



**I, Matthew Lawson, Tumu Whakarae | Chief Executive, hereby give notice that
an Extraordinary Meeting of Council will be held on:**

Date: Tuesday, 24 March 2026
Time: 1:00 pm
**Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa**

AGENDA

Extraordinary Council Meeting

24 March 2026

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Benita Cairns, Cr Jeremy Harker, Cr Roslyn Thomas, Cr Michelle Tahuri, Cr Trevor Waikawa, Cr Sara Bird

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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1 KARAKIA**2 APOLOGIES FOR ABSENCE****3 DECLARATIONS OF CONFLICT OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a member of the Council and any private or other external interest they might have.

This note is provided as a reminder to members to review the matters of the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting, or at the relevant item of business, and refrain from participating in the discussion or voting on that item.

If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Chief Operations Officer (preferably before the meeting). It is noted that while members can seek advice, the final decision as to whether a conflict exists rests with the member.

4 PUBLIC PARTICIPATION

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

5 GENERAL ITEMS

5.1 QRS STATEMENT OF INTENT FOR THE PERIOD 1 JULY 2026 TO 30 JUNE 2029 AND HALF-YEARLY REPORT TO 31 DECEMBER 2025.

Author: Gary Borg, Pouwhakarae – Pūtea / Tautāwhi Rangapū Group Manager
Finance and Corporate Support

Authoriser: Matthew Lawson, Tumu Whakarae | Chief Executive

Appendices:

1. Draft Statement of Intent [↓](#)
2. Six Month Report [↓](#)

1. PURPOSE

- 1.1 To present the Draft QRS Statement of Intent 2026-29 and the company's 6 monthly performance report to 31 December 2025 for consideration by Council.

RECOMMENDATION

The Group Manager Finance and Corporate Support RECOMMENDS that Council

Receives the QRS draft Statement of Intent 2026-29 and the 6-month performance report to 31 December 2025.

2. BACKGROUND

- 2.1 The Local Government Act 2002 (Schedule 8, paragraph 2) requires a Council Controlled Organisation (CCO) to deliver to its shareholders a Draft Statement of Intent (Sol) on or before 1 March each year.
- 2.2 Having received a Draft Sol, Council is required to comment, if it chooses to do so, within two months of 1 March. (LGA 2002 (Sch. 8, para.3))
- 2.3 The Draft Sol, attached as **Appendix 1**, was delivered to Council on 26 February 2026. It is complete in respect of the requirements of LGA 2002 Sch. 8, para.9.
- 2.4 Section 66 of the Act, and the company's current Sol, requires the Board to deliver to Council a half-yearly report on its operations within 2 months of the end of the first half of the financial year. This was also delivered within the prescribed timeframe.
- 2.5 The half-yearly report is attached as **Appendix 2**.
- 2.6 In addition, the company has paid an interim distribution of \$50,000.

3. STATEMENT OF INTENT

- 3.1 The Draft Sol sets out the overall activities and intentions of QRS for the 3 years commencing 1 July 2026.
- 3.2 This follows the issue of a Letter of Expectation by Council to support the planning process.

4. HALF YEARLY REPORT

- 4.1 At the half year the company demonstrates steady improvement in financial results compared to 2025.

5. OPTIONS

- 5.1 The options identified are:
- a. Receive the Draft Statement of Intent without amendment and the half-yearly report; or
 - b. Receive the Draft Statement of Intent 2026-2029 subject to further updates and receive the half-yearly report.
- 5.2 Discussions with QRS regarding Council's expectations continue. Since Council has more than a month to comment, receiving the report will provide a formal and transparent record of this process.
- 5.3 The preferred option is *b*), this contributes to the following community outcomes

Economic wellbeing	Social and Cultural Wellbeing	Environmental Wellbeing
1. A strong, prosperous and thriving economy. 2. A safe and integrated infrastructure.	6. Strong district leadership and a sense of belonging	

6. CORPORATE CONSIDERATIONS**What is the change?**

- 6.1 There are no changes to council operations resulting from this decision.

Compliance with legislation and Council Policy

- 6.2 Both documents comply with the requirements of the Local Government Act 2002 in terms of content. As noted, they were delivered before the statutory date of 1 March 2025.

What are the key benefits?

- 6.3 These documents provide an oversight of the company and provide Council with a health check on its main equity investment.

What is the cost?

- 6.4 There is no cost with this decision.

What is the saving?

- 6.5 No savings are generated with this decision.

Who has been consulted?

- 6.6 No consultation is required or has been undertaken on this report.

Service delivery review

6.7 This report does not trigger a need for a s17A review.

Māori Standing Committee

6.8 This has not been referred to the Māori Standing Committee because it is of equal interest to the whole community.

7. SIGNIFICANCE

7.1 The decision can be changed by using LGA 2002 Section 8 paragraph 5(1) which allows for shareholders by resolution to require the CCO Board to modify a statement of intent after due consultation with the Board.

7.2 Although there are strategic considerations this matter is largely administrative and is assessed as being of low significance.

8. RISK MANAGEMENT

8.1 In accordance with the Council's Risk Management Policy the inherent risks associated with this matter are:

Human	Financial	Regulatory
Low	Low	Low
Operations	Employees	Image & Reputation
Low	Low	Low

Further Information

Not Applicable.

Background Papers

Not Applicable.

References (to or from other Committees)

This matter is refreshed annually and considered by Council.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Statement of Corporate Intent

2026-2029



EHARA TAKU TOA I TE TOA TAKITAHĪ, ENGARI HE TOA TAKITINI

FOREWORD



Quality Roding and Services (QRS) is incorporated and domiciled in New Zealand and wholly owned by Wairoa District Council (WDC). It is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

Our speciality is civil construction, road maintenance, quarrying, heavy transport, traffic management, aggregate supply, concreting, and Ecoreef. We offer civil engineering skills, experience, and equipment, as well as a large-scale heavy diesel workshop.

This Statement of Corporate Intent sets out the company's rolling targets and policies for the next three years. It has been developed in consultation with WDC. By achieving its goals the company will continue to provide significant support to the wider Wairoa community.

At a high level the company will aim to:

- deliver a fair commercial return and make contributions to our shareholder
- support community prosperity and wellbeing, and
- support Wairoa's infrastructure and economic development.

QRS remains a transparent and respected part of the Wairoa community and a recognised employer of choice. Work undertaken for (WDC) continues to contribute significantly to workforce capability, plant utilisation, and emergency response preparedness across the district.

We look forward to continuing our significant commercial contribution and supporting the long-term sustainability of the communities that we serve.

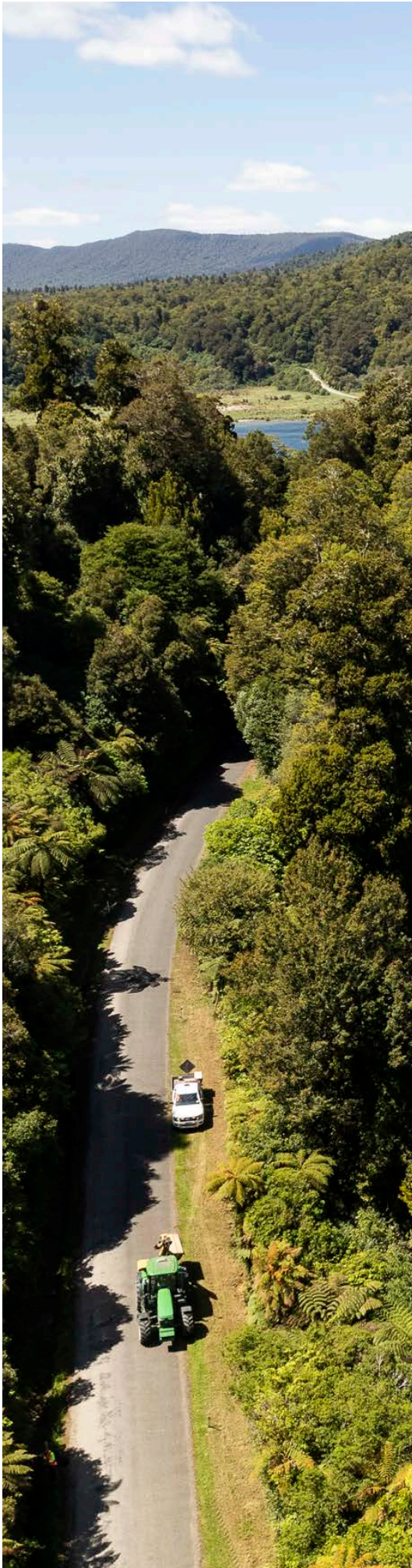
A handwritten signature in black ink, appearing to read 'Guy Gaddum'. The signature is stylized and cursive.

Guy Gaddum

Quality Roding and Services

Chair

March 2026



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1. Nature and scope of company activities

QRS and its staff are an integral part of Wairoa and the wider district. Our speciality is civil contracting, construction, infrastructure, temporary traffic management, aggregate, concreting, and Ecoreef. We offer a full range of civil engineering skills, experience, and equipment.

The principal activities of QRS are:

- roading maintenance and associated construction
- civil construction
- traffic management
- heavy transport
- quarrying
- aggregate
- concrete
- Ecoreef

2. Mission and vision

Wairoa District Council

Mission

To lead and support the Wairoa community through decision-making that promotes the social, economic, environmental and cultural well-being of the district now and in the future.

Vision

Thriving economy, desirable lifestyles, treasured environments, connected communities.

Quality Roading and Services

Vision

Connecting and growing our communities.

Brand promise

Your people, your solution, you're sorted.

Values



3. Governance

The role of the board is to effectively represent WDC and not to act contrary to the interests of WDC whilst adding long term value to the company.

The board will regularly review and monitor the management of the company by:

- a) Determining purpose and direction by establishing objectives which are appropriate to the environment and circumstances.
- b) Developing an effective governance culture by ensuring the company's objectives are understood and endorsed by management; consider policies that will strengthen the company's performance; and engage effectively with the chief executive and leadership team.
- c) Satisfying itself that the company is achieving its objectives by agreeing with management a set of financial and non-financial key performance indicators relevant to the agreed objectives.

The board will hold quarterly governance meetings with WDC.

Day-to-day management of the company will be delegated to the chief executive.

4. Ratio of shareholder funds to total assets

To provide the company with the capacity to grow whilst maintaining an efficient capital structure that minimizes risk, QRS will target the ratio of shareholder funds to total assets for each year at not less than 45%.

The shareholder funds and total assets are defined as disclosed in the audited statement of financial position as at 30 June.

5. Accounting policies

The company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

Details of the accounting policies and their application are contained in Appendix 2.

6. Procurement

QRS will uphold its duty to make a positive contribution to the community by helping WDC achieve its goals of creating a thriving community, desirable lifestyles, treasured environment, and connected communities.

QRS will respect culture and employment opportunities for everyone, as well as equity in financial wellbeing, and value and respect for the natural and built environment we live in.

QRS acknowledges the importance that WDC places on the principles of social procurement. This is based on the understanding that QRS has a unique responsibility to the Wairoa community to provide a financial return on ratepayer

investment as well as providing the wider benefits of secure employment, personal development of employees, resilience to the community, and focussing on the health and wellbeing of our employees and their whānau.

WDC will engage with QRS at a governance level for non-subsidised work thereby giving both organisations the opportunity to strategically provide the best benefits for Wairoa. If in doubt, the shareholder, as the contracting entity may apply principles of transparency and non-discrimination.

7. Performance targets

The following performance targets are the measures by which the company's performance will be judged as published in the Long-Term Plan 2026-2029.

	2026/27	2027/28	2028/29
Target revenue	\$39,000,000	\$45,000,000	\$48,000,000
Net profit after-tax	4%	5%	6%
Shareholder distribution forecast	\$372,150	\$373,850	\$421,800
Net profit pre-tax of opening shareholder funds	6%	6%	6%
Ratio of shareholders funds	>45%	>45%	>45%
Cost of debt servicing/revenue	<20%	<20%	<20%

8. Reports to the shareholder

8.1 General

The company will disclose information on its operations as is necessary to enable the shareholder to make an informed assessment of the performance of the company.

8.2 Draft Statement of Corporate Intent

The board will deliver to the shareholder a draft Statement of Corporate Intent on or before 1 March each year.

8.3 Completed Statement of Corporate Intent

The Board will:

- consider any comments on the draft Statement of Corporate Intent that are made to it within two months of March by the shareholder; and
- deliver the completed Statement of Corporate Intent to the shareholder on or before 30 June each year.

8.4 Quarterly update

The company will provide a quarterly update to WDC.

8.5 Half year reporting

The Board will, by 28 February each year, deliver to the shareholder unaudited financial statements consisting of:

- Statement of Financial Position
- Statement of Financial Performance
- Cash Flow Statement for the six months to 31 December, together with statements of explanation and accounting policies upon which the financial statements are based
- a report on operations of the company during the period, and the amount of any interim distribution recommended, and the outlook for the next six months including any significant changes to previous forecasts or reports.

The company will make a formal presentation of the report at a meeting called by the shareholder. This meeting will be a formally constituted meeting of WDC called in terms of the Local Government Act 2002.

8.6 Annual Report

The Company will make available to the shareholder and the public, audited financial statements in accordance with Section 67 of the Local Government Act 2002 within three months after the end of each financial year, being 30 September.

The annual general meeting of the company will be held no later than 21 days after the delivery of the annual report to the shareholder.

The company will make a formal presentation of the report to a meeting called by the shareholder. This meeting will be a formally constituted meeting of WDC called in terms of the Local Government Act 2002.

9. Consent for shareholding

Notwithstanding anything else contained in the constitution or the act, the board may not subscribe for, purchase, or otherwise acquire shares in any other company or other person without the prior written approval of the shareholder.



10. Estimate of commercial value of the shareholder's investments

The board will make an estimate of the commercial value of the company each year. The shareholder will be advised of the value of its investment accordingly.

11. Distribution policy

Distribution payments – financial

In arriving at a recommendation in respect to a distribution the board will have regard to the company's:

- vision and objectives
- financial performance for the past financial year taking regard for the future commercial environment
- ability to meet financial commitments
- investment proposals and profitability thereof
- ability to secure suitable financial arrangements
- requirements to reinvest in renewal of assets
- shareholder expectations with respect to overall performance of the company's commercial outcomes.

The company will endeavour to pay the shareholder a baseline distribution of 3% of the company's opening equity.

This includes an interim distribution of \$50,000 after the six-monthly result, subject to the company passing the solvency test and board signing a solvency certificate.

The Board may recommend the payment of distributions in addition to those contained within this Statement of Corporate Intent.

Non-financial contributions

QRS aims to be an employer of choice in the district. Our diverse, challenging, rewarding, and safe work environment ensures that our employees are engaged and have the opportunity

to grow professionally and personally. We feel it is important that all our people have the opportunity to learn new skills and undertake professional development as this will benefit the company and the community. QRS will continue to invest sponsorship and support in kind to local events, sporting groups, community and iwi groups, and schools.

Sponsorship or work in kind that benefits Council will be recognised as part of the distribution for the financial year.

12. Treasury policy

Corporate objectives

Ensure the company is able to meet its future commitments as they fall due in both the short and long term through active treasury risk management. QRS will:

1. Reduce company cost of borrowing through effective control and management of its interest rate risk, and manage the company's exposure to interest rate risk within acceptable levels.
2. Manage funding risk by the selection of the best available methods for long term financing requirements.
3. Manage the company's return on funds invested through the effective control and management of its interest risk and maintain company exposure to interest risk within acceptable levels.
4. Maintain adequate internal controls to ensure that funds are invested and borrowed in accordance with company policy.
5. The use of long-term funds will be restricted to development and establishment of capital assets and the repayment of equity.

13. Investment policy

WDC believes it is important to maintain expertise in construction, roading and maintenance in the district, balanced with an intent to reduce ratepayer costs by providing effective, sustainable competition and providing community support.

As those ratepayers do not have any direct involvement with how that investment is determined, the directors owe a special duty of care to how that investment is managed.

As an overall investment policy and in alignment with the WDC Investment Policy (item 4.3 dated 5 August 2015) and the WDC Long Term Plan 2024-2027, the company will endeavour to maximise the return on opening shareholder funds whilst acting within legislative parameters, maintaining investment risk within acceptable limits, and ensuring the company's funds are properly safeguarded.

The company will also operate as per Section 59 of the Local Government Act 2002 which states that the principal objective of a CCO (Council Controlled Organisation) is to:

- achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Corporate Intent
- be a good employer
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so,
- and if the CCO is a CCTO (Council Controlled Trading Organisation), it will conduct its affairs in accordance with sound business practice.

While the company's ability to provide regular distributions is a strategic objective in the WDC investment policy, growth opportunities are also available with reinvestment in the business.

In addition, WDC and QRS will go beyond formal governance structures to encourage collaborative behaviour and or identify opportunities for collaborative solutions for the benefit of the community.

Meanwhile, QRS continues to balance its return on shareholder value by contributing to the community socially and financially. The company invests in organisations that have a core focus of assisting the environment, children, and causes that support social wellness for individuals and the community of Wairoa.





APPENDIX 1

Collaboration policy

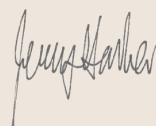
Quality Roding and Services (QRS) has embraced working collaboratively as a key pillar for achieving its vision of a strong and successful company growing the Wairoa community; and sustaining a profitable and locally valuable business on a foundation of safety and quality.

QRS believes that working collaboratively will also maximise employee satisfaction, minimise conflict, and produce sustainable outcomes for the business and our clients.

To achieve these goals QRS will endeavour to develop, maintain and monitor a culture of collaboration, both internally and externally with clients and stakeholders, based on:

- building trust with each other
- looking forward, not back
- providing timely responses
- having open, honest and frank communication
- being respectful of each other
- a no surprises approach
- being positive and constructive.

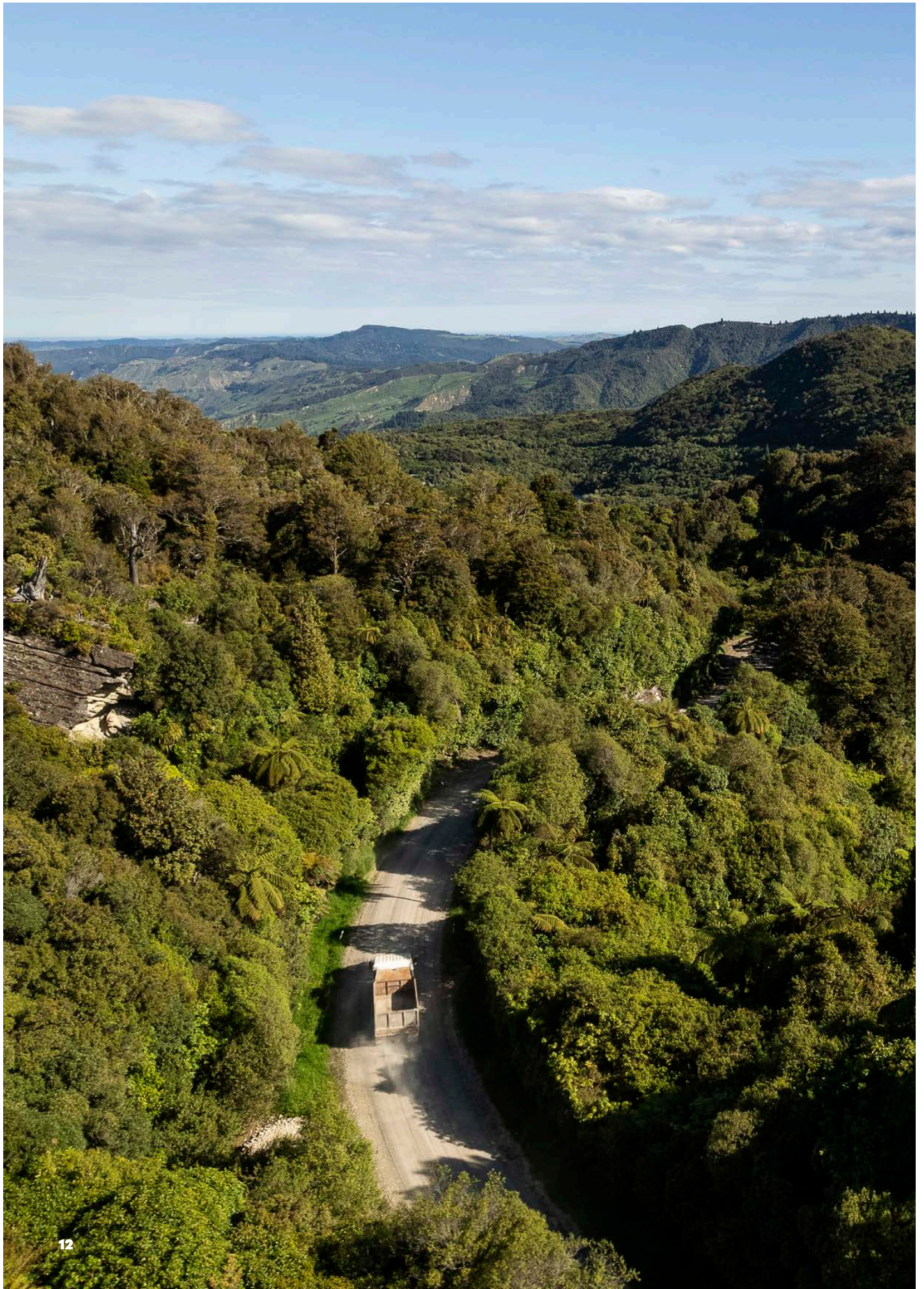
QRS will support the ideal of continuous improvement in working collaboratively.



Jeremy Harker

Quality Roding and Services
Chief Executive Officer

March 2026



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APPENDIX 2

Accounting policies

The company's accounting policies comply with the requirements of the Financial Reporting Act 1993 and are consistent with generally accepted accounting principles.

The general accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been followed.

The following particular accounting policies which materially affect the measurement of results and financial position have been applied.

1. Revenue recognition

QRS is in the business of providing road maintenance and construction and sale of aggregate. Revenue from contracts with customers is recognised when control of the physical work completed on the client's asset or services are 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 generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

2. Sale of aggregate

Revenue from sale of aggregate is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the aggregate. The normal credit term is 30 to 60 days upon delivery.

3. Variable consideration

QRS does not enter into variable consideration arrangements nor provide any volume rebates. In addition, there are no financing components or warranty obligations beyond normal retentions held by the customer for road construction projects.

4. Borrowing costs

Borrowing costs are recognised as an expense when incurred.

5. Goods and services tax

The financial statements have been prepared exclusive of goods and services tax (gst) with the exception of receivables and payables which are stated with gst included. Where gst is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

6. Employee benefits

Provision is made in respect of the company's liability for annual leave, sick leave, long service leave and retirement gratuities.

The provision for sick leave is based on the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined contribution pension plan obligations are recognised as an expense in the Statement of Comprehensive Income as incurred.

7. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past result. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where 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.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

8. Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arose from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

9. Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectable amounts. The company assesses impairment losses by estimating the expected credit loss that may exist within its portfolio of accounts receivable based on its historical experience of credit loss arising from accounts receivable.

10. Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

11. Inventories

Inventories are valued on the basis of the lower of cost, determined on a weighted average method, and net realisable value.

12. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

There are six classes of property, plant and equipment:

- freehold land
- quarries
- freehold buildings
- plant, equipment and vehicles
- office equipment and furniture
- computer hardware.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised in the Statement of Comprehensive Income in other operating expenses.

13. Depreciation

Depreciation is provided on a straight-line basis on freehold buildings and quarries. Freehold land is not depreciated.

Plant, equipment and motor vehicles, office equipment and furniture, and computer hardware are depreciated at rates calculated to allocate the assets cost less estimated residual value over their estimated useful lives. The rates for major classes of assets have been estimated as follows:

Quarries	(3.3 % straight line)
Buildings	(3.3% straight line)
Plant and machinery	(20% diminishing value)
Fixtures, fittings and equipment	(20% diminishing value)
Computer hardware	(48% diminishing value)
Right of use asset	(Straight line over the term of the underlying asset)

Depreciation is calculated on a monthly basis from the date of acquisition. The assets' useful lives, residual values and depreciation method are reviewed at least every financial year.

14. Intangible assets

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to all classes of intangible assets.

The useful lives of all intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate,

which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised.

The amortisation of the software class of intangible assets is estimated at 20-48% diminishing value, depending on the nature of the software.

15. Statement of cash flows

Operating activities include cash received from all income sources of the company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure of the company.

16. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

17. Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the

financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

18. Leases

NZ IFRS 16 Leases was adopted on 1 July 2019. The company applied the modified retrospective transition method and thus, prior comparatives were not restated. The company has elected to present right of use assets and lease liabilities separately in the Statement of Financial Position. Depreciation of right of use assets is included in depreciation in the Statement of Comprehensive Income. The cash outflows related to the principal portion of the lease liability and the related interest are presented separately within the financing activities in the Statement of Cashflows.

19. Significant accounting judgements, estimates and assumptions – quarry aftercare

A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare.

The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the Statement of Financial Position by adjusting both the expense or asset (if applicable) and provision.

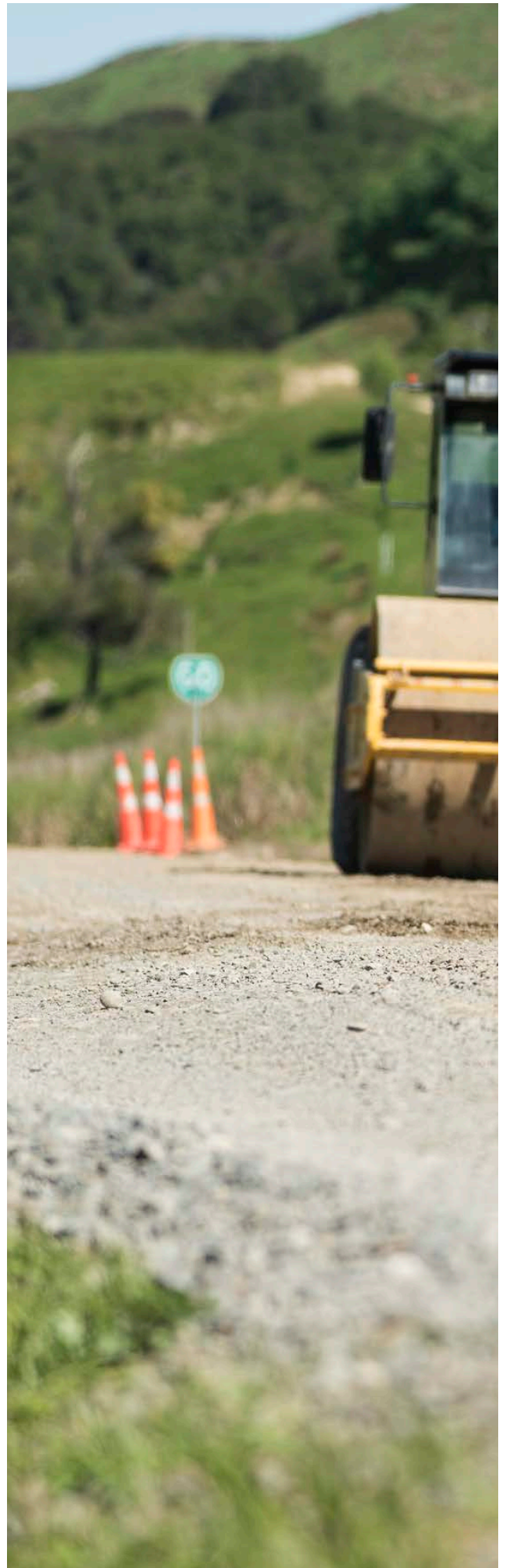
20. Contract assets and contract liabilities

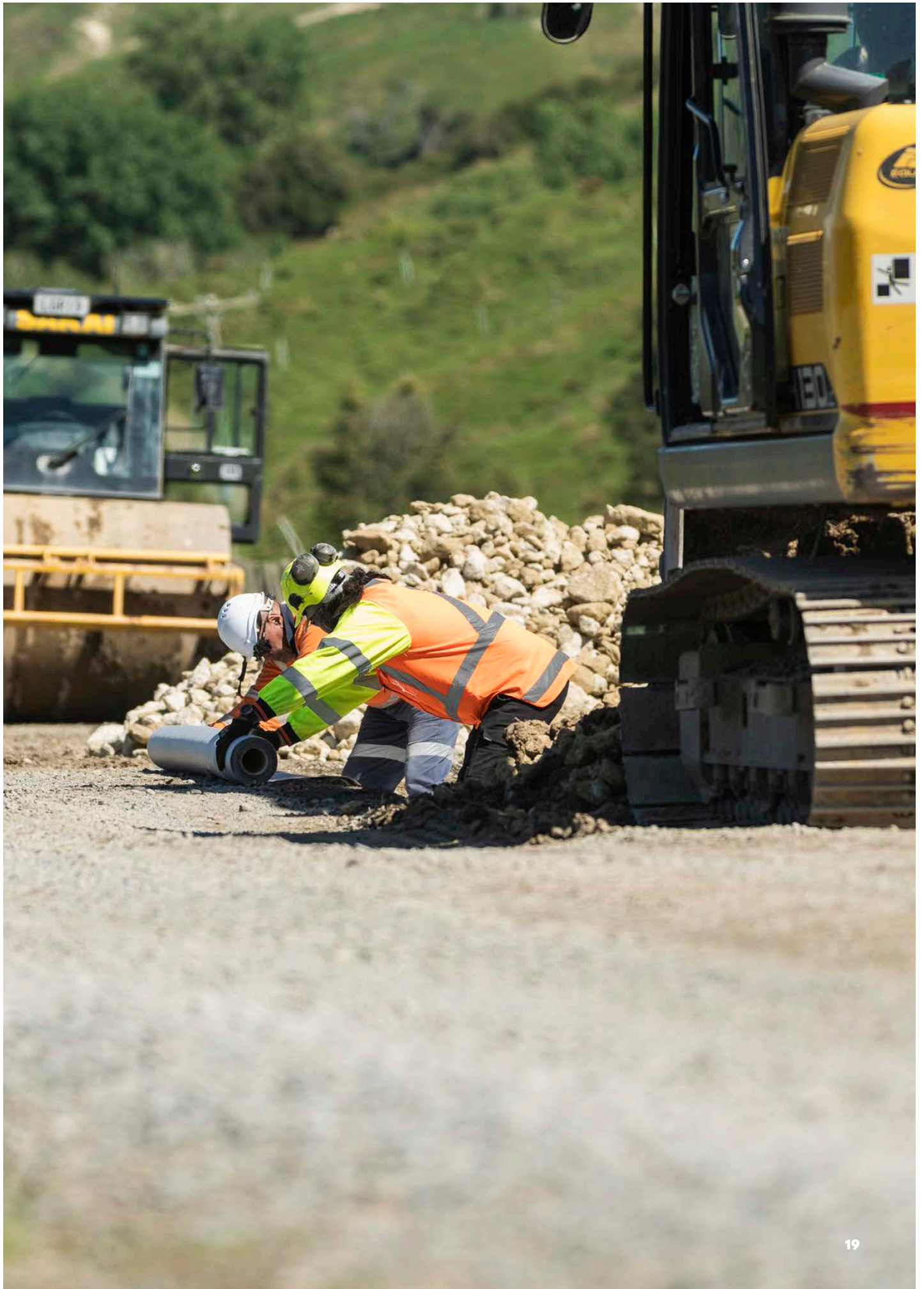
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before

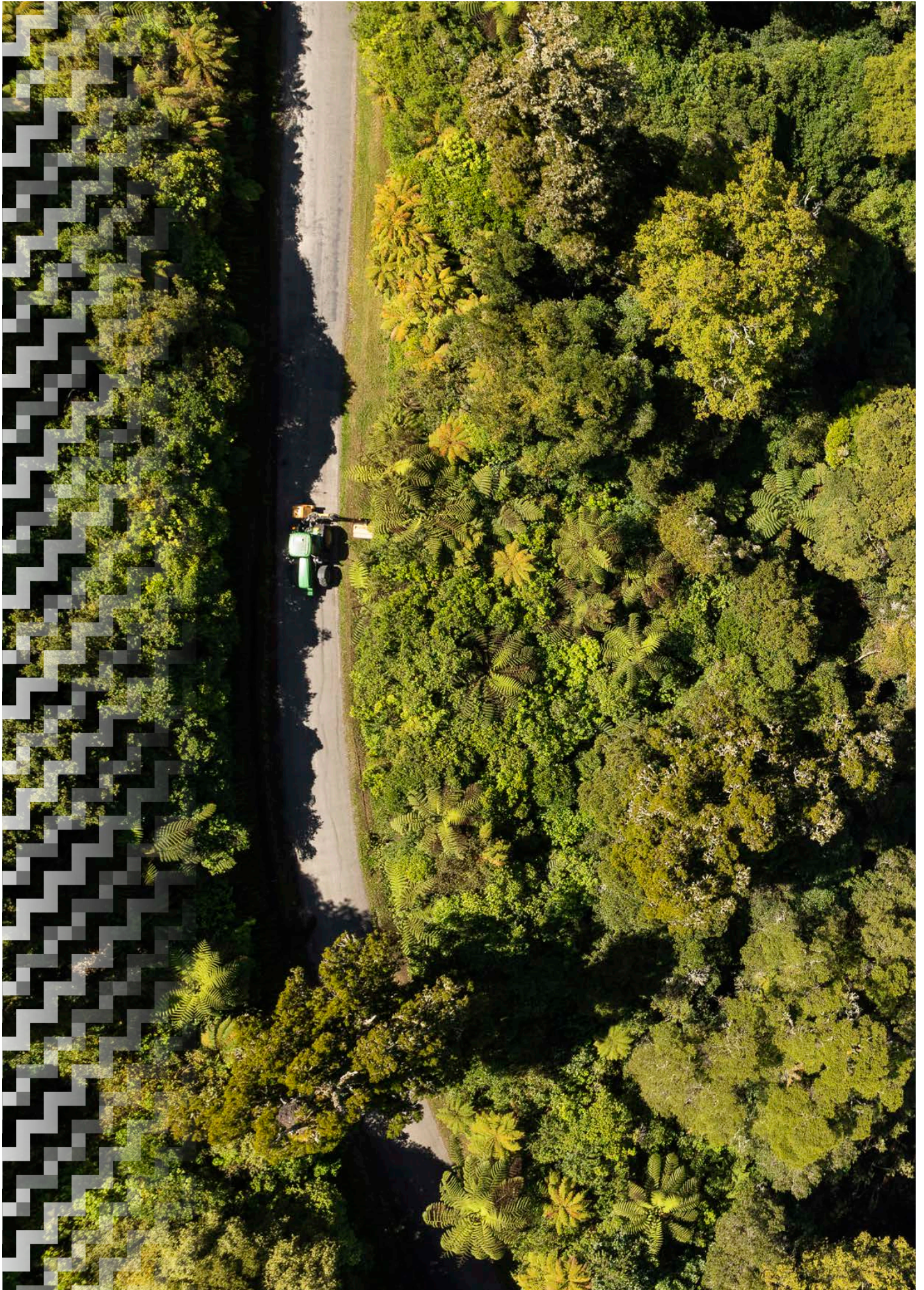
payment is due, a contract asset is recognised for the earned consideration that is conditional.

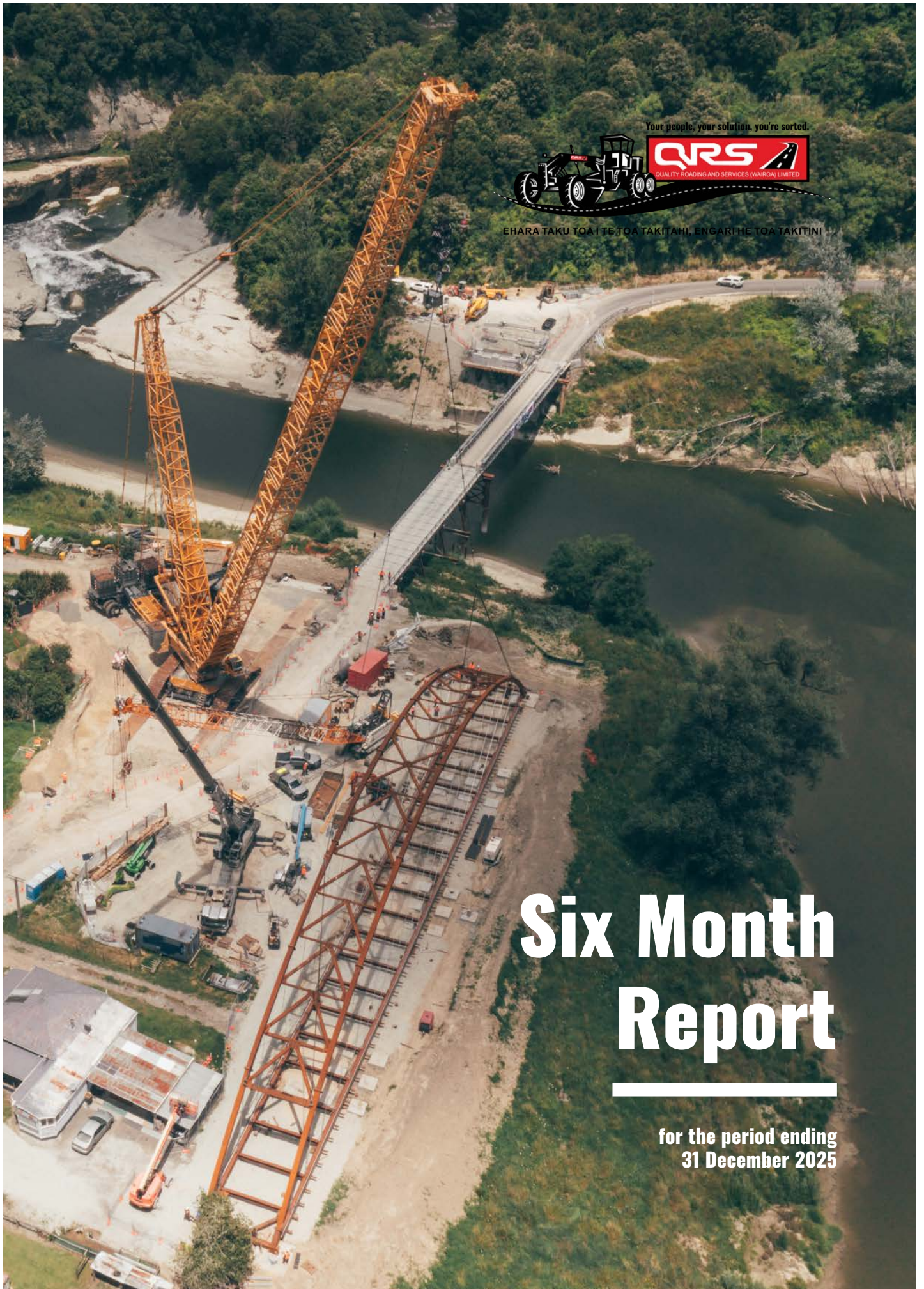
A trade receivable represents the company's right to an amount of consideration that is unconditional (ie only the passage of time is required before payment of the consideration is due).

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when company performs under the contract.









EHARA TAKU TOA I TE TOA TAKITAHU, ENGARI HE TOA TAKITINI

Six Month Report

for the period ending
31 December 2025

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YOUR COMPANY



Section 1 | Your Company

Section 2 | Financial Reporting

As a multi award-winning civil construction company, we provide solutions and excellence across a range of infrastructure and roading solutions.



DIRECTORY

Directors

Guy Gaddum (Chair)
Tony Gray
Fenton Wilson
Lauren Jones

Auditor

David Borrie of Ernst & Young
on behalf of the Office of the
Auditor General

Registered Office

Kaimoana Road, Wairoa

Bankers

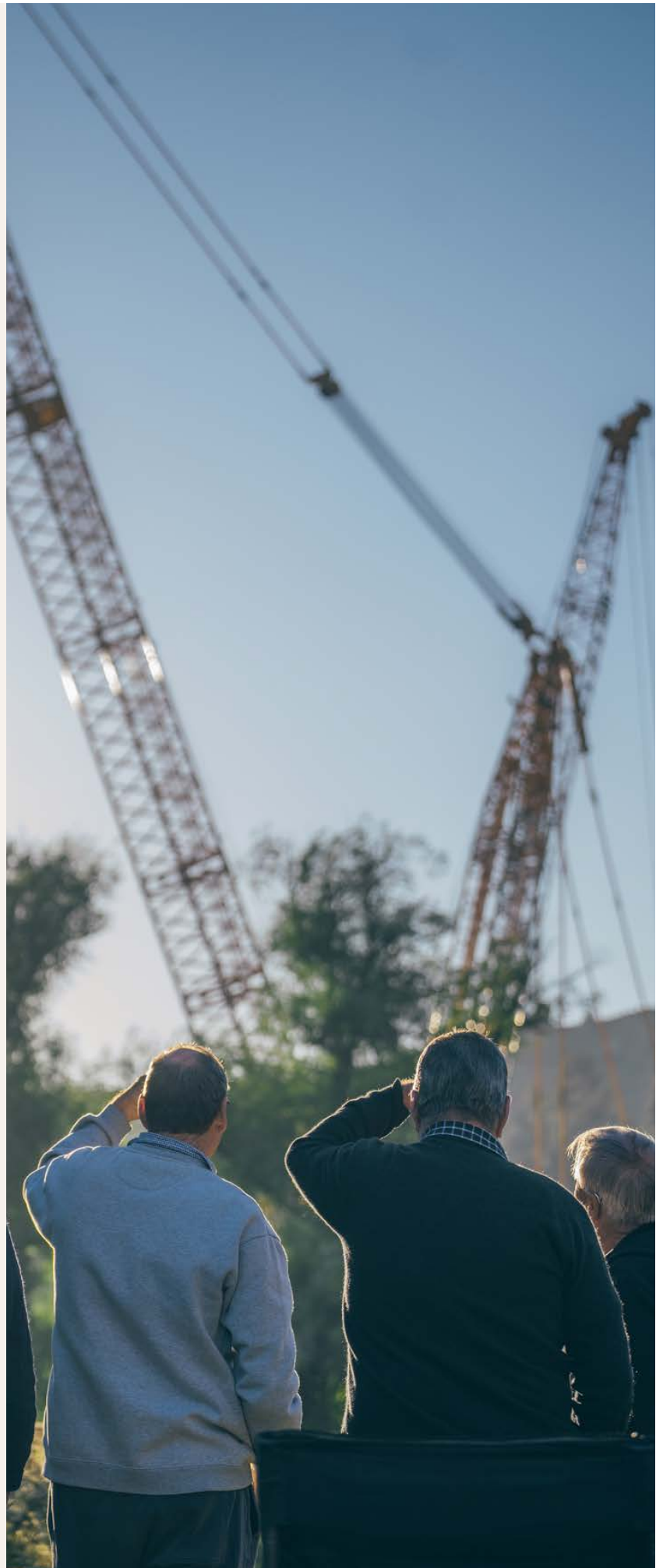
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Hastings

Postal Address

PO Box 83, Wairoa
(06) 838 9030

Solicitors

Chapman Tripp
Level 34/15 Customs Street West
Auckland



CHAIR'S REPORT



Kia ora koutou.

It is my privilege to present this Six Month Report to 31 December 2025. These six months were characterised by steady operational execution, disciplined governance, and strengthening the company's long-term position.

QRS recorded a pre-tax profit of \$1.08 million (\$1m last year) on turnover of \$23.4m (\$17.84m), remaining financially sound and focused on delivering value to Wairoa through jobs, retained equity, and dividends.

Our staff and the people we work with underpin QRS's performance and reputation. Recent Government support enabled us to deliver the largest training and workforce development plan in our history.

Wairoa District Council (WDC) remains our main income source and sole shareholder beneficiary. Our governance framework, regular communication cadence, and transparent conflict of interest management, supports positive and professional relationships between us.

While embedding newer business units this past six months, we've focused on integrating operations, aligning culture, and strengthening performance accountability.

We are improving Bluck's Pit's efficiency by trialling new extraction methods and developing new markets. The newly consented cleanfill site at Blucks supports our environmental goals and strengthens storm resilience for the district.

We're now licensed to manufacture EcoReef in the Western Bay of Plenty. Opportunities abound for this innovative and cost-effective dropout solution.

Fulton Storey has completed a year as intern director. To ensure full exposure to the governance and financial cycle, we sought and received permission to extend his term for six months. This initiative strengthens governance capability within Wairoa and supports long-term succession planning.

Health and safety is a non-negotiable priority for the company and our target remains a Lost Time Injury Frequency Rate of zero. When we recorded a serious injury on the Te Reinga Bridge job site last year it served as a sobering reminder of the risks inherent in the civil construction and roading sector and reinforced our focus on critical risk management and contract oversight.

Looking ahead we predict a challenging next six months. Our Unsealed Road Maintenance Contract with WDC is due for renewal in 2026. It's critical we retain this contract as it underpins our workforce capability, plant utilisation, and district-wide emergency response readiness.

The board and I are confident in the company's direction and remain committed to delivering value to WDC and the community.

Guy Gaddum

*Quality Roading and Services
Board Chair*

February 2026

CEO REPORT



Kia ora koutou.

The past six months have been testing, with reduced workflow and increased competition. However, the groundwork of the past five years is paying dividends. Our diversified revenue base now complements our established maintenance and construction operations allowing QRS to remain resilient through market ebbs and flows. Traffic management, Bluck's Pit, concrete batching, and Ecoreef have helped provide stability during leaner periods.

Another positive aspect has been the work consolidation through our Gisborne consortium of like-minded contractors: Currie Construction, H Blackbee, and Lattey Group. It's enabled us to secure work beyond our traditional client base and strengthen our out-of-region presence.

QRS has secured the licence to manufacture, distribute, sell, and install Ecoreef in Whakatāne and Ōpōtiki. Around 150 blocks were installed in the Waioweka Gorge and performed well during the recent weather event that temporarily closed the Gorge.

In November, QRS was recognised with two New Zealand Civil Contractors Hawke's Bay East Coast awards: Training Company of the Year (commitment to developing local capability),

and the Construction Excellence Award for a \$1-\$3 million project (reconstruction of cyclone-damaged Mangapoike Road).

The Te Reinga Bridge rebuild reached a milestone with the successful lift of the 90.5-metre network arch into place, a complex operation that reconnected rural Wairoa with the wider district and highlighted the capability of specialist contractors and our own team.

Before Christmas we acknowledged Anthony O'Sullivan, a roading stalwart whose five decades of experience and local knowledge continue to add significant value to QRS.

Work is underway to resecure our role as the locally based subcontractor to Higgins under Waka Kotahi NZTA's Integrated Delivery Model contract for State Highways 2 and 38. This work keeps QRS front and centre with Waka Kotahi, strengthens regional connections, and deepens our understanding of our roading network.

We are progressing the re-securing of our unsealed road maintenance contract with Wairoa District Council. It's the backbone of our business. We also look forward to supporting the Wairoa Flood Mitigation Project alongside Hawke's Bay Regional Council, Goodmans, and subcontractors.

If anything defines the past six months, it is a town that has regathered itself after several difficult years. With community events returning and optimism rebuilding, Wairoa is on the up.

Jeremy Harker

Quality Roading and Services

Chief Executive

February 2026

