

GLOBAL EXPERTS IN FOOD SAFETY AND QUALITY.



**TOGETHER
WE BUILD AND
PROTECT CONSUMER
CONFIDENCE.**



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Janine Smith *Chair*. John McKay *Chief Executive Officer*

CHAIR AND CHIEF EXECUTIVE REPORT

RESULTS OVERVIEW

Market conditions have made the first half of this financial year a challenging one for AsureQuality.

There have been lower than expected laboratory testing volumes. The main reason is the decreased demand from infant formula customers through the traditionally busy dairy season as they respond to changing Chinese regulations. Importantly, AsureQuality continues to work closely with its customers and is maintaining market share.

The Company has focussed on continuous improvement initiatives and a review of the AsureQuality structure, to ensure it is in a position to respond to these conditions.

The Company is \$4.4 million behind budgeted total revenue of \$87.6 million, with EBIT \$3.4 million lower than budget. When compared with the corresponding period last year, revenue of \$83.2 million is \$6.4 million lower. Last year included significant lower margin revenue from biosecurity responses which have not been required this year. EBIT is \$1.8 million lower than the corresponding period last year.

Although market conditions, including testing volumes are expected to improve in the second half of the year, and the cost efficiency and continuous improvement initiatives implemented, it is unlikely that the behind target year to date position will be recovered. Accordingly, revenue and profitability targets are unlikely to be achieved for the full year.

SHAREHOLDER DIVIDEND

During the six months ending 31 December 2016, a final dividend of \$3.4 million was paid to the shareholder for the year ended 30 June 2016. This brings the total dividend paid relating to the 2016 financial year to \$6.4 million, in line with expectations set in the Statement of Corporate Intent.

In February 2017 an interim dividend of \$1.5 million was paid to the shareholder, which is in line with the dividend policy.

DTS ACQUISITION

The first six months following the acquisition of Dairy Technical Services in a joint venture with French publicly listed company Bureau Veritas has seen a successful transition to the new entity, DTS Food Assurance. There has been professional collaboration between the technical teams benefitting both parties. David Havard was appointed as CEO of DTS Food Assurance in early 2017.

BOARD AND EXECUTIVE TEAM CHANGES

In October 2016 Board member Jane Lancaster retired after seven years of service. The Board and management wish to acknowledge the valuable contribution that Jane has made throughout her time with AsureQuality and wish her well for the future.

Sue Matkin our GM, People & Culture left AsureQuality in late November 2016 after eight years for a new position in Hawke's Bay. Emma Butler stepped into this role in January 2017.

STRATEGIC DIRECTION

As this financial year unfolds, AsureQuality's independence and experience in food safety and quality continues to gain respect and recognition at home in New Zealand and internationally.

We are continuing to invest to develop our understanding of the requirements of our markets, to ensure that we can sustainably provide expert food safety and quality assurance services to our customers across the food supply chain.

AsureQuality has five strategic priorities which guide our business activities:

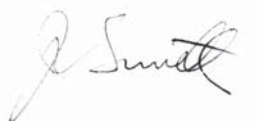
- > **Developing and Protecting our Talent and Culture**
The successful establishment of the AsureQuality Academy ensures continued recognition and ongoing professional development for our people and is core to our business. The focus here is not only on building talent capability, but also ensuring a consistency of AsureQuality standards and approach to our work across all country/market borders that we work in.
- > **Meeting our Customer Needs** – Key Account Management initiatives are enabling AsureQuality to better understand the needs of our customers, and how we can work together with them to achieve their objectives.
- > **Harnessing Process and Technology to Simplify our Business** – Our Continuous Improvement programme “Find a Better Way” is driving productivity and profitability across the businesses as we strive to add better value for our customers and our shareholder.
- > **Strengthening our core business in New Zealand and Australia** – A strong emphasis is being placed on ensuring the optimum performance of the core business in New Zealand. There is also a clear focus on ensuring the delivery of the business case that underpinned our investment in Australia.
- > **Growing our Global Presence** – Growth in the Singapore Laboratory continues on the strength of increased nutritional testing from multi-national customers. With the establishment of a joint venture including a food testing laboratory in Saudi Arabia substantially complete, full operation is expected in the first half of 2017.

IN CONCLUSION

Despite challenging market conditions, we are forecasting an improvement in profit margins in the second half of the year.

AsureQuality's success is dependent on both the continued support of our customers and the hard work and dedication of our team of food safety experts.

We thank you all for your commitment, and we look forward to continuing to enhance the business performance in the second half of the year.



JANINE SMITH CHAIR



JOHN MCKAY CHIEF EXECUTIVE OFFICER



BUSINESS OVERVIEW



HEALTH & SAFETY

We remain committed to ensuring our employees return home to their families safe and healthy every day. Key highlights for this period include:

- > Targeted training of 64 Health & Safety Representatives across all service lines
- > Significant improvement in the quality of investigations into incidents
- > Being a founding member of the Agricultural Leaders Health and Safety Action Group
- > Development of a refreshed Health and Safety Plan
- > Retaining tertiary accreditation in the ACC Partnership Programme.



CONTINUOUS IMPROVEMENT

A number of key initiatives have seen pleasing results for the first half of this year in AsureQuality's 'Find A Better Way' Benefits Register. This includes a reduction in aged debt, standardising and simplifying business processes through establishing the 'AQ KnowHow' Programme, and creating consistent measurement and reporting for labour utilisation metrics across the business units.



FOOD & CONTAMINANT TESTING

The new product registration process for AsureQuality clients sending infant formula into China has had a significant effect on the Testing business. This has contributed to a change in the type of testing with less nutritional testing within the total testing regime, which has impacted both revenue and EBIT. While early indications are that the second half of the financial year will see an improvement, continued volatility is expected.

During the period, the team validated a new Polymerase Chain Reaction (PCR) method for pathogen testing. The reduced turnaround time for this method is appreciably beneficial for customers in the New Zealand food industry, and is already attracting some significant new business as a result.

Increases in serology testing for live animal export shipments and a focus on costs, have offset reduced demand for contaminants and dairy testing.



INSPECTION & CERTIFICATION

A key focus for the first six months has been amalgamating the Inspection & Certification business unit into three operations streams. AsureQuality is already seeing benefits through alignment of processes, cross training and greater synergies across programmes.

Resource levels have continued to be an area of focus.

The reconfigured business is providing increased opportunities for AsureQuality people to further develop their skills.



BIOSECURITY

The priority for the past six months has been working with the Ministry for Primary Industries (MPI) to understand and meet its new requirements for biosecurity preparedness and response. The response team has undertaken significant work in the Pea Weevil response to prevent spread and eradicate the weevil from the Controlled Area. There has also been continued work on Foot and Mouth Disease preparedness.



INTERNATIONAL SERVICES

In Singapore, micronutrient testing has increased on the back of the growth of infant formula manufacturing in the region. The outlook for the rest of the financial period is positive, with a number of key contracts having been renewed with existing customers.

The operational set-up for the joint venture between AsureQuality and Saudi company Motabaqah neared completion in the last quarter of 2016. The majority of tests in the laboratory scope have been validated and accreditation will occur in the first half of 2017.

In the past year Advisory has completed projects in China, Singapore, Cambodia and Australia. The team is providing these customers with solutions to some of the most challenging food safety and quality problems facing the food industry today.



CORPORATE SOCIAL RESPONSIBILITY

AsureQuality's CSR philosophies are embedded in the Company's Vision, Purpose and Values statements and are reflected in how the Company operates across all activities on a day-to-day basis.

The Company is focussed on three broad strategic objectives:

- > Reducing the Company's environmental impact
- > Being a good employer
- > Encouraging social and community involvement and support

AsureQuality participates in a number of specific programmes and initiatives aimed at contributing to the achievement of our strategic objectives.

FINANCIALS

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	NOTE	6 MONTHS DECEMBER 2016 UNAUDITED \$000	6 MONTHS DECEMBER 2015 UNAUDITED \$000
REVENUE	6	83,195	89,596
Employee benefit expenditure		(51,861)	(54,108)
Consumables		(7,922)	(7,662)
Contractors and subcontractor testing		(2,160)	(4,345)
Transportation expenses		(4,247)	(4,826)
Rental and operating lease cost		(2,508)	(2,764)
Other expenses	7	(8,137)	(9,178)
OPERATING EXPENSES		(76,835)	(82,883)
Depreciation and amortisation		(2,910)	(3,068)
Finance costs (net)	8	(538)	(617)
Share of (loss)/profit of associate and joint venture	9	(435)	345
Share of acquisition costs of associate	9	(859)	-
PROFIT BEFORE INCOME TAX		1,618	3,373
Income tax expense		(748)	(1,638)
PROFIT FOR THE PERIOD		870	1,735
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Change in foreign currency translation reserve		(194)	(269)
OTHER COMPREHENSIVE INCOME NET OF TAX		(194)	(269)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		676	1,466
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent		1,208	1,990
Non-controlling interest		(338)	(255)
		870	1,735
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the parent		1,014	1,721
Non-controlling interest		(338)	(255)
		676	1,466

The accompanying notes form part of these condensed consolidated interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

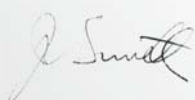
	NOTE	SHARE CAPITAL \$000	REVALUATION RESERVE \$000	TRANSLATION RESERVE \$000	RETAINED EARNINGS \$000	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT \$000	NON- CONTROLLING INTEREST \$000	TOTAL EQUITY \$000
BALANCE AT 30 JUNE 2015 (AUDITED)		22,100	7,227	267	12,709	42,303	-	42,303
Total comprehensive income for the period		-	-	(269)	1,990	1,721	(255)	1,466
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY								
Acquisition of non-controlling interest in subsidiary	10	-	-	-	-	-	1,173	1,173
Dividend to equity holders		-	-	-	(4,000)	(4,000)	-	(4,000)
BALANCE AT 31 DECEMBER 2015 (UNAUDITED)		22,100	7,227	(2)	10,699	40,024	918	40,942
Total comprehensive income for the period		-	2,387	(1,890)	11,117	11,614	(478)	11,136
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY								
Dividend to equity holders	5	-	-	-	(3,000)	(3,000)	-	(3,000)
BALANCE AT 30 JUNE 2016 (AUDITED)		22,100	9,614	(1,892)	18,816	48,638	440	49,078
Total comprehensive income for the period		-	-	(194)	1,208	1,014	(338)	676
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY								
Dividend to equity holders	5	-	-	-	(3,400)	(3,400)	-	(3,400)
BALANCE AT 31 DECEMBER 2016 (UNAUDITED)		22,100	9,614	(2,086)	16,624	46,252	102	46,354

The accompanying notes form part of these condensed consolidated interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

NOTE	DECEMBER 2016 UNAUDITED \$000	JUNE 2016 AUDITED \$000
CURRENT ASSETS		
	4,048	2,722
Cash and cash equivalents		
	28,175	27,290
Trade and other receivables		
	4,995	4,827
Inventories		
	812	-
Current income tax assets		
	740	844
Contract work in progress		
TOTAL CURRENT ASSETS	38,770	35,683
NON-CURRENT ASSETS		
	30,901	31,817
Property, plant and equipment		
	7,021	7,098
Intangible assets		
	29,853	31,144
Investment in associate and joint venture		
	2,045	2,372
Deferred income tax assets		
TOTAL NON-CURRENT ASSETS	69,820	72,431
TOTAL ASSETS	108,590	108,114
CURRENT LIABILITIES		
	23,677	24,781
Trade and other payables		
	5,000	500
Borrowings		
	206	280
Derivative financial instruments		
	-	1,838
Current income tax liabilities		
TOTAL CURRENT LIABILITIES	28,883	27,399
NON-CURRENT LIABILITIES		
	27,563	25,746
Borrowings		
	1,818	1,782
Loan from non-controlling interest		
	3,972	4,109
Payables		
TOTAL NON-CURRENT LIABILITIES	33,353	31,637
TOTAL LIABILITIES	62,236	59,036
EQUITY		
	46,252	48,638
Equity attributable to equity holders of the parent		
	102	440
Non-controlling interest		
TOTAL EQUITY	46,354	49,078
TOTAL LIABILITIES AND EQUITY	108,590	108,114

The Board of Directors ofASUREQUALITY Limited authorised these financial statements for issue on 14 February 2017.



Janine Smith
Chair



Bruce Scott
Chair Audit Committee

The accompanying notes form part of these condensed consolidated interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	NOTE	6 MONTHS DECEMBER 2016 UNAUDITED \$000	6 MONTHS DECEMBER 2015 UNAUDITED \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		84,995	91,700
Payments to suppliers and employees		(80,950)	(86,589)
Interest paid net of interest and dividends received		(609)	(498)
Income tax paid		(3,017)	(1,925)
NET CASH GENERATED FROM OPERATING ACTIVITIES		419	2,688
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,392)	(1,440)
Purchase of intangibles		(617)	(626)
Dividends received from associate		-	312
Capital contribution by non-controlling interest in subsidiary	10	-	1,173
NET CASH USED IN INVESTING ACTIVITIES		(2,009)	(581)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		6,316	4,777
Dividend paid to shareholder		(3,400)	(4,000)
NET CASH GENERATED FROM FINANCING ACTIVITIES		2,916	777
NET INCREASE IN CASH		1,326	2,884
Cash and cash equivalents at beginning of six month period		2,722	1,117
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		4,048	4,001
RECONCILIATION OF THE PROFIT FOR THE PERIOD WITH CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT FOR THE PERIOD		870	1,735
ADJUSTMENTS FOR:			
Depreciation and amortisation		2,910	3,068
Share of loss/(profit) of associate and joint venture		435	(345)
Share of acquisition costs of associate		859	-
Other non-cash movements		48	400
IMPACT OF CHANGES IN WORKING CAPITAL			
Trade and other receivables		(885)	771
Income tax		(2,650)	(733)
Trade and other payables		(1,104)	(704)
Other non-cash movements		(64)	(1,504)
NET CASH FLOWS FROM OPERATING ACTIVITIES		419	2,688

The accompanying notes form part of these condensed consolidated interim financial statements

CONSOLIDATED NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

1. REPORTING ENTITY

AsureQuality Limited is a company registered under the Companies Act 1993 and is a company incorporated and domiciled in New Zealand. The Company provides food quality assurance and biosecurity services and manufactures and sells animal diagnostic products.

Condensed consolidated interim financial statements are presented, comprising AsureQuality Limited and its subsidiaries (the "Group"). The Group is designated as a profit-oriented entity for financial reporting purposes.

2. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with the State-Owned Enterprises Act 1986 and generally accepted accounting practice in New Zealand ("NZ GAAP") as appropriate for profit-orientated entities.

The condensed consolidated interim financial statements have been prepared in accordance with NZ IAS 34 and IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. Accordingly, these financial statements should be read in conjunction with the annual report for year ending 30 June 2016. The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the 2016 Annual Report, except for the application of the following standards as of 1 July 2016:

- > Amendments to NZ IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- > Amendments to NZ IAS 16 and NZ IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- > Equity Method in Separate Financial Statements (Amendments to NZ IAS 27)
- > Annual Improvements to NZ IFRSs 2012-2014 Cycle
- > Amendments to For-profit Accounting Standards as a Consequence of XRB A1 and Other Amendments

There was no material impact on these financial statements from applying these standards.

The financial information contained in this report has not been audited by AsureQuality's auditors.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements and estimates used in the preparation of these interim financial statements are consistent with those used in the annual report for the year ended 30 June 2016.

4. SEASONALITY OF OPERATIONS

AsureQuality's revenues are seasonal and largely follow the primary production industry cycle.

5. DIVIDENDS

During the six months ended 31 December 2016, a dividend of \$3,400,000 representing 14.29 cents per share, relating to the 12 months period ended 30 June 2016, was paid by AsureQuality Limited to the shareholder (six months ending 31 December 2015: \$4,000,000 representing 16.81 cents relating to the 12 months period ended 30 June 2015).

CONSOLIDATED NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	6 MONTHS DECEMBER 2016 UNAUDITED	6 MONTHS DECEMBER 2015 UNAUDITED
	\$000	\$000
6. REVENUE		
Revenue from operations comprises:		
Revenue from the rendering of services	80,527	87,998
Revenue from the sale of goods	2,659	1,595
Other income	9	3
	83,195	89,596

7. OPERATING EXPENSES

Other operating expenses include donations of \$11,000 (December 2015: \$19,000).

8. FINANCE COSTS (NET)

Interest expense on borrowings	(617)	(496)
Interest income on short-term bank deposits	1	2
Movement of derivatives held at fair value through profit or loss	74	(12)
Net foreign exchange losses	4	(111)
	(538)	(617)

	6 MONTHS DECEMBER 2016 UNAUDITED	6 MONTHS DECEMBER 2015 UNAUDITED
	\$000	\$000
9. SHARE OF (LOSS)/PROFIT OF ASSOCIATE AND JOINT VENTURE		
Share of trading profit 49% (December 2015: 25.3%)	1,288	345
Management fees received	(1,077)	-
	211	345
Amortisation of intangibles	(646)	-
	(435)	345

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	BALANCE DATE	OWNERSHIP AND VOTING INTEREST DECEMBER 2016	OWNERSHIP AND VOTING INTEREST DECEMBER 2015
Bureau Veritas AsureQuality Holdings Limited (BVAQ)	Australia	Independent food testing laboratories	31-December	49.00%	-
Dairy Technical Services Limited (DTS)	Australia	Independent food testing laboratories	30-April	-	25.30%

The Group's share of Bureau Veritas AsureQuality Holdings Limited's loss (December 2015: Dairy Technical Services Limited's profit) has been recognised in profit.

During the six months ending 31 December 2016, the Group has recognised in profit \$859,000 of additional acquisition costs, relating to the establishment of Bureau Veritas AsureQuality Holdings Limited.

CONSOLIDATED NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

10. RECOGNITION OF NON-CONTROLLING INTEREST IN SUBSIDIARY

AsureQuality Motabaqah Limited

On 10 July 2015 the Group incorporated a new company with a Saudi Arabian partner, Saudi Specialized Laboratories Co. (Motabaqah). The new company, AsureQuality Motabaqah Limited, is incorporated and domiciled in Saudi Arabia. The Group holds 51% shareholding and voting rights in this new company. Through its majority shareholding and having the power to govern the financial and operating decisions of this company, the Group is deemed to have control over AsureQuality Motabaqah Limited. An equity investment of NZ\$1,173,000 was received by AsureQuality Motabaqah Limited from Saudi Specialized Laboratories Co. (Motabaqah) for its 49% share. The \$1,173,000 was accounted for as a non-controlling interest in the new subsidiary.

11. CONTINGENT LIABILITIES

There are no material contingent liabilities as at 31 December 2016 (December 2015: Nil).

12. RELATED PARTY TRANSACTIONS

The ultimate shareholder of the Company is the Crown. The Company undertakes many transactions with other State-Owned Enterprises and Government entities and departments in the normal course of business. These transactions are carried out on a commercial and arm's length basis. The Company made significant sales of biosecurity services to the Government, Ministry for Primary Industries, during the six month period. The remaining transactions were not significant and are exempt from related parties' disclosures (under NZ IAS 24 (Revised) Related Party Disclosures). The following represents the major ongoing transaction types but should not be taken as a complete list: product and environmental testing services, animal health services, accident compensation levies, air travel services, energy products, postal and courier services, specific scientific advisory services and rental and leasing services.

The Group made sales to and purchases from its associate, Bureau Veritas AsureQuality Holdings Limited (December 2015: Dairy Technical Services Limited) during the period.

The following transactions were carried out with related parties:

	6 MONTHS DECEMBER 2016 UNAUDITED	6 MONTHS DECEMBER 2015 UNAUDITED
	\$000	\$000
SALES OF SERVICES:		
Sales of biosecurity services to Government	4,224	7,414
Services provided to associate	2,398	245
EXPENSES:		
Purchase of services from associate	751	170

13. SIGNIFICANT EVENTS AFTER INTERIM BALANCE DATE

On 14 February 2017, the Board of Directors declared an interim dividend of \$1,500,000 relating to the 12 months ending 30 June 2017, representing 6.30 cents per share. As the dividends were declared after balance date the financial effect has not been recognised in these financial statements.

14. COMMITMENTS

	6 MONTHS DECEMBER 2016 UNAUDITED	6 MONTHS DECEMBER 2015 UNAUDITED
	\$000	\$000
CAPITAL COMMITMENTS		
Capital expenditure contracted for at reporting date but not provided for	1,080	258

CONSOLIDATED NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group is party to financial instruments as part of the normal course of operations. These financial instruments include bank accounts, short-term deposits, borrowings, derivatives, trade receivables and payables.

Cash, trade receivables, payables and non-current liabilities are disclosed in the condensed statement of financial position at their amortised cost which is equivalent to their fair value.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques such as discounted cash flows.

Derivative financial instruments

The Group enters into various financial instruments to either eliminate or manage its exposure to interest rate and foreign currencies movements. Interest rate swaps are used to economically convert the Group's exposure to floating interest rates to fixed rates.

Forward exchange rate contracts are used to economically convert material exposures to foreign exchange. Other financial instruments may be used from time to time to reduce risk.

The Group holds the following instruments:

	NOTIONAL PRINCIPAL		FAIR VALUE		MOVEMENT OF DERIVATIVES HELD AT FAIR VALUE THROUGH PROFIT OR LOSS	
	DECEMBER 2016	JUNE 2016	DECEMBER 2016	JUNE 2016	DECEMBER 2016	DECEMBER 2015
	\$000	\$000	\$000	\$000	\$000	\$000
Interest rate swaps	19,435	17,920	(206)	(384)	178	(12)
Foreign exchange contracts	-	1,091	-	104	(104)	-
	19,435	19,011	(206)	(280)	74	(12)

COMPARISON WITH PERFORMANCE TARGETS INCLUDED IN THE STATEMENT OF CORPORATE INTENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	6 MONTHS DECEMBER 2016 TARGET	6 MONTHS DECEMBER 2016 ACTUAL	12 MONTHS JUNE 2017 TARGET
FINANCIAL PERFORMANCE TARGETS			
Revenue	\$87.6m	\$83.2m	\$182.1m
Earnings before interest and tax	\$5.6m	\$2.2m	\$13.7m
Net profit after tax	\$3.0m	\$0.9m	\$7.9m
Net cash flows from operating activities	\$4.8m	\$0.4m	\$12.7m
KEY RATIOS			
Operating margin ¹	10.1%	6.1%	11.0%
Solvency ²	1.2	1.3	1.3
NON-FINANCIAL PERFORMANCE TARGETS			
Critical programme audit failures	Nil	Nil	Nil
Critical facility audit failures	Nil	Nil	Nil
Staff turnover rate ³	<12%	9%	<12%
Total recordable injury frequency rate (TRIFR) ⁴	<5.0	5.6	<5.0

1. Operating margin is calculated as Earnings before interest, tax, depreciation and amortisation divided by Revenue

2. Solvency is calculated as total current assets divided by total current liabilities.

3. Staff turnover rate is calculated as a rolling average of permanent staff (excluding redundancy) who have left the business in the last twelve months.

4. This measure has been updated to align with New Zealand best practice of using a frequency rate per 200,000 hours (previously used per 1,000,000 hours, which is most commonly used internationally).



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