

ANNUAL REPORT 2009



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AsureQuality is the largest and most internationally accredited provider of food safety and biosecurity services to the food and agricultural sectors in the southern hemisphere.

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Every day AsureQuality's experienced team of 1700 experts works alongside customers to assure the safety and quality of food being produced for millions of people worldwide.



HIGHLIGHTS

Meeting revenue, profit and return targets in a tough economic climate.

Agreeing a 10-year contract with MAF Biosecurity New Zealand (MAFBNZ) for the provision of biosecurity operational readiness and response services.

Establishing a Singapore Laboratory to undertake nutritional testing.

The customer service team being awarded first place in the Public Services/SOE category at the annual CRM Contact Centre Awards.

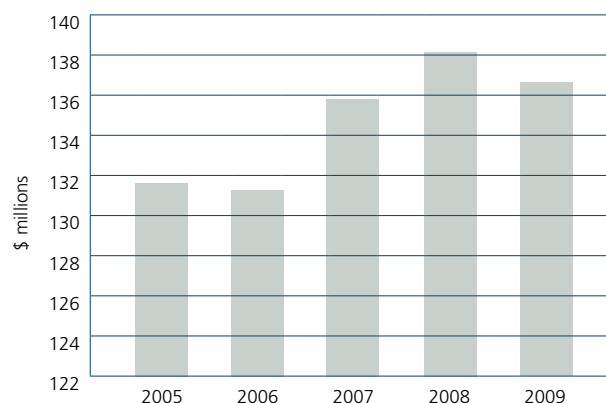
The Food and Dairy auditing business securing a three-year contract with Fonterra.

Successfully negotiating over 80 percent of the Animal Health Board's (AHB) Bovine Tuberculosis (TB) testing volumes for the next four years, with contracts for 19 of the 23 testing areas held nationally by AsureQuality.

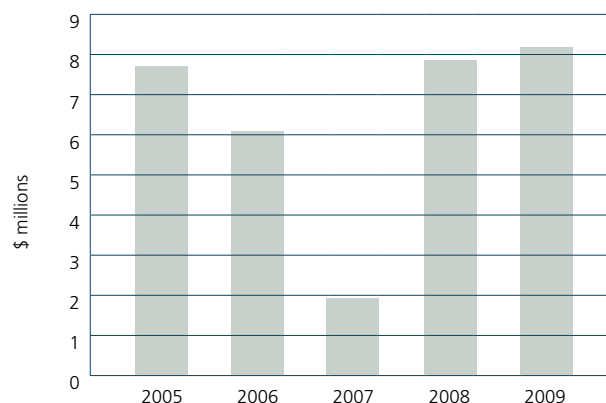
Negotiating a three-year Collective Agreement with the Public Service Association for non-meat inspection employees, expiring February 2012.

In June 2009 the Minister of Economic Development and the Meat Industry Association advised the Commerce Commission that they had agreed to forego the price investigation available under the Act merging ASURE and AgriQuality.

REVENUE



EARNINGS BEFORE INTEREST AND TAX (EBIT)



**The comparative figures (2007 and before) contained within the graphs are from the combined ASURE (New Zealand) Limited and AgriQuality Limited results for the equivalent prior period.*

CHAIR AND CEO REPORT



AsureQuality has been working with Australasia's food and agriculture industries for over 100 years, and now delivers products and services to more than 40 countries.

RESULTS OVERVIEW

2009 has been another busy year for AsureQuality with good progress made in a number of areas despite the economic environment. The first half of the financial year was positive with revenue and profit up on targets. The second half proved to be much more difficult with results being down on expectations. Overall profit and return targets were achieved for the year.

(\$'000)	Actual	Target
Revenue	136,652	134,883
Earnings before interest and tax (EBIT)	8,274	8,257
Profit for the year	4,886	4,611
EBIT to total assets	14.5%	12.8%
Return on Equity	15.7%	14.2%

DIVIDEND

The company will pay a dividend of \$3 million representing 60 percent of FY2009 net profit after tax. The dividend is consistent with the policy set out in last year's Statement of Corporate Intent.

STRATEGY DEVELOPMENT

Over the past year the board and management have been focusing on the development of a two to five year aspirational plan for the business. Over the next two to five years, AsureQuality aims to consolidate and build our core businesses in the food safety and biosecurity sectors. As part of this process the AsureQuality vision statement has been clarified to be "a world class provider of food safety and biosecurity services".

AsureQuality will seek to maintain and strengthen our market leadership position in New Zealand, by increasing the company's penetration of key industry sectors, through partnerships with key customers and stakeholders, and by building a strong reputation for quality and customer service.

AsureQuality's core business in New Zealand provides a solid base for extension of our services into new markets. Over the coming years, AsureQuality will seek to increase international business, such as the establishment of a laboratory in Singapore, particularly

through partnerships and collaborative business relationships, such as we have with Prionics AG.

INDUSTRY TRENDS

Internationally there is an increasing awareness of food safety and quality. Both regulators and consumers are more aware of potential food safety and quality issues in relation to a wide variety of food-borne bacteria and viruses, residues, toxic substances and contaminants. Other global concerns such as animal-borne disease and Genetically Modified Organisms are also contributing to an increasing demand for independent verification to prove that food products are safe.

Related to these food safety issues are a range of other emerging trends focusing more on ethical concerns about production processes. Such issues include organics, food miles, animal health and welfare, and fair trade. Consumers are becoming more adept at differentiating products on the basis of ethical preferences as well as safety and quality standards.

AsureQuality has a number of advantages to deliver value in this environment, both for our customers and shareholders, including size and scale efficiencies, relationships with regulators, knowledge, expertise and intellectual property – allowing access to highly technical and specific markets, particularly in the food and agriculture sectors.

Several emerging industry trends are influencing AsureQuality's strategic direction, in particular the need for the company to take an increasing international perspective in our activities. These trends include the globalisation of the food supply driving the need for food producers to meet recognised safety standards to access international markets, increasing demand for an integrated approach across sectors and geographies, and the need for verifiable quality assurance and traceability across the supply chain.

KEY FOCUSES FOR 2010

In the 2010 financial year AsureQuality will pursue strategies to grow the company and will focus on the following key areas:

INCREASE PERFORMANCE AND PRODUCTIVITY

Focus will continue on internal operational efficiency to improve the financial performance.

PURSUE VALUE ENHANCING OPPORTUNITIES

These will include: growing the laboratory and diagnostics businesses; establishing public sector cooperation and consolidation; and strengthening biosecurity capability.

BOARD CHANGES

Two of AsureQuality's Directors, Raki hau Tau and Dr Grant Gillon, retired from the Board after many years of dedicated service to both AsureQuality and the two previous organisations, ASURE (New Zealand) Limited and AgriQuality Limited.

Two new Directors were appointed from 1 May 2009. John Ashby, who is highly experienced in international business and has previously been the GM of Gilmours and Chief Executive Officer of the Bell Tea Company; and Dean Nikora, who has extensive experience in the farming and dairy sectors, with governance experience as a member of the Fonterra Shareholders Council, a Director at Ballance Agri-Nutrients and a trustee for Maori-owned assets.

Subsequent to balance date Richard Janes retired from the Board after many years of dedicated service. John Ashby was appointed as Deputy Chair and Jane Lancaster was appointed as a new Director.

Thanks must be extended to our dedicated staff for their commitment during these tough times and the restructuring that has taken place as a result. Their willingness to support others, for example during the Australian bushfires and as contributors to the Oxfam Trail Walker, has reinforced AsureQuality's core values and strengthened the culture of the company. Thanks also to the Board for its continued vision and guidance.



John Spencer
Chair



Tony Egan
CEO

BUSINESS OVERVIEW



An overview of the two business groups and their performance is detailed below.

OPERATIONS

This comprises ante-mortem and post-mortem meat inspection, TB testing and disease control activities, training, farm assurance audits, biosecurity surveillance and response, veterinary services and New Zealand-based audit, inspection, verification and certification services for cross-supply chain processing and production operations.

(\$'000)	2009	2008
Total revenue	\$86.4 million	\$88.3 million
Staff FTE	858	887

MEAT INSPECTION SERVICES

AsureQuality's meat inspectors exceeded the New Zealand Food Safety Authority (NZFSA) targets for compliance accuracy while delivering 1.27 million hours of meat inspection. Through established meat industry relationships a number of laboratory contracts have successfully been gained.

With an emphasis on multi-skilling, over 100 staff have now received training in secondary positions across the Company in areas of biosecurity, farm assurance auditing, TB testing and other field services.

Late in the year the NZFSA launched a review of the meat hygiene programme including meat inspection and established a task force to carry out this work. AsureQuality is represented on this task force.

FOOD & DAIRY

The most significant achievement for the Food and Dairy auditing business was securing a three-year contract with the Fonterra Co-operative, to deliver Recognised Agency services and independent assurance services across all sites throughout New Zealand. This contract alone represents approximately 70 percent of the assurance services market within the New Zealand dairy industry. AsureQuality also secured contracts for the supply of engineering and evaluation services for the

AsureQuality's ongoing investment in local and international accreditations enables the Company to certify food quality and management systems across global supply chains. AsureQuality can help provide the evidence that the food customers produce meets the standards of safety, ethics and environmental sustainability required by the most demanding markets.

two largest dairy plant development projects currently underway in New Zealand.

AsureQuality has become a major supplier of Woolworths Quality Assurance audits to producers and processors across New Zealand and Australia. Development of this programme has enhanced auditing capability and enabled the delivery of multiple audit programmes to individual customers wanting to supply to a range of customers here in New Zealand and abroad. In the past 12 months the Food and Dairy team has also successfully trained and approved 10 new auditors.

BIOSECURITY

Biosecurity investigation and response activity during the year has been at very low levels, due to a combination of improved border controls and reduced volumes of imports as a result of the recession. Reduced response activity has provided opportunities to improve further business processes and progress alignment with MAFBNZ.

The highlight of the year was agreeing a 10-year contract with MAFBNZ for the provision of biosecurity operational readiness and response services. Under the contract, AsureQuality becomes MAF's operational arm for readiness and response, and will work with MAFBNZ to develop the long term strategy for readiness. AsureQuality will continue to build a network of capability, ready and able to provide resources in the event of a biosecurity response. Work is underway to change over to the new arrangements with the transition expected to be completed by 30 June 2010.

FIELD SERVICES

Separation of seed field, bureau and laboratory operations has enabled a clearer understanding of costs and returns from the broader seed certification service. The separation has enabled the delivery service to be more targeted at addressing individual customer requirements.

The Pine Manufacturer's Engineered Timber Products Programme has been established to strengthen consumer confidence in manufactured timber products and to benchmark production systems. AsureQuality and the Pine Manufacturers Association are joint owners of the certification scheme, which has adopted a range of standards as the benchmark against which organisations, wishing to be certified, will be audited.

An Avocado Sunblotch Viroid (ASBVd) survey commissioned by the Avocado Industry Council was delivered by the AsureQuality Field Services team against a MAFBNZ Surveillance Standard. The survey required customised IT applications to enable bar coding of some 80,000 samples. As a result of the survey findings MAFBNZ has declared New Zealand free of ASBVd.

The business has developed additional audit capability throughout the country to improve both the total number and distribution of auditors across the Organics, BRC, NZGAP, GLOBALGAP and Tesco Nurture Scheme audit programmes, which we can now deliver as a combined package.

The discovery of Varroa mite in the Canterbury area, and the subsequent removal of the Varroa movement control line across the north of the South Island, resulted in the apiary staff delivering a series of educational workshops to South Island Beekeepers on Varroa management in hives.



ON FARM SERVICES

2009 has been a year of consolidation for On Farm Services for both contract security and delivery. Over 80 percent of the AHB's TB testing volumes were successfully negotiated for the next four years, with contracts for 19 of the 23 testing areas held nationally by AsureQuality. The re-signing of these and other key contracts was supported by an improved service delivery performance and a newly restructured support team.

Growth in the dairy and farm assurance areas along with an increasing range of new services also contributed to On Farm Services achieving its financial objectives.

VETERINARY SERVICES

The Veterinary Services team has continued to supply technical expertise to the AHB via the District Disease Control Manager contracts. The other main area of work for this team is specialist services to importers and exporters of live animals and germplasm in New Zealand. During the year a significant training and assessment programme was put into place following the revised requirements by MAFBNZ for the export of live animals and germplasm.

The team also provides veterinary assistance to AsureQuality Biosecurity Services, specialist auditing, verification and training.

LABORATORIES AND DIAGNOSTICS

This comprises food testing for pathogens, toxins, nutritional information and residues, routine and specialist chemical analyses, environmental characterisation, monitoring and investigations, industrial problem solving, product and food safety, projects and research, and the manufacture and distribution of animal health diagnostic products for domestic and international markets.

(\$'000)	2009	2008
Total revenue	\$49.1 million	\$48.5 million
Staff FTE	406	384

LABORATORY SERVICES

AsureQuality has a 25 percent shareholding in DTS, the largest food testing laboratory in Australia with close to 200 staff and a turnover of \$27 million. The association has resulted in a number of benefits for both Auckland and Wellington Laboratories during 2009; for example routine testing services have been delivered during its laboratory upgrade, and high-end testing provided for DTS customers. The affiliation has also given AsureQuality increased credibility as we work towards establishing a new site in Singapore.

AUCKLAND LABORATORY

The Auckland laboratory gained approval to test processed wood products for formaldehyde emissions, to comply with the Californian Air Resources Board regulations. The testing supports the New Zealand processed wood manufacturers which supply processed wood to the United States of America. With the help of a local engineering firm, AsureQuality designed and constructed large and small formaldehyde chambers and a conditioning room to meet the primary and secondary testing methods and specifications.

An upgrade to Lynfield Laboratory in Auckland commenced in 2009. This will increase capacity and cater for anticipated growth in the next five years.

Towards the end of this year Auckland Laboratory commenced export certification testing of wine for the EU market. This is being conducted from the ESR Mt Albert Science Centre while the Lynfield

refurbishment is underway. AsureQuality is one of three laboratories with NZFSA approval to provide this testing.

WELLINGTON LABORATORY

The Wellington laboratory had a very successful financial result for 2009, and will conclude the year with the highest ever revenue for the laboratory with both revenue and EBIT being significantly over budget.

Key highlights that have contributed to its success include:

- › The delivery of a special project ahead of schedule for a major international environmental sector customer, which required the investment in a third High Resolution Mass Spectroscopy instrument. All routine dioxin work was delivered sooner than expected with a significant improvement in turn around times for the year. The project also led to the laboratory being awarded a prestigious award for epidemiology from this renowned multi-national customer.
- › Melamine testing has continued to contribute considerable revenue this year and the purchase of a new Liquid Chromatography Tandem Mass Spectroscopy instrument was crucial to the delivery of melamine test results to AsureQuality's major international customers.
- › The volume of testing by the Pesticide team has increased substantially this year resulting in a 50 percent improvement in turn around time.
- › A new significant microbiology contract was signed for three years with a major local meat plant. This represents the single largest contract signed by the microbiology team at Wellington.
- › The laboratory has also focused on method development and staff training. Two full IANZ audits have added many new tests to AsureQuality's portfolio, and resulted in a greater depth of key technical persons trained and accredited than ever before.
- › 2009 saw the first chemistry residue tests pre-registered using group mode functionality at Wellington.

- › At the beginning of the year an agreement was reached with Ikari Corporation in Japan to provide residue testing services directly to the Japanese market. As a result of the relationship and initiatives put in place to facilitate communications, revenue from this market has more than doubled.

SINGAPORE LABORATORY

In late August this year a site was leased in Singapore to establish a laboratory. Nutritional testing will comprise about 80 percent of the 500 square metre laboratory's volume. With recruitment of key personnel, purchase and validation of equipment and set up of quality and management systems near to completion, the site is expected to open for business in early 2010.

ANIMAL HEALTH DIAGNOSTICS

This business has been the most adversely affected by the economic environment. Customer demand has been lower than expectations, resulting in reduced volumes for AsureQuality. However, the medium to long term prospects for this business remain strong.

In August AsureQuality proudly co-sponsored the Fifth International M. bovis Conference alongside our Swiss partner Prionics AG (Prionics). The conference was hosted by the AHB in Wellington and attracted more than 200 delegates from 29 countries.

In addition to manufacturing and distributing veterinary diagnostics for Prionics this year, a joint programme "A World Free of TB" was also established. This programme combines two core TB diagnostic products, AsureQuality's Observe™ bovine and avian PPD tuberculin tests and Prionics' Bovigam® blood based Gamma Interferon test, to provide TB solutions backed with expert TB control knowledge.

Observe PPD tuberculin and Bovigam are used within the AHB's successful TB Pest Management Strategy. In addition to supplying tuberculin for use in New Zealand, full registration of the Observe bovine PPD tuberculin was completed for Chile. A number of international registrations for the bovine and avian PPD tuberculin are being sought as export orders for these products grow. These products are now being exported to 11 countries.



SUPPORT SERVICES

The two operating groups are supported by a group of centralised business support services comprising Finance, Procurement, Information and Communications Technology, Certification and Quality Assurance, Strategy, Human Resources, and Marketing.

The past year has seen improvement in support systems, including upgrading the financial system with new budgeting, forecasting and payroll processes, and implementing an on-line hiring tool and an audit management system.

During the year AsureQuality carried out a customer and staff survey. The customer survey involved in-depth interviews with 19 of our top 30 customers by revenue and covered the four businesses: Laboratories, Auditing, On-Farm Services and Meat Inspection. The results will be used to develop practical objectives to enhance customer relations in the months ahead.

The staff survey reinforced that there is much to celebrate as an organisation, but also highlighted four priority areas to focus on going forward. These are learning and development, communication and cooperation, performance feedback and management, and reward and recognition.

AWARD WINNING CUSTOMER SERVICE

In September this year Customer Services was awarded first place in the Public Services/SOE category at the annual CRM Contact Centre Awards. Customer responsiveness is one of the benchmarks used to improve AsureQuality's day-to-day performance, and this award acknowledges our efforts in this area.

OTHER ACTIVITIES

SOCIAL RESPONSIBILITY

AsureQuality continues to support the Maungatautari Trust project. The project involves 3400 hectares of forest

which is surrounded by a fully pest-proof fence, and is run by 11 staff and 430 volunteers. Their work is to bring back the "dawn chorus" to mainland New Zealand with 40 species of native birds in their wild habitat. At least half are threatened species. AsureQuality is proud to be part of this ambitious project that will supersede Hauturu (Little Barrier Island) as New Zealand's most important ecological site within five years.

This year an Employee Volunteer Programme was established to enable staff to spend a work day volunteering at a charity of their choice. To date time has been spent with a variety of charities and included setting up a hospice, working with the Hamilton Zoo, carrying out volunteer inspections for tsunami relief goods going to Samoa, and supporting relief work for the Australian bush fires.

FINALISTS IN WELLINGTON GOLD AWARDS

The Wellington Laboratory was chosen as a finalist in the Wellington Region Gold Awards. It was selected by the judges for its work in conducting testing of food products for melamine in response to recent consumer concerns. In this case, AsureQuality responded swiftly, undertaking a wide range of product testing on behalf of the NZFSA at short notice.

EMPLOYEE HEALTH & SAFETY

ACC continues to endorse AsureQuality's Tertiary Level Accreditation status. They have noted "a consistent improvement and maturing of the systems" and a "strong awareness of responsibilities at all levels within the organisation".

INTERNATIONAL ACCREDITATIONS EXPANDED

This year the scope of accreditation with JASANZ was extended to include BRC - Storage and Distribution. ISO 9001:2008 was also added to enable certification to the most updated version.

ASUREQUALITY VISION

A world class provider of food safety and biosecurity services.



VALUES

As a company we choose to live by six core values that embody the attitudes and behaviours that drive our people. These values are the benchmark by which we monitor and seek to improve our day to day performance.

01.

CUSTOMER RESPONSIVENESS

All the work we do, at every level, is aimed at providing professional services to our customers. Customer responsiveness ensures we understand our customers' needs and demonstrates our commitment to quality service delivery.

02.

OPERATIONAL EXCELLENCE

Accuracy, efficiency, reliability and timeliness are constant requirements for everything we do every day. Getting it done right first time is key to what we do. We challenge ourselves to perform better for our customers, push the boundaries of best practice, and develop innovative products and services that add value for the business, our customers and industry. It is the little ideas that build to create continuous improvements.

03.

LEADERSHIP

We inspire people to develop and perform at their best to deliver our vision. Leadership is action not position. It is leadership taking place at all levels that helps us achieve our other values.

04.

STAFF WELLBEING

We are what our people do. Our people are our biggest asset. Our commitment to the wellbeing of our staff, and protecting our people from ill health and injury is vital to our success as a business.

05.

INTEGRITY

Independence and objectivity are vital in everything we do. We demonstrate respect for our staff and our customers and behave ethically in all our business and financial activities. Integrity defines who we are individually as people and underpins all our other values.

06.

ONE TEAM

The success of AsureQuality is determined by how we work as one team. The incredible diversity of skills and expertise within AsureQuality means that our strength is working together to provide an unmatched capability to our customers. We must be committed to our individual teams as well as providing support to all other teams across the business.

EXCELLENCE AWARDS

The winners of this year's AsureQuality Excellence Awards represent those who have excelled in living our core Company values.

01.

CUSTOMER RESPONSIVENESS

- › Ben Cooper in his role as Compliance Engineer within the Dairy Group from Christchurch
- › Shuta Kojima in his role managing Japanese customers at the Wellington Laboratory

02.

OPERATIONAL EXCELLENCE

- › Pat Vyas in his role as Technical Manager for Chemistry at the Auckland Laboratory
- › Rebecca White in her training development role for Meat Industry Services

03.

LEADERSHIP

- › John Keall in his role leading the Pest Laboratory team in Auckland
- › Clint Rogers in his role leading the Seeds team in Melbourne

04.

STAFF WELLBEING

- › Mike Vicary in his role as Health and Safety Manager based in Auckland
- › Justin Salter in his role as Horticulture Field Officer based in Palmerston North

05.

INTEGRITY

- › Les McCleery in his role for Meat Industry Services based in Canterbury
- › Barry McCloy in his role for On Farm Services in Ashburton

06.

ONE TEAM

- › Harry van Enckevort, Alan Stanley and Glen Fern for their work with Melamine testing
- › Michaela Taylor, from the Wellington Laboratory, and Sam Brooks, from Meat Industry Services, for their microbiological work with the Meat Industry

BOARD OF DIRECTORS



**JOHN SPENCER -
CHAIRMAN**

A Fellow of the New Zealand Institute of Chartered Accountants and an independent professional director, John Spencer initially chaired the Establishment Committee of AsureQuality in 2007. Mr Spencer is the former CEO of NZ Dairy Group prior to the formation of Fonterra, and has vast experience in the primary sector.



**RICHARD JANES -
DEPUTY CHAIR**

Richard Janes was Chairman of ASURE (New Zealand) Limited prior to its merger with AgriQuality to form AsureQuality. He is a professional company director with extensive experience in the primary sector and export-focused companies. Dr Janes has more than 25 years' experience in international brand marketing.



JOHN ASHBY

John Ashby is an independent professional director. He has extensive experience in international Food and Beverage including CEO and senior executive roles with Whitbread UK, Lion Nathan, Kraft General Foods, Cerebos, Bell Tea and Foodstuffs.



SAM ROBINSON

Sam Robinson is a former Chairman of Richmond Ltd, farmer and experienced director. Mr Robinson brings a particular knowledge of the food and beverage sector to the AsureQuality Board. Mr Robinson served as a Director on the AgriQuality Board.



GARRY WILSON

Garry Wilson is a director of a number of charitable, government and private organisations. He was previously CEO of the Accident Compensation Corporation (ACC) for eight years and prior to that Chief Executive at the Northern Regional Health Authority.



JOANNA PERRY

Joanna Perry is an independent professional director and Fellow of the New Zealand Institute of Chartered Accountants. She was a KPMG New Zealand partner for 17 years until March 2006 and a member of the Securities Commission for 11 years until April 2008. Joanna is recognised as one of New Zealand's leading authorities on accounting standards.



SARAH HERROD

A Chartered Accountant, Sarah Herrod is the current Chief Financial Officer (CFO) of OfficeMax New Zealand Limited. She has significant experience in financial and commercial roles including 10 years with British Petroleum Plc.



DEAN NIKORA

Dean Nikora has extensive experience in the farming and dairy sectors. He has governance experience as a member of the Fonterra Shareholders Council, a Director at Ballance Agri-Nutrients, and as a trustee for Maori-owned assets.

Other current appointments for each Director are shown in the statutory declaration information section on pages 55-57.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for corporate governance. Corporate governance includes the direction of the Company, accountability of the Board to shareholders, for the Company's performance, and compliance with laws and regulations. The following is an overview of the main corporate governance practices, which ensure effective management, statutory obligations and best practice are met.

SHAREHOLDER RELATIONSHIP

AsureQuality is a limited liability company and a State-Owned Enterprise with its shares held by two ministers on behalf of the Crown, the Minister for State-Owned Enterprises and the Minister of Finance.

Under the State-Owned Enterprises Act 1986, the principal objective of a State-Owned Enterprise is to operate as a successful business, which is:

- › As profitable and efficient as comparable businesses not owned by the Crown
- › A good employer
- › An organisation which exhibits a sense of social responsibility having regard to the interests of the communities in which it operates and by endeavouring to accommodate or encourage those interests when able to do so.

AsureQuality is required to provide its shareholders with an annual business plan, annual budget, a statement of corporate intent, long range plan and quarterly reports on performance relative to the objectives set out in the business plan. The unaudited half-year financial statements, audited year-end financial statements and statement of corporate intent are tabled in Parliament.

THE ROLE OF THE BOARD OF DIRECTORS

The Directors are responsible for the governance, management and proper direction and control of the activities of AsureQuality and its subsidiaries. The Board's principal responsibilities include:

- › Ensuring that the Company goals are clearly established and that the strategies are in place for achieving them (such strategies being expected to originate from management in the first instance)

- › Establishing policies for strengthening the performance of the Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital
- › Monitoring the performance of management
- › Appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment
- › Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring the following steps are taken:
 - Ensuring that the Company's financial statements are true and fair and otherwise conform with law
 - Ensuring that the Company adheres to high standards of ethics, corporate behaviour and Corporate Social Responsibility
 - Ensuring that the Company has appropriate risk management and regulatory compliance policies in place.

The orderly conduct and control of the business depends on effective and responsible delegation of authority. The Board has a formal delegation of authority policy establishing authority to the CEO and management. This policy establishes parameters and limits within which management can commit AsureQuality to a transaction or approve spending. These limits are reviewed periodically.



APPOINTMENT OF DIRECTORS AND COMPOSITION OF BOARD

AsureQuality's constitution sets out policies and procedures for the operation of the Board, including the appointment and removal of Directors. Directors are appointed by the shareholding Ministers, the Minister of Finance and the Minister for SOEs. Under the constitution Directors may be appointed for a fixed term not exceeding three years and shareholding Ministers may choose to renew any such appointments for a further fixed term. The Ministers also appoint the Chair and Deputy Chair. All Directors are non-executive independent Directors.

On 30 April 2009, Rakihia Tau and Grant Gillon resigned as Directors. On 1 May 2009, John Ashby and Dean Nikora were appointed as Directors.

The Chair of the Board's role is to manage the Board effectively, to provide leadership to the Board and to interface with the CEO.

BOARD COMMITTEES

The Board has two formally constituted committees. The Board reviews the membership and terms of reference for the committees regularly.

AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee has authority to recommend to the Board and met five times in the year ended 30 September 2009. The objective of the Committee is to recommend the principles and standards with respect to internal controls, accounting policies, risk management and the nature, scope, objectives and functions of internal and external audit.

The Committee will assist the Board in producing accurate financial statements in compliance with the appropriate legal requirements and accounting standards. The Audit Risk and Compliance Committee is responsible for overseeing the financial, accounting and audit, risk and compliance activities of AsureQuality. This includes reviewing the adequacy and effectiveness of internal controls, meeting with and reviewing the performance of the external auditors, reviewing the financial statements, making recommendations on financial and accounting policies, determining the nature, scope, objectives and functions of internal audit and approving, monitoring policies and programmes to identify areas of significant business risk and procedures to manage those risks and reviewing policies in relation to maintaining the impartiality of AsureQuality's certification activities. From 1 October 2008 the Committee members comprised Joanna Perry (Chair), Sarah Herrod and Sam Robinson. The Chair of the Committee is required to be a Chartered Accountant and not be the Chair of the Board.

REMUNERATION COMMITTEE

The Remuneration Committee met twice in the year ended 30 September 2009. The objective of the Committee is to assist the Board on remuneration and performance management policies and procedures relating to the CEO and senior management, and their implementation. From 30 September 2008 this committee comprised the AsureQuality Chair, Deputy Chair and Garry Wilson.

Director	Appointment Date	Board Attendance	Audit Committee	Remuneration Committee
John Spencer	1 October 2007	11		2
Richard Janes	1 October 2007	11		2
Rakihia Tau	19 November 2001 (retired 30 April 2009)	6		
Sam Robinson	1 May 2006	11	4	
Grant Gillon	1 November 2007 (retired 30 April 2009)	6		
Sarah Herrod	1 November 2007	11	4	
Joanna Perry	1 November 2007	11	4	
Garry Wilson	1 November 2007	10		2
John Ashby	1 May 2009	4		
Dean Nikora	1 May 2009	4		

BOARD MEETINGS

The Chair with the assistance of the CEO establishes the agenda for each Board meeting to ensure proper coverage of key issues. Each Director is able to request items for the agenda.

The Directors receive comprehensive information on AsureQuality's operations before each meeting and have unrestricted access to any other information they require. The CEO and CFO attend each meeting to answer questions and to assist the Directors in their understanding of the issues facing AsureQuality and the performance of the Company. The Board and its committees also meet in confidential sessions without management present. These sessions deal with management performance and remuneration issues, Director performance process and discussions with the external auditors to promote a robust independent audit process.

For the year ended 30 September 2009, the Board met for 11 scheduled Board meetings. Details of attendance at Board and Committee meetings are set out in the table above.

DIRECTORS' REMUNERATION

Each year shareholding Ministers advise the Board of the total amount of fees which may be allocated to Directors of AsureQuality. The allocation of those fees in respect of the year ended 30 September 2009 is included in the statutory disclosure information.

REVIEW OF DIRECTORS' PERFORMANCE

The Board conducts a self evaluation process of its performance on a semi-annual basis. The purpose of the evaluation is to improve the performance of the Board. The evaluation process includes a review of the chairman and individual Directors as well as the Board as a group.

RISK MANAGEMENT

The Board has developed a rigorous process for risk management and internal control. AsureQuality has developed a comprehensive risk management framework which will be reviewed for approval by the Board on an annual basis. The Company's management actively participates in the identification, assessment, and monitoring of new and existing risks. Particular attention is given to the market risks that could impact on AsureQuality.

AUDIT

In accordance with Section 29 of the Public Finance Act 1989, the Auditor General is required to express an opinion on the Group's financial statements. Pursuant to Section 15 of the Public Audit Act 2001 the Auditor General has appointed Jonathan Freeman of PricewaterhouseCoopers to undertake this audit on his behalf. The Audit Report is set out in the Financial Statements. The Board have adopted a strict policy to maintain the independence of the external auditor with their work limited to external audit assurance services only.



The Company has appointed Ernst & Young as its internal auditor to monitor the Company's internal control systems, risk management processes and the integrity of the financial information reported to the Board. The Board sets the internal audit programme for the internal auditor.

Both the internal auditor and the external auditor have unrestricted access to the Audit, Risk and Compliance Committee and to the Board.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board recognises that AsureQuality has obligations under the State-Owned Enterprises Act to be a good employer and to exhibit a sense of social responsibility by having regard to the interests of the communities in which it operates and by endeavouring to accommodate or encourage these when able to do so.

AsureQuality aims to progress its plans for growth while having an appropriate conscience about the Company's impact on the environment, and people that it interacts with. AsureQuality thinks of its CSR as being about people and the industries the Company works with having the resources and opportunities to enjoy a sustainable future. AsureQuality is committed to operating at the high end of the continuum of social responsibility practice. This means conducting business in a responsible fashion, including operating with a high level of business ethics.

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

AsureQuality's approach to corporate social responsibility focuses on three broad strategic objectives:

- › Reducing the Company's environmental impact
- › Being a good employer

- › Encouraging social and community involvement and support.

AsureQuality has identified a number of specific programmes and initiatives aimed at contributing to achievement of these objectives. For example: reducing the Company's carbon footprint, use of hybrid cars in the Company's corporate vehicle fleet, supporting staff who suffer hardship, and establishing a staff volunteer programme.

CONFLICTS OF INTEREST

The Board has adopted a policy that prohibits any Director providing services, in any capacity, to the Company except with the prior approval of shareholding Ministers. All Directors are required to disclose any conflicts of interest or if they have an interest in any transaction in which case they will generally not be entitled to partake in the discussion or to vote in relation to the transaction. To facilitate the disclosure of interests and identification of any actual or perceived conflicts of interests, the Company's Disclosure of Interests Register is tabled and reviewed at the beginning of each Board meeting.

ETHICAL BEHAVIOUR

The Board has adopted a number of policies to provide guidance to Directors, management and staff as to the expected standard of behaviour in conducting the business of the Company. These include policies covering drug and alcohol abuse, conflicts of interest, disclosure of information, personal and entertainment expenses for both Directors and staff, the treatment of fraudulent actions, protected disclosures, harassment, privacy, unsolicited electronic messages and the receipt of gifts.

EXECUTIVE TEAM



TONY EGAN - CHIEF EXECUTIVE OFFICER

Joined AgriQuality in 2007 from a background in the meat industry. Tony was the former CEO of AFFCO and has vast experience in the primary sector.



KELVAN SMITH - GROUP MANAGER - OPERATIONS

Kelvan was the former CEO of ASURE (New Zealand) Limited and has significant experience in the meat industry and the public sector.



UDIT SINGH - GROUP MANAGER - LABORATORIES AND DIAGNOSTICS

Joined AgriQuality in 1999, and previously held positions in the dairy and distribution sectors as well as chartered accountancy.



ALAN BIRD - CHIEF FINANCIAL OFFICER

Joined AsureQuality in August 2008 with experience in both the dairy industry and public sector organisations.



DR CHRIS CARTER - CHIEF TECHNICAL OFFICER

Joined AgriQuality in 1998 following a wide-ranging veterinary career with MAF and in the private sector. Chris has extensive experience with biosecurity programmes, livestock traceability and veterinary diagnostics.



MARK CUNNINGHAM - STRATEGY MANAGER

Joined AsureQuality in July 2009 and previously held positions in corporate finance and investment banking.

FINANCIALS

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INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Continuing operations					
Revenue	1	136,652	134,075	130,770	126,667
Cost of sales	2	(92,177)	(90,591)	(87,650)	(86,229)
Gross profit		44,475	43,484	43,120	40,438
Administration expenses	2	(16,154)	(15,710)	(15,707)	(15,268)
Sales and marketing	2	(534)	(331)	(525)	(458)
Other expenses	2	(19,477)	(18,609)	(17,477)	(16,584)
Operating profit		8,310	8,834	9,411	8,128
Net foreign exchange gains/(losses)		(51)	70	(50)	74
Finance income	3	80	487	80	487
Finance costs	3	(623)	(1,380)	(601)	(1,200)
Share of profit of associate		15	-	-	-
Profit before income tax		7,731	8,011	8,840	7,489
Income tax expense	4	(2,845)	(2,917)	(2,326)	(3,260)
Profit for the year from continuing operations		4,886	5,094	6,514	4,229
Discontinued operations					
(Loss) for the year from discontinued operations	5	-	(711)	-	-
Profit for the year		4,886	4,383	6,514	4,229

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

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revaluation of land and buildings	20	(170)	-	(170)	-
Currency translation differences	20	(226)	400	-	-
Net income recognised directly in equity		(396)	400	(170)	-
Profit for the year		4,886	4,383	6,514	4,229
Total recognised income for the year		4,490	4,783	6,344	4,229

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

BALANCE SHEET

AS AT 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Assets					
Current assets					
Cash and cash equivalents	6	632	6,009	494	4,699
Trade and other receivables	7	14,813	13,756	13,331	12,124
Inventories	8	3,874	3,737	2,909	2,543
Work in progress	9	470	1,400	460	1,335
Loan to subsidiary	13	-	-	10,382	7,904
Current income tax asset		-	-	-	3
Total current assets		19,789	24,902	27,576	28,608
Non-current assets					
Property, plant and equipment	10	27,504	26,435	24,290	23,372
Intangible assets	11	1,184	1,011	1,121	921
Investment in subsidiary	12	-	-	600	600
Investment in associate	14	7,402	-	2,922	-
Investments	14	-	5,844	-	2,922
Deferred income tax assets	15	1,144	2,208	1,144	1,190
Total non-current assets		37,234	35,498	30,077	29,005
Total assets		57,023	60,400	57,653	57,613
Liabilities					
Current liabilities					
Trade and other payables	16	7,889	7,079	7,425	6,584
Borrowings	17	242	2,852	242	2,377
Provision for employee entitlements	19	5,197	5,381	5,074	5,273
Derivative financial instruments	26	19	-	19	-
Current income tax liabilities		318	350	318	-
Deferred income	18	3,865	3,668	3,865	3,668
Total current liabilities		17,530	19,330	16,943	17,902
Non-current liabilities					
Borrowings	17	4,150	7,100	4,150	6,402
Provision for employee entitlements	19	4,237	4,034	4,156	3,929
Total non-current liabilities		8,387	11,134	8,306	10,331
Equity					
Capital	20	22,100	22,100	22,100	22,100
Reserves	20	5,993	6,709	5,638	6,128
Retained earnings	20	3,013	1,127	4,666	1,152
Total equity		31,106	29,936	32,404	29,380
Total liabilities and equity		57,023	60,400	57,653	57,613

The Board of Directors of AsureQuality Limited authorised these financial statements for issue on 4 December 2009.


John Spencer
Chair


Joanna Perry
Chair Audit, Risk and Compliance Committee

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

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Cash flows from operating activities					
Receipts from customers		136,996	135,246	130,948	124,200
Rent received		135	138	135	138
Interest received		80	487	80	487
Dividends received		3	-	2	-
Payments to suppliers and employees		(123,583)	(125,182)	(117,271)	(113,462)
Interest paid		(636)	(1,386)	(603)	(1,220)
Income tax paid		(2,425)	(3,228)	(2,421)	(3,215)
Net cash generated from operating activities	21	10,570	6,075	10,870	6,928
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		1	-	1	2
Proceeds from sale of Melbourne Food Laboratory		-	734	-	-
Purchase of property, plant and equipment		(5,232)	(2,849)	(4,614)	(2,532)
Proceeds from sale of intangibles		-	2	-	-
Purchase of intangibles		(590)	(141)	(590)	(126)
Purchase of associate		(1,543)	-	-	-
Loan to subsidiary		-	-	(2,478)	(2,047)
Net cash used in investing activities		(7,364)	(2,254)	(7,681)	(4,703)
Cash flows from financing activities					
Proceeds from borrowings		4,150	666	4,150	(287)
Repayment of borrowings		(9,727)	(13,087)	(8,545)	(12,018)
Dividend paid		(3,000)	-	(3,000)	-
Net cash generated used in financing activities		(8,577)	(12,421)	(7,395)	(12,305)
Net decrease in cash		(5,371)	(8,600)	(4,206)	(10,080)
Cash and cash equivalents at beginning of year		6,009	1,202	4,699	1,097
Net Cash acquired on amalgamation		-	13,710	-	13,710
Exchange gain/(losses) on cash balances		(6)	(303)	1	(28)
Cash and cash equivalents at the end of year		632	6,009	494	4,699

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

STATEMENT OF ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

REPORTING ENTITY

AsureQuality Limited is a company registered under the Companies Act 1993. The Company 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.

The consolidated financial statements comprise AsureQuality Limited and its subsidiaries (the "Group"). The financial statements of the Company are for AsureQuality Limited as a separate legal entity.

STATEMENT OF COMPLIANCE

These financial statements, including the consolidation of its subsidiary domiciled outside of New Zealand, have been prepared in accordance with the Companies Act 1993, the Financial Reporting Act 1993, and the State-Owned Enterprises Act 1986 and generally accepted accounting practice in New Zealand ("NZ GAAP").

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate for profit-orientated entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 4 December 2009.

BASIS OF PREPARATION

The primary objective of the Company is to operate a successful business and be as profitable and efficient as comparable businesses not owned by the Crown. Accordingly, the Company has designated itself and the Group as a profit oriented entity for the purposes of NZ IFRS.

The measurement base applied is historical cost modified by the revaluation of certain assets and liabilities as identified in this statement of accounting policies.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars rounded to the nearest thousand.

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.

Retirement leave and long service leave. As explained in note 19 the liability is based on an actuarial valuation. This requires the use of assumptions and estimates by the actuary. If the actuarial valuation changed by 1% the liability and expense relating to this provision would have changed by approximately \$50,000. The key economic assumptions used were; discount rates of 6.69% to 5.96% and a salary increase rate of 2.75%.

Investment in associate. The value of the investment in the associate (Dairy Technical Services Limited) has been equity accounted and is based on the purchase price of the shares plus the Group's share of profits from 1 October 2008 when the Group acquired a further shareholding in Dairy Technical Services Limited (see note 14 for details).

The value of the investment has been compared to fair value based on a discounted cash flow prepared from the latest financial forecast received from Dairy Technical Services Limited using a growth rate of 3% in perpetuity and a pre tax discount rate of 11.51%. The discounted cash flow indicates that the above value has not been impaired.

Loan to subsidiary. The value of the loan to the subsidiary, in the parent financial statements, has been compared to fair value based on a discounted cash flow based on forecast cash flows for the next five years with a growth rate of 3% in perpetuity and a discount rate of 9.94%. The discounted cash flow indicates that the loan has not been impaired.

Land and buildings. Land and buildings are revalued by independent valuers every three years unless the Directors consider the carrying value differs materially from fair value and it is necessary to obtain a valuation on a more frequent basis. The latest valuation of land and buildings is dated 30 June 2009 which Directors consider to be reflective of fair value as at 30 September 2009. Refer note 10.

The key judgements that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

Income taxes. Deferred tax in relation to the Group's tax losses within the Australian taxation jurisdiction have been written-off in the current year as Directors consider the level of uncertainty to be such that an asset should not be recognised. Deferred tax in relation to the New Zealand taxation jurisdiction is recognised as an asset as Directors consider that there will be sufficient assessable income in the future to obtain the benefits.

Receivables. Trade receivables are impaired when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of the receivables. The Directors consider the current provision to be appropriate. Refer note 7.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

Subsidiaries

The Group financial statements consolidate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are recorded in the financial statements of the Parent company at cost. Where there is indication of impairment, the unrealised loss is recognised in the income statement.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associate post acquisition profits is recognised in the income statement.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and is disclosed exclusive

of GST and net of returns. Revenue from the supply of services is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to work in progress reports.

Rental income is recognised on an accruals basis in accordance with the substance of the relevant property lease agreements with tenants.

Interest

Interest income is recognised using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

c) Interest expense

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

e) Property, plant and equipment

Property, plant and equipment other than land and buildings are recorded at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment is the value of the consideration given to acquire the property, plant and equipment and other directly attributable costs incurred in bringing the property, plant and equipment to the location and condition necessary for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Revaluations

Land and buildings are recorded at fair value less impairment losses and, for buildings, less depreciation accumulated since the assets were last revalued. Valuations are obtained from an independent registered valuer every three years using the highest and best use method, however valuations may be obtained on a more frequent basis if there is an indication that the fair values have changed materially from the latest valuation.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in the income statement to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Disposal of property, plant and equipment

Gains and losses arising from disposal of property, plant and equipment are recognised in the income statement in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

Capital work in progress

Capital work in progress represents costs relating to property, plant and equipment that at balance date are not yet operational. Depreciation commences when the item becomes operational.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

The following estimated useful lives are used in the calculation of depreciation:

Buildings	10 – 25 years
Leasehold improvements	10 years or over the period of the lease if more appropriate
Plant and equipment	3 – 8 years
Computer equipment	3 years

Land and capital work in progress are not depreciated.

f) Intangible assets

Software

Software assets include both purchased software and direct costs associated with the development of internally developed software. Capitalised costs include the cost of all materials used in construction and the direct labour on the project. Costs cease to be capitalised as soon as the software is ready for productive use. Capitalised costs are amortised on a straight-line basis over the period of the expected benefits. This period is reviewed on an annual basis.

Amortisation

Software is amortised on a straight-line basis over 3 – 5 years, being the estimated useful life.

g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks or rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Initial recognition of a finance lease results in an asset or liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The capitalised values are amortised over the period in which the Group expects to receive benefits from their use.

Operating leases

Operating leases, where the lessor substantially retains the risks and rewards of ownership, are recognised in a systematic manner, net of any lease incentives, over the term of the lease.

h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 3 months overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other expenses'.

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against 'other expenses' in the income statement.

i) Work in progress

Work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. Where there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented as Work in Progress Advanced Receipts under current liabilities.

j) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

k) Impairment

The carrying amounts of the Group's non-financial assets are reviewed at least annually to determine if there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

l) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured at the lower of their carrying amount and fair value less cost to sell. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial

classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

m) Payables

Trade and other accounts payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

n) Provisions

Provisions are recognised when, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Long-term 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 the risks specific to the liability.

o) Contingent assets and contingent liabilities

Contingent liabilities and contingent assets are recorded in the notes to the Financial Statements at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

p) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they

reverse, based on the laws that have been enacted or subsequently enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

q) Employee benefits

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, long service leave, retirement leave, accumulating sick leave and other similar benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services by employees up to reporting date.

Defined contribution plans

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the income statement as incurred.

r) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of operations in New Zealand is NZ\$ and Australia is AU\$. The consolidated financial statements are presented in NZ\$, which is the Group's presentation currency.

Foreign currency transactions

Transactions denominated in a foreign currency are initially translated at the foreign exchange rate at the date of transaction.

Foreign currency monetary items at balance date are translated at exchange rates current at balance date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the income statement in the period in which they arise.

Foreign operations

On consolidation, the assets and liabilities of the Group's overseas operation are translated at exchange rates prevailing at balance date. Income and expense items are translated at the average exchange rate for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in the income statement on disposal of the foreign operation.

s) Goods and services tax (GST)

The income statement and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated at net of GST, with the exception of accounts receivables and accounts payables, which include GST invoiced.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

t) 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 trade payables.

All financial instruments are recognised in the balance sheet and all revenue and expenses in relation to financial instruments are recognised in the income statement.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method (refer interest revenue policy). Loans and receivables issued with duration less than 12 months are recognised at their nominal value, unless the effect of discounting is material. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Interest, impairment losses and foreign exchange gains and losses are recognised in the income statement.

The Group's loans and receivables include trade debtors, prepayments and receivables from related parties.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets and non current assets.

Available for sale financial assets

The Group's 2008 investment fell under the classification of available-for-sale financial assets. Available-for-sale financial assets were initially recognised at fair value, and subsequently measured at fair value. The fair value of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities) the Group establishes fair value by using valuation techniques. These included the use of recent arms length transactions, reference to other instruments that are substantially the same, and discounted cashflow techniques. Changes, other than impairment losses and foreign exchange gains and losses are recognised directly in equity.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note h.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other financial liabilities.

Fair value through profit and loss

Financial liabilities designated at fair value through profit and loss are recorded at fair value with any resultant gain or loss recognised in the income statement. Gains or losses from interest, foreign exchange and other fair value movements are separately reported in the income statement. Transaction costs are expensed as they are incurred.

Other financial liabilities

Other financial liabilities, including borrowings, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method (refer interest expense policy). Financial liabilities entered into with a duration less than 12 months are recognised at their nominal value. Amortisation and, in the case of monetary items, foreign exchange gains and losses, are recognised in the income statement as is any gain or loss when the liability is derecognised.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

v) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

w) Cash flow statement

The following are the definitions of the terms used in the cash flow statement:

- i.** Cash comprises cash on hand and bank balances net of bank overdrafts.
- ii.** Investing activities are those activities relating to the acquisition, holding, and disposal of property, plant and equipment and investments.
- iii.** Financing activities are those activities that result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.
- iv.** Operating activities include all transactions and other events that are not investing or financing activities.

x) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest method.

y) Derivatives

Derivatives are initially recognised at fair value on the date of the derivative contract entered into and are subsequently re-measured to their fair value. The Group has not

designated any derivatives as hedges and all derivatives are accounted for as trading instruments at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the income statement within finance costs.

z) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or of operations that has been disposed of or held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

Comparatives

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Standards, amendments and interpretations to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2009 or later periods but which the Group has not earlier adopted.

Not yet adopted:

- › NZ IAS 23 (Amendment): Borrowing Costs (effective for reporting periods beginning on or after 1 July 2009). The amendment removes the option of simply expensing borrowing costs incurred in the construction of qualifying assets. Borrowing costs incurred in relation to assets that take a substantial period of time to get ready for intended use must be capitalised as part of the cost of the asset. When the standard is applied its impact will be dependent on the level of major capital projects undertaken.
- › IFRS 3 Business Combinations (Revised). The Group has chosen not to early adopt amendments made in February 2008 to NZ IFRS 3: Business Combinations. The amendments are mandatory for reporting periods beginning on or after 1 July 2009. The amendments impact the measurement of minority interests in an acquisition and the acquisition of a minority interest subsequent to an acquisition, step acquisitions, contingent consideration, acquisition costs and contingent liabilities of the acquiree. The amendments are prospectively applicable and therefore will only impact business combinations that take effect after the date of adopting the new standard.
- › NZ IAS 1 (Revised): Presentation of Financial Statements (effective for reporting periods beginning on or after 1 January 2009). The revised IAS 1 requires an entity to present all owner changes in equity, separately from non-owner changes in equity, in a statement of changes in equity. All non owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. When this standard is applied there will be changes to the presentation of the financial statements, however, it will have no impact on the measurement of profit and loss, assets and liabilities of the Group.
- › NZ IFRS 8: Operating Segments (effective for reporting periods beginning on or after 1 January 2009). NZ IFRS 8 replaces NZ IAS 14 and requires a 'management approach'. This means the segment reporting needs to be presented on the same basis as that used for internal reporting purposes. The scope of NZ IAS 14 does not apply to the Group. While it is not mandatory for the Group to comply with NZ IFRS 8 either, the Directors have decided to adopt its requirements. The adoption of this standard will impact financial statement disclosures only and will not affect measurement of items within the financial statements.
- › NZ IFRS 7 (Revised) : Financial Instruments: Disclosures (effective for reporting periods beginning on or after 1 January 2009). The revised standard introduces a fair value hierarchy, with each class of financial instrument categorised into one level of the hierarchy, determined on the basis of the lowest level input that is significant to the fair value measurement. The position in the hierarchy drives a series of additional disclosures. When this standard is applied there will be various changes to disclosures of financial instruments within the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
1. Revenue					
Revenue from continuing and discontinued operations consisted of the following items:					
Revenue from the rendering of services		132,383	132,692	129,251	125,637
Revenue from the sale of goods		4,123	5,246	1,377	886
		136,506	137,938	130,628	126,523
Rental revenue		135	138	135	138
Other income		11	9	7	6
		136,652	138,085	130,770	126,667
Attributable to:					
Continuing operations		136,652	134,075	130,770	126,667
Discontinued operations	5	-	4,010	-	-
		136,652	138,085	130,770	126,667
2. Expenses by nature					
Employee benefits					
Salary and wages		(84,786)	(84,937)	(82,715)	(80,626)
Defined contribution benefits		(651)	(760)	(484)	(418)
Other long term employee benefits	19	(514)	(404)	(535)	(354)
Consumables		(8,658)	(9,792)	(6,672)	(6,766)
Transportation expenses		(5,588)	(6,350)	(5,211)	(5,676)
Contractors and subcontractor testing		(4,179)	(3,372)	(3,943)	(2,902)
Rental and operating lease cost		(4,971)	(4,947)	(4,713)	(4,570)
Communication expenses		(1,653)	(1,472)	(1,483)	(1,340)
Sales and marketing		(534)	(331)	(525)	(458)
Donations		(14)	(17)	(14)	(16)
Auditor's remuneration - audit fees		(98)	(95)	(74)	(85)
Amortisation of software		(416)	(470)	(389)	(445)
Depreciation	10	(3,918)	(4,402)	(3,424)	(3,585)
Bad and doubtful debts		(108)	(22)	(107)	(3)
Gain (loss) on sale of property plant and equipment		(78)	491	(81)	-
Other expenses		(12,176)	(13,875)	(10,989)	(11,295)
		(128,342)	(130,755)	(121,359)	(118,539)
Attributable to:					
Continuing operations		(128,342)	(125,241)	(121,359)	(118,539)
Discontinued operations	5	-	(5,514)	-	-
		(128,342)	(130,755)	(121,359)	(118,539)
3. Finance income and costs					
Interest income on short-term bank deposits		80	487	80	487
Finance income		80	487	80	487
Interest expense on borrowings		(604)	(1,380)	(582)	(1,200)
Changes in fair value of derivative financial instruments	26	(19)	-	(19)	-
Finance costs		(623)	(1,380)	(601)	(1,200)
Net finance costs		(543)	(893)	(521)	(713)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
4. Income tax expense					
Current taxation expense					
Current year		3,364	3,593	3,364	3,394
Adjustment in respect of prior years		(1,263)	100	(764)	100
Deferred taxation expense					
Origination and reversal of temporary differences	15	(376)	(1,227)	(659)	(234)
Adjustment in respect of prior years	15	1,120	-	385	-
Income tax expense including tax on sale of discontinued operation		2,845	2,466	2,326	3,260
Income tax expense from continuing operations		2,845	2,917	2,326	3,260
Income tax expense from discontinuing operations (excl gain on sale)		-	(451)	-	-
		2,845	2,466	2,326	3,260
Income tax on gain on sale and associate loan write-off		-	146	-	-
		2,845	2,612	2,326	3,260
Total income tax expense					
Reconciliation of effective tax rate					
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:					
Profit from continuing operations		7,731	8,011	8,840	7,489
(Loss) from discontinuing operations	5	-	(1,016)	-	-
		7,731	6,995	8,840	7,489
Prima facie income tax		2,319	2,309	2,652	2,471
Non-deductible or non-assessable items		375	357	53	120
Reduction in recognised tax losses		289	-	-	-
Utilisation of previously unrecognised tax losses		-	(723)	-	-
Impact of tax rate change		-	(60)	-	(60)
Other	23	5	629	-	629
Under provision in prior years		(143)	100	(379)	100
		2,845	2,612	2,326	3,260
Imputation credits					
Imputation credits at 1 October 2008		8,758	5,543	8,758	5,543
Tax paid		2,421	3,215	2,421	3,215
Attached to dividend paid		(1,286)	-	(1,286)	-
Imputation credits at 30 September 2009		9,893	8,758	9,893	8,758
Imputation credits directly and indirectly available to shareholders as at 30 September 2009 are:					
Parent		9,893	8,758		
Subsidiaries		-	-		
		9,893	8,758		

Restatement of comparatives

The Group and Parent comparatives have been restated to reflect a prior period adjustment of \$629,000 as disclosed in note 23.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	CONSOLIDATED		PARENT	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<i>Note</i>				
5. Discontinued operations				
<i>Sale of Melbourne Food Laboratory to Dairy Technical Services Limited</i>				
In May 2008 the Group sold its Melbourne Food Laboratory. Management committed to a plan to sell this division early in 2008 for strategic reasons.				
Losses attributable to the discontinued operations were as follows:				
Results of discontinued operations				
Revenue	-	4,010	-	-
Cost of goods sold	-	(3,570)	-	-
Operating expenses	-	(1,944)	-	-
Results from operating activities	-	(1,504)	-	-
Income tax expense	-	451	-	-
Results from operating activities, net of tax	-	(1,053)	-	-
Gain on sale of discontinued operation	-	488	-	-
Tax on gain on sale and associate loan write-off	-	(146)	-	-
(Loss) for the year	-	(711)	-	-
Cash flows from discontinued operations				
Net cash from operating activities	-	41	-	-
Net cash from investing activities	-	669	-	-
Net cash from financing activities	-	-	-	-
Net cash from (used in) discontinued operations	-	710	-	-
Effect of disposal of Melbourne Food Laboratory on the financial position of the Group				
Property, plant and equipment	-	5,138		
Intangible assets	-	2		
Inventories	-	363		
Trade receivables	-	1,475		
Prepayments	-	3		
Trade and other payables	-	(298)		
Employee entitlements	-	(214)		
Net identifiable assets and liabilities	-	6,469		
Consideration received, shares in Dairy Technical Services	-	5,844		
Consideration received, satisfied in cash	-	734		
Consideration to be received (received in November 2008)	-	379		
	-	6,957		
Profit on sale	-	488		

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
6. Cash and cash equivalents					
Cash at bank and on hand		632	6,009	494	4,699
		632	6,009	494	4,699

7. Trade and other receivables					
Trade receivables		13,547	12,339	12,093	11,164
Impairment provision		(66)	(44)	(66)	(23)
Prepayments		1,029	699	1,021	667
Receivables from related parties	25	303	762	283	316
		14,813	13,756	13,331	12,124

As at 30 September 2009, trade receivables of \$3,086,000 (2008: \$2,573,000) were past due but not impaired. Trade receivables that are less than three months past due are not considered impaired. For trade receivables over three months a provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The ageing analysis of these trade receivables is as follows:

Up to 3 months		2,369	2,480	2,143	2,118
3 to 6 months		717	93	433	75
		3,086	2,573	2,576	2,193

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

NZ dollar		12,807	11,628	12,807	11,628
AU dollar		1,767	1,983	285	351
EU euro		6	1	6	1
US dollar		233	144	233	144
		14,813	13,756	13,331	12,124

Movements in the Group provision for doubtful debts are as follows:

Balance at 1 October 2008		44	59	23	53
Impairment provision		80	42	79	22
Receivables written off during the year as uncollectible		(55)	(50)	(35)	(48)
Unused amounts reversed		(3)	(7)	(1)	(4)
Balance at 30 September 2009		66	44	66	23

8. Inventories					
Consumable stores		2,114	2,031	1,547	1,227
Raw materials and semi finished goods		860	1,380	715	1,100
Finished goods		900	326	647	216
		3,874	3,737	2,909	2,543

9. Work in progress					
Contract costs incurred to date		470	1,400	460	1,335
		470	1,400	460	1,335

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

Note	CONSOLIDATED					Total \$000
	Freehold land at fair value \$000	Buildings at fair value \$000	Leasehold improve- ments at cost \$000	Plant and equip- ment at cost \$000	Capital work in progress \$000	
10. Property, plant and equipment						
Gross carrying amount						
Balance at 1 October 2007	6,325	6,068	8,317	27,881	1,769	50,360
Addition through ASURE amalgamation	-	-	-	1,121	-	1,121
Additions	-	-	793	3,549	(1,619)	2,723
Disposals	-	-	(2,522)	(4,102)	-	(6,624)
Exchange differences	-	-	194	204	16	414
Balance at 30 September 2008	6,325	6,068	6,782	28,653	166	47,994
Additions	-	212	132	3,259	1,629	5,232
Disposals	-	-	(182)	(4,086)	-	(4,268)
Asset reclassifications	-	(29)	28	1	-	-
Net revaluation increments	(1,237)	261	-	-	-	(976)
Exchange differences	-	-	21	7	(1)	27
Balance at 30 September 2009	5,088	6,512	6,781	27,834	1,794	48,009
Accumulated depreciation and impairment						
Balance at 1 October 2007	-	(134)	(2,209)	(15,786)	-	(18,129)
Addition through ASURE amalgamation	-	-	-	(800)	-	(800)
Disposals	-	-	377	1,507	-	1,884
Depreciation expense	-	(336)	(735)	(3,331)	-	(4,402)
Exchange differences	-	-	(38)	(74)	-	(112)
Balance at 30 September 2008	-	(470)	(2,605)	(18,484)	-	(21,559)
Disposals	-	-	143	4,029	-	4,172
Net adjustments from revaluation increments	-	806	-	-	-	806
Depreciation expense	-	(336)	(677)	(2,905)	-	(3,918)
Exchange differences	-	-	(4)	(2)	-	(6)
Balance at 30 September 2009	-	-	(3,143)	(17,362)	-	(20,505)
Net book value						
As at 30 September 2008	6,325	5,598	4,177	10,169	166	26,435
As at 30 September 2009	5,088	6,512	3,638	10,472	1,794	27,504

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

Note	PARENT					Total \$000
	Freehold land at fair value \$000	Buildings at fair value \$000	Leasehold improve- ments at cost \$000	Plant and equip- ment at cost \$000	Capital work in progress \$000	
10. Property, plant and equipment (continued)						
Gross carrying amount						
Balance at 1 October 2007	6,325	6,068	3,320	23,279	1,228	40,220
Addition through ASURE amalgamation	-	-	-	1,121	-	1,121
Additions	-	-	414	3,177	(1,072)	2,519
Disposals	-	-	-	(9)	-	(9)
Balance at 30 September 2008	6,325	6,068	3,734	27,568	156	43,851
Additions	-	212	123	3,204	1,075	4,614
Disposals	-	-	(182)	(4,086)	-	(4,268)
Asset reclassifications	-	(29)	28	1	-	-
Net revaluation increments	(1,237)	261	-	-	-	(976)
Balance at 30 September 2009	5,088	6,512	3,703	26,687	1,231	43,221
Accumulated depreciation and impairment						
Balance at 1 October 2007	-	(134)	(1,540)	(14,427)	-	(16,101)
Addition through ASURE amalgamation	-	-	-	(800)	-	(800)
Disposals	-	-	-	7	-	7
Depreciation expense	-	(336)	(350)	(2,899)	-	(3,585)
Balance at 30 September 2008	-	(470)	(1,890)	(18,119)	-	(20,479)
Disposals	-	-	143	4,029	-	4,172
Net adjustments from revaluation increments	-	806	-	-	-	806
Asset reclassifications	-	-	(6)	-	-	(6)
Depreciation expense	-	(336)	(363)	(2,725)	-	(3,424)
Balance at 30 September 2008	-	-	(2,116)	(16,815)	-	(18,931)
Net book value						
As at 30 September 2008	6,325	5,598	1,844	9,449	156	23,372
As at 30 September 2009	5,088	6,512	1,587	9,872	1,231	24,290

Valuation Information

The Auckland Laboratory land and buildings were valued at 22 June 2009 by Darroch Valuations, independent registered valuers and associates of the New Zealand Institute of Valuers. The Wellington Laboratory land and buildings were valued at 25 June 2009 by Colliers (International) Limited, independent registered valuers and associates of the New Zealand Institute of Valuers.

Valuations were made on the basis of recent market transactions on arm's length terms. The net revaluation deficit was debited to the revaluation reserve in shareholders' equity (note 20).

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	CONSOLIDATED AND PARENT	
	2009 \$000	2008 \$000
Cost	5,962	6,478
Accumulated depreciation	(1,621)	(1,280)
Net book amount	4,341	5,198

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		Software \$000	Total \$000	Software \$000	Total \$000
11. Intangible assets					
Gross carrying amount					
Balance at 1 October 2007		5,133	5,133	5,000	5,000
Addition through ASURE amalgamation		2,000	2,000	2,000	2,000
Additions through internal developments		141	141	126	126
Disposals		(8)	(8)	(2)	(2)
Exchange differences		4	4	-	-
Balance at 30 September 2008		7,270	7,270	7,124	7,124
Additions through internal developments		20	20	20	20
Acquisitions		570	570	570	570
Disposal		(570)	(570)	(570)	(570)
Balance at 30 September 2009		7,290	7,290	7,144	7,144
Accumulated amortisation and impairment					
Balance at 1 October 2007		(4,129)	(4,129)	(4,097)	(4,097)
Addition through ASURE amalgamation		(1,663)	(1,663)	(1,663)	(1,663)
Amortisation expense		(470)	(470)	(445)	(445)
Reversals of impairment losses charged to profit		6	6	2	2
Exchange differences		(3)	(3)	-	-
Balance at 30 September 2008		(6,259)	(6,259)	(6,203)	(6,203)
Amortisation expense		(416)	(416)	(389)	(389)
Amortisation on disposal		569	569	569	569
Balance at 30 September 2009		(6,106)	(6,106)	(6,023)	(6,023)
Net book value					
As at 30 September 2008		1,011	1,011	921	921
As at 30 September 2009		1,184	1,184	1,121	1,121

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

12. Investment in subsidiaries

Subsidiaries owned at 30 September:

Name	Principal Activities	Balance Date	Ownership and Voting Interest 2009	Ownership and Voting Interest 2008
AsureQuality Asia Pacific Limited	Holding Co.	30 Sept	100%	100%
AsureQuality Australia Pty Limited	Animal diagnostic manufacturing, seed & proficiency testing	30 Sept	100%	100%
AsureQuality Singapore Pte Limited	Non trading	30 June	100%	-
AsureQuality Holdings No. 1 Limited	Non trading	30 Sept	100%	-
AsureQuality Holdings No. 2 Limited	Non trading	30 Sept	100%	-
AsureQuality Holdings No. 3 Limited	Non trading	30 Sept	100%	-

AsureQuality Asia Pacific Limited is incorporated in New Zealand and AsureQuality Australia Pty Limited is incorporated in Australia. AsureQuality Asia Pacific Limited is wholly owned by AsureQuality Limited, with a shareholding of 600,000 shares at \$1 each. AsureQuality Australia Pty Limited is wholly owned by AsureQuality Asia Pacific Limited, with a shareholding of 500,000 shares at A\$1 each. AsureQuality Singapore Pte Limited is wholly owned by AsureQuality Asia Pacific Limited, with a shareholding of 1 share at S\$1 each, incorporated 13 August 2009. AsureQuality Holdings No. 1 Limited is wholly owned by AsureQuality Limited, with a shareholding of 100 shares at \$1 each, incorporated 1 October 2008. AsureQuality Holdings No. 2 Limited is wholly owned by AsureQuality Limited, with a shareholding of 100 shares at \$1 each, incorporated 1 October 2008. AsureQuality Holdings No. 3 Limited is wholly owned by AsureQuality Limited, with a shareholding of 100 shares at \$1 each, incorporated 10 October 2008.

	CONSOLIDATED		PARENT	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
13. Loan to subsidiary				
Balance at 1 October 2008	-	-	7,904	8,779
Advances during the year	-	-	2,478	4,969
Repayments during the year	-	-	-	(5,844)
Balance at 30 September 2009	-	-	10,382	7,904

The Company has subordinated repayment of this loan to its subsidiary, AsureQuality Asia Pacific Limited in favour of all other creditors of its subsidiary company AsureQuality Australia Pty Limited (incorporated in Australia). Up to 30 September 2009 no interest was charged on the intercompany loan (2008: nil). The loan is repayable on demand. The recoverable amount is based on a discounted cashflow model. The key assumptions include forecast EBITDA and a discount rate of 9.94%.

The loan to the subsidiary is secured by debenture. During the year the currency in which the debenture is denominated in was changed from New Zealand dollars to Australian dollars.

The Company has further undertaken to provide sufficient financial assistance to AsureQuality Australia Pty Limited as and when it is needed to enable AsureQuality Australia Pty Limited to continue its operations and fulfil all of its financial obligations for the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	CONSOLIDATED		PARENT	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<i>Note</i>				
14. Investment/Investment in associate				
Investments in Associate				
Shares in Dairy Technical Services Limited	7,402	-	2,922	-
	7,402	-	2,922	-
Investment as at 1 October	5,844	-		
Acquisition of additional shares	1,543	-		
Share of profit	15	-		
Investment in associate as at 30 September	7,402	-		

The results of the associate company, which is unlisted, and its aggregated assets (excluding goodwill) and liabilities are as follows

Name	Country of Incorporation	Assets	Liabilities	Revenue	Profit	% Interest held
Dairy Technical Services Ltd	Australia	25,288	12,958	32,205	59	25.32%

These results are from audited accounts to 30 April 2009 and unaudited management results to 30 September 2009.

The Group holds 25.32% (2008: 20%) of the ordinary share capital of Dairy Technical Services Limited (incorporated in Australia), a company involved in independent food testing laboratories. In the previous year this investment was not classified as an investment in an associate. During the year the Group purchased an additional 5.32% of the shareholding. With this purchase the Directors now believe that the Group is able to exert significant influence over Dairy Technical Services Limited as a minority shareholder.

This investment has therefore been classified as an investment in associate.

Investment	CONSOLIDATED		PARENT	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
At fair value: Shares in Dairy Technical Services Limited	-	5,844	-	2,922
	-	5,844	-	2,922

At 30 September 2008 the Company held 20% of the ordinary share capital of Dairy Technical Services Limited (incorporated in Australia). The Directors did not believe that the Group was able to exert significant influence over Dairy Technical Services Limited as a minority shareholder and, as the voting rights held by the company were less than 20%, the investment was not classified as an investment in an associate. The fair value was based on the value of recent share transactions.

	CONSOLIDATED		PARENT	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
<i>Note</i>				
15. Deferred tax assets and liabilities				
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when the deferred income taxes relate to the same taxation authority on either the taxable entity or different taxable entities where there is the intention to settle the balances on a net basis. The offset amounts are as follows:				
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	961	1,954	961	1,310
Deferred tax asset to be recovered within 12 months	1,622	1,803	1,622	1,408
	2,583	3,757	2,583	2,718
Deferred tax liabilities:				
Deferred tax liability to be recovered after more than 12 months	(1,301)	(1,128)	(1,301)	(1,128)
Deferred tax liability to be recovered within 12 months	(138)	(421)	(138)	(400)
	(1,439)	(1,549)	(1,439)	(1,528)
Deferred tax assets net	1,144	2,208	1,144	1,190

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
15. Deferred tax assets and liabilities (continued)					
The net movement in deferred income tax is as follows:					
Balance at 1 October 2008		2,208	(474)	1,190	(474)
Addition through ASURE amalgamation		-	1,430	-	1,430
Exchange differences		-	25	-	-
Income statement charge (including in respect of prior years)		(744)	1,227	274	234
Tax charged directly to equity	20	(320)	-	(320)	-
Balance at 30 September 2009		1,144	2,208	1,144	1,190

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

		CONSOLIDATED			
		Property, plant & equipment	Employee entitlements	Tax losses and other	Total
Deferred tax assets and liabilities					
Balance at 1 October 2007		(1,072)	689	(91)	(474)
Addition through ASURE amalgamation		-	1,430	-	1,430
Credited to the income statement		(56)	441	842	1,227
Exchange differences		-	-	25	25
Balance at 30 September 2008		(1,128)	2,560	776	2,208
Credited to the income statement in respect of prior years		100	(365)	(855)	(1,120)
Credited to the income statement (current year)		47	13	316	376
Charged directly to equity (current year)	20	(320)	-	-	(320)
Balance at 30 September 2009		(1,301)	2,208	237	1,144

		PARENT			
		Property, plant & equipment	Employee entitlements	Tax losses and other	Total
Deferred tax assets and liabilities					
Balance at 1 October 2007		(1,072)	689	(91)	(474)
Addition through ASURE amalgamation		-	1,430	-	1,430
Credited to the income statement		(56)	381	(91)	234
Balance at 30 September 2008		(1,128)	2,500	(182)	1,190
Credited to the income statement in respect of prior years		-	(366)	(19)	(385)
Credited to the income statement (current year)		147	74	438	659
Charged directly to equity (current year)	20	(320)	-	-	(320)
Balance at 30 September 2009		(1,301)	2,208	237	1,144

Deferred tax asset

Obtaining the benefits of the deferred tax balance is dependent upon deriving sufficient assessable income, meeting conditions for deductibility and complying with relevant tax legislation. In addition to the above amounts, Australian tax losses not recognised as future tax benefits in the financial statements amount to NZ\$4.5 million, tax effect NZ\$1.4 million (2008: NZ\$2.3 million, tax effect NZ\$0.7 million) in the Group entity. The value, and use of income tax offsets and tax losses within the Group, are subject to statutory requirements being met.

Restatement of comparatives

The Group and Parent comparatives have been restated to reflect a prior period adjustment of \$629,000 as disclosed in note 23.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	Note	CONSOLIDATED		PARENT	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
16. Trade and other payables					
Trade payables due to related parties	25	99	4	-	-
Other trade payables		3,846	3,539	3,582	3,050
Non-trade payables and accrued expenses		3,944	3,536	3,843	3,534
		7,889	7,079	7,425	6,584

17. Borrowings

Non-current

Borrowings		4,150	7,100	4,150	6,402
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Current

Borrowings		242	2,852	242	2,377
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Total borrowings

		4,392	9,952	4,392	8,779
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The exposure of the Group's borrowings to contractual maturity dates is as follows:

6 months or less		242	1,432	242	1,194
6-12 months		-	1,420	-	1,183
1-5 years		4,150	6,448	4,150	5,750
Over 5 years		-	652	-	652
		4,392	9,952	4,392	8,779

The carrying amounts of the Group's borrowings are denominated in the following currencies:

NZ dollar		4,150	7,902	4,150	7,902
AU dollar		242	2,050	242	877
		4,392	9,952	4,392	8,779

The Group has the following undrawn borrowing facilities:

Fixed rate: as disclosed below		10,850	10,250	10,850	10,250
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Details and drawdown of banking facilities

Facility \$000	Drawdown \$000	Expiry
5,000	-	31 March 2010
10,000	4,150	31 March 2012

The Group has \$242,000 of other loans, included in borrowings above, that will be fully repaid by October 2009. The interest rate on this loan is fixed at 6% per annum (2008: 6% per annum).`

The facility expiring within one year is an ongoing facility subject to review every 90 days.

The bank term borrowings are unsecured but are subject to a negative pledge and two financial covenants. The negative pledge agreement means that the Group may not grant a security interest greater than 5% of total assets to another party without the consent of the bank. The two financial covenants are that equity can not be less than 30% of total tangible assets and earnings before funding costs, income tax, depreciation, amortisation and extraordinary items can not be less than 4.0 times the funding cost. The Group complied with these ratios during the year ended 30 September 2009 and the year ended 30 September 2008. The interest rates on the bank borrowings are floating, resetting quarterly and ranged from 3.8% - 10.15% per annum during the year ending 30 September 2009 (2008: 8.4% - 10.9% per annum).

18. Deferred income

Deferred income consists of customer advances for services to be performed within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

Note	CONSOLIDATED				
	Salary and wages \$000	Annual leave \$000	Retirement leave \$000	Long-service leave \$000	Total \$000
19. Provision for employee entitlements					
Balance at 1 October 2007	89	2,398	297	112	2,896
Additions from ASURE amalgamation	1,150	2,142	3,495	131	6,918
Charged/(credited) to the income statement:					
Additional provisions	1,027	5,427	59	375	6,888
Unused amounts reversed	-	(191)	(7)	(23)	(221)
Used during year	(1,187)	(5,482)	(350)	(59)	(7,078)
Exchange difference	-	8	-	4	12
Balance at 30 September 2008	1,079	4,302	3,494	540	9,415
Charged/(credited) to the income statement:					
Additional provisions	580	5,243	376	160	6,359
Unused amounts reversed	-	-	(1)	(21)	(22)
Used during year	(1,079)	(4,928)	(189)	(123)	(6,319)
Exchange difference	-	-	-	1	1
Balance at 30 September 2009	580	4,617	3,680	557	9,434
	PARENT				
Note	Salary and wages \$000	Annual leave \$000	Retirement leave \$000	Long-service leave \$000	Total \$000
Balance at 1 October 2007	73	2,113	297	2	2,485
Additions from ASURE amalgamation	1,150	2,142	3,495	131	6,918
Charged/(credited) to the income statement:					
Additional provisions	1,009	5,426	59	302	6,796
Unused amounts reversed	-	-	(7)	-	(7)
Used during year	(1,171)	(5,469)	(350)	-	(6,990)
Balance at 30 September 2008	1,061	4,212	3,494	435	9,202
Charged/(credited) to the income statement:					
Additional provisions	526	5,089	376	160	6,151
Unused amounts reversed	-	-	(1)	-	(1)
Used during year	(1,009)	(4,805)	(189)	(119)	(6,122)
Balance at 30 September 2009	578	4,496	3,680	476	9,230

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
Note	\$000	\$000	\$000	\$000
19. Provision for employee entitlements (continued)				
Analysis of total provisions:				
Current				
Salary and wages	580	1,079	578	1,061
Annual leave	4,617	4,302	4,496	4,212
	5,197	5,381	5,074	5,273
Non-current				
Retirement leave	3,680	3,494	3,680	3,494
Long-service leave	557	540	476	435
	4,237	4,034	4,156	3,929
Total provisions for employee entitlements	9,434	9,415	9,230	9,202

Salary and wages

The provision for salary and wages includes a provision for staff At Risk Incentive Scheme \$365,000 (2008: \$422,000) that is payable within three months of finalisation of the audited financial statements. The provision also contains a provision for sick leave of \$197,000 (2008: \$193,000).

Retirement leave

The provision for retirement leave is based on an actuarial valuation completed by Erikson & Associates Limited as at 30 September 2009. The demographic assumptions were based on the experience of the Government Superannuation Fund. The key economic assumptions used were: discount rates of 6.69% to 5.96% and salary increase rate of 2.75%.

Long-service leave

The provision for employee entitlements is based on an actuarial valuation completed by Erikson & Associates Limited as at 30 September 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

		CONSOLIDATED				
Note	Share capital \$000	Revaluation reserve \$000	Translation reserve \$000	Retained earnings \$000	Total equity \$000	
20. Capital and reserves						
Reconciliation of movement in capital and reserves						
	11,900	6,128	181	940	19,149	
Balance at 1 October 2007						
Addition through ASURE amalgamation	10,200	-	-	(4,196)	6,004	
Profit for the year	-	-	-	4,383	4,383	
Currency translation differences	-	-	400	-	400	
Dividend to equity holders	-	-	-	-	-	
Balance at 30 September 2008	22,100	6,128	581	1,127	29,936	
Profit for the year	-	-	-	4,886	4,886	
Currency translation differences	-	-	(226)	-	(226)	
Revaluation - gross	-	(170)	-	-	(170)	
Deferred tax on revaluation of buildings	15	(320)	-	-	(320)	
Dividend to equity holders	-	-	-	(3,000)	(3,000)	
Balance at 30 September 2009	22,100	5,638	355	3,013	31,106	
PARENT						
Note	Share capital \$000	Revaluation reserve \$000	Translation reserve \$000	Retained earnings \$000	Total equity \$000	
	11,900	6,128	-	1,119	19,147	
Balance at 1 October 2007						
Addition through ASURE amalgamation	10,200	-	-	(4,196)	6,004	
Profit for the year	-	-	-	4,229	4,229	
Dividend to equity holders	-	-	-	-	-	
Balance at 30 September 2008	22,100	6,128	-	1,152	29,380	
Profit for the year	-	-	-	6,514	6,514	
Revaluation - gross	-	(170)	-	-	(170)	
Deferred tax on revaluation of buildings	15	(320)	-	-	(320)	
Dividend to equity holders	-	-	-	(3,000)	(3,000)	
Balance at 30 September 2009	22,100	5,638	-	4,666	32,404	

Share Capital

All shares carry equal voting rights and share equally in dividends and surplus in winding up. At 30 September 2009 there were 23,800,000 shares on issue (2008: 23,800,000). In conjunction with the merger of ASURE 11,900,000 shares were issued.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings.

Dividend

The distribution to equity holders represents 12.61 cents per share (2008: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

Note	CONSOLIDATED		PARENT	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
21. Reconciliation of the profit for the year with cash flows from operating activities				
Profit after tax for the year	4,886	4,383	6,514	4,229
Adjustments for:				
Amortisation - software	416	470	389	445
Depreciation - property, plant and equipment	3,918	4,414	3,424	3,597
(Gain)/Loss on sales of property, plant and equipment	78	(491)	81	-
Fair value losses on derivative financial instruments (note 26)	19	-	19	-
Share of profit from associates (note 14)	(15)	-	-	-
Movement in deferred taxation	744	(1,252)	(274)	(234)
Movement in non-current provisions	203	(1)	227	4
Foreign currency exchange losses (gains) on operating activities	(206)	(180)	28	29
Impact of changes in working capital				
Trade and other receivables	(1,057)	(2,554)	(1,207)	(2,401)
Inventories	(137)	40	(366)	281
Work in progress	930	(790)	875	(735)
Current employee entitlements	(184)	(181)	(199)	(205)
Income tax	(32)	636	321	282
Trade and other payables	810	950	841	937
Deferred income	197	631	197	699
Net cash flows from operating activities	10,570	6,075	10,870	6,928

22. Commitments

Capital commitments

Capital expenditure contracted for at balance sheet date but not yet incurred is as follows:

Property, plant and equipment	2,688	-	1,883	-
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Operating lease commitments

The Group leases various offices, vehicles and computer equipment under non-cancellable operating lease agreements. The lease terms are between 2 and 10 years, and the majority of lease agreements are renewable at the end of lease period at market rate.

Two of the leased properties have been partially sublet by the Group. Sublease payments of \$128,000 are expected to be received during the following financial year.

During the year ended 30 September 2009 \$4,971,000 was recognised as an expense in the income statement in respect of operating leases (2008: \$4,946,000). \$135,000 was recognised as income in respect of subleases (2008: \$138,000).

Lease commitments under non-cancellable operating leases:

Less than one year	3,918	3,542	3,665	3,287
One to two years	2,702	2,281	2,571	2,103
Two to five years	1,914	2,086	1,914	1,963
Beyond five years	459	681	459	681
Total operating lease commitments	8,993	8,590	8,609	8,034

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2008

Note	CONSOLIDATED		PARENT		
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	
23. Prior period adjustment					
As part of the year end procedures it was noted that the 2008 deferred tax calculation contained a calculation error. The effect of this error was to overstate the deferred tax asset and understate the income tax expense. The prior period adjustment had the following impact on these consolidated financial statements.					
Income Statement					
Increase in income tax expense	4	-	(629)	-	(629)
Decrease in profit from continuing activities		-	(629)	-	(629)
Balance Sheet					
Decrease in deferred tax asset	15	-	(629)	-	(629)
Decrease in retained earnings		-	(629)	-	(629)

24. Contingent liabilities

The Company has undertaken to provide sufficient financial assistance to its subsidiary company AsureQuality Australia Pty Limited (incorporated in Australia) as and when it is needed to enable AsureQuality Australia Pty Limited to continue its operations and fulfil all of its financial obligations for the next 12 months.

There are no other contingent liabilities as at 30 September 2009 (2008: Nil).

25. 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. The following represents the major ongoing transaction types but should not be taken as a complete list: product and environmental testing services, biosecurity 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 Company made sales to and purchases from its subsidiary, AsureQuality Australia Pty Limited during the year. The Company also provided management and support services to its subsidiary, AsureQuality Australia Pty Limited. The subsidiary provided support services to the Company.

During the year the Company incorporated a company in Singapore (AsureQuality Singapore Pte Limited) and commenced the establishment of a laboratory in Singapore. Operation of the laboratory will start in the next year. During the year to 30 September 2009 the Group loaned funds to the company to enable the purchase of equipment for the laboratory.

The Company made sales to and purchases from its associate, Dairy Technical Services Limited during the year. The Company also provided support services to its associate, Dairy Technical Services Limited. The Company has a Director on the Board of its associate, Dairy Technical Services Limited and receives Directors Fees for this position.

	CONSOLIDATED		PARENT	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000

Related party transactions

The following transactions were carried out with related parties:

Sales of services:

Sale of services to subsidiary	-	-	571	1,623
Management and support services to subsidiary	-	-	522	745
Services provided to associate	1,476	219	1,465	162
Support services charged to associate	189	212	-	-
Directors fees charged to associate	7	5	7	5

Expenses:

Purchase of services from subsidiary	-	-	890	283
Support services provided by subsidiary	-	-	103	91
Purchases of services from associate	14	299	14	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	CONSOLIDATED		PARENT	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
25. Related party transactions (continued)				
Related party balances:				
Owed by:				
Subsidiaries - Investment in subsidiary	-	-	600	600
Subsidiaries - Loans to subsidiary	-	-	10,382	7,904
Associate	303	762	283	316
Owing to:				
Subsidiaries	-	-	3,035	2,043
Associate	99	4	-	-

None of the balances are secured. Up to 30 September 2009 no interest was charged on loans to subsidiary.

Key management compensation

The compensation of the Directors and executives, being the key management personnel of the entity, is set out below:

Salaries and other short-term employee benefits	2,257	2,464	2,257	2,464
Termination benefits	78	179	78	179
Post-employment benefits	13	2	13	2
Other long-term benefits	-	-	-	-
	2,348	2,645	2,348	2,645

26. Financial instruments

Exposure to credit, interest rate, foreign currency and liquidity risks arise in the normal course of the Group's business.

The Group manages commodity price risks through negotiated supply contracts which are not considered to be financial instruments.

Credit risk

In the normal course of business, the Group incurs credit risk from trade receivables and financial institutions. The Group has a credit policy which is used to manage credit risk. As part of this policy, credit evaluations are performed on all customers requiring credit over a certain amount. Limits on exposure are set and approved by the Board of Directors and monitored on a regular basis.

The Company does not require any collateral or security to support financial instruments, as it only deposits with or loans to banks and other financial institutions with high credit ratings. The Company does not expect the non-performance of any obligations at balance date.

Liquidity risk

The Group monitors and manages its debt maturity profile, operating cash flows and the availability of funding. The Group targets maintaining funding facilities to meet the 115% of maximum debt level for normal trading activity forecast for the next 24 months, plus any confirmed commitments in the period. The funding facilities as at 30 September 2009 were \$15,000,000 of which \$4,150,000 were used.

A maturity analysis of the Group's borrowings is set out in note 17. The relevant maturity groupings are based on the remaining period at the reporting date to the contractual maturity date.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	CONSOLIDATED			
	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000
At 30 September 2008				
Borrowings	2,852	-	6,448	652
Derivative financial instruments	-	-	-	-
Trade and other payables	7,079	-	-	-
At 30 September 2009				
Borrowings	242	-	4,150	-
Derivative financial instruments	7	12	-	-
Trade and other payables	7,889	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	PARENT			
	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000
26. Financial instruments (continued)				
At 30 September 2008				
Borrowings	2,377	-	5,750	682
Derivative financial instruments	-	-	-	-
Trade and other payables	6,854	-	-	-
At 30 September 2009				
Borrowings	242	-	4,150	-
Derivative financial instruments	7	12	-	-
Trade and other payables	7,425	-	-	-

Interest rate risk

The Group has exposure to interest rate risk to the extent that it borrows or invests with financial institutions. The Group manages its risk in accordance with an approved treasury policy. This allows for the use of interest rate swap and interest rate options. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The Group had three interest rate swaps in place as at 30 September 2009 with a notional principal of \$2,250,000, with the latest expiring date of 16 June 2011 (2008: \$5,000,000). The fair value at 30 September 2009 was \$15,069. The maturity details of the interest rate swaps are:

Interest rate swaps – held for risk management

	Face Value \$000	Carrying Value \$000	Expiry Date
Interest rate swap	1,000	(3)	16 June 2010
Interest rate swap	1,000	(4)	16 June 2011
Interest rate swap	250	(8)	16 June 2011

At 30 September 2009 it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before income tax by approximately \$41,500 (2008: \$123,000).

Trading derivatives are classified as a current asset or liability.

	CONSOLIDATED		PARENT	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Fair value of derivative financial instruments				
Current assets				
Forward foreign exchange contracts	(4)	-	(4)	-
Current liabilities				
Interest rate swaps	(15)	-	(15)	-
	(19)	-	(19)	-

Currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. Where exposures are material and certain, it is policy to economically hedge these risks as they arise using FECs. There was one forward exchange contract as at 30 September 2009, with a fair value of \$608,000 (2008: nil). The expiry date of foreign exchange contracts are:

Forward foreign exchange contracts	Currency	Face Value \$000	Carrying value \$000	Expiry Date
Held for trading	Singapore dollar	612	(4)	18 December 2009

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

At 30 September 2009, if the New Zealand currency had strengthened/weakened by one percentage point against major currencies exposed to the effect on profit the value of these transactions and investments would be:

	\$000
AU dollar	11
US dollar	2
	13

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

26. Financial instruments (continued)

Foreign currency exchange differences arising on the translation of monetary assets and liabilities are recognised in the foreign currency translation reserve.

Fair values

Cash, trade receivables, payables and non-current liabilities are disclosed in the balance sheet at their amortised cost which is equivalent to their fair value.

Unlisted investments in 2008 were included at 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.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or increase available debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings', and 'deferred income' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratio as at 30 September 2009 was 20% for the Group and 19% for the Parent.

Financial instruments by category	CONSOLIDATED				Total
	Available for sale	Loans and receivables	Fair value through profit and loss	Other amortised cost	

The financial instruments of the Group are classified in the following categories:

At 30 September 2009

Assets as per balance sheet

Cash and cash equivalents	-	632	-	-	632
Trade and other receivables	-	14,643	-	-	14,643
Total	-	15,275	-	-	15,275

Liabilities as per balance sheet

Trade and other payables	-	-	-	7,889	7,889
Derivative financial instruments	-	-	19	-	19
Borrowings	-	-	-	4,392	4,392
Total	-	-	19	12,281	12,300

At 30 September 2008

Assets as per balance sheet

Cash and cash equivalents	-	6,009	-	-	6,009
Trade and other receivables	-	13,756	-	-	13,756
Investment	5,844	-	-	-	5,844
Total	5,844	19,765	-	-	25,609

Liabilities as per balance sheet

Trade and other payables	-	-	-	7,079	7,079
Borrowings	-	-	-	9,952	9,952
Total	-	-	-	17,031	17,031

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

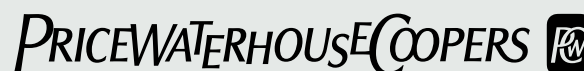
	PARENT				Total
	Available for sale	Loans and receivables	Fair value through profit and loss	Other amortised cost	
26. Financial instruments (continued)					
At 30 September 2009					
Assets as per balance sheet					
Cash and cash equivalents	-	494	-	-	494
Trade and other receivables	-	13,161	-	-	13,161
Loan to subsidiary	-	-	-	10,382	10,382
Total	-	13,655	-	10,382	24,037
Liabilities as per balance sheet					
Trade and other payables	-	-	-	7,425	7,425
Derivative financial instruments	-	-	19	-	19
Borrowings	-	-	-	4,392	4,392
Total	-	-	19	11,817	11,836
At 30 September 2008					
Assets as per balance sheet					
Cash and cash equivalents	-	4,699	-	-	4,699
Trade and other receivables	-	12,124	-	-	12,124
Loan to subsidiary	-	-	-	7,904	7,904
Investment	2,922	-	-	-	2,922
Total	2,922	16,823	-	7,904	27,649
Liabilities as per balance sheet					
Trade and other payables	-	-	-	6,584	6,584
Borrowings	-	-	-	8,779	8,779
Total	-	-	-	15,363	15,363

27. Significant events after balance date

Dividend

On 1 December 2009, the Board of Directors declared a dividend of \$3,000,000 for the year ended 30 September 2009, representing 12.61 cents per share. As the dividend was declared after balance date the financial effect has not been recognised in these financial statements.

AUDIT REPORT



TO THE READERS OF ASUREQUALITY LIMITED AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

The Auditor-General is the auditor of AsureQuality Limited (the Company) and Group. The Auditor-General has appointed me, Jonathan Freeman, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of the Company and Group for the year ended 30 September 2009.

Unqualified Opinion

In our opinion:

- › The financial statements of the Company and Group on pages 22 to 52:
 - comply with generally accepted accounting practice in New Zealand
 - comply with International Financial Reporting Standards
 - give a true and fair view of:
 - the Company and Group's financial position as at 30 September 2009
 - the results of their operations and cash flows for the year ended on that date
- › Based on our examination the Company and Group kept proper accounting records.

The audit was completed on 4 December 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- › determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data
- › verifying samples of transactions and account balances
- › performing analyses to identify anomalies in the reported data
- › reviewing significant estimates and judgements made by the Board of Directors
- › confirming year-end balances
- › determining whether accounting policies are appropriate and consistently applied; and
- › determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the Company and Group as at 30 September 2009 and the results of their operations and cash flows for the year ended on that date. The Board of Directors' responsibilities arise from the State-Owned Enterprises Act 1986 and the Financial Reporting Act 1993.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 19(1) of the State-Owned Enterprises Act 1986.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Company or any of its subsidiaries.

Jonathan Freeman
On behalf of the Auditor-General

Auckland, New Zealand

PricewaterhouseCoopers
Auckland

COMPARISON WITH PERFORMANCE TARGETS INCLUDED IN THE STATEMENT OF CORPORATE INTENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	ACHIEVEMENT	2009 TARGET	ACHIEVED
Financial performance targets			
Revenue	\$136.7m	\$134.9m	✓
Earnings before interest and tax	\$8.3m	\$8.2m	✓
EBIT margin	6.0%	6.1%	✗
Profit after tax	\$4.9m	\$4.6m	✓
Return on equity (profit after tax/shareholders' funds)	15.7%	14.2%	✓
Shareholders' funds	\$31.1m	\$32.5m	✗
EBIT/total assets	14.5%	12.8%	✓
Non-financial performance targets			
Service delivery on-time and in-full	95%	95%	✓
Supply of meat inspection labour	100%	100%	✓
Meat inspection procedural accuracy			
Faecal contamination	99.3%	>98.0%	✓
Other contamination	99.3%	>94.0%	✓
Pathology	99.1%	>94.0%	✓
Number of biosecurity role holders	362	> 400	✗
Operational excellence - major critical audit failures	2	Nil	✗
Staff turnover rate	7.6%	<15.0%	✓
Medically treated injury frequency rate	13.77	<10.0	✗
Reduction in CO ₂ emissions	0.5%	>10%	✗

The number of biosecurity roles held by the role holders is 705.

Major audit failures related to:

- › failure to apply correct procedures for pre-export isolation of live animals
- › failure to comply with procedures for handling chemicals

Both these issues have been addressed by changes in training systems.

The higher than expected medically treated injury frequency rate reflects a number of minor injuries within the meat industry services at the end of the processing season.

CO₂ emissions are measured formally on a bi-annual basis. Reductions in the current year have been calculated based on the change from petrol to diesel vehicles at contracted rates. Estimated annualised reduction from this change to diesel vehicles is a 5.4% reduction in emissions from the vehicle fleet.

STATUTORY DISCLOSURE INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. SHAREHOLDERS

In accordance with the State-Owned Enterprise Act 1986, the Company has two shareholders; The Minister for State-Owned Enterprises and the Minister of Finance.

2. DIRECTORS

The following people were Directors of AsureQuality Limited during the period 1 October 2008 to 30 September 2009:

John Spencer – *Chair*

Richard Janes – *Deputy Chair*

Rakihia Tau (retired 30 April 2009)

Sam Robinson

Joanna Perry

Garry Wilson

Sarah Herrod

Grant Gillon (retired 30 April 2009)

John Ashby (appointed 1 May 2009)

Dean Nikora (appointed 1 May 2009)

3. DIRECTORS' INTERESTS

Declaration of General Interest pursuant to section 140(2) of the Companies Act 1993 as at 30 September 2009 are set out below.

There were no declarations of interest made pursuant to section 140(1) of the Companies Act 1993 entered in the Interests Register of AsureQuality Limited or its subsidiary companies. No Director of AsureQuality Limited is a shareholder of AsureQuality Limited or any of its subsidiary companies.

In accordance with section 211(1)(e) of the Companies Act 1993, particulars of the entries in the Interests Register of AsureQuality Limited made during the period are set out below:

John Spencer (Chair)

Tainui Group Holdings Limited, Chairman

Telfer Young Limited, Chairman

Solid Energy New Zealand Limited, Deputy Chairman

Tower Limited, Director

WEL Networks Limited, Director

Allied Nationwide Finance Limited, Director

Dairy NZ Limited, Director

Richard Janes (Deputy Chair)

Gallagher Holdings Limited, Director

LEK Consulting Pty Ltd Advisory Board, Member

Castlepoint Station Ltd Advisory Board, Member

CentrePort Limited, Director

CentrePort Property Limited, Director

Testing Laboratory Registration Council, Deputy Chair

RS Janes and Associates Limited, Director
Electricity & Gas Complaints Commission, Chair
Accreditation Board, Institute of Directors, Member
NZ Fast Forward Limited, Director
NZ Lottiers Commission, Member
Telarc/SAI Ltd, Director

Rakihia Tau (retired 30 April 2009)

Ihia Limited, Shareholder & Director
Todd Innovative Engineering Group, Director / Shareholder

Sam Robinson

AgResearch, Chairman
Port of Napier Limited, Director
Centralines Limited, Director
SA Robinson Family Trust, Trustee
PSIS Limited, Director

Joanna Perry

PSIS Limited, Director
Genesis Power Limited, Deputy Chairman
Kiwi Income Properties Limited, Director
JMGP Limited, Director / Shareholder
Financial Reporting Standards Board, Chair
Speakers Assurance Committee, Member
Audit Committee of Victorian Auditor-General's office, Member
Financial Services Institute of Australia, Member of Policy Advisory Council and New Zealand Regional Council
Australian Accounting Standards Board, Member
Melanesian Mission Trust Board, Trustee
Financial Reporting Interpretations Committee, Member
Investment Panel - Primary Growth Partnership, Member

Sarah Herrod

OfficeMax New Zealand Limited, Executive
R&E Seelye Charitable Trust, Trustee

Garry Wilson

Wellington City Mission, Chair
Housing New Zealand Corporation, Director
Tairāwhiti Polytechnic, Crown Observer
Wilson Consulting Limited, Director
Herbert Gardens Limited, Chair
Northern District Health Board Regional Collaboration Group, Chair
St John (New Zealand), Chancellor
Obsidium, Chair
Consisina, Director

Grant Gillon (retired 30 April 2009)

Knollig Associates Limited, Director
 ISEA, CEO
 North Shore City Council, Councillor
 Birkenhead Northcote Community Board, Member
 Birkenhead Northcote Community Trust, Trustee
 Birkenhead Charitable Trust, Trustee
 Birkenhead Licensing Trust, Trustee
 Birkenhead Northcote Community Facilities Trust, Trustee
 GM & KA Gillon Partnership, Partner

John Ashby (appointed 1 May 2009)

Coffee Connection Limited, Director
 CCNZ Limited (Columbus Coffee), Director
 Cella Holdings Limited, Director/Shareholder
 SAI (Strategy in Action) Limited, Director/Shareholder
 Living Nature Natural Products Limited, Director
 Fairview 1 and 2 Trusts, Trustee
 Medicine Mondiale, Trustee
 Tasti Products Limited, Director

Dean Nikora (appointed 1 May 2009)

Ballance Agri-Nutrients, Director
 Cespel Lands Limited, Director
 Grasshoppers (HB) Incorporated (Chair)
 Taipahi A1 Maori Land Administered by Te Puni Kokiri, Trustee
 Sunrise Dairies Limited, Director
 Kanui Holdings Limited, Director
 Tretouri Limited, Director

4. DIRECTORS' TRANSACTIONS

All transactions in entities in which Directors disclosed an interest have been conducted on an 'arm's length' basis in the normal course of business.

5. DIRECTORS' USE OF INFORMATION

There were no requests for information or disclosures or use of information that would not otherwise be available to the Director.

6. INDEMNITY AND INSURANCE

AsureQuality Limited has arranged for Directors and officers insurance for any act or omission in their capacity as a director or executive officer.

7. DIRECTORS' REMUNERATION

Shareholding Ministers advise the Board of the total allowance for fees available to Directors of AsureQuality Limited and its subsidiary companies. The following table sets out the total remuneration (including remuneration for standing committee membership) received or receivable from AsureQuality Limited by each Director of the Company during the year 1 October 2008 to 30 September 2009.

	2009 Directors' Fees	2008 Directors' Fees
John Spencer, Chair	70,000	70,000
Richard Janes, Deputy Chair	47,000	47,000
John Ashby (appointed 1 May 2009)	14,167	-
Grant Gillon (retired 30 April 2009)	19,833	31,167
Sarah Herrod	36,000	33,000
Dean Nikora (appointed 1 May 2009)	14,167	-
Joanna Perry	40,000	36,667
Sam Robinson	36,000	36,000
Rakihia Tau (retired 30 April 2009)	19,833	31,437
Garry Wilson	36,000	33,000
	333,000	318,271

8. EMPLOYEE REMUNERATION

The following table shows the number of employees who received remuneration and benefits greater than \$100,000 per annum during the year ended 30 September 2009. The remuneration figures shown in the table include all monetary payments actually paid during the year, plus the cost of all benefits provided to the individuals.

	Number of Employees in the Group 2009	Number of Employees in the Group 2008
\$100,000 - \$110,000	13	18
\$110,001 - \$120,000	9	8
\$120,001 - \$130,000	10	7
\$130,001 - \$140,000	4	7
\$140,001 - \$150,000	3	2
\$150,001 - \$160,000	2	1
\$160,001 - \$170,000	2	3
\$170,001 - \$180,000	-	1
\$190,001 - \$200,000	1	-
\$220,001 - \$230,000	-	2
\$230,001 - \$240,000	2	1
\$240,001 - \$250,000	-	1
\$250,001 - \$260,000	-	1
\$290,001 - \$300,000	1	-
\$310,001 - \$320,000	-	1
\$320,001 - \$330,000	1	-
\$530,001 - \$540,000	1	-
\$540,001 - \$550,000	-	1

9. CHANGE IN NATURE OF BUSINESS

There was no change in the nature of the business during the year.

DIRECTORY

DIRECTORS

The Directors of the Company during the year to 30 September 2009 were:

John Spencer – *Chair*
 Richard Janes – *Deputy Chair*
 Rakihia Tau (retired 30 April 2009)
 Sam Robinson
 Joanna Perry
 Garry Wilson
 Sarah Herrod
 Grant Gillon (retired 30 April 2009)
 John Ashby (appointed 1 May 2009)
 Dean Nikora (appointed 1 May 2009)

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 Customer Services Freefax: 0508 00 11 33

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www.asurequality.com

EMAIL ADDRESS

info@asurequality.com

AUDITOR

PricewaterhouseCoopers (Auckland)

BANKER

Westpac New Zealand Limited

SOLICITOR

Bell Gully

EXECUTIVES

The Executives of the Company as at 30 September 2009 were:

Tony Egan – *Chief Executive Officer*
 Kelvan Smith – *Group Manager - Operations*
 Udit Singh – *Group Manager - Laboratories and Diagnostics*
 Alan Bird – *Chief Financial Officer*
 Dr Chris Carter – *Chief Technical Officer*
 Mark Cunningham – *Strategy Manager*

REGISTERED OFFICE AUSTRALIA

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