



Six Month Report

for the period ending
31 December 2021

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Directory

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Fenton Wilson

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Chair's Report

Six month report to 31 December 2021



I am delighted to present this six month update to our sole shareholder Wairoa District Council.

The first six months of the 2021-2022 year began with the appointment of new chief executive Jeremy Harker. Jeremy brings experience in leadership, planning and organisation, and human resource management to the role. His leadership skills were tested early with New Zealand going into lockdown just a month later. The QRS board strongly believes Jeremy is the right person to lead the company as we consolidate our position as a preferred supplier, contractor, and employer in the civil contracting industry.

QRS is in a sound financial position at the end of the first six months of the financial year. The financial summary shows an overall positive result of \$366,930. Reductions in

the budgeted income have been offset by corresponding reductions in expenditure and we expect to be on budget at year end. As per key performance indicators in the Statement of Intent we have maintained a working capital ratio of not less than 2 (actual: 3.07), and equity ratio above 45% (actual: 81.29%).

We continue to operate in very uncertain times. Central Government investment in infrastructure projects following the pandemic has understandably slowed and this is flowing through to the company with less opportunities for tender. However, the situation is not new for QRS, and the team continues to pursue revenue opportunities that align with our strategic plan as they arise.

A highlight of the past six months was QRS's win at the Civil Construction New Zealand (CCNZ) Hawke's Bay East Coast awards. QRS came first in the section for projects between \$1-3 million. The award recognised the quality of a 7.3m high x 14m wide sea wall built into a cliff face on Mahia East Coast Rd. It's remote location, the rough sea below, wind, tides, road closures, and strict environmental conditions were recognised as factors in the challenging build.

Social responsibility is a central operating principle for our business, and we recognise the duty we have to make a positive

contribution to the community we operate in. Not only are we Wairoa's second biggest employer but in the past six months we have made large contributions to two trusted and well-regarded community spaces: Wairoa Community Centre and Wairoa Museum.

This six month report reflects the effort of a hard-working talented team and I am very proud of the QRS whānau and results we have achieved together. Recently they have faced the ambiguity of change and embraced our future direction with absolute commitment.

Thank you to the QRS team, my fellow board members, and to Wairoa District Council and our other stakeholders for the support we receive.



Guy Gaddum

Quality Roding and Services

Board Chair

February 2022

CEO Report

Six month report to 31 December 2021



Tēnā koutou.

I am delighted to be introducing Quality Roding and Services' six month report, my first as chief executive. I would like to thank former chief executive Nigel Pollock for his leadership and contribution these past four years and for ensuring a smooth transition for myself and the company.

Last year, just 15 days after starting in my new role, New Zealand went into a level 4 lockdown after the re-emergence of COVID-19. QRS overcame the challenges and once the country moved to level 3 we returned to onsite work. Staff received onsite inductions, worked in bubbles, wore masks, and used the national and our own paper track and trace recording system. QRS has 100 percent of staff fully vaccinated demonstrating our employees' willingness to help keep the Wairoa community safe.

The pandemic continues to impact QRS. Government Provincial Growth Fund money and post-Covid recovery funding has in the past formed a vital part of QRS revenue. With

those funding streams coming to an end the Government is no longer our biggest customer. Instead QRS continues to capitalise on secure regional work for shareholder Wairoa District Council and local businesses. Our productivity and efficiency gains mean profit levels remain positive but a drop in revenue is expected by year's end.

To offset this, we're working hard to build employee skills and capability so we can take advantage of opportunities as they develop. Of particular interest to QRS is the potential work on State Highway 38. QRS sees this project as critical to the economic development of the Wairoa district and the wellbeing of the community. We're also adjusting to new opportunities through the creation of our traffic management division, and support for iwi, non-Government organisation, and central Government housing initiatives.

While financial performance of the company is key, QRS plays a wider role in the community via the creation of jobs and the support of local spaces, events, and people. In the past six months we've formed a relationship with Wairoa Community Centre and Wairoa Museum in support of their individual kaupapa. The pride and goodwill created from these relationships stretches across both organisations.

We currently employ 96 staff. Health and safety statistics show we're acting and thinking about working safely. Meeting our health and safety performance targets demonstrates what we can achieve when our company has a clear focus. Lost time injury and medical treatment ratios continue to trend better than industry standards. This reflects the professionalism of

our employees and indicates all of us are thinking about what's happening onsite around health and safety, quality, and productivity.

I'm pleased to report we've signed a contract with Stead Construction to build the operations hub. This modern fit-for-purpose 750 square metre hub provides space for all our staff, and room to increase employee numbers. It will unleash our business efficiency and potential and help ensure Wairoa District Council can continue to achieve its goals for growth and development in the region.

Thank you to QRS employees, partners and customers for their contribution and especially for their support to me in my first six months as chief executive. While we're aware we're facing an uncertain economic environment over the next six to 18 months, we have the people and capability to meet the challenges and take advantage of the opportunities available to us.

I look forward to working with you all in 2022 and beyond to deliver on our long-term priorities to Wairoa District Council and the community we serve.



Jeremy Harker

Quality Roding and Services

Chief Executive

February 2022



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

EQUALITY
PRIDE
RESPECT

STRATEGIC PLAN 2021-2024

KEY FOCUS AREAS STRATEGIC OBJECTIVES CRITICAL SUCCESS FACTORS KEY PERFORMANCE INDICATORS

SHAREHOLDER RELATIONSHIP



Assist Wairoa District Council to achieve their strategic goals

Achieve Statement of Corporate Intent targets

- Quarterly governance interaction with Wairoa District Council
- 100 employees
- \$30,000 community support annually
- Minimum annual pre-tax distribution of \$250,000
- Ratio of shareholder funds to total assets of not less than 45%

STAKEHOLDER RELATIONSHIP



Creating opportunities through building new relationships and enhancing existing relationships

Having relationships that add value to all parties

- \$5m revenue cumulative by 2026 from new business relationships
- Stakeholder community survey every two years
- Zero breaches of QRS staff living the protocols of the Collaboration Policy
- \$4m per annum of unsolicited work

PEOPLE & CAPABILITY



- Growing capability
- Embracing change

Great people living our values

- Succession plans reviewed quarterly
- Achievement of performance and development targets
- Staff satisfaction survey results trend positively
- All sub-contractors are pre qualified

FINANCIAL PERFORMANCE & POSITION



Grow financial performance

Achieve Statement of Corporate Intent financial targets

- Annual pre-tax shareholder distribution of \$250,000
- Target revenue \$19m
- Pre-tax target profit \$928,000
- Return on opening shareholder funds (\$9m) of 6% (\$540,000)
- Secure 100% of budget for the following three months

SAFETY & WELLBEING



Safety and wellbeing is embedded in company culture

- Our people drive safety and wellbeing
- Everyone gets home safe and well

- LTIFR (lost time injury frequency rate)=0
- MTIFR (medical treatment injury frequency rate)=0
- TRIFR (total recordable injury frequency rate)=0
- Zero operator damage
- All audits score over 80%
- All incidents reported within 24 hours as per the CCMS
- 100% drug and alcohol free
- Well being survey results trend positively
- Zero unexplained absence
- 100% staff health checks

QUALITY & ENVIRONMENT



QRS earns a good reputation for achieving a high level of quality and environmental performance

QRS meets it's ISO standards

- Zero shareholder or stakeholder complaints via office@qrs.co.nz
- Zero contractual non-compliance or non-conformance notices
- Zero abatement notices
- Retain all existing ISO accreditations
- All environmental audit scores are above 80%
- All PACE scores (performance assessment by coordinated evaluation) to be 60% or higher



This challenging coastal road drop-out repair won QRS a regional construction award. The Civil Construction New Zealand Hawke's Bay East Coast award recognised the quality of the 7.3m high x 14m wide sea wall built into a cliff face on Mahia East Coast Rd. QRS acknowledges the Government and Wairoa District Council for securing the funding and the specialist subcontractors involved in the challenging repair including Rock Control, Duracrete, Lattey Group, McLeods Concreting, and Combined Road and Traffic Services.

Our Shareholder

100%

**owned by Wairoa District Council
employees living in Wairoa district
wages paid into the Wairoa economy
committed to the Wairoa district**

Statement of Corporate Intent Targets 6 month progress

	Dec 2021		Dec 2020		Dec 2019	
	Target	Actual	Target	Actual	Target	Actual
Return on equity (pre-tax)	6.00%	4.60%	6.00%	19.51%	6.00%	5.01%
Equity ratio (shareholders' funds % of total assets)	>45%	81.29%	>45%	65.89%	>45%	57.83%
Positive working capital ratio at year end	2	3.07	2	2.32	>1	1.61
Cost of debt servicing/revenue	<20%	0.00%	<20%	0.00%	<20%	0.00%
Interim distribution to shareholder	\$50k	\$50k	\$50k	\$100k	\$50k	\$50k



Kōrero from our shareholder

As a shareholder, Council takes pride in QRS as our company, QRS as our people, QRS as our brand, and QRS as our enabler.

Our company is governed by an astute Board of Directors who ensure the shareholders can be confident the company is in skilled hands. QRS commits itself to its employees by leading the way in building a stronger Wairoa community.

A foundation is the constant upskilling and provision of new opportunities to its workforce. The impact of this dedication to training and development is far wider reaching than the QRS worksite and for a small rural community like Wairoa, a shared skill and knowledge base is gold.

The QRS brand can be seen as three red letters, but if we dive deeply within, we can see a skilled workforce, a safer Wairoa, a stronger economy, and pride in a locally owned, and operated quality trademark leading the civil industry in our rohe.

Our community relies on interwoven support systems where it is common for many contributors to form a single success. QRS also provides substantial contributions to community facilities for Wairoa whānau. We take pride in the successes of QRS, and we also extend a thank you. Thank you for taking care of our people, for uplifting our community, and for your leadership.

Councillor Melissa Kaimoana

QRS Representative for Wairoa District Council

Supporting our Community

\$98,453
spent on sponsorship

\$600 Hawke's Bay Rescue Helicopter \$500 Kaylah Reynolds
\$1,000 Wairoa Rotary Club
\$2,311 Wairoa Ross Shield \$533 Wairoa Athletic
\$1,176 Wairoa Community COVID Lockdown Support
\$1,000 Wairoa Wakely Shield
\$444 Life Education Trust \$300 Caring Families
\$9,000 Wairoa College Scholarships
\$40,000 Wairoa Museum
\$600 Wairoa Pony Club
\$40,000 Wairoa Community Centre
\$200 Wairoa Country Collie Club \$508 Frasertown School
\$260 Wairoa Tennis Club



Christmas boost for Wairoa Community Centre

The Wairoa Community Centre has received a welcome Christmas boost with local civil contractor firm Quality Roading and Services (QRS) gifting \$40,000 to help with operational costs.

QRS chief executive Jeremy Harker said 2021 had been difficult for community facilities in Wairoa due to loss of revenue from the COVID-19 lockdown closures as well as rising operational costs.

“It’s certainly been a challenging year for many in our community including public facility providers. As keen users of the community centre’s amenities such as the fitness centre, swimming pools and indoor courts, we wanted to make sure these vital facilities remain operational.

Sport Hawke’s Bay operates the centre on behalf of the Wairoa District Council and facility manager Sara Bird said the financial windfall makes a huge difference after two challenging years.

“We’re very grateful to QRS for this incredibly generous donation. They are part of our community and that makes it very special – they live, work and play here and make a positive impact throughout the Wairoa district.”



QRS donation acknowledges mahi of museum supporters

Christmas has come early to Wairoa Museum after local company Quality Roding and Services announced a \$40,000 donation to the museum this week.

Museum manager Angela Smith says the funding boost celebrates and acknowledges the years of commitment and mahi by hundreds of volunteers and friends of the museum.

“We’re enormously grateful to the QRS whānau for the donation. A lot of people have sacrificed much time and effort so our community can have this significant educational and state-of-the-art venue,” she says.

QRS chief executive Jeremy Harker says QRS staff and board members hope the donation will help the museum’s journey to inspire curiosity and lifelong learning.

“The Wairoa Museum is an important part of the district’s fabric. It provides a sense of community and place by celebrating a collective heritage, and it offers a great way for locals and visitors to get to know the history of our district.”



QRS emergency staff lending a hand around Wairoa during lockdown

Quality Roding and Services emergency response staff have been quick to lend a hand around Wairoa as the town reacts to the country's snap Alert Level 4 lockdown.

From traffic control to diesel deliveries, from tree removals to road cone drops, QRS staff are helping the people of Wairoa in any way possible, says chief executive Jeremy Harker.

"We're a tight knit community and we have a close relationship with other businesses and organisations. There's always a culture here of wanting to reach out and lend a hand and so that's what we're doing any way we can."

QRS staffers Pete Wairau, Jo Ogilvy and Khalos Brown have been helping with traffic control at the Wairoa Hospital vaccination centre. Mr Wairau says it's been busy with hundreds of vaccines given but people have been appreciative of the direction and instructions given by QRS staff. "It's great to be able to help out this way."

On Tuesday, just a couple of hours after the lockdown announcement, QRS dropped around 50 road cones to New World Wairoa as the supermarket prepared to operate under Level 4 conditions. And at the same time, two QRS roading crews worked quickly to open Ruapapa Rd and Cricklewood Rd up to traffic. Earlier that day both rural roads had been blocked by fallen trees.

Mr Harker says throughout the last lockdown, and this one, QRS has prepared and adapted itself to each situation. "We want to be supportive and helpful to the people of Wairoa."

Upskilling our Team

7,479
hours spent on training

15
apprenticeships

Certificates

Comprehensive first aid 39 people Construct Safe 18
Chainsaw use and handling 5 Locates 9 Bitumen safety 4
Bitumen sprayer operator 2 Bitumen tanker and plant operator 2

Courses

Logbook and load security 28 Understanding conditions of contract 3

Qualifications

Height safety and fall arrest 3

Diplomas

Engineering (Civil) Structures Level 6 1

Assessments

Competent to operate 5



\$133,848

spent

Waka Kotahi NZTA qualifications

Traffic management operative (non-practicing) 5

Site traffic management supervisor refresher 3

Temporary traffic management mentor 2
Temporary traffic management worker 16

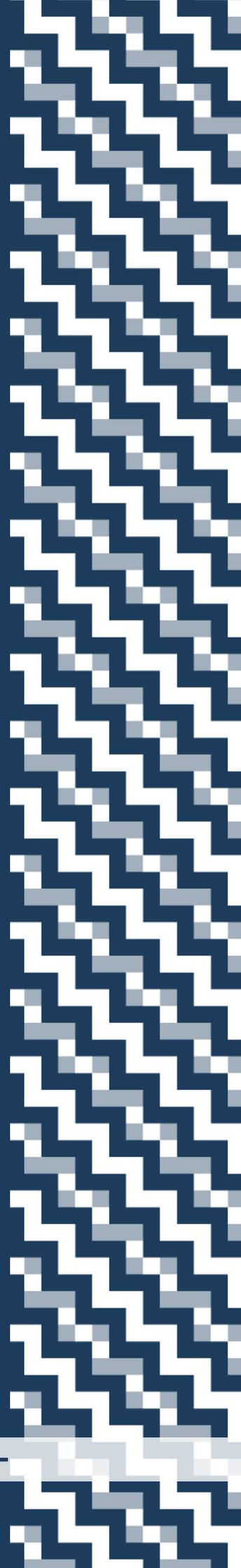
Endorsements

Dangerous goods 5
Wheels, tracks and rollers 4

Licenses

Class 1 learners 1
Class 1 restricted 2
Class 1 full 2

Class 2 learners 2
Class 2 full 12





A little bit of effort goes a long way

“He’s a bona fide tradesman and there’s so much value in that,”

says Alex’s proud manager Rob Mayhead.

At 23 Alex Little has become the youngest qualified diesel mechanic in Quality Roding and Services’s workshop.

Alex, who is second youngest in the workshop, brings the number of QRS fully qualified diesel mechanics to four.

The workshop is the nerve centre of QRS and is always busy. Staff fix anything from chainsaws and weed trimmers to 25-tonne excavators, front-end loaders, and class 4 and 5 truck and trailer units.

Rob says he’s watched Alex grow from a young inexperienced student of machines into a respected mentor. “Once he got close to completing his trade he started to better understand its value. More challenging work. More respect. More pay. One thing I’ve noticed these past 12 months is his desire to help out and impart knowledge to others.”

To say that Wiremu 'Kopu' Tipoki has driven a few miles would be a bit of an understatement! Kopu, who is Ngāti Kahungunu, Ngāti Rongomaiwahine, and Rongowhakaata, drives the six-wheeler trucks used to cart fill and spoil to and from worksites. He also transports heavy plant to various locations and on any given day Kopu can easily clock up 200km!



Our People

96
employees

88
full time
employees

8
casual
employees





Former kiwi conservationist now carrying on family tradition

Keanu Lackner, Ngai Tūhoe, had been on the job only a few months when he was shoulder-tapped to do the Wairoa Young Achievers Trust leadership course.

“QRS offered me the chance to do the course so I took it, and the trust also helped me get my full drivers licence,” says the 23-year-old labourer.

“Now, when I’m out on a job, what I learnt all comes back to me, especially in the way I communicate with others, so it was really worth doing.”

The former kiwi conservationist started his career with Quality Roding and Services in the routine team. He now has tickets in wheels, tracks and rollers, traffic control, handling of dangerous goods, and bitumen safety and handling.

These days he’s working mainly on stabilising roads. “It can be hard work but knowing you are helping make the roads safe for all our people is really rewarding.”

That Keanu has taken to the work so readily is no surprise – his grandparents worked in the roding industry and were a big inspiration. “I’d always wanted to work around big machinery so I was excited to get the call to come to QRS for an interview,” he says.



Nick Murray, now driving the roads, not building them!

After 33 years with Quality Roding and Services, construction crew leader Nick Murray has swapped his company overalls for his renovating overalls!

"I didn't want to just stop being busy. I can't just do nothing," says Nick, Ngati Kahungunu.

"I'm used to getting up at 4am and heading to work a bit later to get the site ready for the team. So, instead I've been doing light work renovating my house."

Nick Murray, also known as 'Murray in a Hurry, Master of Disaster' marked his 33rd year with QRS in October, having started with Wairoa District Council after the devastation of 1988's Cyclone Bola.

Since 1994 Nick's traveled hundreds of thousands of kilometres on the region's roads, and as a former project employment programme supervisor brought valuable support skills to the QRS team.

Operations manager Anthony O'Sullivan says Nick is an incredibly hard worker with astonishing historical knowledge, and he'll be greatly missed.

Aged 68 at the time he stepped down, Nick plans to use his time wisely, finishing renovating his house and hopping into his motorhome for extended trips around the country. "The campervan is a pretty flash one -- it's got everything you could ever need -- so I will be able to travel in style."



From zero to hero: Arnold Smith

Arnold Smith went from unmotivated labourer to confident QRS operator and project supervisor in ten years.

He credits QRS's training and supportive senior staff with his progress. "It's a good company; you can develop to be whoever you want."

In 2011 Arnold had no plans past year 12. "I was straight out of school and never had a job in my life."

QRS employed him as a labourer and his first year was spent turning a stop-go sign. "I hated it, hated work."

Job satisfaction grew as he accrued machine operator licenses and then spent a year drain laying and working toward an apprenticeship.

He acknowledges past staff for sharing their industry intelligence particularly Sandy Gibson, Phil Farr and Nick Murray. "Those men turned my life around, changed my outlook and work ethic. I've changed from being a lazy person to someone who enjoys working here."

Under Nick's guidance Arnold learned how to be a site supervisor and earned a level 4 management paper. He and his team completed dozens of retaining, rock, gabion, and Terramesh walls, and the award-winning Rangatahi Drop-out wall. "It's a real challenge and satisfying to troubleshoot problems."

Working towards his Civil Trades Apprenticeship and promoted to project supervisor, Arnold epitomizes everything QRS does for industry newcomers.



On the up and up: Aperahama Moses

Aperahama Moses, Tūhoe, was promoted to site supervisor because he's motivated and a good listener, says People and Capability Manager Peter Wairau.

"Aperahama has a good work ethic. Show him something once and he can do it. I see a bright future for him."

Six years ago, Aperahama joined QRS with no civil construction work experience. He dug potholes on day one and worked in traffic control for the next two years. "I had to start somewhere," he says.

Aperahama was always interested in the bigger picture. He watched, listened, and took opportunities. "If I wanted to drive trucks I couldn't stay in the hole with a spade!" He's grateful to retired QRS staffer Nick Murray. "He was my *ranga*, my way to rise up. He noticed I was interested and took me under his wing."

Over the next two years QRS helped Aperahama earn multiple machine operator licenses. This year he'll sit his Class 5 license for operating truck and trailer combinations.

He became a site supervisor in 2021. "Being site supervisor makes a big difference to my normal day. You're amongst it, thinking about what's happening next - so different to when I first joined the company."



Jordan Karangaroa **02 July 1948-17 November 2021**

This year we lost a co-worker, friend, and good mate. A great truck driver with many years of service and dedication to the QRS team. You always had a smile and a “good morning” for everyone, no matter the weather or the job at hand. If we asked you to start early, you would ask to start earlier. No matter how much planning we did, you would always tell us how you were going to do the job. Your skill and experience is missed. Our unofficial wash bay owner/occupier! Moe mai rā Jordy.

Health and Wellbeing

100%
double vaccinated staff

80%
boosted staff

Drug and alcohol tests
63 tests 92% pass rate

Competency tests
23 tests 100% pass rate

Number of incident reports
105 incident reports 91% received on time 0 lost time injury
13 near miss reports

Wellbeing
41 biggest loser participants 94.9kgs total weight loss

Audits
29 Traffic management plan checklist 31 Environmental checklist
11 Worksite quality reviews 34 Health and safety compliance checklist
100% pass rate



Biggest Loser wellness initiative

Congratulations to Arnold Smith and Moana Foster – the biggest losers in last year’s QRS Biggest Loser Challenge!

The six-week challenge was between individuals and QRS’s three divisions: routine, capital, and corporate. It was organised by training and competency officer Jacob Paku and financial controller Siobhan Storey.

It encouraged physical activity and healthy eating among employees with each participant receiving nutritional guidelines and a Wairoa Community Centre gym and pool membership.

Project supervisor Arnold Smith lost 10.5kg making him the biggest male loser. Moana Foster took out the female competition losing 4.8kg. Routine division lost the largest percentage of weight.

Arnold signed up as he wanted to “look and feel better”. Swapping red meat for white, and making wraps his main meal, helped him lose the weight.

Jacob says the challenge had good buy-in because there was group motivation mixed with competitive pride (and a few prizes!). In total 41 took part and 94.9kg was shed.

As well as health care savings for the company, the Biggest Loser fostered camaraderie and encouraged fitness and healthy eating. “Everyone is already talking about the next one!” says Jacob.

Our Achievements

Winner

**Civil Construction New Zealand Hawke's Bay
East Coast Branch 2021 Construction Awards.**

Category 3 \$1,000,000 - \$3,000,000



QRS wins construction award for Rangatahi Drop-out repair in Mahia

A challenging coastal road drop-out repair has won Quality Roading and Services (QRS) a regional construction award.

The Civil Construction New Zealand (CCNZ) Hawke's Bay East Coast award recognises the quality of a 7.3m high x 14m wide sea wall built into a cliff face on Mahia East Coast Rd.

QRS chief executive Jeremy Harker says everything about the build was challenging including its remote location, the rough sea below, the wind and tide, road closures, and strict environmental conditions. "This award is an honour, and I'm thrilled the whole construction team has been acknowledged for delivering a sophisticated coastal road solution."

Rangatahi Drop-out on Mahia East Coast Rd occurred after years of coastal erosion undermined a wooden crib wall that was helping to hold the road 35m up above the Pacific Ocean. In May 2020 Wairoa District Council secured \$1.2 million in funding from the Government's post-COVID Shovel-Ready fund to fix the drop-out.

The judges said QRS won the construction award because 'they adapted to a range of issues and took everything within their stride. They got the job done to a high standard whilst maintaining a no-injuries tally. It was an impressive build with very little to work with.'

Non-price Attributes

ISO accreditations

QRS is a preferred supplier. We have ISO (International Organisation for Standardisation) certification in occupational health and safety management, quality, and environmental management. Those three ISO certifications ensure our products, services, and management systems meet international standards and the high expectations of who we work for and with.

QRS has:

ISO 14001: 2015 for environmental management

ISO 45001: 2018 for occupational health and safety management

ISO 9001: 2015 certified for quality management systems

Pre-qualifications

QRS has the relevant Waka Kotahi NZTA and North Island worksite pre-qualifications ensuring we're an appropriately skilled and experienced company to work with. The pre-qualifications demonstrate we have the experience, technical capability, available resources and management systems necessary to undertake your work or work with you.

Waka Kotahi NZTA 1A (routine and minor works), 2B (surfacing), 3A (bridge construction) and 4A (construction)

SiteWise Gold 100% demonstrating quality health and safety systems (Hawke's Bay)

SHE Pre-Qual (Tairāwhiti Gisborne and Bay of Plenty)

+IMPAC PREQUAL (5 star rating)



Standards of excellence: Paul Eaglesome

Health and safety manager Paul Eaglesome reckons he has the best job in the world.

"My job is to make sure everyone gets home safely at the end of the day, and you can't get better than that."

Safety is in Paul's dna. He was a prison and immigration officer before shifting to health and safety. QRS was lucky to recruit him in 2016.

People and Capability Manager Peter Wairau says Paul brings a rare combination of meticulous record-keeping and people-focussed education to the role. Recently Paul has overseen the company's growing collection of must-have industry international and national pre-qualifications.

"Paul has a way of working with staff, taking them with him on shared goals, but learning from them as well. He loves it."

Paul has overseen QRS earning the three international ISO certifications acknowledged as the penultimate ticks of approval needed by civil infrastructure industry operators.

Paul has also helped QRS earn +IMPAC PREQUAL with a five-star rating allowing the company to tender for Government housing work; and Tōtika prequalification which is a warrant of fitness for civil infrastructure contractors.

Chief executive Jeremy Harker credits Paul's leadership and hard work for the company's pre-qualifications. "Paul brings a vast knowledge of regulations and legislation to the job and combines it with an inclusive way of working to ensure everyone understands their importance."

Financial Statements

\$8.5m (\$13.3m last year)
Revenue in the six months to December 2021

In the six months to December 2021

\$416k pre-tax profit (\$1.6m last year)

\$3.6m paid to locals (\$3.1m last year)

\$98k community sponsorship (\$13k last year)

\$50k interim distribution to shareholder (\$100k last year)

\$133k training spend (\$145k last year)

Statement of Comprehensive Income

for the six months ended 31 December 2021

	Notes	6 mths to 31/12/2021 \$	6 mths to 31/12/2020 \$	12 mths to 30/06/2021 \$
Revenue		8,542,982	13,288,854	23,727,549
Cost of sales		3,491,670	7,277,579	12,779,235
Gross profit		5,051,312	6,011,275	10,948,314
Personnel expenses	2	3,670,112	3,273,202	6,487,060
Depreciation expense	3, 13	486,869	582,675	1,148,817
Administrative expenses		383,244	517,030	1,706,281
Other operating expenses	1	93,611	(81,993)	(61,993)
		4,633,837	4,290,914	9,280,165
Operating profit before financing costs		417,475	1,720,361	1,668,149
Financing income		864	477	1,034
Financing expenses		(1,409)	(26,027)	(53,456)
Net financing costs		(545)	(25,549)	(52,422)
Profit before subvention payment and income tax		416,930	1,694,812	1,615,727
Subvention payment - Wairoa District Council		(50,000)	(100,000)	(286,904)
Profit/(loss) before tax		366,930	1,594,812	1,328,822
Income tax expense	9	(102,740)	(446,547)	(379,770)
Profit/(loss) for the period		264,189	1,148,265	949,053
Other comprehensive income		-	-	-
Total comprehensive income/ (loss) for the period		264,189	1,148,265	949,053

Statement of Changes in Equity

for the six months ended 31 December 2021

	Notes	6 mnths to 31/12/2021 \$	6 mnths to 31/12/2020 \$	12 mnths to 30/06/2021 \$
EQUITY AT BEGINNING OF THE YEAR		7,991,404	7,042,351	7,042,351
Profit for the period		264,189	1,148,265	949,053
Total recognised revenues and expenses for the period	2	264,189	1,148,265	949,053
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	-	-
Transactions with owners in their capacity as owners:		-	-	-
Dividends paid	10	(333,096)	-	-
EQUITY AT THE END OF THE PERIOD		7,922,497	8,190,616	7,991,404

Statement of Financial Position

for the six months ended 31 December 2021

	Notes	6 mnths to 31/12/2021 \$	6 mnths to 31/12/2020 \$	12 mnths to 30/06/2021 \$
ASSETS:				
Current assets				
Bank		659,692	3,055,710	1,706,947
Trade and other receivables	5	2,699,569	3,441,274	3,571,344
Inventories	4	760,688	816,315	895,536
Contract assets		341,051	598,894	233,069
Total current assets		4,461,000	7,912,193	6,406,896
Non current assets				
Deferred tax		719,256	583,529	719,255
Intangible assets	12	70,700	88,945	78,729
Property, plant and equipment	13	5,333,725	5,142,332	5,061,899
Right of use assets	3	6,408	35,944	12,433
Total non current assets		6,130,089	5,850,749	5,872,316
TOTAL ASSETS		10,591,090	13,762,942	12,279,212
EQUITY:				
Share capital	10	1,250,000	1,250,000	1,250,000
Retained earnings	10	6,672,497	6,940,616	6,741,404
TOTAL EQUITY		7,922,497	8,190,616	7,991,404
LIABILITIES:				
Current liabilities				
Gst payable		117,100	160,364	171,411
Trade and other payables	6	725,699	2,909,422	1,801,982
Employee benefits	8	777,209	562,857	641,038

	Notes	6 mths to 31/12/2021 \$	6 mths to 31/12/2020 \$	12 mths to 30/06/2021 \$
Interest-bearing loans and borrowings	7	156,091	324,973	81,623
Lease liability	3	3,854	33,424	8,199
Taxation payable		17,340	247,586	86,205
Contract liabilities		362,030	277,000	811,504
Wairoa District Council - subvention payment		50,000	100,000	186,904
Total current liabilities		2,209,323	4,615,626	3,788,866
Non current liabilities				
Employee benefits	8	55,242	49,582	53,757
Quarry aftercare provision	14	170,273	182,238	167,896
Interest-bearing loans and borrowings	7	230,704	720,936	272,284
Lease liability		3,050	3,944	5,005
Total non current liabilities		459,269	956,701	498,942
TOTAL LIABILITIES		2,668,592	5,572,327	4,287,808
TOTAL EQUITY AND LIABILITIES		10,591,090	13,762,942	12,279,212

For and on behalf of the Board, who authorised the issue of these financial statements on 15 February 2021



Director



Director

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

Statement of Cash Flow

for the six months ended 31 December 2021

	Notes	6 mnts to 31/12/2021 \$	6 mnts to 31/12/2020 \$	12 mnts to 30/06/2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from customers		9,306,775	13,548,019	24,222,472
Financing income		864	477	1,034
		9,307,639	13,548,496	24,223,506
Cash was disbursed to:				
Payments to suppliers		5,317,261	8,735,926	16,136,021
Payments to employees		3,636,039	3,102,617	6,300,349
Payment of subvention		186,904	200,000	300,000
Taxes paid		171,603	335,130	565,460
Financing expense		1,409	26,027	53,456
		9,313,216	12,399,700	23,355,286
Net cash inflow/(outflow) from operating activities	15	(5,577)	1,148,797	868,220
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		110,973	336,843	646,906
		110,973	336,843	646,906
Cash was applied to:				
Purchase of property, plant and equipment		846,144	866,294	1,563,156
		846,144	866,294	1,563,156
Net cash inflow/(outflow) from investing activities		(735,171)	(529,451)	(916,250)

	Notes	6 mnths to 31/12/2021 \$	6 mnths to 31/12/2020 \$	12 mnths to 30/06/2021 \$
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Loans and borrowings		94,742	426,044	489,951
		94,742	426,044	489,951
Cash was applied to:				
Payment of dividends		333,096	-	-
Loans and borrowings		61,854	241,792	997,701
Lease payments		6,299	58,016	47,402
		401,249	299,808	1,045,103
Net cash inflow/(outflow) from financing activities		(306,507)	126,236	(555,152)
Net increase/(decrease) in cash held		(1,047,255)	745,582	(603,182)
Add opening cash and cash equivalents		1,706,947	2,310,128	2,310,128
Closing cash and cash equivalents		659,692	3,055,710	1,706,947
Cash balances in the Statement of Financial position				
Cash/(overdraft)		659,692	3,055,710	1,706,947
CLOSING CASH AND CASH EQUIVALENTS		659,692	3,055,710	1,706,947

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

Statement of Accounting Policies

for the six months ended 31 December 2021

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, 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 first-in, first-out basis, 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% 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 taking into account 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 their 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 2020

	6 mths to 31/12/2021	6 mths to 31/12/2020	12 mths to 30/06/2021
	\$	\$	\$
1 OTHER OPERATING EXPENSES			
Auditors remuneration including disbursements	36,596	45,800	84,650
Directors fees	60,284	69,823	139,646
Impairment of trade receivables (bad and doubtful debts)	4,468	4,990	4,990
Loss on disposal of property plant and equipment	43,139	8,077	134,176
Gain on disposal of property plant and equipment	(60,637)	(229,630)	(464,861)
Amortisation of intangibles	8,029	10,215	20,431
Lease payments - rental costs	1,732	8,732	18,975
	93,611	(81,993)	(61,993)
2 PERSONNEL EXPENSES			
Wages and salaries	3,636,039	3,102,617	6,300,439
COVID-19 wage subsidy	(103,561)	(21,641)	(13,700)
Ministry of Social Development Apprenticeship Boost Funding	(100,533)	-	(179,036)
Liability for long-service leave	2,207	12,572	22,461
Liability for sick leave	131,835	89,281	180,135
Liability for gratuities	3,104	-	(1,062)
Contribution to defined contribution plans	101,021	90,372	177,822
	3,670,112	3,273,202	6,487,060

In August 2021, the New Zealand Government enforced a lockdown in response to COVID-19. Non-essential businesses were required to cease operations until the lockdown was lifted. To ensure job security and business viability, the New Zealand Government through the Ministry of Social Development provided wage subsidies for a two-week period for businesses who could demonstrate a 30% decline in revenue due to the pandemic. The wage subsidy was recognised within the Company's labour expenses as an offset to underlying labour cost.

MSD Apprenticeship Boost Funding is a payment to enable employers to keep and take on new apprentices so they can work towards their qualifications as the economy recovers from the impact of COVID-19. The payment is available for 24 months and is paid at \$1,000 per month for each first year apprentice and \$500 per month for each second year apprentice. QRS applies for the payment monthly based on the number of apprentices we have at the time.

	6 mnths to 31/12/2021			6 mnths to 31/12/2020			12 mnths to 30/06/2021		
	\$			\$			\$		
	Right-of Use	Right-of Use	Total	Right-of Use	Right-of Use	Total	Right-of Use	Right-of Use	Total
	Office Equip	Vehicles		Office Equip	Vehicles		Office Equip	Vehicles	

3 | RIGHT OF USE ASSETS

Cost

Opening balance	19,240	154,455	173,694	15,991	191,434	207,425	15,991	191,434	207,425
Increases	-	-	-	-	-	-	4,152	5,063	9,214
Decreases	-	-	-	-	-	-	(903)	(42,042)	(42,945)
Ending balance	19,240	154,455	173,694	15,991	191,434	207,425	19,240	154,455	173,694

Depreciation

Opening balance	11,002	150,259	161,261	7,342	107,558	114,900	7,342	107,558	114,900
Depreciation for the year	1,830	4,195	6,025	2,802	53,779	56,581	3,660	42,701	46,361
Ending balance	12,832	154,454	167,286	10,144	161,337	171,481	11,002	150,259	161,261

Carrying amounts	14,661	158,649	173,310						
Opening	8,237	4,196	12,433	8,649	83,876	92,525	8,649	83,876	92,525
At end of period	6,408	-	6,408	5,847	30,097	35,944	8,237	4,196	12,433

LEASE LIABILITY

Balance at 1 July	13,204		95,384		95,384
Lease payments	(6,610)		(59,968)		(49,364)
Interest applied to leases	310		1,953		1,962
Lease modification	-		-		(34,778)
Balance at 30 June	6,904		37,368		13,204

	6 mnths to 31/12/2021 \$	6 mnths to 31/12/2020 \$	12 mnths to 30/06/2021 \$
Made up of:			
Current	3,854	33,424	8,199
Non-current	3,050	3,944	5,005
	6,904	37,368	13,204

4 | INVENTORIES

Metal stocks	668,833	652,526	818,235
Other supplies	90,517	132,361	77,301
Work in progress	1,339	31,428	-
<i>Some inventories are subject to retention of title clauses. Work in progress is held at cost</i>	760,688	816,315	895,536

5 | TRADE AND OTHER RECEIVABLES

Trade debtors	1,017,950	736,221	943,157
Wairoa District Council	1,090,698	1,788,420	2,148,859
Provision for doubtful debts	-	(4,990)	(4,990)
Retentions	461,922	816,797	455,300
Prepayments	128,999	104,826	29,018
	2,699,569	3,441,274	3,571,344

6 | TRADE AND OTHER PAYABLES

Trade creditors	545,132	2,288,696	1,082,487
Other	180,567	620,726	719,495
	725,699	2,909,422	1,801,982

7 | EMPLOYEE BENEFITS

Long-service leave	55,242	46,182	54,818
Annual leave	390,351	302,636	368,106
Sick leave	50,606	29,742	22,890
Gratuities	22,595	51,077	50,015
Time in lieu	76,344	71,825	138,527
Accrued pay	237,313	110,977	60,439
	832,451	612,439	694,795

	6 mnths to 31/12/2021 \$	6 mnths to 31/12/2020 \$	12 mnths to 30/06/2021 \$
Made up of:			
Current	777,209	562,857	641,038
Non-current	55,242	49,582	53,757
	832,451	612,439	694,795

8 | INTEREST BEARING LOANS AND BORROWINGS

UDC term loan	-	703,333	-
Less current portion	-	(254,873)	-
	-	448,459	-
Interest rate		5.05%	
CAT finance	313,349	342,577	353,907
Less current portion	(82,644)	(70,099)	(81,623)
	230,704	272,477	272,284
Interest rate	2.49%	2.49%	2.49%
Westpac FlexiQuip	73,446	-	-
Less current portion	(73,446)	-	-
	-		
	6.10%		
Made up of:			
Current	156,091	324,973	81,623
Non-current	230,704	720,936	272,284
	386,795	1,045,909	353,907

9 | TAXATION

Profit/(deficit) before taxation	366,930	1,594,812	1,328,823
Prima facie taxation 28%	102,740	446,547	372,070
Plus taxation effect of permanent differences:			
- Non-deductible expenses	-	-	7,700
	102,740	446,547	379,770
Income tax expense at effective tax rate of 28%			

	6 mnths to 31/12/2021 \$	6 mnths to 31/12/2020 \$	12 mnths to 30/06/2021 \$
Major components of taxation expense are:			
Current taxation	-	-	515,792
Deferred taxation			
Origination and reversal of temporary differences	-	-	(136,022)
Recognised tax losses	-	-	-
	-	-	379,770
Imputation credit account			

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	6,741,404	5,792,351	5,792,351
Net operating surplus/deficit	264,189	1,148,265	949,053
Final dividend	(333,096)	-	-
Interim dividend	-	-	-
Retained earnings at 31 December	6,672,497	6,940,616	6,741,404

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 (2020: \$500,000). The current interest rate is 6.10% (2020: 5.65%).

12 | INTANGIBLE ASSETS

Software

Balance at 1 July	293,391	293,391	293,391
Additions	-	-	-
Disposals	-	-	-
Balance at 31 December	293,391	293,391	293,391

	6 mnths to 31/12/2021 \$	6 mnths to 31/12/2020 \$	12 mnths to 30/06/2021 \$
Amortisation and impairment losses			
Balance at 1 July	214,662	194,231	194,231
Amortisation for the year	8,029	10,215	20,431
Balance at 31 December	222,691	204,446	214,662
Carrying amounts			
At 1 July	78,729	99,160	99,160
At 31 December	70,700	88,945	78,729

	Land	Quarries	Buildings	Plant & Machinery	Fixtures, fittings & equipment	Computer Hardware	Total
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13 | PROPERTY, PLANT AND EQUIPMENT

6 months to 31/12/21

Cost

Balance at 1 July	29,433	494,288	912,512	13,599,387	229,186	209,456	15,474,262
Additions	-	-	547,345	286,130	12,670	-	846,144
Disposals	-	-	-	(459,540)	-	-	(459,540)
Balance at 31 December	29,433	494,288	1,459,857	13,425,977	241,856	209,456	15,860,866

Depreciation and impairment losses

Balance at 1 July	-	492,957	467,060	9,157,361	126,100	168,886	10,412,364
Depreciation for the year	-	202	16,674	444,067	11,448	8,453	480,844
Disposals	-	-	-	(366,067)	-	-	(366,067)
Balance at 31 December	-	493,159	483,734	9,235,361	137,548	177,339	10,527,141

Carrying amounts

At 1 July	29,433	1,331	445,452	4,442,026	103,086	40,570	5,061,899
At 31 December	29,433	1,129	976,122	4,190,615	104,308	32,117	5,333,725

6 months to 31/12/20

Cost

Balance at 1 July	29,433	494,288	733,204	14,036,449	682,961	204,623	16,180,958
Additions	-	-	-	851,471	9,990	4,833	866,294
Disposals	-	-	-	(1,072,798)	-	-	(1,072,798)
Balance at 31 December	29,433	494,288	733,204	13,815,122	692,951	209,456	15,974,453

Depreciation and impairment losses

Balance at 1 July	-	492,553	430,397	9,806,986	396,169	137,433	11,263,537
Depreciation for the year	-	202	18,298	463,365	29,111	15,118	526,094

	Land	Quarries	Buildings	Plant & Machinery	Fixtures, fittings & equipment	Computer Hardware	Total
Disposals	-	-	-	(957,509)	-	-	(957,509)
Balance at 31 December	-	492,755	448,695	9,312,842	425,280	152,551	10,832,122

Carrying amounts

At 1 July	29,433	1,735	302,807	4,229,463	286,792	67,190	4,917,421
At 31 December	29,433	1,735	302,807	4,229,463	286,792	67,190	4,917,421

12 months to 30/06/21

Cost

Balance at 1 July	29,433	494,288	733,204	14,036,449	682,961	204,623	16,180,958
Additions	-	-	179,308	1,364,601	14,413	4,833	1,563,155
Disposals	-	-	-	(1,801,663)	(468,188)	-	(2,269,851)
Balance at 30 June	29,433	494,288	912,512	13,599,387	229,186	209,456	15,474,263

Depreciation and impairment losses

Balance at 1 July	-	492,553	430,397	9,806,986	396,169	137,433	11,263,537
Depreciation for the year	-	404	36,663	980,495	53,440	31,453	1,102,456
Disposals	-	-	-	(1,630,120)	(323,509)	-	(1,953,629)
Balance at 30 June	-	492,957	467,060	9,157,361	126,100	168,886	10,412,364

Carrying amounts

At 1 July	29,433	1,735	302,807	4,229,463	286,792	67,190	4,917,420
At 30 June	29,433	1,331	445,452	4,442,026	103,086	40,570	5,061,899

	6 mnths to 31/12/2021	6 mnths to 31/12/2020	12 mnths to 30/06/2021
	\$	\$	\$

14 | OTHER PROVISIONS

QUARRY AFTERCARE PROVISION

Balance at beginning of the year	167,896	180,105	180,105
Provided for during the year	2,377	2,133	3,453
Expenditure during the year	-	-	(15,662)
Balance at the end of the year	170,273	182,238	167,896

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	264,189	1,148,265	949,053
Subvention provision	50,000	100,000	286,904

Add back non-cash items:

Depreciation	486,870	582,675	1,148,817
Amortisation	8,028	10,215	20,431
Loss relating to lease modifications	-	-	(1,049)
(Increase)/decrease in deferred taxation	-	-	(135,726)
Increase/(decrease) in employee benefits	1,485	14,563	18,738
Increase/(decrease) in quarry aftercare provision	2,377	2,133	(12,210)
	812,949	1,857,851	2,274,958

Add back items classified as investment activities:

Net loss on sale of property, plant and equipment	43,139	8,077	134,176
Gain on sale of property, plant and equipment	(60,637)	(229,630)	(464,861)
	(17,498)	(221,553)	(330,685)

Movements in Working Capital:

(Increase)/decrease in receivables & prepayments	763,793	259,165	494,922
(Increase)/decrease in inventories	134,848	(211,601)	(290,822)
Increase/(decrease) in trade and other payables and Gst	(1,766,976)	(521,675)	(1,183,563)
Increase/(decrease) in employee benefits	136,171	(124,806)	(46,626)
(Increase)/decrease in tax payable/receivable	(68,863)	111,417	(49,964)
	(801,027)	(487,500)	(1,076,053)

Net cash (outflow)/inflow from operating activities	(5,577)	1,148,797	868,220
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The new class 2 Patangata Bridge crosses Rahui Channel 14km east of Wairoa at Whakakī. The bridge, which was backed by the Provincial Growth Fund, is essential for people to safely access land and urupā (burial grounds) across the channel. Lattey Group prefabricated the deck and handrails offsite, and the abutments and pier onsite. An 80-tonne heavy lift crane was used for assembly while QRS completed the roading approaches and erosion control.

