

Your people, your solution, you're sorted.



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

Six Month Report

for the period ending
31 December 2024

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Directory


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Tony Gray
Fenton Wilson
Lauren Jones

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Chair's Report



On behalf of the board and team at Quality Roothing and Services in Wairoa, it is my pleasure to present our six-month report for the period ending on 31 December 2024.

The highlight of the past six months was our celebration in December of 30 years in business. At this event we invited our stakeholders and former staff to join our current staff in commemorating 30 years of growth, success, and achievement as a company.

The financial performance for this period reflects the new normal as we transition from the work programmes initiated post Cyclone Gabriele. Revenue of \$17.8 million was nearly 30 percent lower than the \$24.9 million recorded in the same period last year. This decrease had a direct impact on our profit, with net pre-tax profit at \$1 million, down from \$2.2 million last year.

The board has decided on an interim distribution of \$50,000 to our shareholder Wairoa District Council (WDC) in order to provide financial certainty and support to the district.

After reviewing the work programmes for the remaining six months of the financial year, the

company forecasts a continued tightening of the sector. While there are significant projects in the pipeline, some may extend beyond our financial year ending on June 30 2025.

While this scenario will play out over the next six months, the company continues investing in and developing our newer business units: Bluck's Pit, concrete manufacturing, and the Ecoreef coastal protection solution.

We continue to have a good working relationship with our one-hundred percent shareholder WDC, as both parties work towards benefitting the wider Wairoa community. We are excited about the new director internship giving an aspiring board member an opportunity to start their governance career. WDC and QRS are focussed on developing governance leadership skills in Wairoa so that the district can benefit from good strong strategic leaders.

While the next six months will be challenging for the company, we take heart in the fact that we have weathered 30 years of ups and downs, Right now we are better positioned than ever to take advantage of opportunities that continue to present themselves.

A handwritten signature in black ink, appearing to read 'Guy Gaddum'.

Guy Gaddum

*Quality Roothing and Services
Board Chair*

February 2025

CEO Report



Kia ora koutou.

It's a pleasure to acknowledge the hard mahi of QRS staff and everyone involved in roading maintenance and construction across our region. Your dedication continues to make a real difference in our community.

A major highlight has been our partnership with Nūhaka landowners at Bluck's Pit, ensuring a reliable local aggregate supply for Wairoa's concrete production. This strengthens our region's infrastructure and may pave the way for a future heavy machinery training centre. The five-year lease also offers potential as a consented disposal area for clean fill, generating additional revenue for landowners.

In November, QRS won the 2024 Hawke's Bay Chamber of Commerce Social Impact Award, recognising our commitment to local jobs, community support, and workplace safety. On the same night, we were highly commended at the Civil Contractors New Zealand Hawke's Bay East Coast construction awards for removing the damaged Te Reinga Bridge—one of our most complex and successful projects.

Our Routine Division continues to deliver outstanding service under Higgins' state highway contract (NOC) and for Wairoa District Council. The trust and collaboration between QRS and WDC ensures the best outcomes for our unsealed roads and one-off projects, and, importantly, serves as the bedrock for how the two organisations successfully operate alongside each other.

The past six months have seen a tightening contractual environment in civil construction, following 18 months of reactive response work. Now, as planned projects take shape, we find ourselves in a holding phase. But rather than overreact, we consolidate—retaining staff, continuing training, and keeping QRS strong for when work ramps up again. Taking care of our people is key to our long-term success.

We've launched our Ecoreef coastal erosion initiative and are proud to be the selected supplier for the Te Reinga Bridge rebuild. In the near future, we look forward to potentially being involved in floodplain mitigation and the Waikare Gorge realignment.

Jeremy Harker

*Quality Roading and Services
Chief Executive*

February 2025

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.

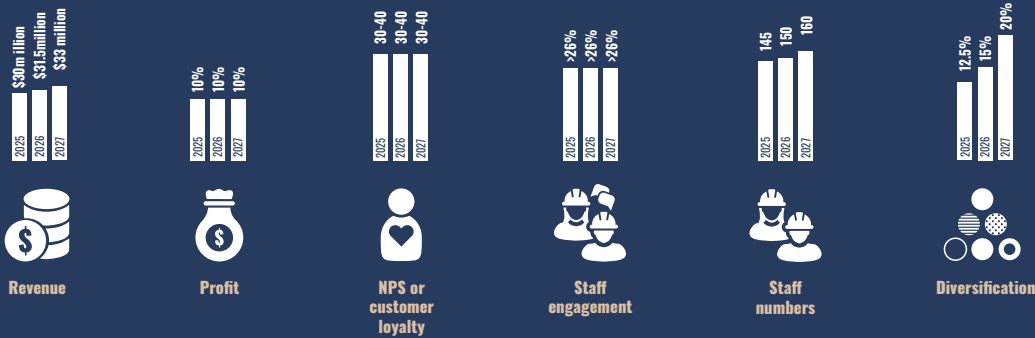
Strategic Plan 2024-2035

By June 2025 we'll have

Retain owner's trust
 Invest in staff
 Diversify our services
 Expand beyond Wairoa

A long-term, formal, enduring relationship with local iwi in action
 Secured the supply chain for the concrete plant
 Identified and recruited key capabilities

Measuring progress



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.

2024-2025 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 \$30m Pre-tax profit \$3m 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

Our Shareholder

Wairoa District Council fully owns Quality Roding and Services (QRS)

Our purpose is to make a profit for Wairoa District Council

Our vision is connecting and growing our communities

Statement of Corporate Intent Targets Six month progress

	Dec 2024		Dec 2023		Dec 2022	
	Target	Actual	Target	Actual	Target	Actual
Net profit pre-tax as a percentage of opening shareholder funds	6%	8.52%	6%	22.25%	6%	7.71%
Net profit after tax as a percentage of revenue	3%	4.04%	3%	6.47%	3%	4.29%
Distributions to shareholder	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
Ratio of shareholder funds to total assets - not less than	45%	53.89%	45%	50.19%	45%	59.98%

Celebrating 30 years of success

Staff marked the 30th anniversary of Quality Roding and Services surrounded by former employees and other valued guests in December as the company paused to reflect on its contribution to Wairoa.

It was gratifying to be joined by many of those who played such a significant role in the company's success.

Thirty years ago, on July 4, 1994, Quality Roding and Services (QRS) was established by its owner Wairoa District Council (WDC). The then Wairoa Mayor, Cliff Owen, described it as "a milestone in the history of local government".

Since its inception QRS has played a vital role in Wairoa contributing to employment, the economic success of the region, community activities, and in many ways, local identity. Delivering jobs, growth, prosperity, and solutions for Wairoa is something QRS's board and senior leadership team take seriously.

QRS has quite literally helped shape this region and it was a privilege to be able to celebrate that with friends and whānau of the company.



Good food, great people, and even better memories – QRS former and current staff and invited guests celebrated the company's 30th anniversary in December.





Thirty years of mahi, resilience, and community - honouring the people, projects, and progress that have shaped our journey.



1994

1995

1996

Monday 4 July Quality Rooding and Services created and owned by Wairoa District Council (WDC)

Board members are Tony East (chair), Arthur Blair, Ken McEwan, and Dennis Munro

Company manager Leigh Aitken

Foremen Tom Taylor, Sidney Christy, and Fenton Lambert

Workshop manager Gary Bradley

Office manager Jane Heighway

43 staff

Core business is roading maintenance and construction, and maintenance of parks, reserves, and utilities

Mayor Cliff Owen says this is **“a milestone in the history of local government”**

Phil Tipu is an original staff member

Anthony O’Sullivan joins QRS as maintenance manager

QRS-sponsored Wairoa United men’s soccer team wins Hawke’s Bay Division 2

Craig Little employed as quality coordinator

QRS is certified as a Transit Quality Standard 1 or TQS1 contractor

1997

First contract with Affco

Purchase of Clark and Son

1998

54 staff

QRS doubles in value and makes a \$1.5 million net operating profit in three years and saves the council \$700,000

Lose four contracts in the newly competitive marketplace: Maintenance of Wairoa gardens, Maintenance of Wairoa and Tuai sewers, Maintenance of Tuai reserves, Mowing Mahia reserves

New board chair Dennis Munro

New Mayor Derek Fox

Farmlands upgrade

Waka Tamatea Arikinui from Napier is retrieved from Wairoa River

Wairoa Community Centre swimming pool and carpark work

1999

65 staff

Waikaremoana/Ruakituri and Wairoa/Frasertown maintenance **contracts lost** to Works Civil Construction

Win two out-of-town contracts with Gisborne District Council and Transit New Zealand

Sponsor Wairoa Science Fair and Anthony O'Sullivan judges the Year 5-6 category

QRS Social Club donates a portable stereo with tape deck to Wairoa Literacy Scheme

QRS sells 4 tractors, 2 loaders, 3 utes and 1 Land Cruiser

Anthony O'Sullivan rescues sports trophies from Lambton Square grandstand whilst under demolition

2000

Leigh Aitken appointed as chief executive

Company adds a forestry division including a forest harvesting team

Clients include Genesis Power, Westech Gas Exploration, Affco, Department of Conservation, and forestry clients.

Pre-tax profit year-end of \$400,287

Staff time banking introduced

QRS installs gabion baskets filled with rocks for the first time at dropouts near Lake Waikaremoana

2001

46 staff

QRS supplies drivers for the Life Education Trust mobile classroom

QRS loses road maintenance and street cleaning contracts to United Contracting and later purchases them off the company for \$1

Pay a **\$9,000 dividend** to WDC

WDC considers whether to sell QRS

QRS is restructured with forced redundancies

2002

70 staff

Win WDC contract to run waste collection services, transfer station, landfill and recycling

Preparation work for the Wairoa A and P Show

\$100,000 dividend turned down by WDC and reinvested in QRS

2003

80 staff

Help build Wairoa Cadet Unit Headquarters

Staff execute a **one-off public holiday nighttime curb side rubbish collection** after mix-up

QRS squash team makes headlines

Record after tax profit of \$366,854

New Mayor Les Probert

A **dispute over seawall repairs** on Mahia East Coast Rd leads to remedial work with costs shared between Opus, QRS and WDC

Wairoa College gym work

2004

90 staff

Marine Parade upgrades

QRS celebrates 10 years

Win Wharekopae, Tiniroto and Ruakaka **road paving contract with Gisborne District Council**

\$1 million pre-tax profit and \$629,000 dividend paid to WDC

Described as an **“outstanding year”** by the board

Tom Amorangi survives a **grader accident**. Anthony O’Sullivan is part of the rescue team and ends up driving the ambulance to the rescue helicopter

QRS enters a **new phase of productivity and innovation**

2005

50 percent of work is with WDC

Finalist in national construction awards, and winner in regional awards, for work on Affco carton tunnel and palletising area

Win Mata Road contract with GDC to the surprise of many

Record turnover of \$16 million

Museum extension work

2006

After tax profit of \$1 million and a dividend of \$629,000 to WDC

National construction award winner for Blue Bay subdivision

The **74m long great wall of Willowflat Rd completed**

2007

112 staff

Wairoa A and P Show **principal sponsor**

Wairoa **Sports Award sponsor**

QRS starts producing QRS Aglime at Kokohu Quarry

Win Hirini St Bypass Rd contract in Gisborne

Open Gisborne office with 12 staff

Gisborne Mayor Meng Foon says of QRS **"It's good to see a small company from Wairoa having the capacity and capability to win major GDC contracts"**

\$16.5 million turnover

After-tax profit of \$561,424

Own \$4m worth of plant and equipment

Guy Gaddum joins QRS board

2008

Second place float award in the Christmas Parade

Cone crusher purchased for quarrying which now accounts for 10 percent of QRS business

Half year loss is turned into profit by the end of the year and a \$80,000 dividend to WDC

Potae Avenue subdivision in Gisborne is plagued by **unseasonable winds and dust**

Clyde Domain **toilets demolished**

2009

Champion operator Stacey Pompey represents Hawke's Bay at national excavator awards

Gardner Place stormwater project with GDC

Win Waikaremoana/Ruakituri and Special Purpose State Highway 38 combined contract

Lose a digger to arson in Wainui, Gisborne

2010

68 staff

New board chair Chris Torrie

Lose Mohaka/Waiiau area maintenance contract and 6 staff to Downer

WDC considers whether to sell QRS, again

Retain Wairoa reserves and mowing contract, as well as water, sewage and waste management

QRS pulls out of Gisborne

2011

Christchurch earthquake Fill-A-Truck appeal

2012

71 staff

\$320,000 paid to WDC

Random drug testing of staff introduced

QRS manages 14 quarries with 4 loaders, 3 excavators, 2 mobile screening plants, 2 mobile jaw crushers, and 1 cone crusher

QRS processes 190,000 tonnes of aggregate in Gisborne and Wairoa.

Bury a 60 tonne sperm whale at Mahia after stranding ends in tragedy

2013

Supplier of resource, material, plant and staff time for Marae DIY at Iwitea, Waimako, and Putahi Marae

Ozanam House fundraiser walk in the rain

Major contracts change from an output-based model to an outcome-based model - the lowest bid will not necessarily win the contract.

Mahia wastewater upgrade

Win the Network Maintenance Contract for unsealed roads – securing stability for the company

2014

90 staff

QRS turns 20 and staffer Jake O'Neil cuts the cake

Long-serving staff awarded with miniature gabion baskets mounted onto wood

New Mayor Craig Little

Turnover of \$14 million

Abseiling staff remove discarded rubbish tipped over Mahia Blowhole

Leigh Aitken leaves the company

New chief executive Mark Browne starts in September

50 staff take part in adult workplace numeracy and literacy programme

QRS wins best time warp float at the Christmas Parade

Pay **\$145,000 dividend** to WDC

2015

Joint quarry venture with Wi Pere Trust at Tangihanga Station

Jordan Karangaroa injured during truck accident on Morere Hill

Staff clear roads of snow in July cold snap

Tough year with net profit of \$79,000

\$50,000 dividend paid to WDC

Mahia sewerage scheme draws to a close

2016

Mangahohi Bridge construction begins

Road construction work begins for **Rocket Lab**

QRS signs multi-million dollar contract with Higgins to provide sub-contract work on highways and network operations. Contract provides longevity and security.

Company legend **Jake O'Neil** **clocks off for the last time**

Director Guy Gaddum takes over as board chair

Turnover of \$12 million and a \$310,000 after tax profit

2017

95 staff

An **EquiP functional review** into QRS and WDC reinforces need for statement of corporate intent and confirms the council is getting value for money, and QRS is fulfilling its requirements.

Mark Browne finishes as chief executive

Nigel Pollock appointed chief executive

QRS loses the three water contract with WDC

Company staffing restructure leads to four redundancies

A **six-month after-tax loss** of \$152,000 and no dividend paid to WDC

2018

Stacey Pompey, Lee Pomana and Mike Wilson earn **Civil Trades Certification**

Back in black with a \$226,000 pre-tax profit for first six months and a \$50,000 dividend paid to WDC

\$64,000 in community sponsorship

Waitahora Bridge disassembled and put back together in 68 hours

Colossal slip on State Highway 38 cleared in just three days

Tui Paikea, Aaron Munro and Shar Hawkins take individual **wins at Civil Contracting New Zealand excavator operator competition**

Exit landfill and recycling contract

Win Safe Roads and Boost contracts with NZTA

2019

100 staff

First QRS calendar released with Malcolm 'Muss' Tuahine photographed at Onepoto, Lake Waikaremoana as the January image. Muss passed away two months later.

QRS secures \$29 million in roading contracts with WDC including the unsealed road maintenance contract

Record profit of \$1.1 million

\$350,000 dividend paid to WDC

Civil Trade Certification for Thomas Perston, Joe Winiana and Rob Ruru

Become a **Tier 1 supplier** of roading services

2020

Nigel Pollock personally calls all 100 staff to check in as New Zealand goes into the Covid-19 Level 4 lockdown

\$2.2 million loan towards a new operations hub announced as part of Provincial Growth Fund

Nuhaka River realignment

\$600,865 **pre-tax profit**

\$43,000 **community sponsorship**

\$250,000 **dividend** to WDC

Supreme Winner Hawke's Bay Chamber of Commerce Business Award

2021

Nigel Pollock resigns as chief executive

Jeremy Harker announced as chief executive

New Zealand goes into a **second Covid-19 Level 4 lockdown**

Nick Murray marks the end of a career in civil contracting

2022

QRS applauded for **March rain event emergency response**

Ingenious swimming pool load test solution on Te Reinga Bridge makes national headlines

Temporary traffic management division created

New **concrete division created** with Trent Hedley and Justin Bell first in line for a pour

Civil Construction New Zealand award for Te Reinga Bridge repair

2023

Heroic response from QRS staff to Cyclone Gabrielle

700mm of water through QRS Kaimoana Rd depot

Damaged Te Reinga Bridge dropped into the river and dragged out in **New Zealand's heaviest pull**

\$33 million revenue

\$1 million dividend paid to WDC

Applause from WDC at annual presentation

QRS opens **Operations Hub**

Thomas Perston qualifies as the **region's top excavator operator** at Civil Contractors New Zealand regional competition

Switched On! health and safety campaign launched

Own **\$13m worth of plant and equipment**

2024

2025

130 staff

QRS reacts quickly and **supports whānau during June flood event**

\$46 million revenue

\$1.2 million contribution to WDC

QRS purchases Bluck's Pit lease

\$205,000 in sponsorship

Original staff member Papa Phil Tipu remains a highly respected company employee

Outstanding Social Impact Award at Hawke's Bay Business Awards

QRS celebrates 30 years

Begin manufacturing Ecoreef coastal erosion products

Selected as lead contractor the Te Reinga Bridge rebuild



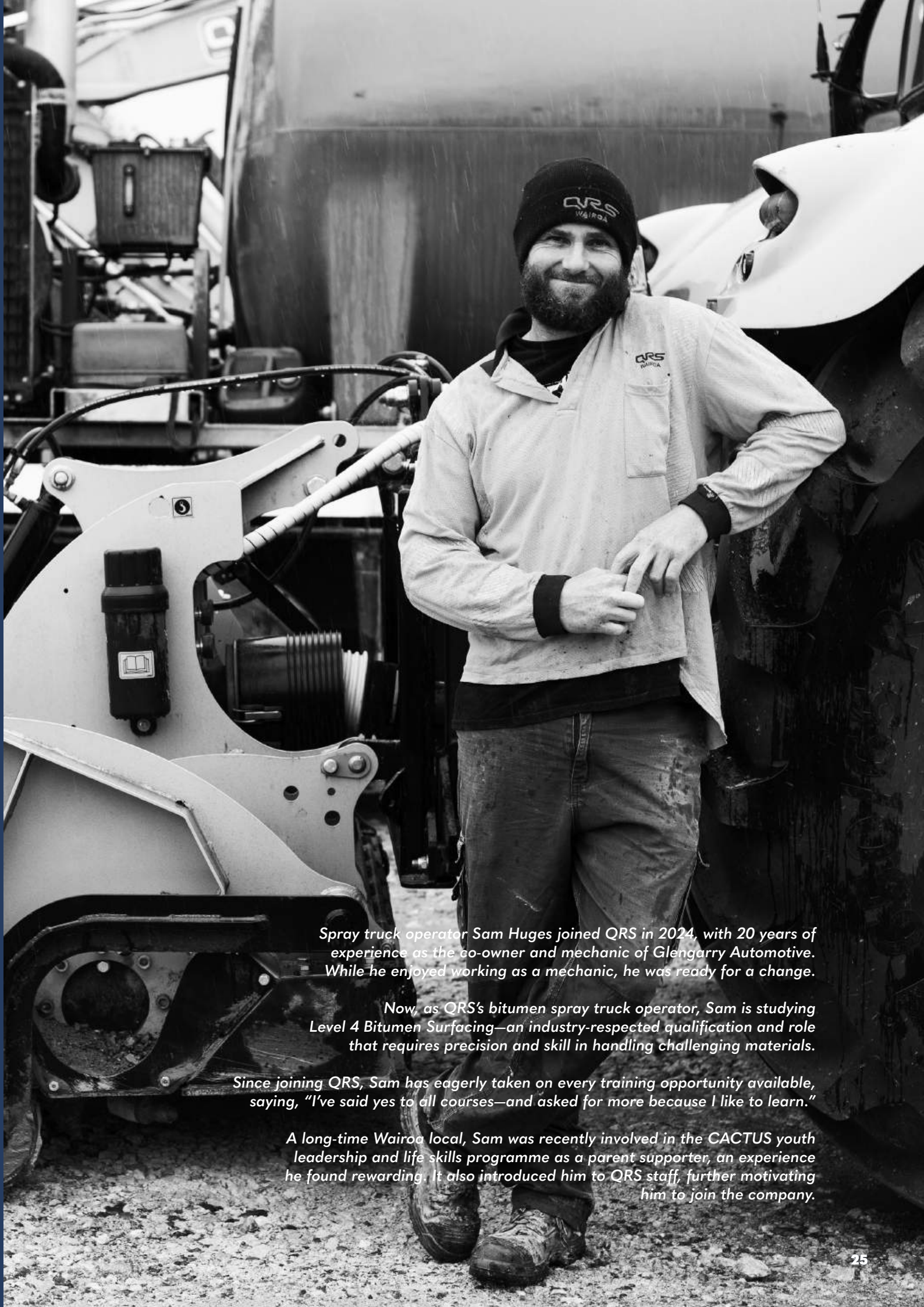
Remembering 30 years of work around the region made possible with the backing and support of Wairoa District Council and our community.



Financial Statements

\$17.8m (\$24.9m last year)
Revenue in the six months to December 2024

\$1m pre-tax profit (\$2.2m last year)
\$4.9m salaries and wages (\$4.5m)
\$41,000 community investment (\$150,000)
\$50,000 interim distribution (\$50,000)
\$348,000 training spend (\$298,000)



Spray truck operator Sam Huges joined QRS in 2024, with 20 years of experience as the co-owner and mechanic of Glengarry Automotive. While he enjoyed working as a mechanic, he was ready for a change.

Now, as QRS's bitumen spray truck operator, Sam is studying Level 4 Bitumen Surfacing—an industry-respected qualification and role that requires precision and skill in handling challenging materials.

Since joining QRS, Sam has eagerly taken on every training opportunity available, saying, "I've said yes to all courses—and asked for more because I like to learn."

A long-time Wairoa local, Sam was recently involved in the CACTUS youth leadership and life skills programme as a parent supporter, an experience he found rewarding. It also introduced him to QRS staff, further motivating him to join the company.

Statement of Comprehensive Income

for the six months ended 31 December 2024

	Notes	6 mnths to 31/12/2024 \$	6 mnths to 31/12/2023 \$	12 mnths to 30/06/2024 \$
Revenue		17,837,180	24,975,744	47,585,055
Cost of sales		(8,566,392)	16,137,710	(28,839,603)
Gross profit		9,270,788	8,838,034	18,745,452
Personnel expenses	2	5,392,656	4,838,249	10,580,299
Depreciation expense	3, 13	959,762	711,796	1,640,405
Administrative expenses		1,767,999	1,372,811	2,266,047
Other operating expenses	1	139,087	157,275	320,980
		8,259,505	7,080,131	14,807,732
Operating profit before financing costs		1,011,283	1,757,903	3,937,720
Financing income		13,823	9,980	22,966
Financing expenses		(65,068)	(102,889)	(221,111)
Net financing costs		(51,245)	(92,909)	(198,145)
Proceeds from insurance		41,513	579,303	580,573
Net proceeds from insurance		41,513	579,303	580,573
Profit before subvention payment and income tax		1,001,552	2,244,297	4,320,148
Subvention payment - Wairoa District Council		-	-	-
Profit before income tax		1,001,552	2,244,297	4,320,148
Income tax expense	9	(280,434)	(628,403)	(2,548,335)
Profit for the period		721,117	1,615,894	1,771,813
Other comprehensive income		-	-	-
Total comprehensive income for the period		721,117	1,615,894	1,771,813

Statement of Changes in Equity

for the six months ended 31 December 2024

	Notes	6 mnths to 31/12/2024 \$	6 mnths to 31/12/2023 \$	12 mnths to 30/06/2024 \$
EQUITY AT BEGINNING OF THE YEAR		11,757,267	10,085,454	10,085,454
Profit for the period		721,117	1,615,894	1,771,813
Total recognised revenues and expenses for the period		721,117	1,615,894	1,771,813
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	-	-
Transactions with owners in their capacity as owners		-	-	-
Dividends paid	10	(1,000,000)	(50,000)	(50,000)
EQUITY AT THE END OF THE PERIOD		11,478,384	11,651,348	11,757,267

Statement of Financial Position

for the six months ended 31 December 2024

	Notes	6 mnths to 31/12/2024 \$	6 mnths to 31/12/2023 \$	6 mnths to 30/06/2024 \$
ASSETS:				
Current assets				
Bank		704,677	1,607,287	661,128
Trade and other receivables	5	4,476,386	5,403,275	8,284,283
Inventories	4	676,883	480,328	1,029,367
Contract assets		792,571	1,838,499	718,151
Total current assets		6,650,518	9,329,390	10,692,929
Non current assets				
Deferred tax		-	415,514	-
Intangible assets	12	50,985	63,579	56,572
Property, plant and equipment	13	14,396,931	13,088,471	13,456,198
Right of use assets	3	200,790	318,312	257,980
Total non current assets		14,648,706	13,885,876	13,770,749
TOTAL ASSETS		21,299,223	23,215,266	24,463,678
EQUITY:				
Share capital	10	1,250,000	1,250,000	1,250,000
Retained earnings	10	10,228,384	10,401,348	10,507,267
TOTAL EQUITY		11,478,384	11,651,348	11,757,267
LIABILITIES:				
Current liabilities				
Gst payable		196,796	514,450	693,712
Trade and other payables	6	1,214,771	2,869,025	2,629,605
Employee benefits	8	708,798	808,426	991,873

	Notes	6 mths to 31/12/2024 \$	6 mths to 31/12/2023 \$	6 mths to 30/06/2024 \$
Interest-bearing loans and borrowings	7	500,850	602,001	87,947
Lease liability	3	80,426	117,691	97,549
Taxation payable		85,569	443,084	870,464
Contract liabilities		1,063,371	922,959	1,386,370
Wairoa District Council - subvention payment		-	-	-
Total current liabilities		3,850,581	6,277,636	6,757,520
Non current liabilities				
Employee benefits	8	124,425	69,775	66,834
Quarry aftercare provision	14	98,276	69,333	85,753
Interest-bearing loans and borrowings	7	4,723,924	4,935,101	4,731,984
Lease liability		131,640	212,073	172,327
Deferred tax liability		891,993	-	891,993
Total non current liabilities		5,970,258	5,286,282	5,948,891
TOTAL LIABILITIES		9,820,838	11,563,918	12,706,411
TOTAL EQUITY AND LIABILITIES		21,299,223	23,215,266	24,463,678

For and on behalf of the Board, who authorised the issue of these financial statements on 21 February 2025.



Director



Director

Statement of Cash Flow

for the six months ended 31 December 2024

	Notes	6 mths to 31/12/2024 \$	6 mths to 31/12/2023 \$	6 mths to 30/06/2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from customers		21,570,657	26,306,554	47,155,205
Financing income		13,823	9,980	22,966
Proceeds from insurance		41,513	579,304	580,573
		21,625,994	26,895,837	47,758,744
Cash was disbursed to:				
Payments to suppliers		12,985,236	18,891,222	32,851,653
Payments to employees		4,978,032	4,528,726	10,007,060
Payment of subvention		-	950,000	950,000
Taxes paid		1,065,329	462,515	647,562
Financing expense		65,068	102,889	221,111
		19,093,665	24,935,352	44,677,386
Net cash inflow/(outflow) from operating activities	15	2,532,328	1,960,485	3,081,358
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		29,005	-	3,000
		29,005	-	3,000
Cash was applied to:				
Purchase of property, plant and equipment		1,864,820	3,350,629	4,594,638
		1,864,820	3,350,629	4,594,638
Net cash inflow/(outflow) from investing activities		(1,835,815)	3,350,629	(4,591,638)

	Notes	6 mnths to 31/12/2024 \$	6 mnths to 31/12/2023 \$	6 mnths to 30/06/2024 \$
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Loans and borrowings		3,895,000	2,339,316	10,962,596
		3,895,000	2,339,316	10,962,596
Cash was applied to:				
Payment of dividends		1,000,000	50,000	100,000
Loans and borrowings		3,490,157	410,716	9,751,170
Lease payments		57,807	59,128	117,976
		4,547,964	519,844	9,969,146
Net cash inflow from financing activities		(652,964)	1,819,472	993,450
Net decrease in cash held		43,549	429,328	(516,830)
Add opening cash and cash equivalents		661,128	1,177,959	1,177,959
Closing cash and cash equivalents		704,677	1,607,287	661,128
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION		704,677	1,607,287	661,128

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

Statement of Accounting Policies

for the six months ended 31 December 2024

Reporting Entity

Quality Roding 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, 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.

Notes to the Financial Statements (Unaudited)

for the six months ended 31 December 2024

	6 mnths to 31/12/2024	6 mnths to 31/12/2023	6 mnths to 30/06/2024
	\$	\$	\$
1 OTHER OPERATING EXPENSES			
Auditor remuneration including disbursements	50,334	47,241	92,283
Directors' fees	81,442	66,213	162,884
Impairment of trade receivables (bad and doubtful debts)	9,015	-	-
Loss on disposal of property, plant and equipment	1,258	28,992	34,472
Gain on disposal of property, plant and equipment	(19,593)	-	(1,512)
Amortisation of intangibles	5,589	7,006	14,013
Lease payments - rental costs	11,043	7,823	18,840
	139,087	157,275	320,980
2 PERSONNEL EXPENSES			
Wages and salaries	4,978,032	4,528,726	10,007,060
Ministry of Social Development Apprenticeship Boost Funding	-	(1,150)	(1,150)
Long-service leave	57,591	9,007	10,449
Sick leave	206,223	161,527	282,900
Gratuities	100	(800)	2,479
Contribution to defined contribution plans	150,710	140,939	278,562
	5,392,656	4,838,249	10,580,300

	6 mnths to 31/12/2024			6 mnths to 31/12/2023			12 mnths to 30/06/2024		
	\$			\$			\$		
	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	26,791	730,579	757,370	26,791	730,579	757,370
Increases	-	-	-	8,741	-	8,741	8,741	-	8,741
Decreases	-	-	-	-	-	-	-	-	-
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	21,637	486,494	508,131	18,428	369,305	387,733	18,428	369,305	387,733
Depreciation for the year	1,735	55,455	57,190	1,469	58,597	60,066	3,209	117,189	120,398
Balance at 31 December	23,372	541,949	565,321	19,897	427,902	447,799	21,637	486,494	508,131

Carrying amounts

At 1 July	13,895	244,085	257,980	8,363	361,274	369,637	8,363	361,274	369,637
At 31 December	12,160	188,630	200,790	15,635	302,677	318,312	13,895	244,085	257,980

Lease Liability

Balance at 1 July	269,876		379,109		379,109
Lease payments	(63,679)		(68,258)		(134,763)
Interest applied to leases	5,869		9,130		16,789
Lease modification	-		9,783		8,741
Balance at 31 December	212,066		329,764		269,876

	6 mnths to 31/12/2024 \$	6 mnths to 31/12/2023 \$	12 mnths to 30/06/2024 \$
Made up of:			
Current	80,426	117,691	97,549
Non-current	131,640	212,073	172,327
	212,066	329,764	269,876

4 | INVENTORIES

Metal stocks	390,328	230,955	828,577
Other supplies	241,032	248,693	177,686
Work in progress	45,523	680	23,104
<i>Some inventories are subject to retention of title clauses. Work in progress is held at cost</i>	676,883	480,328	1,029,367

5 | TRADE AND OTHER RECEIVABLES

Trade debtors	1,600,113	2,482,723	1,669,925
Wairoa District Council	1,073,780	1,215,020	4,756,034
Provision for doubtful debts	-	(22,338)	-
Retentions	1,549,751	1,519,632	1,837,146
Prepayments	252,743	208,238	21,178
	4,476,386	5,403,275	8,284,283

6 | TRADE AND OTHER PAYABLES

Trade creditors	1,035,065	2,577,324	2,457,692
Other	179,706	291,701	171,913
	1,214,771	2,869,025	2,629,605

7 | EMPLOYEE BENEFITS

Long-service leave	124,425	68,478	66,834
Annual leave	517,506	450,748	513,119
Sick leave	58,243	43,925	32,992
Gratuities	27,169	23,890	27,169
Time in lieu	101,855	121,177	229,650
Accrued pay	4,025	169,983	188,943
	833,222	878,201	1,058,707

	6 mnths to 31/12/2024 \$	6 mnths to 31/12/2023 \$	12 mnths to 30/06/2024 \$
Made up of:			
Current	708,798	808,426	845,007
Non-current	124,425	69,775	62,642
	833,223	878,201	907,649

8 | INTEREST BEARING LOANS AND BORROWINGS

Cat finance	59,118	145,978	102,819
Less current portion	(59,118)	(86,590)	(87,947)
	-	59,388	14,872
Interest rate	2.49%	2.49%	2.49%
Westpac FlexEquip	430,206	2,339,313	-
Less current portion	(430,206)	(503,615)	-
	1,835,698	1,835,698	-
Interest rate	8.15%	10.15%	8.90%
Wairoa District Council/Local Government Funding Agency	1,035,417	1,037,167	1,037,180
Less current portion	(9,776)	(11,526)	(11,539)
	1,025,641	1,025,641	1,025,641
Interest rate	5.719%	5.719%	5.719%
Provincial Growth Fund Loan	3,700,033	2,014,643	3,679,932
Less current portion	-	-	-
	3,700,033	2,014,643	3,679,932
Interest rate	1.09%	1.09%	1.09%
Made up of:			
Current	500,850	602,001	87,947
Non-current	4,723,924	4,935,101	4,731,984
	5,224,774	5,537,102	4,819,931

	6 mnths to 31/12/2024 \$	6 mnths to 31/12/2023 \$	12 mnths to 30/06/2024 \$
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9 | TAXATION

Profit before taxation	1,001,552	2,244,297	4,320,148
Prima facie taxation 28%	280,434	628,403	1,209,641
Tax effect of removal of building depreciation*			1,331,962
Plus taxation effect of permanent differences:			
Non-deductible expenses	-	-	6,732
	280,434	628,403	2,548,335

* In March 2024, the government removed the deductibility of depreciation on buildings not primarily used for residential accommodations, for tax purposes. This amendment was effective from 1 April 2024. The impact of this change decreases the tax base for these assets, giving rise to an increased difference between the carrying cost and tax base and results in an increase in deferred tax liability and increase in tax expense of \$1.33 million.

Major components of taxation expense are:

Current taxation	-	-	1,240,829
Deferred taxation			
Origination and reversal of temporary differences	-	-	1,307,506
	-	-	2,548,335

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

At 31 December, the company had issued 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.

(b) Retained earnings

Retained earnings at 1 July	10,507,267	8,835,454	8,835,454
Net operating surplus/deficit	721,117	1,615,894	1,771,813
Final dividend	(1,000,000)	(50,000)	(50,000)
Interim dividend	-	-	(50,000)
Retained earnings at 31 December	10,228,384	10,401,348	10,507,267

	6 mnths to 31/12/2024	6 mnths to 31/12/2023	12 mnths to 30/06/2024
	\$	\$	\$

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 (2023: \$500,000). The current interest rate is 8.15% (2023: 10.70%).

12 | INTANGIBLE ASSETS

Software			
Balance at 1 July	307,016	307,016	307,016
Balance at 31 December	307,016	307,016	307,016
Amortisation and impairment losses			
Balance at 1 July	250,444	236,431	236,431
Amortisation for the year	5,587	7,006	14,013
Balance at 31 December	256,031	243,437	250,444
Carrying amounts			
At 1 July	56,572	70,585	70,585
At 31 December	50,985	63,579	56,572

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

6 months to 31/12/24

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	-	-	-	(12,104)	-	-	(155,983)
Balance at 31 December	29,433	494,288	6,885,869	18,858,193	317,071	250,030	26,846,988

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
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	13,444,091
At 31 December	29,433	884	6,104,535	8,096,028	116,688	37,259	14,396,931

6 months to 31/12/23

Cost

Balance at 1 July	29,433	494,288	4,783,284	15,210,245	264,087	234,659	21,015,996
Additions	-	-	2,040,549	1,303,273	7,849	-	3,351,671
Disposals	-	-	-	(367,638)	-	-	(367,638)
Balance at 31 December	29,433	494,288	6,823,833	16,145,880	271,936	234,659	24,000,030

Depreciation and impairment losses

Balance at 1 July	-	493,348	541,465	9,203,270	163,174	197,216	10,598,473
Depreciation for the year	-	19	32,999	603,676	10,002	5,035	651,731

	Land	Quarries	Buildings	Property, plant, equipment	Fixtures, fittings, equipment	Computer hardware	Total
Disposals	-	-	-	(338,645)	-	-	(338,645)
Balance at 31 December	-	493,367	574,464	9,468,301	173,176	202,251	10,911,559

Carrying amounts

At 1 July	29,433	940	4,241,818	6,006,976	100,913	37,442	10,417,525
At 31 December	29,433	921	6,249,369	6,677,579	98,760	32,408	13,088,471

12 months to 30/06/24

Cost

Balance at 1 July	29,433	494,288	4,783,284	15,210,246	264,087	234,659	21,015,997
Additions	-	-	1,954,675	2,571,609	52,984	15,371	4,594,639
Disposals	-	-	-	(472,485)	-	-	(472,485)
Balance at 30 June	29,433	494,288	6,737,959	17,309,370	317,071	250,030	25,138,150

Depreciation and impairment losses

Balance at 1 July	-	493,348	541,465	9,203,270	163,174	197,216	10,598,474
Depreciation for the year	-	38	134,838	1,349,727	24,734	10,670	1,520,007
Disposals	-	-	-	(436,525)	-	-	(436,525)
Balance at 30 June	-	493,386	676,304	10,116,472	187,908	207,886	11,681,955

Carrying amounts

At 1 July	29,433	940	4,241,818	6,006,976	100,913	37,442	10,417,522
At 30 June	29,433	902	6,061,655	7,192,898	129,163	42,144	13,456,198

Capital work in progress is contained within the above classes and has a book value of \$33,299 (2023: \$3,697,665).

	6 mnths to 31/12/2024	6 mnths to 31/12/2023	12 mnths to 30/06/2024
	\$	\$	\$

14 | OTHER PROVISIONS

Quarry aftercare provision

Balance at beginning of the year	85,753	86,619	86,619
Provided for during the year	12,523	(17,286)	(866)
Balance at the end of the year	98,276	69,333	85,753

A provision is recognised for expected quarry reinstatement costs based on past experience of the level of metal extraction.

15 | RECONCILIATION OF NET OPERATING PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

Reported net operating profit after taxation	721,117	1,615,894	1,771,713
Subvention provision	-	-	-

Add back non-cash items

Depreciation	959,762	711,796	1,640,405
Amortisation	5,587	7,006	14,013
(Increase)/decrease in deferred taxation	-	-	1,307,605
Increase/(decrease) in employee benefits	(283,075)	10,040	7,099
Increase/(decrease) in quarry aftercare provision	12,522	(17,287)	(866)
	1,415,913	2,327,450	4,739,969

Add back items classified as investment activities

Net loss on sale of property, plant and equipment	12,100	28,993	34,448
Gain on sale of property, plant and equipment	(19,593)	-	(1,488)
	(7,493)	28,993	32,960

Movements in working capital

(Increase)/decrease in receivables and prepayments	3,733,477	1,330,811	(429,850)
(Increase)/decrease in inventories	352,485	198,542	(350,499)
Increase/(decrease) in trade and other payables and gst	(2,234,749)	(2,057,403)	(1,654,141)
Increase/(decrease) in employee benefits	57,591	(33,795)	149,651
(Increase)/decrease in tax payable/receivable	(784,895)	165,888	593,268
	1,123,909	(395,957)	(1,691,571)
Net cash inflow from operating activities	2,532,328	1,960,485	3,081,358



Site supervisor Lewis Down joined QRS in 2024, following in the footsteps of his sisters but bringing his own solid background in earthworks and civil construction.

At 26, he's already had a diverse career—from working at Frasertown Meats to making McDonald's burger buns in Melbourne, and gaining experience with Fulton Hogan and other Hawke's Bay civil companies.



Papa Phil 30 years strong

'Papa' Phil Tipu is the only employee who has worked at QRS for the company's entire existence.

In December his dedication, loyalty, and proficiency were recognised and rewarded by his appreciative colleagues.

Integral to the business since 1994, Phil, Ngāti Kahungunu, is considered the honorary grandfather of this district's parks and reserves, according to chief executive Jeremy Harker.

"Not only that, he's one of the hardest working staff we've ever had. He never misses a day, and we struggle to get him to take any time off."

Managers who have worked with Phil, now 70, report regularly finding him at work when he's supposed to be on leave.

"Any day at work is a good day for me," responds Phil, who can't understand all the fuss being made about his long service.

"I enjoy coming here, even if it's raining. I know one day I am not going to make it so while I can, I do," says the father of two and grandfather of five.

Phil used to work for Wairoa Borough Council alongside former colleague and friend Nick Murray. The work was hard and varied. On any given day they could be mowing parks and reserves, unclogging blocked sewerage pipes, cleaning the main street, reading water meters, or digging graves.

When QRS was formed in 1994 and took over some of that work, Phil came over and his ground-keeping experience was put to good use.

For the past 30 years it's estimated that Phil and his mower have cut the equivalent of 525,000 rugby fields of grass. He's operated tip trucks, rollers, and tractors, and will still jump into temporary traffic management if he's needed.

"The jobs haven't changed much over time," says Phil. He has outlasted four Kubota ride-on mowers and five chief executives. "But one machine nearly got me," he recalls.

One day in the late 1990s while mowing Wairoa Old Cemetery, he rolled his mower into some trees. He was unhurt but remained trapped underneath the machine. He called out for help while musing somewhat wryly "well, if I go, at least I am in the right place."

A nearby resident who was home for lunch heard him, and rescue efforts got underway. The fire service eventually winched the machine off him and Phil emerged bruised and abashed. He rued never to make that mistake again. "When I go to the landfill these days, I can still see the spot where it happened, and I think...oh sh**"

Another memorable occasion occurred ten years earlier during Cyclone Bola. Phil was one of many locals who watched the Wairoa Bridge buckle and fall into the roiling Wairoa River.

Phil had been working near the bridge earlier that morning. He watched Mother Nature's destruction from the northern side. The 55-year-old bridge bowed alarmingly, leaned over, and collapsed into the downstream side. The first span broke completely and dropped into the river. Other spans and the centre of the bridge followed suit.

It was an extraordinary spectacle as the large, twisted mass of concrete and metal sunk, and then remerged floating down the river with branches and logs surrounding it. It slowly disappeared around Spooner's Point.

"It made a few loud noises when it collapsed and it was freaky," Phil recalls.

QRS's next longest-serving employee, operations manager Anthony O'Sullivan (who also saw the bridge collapse) described Phil as a credit to his family, the business, and the Wairoa community. "Phil is a jack of all trades and there isn't a job here he hasn't done or couldn't do."

Phil is the first one here every morning. "His ethics are second to none and he's reliable," adds Anthony. "When younger staff acknowledge him with a good morning or a hello, they probably don't always realise what a stalwart of the industry he is."

Phil says a perfect day for him is a 5am start, lunch with colleagues, home to watch Shortland

St, and bed. In the weekend he likes nothing more than mowing grass for friends and whānau and catching the All Blacks on television.

When asked if retirement is on the cards Phil looks uncomfortable. "Not yet. I tell Tony [Anthony] every year that as long as I can get out of bed I will be here. I feel good when I get to the QRS gate."



*Cover image:
Bluck's Pit has been under the care of QRS,
the new lease-holder, since late 2024.*

