2026 ANNUAL ACCOUNTS

INVERCARGILL LICENSING TRUST
& ILT FOUNDATION

2026 Annual Accounts

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DIRECTORY

INVERCARGILL LICENSING TRUST BOARD MEMBERS

Mr P O'Brien ONZM	President
Ms S Prentice CNZM OBE	Deputy President
Ms A Newell BA, PG Dip (Arts), Dip Tchg, LTLC	
Mr G Hawkes	
Ms S Carey	
Mr N Jeffrey	

EXECUTIVE OFFICERS

Mr C Ramsay BA	Chief Executive Officer
Ms K Burgess	People and Capability Executive
Mr T Laidlaw	Operations Executive
Mrs A Shand BA	Marketing and Innovation Executive
Ms N Buckley	Corporate Sales Executive
Mr S Thapa CA	Chief Financial Officer

TRUST OFFICE

252 Dee Street
Invercargill 9810
Telephone (03) 211 3640

BANKERS

Westpac New Zealand Limited
Invercargill

SOLICITORS

Ward Adams Bryan-Lamb
Invercargill

AUDITORS

KPMG
on behalf of the Controller and Auditor-General

ILT FOUNDATION

Trustees

Mr P O'Brien ONZM — Chairperson
Ms A Newell BA, PG Dip (Arts), Dip Tchg, LTLC
Ms S Prentice CNZM OBE
Mr G Hawkes
Ms S Carey
Mr A Ward LLB
Mr N Jeffrey
Mr J McKenzie BSR Mgmt, G Dip TCHG, Grad Cert Career Couns, M. Couns

Manager

Ms A Smith

Annual Report
Invercargill Licensing Trust
and
ILT Foundation
For the year ended 31 March 2026

President & CEO's Report

We are pleased to present the annual report for the Invercargill Licensing Trust (ILT) for the Financial Year to 31 March 2026. The past year has again presented a challenging operating environment for our industry. Just as there were encouraging signs that the cost-of-living pressures were beginning to ease, the Iran conflict renewed pressure on household budgets and discretionary spending.

Against this backdrop, achieving an almost identical total revenue result to the year prior was a pleasing result. Trading had been tracking ahead of the prior year before the Iran conflict's effects were felt, and this outcome was achieved despite the rapid supply increase of rooms in the city for the final nine months of the financial year.

Our gross profit improved slightly on the year prior, reflecting an improved focus and accountability on controllable costs. A significant contributor has been our investment in Loaded software, which has improved real time visibility and management of key costs drivers. We will continue investing in further functionality to build on these gains.

The Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), was marginally down 3% on the prior year, at $10.4 million. This was principally driven by higher electricity costs and the early impact of fuel-price increases, which doubled month on month following the Iran conflict. This has been particularly significant for our distribution business, where exposure to fuel costs is considerable.

We delivered earnings before tax of $6.1 million, a result we are proud to have achieved in these 'moody' economic times. This outcome would have been approximately $346,000 higher; however, we made the deliberate decision to provide a one-off bonus to every member of the ILT family in February. This recognised the contribution of our people in delivering a strong trading result and reinforced our commitment to our strategic priority of putting our people first.

Capital expenditure was substantially higher than the previous year as we progressed our capital asset management plan. The most notable project was $1 million worth of room refurbishments at Villas Motel (previously known as Homestead Villa Motels), with a further $1.7 million to be invested in stage two of the project in the new financial year.

Our commitment to the Invercargill community remains central to ILT's purpose. During the year, ILT donated $3.2 million and the ILT Foundation contributed $5.1 million. Major projects supported included the new Museum of Southland, Te Unua receiving $500k, bringing our total support of the museum to $2 million, and the renewal of the Southland Football Artificial Turf receiving $400k.

At the start of the new triennium, we reviewed and refreshed our strategic plan through to 2031. The process reaffirmed our strategic priorities (People, Financial, Growth and Future Focused), along with identifying a range of new initiatives to help drive these priorities.

Looking ahead, our business plan identifies clear opportunities for growth. The strategic-plan refresh reinforced the importance of continuing to grow and diversify our operations, both within our traditional industries and beyond them. While the external environment remains changeable, ILT enters the year ahead with a clear direction, a strong asset base, committed people and continued confidence in the value we can create for our community.

Thank you from the Board

This year has again highlighted the commitment, resilience and teamwork of our ILT whānau. In a challenging and changeable environment, your dedication to our customers, to one another and to the Invercargill community has made a real difference.

The results outlined in this report reflect the effort of people right across the Group, from our venues, accommodation and distribution businesses through to our support teams.

The one-off bonus provided to every member of the ILT family in February was a small acknowledgement of your contribution and the role you played in helping deliver a strong result. More importantly, it reflected our ongoing commitment to recognising and investing in the people who make ILT what it is.

Thank you for the professionalism, care and pride you bring to ILT each day. What you do makes a difference to our businesses, our customers and the community we are proud to serve.

Ngā mihi nui

Paddy O'Brien
ILT PRESIDENT

Chris Ramsay
ILT CEO

GROUP FINANCIAL PERFORMANCE for the year ended 31 March 2026

The consolidated group consists of:

- Invercargill Licensing Trust
- ILT Foundation
- The equity accounted share of (loss)/profit of the Invercargill Licensing Trust's investment in DB South Island Brewery Ltd.

The ILT Group achieved a profit after donations and tax of $1.578 million for the year to 31 March 2026 as compared to a profit of $2.038 million the previous year.

ILT (GROUP) NET AFTER-TAX PROFIT

	2026 $000	2025 $000
Invercargill Licensing Trust (Parent)		
EBITDA*	**10,377**	**10,737**
Less: Depreciation and Amortisation	(4,042)	(3,485)
Less: Net finance expense	(215)	(225)
Less: Loss on disposal of property, plant and equipment	(31)	(17)
Invercargill Licensing Trust (Parent) surplus before Donations & Tax	**6,089**	**7,010**
Share of (loss)/profit of Associate Company	(83)	453
ILT Foundation	5,321	5,121
Consolidated (Group) surplus before Donations and Tax	**11,327**	**12,584**
Less: Tax	(1,369)	(1,674)
Consolidated (Group) surplus after Tax, before Donations	**9,958**	**10,910**
Less: Donations allocated	(8,380)	(8,872)
Net Surplus for the year	**1,578**	**2,038**

*** EBITDA represents ILT (Parent) Earnings before Donation and Taxation adjusted for net finance expense, depreciation and amortisation, and loss on disposal of property, plant and equipment.**

OVERVIEW

• The Invercargill Licensing Trust recorded a surplus before donations and tax of $6.089 million as compared to $7.010 million in 2025.

• Share of (loss)/profit of Associate Company: The share of loss of equity accounted value of Trust's Investment in DB South Island Brewery Ltd is $83,000 (compared to a $453,000 share of profit recorded last year).

• The ILT Foundation recorded surplus of total of $5.321 million (up from $5.121 million last year).

• The level of Donations made to the community for the year totalled $8.380 million compared to $8.872 million last year.

• The Invercargill Licensing Trust Tax Expense for the year ended 31 March 2026 is $1.369 million. This is made up of Income Tax Payable of $1.163 million and a Change in Deferred Income Tax of $0.206 million. (Tax Expense for 2025 was $1.674 million. This is made up of Income Tax Payable of $1.572 million and a Change in Deferred Income Tax of $0.102 million).

INVERCARGILL LICENSING TRUST

FINANCIAL PERFORMANCE

The Invercargill Licensing Trust Parent profit after donations and taxation for the year was $1.532 million. This profit includes a tax expense of $1.163 million and a deferred tax expense of $0.206 million.

The Gross Profit for this year at $48.370 million is $350,000 higher than last year at $48.020 million.

Operating expenses of $44.246 million is $1.359 million higher than last year at $42.887 million. This is mainly due to the higher depreciation of $0.557 million, lower general operating expenses of $40,000, and higher employment expenses of $0.828 million. No impairments were made for the financial years ending 31 March 2026 and 31 March 2025.

Investment income this year is $188,000 as compared to $356,000 last year, a decrease of $168,000. This is directly attributed to the falling interest rates.

FINANCIAL STRENGTH

The Trust's financial position remains very strong with a low level of total term debt of $7.179 million (comprising current $0.890m and $6.289m non-current) and a total asset base of $90.211 million.

- Equity has increased by $1.532 million to a total of $67.656 million.
- Donations of $3.188 million were allocated, compared to last year’s total of $3.485 million.

Established by ILT in 2006, the ILT Foundation’s core purpose is to redistribute community funding generated from 153 gaming machines across nine ILT venues delivering tangible benefits to Invercargill and its residents.

Over the past 20 years, the Foundation has awarded nearly $110 million in grants supporting a wide range of local initiatives.

Thanks to the support of our local venues and patrons, $5.192 million was returned directly to our community for the year ended 31 March 2026. Funding generated locally continues to support local people, local organisations and local opportunities. A cycle of community investment that remains at the heart of everything we do.

The safety and wellbeing of our communities also remains a priority. Across our venues, we have continued investing in initiatives that support safer gaming environments, including installing facial recognition technology as part of our ongoing commitment to harm minimisation and responsible gaming practices.

None of this would be possible without the dedication of our venue teams. Their care and commitment ensure that community funding continues to be generated through gaming machines and returned to local organisations. We extend our sincere thanks to every venue operator and staff member for the important role they play.

We are equally grateful to the community groups, volunteers and organisations we have the privilege of supporting. Every application tells a story of people working to make Invercargill stronger, more connected and more vibrant. We value the partnerships we have built and are proud to play a small part in helping these initiatives succeed.

iLT For Our Community

2026 Financial Statements

The Board is pleased to present the Financial Statements of the Invercargill Licensing Trust for the year ended 31 March 2026, on pages 9 to 36.

For and on behalf of the Board:

Paddy O'Brien
President

Suzanne Prentice
Deputy President

27 August 2026
Dated

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2026

	Notes	GROUP 2026 $000	GROUP 2025 $000	PARENT 2026 $000	PARENT 2025 $000
Income					
Sale of Goods and Services	1	**121,083**	**120,746**	109,734	110,032
Less Cost of Sales		**61,366**	**62,016**	61,364	62,012
Gross Profit		**59,717**	**58,730**	48,370	48,020
Other trading income	2	**318**	**347**	2,180	2,102
Net Income		**60,035**	**59,077**	50,550	50,122
Less Expenses					
Operating expenses	3	**12,929**	**12,906**	12,118	12,158
Depreciation, Amortisation and Impairment	15, 17	**4,455**	**3,868**	4,042	3,485
Loss on disposal of Property, Plant & Equipment		**37**	**29**	31	17
Gaming Duty expenses		**2,610**	**2,464**	-	-
Employment expenses		**28,397**	**27,520**	28,055	27,227
Total Operating Expenses		**48,428**	**46,787**	44,246	42,887
Surplus before Finance Income		**11,607**	**12,290**	**6,304**	**7,235**
Finance Income	4	**206**	**422**	188	356
Share of (Loss) / Profit of Associate Company	18	**(83)**	**453**	-	-
Less Finance expenses	4	**403**	**581**	403	581
Net Finance Income / (Expense)		**(280)**	**294**	(215)	(225)
Surplus before Donations and Taxation		**11,327**	**12,584**	**6,089**	**7,010**
Donations expense	5	**8,380**	**8,872**	3,188	3,485
Surplus before Taxation		**2,947**	**3,712**	2,901	3,525
Income Tax expense	6	**1,369**	**1,674**	1,369	1,674
Net Surplus after Taxation		**1,578**	**2,038**	1,532	1,851

The accompanying policies and notes form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2026

	GROUP		PARENT	
	2026	**2025**	2026	2025
	$000	**$000**	$000	$000
Net Surplus After Taxation	**1,578**	**2,038**	1,532	1,851
Other Comprehensive Income	-	-	-	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**1,578**	**2,038**	1,532	1,851

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2026

	GROUP		PARENT	
	2026	**2025**	2026	2025
	$000	**$000**	$000	$000
Equity at the start of the Year	**72,276**	**70,240**	66,124	64,275
Adjusted balance at the start of the year	**72,276**	**70,238**	66,124	64,273
Net Surplus for the Year	**1,578**	**2,038**	1,532	1,851
Other Comprehensive Income	-	-	-	-
Changes in Equity for the Year	**1,578**	**2,038**	1,532	1,851
Equity at the end of the Year	**73,854**	**72,276**	67,656	66,124

The accompanying policies and notes form part of these financial statements

KPMG
ChCh
Marked for
Identification

INVERCARGILL LICENSING TRUST

STATEMENT OF FINANCIAL POSITION

as at 31 March 2026

		GROUP		PARENT	
		2026	**2025**	2026	2025
	Notes	**$000**	**$000**	$000	$000
Current Assets					
Cash and cash equivalents	10	**16,386**	**15,191**	16,011	14,711
Trade and other Receivables	11	**5,285**	**5,409**	5,445	5,056
Inventories	12	**8,005**	**8,452**	8,005	8,452
Financial Assets	13	**500**	**750**	-	-
		30,176	**29,802**	29,461	28,219
Non Current Assets					
Property, Plant and Equipment	15	**59,387**	**60,079**	58,209	59,118
Right of use assets	15	**471**	**659**	471	659
Capital work in progress	16	**398**	**278**	281	165
Intangible Assets	17	**803**	**465**	803	465
Investment in Associate	18	**5,263**	**5,346**	935	935
Financial Assets	13	**302**	**199**	52	49
		66,624	**67,026**	60,751	61,391
Total Assets		**96,800**	**96,828**	90,211	89,610
Current Liabilities					
Trade and other Payables	22	**9,056**	**8,586**	8,671	7,750
Donations Allocated	19	**32**	**531**	32	318
Taxation Payable	14	**384**	**820**	384	820
Advances	25	**19**	**94**	19	94
Lease Liabilities	23	**219**	**211**	219	211
Borrowings	29	**890**	**8,010**	890	8,010
Employee Entitlements	20	**2,106**	**2,330**	2,100	2,313
		12,706	**20,582**	12,315	19,516
Non Current Liabilities					
Deferred Taxation	21	**3,474**	**3,268**	3,474	3,268
Employee Entitlements	20	**134**	**140**	134	140
Lease Liabilities	23	**343**	**562**	343	562
Borrowings	29	**6,289**	**-**	6,289	-
		10,240	**3,970**	10,240	3,970
Total Liabilities		**22,946**	**24,552**	22,555	23,486
NET ASSETS		**73,854**	**72,276**	67,656	66,124
Equity					
Retained Earnings	7	**63,726**	**61,977**	61,856	60,236
Reserves	8	**6,974**	**7,057**	2,646	2,646
Donations Reserve	9	**3,154**	**3,242**	3,154	3,242
TOTAL EQUITY		**73,854**	**72,276**	67,656	66,124

The accompanying policies and notes form part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended 31 March 2026

	GROUP		PARENT	
	2026	**2025**	**2026**	**2025**
	$000	**$000**	$000	$000
Cash Flows from Operating Activities				
Cash was provided from:				
Revenue	**122,902**	**122,911**	111,569	112,322
Interest	**165**	**409**	142	329
	123,067	**123,320**	111,711	112,651
Cash was disbursed to:				
Suppliers and Employees	**106,337**	**106,790**	100,746	101,738
Interest Paid	**389**	**563**	389	563
Donations	**8,592**	**9,165**	3,188	3,486
Income Tax	**1,599**	**750**	1,599	750
GST (Net)	**(18)**	**14**	6	9
	116,899	**117,281**	105,928	106,545
Net Cash Flow from Operating Activities (Note 24)	**6,168**	**6,039**	5,783	6,106
Cash Flow from Investing Activities				
(Purchase) / Sale of Investments	**150**	**1,042**	-	442
Sale of Assets	**116**	**31**	87	31
Purchase of Assets	**(4,183)**	**(3,416)**	(3,514)	(3,059)
Cash was provided from:				
Net Cash Flow from Investing Activities	**(3,917)**	**(2,343)**	(3,427)	(2,586)
Cash Flows from Financing Activities				
Cash was disbursed to:				
Repayment of Borrowings	**831**	**638**	831	638
Principal payment on Lease Liability	**211**	**204**	211	204
Interest payment on Lease Liability	**14**	**18**	14	18
	1,056	**860**	1,056	860
Net Cash Flow from Financing Activities	**(1,056)**	**(860)**	(1,056)	(860)
Net increase (decrease) in cash held	**1,195**	**2,836**	1,300	2,660
Add Opening Cash	**15,191**	**12,355**	14,711	12,051
Closing Cash Balance	**16,386**	**15,191**	16,011	14,711
Made up of:				
Cash and cash equivalents (Note 10)	**16,386**	**15,191**	16,011	14,711

The accompanying policies and notes form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

Statement of Accounting Policies

Reporting Entity

The Invercargill Licensing Trust was originally constituted in New Zealand under its own Act of Parliament in 1944. It is now a Licensing Trust governed by the requirements of Part 3 of the Sale and Supply of Alcohol Act 2012 and its Financial Statements are prepared in accordance with Section 334 of that Act.

The Invercargill Licensing Trust owns and operates hotels, motels, taverns and liquor stores, principally retailing liquor, and providing food, bar and accommodation services. Its main business activities are located in Invercargill, New Zealand. It also owns and operates two other motels; one in Dunedin and one in Christchurch.

It also has an interest in the activities of the ILT Foundation. This organisation owns and operates gaming machines at nine of the Invercargill Licensing Trust's hotel and tavern properties.

The Parent financial statements are those of the Invercargill Licensing Trust. The Group financial statements are for the Invercargill Licensing Trust and its in-substance subsidiary, the ILT Foundation and the equity accounted share of (loss)/profit of the Invercargill Licensing Trust's investment in DB South Island Brewery Ltd.

The financial statements have been authorised for issue by the Board on 27 August 2026.

Basis of Preparation

The Financial Statements have been prepared in accordance with NZ Generally Accepted Accounting Practice (GAAP) and comply with the New Zealand Equivalents to International Reporting Standards (NZ IFRS). Under the terms of the Accounting Standards Framework issued by the New Zealand External Reporting Board (XRB) the Invercargill Licensing Trust is designated a Tier 1 for profit entity and therefore applies Tier 1 Accounting Standards.

The general accounting principles as appropriate for the measurement and reporting of results and financial position under the historical cost method have been followed by the Group in the preparation of these financial statements. The financial statements are presented in New Zealand dollars and all values have been rounded to the nearest thousand dollar ($000) unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Changes in accounting policies and disclosures

There were no new or amended accounting standards that had a material impact for the financial year ending 31 March 2026.

NZ IFRS 18 Presentation and Disclosure in Financial Statements will replace NZ IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The Group has not early adopted the new accounting standard in preparing these financial statements; however, earlier application is permitted.

NZ IFRS 18 requires a more structured statement of profit or loss and greater disaggregation of information. The Group is in the process of assessing the estimated impact that the initial application of NZ IFRS 18 will have on its consolidated financial statements.

Significant accounting judgements, estimates and assumptions

Impairment of Property, Plant, Equipment and Work-In-Progress

The Group has assessed all its property, plant, equipment and work-in-progress for impairment. The assessment is undertaken as per NZ IAS 36 with the appropriate weighted average cost of capital for each category used for the future cashflow. The property, plant, equipment and work-in-progress is impaired when the carrying amount exceeds its recoverable amount. Refer to note "h) Impairment".

Use of Estimates and Judgements

The preparation of financial statements to conform to NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances.

In particular, estimates and assumptions have been used in the following areas:

· **Property, Plant and Equipment**

Management assesses the useful lives and residual values of assets and considers whether indicators of impairment or reversal of impairment exist. Where impairment testing is required, estimates are made regarding future cash flows, growth assumptions, discount rates and other relevant inputs.

· **Investment in Associate company**

Judgement is applied in determining that the Trust has significant influence over DB South Island Brewery Limited and in applying the equity method of accounting.

· **Trade receivables and expected credit loss**

Management estimates expected credit losses based on the ageing of receivables, historical loss experience and relevant current and forward-looking information.

· **Employee entitlements**

Estimates are made in determining liabilities for employee entitlements, including assumptions regarding expected future payments and the likelihood of employees becoming entitled to long-service benefits.

· **Deferred taxation**

Judgement is applied in determining the recognition and measurement of deferred tax assets and liabilities, including the expected manner in which the carrying amounts of assets and liabilities will be recovered or settled.

· **Intangibles**

Management applies judgement in determining whether expenditure meets the recognition criteria for an intangible asset and in estimating the useful lives and any impairment of those assets.

Specific Accounting Policies

a) Principles of Consolidation

(i) Subsidiary

The ILT Foundation is an in-substance subsidiary of the Invercargill Licensing Trust due to all of the Trust's Board Members also being members, and forming the majority, of the ILT Foundation Board of Trustees. The ILT Foundation operates gaming machines solely in ILT premises, relying on the availability of these venues and the relationship with the ILT to continue its operations. The Invercargill Licensing Trust does not have any rights to the assets or any obligations for the liabilities of the ILT Foundation. The nature and extent of the transactions between the two organisations are controlled by the Department of Internal Affairs' rules and regulations relating to the operation of gaming machines. They ensure that the ILT Foundation operate to maximise their returns to their community while also allowing actual and reasonable expenses to be reimbursed to the Invercargill Licensing Trust.

The two organisations are intrinsically linked with the ILT Board having significant influence/control of the operating activities of the ILT Foundation. The Group Financial Statements have been prepared using the purchase method. All significant transactions between the two entities have been eliminated on consolidation.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company using consistent accounting policies.

(ii) Associate

DB South Island Brewery Ltd is an associate due to the Licensing Trust's 28.3% shareholding and representation on the Board of the company. The Licensing Trust has significant influence, but not control, over the financial and operating policies. The company is incorporated in New Zealand, its principal place of business is in Timaru and its principal activity is the brewing, packaging and distribution of beer. The consolidated financial statements include the Group's share of the total recognised revenues and expenses of the company on an equity accounted basis (refer note 18).

b) Revenue Recognition

Revenue is measured at the fair value of the consideration given for the sale of goods and services, net of goods and services tax. Revenue is recognised as follows:

Sale of Goods

Revenue is recognised either at a point in time or over time, when (or as) the Trust satisfies performance obligations by transferring the promised goods or services to its customers.

If the Trust satisfies a performance obligation before it receives the consideration, the Trust recognises a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue from the sale of liquor, food and beverage, for the agreed price is recognised when the Trust transfers the control of the goods to the customers. The goods represent a single performance obligation over which control is considered to transfer at a point in time.

Gaming site rental

Revenue from the lease of space for gaming machines is recognised over the period of the lease term in accordance with the substance of the relevant agreements.

Revenue from rendering services

Revenue from rendering services is recognised when it is probable that the economic benefits associated with the transaction will flow to the Trust.

Rental Income

Rental income from property leases is recognised on a monthly basis in accordance with the lease term.

Finance income and expenses

- Finance income comprises interest income and dividend income. Interest income on fixed term deposits is recognised using the effective interest method. Interest income on held to maturity financial assets is recognised on a Yield to Maturity basis. Dividend income is recognised on the date that the Trust's right to receive payment is established. Gains and losses on financial assets (except for trade receivables) are included in Finance Income.
- Finance expenses comprise interest expense on borrowings.

c) Taxation

The Invercargill Licensing Trust (Parent) is a taxable entity. The ILT Foundation, being a Charitable Trust and earning income solely from gaming machine activities, is exempt from income tax.

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Income tax expense is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

d) Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

- **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Cash and short term deposits are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

- **Trade and other receivables**

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

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

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

Other Financial assets at amortised cost

The Trust classifies its financial assets as at amortised cost only if both of the following criteria are met: the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest. These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Any impairment losses are presented as a separate line item in the statement of profit or loss.

- **Trade and other payables**

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

e) Inventories

These are valued at the lower of cost or net realisable value. In determining cost the "weighted average cost" method has been used.

f) Property, Plant and Equipment

Property, Plant and Equipment are valued at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Disposals

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

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Depreciation is charged to the Statement of Financial Performance on a combination of Straight Line and Diminishing Value basis over the estimated useful lives of all property, plant and equipment. Land is not depreciated. The estimated useful lives and basis of calculation are:

Land		Not depreciated
Buildings	6 – 50 years	Straight Line
Equipment	2 – 50 years	Straight Line
Vehicles	4 – 8 years	Diminishing Value

g) Intangible Assets

Intangible Assets are recognised when expenditure is incurred that provides future economic benefits.

(i) Sponsorship Contracts – the initial cost of the asset is amortised over its estimated or finite useful life as an expense to the Statement of Financial Performance.

(ii) Computer software – the initial cost of the asset is amortised on a Diminishing Value basis that effectively expenses the cost to the Statement of Financial Performance over the expected useful life of the asset (4-5 years).

(iii) Business Goodwill – this arises from a business combination where the Business Goodwill is the residual value between the consideration provided and the net identifiable assets acquired. The value is considered for impairment each year and impairment loss is recognised whenever the carrying amount exceeds its recoverable amount which is the greater of its value in use and its fair value less cost to sell.

h) Impairment

At each reporting date the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right of use assets to determine whether there is any indication that those assets have suffered impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. 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 the Statement of Financial Performance.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Financial Performance immediately unless the asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately unless the asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Investment Properties

The Trust does not classify any properties as Investment properties. All properties are owner occupied properties or properties primarily acquired by the Trust for future development for business use. Such properties are included in Property, Plant and Equipment in the Statement of Financial Position.

j) Capital Work in Progress

Capital Work in Progress is stated at cost and is not depreciated. It includes an accrual for the proportion of work completed at the end of the period.

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group 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 made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term, as follows:

• Buildings 12.5 years.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives 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 a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the 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 Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of 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 is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in note 23.

iii) Low-value leases and leases of low-value assets

The Group applies the short-term leases exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l) Provisions

A provision is recognised on the face of the Statement of Financial Position when the Group 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

m) Employee Entitlements

A liability for annual leave, long service leave and retirement gratuities accruing to employees is recognised in the Statement of Financial Position.

The annual leave liability is stated at its nominal value, based on actual entitlements up to balance date, at current rates of pay.

The long service liability and retirement gratuities are stated at their nominal value, taking into account the probability of employees completing their service in order to qualify for the entitlement.

n) Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

o) Donations

Donations expensed to the Statement of Financial Performance for the year represent:

(i) Donations that have been applied for during the year, to the Invercargill Licensing Trust and the ILT Foundation, and which have been approved and allocated for payment by the Board / Trustees, but not necessarily paid out by balance date.

(ii) Donations that have been returned to the Invercargill Licensing Trust and the ILT Foundation during the year.

Donations allocated but unpaid at balance date are recorded in the Statement of Financial Position (refer Note 19).

The Group's capital includes retained earnings, general reserves and donation reserves. The objective of the Group's capital management is to ensure that it operates at a high equity ratio in order to cover the inherent risks of the business and to support future business development and growth.

The Group's capital is managed at Parent level. Annually, the Board considers the level of equity and retained earnings required for the business and then allocate a level of earnings for future donations to the community.

There were no changes to objectives, policies or processes during the year.

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		PARENT	
	2026	**2025**	2026	2025
	$000	**$000**	$000	$000
1 SALE OF GOODS AND SERVICES				
Liquor revenue	**76,484**	**77,330**	76,484	77,330
Meals revenue	**15,110**	**15,052**	15,110	15,052
Accommodation revenue	**18,140**	**17,650**	18,140	17,650
Gaming machine revenue	**11,349**	**10,714**	-	-
	121,083	**120,746**	109,734	110,032
2 OTHER TRADING INCOME				
Property Rental Income	**303**	**266**	317	279
Gaming Site Rental (contracted)	**-**	**-**	1,814	1,710
Other Income	**15**	**81**	49	113
	318	**347**	2,180	2,102
3 OPERATING EXPENSES				
Advertising and Promotion	**1,903**	**1,943**	1,902	1,941
Audit Fee *	**200**	**166**	169	139
Bad Debts written off	**15**	**4**	15	4
Increase in Provision for Doubtful Debts	**-**	**300**	-	300
Fuel and Power	**2,328**	**2,236**	2,328	2,236
Lease of Low Value Assets	**45**	**39**	45	39
Other Operating Costs	**6,622**	**6,071**	5,922	5,431
Repairs and Maintenance	**1,575**	**1,925**	1,575	1,925
Board and Trustees’ Honoraria	**210**	**205**	131	126
Board and Trustees’ Travel and Meeting Expenses	**31**	**17**	31	17
	12,929	**12,906**	12,118	12,158

* No other fees were paid to the auditing entity

	GROUP		PARENT	
4 FINANCE INCOME & EXPENSE				
Interest Income	**206**	**421**	188	355
Dividend Income	**-**	**1**	-	1
	206	**422**	**188**	**356**
Interest Expense	**389**	**563**	389	563
Lease Interest	**14**	**18**	14	18
	403	**581**	403	581
5 DONATIONS EXPENSE				
Invercargill Licensing Trust	**3,188**	**3,485**	3,188	3,485
ILT Foundation	**5,192**	**5,387**	-	-
Total Donations	**8,380**	**8,872**	**3,188**	**3,485**

6 INCOME TAX

The following details the calculation of income tax for the year showing the effects of permanent differences in the final taxation charge:

	Note	GROUP		PARENT	
		2026	**2025**	2026	2025
		$000	**$000**	$000	$000
Surplus Before Donations and Taxation		**11,327**	**12,584**	6,089	7,010
Prima Facie Taxation at 28c/$		**3,172**	**3,524**	1,705	1,963
Add (Less) Income Tax for the effects of permanent differences:					
Non deductible (non-assessable)		**(1,652)**	**(1,681)**	(185)	(120)
Deductible expenditure		**(357)**	**(271)**	(357)	(271)
Change in Deferred Income tax		**206**	**102**	206	102
Taxation Expense		**1,369**	**1,674**	1,369	1,674
This taxation charge is represented by:					
Income Tax Payable		**1,163**	**1,572**	1,163	1,572
Change in Deferred Income Tax		**206**	**102**	206	102
		1,369	**1,674**	1,369	1,674

7 RETAINED EARNINGS

	Note	GROUP 2026	GROUP 2025	PARENT 2026	PARENT 2025
Opening Balance at 1 April		**61,977**	**60,409**	60,236	58,403
Prior Year Adjustment		**-**	**(2)**		(2)
(Before the deduction of Donations after tax)		**9,958**	**10,910**	4,720	5,335
Decrease (Increase) in value of Associate transferred to Reserves		**83**	**(453)**	-	-
Donations Allocated (Gaming only)		**(5,192)**	**(5,387)**	-	-
Transfer to Provision for Donations (Donations Reserve – Parent Only)	9	**(3,100)**	**(3,500)**	(3,100)	(3,500)
Closing Balance at 31 March		**63,726**	**61,977**	61,856	60,236

8 RESERVES

	GROUP 2026	GROUP 2025	PARENT 2026	PARENT 2025
Opening Balance at 1 April	**7,057**	**6,604**	2,646	2,646
Increase (decrease) in Value of Associate	**(83)**	**453**	-	-
Closing Balance at 31 March	**6,974**	**7,057**	2,646	2,646
Balance at 31 March made up of:				
Revaluation of Associate	**4,328**	**4,411**	-	-
General Reserve	**2,646**	**2,646**	2,646	2,646
	6,974	**7,057**	2,646	2,646

These reserves are recorded separately to Retained Earnings but are to be utilised for the same purpose of recording and holding equity for the group. They have arisen from capital gains on disposal of assets and from revaluation of the Invercargill Licensing Trust's investment in its associate company, DB South Island Brewery Limited.

	GROUP & PARENT	
	2026	2025
	$000	$000
9 DONATIONS RESERVE		
(Parent Only)		
Opening Balance at 1 April	3,242	3,227
Transfer from Revenue Reserve	3,100	3,500
Donations Allocated at Meetings during year	(3,097)	(3,373)
Small Donations Applied for and Paid during year	(91)	(112)
Donations (Net) Allocated during year	(3,188)	(3,485)
Closing Balance at 31 March	3,154	3,242

The Donations Reserve is held by the Invercargill Licensing Trust (Parent) and represents the balance of funding transferred from Comprehensive Income that is available to be allocated for donations over the following twelve month period.

	GROUP		PARENT	
	2026	**2025**	2026	2025
	$000	**$000**	$000	$000
10 CASH AND CASH EQUIVALENTS				
Cash at bank and in hand				
Cash held as short term deposit	**6,011**	**4,500**	6,011	4,500
Cash held in call account & in hand	**10,375**	**10,691**	10,000	10,211
	16,386	**15,191**	16,011	14,711
11 TRADE AND OTHER RECEIVABLES				
Trade Debtors	**3,008**	**2,610**	3,205	2,605
Trade Debtors from Contracts	**1,788**	**1,867**	1,788	1,867
Less allowance for expected credit losses	**(600)**	**(600)**	(600)	(600)
	4,196	**3,877**	4,393	3,872
Prepayments	**131**	**63**	93	16
Prepayment – Insurance	**202**	**232**	202	232
Accrued Income	**757**	**1,237**	757	936
	5,285	**5,409**	5,445	5,056

Trade and other receivables are non-interest bearing. The Trust's standard terms of trade require settlement of outstanding accounts by 20th of the month following invoice date. The carrying value of trade and other receivables has been reduced by an allowance for expected Credit losses. The net balance represents the fair value of trade and other receivables.

Accrued income refers to income earned but not yet invoiced or received cash as at balance date, 31 March.

11 TRADE AND OTHER RECEIVABLES continued……

The ageing profile of receivables at year end is detailed below:

	Current	More than 30 days overdue	More than 60 days overdue	More than 90 days overdue	TOTAL
	$000	$000	$000	$000	$000
PARENT (Invercargill Licensing Trust)					
31 March 2026					
Expected loss rate	0%	0%	0%	71%	
Carrying amount trade receivables	2,909	769	470	845	4,993
Loss allowance	-	-	-	(600)	(600)
31 March 2025					
Expected loss rate	0%	0%	0%	73%	
Carrying amount trade receivables	2,543	772	332	825	4,472
Loss allowance	-	-	-	(600)	(600)
GROUP					
31 March 2026					
Expected loss rate	0%	0%	0%	71%	
Carrying amount trade receivables	2,712	769	470	845	4,796
Loss allowance	-	-	-	(600)	(600)
31 March 2025					
Expected loss rate	0%	0%	0%	73%	
Carrying amount trade receivables	2,548	772	332	825	4,477
Loss allowance	-	-	-	(600)	(600)

12 INVENTORIES

The Trust's inventories comprise liquor products which are finished goods and food products which are available and used for the preparation of Restaurant and Function meals. Maintenance spares of electrical, plumbing and building supplies are also held for use in the Trust's various businesses.

	2026	2025
GROUP & PARENT	**$000**	**$000**
Liquor	**7,696**	**8,180**
Food	**309**	**264**
Maintenance Spares	**-**	**8**
	8,005	**8,452**

The inventories all belong to the Invercargill Licensing Trust. The value of inventories expensed during the year were:	59,212	62,012

The inventories were not pledged as security for any liabilities.

	Note	GROUP 2026 $000	GROUP 2025 $000	PARENT 2026 $000	PARENT 2025 $000
13 FINANCIAL ASSETS					
Current Assets					
Amortised Cost		**500**	**750**	-	-
		500	**750**	-	-
Non Current Assets					
Amortised Cost		**296**	**193**	46	43
Fair value through other comprehensive income		**6**	**6**	6	6
		302	**199**	52	49
Combined totals:		**802**	**949**	**52**	**49**

	Note	GROUP 2026 $000	GROUP 2025 $000	PARENT 2026 $000	PARENT 2025 $000
14 TAXATION PAYABLE					
1 April:					
Taxation Payable (refund due)		**820**	**6**	820	6
Provisional Tax paid for Previous Year		**(820)**	**(700)**	(820)	(700)
Prior Period Adjustment		**-**	**2**	-	2
Terminal tax Payable (Refund due)		**-**	**(692)**	-	(692)
UOMI Interest received / (Paid)		-	**-**	-	-
Tax Payable for Current Year	**6**	**1,163**	**1,572**	1,163	1,572
Provisional Tax Paid During Year		**(779)**	**(60)**	(779)	(60)
31 March: Taxation Payable		**384**	**820**	384	820

15. PROPERTY, PLANT AND EQUIPMENT

(i) INVERCARGILL LICENSING TRUST - GROUP

	Land	Buildings	Right of Use Assets	Equipment	Vehicles	Total
2026						
Cost						
Balance at 1 April 2025	10,613	69,686	1,789	50,474	2,419	**134,981**
Additions	-	163	-	3,077	386	**3,626**
Disposals	-	-	-	(576)	(242)	**(818)**
Balance 31 March 2026	10,613	69,849	1,789	52,975	2,563	**137,789**
Accumulated Depreciation / Impairment						
Balance 1 April 2025	-	40,259	1,129	31,122	1,731	**74,241**
Depreciation Expense	-	912	188	3,081	175	**4,356**
Disposals	-	-	-	(500)	(167)	**(667)**
Balance 31 March 2026	-	41,171	1,317	33,703	1,739	**77,930**
Net Book Value 31 March 2026	**10,613**	**28,679**	**472**	**19,272**	**824**	**59,860**
2025	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Cost						
Balance at 1 April 2024	10,570	69,250	1,789	48,324	2,255	**132,188**
Additions	43	436	-	2,783	370	**3,632**
Disposals	-	-	-	(633)	(206)	**(839)**
Balance 31 March 2025	10,613	69,686	1,789	50,474	2,419	**134,981**
Accumulated Depreciation / Impairment						
Balance 1 April 2024	-	39,564	941	28,908	1,781	**71,194**
Depreciation Expense	-	695	188	2,822	122	**3,827**
Disposals	-	-	-	(607)	(172)	**(779)**
Balance 31 March 2025	-	40,259	1,129	31,123	1,731	**74,242**
Net Book Value 31 March 2025	10,613	29,427	660	19,351	688	**60,739**

15. PROPERTY, PLANT AND EQUIPMENT (Continued…)

(ii) INVERCARGILL LICENSING TRUST - PARENT

	Land	Buildings	Right of Use Assets	Equipment	Vehicles	Total
2026						
Cost	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at 1 April 2025	10,613	69,686	1,789	45,577	2,383	**130,048**
Additions	-	163	-	2,454	344	**2,961**
Disposals	-	-	-	(241)	(207)	**(448)**
Balance 31 March 2026	10,613	69,849	1,789	47,790	2,520	**132,561**
Accumulated Depreciation / Impairment						
Balance 1 April 2025	-	40,258	1,129	27,167	1,716	**70,270**
Depreciation Expense	-	912	188	2,677	166	**3,943**
Disposals	-	-	-	(179)	(153)	**(332)**
Balance 31 March 2026	-	41,170	1,317	29,665	1,729	**73,881**
Net Book Value 31 March 2026	10,613	28,679	471	18,125	791	**58,680**
2025						
Cost	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at 1 April 2024	10,570	69,250	1,789	43,402	2,219	**127,230**
Additions	43	436		2,283	370	**3,132**
Disposals	-	-	-	(108)	(206)	**(314)**
Balance 31 March 2025	10,613	69,686	1,789	45,577	2,383	**130,048**
Accumulated Depreciation / Impairment						
Balance 1 April 2024	-	39,563	941	24,816	1,772	**67,092**
Depreciation Expense	-	695	188	2,445	116	**3,444**
Disposals	-	-	-	(94)	(172)	**(266)**
Balance 31 March 2025	-	40,258	1129	27,167	1,716	**70,270**
Net Book Value 31 March 2025	10,613	29,428	660	18,410	667	**59,778**

Impairment Losses and Disposals

The Parent has a lease contract for a building used in its operations. This lease has a term of 7.5 years with a further right of renewal of 5 years which has been exercised. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Parent also has leases of building space and office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases (refer Note 31).

(The Langlands Hotel was valued at $26.00 million (including land) by CBRE as at 31 March 2023. The valuation was undertaken by using the discounted cash flows (DCF) model with an investment yield of 9% , a terminal yield of 9.25% and discount rate of 11.5%.
The land had a valuation of $2.55 million with the cost of the building, fit-out and plant at $23.45 million. The total cost of the building, fit-out and plants was $51.45 million and this has been impaired down to $23.45 million as at 31 March 2023. The current carrying value of The Langlands Hotel as at 31 March 2026 is $21.85 million.)

16. CAPITAL WORK IN PROGRESS

(i) INVERCARGILL LICENSING TRUST - GROUP

	2026	2025
	$000	$000
Capital Work in Progress	398	278

In March 2026, the Foundation received amended gaming licences from the Department of Internal Affairs for 4 gaming machines and 2 game conversions, invoiced in March 2026 for $116,900. Installation completed on 13th April 2026. (2025: The Foundation received amended gaming licences from the Department of Internal Affairs in April 2025 for 4 gaming machines and 3 game conversions, invoiced in March 2025 for $112,735. Installation is scheduled for week commencing 19th May 2025)

(ii) INVERCARGILL LICENSING TRUST - PARENT

The Invercargill Licensing Trust (Parent) had incurred expenditure on property construction that was not complete at balance date (refer to Note 31 for Capital Commitment value owing).

	2026	2025
	$000	$000
Capital Work in Progress	281	165

17 INTANGIBLE ASSETS

(Parent only)

	GROUP & PARENT			
	$000	$000	$000	$000
	Sponsorship Contracts	**Computer Software**	**Business Goodwill**	**Total**
2026				
Gross Carrying Amount				
Opening Balance	420	749	540	1,709
Additions	95	342	-	437
Closing balance	**515**	**1091**	**540**	**2,146**
Amortisation and Impairment Costs				
Opening balance	420	624	200	1,244
Amortisation for the year	32	67	-	99
Closing balance	**452**	**691**	**200**	**1,343**
Book value 31 March 2026	**63**	**400**	**340**	**803**
2025				
Gross Carrying Amount				
Opening Balance	420	687	540	1,647
Additions	-	62	-	62
Closing Balance	420	749	540	1,709
Amortisation and Impairment Costs				
Opening balance	420	583	200	1,203
Amortisation for the year	-	41	-	41
Closing balance	420	624	200	1,244
Book Value 31 March 2025	**-**	**125**	**340**	**465**

- Sponsorship Contracts for five year terms were purchased in March 2014, renewed in 2019 for 5 years is further renewed in December 2023 for five year. This is paid annually and amortised over the renewed period.
- Software assets have a finite useful life and are amortised over their useful life of four years.
- Business Goodwill was purchased in April 2016 when the business assets of Beaver Liquor Ltd in Central Otago were purchased. A large portion of the initial intangible value has been amortised relating to contracted customers where contracts have now ended.

18 INVESTMENT IN ASSOCIATE

The Invercargill Licensing Trust owns 2,038,943 shares or 28.3% of DB South Island Brewery Ltd.

The value of this investment is recorded at cost of $935,000 in the Parent (ILT) Financial Statements.

The value of the investment is Equity accounted in the Group's Financial Statements. The associate company is a major supplier of liquor products to the Invercargill Licensing Trust (Parent). The investment provides the Invercargill Licensing Trust with significant influence over the operations and finances of the associate, although not control over the company. It has two representatives on the Board of six Directors. The major shareholder, DB Breweries Ltd, own 55% of the shares and controls the voting rights by having the power to appoint three Directors, including the Chairman who also has the right to a casting vote on any decisions of the Board. The investment is an important operational and financial component of the Invercargill Licensing Trust's activities.

The Group's interest in the associate entity is as follows;

	GROUP		PARENT	
	2026	**2025**	2026	2025
	$000	**$000**	$000	$000
Carrying amount at 1 April	**5,346**	**4,893**	**935**	**935**
ILT share of Total Comprehensive Income	**(83)**	**453**	**-**	**-**
Less Dividends received	**-**	**-**	**-**	**-**
Carrying amount at 31 March	**5,263**	**5,346**	**935**	**935**

Summary financial information from the associate company, DB South Island Brewery Limited, not adjusted to percentage ownership held by the Group, has been used to value the Invercargill Licensing Trust's 28.3% share using the equity method as follows:

Statement of Financial Position	**As at 31/12/25**	**As at 31/12/24**
	Audited Financial Statements	**Audited Financial Statements**
	$000	**$000**
Current Assets	**20,474**	**20,937**
Non-current Assets	**20,134**	**23,511**
Current Liabilities	**21,463**	**24,723**
Non-current Liabilities	**561**	**848**
Net Equity	**18,584**	**18,877**

The equity accounted share of (loss)/profit of the associate company, included in the Group financial statements, is calculated by applying the Parent's 28.3% holding of shares to the Net Equity value of the company.

Invercargill Licensing Trust's 28.3% share of Net Equity	**5,263**	**5,346**

DB South Island Brewery Limited's balance date is 31 December. The Group has chosen to use the associate company's 31 December Audited Financial Statement information in order to incorporate audited financial information into its Group financial statements rather than relying on unaudited management financial reports as at 31 March. The company confirmed that it has no contractual commitments to property, plant and equipment as at 31 December 2025. (31 December 2024: $Nil). There were no contingent liabilities. The following information compares the 12 month period trading results.

Statement of Comprehensive Income	**12 Months to 31/12/2025**	**12 Months to 31/12/2024**
Revenue	**74,372**	**80,876**
Other Comprehensive Income	**-**	**-**
Total Comprehensive Income	**(293)**	**1,599**

Following DB South Island Brewery Limited's financial year ending 31 December 2025 the company paid no dividend to shareholders. (2024: $Nil). As such, the Invercargill Licensing Trust's has no net of imputation credits share. (2024: $Nil).

	GROUP		PARENT	
	2026	**2025**	2026	2025
	$000	**$000**	$000	$000
19 DONATIONS ALLOCATED				
Opening Balance at 1 April	**531**	**569**	318	64
Allocations at Meetings during the year	**8,290**	**8,760**	3,098	3,373
Paid during year	**(8,789)**	**(8,798)**	(3,384)	(3,119)
Closing Balance at 31 March	**32**	**531**	32	318

20 EMPLOYEE ENTITLEMENTS				
Opening Balance at 1 April	**2,470**	**2,642**	2,453	2,621
Net Increase (Decrease) in Holiday Provisions	**(224)**	**(176)**	(213)	(172)
Increase/(Decrease) in Long Service Provisions	**6**	**23**	6	23
Long Service Provision Utilised	**(12)**	**(19)**	(12)	(19)
Closing Balance at 31 March	**2,240**	**2,470**	2,234	2,453
Made up of:				
Holiday Leave Provision	**2,106**	**2,330**	2,100	2,313
Long Service/Retirement Provisions	**134**	**140**	134	140
	2,240	**2,470**	2,234	2,453
Classified as: Current	**2,106**	**2,330**	2,100	2,313
Non Current	**134**	**140**	134	140
	2,240	**2,470**	2,234	2,453

21 DEFERRED TAXATION				
Movements in the deferred taxation account are:				
Opening Balance at 1 April Liability	**3,268**	**3,165**	3,268	3,165
Current year timing differences	**58**	**(77)**	58	(77)
Deferred tax asset	**-**	**-**	-	-
Change in Deferred Income Tax due to Fixed Assets	**148**	**180**	148	180
Closing Balance at 31 March (Asset) / Liability	**3,474**	**3,268**	3,474	3,268

This balance relates to timing differences that have arisen between taxation and accounting values. The value relates to:

Fixed Asset Depreciation	**4,262**	**4,113**	4,262	4,113
Employee Entitlements	**(552)**	**(607)**	(552)	(607)
Other Accruals & Right of use assets	**(236)**	**(238)**	(236)	(238)
	3,474	**3,268**	3,474	3,268

	GROUP		PARENT	
	2026	**2025**	2026	2025
	$000	**$000**	$000	$000
22 TRADE AND OTHER PAYABLES				
Payables	**6,477**	**5,793**	6,237	5,392
Accrued creditors	**2,579**	**2,757**	2,434	2,322
Retention liabilities	**-**	**36**	-	36
	9,056	**8,586**	8,671	7,750

23 LEASE LIABILITIES

The depreciation charge for right-of-use of the leased building asset for the financial year ending 31 March 2026 is $188,000 (2025: $188,000).

	GROUP & PARENT	
Set out below are the carrying amounts of lease liabilities and the movements for the period:	2026	2025
	$000	$000
As at 1 April	773	977
Accretion of interest	14	18
Payments	(225)	(222)
As at 31 March	562	773
Classified as		
Current	219	211
Non-current	343	562
	562	773

The maturity analysis of lease liabilities is as follows:

	Interest Rate	**Maturity**	**Amount**
Current	2.05%	2027	219
Non-current	2.05%	2028	343

24 STATEMENT OF CASH FLOWS

Reconciliation of Net Surplus to the Cash Flows from Operating Activities

	GROUP		PARENT	
	2026	**2025**	2026	2025
	$000	**$000**	$000	$000
Net Surplus for the year	**1,578**	**2,038**	1,532	1,851
Add (Less) Items Classified as Investing Activities:				
(Gain)/Loss on Sale of Assets/Investments	**37**	**29**	31	17
Add Non Cash Items:				
Depreciation, Amortisation and Impairment	**4,455**	**3,868**	4,042	3,485
Increase (Decrease) in Deferred Tax	**206**	**103**	206	103
(Increase) Decrease in Shares in Associate	**83**	**(453)**	-	-
Movements in Working Capital Items:				
Accounts Receivable	**190**	**(258)**	(341)	(132)
Provision for doubtful debts	**-**	**300**	-	300
Interest Accrued	**(5)**	**20**	(5)	20
Inventory	**447**	**258**	447	258
Accounts Payable	**112**	**(651)**	592	(873)
Donations Payable	**(499)**	**(38)**	(286)	254
Taxation Payable	**(436)**	**822**	(436)	822
Net Cash Flow from Operating Activities	**6,168**	**6,039**	5,783	6,106

	GROUP		PARENT	
	2026	**2025**	2026	2025
25 ADVANCES	**$000**	**$000**	$000	$000
Opening Balance at 1 April	**94**	**86**	94	86
Plus amortised interest costs	**-**	**8**	-	8
Less repaid during the year	**(75)**	**-**	(75)	-
Closing Balance at 31 March	**19**	**94**	19	94
Classified as:				
Current	**19**	**94**	19	94
Non Current	**-**	**-**	-	-
	19	**94**	**19**	**94**

The balance represents a single unsecured advance from Brewery Company, which is classified as a current liability.

26 RELATED PARTY TRANSACTIONS

Transactions with Related Parties

The Invercargill Licensing Trust (Parent) was responsible for the establishment of the ILT Foundation in July 2006. The ILT Foundation owns and operates gaming machines in nine of the Invercargill Licensing Trust's premises. The ILT Foundation is governed by a Board, on which the Invercargill Licensing Trust has some membership.

The Invercargill Licensing Trust has entered into a contract with the ILT Foundation to allow them to operate gaming machines and other activities in their licensed premises. During the year the Invercargill Licensing Trust was paid by the ILT Foundation for gaming machine rental, administration and other services. The value of transactions between the parties was $2,164,131 (2025: $2,045,444).

As at 31 March 2026 $198,056 inclusive of GST (2025: $161,905 inclusive of GST) was owed to ILT by ILT Foundation, which was later settled in the normal course of business.

As at 31 March 2026 $316,295 inclusive of GST (2025: $301,057 inclusive of GST) was owed to ILT Foundation by ILT, which was later settled in the normal course of business.

The Group financial statements have had these transactions reversed on consolidation.

Transactions with Related Parties (Associate)

The Invercargill Licensing Trust purchases liquor products from its associate company DB South Island Brewery Limited. Annual purchases for the 2026 financial year were $11.89 m (2025: $11.06 m). As at 31 March 2026 the balance owing to DB South Island Brewery Limited was $944,000 (2025: $580,000).

26 RELATED PARTY TRANSACTIONS (Continued…)

The following monetary value of transactions has been entered into with organisations that include representation from some of the Invercargill Licensing Trust and ILT Foundation Board Members, and Senior Management personnel:

Board Members & Trustee	Recipient organisation	Board / Trustee's relationship to recipient organisation	Grant amount 2026 $000	Amount owing at 31/3/26 $000	Grant amount 2025 $000	Amount owing at 31/3/25 $000
Sean Bellew	Southland Racing Club	President	-	-	13	-
(ILT & ILT Foundation)	Rugby Southland	Observer / Member of Appts Comm	-	-	955	325
Retired on 16 Oct 2025	Invercargill Harness Racing Club	Member	2	-	11	-
			2	**-**	**979**	**325**
Angela Newell	Shakespeare in the Park Charitable Trust	Trustee	-	-	5	-
(ILT & ILT Foundation)	Invercargill Primary Schools Educational Initiatives Trust	Trustee	612	-	602	-
	Arts Murihiku C/T	Trustee	38	-	51	-
	National Council of Women Inc	Honorary Member	2	-	-	-
	Rock Quest Charitable Trust	Event Judge	6	-	6	-
			658	**-**	**664**	**-**
Suzanne Prentice	Hospice Southland CT	Employee	36	-	31	-
(ILT & ILT Foundation)	Rape & Abuse Support Centre Southland Inc	Husband – Board member	-	-	25	-
	Invercargill North Inner Wheel	Member	1	-	-	-
	Otago Southland Rescue Helicopter Trust	Trustee	150	-	150	-
			187	**-**	**206**	**-**
Paddy O'Brien	Southern Cancer Society Trust	Relay for Life Ambassador	22	-	-	-
(ILT & ILT Foundation)	Invercargill Community Connections C/Trust	Fundraising Workshop attendance	-	-	250	-
	Northern Southland Trotting Club	Member	1	-	-	-
	Riverton Racing Club	Member	2	-	-	-
	Invercargill Golf Club	Secondary Member	4	-	153	-
			29	**-**	**403**	**-**
Graham Hawkes	Hospitality NZ	Local Branch President	2	-	2	-
(ILT & ILT Foundation)			**2**	**-**	**2**	**-**
Sheree Carey	Chamber of Commerce	CEO	48	-	15	-
(ILT & ILT Foundation)	Southland Indoor Leisure Centre Charitable Trust	Director	220	-	513	-
	Rugby Southland	ILT Appointed Observer	555	-	-	-
	Southland Community Broadcasters Charitable Trust	Trustee	10	-	10	-
	Invercargill Community Connections Trust	Fundraising Workshop attendance	-	-	250	-
			833	**-**	**788**	**-**
Andrew Ward	Southland Indoor Leisure Centre Charitable Trust	Solicitor	220		400	-
(ILT Foundation)	Marching Southland	Solicitor	-	-	6	-
	Invercargill Primary Schools Educational Initiatives Trust	Solicitor	467		457	-
	Greenacres Golf Club	Family Member (Member)	2	-	37	-
	Invercargill Golf Club	Member	3		153	-
	Invercargill Gymnastics Club Inc	Children attend gymnastics	16	-	22	-
	Lighthouse Southland Inc	Solicitor	16	-	-	-
			724	**-**	**1,075**	**-**
Jason McKenzie	Talent Development Southland	Employee	66	-	66	-
(ILT Foundation)	Rugby Southland	Service provider	255	-	255	-
	Star Rugby Football Club	Daughter contracts services	26	-	41	-
			347	**-**	**362**	**-**
Nick Jeffrey	Southland Basketball Assn Inc	Member	217	-	-	-
(ILT & ILT Foundation)	Southland Indoor Leisure Centre Charitable Trust	Trustee	513	-	-	-
Appointed on 16 Oct 2025			**730**	**-**	**-**	**-**
Amanda Smith	Te Rourou One Aotearoa Foundation	Employee	-	-	25	-
(ILT Foundation)	Chamber of Commerce	Tenant/Family Member Employed	-	-	10	-
Retired on 4 Aug 2025	Sport Southland T/As Active Southland	Family member on Board	129	-	80	-
			129	**-**	**115**	**-**
Management						
Angee Shand	St Mary's Netball	Club Captain	-	-	4	-
(ILT)	Stadium Southland Ltd	Director	8	-	12	-
			8	**-**	**16**	**-**
Amanda Smith	South Sea Spray Trust	Mother a Trustee	-	-	40	-
	Tuurama Trust	Member	-	-	10	-
(ILT Foundation)	Ka Taoka I Tuku Iho Charitable Trust	Board Member	5	-	-	-
Appointed on 8 Sep 2025	Sport Southland T/As Active Southland	Family member on Board	5	-	-	-
			10	**-**	**50**	**-**
Lisa-Maree Fleck	St Johns Girls' School	Daughter - Pupil	-	-	3	-
(ILT Foundation)	Southland Girls' High School	Daughter - Pupil	-	-	3	-
	Invercargill Pistol Club	Partner - Member	8	-	-	-
Resigned on 20 Jun 2025			**8**	**-**	**6**	**-**

	Services & Revenue to 31/3/26 $000	Amount owing at 31/3/26 $000	Services & Revenue to 31/3/25 $000	Amount owing at 31/3/25 $000
Legal services were provided by Ward Adams Bryan-Lamb	62	29	46	21

27 KEY MANAGEMENT PERSONNEL

Key Management Personnel compensation for the year ending 31 March 2026 and the previous year is set out below. The Key Management Personnel are all the Board and Trustees of the group and the Executives with the greatest authority for the strategic direction and management of the Group.

	GROUP		PARENT	
	2026	**2025**	2026	2025
	$000	**$000**	$000	$000
Short Term Employee Benefits	**1,611**	**1,542**	1,420	1,354
Post Employment Benefits	**85**	**53**	52	51
	1,696	**1,595**	1,472	1,405

28 REMUNERATION OF TRUST MEMBERS

Section 335 (4) of the “Sale and Supply of Alcohol Act 2012” requires the Invercargill Licensing Trust (Parent) to make the following disclosures:

Trust Members Remuneration

Total honorarium paid to the Invercargill Licensing Trust six Board members during the year was $131,250 ($126,000 in 2025).

Employee Remuneration

Remuneration and other benefits (including the value of private use of motor vehicles and employer superannuation contributions) in excess of $100,000 per annum paid to employees during the year ended 31 March 2026 were:

Remuneration Band	
$100,000 to $110,000	3
$110,000 to $120,000	5
$120,000 to $130,000	2
$130,000 to $140,000	2
$140,000 to $150,000	2
$150,000 to $160,000	1
$160,000 to $170,000	2
$170,000 to $180,000	1
$200,000 to $210,000	1
$440,000 to $450,000	1
Total	**20**

29 FINANCIAL INSTRUMENTS

The Group’s financial instruments comprise cash and short term bank deposits, longer term bank deposits (3 to 24 month terms), bank and corporate bonds and Loan Advances from Brewery companies. The main purpose of these financial instruments is to hold finance for the Group’s operations and to maximise returns on surplus cash funds.

The Group has various other financial instruments such as accounts receivable and payable arising directly from its operating activities. The main risks arising from the Groups financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

The Group is exposed to interest rate risk relating to funds deposited with external parties. This risk is managed by the Group by maintaining an appropriate mix between floating “on call” interest rate deposits, fixed short-term deposits and both short and long term Corporate Bond investments.

	Note	GROUP		PARENT	
		2026	**2025**	2026	2025
		$000	**$000**	$000	$000
Exposures to Interest Rate Risk					
Cash and Cash Equivalents	**10**	**16,386**	**15,191**	16,011	14,711
Financial Assets	**13**	**802**	**949**	52	49
Borrowings		**7,179**	**8,010**	7,179	8,010
		24,367	**24,150**	23,242	22,770

Interest Rate Sensitivity

An analysis has been made of the level of the Group’s invested funds, on a monthly basis during the year, in order to assess its interest rate sensitivity.

Had interest rates been either 0.5% higher or lower, and all other variables been held constant, the Group’s profit before taxation would have increased (or decreased) by approximately $88,000 (2025: $69,000).

An analysis has been made of the level of the Group’s borrowings, on a monthly basis during the year, in order to assess its interest rate sensitivity.

Had interest rates been either 0.5% higher or lower, and all other variables been held constant, the Group’s profit before taxation would have decreased (or increased) by approximately $45,000 (2025: $50,000).

Foreign Currency Risk

The Group has no exposure to foreign currency risk, having neither investments nor borrowings denominated in foreign currencies, and having no trading relationships with foreign entities.

Commodity Price Risk

The Group has minimal exposure to commodity price risk, having adopted a policy of seeking wherever possible to recover price increases by increasing selling prices.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing it to incur loss. The Group is exposed to Credit Risk due to the provision of credit to external third parties and the investment of surplus cash into bank deposits, bank and corporate bonds.

Trade and other receivables arise due to the Group's trading with external third parties in the normal course of its supply of goods and services. The Group seeks to trade with recognised credit-worthy external third parties. The Group has adopted policies requiring customers to be subjected to credit verification processes only where required when applying for credit facilities and, in some cases, providing personal securities/guarantees for credit. Balances due from debtors are monitored on an ongoing basis with the result that the Group does not have a significant exposure to expected credit losses.

Due to the timing of the Group's cash inflows and outflows, surplus cash is invested into on-call and short term bank deposits and also bank and corporate bonds. The Group has a significant level of funds invested with banks and companies by way of deposits and bank/corporate bonds. While these are unsecured investments they are made with registered banks and with some credit-rated companies. The investment value is spread broadly amongst five banks and companies which reduces the level of credit risk across these investments. Regular reviews are made of these investments supported by independent investment advice. The maximum exposure to credit risk for these assets is equal to their carrying amount.

	Note	GROUP		PARENT	
		2026	**2025**	2026	2025
		$000	**$000**	$000	$000
Exposures to Credit Risk					
Trade and Other Receivables	**11**	**5,285**	**5,409**	5,445	5,056
Cash and Cash Equivalents	**10**	**16,386**	**15,191**	16,011	14,711
Financial Assets	**13**	**802**	**949**	52	49
		22,473	**21,549**	21,508	19,816

Credit Quality of Financial Assets

Trade and Receivables balances are monitored monthly and provision is made for any expected credit losses (refer Note 11). The group seeks to trade only with recognised credit-worthy external third parties.

The credit quality of cash and cash equivalents and financial assets that are neither past due nor impaired can be assessed by reference to either Standard and Poor's or Fitch's credit ratings, as summarised below:

	GROUP		PARENT	
Counterparties with Credit Ratings	**2026**	**2025**	2026	2025
	$000	**$000**	$000	$000
Cash at bank and term deposits				
AA- (Standard & Poor's)	**16,412**	**13,623**	15,437	12,643
BBB+ (Fitch)	**150**	**1,900**	-	1,500
Counterparties Without Credit Ratings				
Other financial assets	**52**	**49**	52	49
Total Cash and Cash Equivalents and Financial Assets	**16,614**	**15,572**	15,489	14,192

Concentration of Credit Risk

At balance date the Group was exposed to four concentrations of credit risk by way of short term deposits : $150,000 with SBS Bank (2025: $1,900,000), $1,500,000 with ANZ Bank (2025: $1,500,000), $1,511,123 with BNZ Bank (2025: nil) and a further $13,401,636 with Westpac (2025: $11,350,730).

Liquidity Risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through maintaining an appropriate mix between fixed short-term and floating "on call" interest rate deposits. The Group has very low liquidity risk due to the high value of cash and cash equivalents invested for less than six month terms. The Group also has a large value of funds that are invested in readily saleable bank/company bond investments.

Borrowings

As at 31 March 2026, the value of the Trust's loans is $7.18 million (2025: $8.01 million) maturing in March 2028. The effective interest rate on the loans is as follows: $2.74 million at 4.06% and $4.44 million at 4.05% (2025: 5.35% & 5.50%).

The value of the identifiable collateral (three existing properties owned by the Trust) held against those loans amounted to $15.00 million along with a general security interest over all personal and non-personal property of the Trust.

Fair Values

In our opinion of the Group:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. The carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

30 CONTINGENT ASSETS AND LIABILITIES

New Zealand Racing Board

The Invercargill Licensing Trust (Parent) has provided fidelity guarantees of $55,000 in relation to TAB agencies operating within the Trust's establishments. These guarantees would only be payable in the event that incidents of fraudulent activity or theft were discovered.

Other than this one guarantee, the Group had no other contingent assets or liabilities at 31 March 2026.

(2025: The same $55,000 fidelity guarantee to the NZ Racing Board)

31 COMMITMENTS

- **Non Capital Commitments**

There were no non-capital commitments at 31 March 2026 (2025: nil)

- **Capital Commitments**

The Group has total outstanding capital commitment of $1.376m which is made up of $1.17m for refurbishment of 15 units at Villas Motel, $89k for Bar refurbishment of Saucy Chef at Northern Tavern and $117k for gaming machine for ILT Foundation as at 31 March 2026.
(2025: No capital commitments.)

- **Operating Lease Commitments (Lessor)**

The Invercargill Licensing Trust (Parent) owns various properties that are used predominantly for their own businesses but which include some surplus areas that are leased to tenants under operating leases. The following future minimum lease rentals are contractually receivable from lessees.

	2026	2025
	$000	$000
Within one year	109	10
Between one and five years	164	250
Total minimum lease receivables	273	260

32 EVENTS SUBSEQUENT TO BALANCE DATE

On 1 May 2026, ILT entered into a Sale and Purchase Agreement to purchase 43-45 Don Street, Invercargill, for $925,000 which was subsequently settled on 29 May 2026.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Invercargill Licensing Trust's group and parent financial statements for the year ended 31 March 2026

Opinion

The Auditor-General is the auditor of Invercargill Licensing Trust group (the Group and parent). The Auditor-General has appointed me, Peter Taylor, using the staff and resources of KPMG, to carry out the audit of the financial statements of the Group and parent on his behalf.

We have audited the financial statements of the Group and parent on pages 9 to 36, that comprise the statement of financial position as at 31 March 2026, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include material accounting policy information and other explanatory information.

In our opinion the financial statements of the Group and parent:

- present fairly, in all material respects:
    - its financial position as at 31 March 2026; 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.

Our audit was completed on 28 August 2026. 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 section of our report.

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

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

Responsibilities of the Members for the financial statements

The Members are responsible on behalf of the Group and parent for preparing financial statements that are fairly presented and comply with generally accepted accounting practice in New Zealand.

The Members are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible on behalf of the Group and parent for assessing the Group and parent's ability to continue as a going concern. The Members are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Members resolve to amalgamate or liquidate the Group, or to cease operations, or have no realistic alternative but to do so.

The Members' responsibilities arise from the Sale and Supply of Alcohol Act 2012.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, 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.

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

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, 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 Group's internal control.

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

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

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

- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Members 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 Members are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements, or our auditor's report thereon.

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

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

Independence

We are independent of the Group and parent in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

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

Peter Taylor
KPMG
On behalf of the Auditor-General
Christchurch, New Zealand

BUSINESS DIRECTORY

TRADING:

HOTELS / MOTELS	-	Ascot Park Hotel
	-	Kelvin Hotel
	-	The Langlands Hotel
	-	Ashford Motor Lodge
	-	Balmoral Lodge Motel
	-	Cable Court Motel
	-	Homestead Villa Motel
TAVERNS / CAFÉ / BARS	-	Eastern Suburbs Tavern
	-	Lone Star Café and Bar
	-	Newfield Tavern
	-	Northern Tavern
	-	Southland Tavern
	-	Speight’s Ale House
	-	The Homestead
	-	Waikiwi Tavern
	-	Waxy’s
LIQUOR STORES	-	Centrepoint Liquorland (Including Warehouse Distribution in Queenstown)
	-	South City Liquorland
	-	Collingwood Super Liquor
	-	East End Liquor
	-	Southland Super Liquor
	-	Windsor Wines
CATERING	-	Ascot Park Hotel

NON TRADING:

	-	Maintenance Department
	-	Nursery Department
	-	Head Office