



**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

Order Of Business

1 Karakia.....5

2 Apologies for Absence 5

3 Declarations of Conflict of Interest5

4 Public Participation 5

5 General Items.....6

5.1 QRS Statement of Intent for the period 1 July 2026 to 30 June 2029 and Half-yearly Report to 31 December 2025.6

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'.

Guy Gaddum

Quality Roding and Services

Chair

March 2026



CONTENTS

- Nature and scope of company activities 6
- Mission and vision 6
- Governance 6
- Ratio of shareholder funds to total assets 6
- Accounting policies 6
- Procurement 7
- Performance targets 7
- Reports to the shareholder 7
- Consent for shareholding 8
- Estimate of commercial value of the shareholder’s investments 9
- Distribution policy 9
- Treasury policy 9
- Investment policy 9
- Appendix 1 11
- Appendix 2 14



4



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.

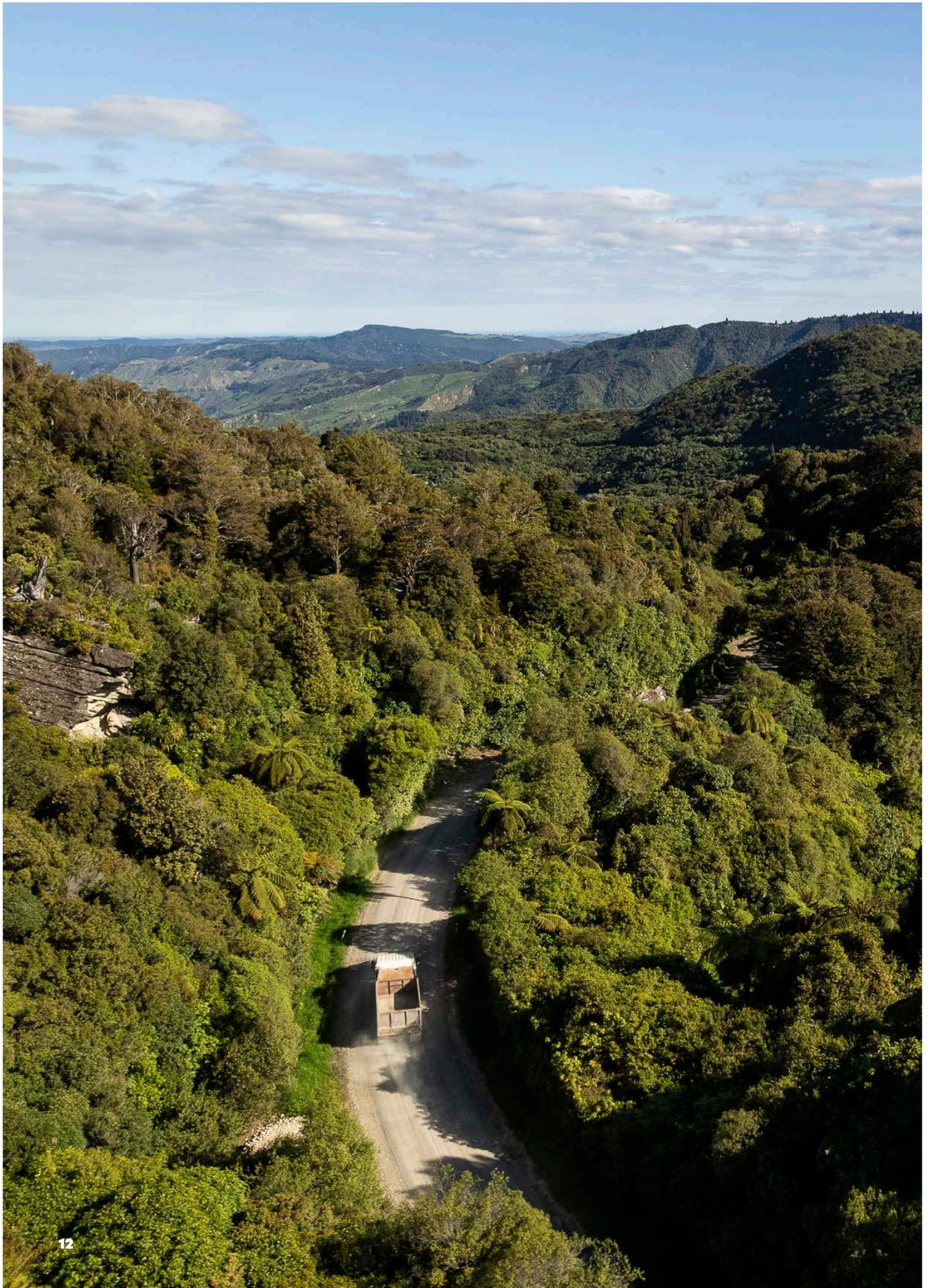
QRS will support the ideal of continuous improvement in working collaboratively.



Jeremy Harker

Quality Roding and Services
Chief Executive Officer

March 2026





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 or 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.

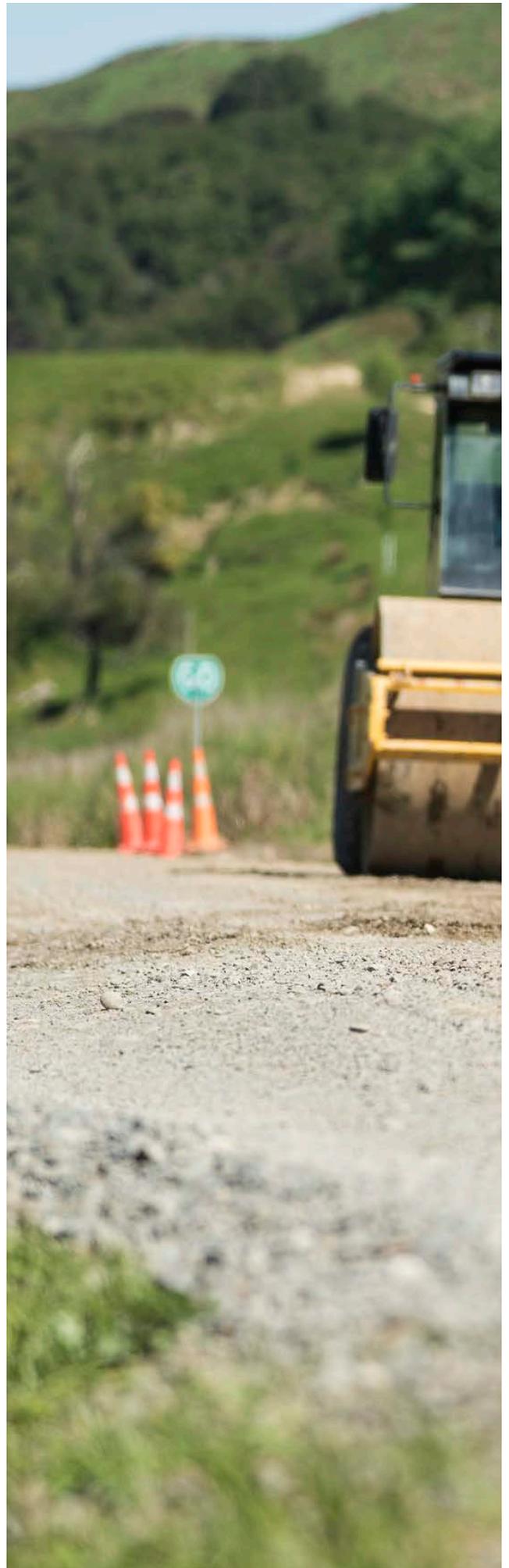
20. Contract assets and contract liabilities

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

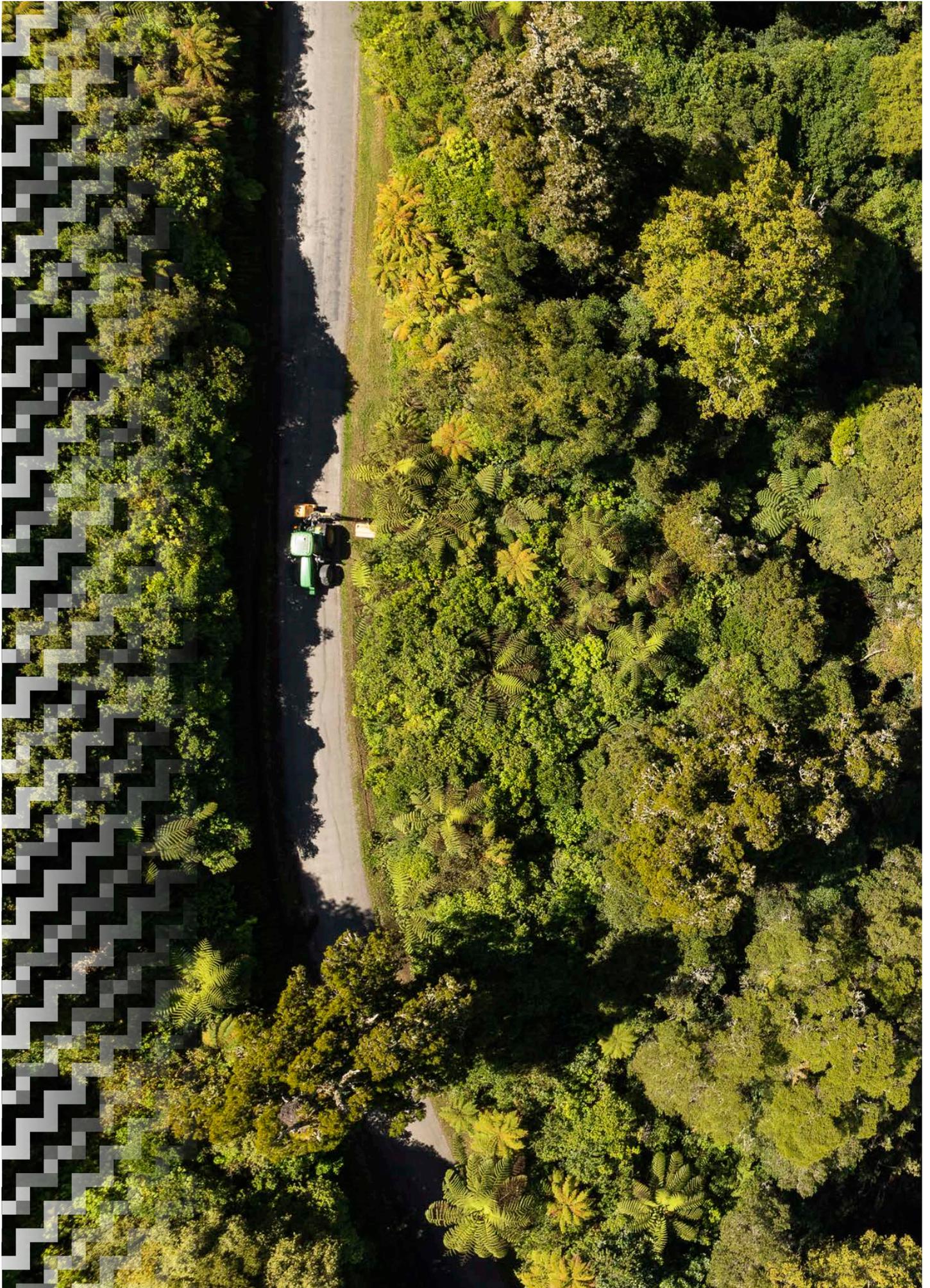
payment is due, a contract asset is recognised for the earned consideration that is conditional.

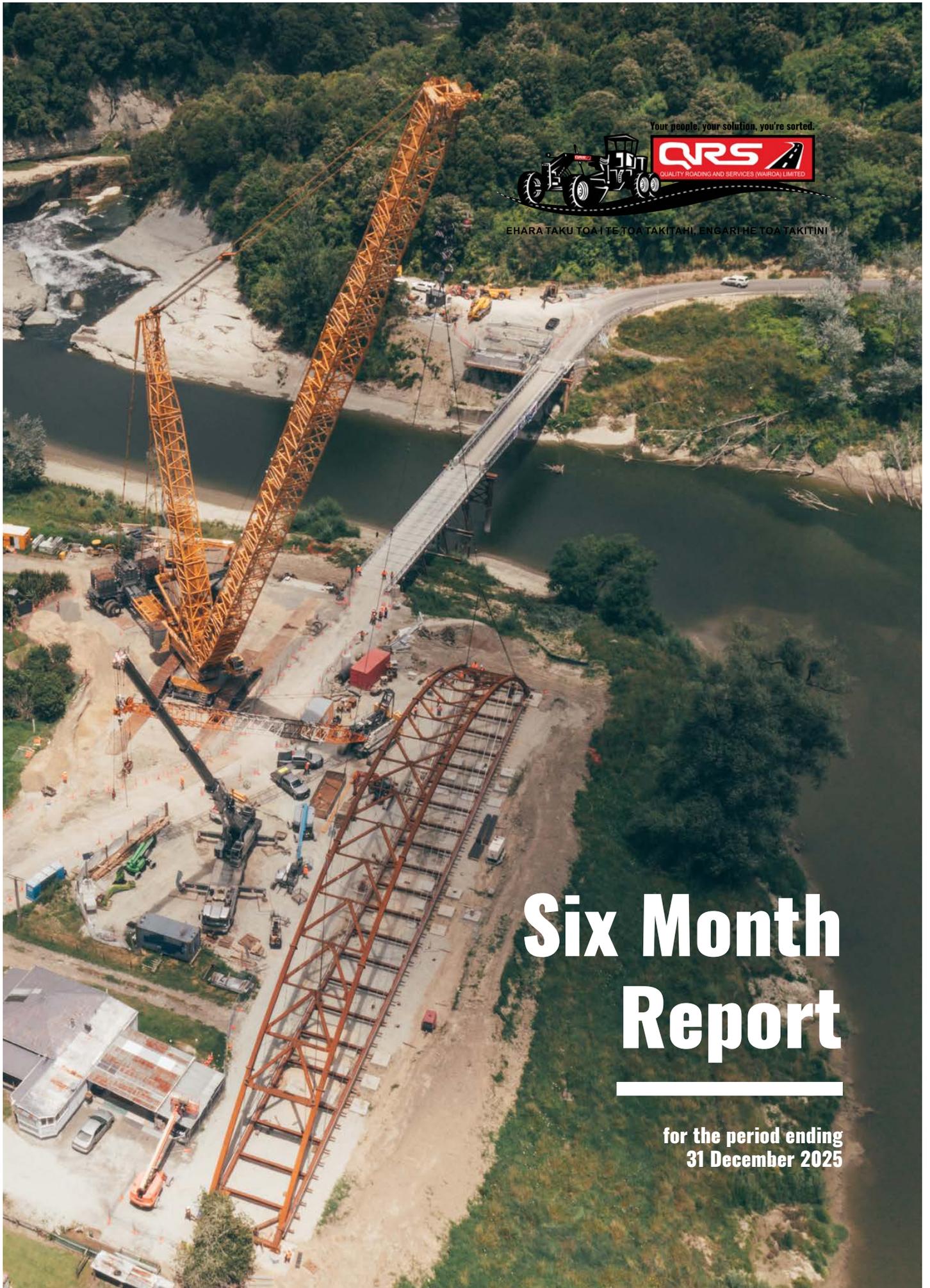
A trade receivable represents the company's right to an amount of consideration that is unconditional (ie only the passage of time is required before payment of the consideration is due).

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.









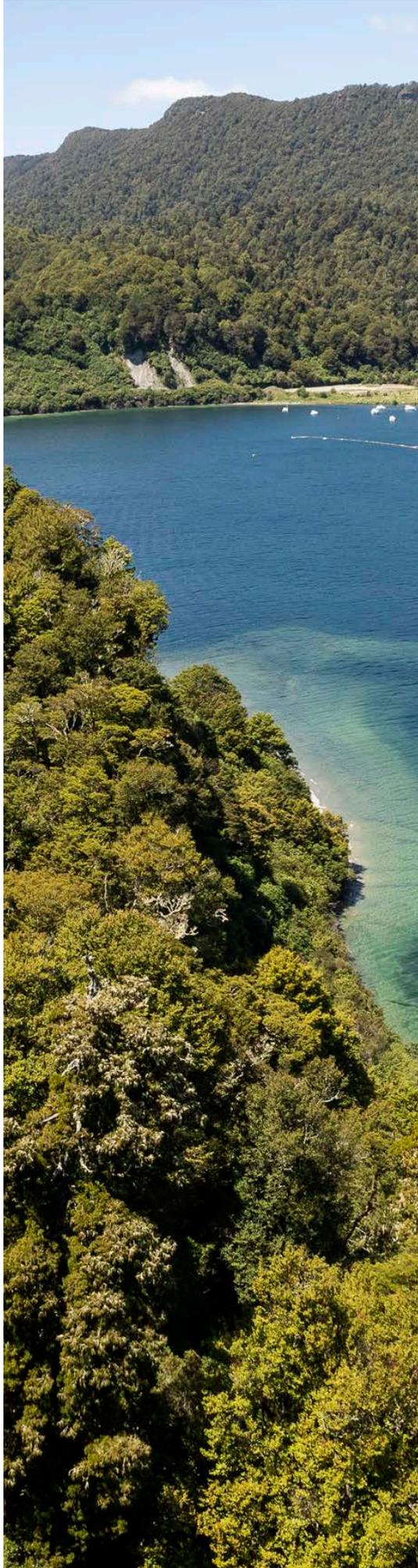
EHARA TAKU TOA I TE TOA TAKITAHU, ENGARI HE TOA TAKITINI

Six Month Report

for the period ending
31 December 2025

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CONTENTS

Chapter 1 - Your Company

Directory	6
Chair's Report	7
CEO Report	8
Strategic Plan	9
Celebrating Tony O'Sullivan	10

Chapter 2 - Financial Reporting

The Year in Numbers	24
Financial Statements	26
Statement of Accounting Policies	34
Notes to the Financial Statements ...	42

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

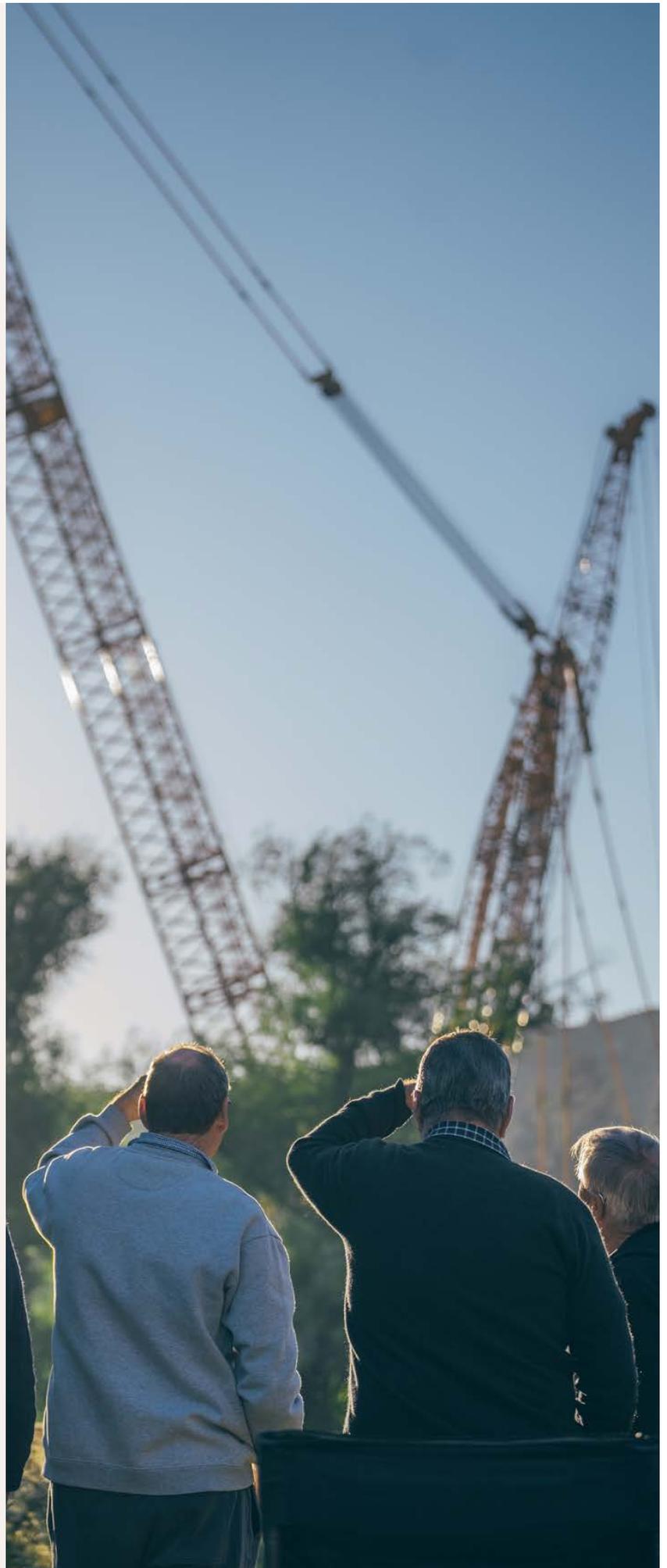
Westpac
Level 1, 101 Queen St East
Hastings

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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 Roding and Services

Chief Executive

February 2026

By 2035 QRS is New Zealand's preferred construction company connecting our people and our communities.



Vision
Connecting and growing our communities



Values
EQUALITY. PRIDE. RESPECT



Brand promise
Your people, your solution, you're sorted.

Strategic Plan 2025-2035



Retain owner's trust



Invest in staff



Diversify our services



Expand beyond Wairoa



Executed core operations with excellence and delivered on our performance indicators



Licensed EcoReef and begun manufacturing it in new regions



Secured new partnerships to support our expansion

By June 2026 we'll have

Measuring progress



Revenue



Profit



NPS or customer loyalty



Staff engagement



Staff numbers



Diversification

Your daily work and annual appraisal goals are the stepping-stones to achieving your division's goals.
Your division's goals are the stepping-stones to achieving QRS's vision.

2025-2026 Business Plan



Focus areas	Strategic objective	Critical success factors	Key performance indicators
Shareholder relationship	Assist with Wairoa District Council's (WDC) goals	Achieve Statement of Corporate Intent targets	<ul style="list-style-type: none"> Quarterly governance interaction with WDC 145 staff \$50,000 community sponsorship Minimum pre-tax distribution \$250,000 Ratio of shareholder-funds to total assets >45% NPS 30-40 0 complaints
Stakeholder relationship	Create opportunities through new relationships & enhancing existing ones	Relationships that add value to everyone	<ul style="list-style-type: none"> 0 complaints 0 contractual non-compliance or non-conformance notices NPS 30-40
People & capability	Grow capability Embrace change	Great people living our values	<ul style="list-style-type: none"> Succession plans reviewed quarterly Achieve performance & development targets Staff engagement via Q12 survey >26% Sub-contractors pre-qualified =100% 0 Collaboration Policy breaches Quarterly staff turnover <15%

Focus areas	Strategic objective	Critical success factors	Key performance indicators
Financial performance & position	Grow financial performance	Achieve Statement of Corporate Intent financial targets	<ul style="list-style-type: none"> Revenue \$39m Pre-tax profit: \$195m Shareholder return on opening equity 6% Secure 100% budget for following 3 months Overheads <15% of revenue
Safety & wellbeing	Safety & wellbeing is embedded in company culture	Our people drive safety & wellbeing Everyone gets home safe & well	<ul style="list-style-type: none"> Lost time injury frequency rate =0 Medical treatment injury frequency rate =0 Total recordable injury frequency rate =0 0 operator damage Health & safety audits score >80% Incidents reported within 24 hours 100% drug and alcohol free 0 unexplained staff absences 100% staff receive health check
Quality & environment	Achieve high level of quality & environmental performance	Retain existing ISO accreditations Reduce carbon footprint	<ul style="list-style-type: none"> 0 abatement notices Environmental audit scores >80% Quality audit scores >80% PACE scores >80% Carbon footprint audit completed

Ehara taku toa i te toa takitahi, engari he toa takitini. My strength is not mine alone, it is the strength of many. ⁹

Celebrating Tony O'Sullivan

Tony O'Sullivan's roading career has been neatly bookended by bridges. On his first day in 1974 at the Ministry of Works, he helped survey a site for a new Ruapapa Rd bridge. In December, Quality Roading and Services, Tony's work home for three decades, led the lifting of the new Te Reinga Bridge into place. The two projects couldn't be more different: chains and pegs at Ruapapa; GPS and an 1100-tonne crane at Te Reinga.

QRS pays homage to Wairoa-proud Tony O'Sullivan as he marks 30 years with the company.

Born in 1957 and raised at Opoho Station near Whakakī, Tony O'Sullivan is the youngest of seven children. His early years were shaped by farm life. "Nine of us at the table, a pot of tea and a loaf of bread with every meal," Tony recalls.

School meant a long walk to catch the bus to St Joseph's, until there were too many children and the Ministry of Education booted them off. After that, the daily commute for the station kids was in a black Chrysler Valiant driven by Tony's dad.

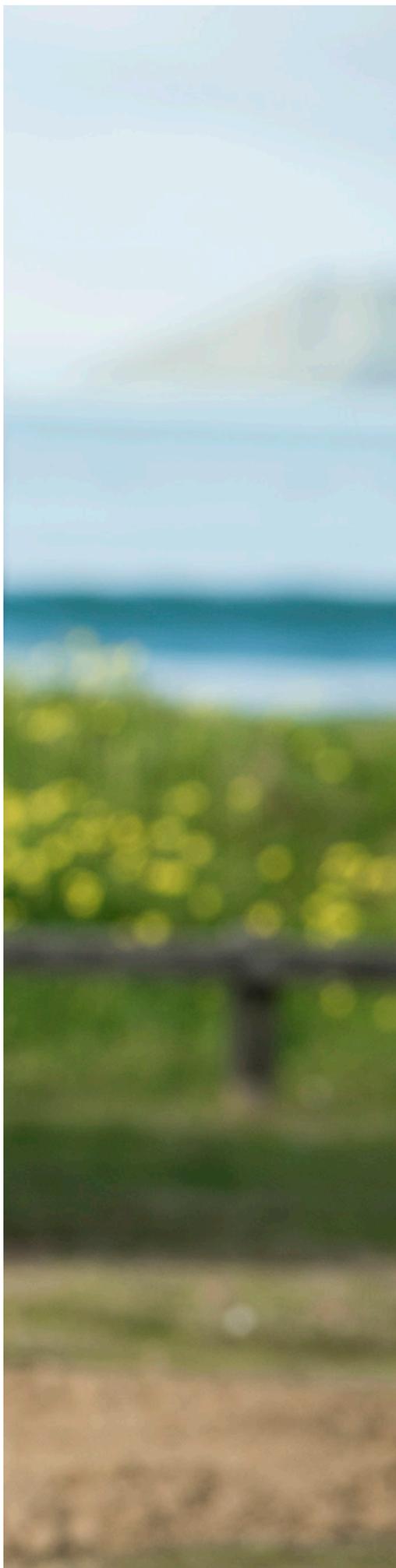
Tony wasn't academic at high school, but he could run, and he never lost his love of farming. At 17, living on a dairy farm near Awamate, his future changed with a single Wairoa Star advertisement read out to him by his uncle. "There's a job going at the Ministry of Works as a chainman's labourer."

Tony got the job over the other candidate because he'd passed School Certificate English. And that opportunity shaped the next half-century of his life.









His first day as a chainman's labourer was spent surveying the site of a new Ruapapa Rd bridge (now the Parorerore Bridge). Chainman's labouring is a role that no longer exists but was once fundamental to how roads, bridges, and major infrastructure were built.

Chaining was how horizontal distance across land was measured. The tool was a Gunter's chain, made up of interconnected steel links and measuring 66 feet, or 20.12 metres. The team also carried ranging rods to mark direction, wooden pegs to mark points, and steel marking pins.

Tony's job was the most physical. He ran the chain out, carried pegs, and drove stakes into the ground with a sledgehammer. When it was taut, "chaining," was shouted out, and a marking pin would be dropped to record the measurement. Today, the same work is done with GPS, laser measurement, drones, and digital models. And it takes minutes, not days. But for Tony, now 68, chaining laid the foundation for everything that followed in his career. He says, "at 17 I didn't know what I wanted to do and now I've been in the industry a lifetime."

But it wasn't always easy.

Learning the hard way

In civil construction in the 70s, there was little training (or mercy!) for a new guy like Tony. One day at the Ministry of Works, while riding on the bonnet of a Land Rover (yes!) in shorts and a singlet (yes!), a nearby bulldozer disturbed a bee nest. His workmates stayed safely inside the vehicle while Tony was stung repeatedly. While they laughed, he was left to scramble through the vehicle window. Another time, learning to throw metal chips correctly, senior staff grabbed the shovel from his hands indicating he wasn't doing it right.

"This happened numerous times," he remembers. Determined and obstinate, Tony practised every lunchtime until he got it right. Afterwards, "those chips could come off my square mouth shovel like a tablecloth and land."

"Training pathways didn't exist. You learned by watching the best," Tony says. Two men who helped shaped him were Pat Munro and Tupi Hati. "They made a machine sing when they got on it. Really top operators."

In those days the work was physical and dangerous by today's standards. Just one example is that storm debris was sometimes cleared from bridges by climbing onto jammed piles of wood and winching them free - fast enough not to lose a hand. Meanwhile, explosives were used regularly to shift dirt, "ramming broomsticks down holes if an explosive wasn't detonating as hoped". And if concrete pipes needed cutting, Tony wrapped detonating cord around them and set it off. "It's just how it was in the day," says Tony, who had more than one colleague missing fingers.

Leadership came early and without instruction. At 23, Tony was put in charge of a tar gang on State Highway 2. "No job description. No explanation. The driver just winked and said, 'pothole.'" He recalls "you got tar on you, on your sandwiches, you didn't complain."

Later, as clerk of works, Tony oversaw major projects including the Morere Hill realignment which was a technically difficult job plagued by slips and ground movement. "We began work on it again in the 80s and I got it through in 1985," recalls Tony. It took two years to put through, and it was done with diggers and trucks. It was a challenging job as overnight the land could slip, heave, or settle, leading to one part being "several feet" lower than another part.

Quality Roading and Services

Tony was with the Ministry of Works and the local entity that followed until the early 90s. Then, in 1994 when petrol was 88 cents a litre and a Big Mac cost \$2.95, Quality Roading and Services was born.

Tony joined in 1995 as maintenance manager, earning \$18 an hour. At that time the company had 40 staff, and a \$2 million turnover. Compare that with today; QRS has over 130 staff and turned over \$38 million in 2025.

Over the next 30 years, Tony worked under four chief executives (Leigh Aitken, Mark Browne, Nigel Pollock, and Jeremy Harker) and has played a significant role in helping the company mature professionally, culturally, and earn the community's respect. He says, "the public perception has gone from negative comments to positive ones." And he reckons he knows why. "When the shit hits the fan, our staff know exactly where to go and what to do."

After working on hundreds of road repairs, bridges, utilities maintenance, drainage work, erosion control, and flood protection jobs, two projects stand out.

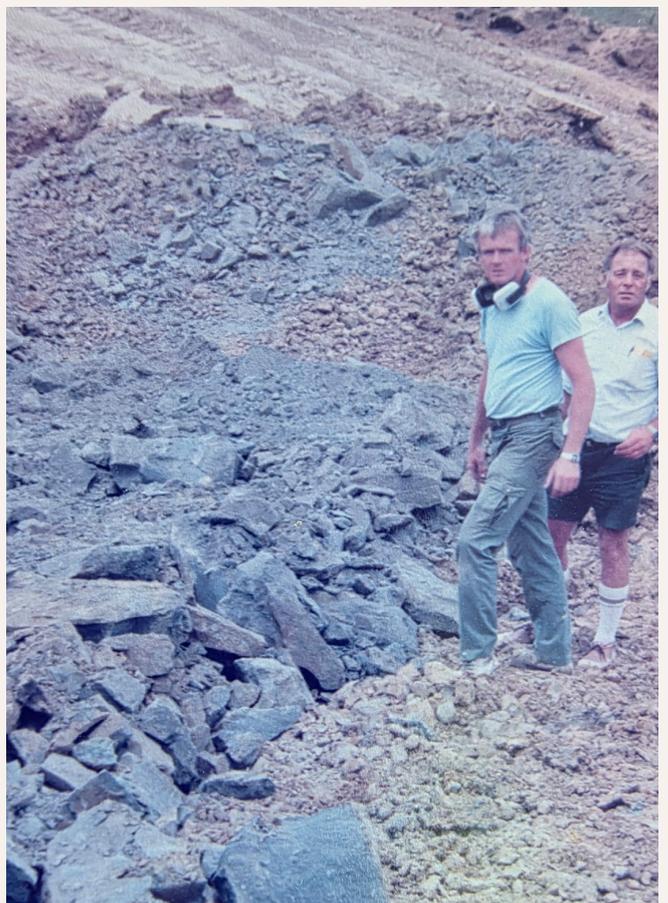
One is Willowflat Road, where QRS's extensive culvert work, road sealing, and a 74-metre retaining wall, helped support the forestry industry in that area. The other is the recent rebuild of Te Reinga Bridge, QRS's largest ever project management contract delivering a vital link for communities cut off after repeated bad weather.

These past two years Tony has helped set up new divisions within the company. He manages Bluck's Pit, QRS's source of local aggregate and under his watch it's developing into a commercial entity. Tony has introduced bigger and faster machines, and has more staff working out there. The aggregate is vital for QRS's concrete and Eco reef manufacturing.

"QRS can only grow from here," he says. "The diversification that we're seeing now means there is always something in the mix."







16

Encyclopaedic knowledge

Board chair Guy Gaddum says Tony has an encyclopaedic knowledge of local quarrying, in fact, all of Wairoa's infrastructure. He can tell you to the metre, where a bend or culvert in any road is. He says Tony "doesn't suffer fools" and will say things if they need to be said. "And that's because he is 100 percent committed to Wairoa and QRS. If Tony says that this is the way to do something, then we know it's the right way, and will ultimately benefit the area."

Chief executive Jeremy Harker says Tony brings careful consideration and pragmatism to new ideas. And, once he has mulled it over, asked questions, and deliberated, he will throw himself into it. Harker says Tony's resting face may sometimes appear gruff, but he is fiercely loyal to QRS and has enormous compassion for staff. "He will go out of his way for people where they have earned his respect."

Construction manager Mike Wilson agrees. He says Tony demands the highest quality of work from his teams, but that's to prevent people from making mistakes he has already seen over the years. And when it's due, Tony is the first to offer praise. "He celebrates people when they have done a good job."

Tony is also deeply community-minded and regionally proud. He has a strong instinct that QRS can give back in more than just the quality of its work. "A tireless champion of the community he has a generous 'yes-first' mindset when it comes to our sponsorship," adds Mike.

Home life

Outside of QRS, Tony is married to Angela and is a proud parent to Tony and Sonia, both of whom have found success in their lives. He is also a grandfather to 19-year-old Owen, who lives with them, and four-year-old Georgia who lives in Palmerston North.

Now aged 68, Tony is easing toward retirement, but he's not rushing. He's using up overdue leave by taking three-day weekends. It's meant more time to do his favourite thing, fishing. But where? "Everywhere I know I might catch a gurnard or snapper." Tony vacuum packs it and has been delighted recently to find a fish and chip shop that will cook his fish for him. "\$2 a fish to cook it and a scoop of chips....beautiful."

The long weekends have also given the seasoned hand a chance to learn new tricks. "I woke up last Friday morning and said I am going up Mokotahi! I'd never done it. I drove out there and scampered up the hill."



Cyclone Bola and bridge terror

An hour before Cyclone Bola tore down Wairoa Bridge in 1988, Anthony (Tony) O’Sullivan was standing on it. He recalls the devastation and how narrowly lives were spared.

Late on the night of 7 March 1988, Tony received a call from his Ministry of Works survey boss, Terry King. The rain was relentless, and the instruction was simple: they needed to get out and look at the roads. Together, they headed toward Waihua in a Land Rover. At night, floodwater is almost impossible to see. Coming around a corner, they drove straight into water that surged up over the bonnet. They reversed out just in time.

They turned back and checked a single-lane bridge on State Highway 38. By torchlight, they could see (and feel) the entire bridge moving beneath them. With no way to secure it and conditions worsening, they returned to town and walked out onto the Wairoa Bridge itself. The river was already roaring. Massive volumes of storm debris were coming down, slamming into the piers and stacking up beneath the deck. As morning dawned the scale of the problem became visible. Timber and logs were jammed tightly under the bridge, lifting it from below. Tony could see the handrail beginning to rise. “The entire deck was being lifted up by all the wood. Wood was breaching like a whale breaches.”

The concerned men went to their supervisor’s house and woke him. A decision was made to close the bridge immediately. Police took up position on the southern side while Tony and others remained on the north.

In the early hours of the morning, Tony walked out along the bridge. It was to be the last time. It was creaking and groaning beneath his feet. “I think we better get off here,” he said. An hour later, the bridge entered its final stage of failure.

Tony watched from the northern bank as the 55-year-old structure bowed, leaned, and then collapsed into the raging Wairoa River. The first span snapped completely and dropped away. “It creaked and heaved and just disappeared,” he recalls. Other spans followed. Even the piers broke off.



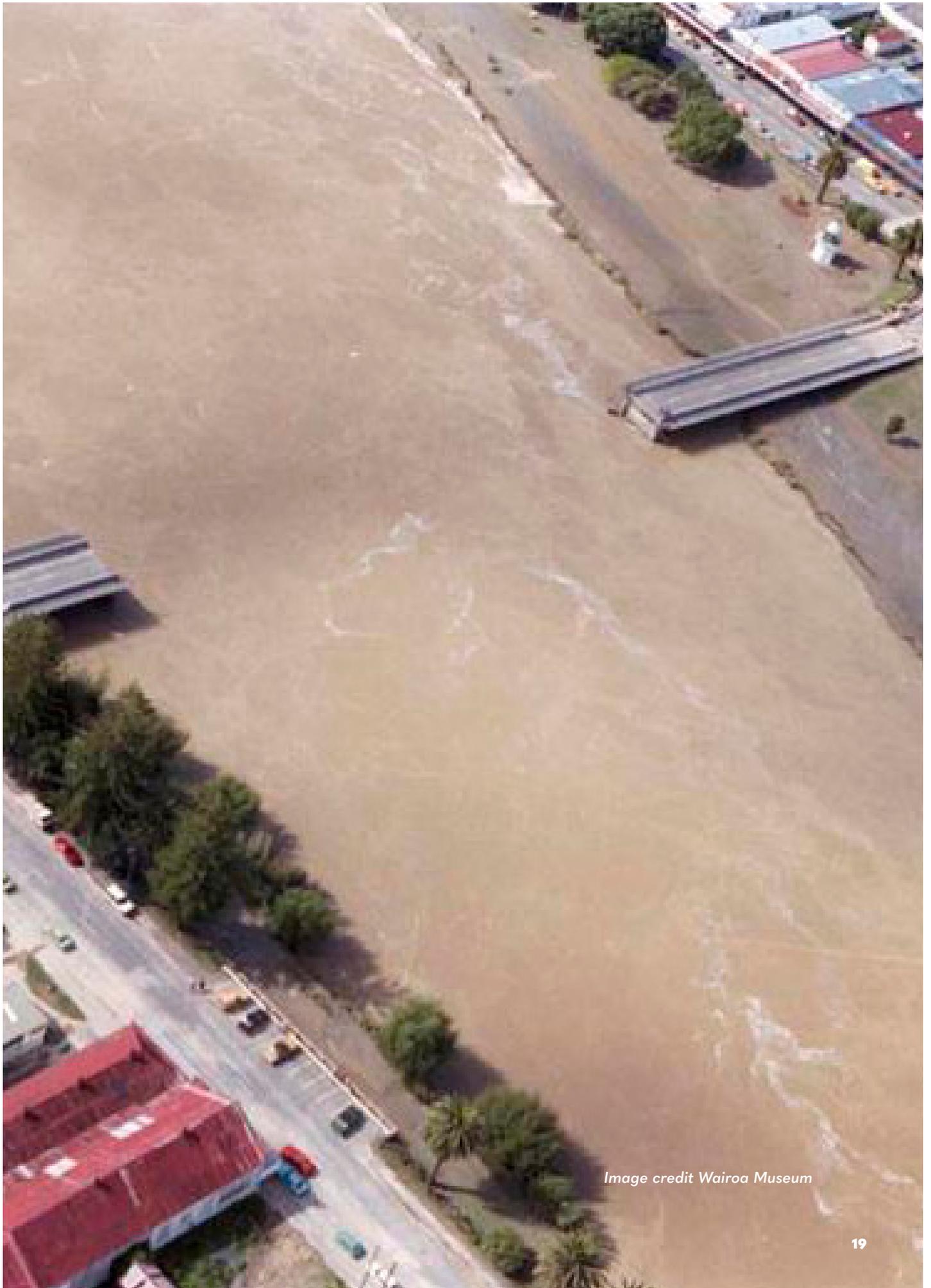


Image credit Wairoa Museum

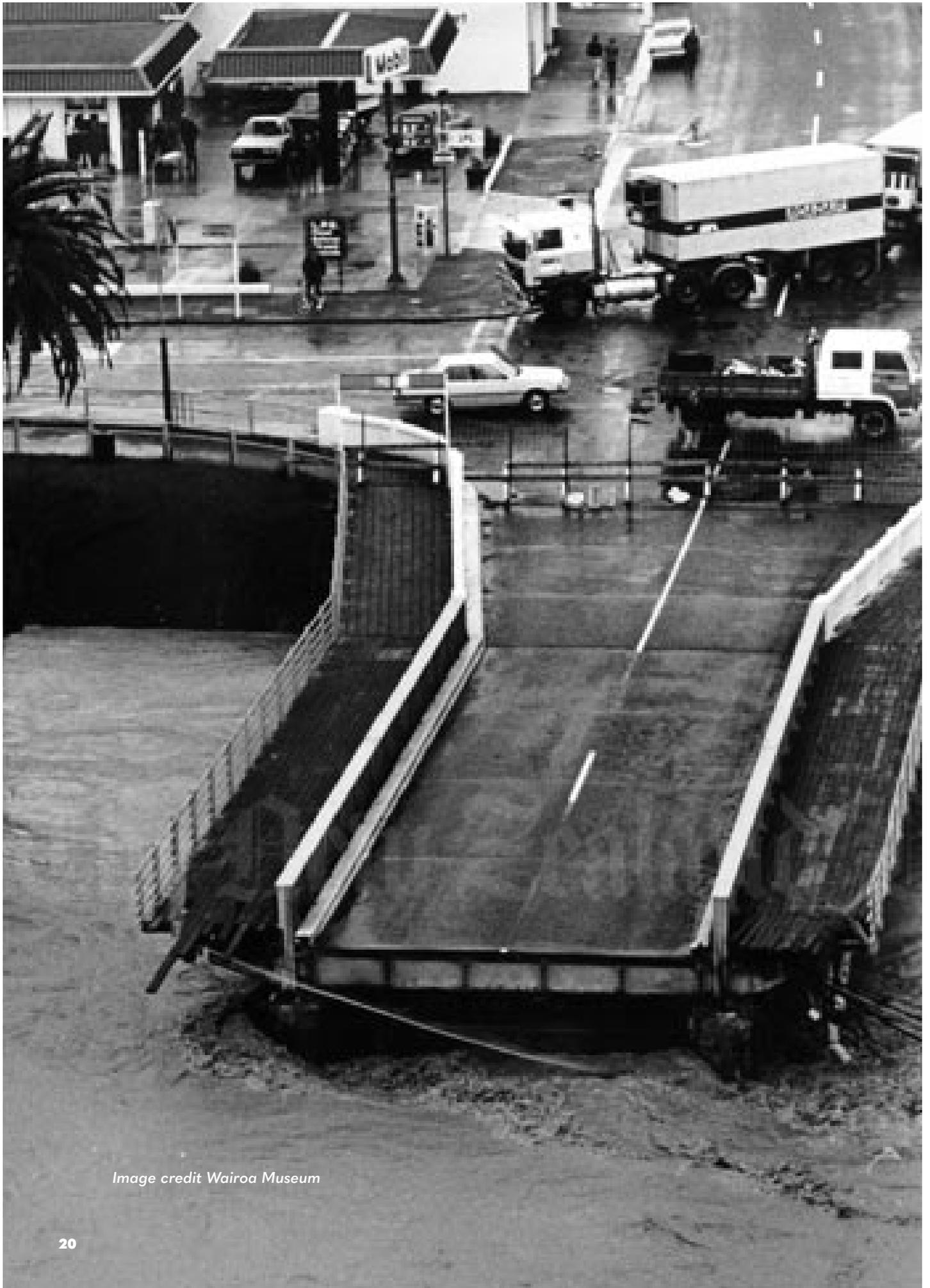


Image credit Wairoa Museum



What had been the town's lifeline twisted, broke apart, and floated downstream in a mass of concrete, steel, logs, and debris. Handrails dipped beneath the surface, re-emerged briefly, then vanished around Spooner's Point.

"It was extraordinary to watch," Tony says. "And the biggest memory I have is all the young people cheering and all the old people crying."

In the days that followed, Tony did whatever was needed. He ferried engineers and others back and forth across the river in a small motorboat. On one trip, he watched another small boat tip over in the current. He rushed to the shore, pulling a man from the river as he floated past. Emergency infrastructure had to be improvised. Months later Tony drove the ute that pulled the first water pipe across the river. "There was so much length to pull, I got right up to where the Z service station is today!"

FINANCIAL REPORTING

Section 1 | Your Company

Section 2 | Financial Reporting



THE YEAR IN NUMBERS

Quality Roding and Services' strong results in the six months to December 2025 reflect financial stability and continued investment back into Wairoa and the wider community.



\$23.4m revenue
(\$17.8m last year)



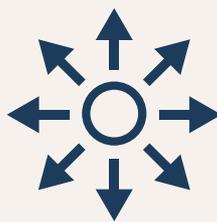
\$1.08m pre-tax profit
(\$1m last year)



\$5.7m salaries and wages
(\$4.9m last year)



\$35,000 community investment
(\$41,000 last year)



\$50,000 interim distribution
(\$50,000 last year)



\$379,000 training spend
(\$348,000 last year)

Throughout the day nearly 100 people visited the designated safe public viewing area at Te Reinga to watch the historic bridge lift. QRS staff Kaylah Reynolds and Steve Ryan helped ensure everyone was well fed and hydrated.



Statement of Comprehensive Income

for the six months ended 31 December 2025

	Notes	6 mnths to 31/12/2025 \$	6 mnths to 31/12/2024 \$	12 mnths to 30/06/2025 \$
Revenue		23,404,092	17,837,180	38,394,657
Cost of sales		(13,577,443)	(8,566,392)	(19,443,497)
Gross profit		9,826,649	9,270,788	18,951,161
Personnel expenses	2	6,173,021	5,392,656	11,503,099
Depreciation expense	3, 13	904,622	959,762	1,997,969
Administrative expenses		1,473,048	1,767,999	2,656,128
Other operating expenses	1	166,879	139,087	330,237
		8,717,569	8,259,505	16,487,433
Operating profit before financing costs		1,109,080	1,011,283	2,463,728
Financing income		19,052	13,823	20,601
Financing expenses		(53,160)	(65,068)	(153,684)
Net financing costs		(34,108)	(51,245)	(133,083)
Proceeds from insurance		1,628	41,513	47,727
Net proceeds from insurance		1,628	41,513	47,727
Profit before income tax		1,076,600	1,001,552	2,378,371
Income tax expense	9	(301,448)	(280,434)	(680,477)
Profit for the period		775,152	721,117	1,697,894
Other comprehensive income		-	-	-
Total comprehensive income for the period		775,152	721,117	1,697,894

Statement of Changes in Equity

for the six months ended 31 December 2025

	Notes	6 mnths to 31/12/2025 \$	6 mnths to 31/12/2024 \$	12 mnths to 30/06/2025 \$
EQUITY AT BEGINNING OF THE YEAR		12,405,161	11,757,267	11,757,267
Profit for the period		775,152	721,117	1,697,894
Total recognised revenues and expenses for the period		775,152	721,117	1,697,894
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	-	-
Transactions with owners in their capacity as owners		-	-	-
Dividends paid	10	(250,000)	(1,000,000)	(1,050,000)
EQUITY AT THE END OF THE PERIOD		12,930,313	11,478,384	12,405,161

Statement of Financial Position

for the six months ended 31 December 2025

	Notes	6 mths to 31/12/2025 \$	6 mths to 31/12/2024 \$	12 mths to 30/06/2025 \$
ASSETS:				
Current assets				
Bank		2,247,658	704,677	804,897
Trade and other receivables	5	4,998,521	4,476,386	8,830,523
Inventories	4	1,575,457	676,883	1,450,112
Contract assets		1,080,505	792,571	585,592
Total current assets		9,902,141	6,650,518	11,671,124
Non current assets				
Intangible assets	12	44,608	50,985	49,480
Property, plant and equipment	13	13,396,339	14,396,931	14,173,088
Right of use assets	3	121,810	200,790	161,299
Total non current assets		13,562,757	14,648,706	14,383,867
TOTAL ASSETS		23,464,898	21,299,223	26,054,991
EQUITY:				
Share capital	10	1,250,000	1,250,000	1,250,000
Retained earnings	10	11,680,313	10,228,384	11,155,161
TOTAL EQUITY		12,930,313	11,478,384	12,405,161
LIABILITIES:				
Current liabilities				
Gst payable		400,240	196,796	(8,271)
Trade and other payables	6	2,148,376	1,214,771	5,046,247
Employee benefits	7	972,658	708,798	1,120,622

	Notes	6 mnths to 31/12/2025 \$	6 mnths to 31/12/2024 \$	12 mnths to 30/06/2025 \$
Interest-bearing loans and borrowings	8	969,969	500,850	975,549
Lease liability	3	47,400	80,426	82,312
Taxation payable		(5,298)	85,569	340,959
Contract liabilities		988,410	1,063,371	1,130,060
Total current liabilities		5,521,755	3,850,581	8,687,478
Non current liabilities				
Employee benefits	7	173,438	124,425	138,688
Quarry aftercare provision	14	105,021	98,276	94,005
Interest-bearing loans and borrowings	8	3,805,806	4,723,924	3,795,321
Lease liability		84,240	131,640	90,013
Deferred tax liability		844,325	891,993	844,325
Total non current liabilities		5,012,830	5,970,258	4,962,352
TOTAL LIABILITIES		10,534,585	9,820,838	13,649,830
TOTAL EQUITY AND LIABILITIES		23,464,898	21,299,223	26,054,991

For and on behalf of the Board, who authorised the issue of these financial statements on 20 February 2026.



Director



Director





Te Reinga Bridge lifted into place

Connectivity came a step closer in December with the lifting of the Te Reinga Bridge onto its permanent site.

In one of the biggest bridge lifts seen in New Zealand, the bridge arch was lifted into place using a 1100-tonne crane. Quality Roading and Services (QRS) from Wairoa managed the project.

Wairoa Mayor Craig Little described the bridge lift as a huge step in connectivity for Ruakituri, Te Reinga and surrounding communities.

“Wairoa is grateful to the government for recognising our need and fully funding the \$14 million permanent replacement bridge.”

Mayor Little thanked the local iwi and Māori landowners for their assistance and guidance, and the community for their patience. He acknowledged the work of QRS which holds the project management contract, and the work of the specialised sub-contractors.

The new permanent bridge is a one-lane, 90.5m long network arch spanning the entire riverbed with a 13.5m long single land span, eliminating the need for a pier in the riverbed.

Statement of Cash Flow

for the six months ended 31 December 2025

	Notes	6 mths to 31/12/2025 \$	6 mths to 31/12/2024 \$	12 mths to 30/06/2025 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from customers		26,741,181	21,570,657	37,980,976
Financing income		19,052	13,823	20,601
Proceeds from insurance		1,628	41,513	47,727
		26,761,861	21,625,994	38,049,304
Cash was disbursed to:				
Payments to suppliers		18,461,967	12,985,236	21,902,583
Payments to employees		5,765,919	4,978,032	10,776,528
Taxes paid		647,704	1,065,329	1,257,649
Financing expense		53,160	65,068	153,684
		24,928,750	19,093,665	34,090,444
Net cash inflow/(outflow) from operating activities	15	1,833,111	2,532,328	3,958,860
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		24,348	29,005	64,875
		24,348	29,005	64,875
Cash was applied to:				
Purchase of property, plant and equipment		128,918	1,864,820	2,678,817
Purchase of intangibles		-	-	4,539
		128,918	1,864,820	2,683,356
Net cash inflow/(outflow) from investing activities		(104,570)	(1,835,815)	(2,618,481)

	Notes	6 mnths to 31/12/2025 \$	6 mnths to 31/12/2024 \$	12 mnths to 30/06/2025 \$
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Loans and borrowings		519,105	3,895,000	12,397,199
		519,105	3,895,000	12,397,199
Cash was applied to:				
Payment of dividends		250,000	1,000,000	1,050,000
Loans and borrowings		514,200	3,490,157	12,446,260
Lease payments		40,685	57,807	97,549
		804,885	4,547,964	13,593,809
Net cash inflow from financing activities		(285,780)	(652,964)	(1,196,610)
Net decrease in cash held		1,442,761	43,549	143,768
Add opening cash and cash equivalents		804,897	661,129	661,129
Closing cash and cash equivalents		2,247,658	704,678	804,897
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION		2,247,658	704,677	804,897

The accompanying accounting policies and notes form part of these financial statements.

Statement of Accounting Policies

for the six months ended 31 December 2025

Reporting Entity

Quality Roothing and Services (Wairoa) Limited ('QRS' or 'the Company') is incorporated and domiciled in New Zealand and is wholly owned by Wairoa District Council. The Company is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

The principal activities for the company are roading maintenance and construction, quarrying, heavy transport, traffic management, concrete and civil construction within the Wairoa district and wider East Coast region.

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993, Financial Reporting Act 2013, and the Local Government Act 2002. The financial statements have also been prepared on a historical cost basis except where specifically provided for within these accounting policies. The financial statements are presented in New Zealand dollars.

Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to international financial reporting standards (IFRSs) and other applicable financial reporting standards, as appropriate for profit-oriented entities in Tier 2 (NZ IFRS reduced disclosure regimen). The company is eligible to report in accordance with Tier 2 for profit accounting standards on the basis that it does not have public accountability and is not a large for profit public sector entity.

Impact of Covid-19

Management and the directors have considered the impact Covid-19 has had on the business. The overall effect on the Company is not material.

Changes in accounting policies

All accounting policies are consistent with prior year.

Accounting policies

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

a) Revenue

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.

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.

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.

b) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

c) 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.

d) 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.

Government subsidies which compensate the Company for expenses incurred are recognised in the Statement of Comprehensive Income. Subsidies are recognised when they have been used to compensate expenses in a period.

e) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. 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.

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

f) 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 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 arises 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.

g) 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.

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

h) 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.

i) Inventories

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

j) 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:

1. land
2. quarries
3. buildings
4. plant and machinery
5. fixtures, fittings, and equipment
6. 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.

k) Depreciation

Depreciation is calculated to allocate the cost less estimated residual value of property, plant, and equipment over their estimated useful lives.

Depreciation is provided on a straight line basis on buildings and quarries. Land is not depreciated.

Plant and machinery, fixtures, fittings and equipment, and computer hardware are depreciated using the diminishing value method. The rates for major classes of assets have been estimated as follows:

1. quarries	(3.3 % straight line)
2. buildings	(3.3% straight line)
3. plant and machinery	(20% diminishing value)
4. fixtures, fittings, and equipment	(20% diminishing value)
5. computer hardware	(48% diminishing value)
6. 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.

l) 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 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 arising from derecognition 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 has been estimated at 20-48 percent diminishing value, depending on the nature of the software.

m) 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.

n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value 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 considering any issue costs, and any discount or premium on settlement.

o) Trade and other payables

Trade 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.

p) Joint arrangements

The Company exited its joint arrangement with Wi Pere Trust at the Tangihanga Quarry on 24 June 2021.

The Company is obliged to maintain the resource consent conditions until the earlier of 30 June 2024 or the date on which the area and operations as covered by the consents are used or occupied by any person other than QRS.

q) 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.

r) 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, under a contract, 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 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.

s) ***Subvention payments***

A subvention payment is where an organisation with a taxable profit makes a cash payment to an organisation that has tax losses in exchange for those tax losses. The organisations must have some commonality of ownership. QRS is wholly owned by the Wairoa District Council which enables the entities to engage in subvention payments.

The provision for a subvention payment has been recognised in the Statement of Comprehensive Income as an expense.

t) ***Right of use assets and lease liabilities***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Right of use assets and lease liabilities are presented 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 within the Statement of Cashflows.

Construction Excellence Award

The New Zealand Civil Construction Hawke's Bay East Coast Construction Excellence Award for a project valued \$1m-3m was awarded to QRS in November.

The award recognised QRS's work reconstructing a cyclone-battered section of Mangapoike Road.

Remote and rugged, Mangapoike Road winds through steep hill country alongside Mangapoike River. For much of its length, the road is unsealed, serving farmers, forestry operations, and rural residents.

When Cyclone Gabrielle tore through the district in 2023, parts of the route were left dangerously unstable, prompting Wairoa District Council to invest just over \$1 million in vital repairs.

Over 10 months in 2025, QRS led the rebuild, constructing a new Redi-Rock retaining wall to stabilise the 12-metre-high bank with a 50-degree gradient on rain-soaked unstable ground.

Open communication between QRS, engineers WSP, and Wairoa District Council underpinned the project's success and despite the technical challenges and harsh environment, the team delivered a safe, stable, and cost-effective solution.





Notes to the Financial Statements (Unaudited)

for the six months ended 31 December 2025

	6 mnths to 31/12/2025	6 mnths to 31/12/2024	12 mnths to 30/06/2025
	\$	\$	\$
1 OTHER OPERATING EXPENSES			
Auditor remuneration including disbursements	49,900	50,334	97,468
Directors' fees	86,107	81,442	170,713
Impairment of trade receivables (bad and doubtful debts)	-	9,015	30,074
Loss on disposal of property, plant and equipment	13,186	1,258	36,257
Gain on disposal of property, plant and equipment	-	(19,593)	(40,488)
Amortisation of intangibles	4,871	5,589	11,631
Lease payments - rental costs	12,815	11,043	24,582
	166,879	139,087	330,237
2 PERSONNEL EXPENSES			
Wages and salaries	5,765,919	4,978,032	10,776,528
Long-service leave	41,412	57,591	78,696
Sick leave	202,906	206,223	351,262
Gratuities	2,162	100	100
Contribution to defined contribution plans	160,622	150,710	296,513
	6,173,021	5,392,656	11,503,099

	6 mnths to 31/12/2025			6 mnths to 31/12/2024			12 mnths to 30/06/2025		
	\$			\$			\$		
	Right of use	Right of use	Total	Right of use	Right of use	Total	Right of use	Right of use	Total
	Office equipment	Vehicles		Office equipment	Vehicles		Office equipment	Vehicles	

3 | RIGHT OF USE ASSETS

Cost

Balance at 1 July	35,532	730,579	766,111	35,532	730,579	766,111	35,532	730,579	766,111
Balance at 31 December	35,532	730,579	766,111	35,532	730,579	766,111	35,532	730,579	766,111

Depreciation

Balance at 1 July	25,108	579,704	604,812	21,637	486,494	508,131	21,637	486,494	508,131
Depreciation for the year	1,735	37,754	39,489	1,735	55,455	57,190	3,471	93,210	96,681
Balance at 31 December	26,843	617,458	644,301	23,372	541,949	565,321	25,108	579,704	604,812

Carrying amounts

At 1 July	10,424	150,875	161,299	13,895	244,085	257,980	13,895	244,085	257,980
At 31 December	8,689	113,121	121,810	12,160	188,630	200,790	10,424	150,875	161,299

Lease Liability

Balance at 1 July	172,325		269,876		269,876
Lease payments	(44,340)		(63,679)		(108,013)
Interest applied to leases	3,655		5,869		10,462
Balance at 31 December	131,640		212,066		172,325

	6 mnths to 31/12/2025	6 mnths to 31/12/2024	12 mnths to 30/06/2025
	\$	\$	\$
Made up of:			
Current	47,400	80,426	82,312
Non-current	84,240	131,640	90,013
	131,640	212,066	172,325

4 | INVENTORIES

Metal stocks	807,267	390,328	907,249
Other supplies	594,788	241,032	443,966
Work in progress	173,402	45,523	98,897
<i>Some inventories are subject to retention of title clauses. Work in progress is held at cost</i>	1,575,457	676,883	1,450,112

5 | TRADE AND OTHER RECEIVABLES

Trade debtors	2,830,566	1,600,113	1,720,734
Wairoa District Council	1,165,095	1,073,780	5,064,297
Provision for doubtful debts	-	-	-
Retentions	762,185	1,549,751	2,014,077
Prepayments	240,674	252,743	31,415
	4,998,521	4,476,386	8,830,523

6 | TRADE AND OTHER PAYABLES

Trade creditors	1,791,488	1,035,065	4,705,986
Other	356,888	179,706	340,261
	2,148,376	1,214,771	5,046,247

7 | EMPLOYEE BENEFITS

Long-service leave	166,848	124,425	138,688
Annual leave	557,890	517,506	587,413
Sick leave	55,461	58,243	47,738
Gratuities	33,757	27,169	32,147
Time in lieu	109,174	101,855	201,656
Accrued pay	222,966	4,025	251,667
	1,146,096	833,222	1,259,309

	6 mnths to 31/12/2025	6 mnths to 31/12/2024	12 mnths to 30/06/2025
	\$	\$	\$
Made up of:			
Current	972,658	708,798	1,120,621
Non-current	173,438	124,425	138,688
	1,146,096	833,223	1,259,309
8 INTEREST BEARING LOANS AND BORROWINGS			
Cat finance	-	59,118	14,872
Less current portion	-	(59,118)	(14,872)
	-	-	-
Interest rate	2.49%	2.49%	2.49%
Westpac FlexEquip	-	430,206	-
Less current portion	-	(430,206)	-
	-	-	-
Interest rate	5.60%	8.15%	5.85%
Wairoa District Council	1,035,417	1,035,417	1,035,980
Less current portion	(9,776)	(9,776)	(10,339)
	1,025,641	1,025,641	1,025,641
Interest rate	5.719%	5.719%	5.719%
Provincial Growth Fund Loan	3,740,358	3,700,033	3,720,019
Less current portion	(960,193)	-	-
	2,780,165	3,700,033	3,720,019
Interest rate	1.09%	1.09%	1.09%
Made up of:			
Current	969,969	500,850	25,210
Non-current	3,805,806	4,723,924	4,745,660
	4,775,775	5,224,774	4,770,870

	6 mnths to 31/12/2025	6 mnths to 31/12/2024	12 mnths to 30/06/2025
	\$	\$	\$
9 TAXATION			
Profit before taxation	1,076,600	1,001,552	2,378,371
Prima facie taxation 28%	301,448	280,434	665,944
Tax effect of removal of building depreciation*			-
Plus taxation effect of permanent differences:			
Prior period adjustments			1,117
Non-deductible expenses	-	-	13,416
	301,448	280,434	680,477
Major components of taxation expense are:			
Current taxation	-	-	728,145
Deferred taxation			
Origination and reversal of temporary differences	-	-	(47,668)
	-	-	680,477
10 EQUITY			
(a) Share capital			
Opening balance	1,250,000	1,250,000	1,250,000
Closing balance	1,250,000	1,250,000	1,250,000
<i>At 31 December, the company had issues 1,250,000 shares which are fully paid. All shares carry equal voting rights and the right to share in any surplus on winding up the company. None of the shares carry fixed dividend rights. The shares do not have a par value.</i>			
(b) Retained earnings			
Retained earnings at 1 July	11,155,161	10,507,267	10,507,267
Net operating surplus/deficit	775,152	721,117	1,697,894
Final dividend	(250,000)	(1,000,000)	(50,000)
Interim dividend	-	-	(1,000,000)
Retained earnings at 31 December	11,680,313	10,228,384	11,155,161

	6 mnths to 31/12/2025	6 mnths to 31/12/2024	12 mnths to 30/06/2025
	\$	\$	\$

11 | BANK FACILITY

A bank facility is available at the Westpac Bank, and is secured by a general security agreement over the company's assets. The facility available totals \$500,000 (2024: \$500,000). The current interest rate is 5.60% (2024: 8.15%).

12 | INTANGIBLE ASSETS

Software

Balance at 1 July	311,555	307,016	307,016
Additions	-	-	4,538
Balance at 31 December	311,555	307,016	311,555

Amortisation and impairment losses

Balance at 1 July	262,075	250,444	250,444
Amortisation for the year	4,871	5,587	11,631
Balance at 31 December	266,946	256,031	262,075

Carrying amounts

At 1 July	49,480	56,572	56,572
At 31 December	44,608	50,985	49,480

	Land	Quarries	Buildings	Plant and equipment	Fixtures, fittings, equipment	Computer hardware	Total
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13 | PROPERTY, PLANT AND EQUIPMENT

6 months to 31/12/25

Cost

Balance at 1 July	29,433	494,288	6,978,495	19,122,273	317,071	250,030	27,191,590
Additions	-	-	33,766	86,596	-	8,556	128,918
Disposals	-	-	-	(116,038)	-	-	(116,038)
Prior year adjustment	-	-	-	-	-	-	-
Balance at 31 December	29,433	494,288	7,012,261	19,092,831	317,071	258,586	27,204,470

Depreciation and impairment losses

Balance at 1 July	-	493,422	889,994	11,204,573	212,858	217,655	13,018,502
Depreciation for the year	-	17	109,590	741,661	9,980	3,883	865,132
Disposals	-	-	-	(75,503)	-	-	(75,503)
Balance at 31 December	-	493,439	999,584	11,870,731	222,838	221,538	13,808,131

Carrying amounts

At 1 July	29,433	866	6,088,501	7,917,700	104,213	32,375	14,173,091
At 31 December	29,433	849	6,012,676	7,222,100	94,233	37,048	13,396,339

6 months to 31/12/24

Cost

Balance at 1 July	29,433	494,288	6,737,959	17,309,370	317,071	250,030	25,138,151
Additions	-	-	147,910	1,716,909	-	-	1,864,820
Disposals	-	-	-	(155,983)	-	-	(155,983)
Prior year adjustment	-	-	-	(12,104)	-	-	(12,104)
Balance at 31 December	29,433	494,288	6,885,869	18,858,193	317,071	250,030	26,834,884

Depreciation and impairment losses

Balance at 1 July	-	493,386	676,304	10,116,472	187,908	207,886	11,681,956
Depreciation for the year	-	18	105,030	780,164	12,475	4,885	902,572

	Land	Quarries	Buildings	Property, plant, equipment	Fixtures, fittings, equipment	Computer hardware	Total
Disposals	-	-	-	(134,471)	-	-	(134,471)
Balance at 31 December	-	493,404	781,334	10,762,165	200,383	212,771	12,450,057

Carrying amounts

At 1 July	29,433	902	6,061,655	7,180,794	129,163	42,144	13,444,094
At 31 December	29,433	884	6,104,535	8,096,028	116,688	37,259	14,384,827

12 months to 30/06/25**Cost**

Balance at 1 July	29,433	494,288	6,737,959	17,309,370	317,071	250,030	25,138,151
Additions	-	-	240,536	2,438,281	-	-	2,678,817
Disposals	-	-	-	(622,958)	-	-	(622,958)
Prior year adjustment	-	-	-	(2,420)	-	-	(2,420)
Balance at 30 June	29,433	494,288	6,978,495	19,122,273	317,071	250,030	27,191,590

Depreciation and impairment losses

Balance at 1 July	-	493,386	676,304	10,116,472	187,908	207,886	11,681,957
Depreciation for the year	-	36	213,690	1,652,843	24,950	9,769	1,901,288
Disposals	-	-	-	(562,314)	-	-	(562,314)
Prior year adjustment	-	-	-	(2,429)	-	-	(2,429)
Balance at 30 June	-	493,422	889,994	11,204,573	212,858	217,655	13,018,502

Carrying amounts

At 1 July	29,433	902	6,061,655	7,192,898	129,163	42,144	13,456,195
At 30 June	29,433	866	6,088,501	7,917,700	104,213	32,375	14,173,091

	6 mths to 31/12/2025	6 mths to 31/12/2024	12 mths to 30/06/2025
	\$	\$	\$
14 OTHER PROVISIONS			
Quarry aftercare provision			
Balance at beginning of the year	94,005	85,753	85,753
Provided for during the year	11,016	12,523	8,252
Balance at the end of the year	105,021	98,276	94,005
<i>A provision is recognised for expected quarry reinstatement costs based on past experience of the level of metal extraction.</i>			
15 RECONCILIATION OF NET OPERATING PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES			
Reported net operating profit after taxation	775,152	721,117	1,697,894
Add back non-cash items			
Depreciation	904,622	959,762	1,997,969
Amortisation	4,871	5,587	11,631
(Increase)/decrease in deferred taxation	-	-	(47,666)
Increase/(decrease) in employee benefits	(147,964)	(283,075)	71,854
Increase/(decrease) in quarry aftercare provision	11,016	12,522	8,251
	1,547,697	1,415,913	3,739,933
Add back items classified as investment activities			
Net loss on sale of property, plant and equipment	16,186	12,100	36,257
Gain on sale of property, plant and equipment	-	(19,593)	(40,488)
	16,186	(7,493)	(4,231)
Movements in working capital			
(Increase)/decrease in receivables and prepayments	3,337,089	3,733,477	(413,681)
(Increase)/decrease in inventories	(125,345)	352,485	(420,744)
Increase/(decrease) in trade and other payables and gst	(2,631,010)	(2,234,749)	1,458,338
Increase/(decrease) in employee benefits	34,750	57,591	128,749
(Increase)/decrease in tax payable/receivable	(346,255)	(784,895)	(529,505)
	269,229	1,123,909	223,157
Net cash inflow from operating activities	1,833,111	2,532,328	3,958,860

Jahnaka McIntyre, a QRS site supervisor, was featured as one of the faces of the 2025 Civil Contractors New Zealand (CCNZ) Civil Trades Certification campaign.



