Equip- ment \$'000	Total \$'000
<u>Cost/Valuation</u>						
Opening Balance	1,369	2,399	17,130	7,683	586	29,167
Purchases	15	-	2,350	467	91	2,923
Transfers	(2)	1	20	(101)	(58)	(140)
Disposals	-	-	(81)	(226)	(116)	(423)
Valuations	-	100	-	-	-	100
Closing Balance	<u>1,382</u>	<u>2,500</u>	<u>19,419</u>	<u>7,822</u>	<u>503</u>	<u>31,627</u>
<u>Depreciation/Impairment Losses</u>						
Opening Balance	339	-	9,871	4,323	499	15,032
Depreciation for the year	86	19	941	414	69	1,529
Impairment Losses	-	-	14	10	15	39
Transfers	(74)	-	34	(45)	(59)	(144)
Valuations	-	(19)	-	-	-	(19)
Disposals	-	-	(73)	(200)	(115)	(388)
Closing Balance	<u>351</u>	<u>-</u>	<u>10,787</u>	<u>4,502</u>	<u>409</u>	<u>16,049</u>
<u>Carrying Amounts</u>						
At 30 June 2023	1,030	2,399	7,259	3,360	87	14,135
At 30 June 2024	1,031	2,500	8,632	3,320	94	15,578

ANZ National Bank Limited has a registered first mortgage over 6 Dobson St West, Ashburton and a first ranking general security over the balance of the assets of the company.

Valuation of Land and Buildings

The carrying amount of Land and Buildings is the fair value of the property as determined by McLeod Valuation and Consulting Ltd, a registered independent valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. Fair value was determined by taking into consideration both the Income and Replacement techniques. The current market rental of the premises and the location, quality and type of properties, the lease arrangements and quality of the tenants of comparative properties were considerations of determining the similar market rental assessment as well as similar property sales. The Investment Method including Level 3 inputs has regard to recent market transactions for similar properties in the same location as the Company's property. The Investment Method reflects market dynamics and more closely reflects market value. The replacement method involves the depreciated replacement costs of the buildings plus the underlying land value. This method was used more as a guide or check as it does not consider wider market factors. The land value incorporates a reasonable portion of this property's value and has been analysed from commercial property sales which have occurred within the area for direct comparison purposes of assessed land values. The valuation was completed as at 30 June 2025. A 0.25% change in capitalisation rates makes a +/- \$42k difference in valuation.

Had ACL freehold Land & Buildings been measured on a historical cost basis, their carrying amount would have been as follows:

ASHBURTON CONTRACTING LIMITED

Net Book Value of Revalued Land & Improvements	2025	2024
	\$'000	\$'000
Land	38	38
Buildings and Improvements	502	521
Total	540	559

Impairment of Property, Plant and Equipment

Management and the Board carried out a review for indicators of impairment of property, plant and equipment. As a result of this review the Company impaired PPE by \$26k (2024: \$34k).

6 Right of Use Assets

ACL has contracts for various items of property, motor vehicles, plant and other equipment used its operations. Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the period.

	Land & Buildings \$'000	Motor Vehicles \$'000	Plant \$'000	Other \$'000	Total \$'000
As at 1 July 2024	5,299	3	-	20	5,322
Additions	309	-	-	1	310
Disposals	-	-	-	-	-
Adj. arising from lease modifications	-	-	-	-	-
Depreciation Expense	(415)	(3)	-	(5)	(423)
As at 30 June 2025	5,193	-	-	16	5,209

Carrying Amounts

At 30 June 2024	5,299	3	-	20	5,322
At 30 June 2025	5,193	-	-	16	5,209

7 Lease Liability

ACL is committed to a total of \$6.034m (2024:\$6.019m) in all lease liability payments. The remaining time of property leases is between 1 and 14 years, the printer/copier has three years remaining. During the financial year one new lease arrangements were secured; a new property lease was secured in Ashburton for DAF truck maintenance. Set out below are the carrying amounts of the lease liabilities and the movements during the period. Where leases have rights of renewals, management have determined that ACL will take up all rights of renewal and these have been included in the lease liability calculations.

	Land & Buildings \$'000	Motor Vehicles \$'000	Plant \$'000	Other \$'000	Total \$'000
As at 1 July 2024	5,994	4	-	21	6,019
Leases added	309	-	-	1	310
Lease interest	435	-	-	2	437
Adj. arising from rent market review	-	-	-	-	-
Adj. arising from lease modifications	-	-	-	-	-
Lease payments	(722)	(4)	-	(6)	(732)
As at 30 June 2025	6,016	-	-	18	6,034

ASHBURTON CONTRACTING LIMITED

	2025	2024
	\$'000	\$'000
Lease Liabilities		
Opening Balance	6,019	6,298
Additions	310	24
Adjustments relating to lease modifications	-	(17)
Adjustments arising from rent market review	-	-
Accretion of interest	437	451
Payments	(732)	(737)
Closing Balance	<u>6,034</u>	<u>6,019</u>

Current	337	286
Non-current	5,697	5,733
	<u>6,034</u>	<u>6,019</u>

	2025	2024
	\$'000	\$'000
Lease Liability Maturity (Future Payments)		
Within 1 Year	768	699
2 - 5 Years	2,805	2,614
Greater than 5 Years	6,069	6,704
Total Future Payments	<u>9,642</u>	<u>10,017</u>

	2025	2024
	\$'000	\$'000
The following amounts are recognised in the Profit or Loss:		
Depreciation expense of right-of-use assets	423	428
Interest expense on lease liabilities	437	451
Expenses relating to leases of low-value assets	81	70
Rent received on subleased right-of-use assets	(62)	(60)
Total amount recognised in the (Profit) or Loss	<u>879</u>	<u>889</u>

8 Investments

	2025	2024
	\$'000	\$'000
Electricity Ashburton Limited - Shares (100 @ \$1.00 each)	-	-
New Zealand Plumbers Merchants - Shares (10,000 @ \$1.00 each)	10	10
	<u>10</u>	<u>10</u>

Electricity Ashburton Ltd shares are recognised at fair value through profit or loss. They are held as part of the company's power supply arrangements and are redeemable at cost, if the company ceases using power supplied over the EA electricity network.

New Zealand Plumbers Merchant shares are recognised at fair value through profit or loss. The shares are redeemable at cost.

ASHBURTON CONTRACTING LIMITED

9 Intangible Assets

2025	Software	Resource Consents	WIP	Total
	\$'000	\$'000	\$'000	\$'000
<u>Cost/Valuation</u>				
Opening Balance	435	117	-	552
Purchases	11	47	-	58
Disposals	(260)	-	-	(260)
Closing Balance	<u>186</u>	<u>164</u>	-	<u>350</u>
<u>Amortisation/Impairment</u>				
Opening Balance	334	57	-	391
Amortisation for the year	19	16	-	35
Disposals	(260)	-	-	(260)
Closing Balance	<u>93</u>	<u>73</u>	-	<u>166</u>
<u>Carrying Amounts</u>				
At 30 June 2024	101	60	-	161
At 30 June 2025	93	91	-	184
2024	Software	Resource Consents	WIP	Total
	\$'000	\$'000	\$'000	\$'000
<u>Cost/Valuation</u>				
Opening Balance	402	151	-	553
Purchases	55	33	-	88
Disposals	(22)	(67)	-	(89)
Closing Balance	<u>435</u>	<u>117</u>	-	<u>552</u>
<u>Amortisation/Impairment</u>				
Opening Balance	334	112	-	446
Amortisation for the year	22	11	-	33
Disposals	(22)	(66)	-	(88)
Closing Balance	<u>334</u>	<u>57</u>	-	<u>391</u>
<u>Carrying Amounts</u>				
At 30 June 2023	68	39	-	107
At 30 June 2024	101	60	0	161

ASHBURTON CONTRACTING LIMITED

10 **Cash & Cash Equivalents**

	2025	2024
	\$'000	\$'000
Bank Balances	556	1,108
Call Account and Till Floats	2,436	2,355
Retentions Account	97	16
Cash & Cash Equivalents	3,089	3,479
Bank Overdraft	(1)	(1)
Cash & Cash Equivalents in the Statement of Cash Flows	3,088	3,478

The Company has overdraft facilities with the ANZ Bank New Zealand Limited of \$3,275,000 (2023: \$3,275,000). The effective interest rate on call deposits was 3.75% to 1.60% (2024: 1.10% to 3.75%). The effective interest rate on overdraft facilities was 9.46% to 7.46% (2024: 8.96% to 9.46%). The Retentions account represents amounts held in relation to retentions due to sub-contractors under the Construction Contracts Act 2002.

11 **Loan to Joint Venture**

	2025	2024
	\$'000	\$'000
Term Deposits	159	-

The Company advanced LHEP \$158,594 on the 3 Feb 2025. The loan carries an interest rate of 6% payable monthly and is repayable from the proceeds of Stage 10f and any other land sales that occur at Lake Hood. The loan has a term of 12 months.

12 **Receivables & Prepayments**

	2025	2024
	\$'000	\$'000
Trade Accounts Receivable	3,124	4,693
Retentions-Due within 12 months	892	892
Prepayments	193	171
	4,209	5,756
Allowance for expected credit losses on contract balances	(118)	(77)
	4,091	5,679
Retentions-Non current	323	145
Total receivables and prepayments	4,414	5,824

Trade Receivables ageing analysis

Not past due	2,787	3,800
Past due 0-30 Days	148	303
Past due 31-60 days	60	273
Past due over 61 days	129	317
Total	3,124	4,693

Refer to note 19 for credit risk and liquidity risk of Receivables.

ASHBURTON CONTRACTING LIMITED

2025	Individually Impaired	Expected Credit Losses	Total
	\$'000	\$'000	\$'000
<u>Movements in Provision for Impairment of Receivables</u>			
Opening Balance	37	40	77
Charge for the year	60	59	119
Utilised	(27)	(47)	(74)
Unused amounts reversed	(10)	6	(4)
Discount rate adjustment	-	-	-
Closing Balance	<u>60</u>	<u>58</u>	<u>118</u>

2024	Individually Impaired	Expected Credit Losses	Total
	\$'000	\$'000	\$'000
<u>Movements in Provision for Impairment of Receivables</u>			
Opening Balance	39	29	68
Charge for the year	36	41	77
Utilised	(34)	(20)	(54)
Unused amounts reversed	(4)	(10)	(14)
Discount rate adjustment	-	-	-
Closing Balance	<u>37</u>	<u>40</u>	<u>77</u>

13 Inventories

	2025	2024
	\$'000	\$'000
Aggregates	1,317	1,212
Cement	13	26
Contract Inventory	239	64
Fuel	32	37
Services/Plumbing	271	280
Sealing	5	11
Workshops	846	817
Total Inventories	<u>2,723</u>	<u>2,447</u>

No inventories are pledged as security for liabilities, however some inventories may be subject to retention of title clauses. Inventory write-downs recognised as an expense amounted to \$418,379 (2024: \$438,391 and are mainly due to obsolete workshop stock being measured at net realisable value.

ASHBURTON CONTRACTING LIMITED

14 **Equity**

	2025	2024
	\$'000	\$'000
<u>Share Capital</u>		
4,500,000 issued and paid up ordinary shares at incorporation	4,500	4,500
	4,500	4,500
<u>Retained Earnings</u>		
Balance at the start of the year	18,470	17,511
Net Profit after tax	377	2,345
Less Dividends Paid	(1,300)	(1,384)
Less Transfer to Capital Reserve	-	(1)
Balance at the end of the year	17,548	18,470
<u>Capital Reserve*</u>		
Balance at the start of the year	373	372
Realised gain on sale of property, plant and equipment	-	1
Balance at the end of the year	373	373
<small>*This represents capital gains on sale of PPE distributable tax free in event of the Company being wound up.</small>		
<u>Land & Buildings Revaluation Reserve</u>		
Balance at the start of the year	1,781	1,677
Disposals		
Revaluation of Land & Buildings	74	124
Deferred Tax on Buildings	(7)	(20)
Balance at the end of the year	1,848	1,781
TOTAL EQUITY	24,269	25,125

ACL has 4,500,000 authorised, issued and fully paid shares, with \$1.00 value each. All shares carry the same voting rights. None of the shares carry fixed dividend rights. No new shares were issued.

15 **Capital Management**

The company's capital is its equity, comprised of share capital, retained earnings and reserves and represented by net assets. It is the company's intention to maintain sufficient capital to provide security for the existing level of operations and the flexibility for future growth opportunities. The company pays dividends after considering profitability and future investment requirements. The Board of Directors determines the dividends payable after considering the group's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

16 **Provision for Employee Entitlements**

Annual leave, Long Service Leave, Sick Leave and Gratuities

	2025	2024
	\$'000	\$'000
Current Portion	998	1,105
Non-Current Portion	63	52
	1,061	1,157

ASHBURTON CONTRACTING LIMITED

17 Term Loans

			2025	2024
			\$'000	\$'000
ANZ Bank New Zealand Ltd	Interest Rate	Maturity		
Loan No. 1026 Fixed to 09/09/2025	7.62%	14-Aug-26	1,000	1,000
Loan No. 1030 Floating (Repaid 21/08/2025)			-	586
Total Term Loans			<u><u>1,000</u></u>	<u><u>1,586</u></u>

Repayment Periods

Less than six months	Current	-	57
Six to twelve months	Current	-	60
One to two years	Term	1,000	127
Two to five years	Term	-	1,342
		<u><u>1,000</u></u>	<u><u>1,586</u></u>

Debt Liability Reconciliation

Debt at beginning of the year	1,586	1,698
Interest charged	78	97
Payments made including interest	(664)	(209)
Debt at end of the year	<u><u>1,000</u></u>	<u><u>1,586</u></u>

Security

ANZ Bank New Zealand Limited has a registered first mortgage over 6 Dobson Street West and a first ranking general security over the assets of the Company.

18 Accounts Payable & Accruals

	2025	2024
	\$'000	\$'000
Trade Payables and accruals	3,016	2,778
Retentions	94	16
	<u>3,110</u>	<u>2,794</u>
Customer deposits received	3	3
Good & services tax	296	550
	<u><u>3,409</u></u>	<u><u>3,347</u></u>

19 Provision for Defects Liability

	2025	2024
	\$'000	\$'000
Carrying amount at the beginning of the year	573	545
Charged or/(credited) to profit or loss	33	28
	<u><u>606</u></u>	<u><u>573</u></u>

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20 Financial Instruments

The Company is party to financial instrument arrangements as part of its everyday operations. These instruments include banking funds, investments, receivables, payables and borrowings.

Credit Risk

Financial instruments, which potentially subject the Company to credit risk principally, consist of bank balances and accounts receivable. The Company considers that its exposure to bank risk is low as it banks with one of the four major banks in New Zealand. Trade receivables are subject to credit verification and are monitored very closely on an ongoing basis although current economic conditions introduce a higher level of risk than has been seen in prior years. We have increased our bad debts provision. As a result, credit risk for the financial instruments below is considered to be at the low end of the scale.

	2025	2024
	\$'000	\$'000
Contract assets	2,571	2,447
Cash and Cash Equivalents	3,088	3,478
Trade Accounts Receivable and Other Receivables	4,091	5,679
Receivables and Prepayments-Non Current	323	145
	10,073	11,749
	10,073	11,749

Concentration of Credit Risk

The Company is exposed to concentration of credit risk in respect of accounts receivable balances including retentions. The risk on amounts due from accounts receivable balances is considered minimal, no collateral is held on these amounts. Significant accounts receivable balances greater than \$100,000 net of GST are listed below:

	2025	2024
	\$'000	\$'000
ADC including retentions	647	1,166
Freedom Lifestyle Villages Ltd	383	-
Fulton Hogan Ltd	229	494
Ruralco	194	157
Rolly Central Ltd	193	-
Mike Greer Homes Ltd	180	127
Goulds Developments Ltd retentions not due	73	101
Camrose Estate Ltd retentions not due	52	80
Carston Developments Ltd retentions not due	49	285
Scania NZ Ltd	36	112
BCEF Ltd retentions not due	14	125
Benz 2007 Ltd	-	271
Bartlett Concrete Ltd	-	253
Christchurch Property Group Ltd	-	143
O G Singh Ltd	-	123
	2,050	3,437
	2,050	3,437

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Liquidity Risk

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an on-going basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

2025	< 6 months	6-12 mnths	1-5 years	Total
	\$'000	\$'000	\$'000	\$'000
<u>Liquid Financial Assets</u>				
Cash and Cash Equivalents - ACL	2,995	94	-	3,089
Trade Accounts and Other Receivables	3,921	95	323	4,339
	<u>6,916</u>	<u>189</u>	<u>323</u>	<u>7,428</u>
<u>Financial Liabilities</u>				
Bank Overdraft	(1)	-	-	(1)
Accounts Payable and Accruals	(3,051)	(25)	(34)	(3,110)
Term Loans including Interest	-	-	(1,000)	(1,000)
	<u>(3,052)</u>	<u>(25)</u>	<u>(1,034)</u>	<u>(4,111)</u>
Net Inflow/(Outflow)	<u>3,864</u>	<u>164</u>	<u>(711)</u>	<u>3,317</u>
2024	< 6 months	6-12 mnths	1-5 years	Total
	\$'000	\$'000	\$'000	\$'000
<u>Liquid Financial Assets</u>				
Cash and Cash Equivalents - ACL	3,479	-	-	3,479
Trade Accounts and Other Receivables	5,214	370	146	5,730
	<u>8,693</u>	<u>370</u>	<u>146</u>	<u>9,209</u>
<u>Financial Liabilities</u>				
Bank Overdraft	(1)	-	-	(1)
Accounts Payable and Accruals	(2,778)	(16)	-	(2,794)
Term Loans including Interest	(57)	(60)	(1,469)	(1,586)
	<u>(2,836)</u>	<u>(76)</u>	<u>(1,469)</u>	<u>(4,381)</u>
Net Inflow/(Outflow)	<u>5,857</u>	<u>294</u>	<u>(1,323)</u>	<u>4,828</u>

Interest Rate Risk

Interest rates on Term Loan borrowings are disclosed in Note 17. They are a mixture of floating and short term fixed rates. The current expectation is that interest rates will fall by between 25 and 50 basis points over the next year although timing is uncertain. A change in interest rates of 0.25% equates to \$2,500. Cash and Cash equivalents and Bank Overdraft are subject to interest rate risk. The Company had total non-fixed interest payments of \$6k (2024: \$42.5k) and non-fixed interest received of \$101k (2024 \$180k) during the financial year. Total exposure to fixed rate term loans is \$1m (2024 \$1.586m).

Credit Facilities

The Company has formal overdraft facilities with the ANZ Bank New Zealand Limited of \$3.275m (2024: \$3.275m). The Company also has loan financing in place as disclosed in Note 17.

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Fair Values

The estimated fair values of the financial instruments are the carrying amounts as stated in the Balance Sheet and are based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Sensitivity Analysis

The Company had \$1.0m of term borrowings at 30 June 2025 which is fixed to 2 September 2025. The Company intends to use a floating interest rate once this term expires. The OCR is expected to reduce by between 25 and 50 basis points in the next year. The current floating rate is 5.85%.

21 Transactions with Related Parties

The company is wholly owned by Ashburton District Council. No related party debt has been written off or forgiven during the year. All transactions were conducted on normal trading terms. Transactions with related parties are as follows:

	2025	2024
	\$'000	\$'000
<u>Ashburton District Council</u>		
Services provided (by) Ashburton District Council (1)	(120)	(149)
Services provided to Ashburton District Council (1)	15,059	13,765
Accounts payable to Ashburton District Council (2)	(50)	(6)
Accounts receivable from Ashburton District Council (2)	1,314	657
Construction contract claims included in Contract assets in relation to Ashburton District Council (1).	1,082	344
Dividends paid to Ashburton District Council	(1,300)	(1,384)
Subvention payments made by ACL to Ashburton District Council	-	(77)
<u>Lake Hood Extension Project (LHEP)</u>		
Services provided (by) LHEP (1)	(5)	(120)
Services provided to LHEP (1)	463	392
Income in Contract Assets in relation to future Stage 15 not yet claimed from LHEP (1)	-	150
Accounts receivable from LHEP (2)	5	38
Loan (see Note 11)	159	-
<u>Directors Interests (GST Inclusive)</u>		
Services/Goods provided to A Lilley	(1)	-
Services/Goods provided (by) Smith & Church (3)	(1)	(1)
Services/Goods provided to Smith & Church (3)	-	-
Services/Goods provided (by) Electraserve (3)	(22)	(7)
Services/Goods provided to Electraserve (3)	-	-
Services/Goods provided to C Stewart	-	-
Services/Goods provided (by) C Stewart	-	(2)
Services/Goods provided to Foley Plumbing Ltd	7	-
Services/Goods provided to R Pickworth	-	-
Services/Goods provided to A Barlass	-	104
Services/Goods provided to Kowhai Farmlands Ltd (4)	27	230

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Management Interests (GST Inclusive)

Services/Goods provided to K G Casey (Chief Executive Officer)	1	3
Services/Goods provided from K G Casey (Chief Executive Officer)	(2)	(1)
Accounts receivable from K G Casey (Chief Executive Officer)	-	-
Services/Goods provided to G Bonniface (Chief Financial Officer)	-	-
Services/Goods provided (by) G Bonniface (Chief Financial Officer)	-	(2)
Services/Goods provided to T Bain (General Manager – Civil)	-	1
Services/Goods provided (by) T Bain (General Manager – Civil)	(1)	-
Services/Goods provided to J Jolly (HR and Compliance Manager)	1	1
Services/Goods provided from J Jolly (HR and Compliance Manager)	-	(1)
	2025	2024
	\$'000	\$'000

Key Management Personnel Compensation (6):

Short-term employment benefits	1,370	1,334
Post-employment benefits	31	31
Termination benefits	-	-
Other long-term benefits	-	-
	1,401	1,365

(1) Amounts are GST exclusive

(2) Accounts payable/receivable to/from are stated GST inclusive

(3) Companies where A Lilley is the beneficial owner including Electraserve Limited and Smith & Church

(4) Entities associated with A Barlass as beneficial owner or beneficiary including Kowhai Farmlands Limited

(5) Key Management personnel comprise the Directors, Chief Executive Officer, Chief Financial Officer, General Manager – Civil, HR and People Manager.

22 Contingent Liabilities

The Company has the following contingent liabilities as at 30 June 2025.

	2025	2024
	\$'000	\$'000
Performance Related Bonds		
The Company has arranged with the ANZ Bank NZ Limited for the issue of performance related bonds in favour of:		
Ashburton District Council	433	200
Lukethan Ltd	48	-
Waimakariri District Council	78	-
	559	200

23 Capital Commitments

The Company has the following capital commitments:

	2025	2024
	\$'000	\$'000
Property, plant and equipment purchases	4	75
	4	75

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24 Reconciliation of Operating Cash Flows with Reported Net Profit

	2025	2024
	\$'000	\$'000
Net Profit after tax	377	2,345
<u>Add/ (Deduct) Non-Cash Items:</u>		
Amortisation of intangibles	35	28
Deferred tax movement	(106)	(39)
Depreciation	1,724	1,534
Depreciation – Right of Use Assets	423	429
Impairment of property, plant & equipment	48	39
Loss/(Gain) on sale of property, plant & equipment	(36)	(22)
Share of Joint Venture (surplus)/deficit	458	146
<u>Movement in Working Capital</u>		
Increase / (decrease) in accounts payable	54	311
Increase / (decrease) in tax payable	(153)	(743)
(Increase) / decrease in accounts receivable	1,413	998
(Increase) / decrease in prepayments	(4)	(1)
(Increase) / decrease in inventory	(276)	(6)
(Increase) / decrease in contract assets	(751)	(136)
(Increase) / decrease in employee entitlements	(95)	(12)
<u>Items classified as Investing</u>		
Interest income	(101)	(230)
Dividends received	(27)	(43)
Net Cash from Operating Activities	2,983	4,598

25 Dividends (in respect of the Financial Year)

	2025	2024
	\$'000	\$'000
Interim Dividend	-	-
Final Dividend	750	1,300
Total Dividend	750	1,300
<u>Dividend per share (DPS)</u>		
Interim	-	-
Final	0.17	0.29
Total Dividend Per Share	0.17	0.29

During the 2026 financial year the Directors propose to pay dividends in relation to the 2025 financial year of \$750,000. This dividend has not been provided for. This brings total dividends in respect of the year ended 2025 to 17 cents per share fully imputed (2024: 29 cps).

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26 Accounting Estimates and Judgements

In the application of the Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Property, Plant and Equipment changes in estimates

At each balance date the company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the company to consider a number of factors such as the physical conditions of the asset expected period of use of the asset by the company, and expected disposal proceeds from the future sale of the asset.

Revenue from contracts with customers – Identifying performance obligations for construction services

The Company has assessed that Contract Works provided are not considered distinct in the context of the contract, as ACL provides a significant integration service. ACL is responsible for the overall management of the contracts, which requires the performance and integration of various services and contract outputs. Therefore, the Company has determined that contract works under construction contracts are comprised of a single performance obligation.

Revenue from contracts with customers

- determining the timing of satisfaction of performance obligations for construction and other services

The Company concluded that revenue for construction and other services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company. The fact that another entity would not need to re-perform the services that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

The Company determined that the input method is the best method in measuring progress of the workshop and transport services because there is a direct relationship between the Company's effort and the transfer of service to the customer.

For construction services, the Company uses an output method, as this appropriately measures all of the goods or services for which control has transferred to the customer.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates such as credit rating.

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27 Participation in Joint Venture

ACL participates in an unincorporated Joint Venture known as the Lake Hood Extension Project, operating under the Aquatic Park Zone as part of the Ashburton District Council's Operative Plan. The objective of the joint venture is to further develop Lake Hood and an adjacent site by the creation of an enlarged lake and provision of residential and rural lifestyle blocks.

The Joint Venture has been transferring resource consents to the ADC as part of tidying up ADC's ownership of the Lake. Property is held by The Lake Extension Trust Ltd as a bare trustee for the unincorporated joint venture.

The company is currently a 42.03% (2024 42.03%) participant in the Joint Venture which is administered by a Project Manager under the supervision of a Joint Venture Management Committee. This Management Committee comprises representatives of the participants and two independent members, one of whom is the chair.

During the year the Joint Venture continued to work to develop and market sections, receiving income from one lot sale in Stage 10f which was a five lot subdivision developed during the year. The Joint Venture transferred management of the Lake and its surrounds to ADC from 1 July 2024. This includes management of water quality. Apart from development land owned by the Joint Venture, the ADC owns all the other reserve land and lake at Lake Hood. The Company negotiated a five year contract with the ADC commencing on 1 July 2024 to carry out park maintenance including weedcutting at Lake Hood. ACL purchased \$120,000 of assets from the Joint Venture in June 2024 to facilitate this activity. This contract does not have an impact on JV accounts.

The development is long term in nature and ACL is liable for any costs associated with the purchase/sale of the land under the Joint Venture agreement to the extent of its respective investment. The Creditors of the joint arrangement do not have rights of recourse against any party with respect to debts or obligations of the arrangement. The Joint Venture is liable for the debts and obligations of the arrangement. The judgement is applied under NZ IFRS 11 and ACL considers its investment in the Lake Hood Extension Project as a joint arrangement and it is a joint venture.

Financial Information of Joint Venture

	2025	2024
	\$'000	\$'000
Cash on hand	118	495
Other Current Assets	28	27
Current Assets (Subdivision development in progress)	5,458	6,170
Current Assets-Inventory (Completed Stages)	1,684	1,383
Bund in Progress	-	134
Non-Current Assets	17	63
Total Assets	7,305	8,272
Current Liabilities	(116)	(149)
Loan from Ashburton Contracting Ltd	(159)	-
Non-Current Liabilities	-	-
Partners Equity	7,030	8,123
Company's interest at 42.03% (2024: 42.03%)	2,955	3,413

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Joint Venture

Revenue	396	270
Other Income	-	412
Capital Gain on Sale of Fixed Assets	-	1
Surplus/(Deficit)	(964)	(380)
Loss on Investment Property Revaluation Reserve	-	-
Interest Income (if any)	7	11
Interest Expense	-	-
Profit attributable to Joint Venture Partners	(957)	(369)
Company's interest at 30 June 2025 42.03%. (2024: 42.03%)	(402)	(146)
Company's share of prior period valuation adjustment from 2024	(56)	-
Company's interest reported at 30 June 2025	(458)	(146)

The result of the Joint Venture has been included in the Financial Statements using the equity method.

The JV carried out a valuation of its Subdivision Development - Inventory at 30 June 2025. This has resulted in a negative impairment of \$149k (2024: \$55k write down) to the Profit and Loss. Land held in the Subdivision Development in progress has been revalued downwards by \$712k. These valuations have been carried out by an independent valuer.

The Joint Venture entered into an unconditional Sale and Purchase Agreement with the Ashburton District Council to purchase approximately 10.76 hectares of farmland for the development of Stage 15 at Lake Hood in 2022. The purchase price is \$2.960m and was based on independent valuations. The Joint Venture paid a deposit of \$0.296m with the balance of \$2.660m settled in March 2024 by way of Participant advances. Ashburton Aquatic Park Ltd did not participate in this transaction and as a result reduced their participation in the Joint Venture from 26.85% to 18.22%. The other Joint Venture partners participated according to their existing ratio. The Company's participation increased from 37.59% to 42.03% from 1 April 2024.

The Joint Venture purchased the abovementioned land to add to existing land for the development of Stage 15, a 72 lot subdivision on the north east side of the new Lake comprising a range of residential and lifestyle sections. This development has currently been put on hold by the Joint Venture as a result of the current weak conditions of the housing market in the District.

As disclosed in the Lake Hood Extension Project financial statements for the year ended 30 June 2025, the auditors included an emphasis of matter paragraph relating to the entity's ability to continue as a going concern. This was due to the Joint Venture incurring a net loss of \$957k during the year ended 30 June 2025, holding a low cash balance of \$188k, and relying on the realisation of property inventory and/or raising additional capital to meet forecasted revenues and manage operational costs.

ACL has assessed that the impact of this uncertainty on the recoverability of its investment in LHEP and concluded that no impairment is required.

28 Goodwill

In the 2020 financial year ACL purchased the parts and service business and assets of Smallbone Ltd. On determination of the fair value of the assets and liabilities acquired, as required by NZ IFRS 3, the consideration paid of \$1.519m gave rise to recognition of \$0.488m goodwill.

The Company has determined that the primary rationale for the acquisition was to acquire a complimentary business to take advantage of opportunities that exist in combining two workshops in Ashburton and securing new customised premises in Ashburton for the business. Accordingly, all goodwill was allocated to the Ashburton Workshop CGU (cash generating unit).

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The Company has performed an impairment review of the value of goodwill held for the Ashburton workshop CGU. A 'value in use' impairment test of the Ashburton CGU using a cash flow projection for the 2026 financial year and high-level financial forecasts out to 2030. A revenue growth rate of 5% per annum was applied, with a terminal growth rate of 2.5%. A weighted average cost of capital of 11% was assumed and an appropriate share of corporate overheads were allocated to CGU costs for the forecast periods being modelled. The estimated recoverable amount of the cash generating unit is estimated to be \$10.377m (2024: \$11.177m).

The impairment test determined that the goodwill associated with the Ashburton Workshop CGU was not impaired at the 30 June 2025 reporting date.

	2025	2024
	\$'000	\$'000
Goodwill	488	488

29 Contract Assets and Contract Liabilities

	2025	2024
	\$'000	\$'000
Rendering of Services	844	1,015
Sale of Goods	-	1
Construction Contracts	1,727	803
Total Contract Assets	2,571	1,819
Rendering of services (revenue in advance) current portion	-	-
Total Contract Liabilities	-	-

The Company applies a practical expedient due to the performance obligation being either part of a contract that has an original expected duration of one year or less, or the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the entity's performance completed to date.

30 Events after Balance Date

Bitumen Sprayer

Following balance date the Board has approved the purchase of a new state of the art bitumen sprayer. This includes a new sprayer set up including tank and bar mounted on a new truck. Total expected cost is \$887,000. This is expected to be delivered in the next 6-7 months and be in use for the 2026-27 sealing season.

Dividend Proposed

The Directors have proposed to pay a fully imputed dividend of \$750,000 in respect of the 2025 financial year during the 2026 financial year. The dividend will carry \$291,667 of tax imputation credits. Dividend payments are subject to the company meeting solvency tests.

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PERFORMANCE INFORMATION

Performance targets were set by the Company in the Statement of Intent dated 3 May 2024. A comparison of the Company's performance compared to these targets is as follows:

		Achievement		SOI Target
a	Profit before tax - Parent	\$ 1,027,698	Not Achieved	\$ 1,908,000
	Profit before tax - Consolidated	\$ 569,577	Not Achieved	\$ 1,919,000
b	Annual Rate of Return on average shareholders funds - calculated on rolling 5 Year			
	Current Year-Parent Pre Tax Profit	15.8%	Achieved	10.0%
	Current Year-Consolidated Pre Tax Profit	17.3%	Achieved	10.0%
	<i>(The measure at year end is calculated on rolling 5 Year average)</i>			
c	Meet Budgeted External revenue	\$ 46,595,536	Achieved	\$ 45,175,000
di	ISO 45000 Certification	Health & Safety	Maintained	Maintain
e	ISO 14001 Certification	Environmental	Maintained	Maintain
f	ISO 9001 Certification	Quality	Maintained	Maintain
g	Compliance with the Resource Management Act		Maintained	No breaches
h	Audit Opinion		Unqualified	Unqualified
dii	Reduction in lost time injury rate year upon year (LTI) (per 100,000 hours worked)	LTI Injuries YTD	0.7	Achieved
			2	2
diii	Reduction in medical injury treatment injury rate year upon year (MTI)	MTI Injuries YTD	2.5	Achieved
	(per 100,000 hours worked)		7	8
	Ratio of Shareholders Funds to Total Assets		65.8%	Achieved
				> 50%
h	Dividend in respect of current year		FY2025	
	Interim	Paid March	\$ -	
	Final Proposed	To be paid in FY 2026	\$ 750,000	
			<u>\$ 750,000</u>	
i	Environmental Sustainability. The Company will Monitor and work to reduce its carbon outputs. The Company's ability to reduce carbon outputs is subject to ongoing advancements in technology and the capacity of the supply chain to provide cost effective solutions for the reduction of carbon.			Achieved

Notes

- a Please refer to the Performance Report on page 3.
- b Annual rate of return on average shareholder's funds will be a minimum of 10.0% before tax based on the rolling average of the last 5 years. The SOI measure is for ACL Parent only and excludes Lake Hood Extension Project Joint Venture results. The current year return was 4.2% (2024: 13.30%).
- dii Lost Time Injury Frequency Rate. Calculated as the number of lost time injuries per 100,000 hours worked. Lost Time injuries occurring during the year were 2 (2024: 2). All incidents were investigated and were not considered to be incidents that would lead to serious harm. Medical injury treatment rate is calculated on the same basis
- h The Directors have proposed that the Company will pay a final dividend of \$750,000 in respect of the FY2025 year. All dividends paid are subject to meeting the requirements of the Solvency Test in the Companies Act 1993 and its amendments. Total dividends paid for the year are fully imputed.
- i The Company is in the process of defining its emissions monitoring regime, with preliminary results and commentary provided in Appendix A. As carbon reduction is an evolving journey, we continue to explore practicable opportunities to lower emissions. Due to scientific and estimation uncertainties in greenhouse gas reporting, and as we work to formalise our emissions data and organisational boundaries, we have not yet specified which emissions are being quantified except for the scopes that have been highlighted in Appendix A. No budget has been allocated to GHG reductions at this stage, given current technology limitations. We are also in the process of defining what "on track" looks like for our environmental sustainability goals.

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FIVE YEAR REVIEW OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2025

	2025	2024	2023	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	46,596	48,151	47,296	50,288	39,593
Profit before Tax and charitable donations and Share of Joint Venture surplus/(loss) *1	1,028	3,223	4,678	5,547	2,451
Share of Joint Venture	(458)	(146)	(271)	1,576	518
Profit Before Tax	570	3,077	4,407	7,123	2,969
Taxation	193	656	1,241	1,960	865
Subvention Payments	-	77	-	-	-
Profit after Tax	377	2,345	3,167	5,163	2,104
Profit after Tax and qualifying donations *1	377	2,345	3,167	5,163	2,104
Equity	24,269	25,125	24,060	22,435	18,080
Total Assets	36,855	38,542	38,586	38,836	33,520
Dividends relating to the current financial year *2	750	1,300	1,684	1,400	900
Dividends Paid during the financial year	1,300	1,384	1,500	900	200
Current year Return before tax on Average Equity -Consolidated	2.3%	12.5%	19.0%	35.2%	17.4%
Rolling five-year Return before tax on Average Equity-Consolidated	17.3%	14.2%	14.6%	13.3%	7.7%
Equity to Total Assets	65.8%	65.2%	62.4%	57.8%	54.0%

*1 The Ashburton District Council has adopted the Ashburton Contracting Ltd Charitable Gifts Policy that allows the Company in conjunction with and approval of Council to make donations of greater than \$20,000 to qualifying projects being undertaken by qualifying entities that have already been identified in Council's LTP (or any subsequent amendment) or Annual Plan. For donations to be made the Company must achieve the agreed minimum required rate of return set by the Council. The donation must also comply with the Income Tax Act 2007. No donations under this policy have been made in the financial year ended 30 June 2025 \$-(2024: \$Nil.)

*2 The final dividend in relation to the current financial year is a proposed dividend as it is subject to a solvency test at the time of payment.

Appendix A: Environmental Sustainability

Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting standards.

Emissions profile and trend (All ACL operations)

Total Emissions for FY2025 at 7,486 T CO₂-e have remained relatively consistent with FY2024 at 7,480 T CO₂-e. In our first year of reporting, 2019, we recorded 6,980T CO₂-e. ACL emissions are comprised predominantly of fuel (diesel) and concrete production, representing ~99% of emissions.

Scope 1 – direct emissions (fuel we burn)

This is predominantly diesel with emissions almost exactly the same as FY2024. Fuel particularly diesel is used in all parts of our business activities in a wide variety of machinery and equipment including the transport of raw materials, concrete & asphalt, replenishment in our quarry sites involving excavation at Lake Hood and out of the rivers, and civil construction used in a variety of plant, machinery and vehicles.

Scope 2 – indirect emissions (other energy we use – electricity)

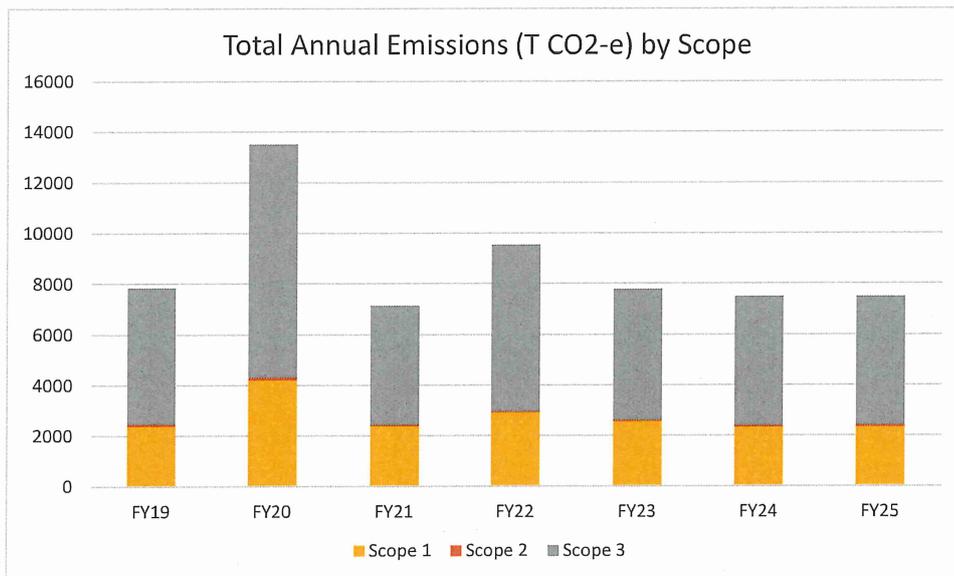
This is electricity used in our plants and offices. There has been a change in the year representing an increase in T CO₂-e as we have refined power inputs with an assessment of the volume billed to us as part of our leased property Opex, not previously accounted for. Electricity contributes 70t of carbon in the year, or 0.9% of our total emissions. The Company has invested in a Solar panel array on it's Range St property. This array has generated 24,795kwh of power since the end of February or saved 3 T CO₂-e. We expect to save around 16 T CO₂-e annually. The weather has not suited to solar generation in the period since April 25.

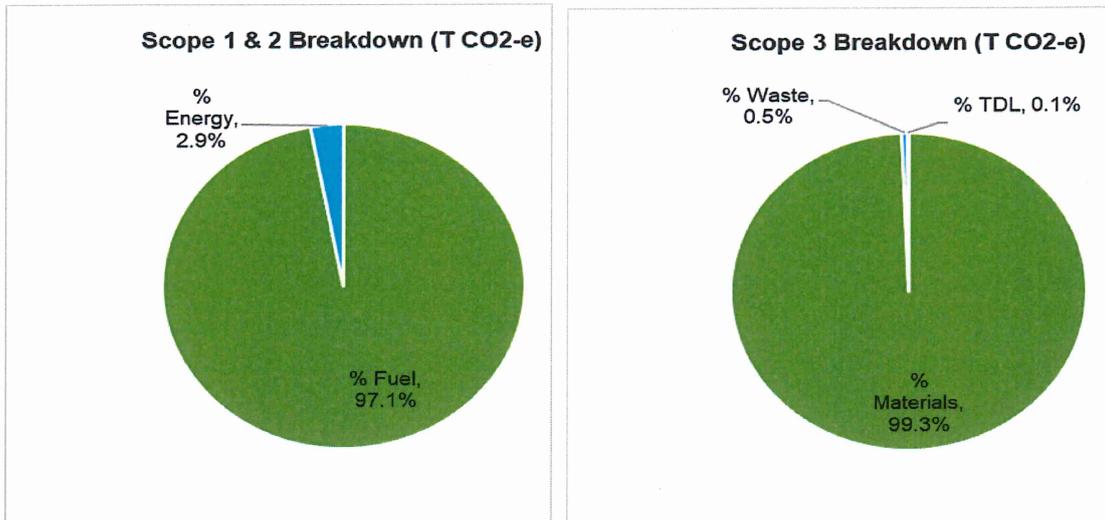
Scope 3 – indirect emissions (embedded in our materials and products)

Concrete makes up 99.4% of this scope emissions. Concrete has high emissions because of its cement content. We source our cement from Holcim, who's EPD (Environment Product Declaration) identifies cement emissions at 897kg CO₂-e/tonne.

Scope 3 is predominantly driven from cement usage through concrete production. Concrete production was 3% higher in FY2025 when compared with 2024, although the mix of concrete supplied in different strengths and a deliberate plan to reduce cement content in mixes maintained T Co₂-e at a slightly lower level than last year. The Company has been working through the use of flyash which has an EPD of 77.01kgs per tonne of flyash. The Company is currently working to increase its flyash component as a cement substitute up to 30% where appropriate in its mixes.

A number of other common emission sources are included in Scope 3 such as waste, steel and travel, these currently totalling less than 1% of our overall emissions.





Emissions mitigation

New Zealand has made commitments to reduce emissions over the coming years with a net zero target by 2050 excluding biogenic methane.

At present, it is not clear exactly how this will play out in the construction industry however science and international advice is clear that emissions need to reduce significantly by 2030 to limit global warming to 1.5C. This gives us guidance to consider when making future business decisions.

If ACL is to contribute positively to this commitment then we need to take a proactive approach to managing our business and its associated emissions. ACL has appointed an Envirotech Manager who has setup a sustainability committee which is made up of people from throughout the business plus a representative from the University of Canterbury Sustainability degree and Ashburton District Council with the objective of looking at the businesses and identifying where sustainable actions can be put in place.

The company continues to look at opportunities for the use of low emission technology particularly in its diesel burning fleet. During the year the Company purchased a new Volvo loader which is diesel powered, however as part of that project a review was made of comparable electric options. While cheaper to run, the electric loader did not provide sufficient capacity to support operational requirements over a full shift. The challenge remains with all EV/Hybrid/alternate fuel machines to deliver operationally. The technology remains expensive, uncertain and not readily available but we expect this to improve over the next 5 years.

Our investigations into this has identified a number of potential opportunities by which ACL could seek to reduce its overall CO2 emissions. Obviously this work will need to continue and be strongly aligned with the values and expectations of key stakeholders. We continue reviewing our emissions profile and identify potential areas and work on opportunities to reduce emissions in a manner that strengthens business resilience for a low carbon future. We started using low carbon (flyash) replacement of cement although this has been held up with silo issues during the year, solar which is in its first year of operation, and taking opportunities to purchase lower emission vehicles in our fleet. Ongoing gains in carbon efficiency are controlled by advancements in technology, the supply chain that provides carbon reducing products and the capacity of the electricity supply network, which also needs to be balanced with the financial impact on the business. The ACL executive sees value in the potential efficiency, leadership and competitive advantage that could be gained through implementing these initiatives.

Data quality assessment

Ashburton Contracting Limited uses a model developed by an independent party to calculate its carbon position.

Independent Auditor's Report

To the readers of Ashburton Contracting Limited's financial statements and performance information for the year ended 30 June 2025

The Auditor-General is the auditor of Ashburton Contracting Limited (the Company). The Auditor-General has appointed me, Debbie Bradfield, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

We have audited:

- the financial statements of the Company on pages 10 to 40, that comprise the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company for the year ended 30 June 2025 on page 41.

Opinion

In our opinion:

- the financial statements of the Company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards; and
- the performance information:
 - accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent for the year ended 30 June 2025; and
 - has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 30 September 2025. This is the date at which our opinion is expressed.

Basis for our opinion

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

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Company has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to Appendix A on page 43 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information 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 the 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 Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intend to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Act.

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

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

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

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 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 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)* issued by the New Zealand Auditing and Assurance Standards Board.

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



Debbie Bradfield
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand