

AsureQuality  
Kaitiaki Kai

Interim Report  
**2022**



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Helping Aotearoa  
shape a better food world

# Chair and Chief Executive Report

## Results Overview

AsureQuality's performance for the first six months of the year was in line with the budgeted revenue target at \$104 million. However, in this period the business has fallen below the budget profit target by \$3.1 million. This reflects the disruption from COVID-19, which has impacted all areas of the business but in particular; food testing, auditing, Diagnostics (Melbourne), the Academy training business and our food testing joint ventures, BVAQ, in Australia and Southeast Asia.

In an almost unprecedented situation, the Auckland Laboratory operation was forced to close on 31 August 2021, due to our first positive COVID employee test result. This had a significant effect on our people, our customers, and our business over the two weeks following. However, with robust BCP processes in place, dedicated people, and proactive stakeholder communication, the business was able to quickly recover from this event. The resultant learnings have proven invaluable and new ways of operating ensured that AsureQuality was well-positioned for the pandemic.

In the first six months business profitability has been impacted not only from reduced demand for services during lockdowns and increased costs from implementing COVID-related protocols estimated at \$3.8 million, but also from increased investment in our strategic projects of an additional \$0.2 million YTD. This investment is imperative to enabling AsureQuality's vision of becoming an "integrated food assurance partner".

During this period, we have continued the focus on safety and wellbeing along with delivering customer excellence and are proud to see this reflected in the high eNPS customer Net Promoter Scores (>40) over the last five months. We have also seen ongoing improvement in the completion of safety actions, safety related practice, and safety culture, particularly in the auditing and meat service areas of the business.

## Shareholder Dividend

During the six months ended 31 December 2021, a final dividend of \$10.2 million was paid to the shareholder for the year ended 30 June 2021. This brings the total dividend paid relating to the 2021 financial year to \$11.7 million. In February 2022 an interim dividend of \$1.5 million was paid to the shareholder.

## Strategic Direction

AsureQuality is making good progress towards its strategic vision of becoming an integrated assurance partner with customers. The priorities are:

- **Customer Excellence** – delivering service as promised and improving the customer end-to-end journey with AsureQuality
- **Insights and Expertise** – creating value for customers by turning data into insights and sharing our technical expertise and knowledge, as appropriate
- **Integrated Assurance** – using technology to join up AsureQuality services, integrating across the value chain, with partners and customers

To prioritise our initiatives in the foundational areas of "engaged people", "engaged customers", "sustainable company" and "supporting the community", AsureQuality has embarked on a Materiality Assessment. It is expected that the material issues identified by stakeholders will be advised in the full year annual report.

## In Conclusion

It has been a difficult start to the financial year, with COVID-19 creating significant disruption to the business. There has, however, been significant progress made on our strategy and on the two key focus areas: customer excellence and safety culture.

Our future success is dependent on continuing to meet the needs of our customers, and the hard work and commitment of our people.

We thank our people, our customers and our stakeholders for their continued support and dedication, and we look forward to the second half of the year.

Ngā mihi,



Dr Alison Watters, Chair



Kim Ballinger, Chief Executive Officer

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# Business Overview



## Safety and Wellbeing

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COVID-19 continued to provide challenges for the organisation throughout the year as regions were impacted differently by various Alert Level changes, lockdowns, and the transition to the COVID Protection Framework. Like many businesses in Auckland, we experienced two separate COVID cases at our Auckland Laboratory, with both cases recovering quickly and no other cases identified at the laboratory as a result. We are proud of the resilience that has been shown by our people in the face of the disruption many of them have experienced and their dedication to providing service for our customers.

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We worked hard on improving our safety leadership during the first half of this year; at our Annual Leadership Conference, safety was the first presentation on both days, with the emphasis being on our leaders' role in safety, and what good safety leadership looks like. We are also in the process of making improvements to our risk management framework and our contractor management processes.

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In line with our commitment to improving our safety culture we are in the process of developing a new people strategy with safety and wellbeing as a key pillar. We have also added an additional Safety and Wellbeing Business Partner to assist with this important aspect of our business.

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As a result of our renewed emphasis on safety and wellbeing, there has been a positive shift in our safety culture and practice throughout the business. This has resulted in an increase of 20% in the number of safety actions closed on time, and seen more safety observations entered in the first six months of this year, than for the entire previous year.



## Testing Services

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Food testing volumes have been slightly down on FY21 for the first six months. This has been driven in large by the temporary shutdown of the Auckland Laboratory after having a COVID-19 positive person on site in late August. The extended lockdown in Auckland and the Waikato also had an impact on some of our customers resulting in lower testing volumes. There has been considerable impact on operations with lockdowns in Auckland and the need for separate shifts, separate toilets, cafeterias and physical distancing resulting in higher labour costs and reduced operational efficiencies. We have also seen a decline in the volume of high-value dairy products, mostly infant formula, exported by our customers to China.

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We are continuing to invest in automation for both the chemistry and microbiology laboratories to improve turn-around time for customers.

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The Wellington Laboratory has continued to experience strong live animal export test volumes which has made up for any COVID-related shortfalls. Higher than forecast *M. bovis* sample numbers have combined with live animal export samples to produce an extremely busy year in the serology department.

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Positive customer feedback and increasing staff engagement has provided a good platform for further improvement. We now are working to build a flexible and functional staff resourcing system and ensuring that recruitment and retention of staff is prioritised.

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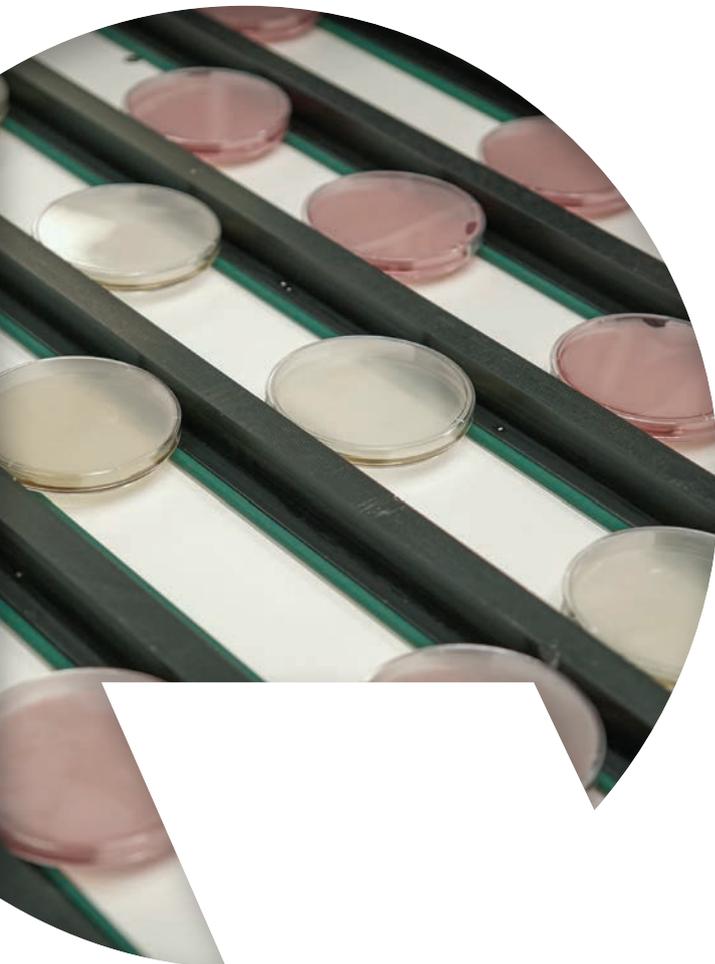
The BVAQ joint ventures in Australia and Southeast Asia have continued to operate well, with revenue at the same level as in the previous year. COVID-19 restrictions in Australia and Southeast Asia continued to impact the business efficiency, resulting in a slightly lower operating profit than the previous year.



## Inspection and Certification

Our Inspection and Certification services have also been dominated by the influence of COVID-19 over the first half of this year. Despite the challenges presented, we successfully delivered essential services to our food and primary sector customers during this time. This was achieved by delivering a modified service using remote auditing, or through on-site audits with enhanced protocols applied to ensure the safety of our people and our customers.

There has been a period of settling into the structural changes made within this area of the business which will allow us to better serve our customers, provide growth opportunities for our people, and enable us to work together across the business to achieve our shared vision. The combination of the new structure, a clear strategy and a more collaborative approach across the business have positioned us well for continued success as we move into the second half of the year.



## Specialist Services

A strong start to the year with higher than budgeted revenues from M. bovis and additional revenue from other MPI response contracts such as the National Interest Pest Responses (NIPR) programme and Blackgrass.

Particularly pleasing was the opportunity to undertake the *Salmonella* Enteritidis response on behalf of MPI. The relationship with MPI has strengthened considerably as a result of the positive feedback received on our work on this response.

Diagnostics has been particularly impacted by COVID with the two years of rolling lockdowns in Melbourne as well as impacts on global demand for some products. New key appointments are now in place to set the business up for success in the new year.

Global Proficiency is well on track in meeting all the goals set for FY22 and continues to demonstrate high levels of both employee and customer engagement.

With logistical challenges created by the global pandemic, we have now achieved Export Approved Premises status which will help expand our global reach.

The Assurance Marks business has maintained new customer acquisition growth in the first six months of the year through the continued focus on customer co-marketing partnerships and growing the China market awareness of AsureQuality. Successes here have been leveraged to attract further well-known brand owners as customers. The AQ Certified Grass-Fed Mark continues to be well received by the dairy sector with several new customers in the process of adopting the Mark.

With travel restrictions in place, increased business uncertainty, and an overall reluctance to participate in face-to-face training, the past six months have been challenging for the Academy. Having developed virtual training capability in the previous lockdown, the Academy was able to offer a range of alternative training options for customers.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
for the six months ended 31 December 2021

		6 MONTHS DECEMBER 2021 UNAUDITED	6 MONTHS DECEMBER 2020 UNAUDITED
	NOTE	\$'000	\$'000
<b>REVENUE</b>	<b>6</b>	<b>104,618</b>	<b>114,171</b>
Employee benefit expenditure		(67,484)	(67,385)
Consumables		(11,256)	(12,158)
Contractors and subcontractors		(1,732)	(3,909)
Transportation expenses		(2,623)	(3,757)
Rental and operating lease cost		(781)	(587)
Other expenses		(9,906)	(9,387)
<b>OPERATING EXPENSES</b>		<b>(93,782)</b>	<b>(97,183)</b>
Depreciation and amortisation		(5,014)	(4,585)
Finance costs (net)	7	(299)	(655)
Share of profit of associates and joint ventures	8	1,019	1,281
Loss on sale of investment in subsidiary	9	(60)	-
<b>PROFIT BEFORE INCOME TAX</b>		<b>6,482</b>	<b>13,029</b>
Income tax expense		(1,757)	(3,812)
<b>PROFIT FOR THE PERIOD</b>		<b>4,725</b>	<b>9,217</b>
<b>OTHER COMPREHENSIVE INCOME NET OF TAX</b>			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations		16	(43)
<b>OTHER COMPREHENSIVE INCOME NET OF TAX</b>		<b>16</b>	<b>(43)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>4,741</b>	<b>9,174</b>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Equity holders of the parent		4,656	9,144
Non-controlling interest		69	73
		<b>4,725</b>	<b>9,217</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>			
Equity holders of the parent		4,672	9,101
Non-controlling interest		69	73
		<b>4,741</b>	<b>9,174</b>

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 2021

		SHARE CAPITAL	REVALUATION RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON- CONTROLLING INTEREST	TOTAL EQUITY
	NOTE	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>BALANCE AT 30 JUNE 2020 (AUDITED)</b>		22,100	16,025	308	46,777	85,210	923	86,133
Total comprehensive income for the period		-	-	(43)	9,144	9,101	73	9,174
<b>TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY</b>								
Acquisition of additional shares in subsidiary		-	-	-	-	-	(401)	(401)
Dividend to equity holders	5	-	-	-	(10,500)	(10,500)	(143)	(10,643)
<b>BALANCE AT 31 DECEMBER 2020 (UNAUDITED)</b>		22,100	16,025	265	45,421	83,811	452	84,263
Total comprehensive income for the period		-	10,108	(468)	10,251	19,891	64	19,955
<b>TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY</b>								
Dividend to equity holders		-	-	-	(1,500)	(1,500)	-	(1,500)
<b>BALANCE AT 30 JUNE 2021 (AUDITED)</b>		22,100	26,133	(203)	54,172	102,202	516	102,718
Total comprehensive income for the period		-	-	16	4,656	4,672	69	4,741
<b>TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY</b>								
Acquisition of additional shares in subsidiary		-	-	-	(358)	(358)	(263)	(621)
Elimination of non-controlling interest on disposal of subsidiary	9	-	-	-	-	-	(205)	(205)
Dividend to equity holders	5	-	-	-	(10,200)	(10,200)	(117)	(10,317)
<b>BALANCE AT 31 DECEMBER 2021 (UNAUDITED)</b>		22,100	26,133	(187)	48,270	96,316	-	96,316

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
as at 31 December 2021

	NOTE	DECEMBER 2021 \$000	JUNE 2021 \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,930	3,260
Trade and other receivables		35,960	33,456
Inventories		7,809	7,435
Current income tax assets		1,064	-
<b>TOTAL CURRENT ASSETS</b>		<b>46,763</b>	<b>44,151</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		53,328	52,106
Intangible assets		3,747	8,364
Right-of-use assets	10	12,840	14,070
Investment in associates and joint ventures	8	48,811	48,198
Financial asset		4,851	-
Deferred income tax assets		4,922	4,820
<b>DEFERRED INCOME TAX ASSETS</b>		<b>128,499</b>	<b>127,558</b>
<b>TOTAL ASSETS</b>		<b>175,262</b>	<b>171,709</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		31,477	31,812
Borrowings		11,000	2,000
Current lease liabilities		2,748	2,928
Derivative financial instruments	15	175	434
Current income tax liabilities		-	844
<b>TOTAL CURRENT LIABILITIES</b>		<b>45,400</b>	<b>38,018</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		19,448	15,794
Non-current lease liabilities		10,562	11,532
Payables		3,536	3,647
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>33,546</b>	<b>30,973</b>
<b>TOTAL LIABILITIES</b>		<b>78,946</b>	<b>68,991</b>
<b>EQUITY</b>			
Equity attributable to equity holders of the parent		96,316	102,202
Non-controlling interest	9	-	516
<b>TOTAL EQUITY</b>		<b>96,316</b>	<b>102,718</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>175,262</b>	<b>171,709</b>

The Board of Directors of AsureQuality Limited authorised these financial statements for issue on 14 February 2022.

  
Dr Alison Watters  
Chair

  
Alison Posa  
Chair Audit Committee

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2021

	6 MONTHS DECEMBER 2021 UNAUDITED	6 MONTHS DECEMBER 2020 UNAUDITED
NOTE	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	103,216	117,235
Payments to suppliers and employees	(95,750)	(100,866)
Interest paid net of interest and dividends received	(547)	(655)
Income tax paid	(3,781)	(6,939)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>3,138</b>	<b>8,775</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,007)	(4,293)
Purchase of intangibles	(664)	(398)
Acquisition of shares in subsidiary	9	(401)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,292)</b>	<b>(5,092)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	12,652	7,590
Dividend paid to shareholder	(10,200)	(10,500)
Lease principal payments	(1,501)	(1,706)
Dividend paid to non-controlling interest	(117)	(143)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>834</b>	<b>(4,759)</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(1,320)</b>	<b>(1,076)</b>
Cash and cash equivalents at beginning of six month period	3,260	3,111
Exchange losses on cash balances	(10)	(3)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>1,930</b>	<b>2,032</b>
<b>RECONCILIATION OF THE PROFIT FOR THE PERIOD WITH CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>PROFIT FOR THE PERIOD</b>	<b>4,725</b>	<b>9,217</b>
<b>ADJUSTMENTS FOR:</b>		
Depreciation and amortisation	5,014	4,585
Share of profit of associates and joint ventures	(1,019)	(1,281)
Loss on sale of subsidiary	60	-
Other non-cash movements	(521)	866
<b>IMPACT OF CHANGES IN WORKING CAPITAL</b>		
Trade and other receivables	(2,504)	1,614
Income tax	(1,908)	(4,110)
Trade and other payables	(335)	(3,157)
Inventories	(374)	1,041
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>3,138</b>	<b>8,775</b>

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

# CONSOLIDATED NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2021

## 1. REPORTING ENTITY

AsureQuality Limited is a company registered under the Companies Act 1993 and is a company incorporated and domiciled in New Zealand. Condensed consolidated interim financial statements are presented, comprising AsureQuality Limited and its subsidiaries, and its investments in associates and joint ventures (the "Group"). The Group provides food quality assurance and biosecurity services and manufactures and sells animal diagnostic products.

The Group is designated as a profit-oriented entity for financial reporting purposes.

## 2. BASIS OF PREPARATION

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.

AsureQuality's management consider that the impact of COVID-19 will have no material impact on its ability to operate for the next twelve months and believe that it remains appropriate to prepare the condensed consolidated interim financial statements on a going concern basis.

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 2021. The Condensed consolidated interim financial statements have been prepared in accordance with the accounting policies set out in the 2021 Annual Report. A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting 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 2021.

## 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 2021, a final dividend of \$10,200,000 representing 42.86 cents per share, relating to the 12 months period ended 30 June 2021, was paid by AsureQuality Limited to the shareholder (six months ending 31 December 2020: a final dividend of \$10,500,000 representing 44.12 cents, relating to the 12 months period ended 30 June 2020).

## 6. REVENUE

	NOTE	6 MONTHS DECEMBER 2021 UNAUDITED \$'000	6 MONTHS DECEMBER 2020 UNAUDITED \$'000
<b>DISAGGREGATION OF THE GROUP'S REVENUE FROM CONTRACTS WITH CUSTOMERS:</b>			
Testing services		38,678	39,811
Inspection and certification		60,132	66,812
Specialist services		5,808	7,548
		<b>104,618</b>	<b>114,171</b>

CONSOLIDATED NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS  
for the six months ended 31 December 2021

7. FINANCE COSTS (NET)

	6 MONTHS DECEMBER 2021 UNAUDITED \$000	6 MONTHS DECEMBER 2020 UNAUDITED \$000
Interest expense on borrowings	(336)	(410)
Interest expense on lease liabilities	(211)	(312)
Interest income on short-term bank deposits	-	14
Movement of derivatives held at fair value through profit or loss	259	64
Net foreign exchange loss	(11)	(11)
	(299)	(655)

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	BALANCE DATE	OWNERSHIP AND VOTING INTEREST 2021	OWNERSHIP AND VOTING INTEREST 2020
Bureau Veritas AsureQuality Holdings Limited (BVAQ AU)	Australia	Independent food testing laboratories	31-December	49%	49%
BV-AQ (Singapore) Holdings Pte. Ltd (BVAQ SEA)	Singapore	Independent food testing laboratories	31-December	49%	49%

CARRYING AMOUNT OF INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	6 MONTHS DECEMBER 2021 \$000
Investment at the beginning of the period	48,198
Share of profit	1,019
Share of other comprehensive income of associates	(406)
<b>BALANCE AT 31 DECEMBER 2021</b>	<b>48,811</b>

9. DIVESTMENT OF SUBSIDIARY

On 26 November 2021 the Group divested its investment in subsidiary NZIDT Limited, resulting in the ownership of NZIDT Limited reverting to the full ownership by the previous non-controlling interest.

10. RIGHT-OF-USE ASSETS

During the six months ended 31 December 2021, the Group had lease additions and modifications of \$353,000 (six months ended 31 December 2020 \$3,721,000). There have been no material disposals or reductions to the right of use assets (December 2020: Nil).

11. CONTINGENT ASSETS AND LIABILITIES

There are no material contingent assets or liabilities as at 31 December 2021 (December 2020: Nil).

# CONSOLIDATED NOTES TO AND FORMING PART OF THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2021

## 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 of 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 associates, Bureau Veritas AsureQuality Holdings Limited and BV-AQ (Singapore) Holdings Pte. Ltd during the period.

The following transactions were carried out with related parties:

	6 MONTHS DECEMBER 2021 UNAUDITED \$000	6 MONTHS DECEMBER 2020 UNAUDITED \$000
<b>SALES OF SERVICES:</b>		
Sales of biosecurity services to Government	7,226	14,914
Services provided to associates	1,827	2,068
<b>EXPENSES:</b>		
Purchase of services from associates	187	135

## 13. SIGNIFICANT EVENTS AFTER INTERIM BALANCE DATE

On 14 February 2022, the Board of Directors declared an interim dividend of \$1,500,000 relating to the 12 months ending 30 June 2022, representing 6.30 cents per share. As the dividend was declared after balance date the financial effect has not been recognised in these financial statements.

## 14. COMMITMENTS

	DECEMBER 2021 UNAUDITED \$000	DECEMBER 2020 UNAUDITED \$000
<b>CAPITAL COMMITMENTS</b>		
Capital expenditure contracted for at reporting date but not provided for	3,457	1,172

## 15. 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 2021 \$000	JUNE 2021 \$000	DECEMBER 2021 \$000	JUNE 2021 \$000	DECEMBER 2021 \$000	DECEMBER 2020 \$000
Interest rate swaps	15,759	7,818	(175)	(434)	259	64

## COMPARISON WITH PERFORMANCE TARGETS INCLUDING THE STATEMENT OF CORPORATE INTENT

For the six months ended 31 December 2021

	6 MONTHS DECEMBER 2021 TARGET	6 MONTHS DECEMBER 2021 ACTUAL	12 MONTHS JUNE 2022 TARGET
<b>FINANCIAL PERFORMANCE TARGETS</b>			
Revenue	\$102.1m	\$104.6m	\$206.6m
Earnings before interest and tax	\$10.9m	\$6.8m	\$23.1m
Net profit after tax	\$7.8m	\$4.7m	\$16.2m
Net cash flow from operating activities	\$8.0m	\$3.1m	\$23.6m
Operating margin <sup>1</sup>	15.7%	11.3%	16.0%
<b>ANNUAL KEY RATIOS</b>			
Critical programme audit failures	Nil	Nil	Nil
Critical facility audit failures	Nil	Nil	Nil
Staff turnover rate <sup>2</sup>	<12%	13%	<12%
Total recordable injury frequency rate (TRIFR)	<3.8	3.5	<3.8

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

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

# Helping Aotearoa shape a better food world



With over 1700 dedicated people working closely with our partners across the food and primary production sectors, we offer the broadest range of food assurance services in Aotearoa.

People in the food and primary industry sectors work hard to uphold what Aotearoa stands for in food – a higher standard of quality and safety. We are proud to work with them, at every point in their food supply chains, to help them build and protect this enduring trust in food. We actively collaborate, sharing knowledge, resources and skills so that everyone benefits – not just in the immediate future, but for generations to come.

# Kaitiaki Kai Guardians of food



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