

JOINT VENTURE FORESTRY

**MCKAY (1259 OKAU ROAD) FORESTRY JOINT VENTURE
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2025**

MCKAY (1259 OKAU ROAD) FORESTRY JOINT VENTURE

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**MCKAY (1259 OKAU ROAD) FORESTRY JOINT VENTURE
 INTERIM STATEMENT OF SERVICE PERFORMANCE
 FOR THE PERIOD ENDED 31 DECEMBER 2025**

PERFORMANCE TARGETS

1. Financial performance

	31 December 2025 \$000	FOR SIX MONTHS		
		SOI Forecast 2025/26 \$000	SOI Forecast 2026/27 \$000	SOI Forecast 2027/28 \$000
Net operating (deficit)/surplus	(4)	697	-	-
Council funding support	9	14	-	-
Net equity	1,325	2,253	-	-

2. Silviculture and harvesting

The performance of the joint venture is measured by ensuring that the trees are managed in accordance with accepted silvicultural practice. The Agreement sets out the following regime:

- (a) planting at 833 stems per hectare;
- (b) plantation thinned to waste to 360 stems per hectare at age 7 years; and
- (c) pruning of 360 stems per hectare to 6.5 metres at age 7 years.

Harvesting is now due to begin during October 2026 and be completed by 30 June 2027. This timing is later than originally forecast in the 2025/26 Statement of Intent, which expected harvesting to begin in October 2025 and be completed by 30 June 2026.

Harvesting has been deferred due to a decline in log prices during 2021/22, which are now increasing again. It was considered prudent to wait to harvest the forest to maximise proceeds from the sale of harvested logs. The joint venture will discontinue at the completion of harvesting.

**MCKAY (1259 OKAU ROAD) FORESTRY JOINT VENTURE
INTERIM STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES
FOR THE SIX MONTHS ENDED 31 DECEMBER 2025**

	Unaudited 2025 \$	Budget 2025/26 \$	Unaudited 2024 \$
Income			
Income from harvesting	-	3,787,613	-
Total income	-	-	-
Expenditure			
Audit fee	-	-	-
Administration and general expenses	1,762	1,100	1,838
Operations and maintenance	2,150	1,383	1,640
Harvesting expenses	-	2,560,012	-
Movement in forestry asset due to harvesting	-	874,320	-
Total expenditure	(3,912)	(3,436,815)	(3,478)
(Deficit)/Surplus before tax	(3,912)	350,798	(3,478)
Income tax expense	-	-	-
(Deficit)/Surplus after tax	(3,912)	350,798	(3,478)
(Deficit)/Surplus attributable to:			
New Plymouth District Council	(3,912)	197,121	(3,478)
McKay	-	153,677	-
Other comprehensive revenue and expense	-	-	-
Total comprehensive revenue and expense	(3,912)	350,798	(3,478)
Total comprehensive revenue and expense attributable to:			
New Plymouth District Council	(3,912)	197,121	(3,478)
McKay	-	153,677	-

The accompanying notes form part of these financial statements.

Budget variations

- Budgeted income from harvesting and associated harvesting expenses have not been received or incurred during the period due to the decision by the joint venture partners to delay harvesting by at least 12 months (due to current market prices for harvested logs).

**MCKAY (1259 OKAU ROAD) FORESTRY JOINT VENTURE
 INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2025**

	Unaudited 31 December 2025 \$	Budget 31 December 2025 \$	Audited 30 June 2025 \$
Current assets			
Receivable from New Plymouth District Council	-	2,080,939	-
Total current assets	-	2,080,939	-
Non-current assets			
Forestry	1,325,090	874,320	1,325,090
Total non-current assets	1,325,090	874,320	1,325,090
Total assets	1,325,090	2,955,258	1,325,090
Current liabilities			
Creditors and other payables	273	853,337	5,090
Total current liabilities	273	853,337	5,090
Total liabilities	273	853,337	5,090
Net assets	1,324,817	2,101,921	1,320,000
Equity			
Joint venture ownership			
New Plymouth District Council	748,402	1,187,584	743,585
McKay	576,415	914,337	576,415
Total equity	1,324,817	2,101,921	1,320,000

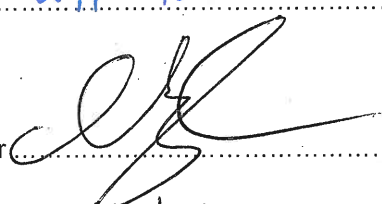
The accompanying notes form part of these financial statements.

Budget variations

- Budgeted receivable from New Plymouth District Council and creditors and other payables assume that harvesting of the forestry asset would be partially complete as at 31 December 2025. However, during the prior year the joint venture partners made the decision to delay harvesting by at least 12 months (due to current market prices for harvested logs).
- Forestry is revalued annually as at 30 June. Due to the number of variables which can impact the valuation any gain or loss is not budgeted for.

Chief Executive 

Date 24/2/26

Mayor 

Date 24/2/26

**MCKAY (1259 OKAU ROAD) FORESTRY JOINT VENTURE
 INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2025**

	Unaudited 2025 \$	Budget 2025 \$	Unaudited 2024 \$
Balance at 1 July	1,320,000	1,743,986	1,743,896
Total comprehensive revenue and expense	(3,912)	350,799	(3,478)
Contribution from New Plymouth District Council	8,729	7,137	3,478
Balance at 31 December	1,324,817	2,101,921	1,743,896

The accompanying notes form part of these financial statements.

**MCKAY (1259 OKAU ROAD) FORESTRY JOINT VENTURE
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2025**

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

McKay Joint Venture is a forestry joint venture (the joint venture). The ownership and operation of the forest (83.5ha) is undertaken as a joint venture between McKay (43.5%) and the New Plymouth district Council (56.5%). The land was previously 100 per cent owned by McKay but has been sold to G & S Evans Limited. McKay has retained their interest in the forest. The operating costs are met by the New Plymouth District Council.

The joint venture is a Council Controlled Trading Organisation as defined in part 1, section 6, of the Local Government Act 2002. The joint venture is domiciled in New Zealand and is classified as a Profit Orientated Entity, whose primary objective is to grow and harvest trees.

These condensed interim financial statements of the joint venture are for the six months ended 31 December 2025 and have not been audited.

BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

These condensed interim financial statements of the joint venture have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Local Government Act 2002, which included the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These condensed interim financial statements of the joint venture have been prepared in accordance with New Zealand International Reporting Standards (NZ IFRS), International Accounting Standard 34 (IAS34) - *Interim Financial Reporting* with reduced disclosure requirements (Tier 2). The joint venture qualifies for Tier 2 reporting on the basis that it is not publicly accountable and it is not a large for profit public sector entity.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements. Consequently, these condensed interim financial statements should be read in conjunction with the annual financial statements and related notes for the year ended 30 June 2025.

These condensed interim financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the joint venture is New Zealand dollars.

Application of new and revised accounting standards, interpretations and amendments

There have been no new or revised accounting standards, interpretations and amendments effective during the period which have a material impact on the joint venture's accounting policies or disclosures.

There have been no changes in accounting policies or methods of computation since 30 June 2025. The accounting policies set out in the joint venture's financial statements for the year ended 30 June 2025 have been applied consistently to all periods presented in these condensed interim financial statements.

**MCKAY (1259 OKAU ROAD) FORESTRY JOINT VENTURE
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2025**

Critical accounting estimates and assumptions

In preparing these interim financial statements, the joint venture has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the actual results.

Estimates and underlying assumptions are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the value of assets and liabilities in these condensed interim financial statements are the same as disclosed in the joint venture's financial statements included in the joint venture's Annual Report for the year ended 30 June 2025.

2. RELATED PARTIES

As a joint venture partner, the New Plymouth District Council is deemed to be a related party of McKay Forestry Joint Venture.

Transactions between the two parties consist of: reimbursement of expenses, incurred by the New Plymouth District Council, on behalf of the McKay Forestry Joint Venture; and charges to McKay Forestry Joint Venture, for the provision of services. In the period ending 31 December 2025, the total value of transactions between the two parties was \$8,729 (2024: \$3,478).

3. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities at 31 December 2025 (31 December 2024: nil).

4. EVENTS AFTER BALANCE SHEET DATE

There are no significant events after 31 December 2025.