

Waitomo District Council Summary Annual Report 2016-2017

Message from the Mayor and Chief Executive

We are pleased to present the Annual Report for the year ended 30 June 2017. This Report details Council's overall performance as well as the performance across the 10 activity areas for the 2016/17 financial year.

The Elected Council continues to apply our guiding principles of prudent financial management, sustainable asset infrastructure and the efficient delivery of services. Actual debt has continued to reduce against forecast levels over the last three years, despite a continued investment in planned capital upgrades. The investments made now extend the useful life of assets, enhance the quality of services, and reduce future operating costs. This in turn benefits current and future generations that rely on our roads, water, wastewater and community services.

The implementation of our vision to **create a better future with vibrant communities and thriving business** is well underway. An increase in local business, property sales, and more people choosing to visit the Waitomo District and live locally are all examples of progress towards this vision. We would like to thank our key stakeholders and community partners for their collaboration and efforts to ensure our District remains vibrant and welcoming.

Residents have confirmed we are on the right track, with 89% of people surveyed this year satisfied that Council is moving towards this vision for the Waitomo District. The effort to deliver a consistently high level of public service and customer service can be observed through the positive results of our resident survey. Overall residents are more satisfied with Council's provision of effective waste transfer stations, Environmental Health, Building Control, Emergency Preparedness, Council Communications, and that the Councillors are approachable and interact with the community.

WDC facilitates the involvement of young people in leadership activities and decision-making. We achieve this by establishing a formal group of youth who provide a voice for our community. The 2017 Waitomo District Youth Council (WDYC) was officially announced on Thursday 1 June. The students from Te Kuiti High School, Te Wharekura o Maniapoto and Piopio College are a team of diverse young people aged 13-17 years, representing various ethnicities, age, geographic location, gender, and experience. We look forward to guiding and supporting our Youth Council with their planned projects over the next 12 months.

We also continue to work closely with community stakeholders like the Maniapoto Maori Trust Board, Legendary Te Kuiti, Project Piopio Trust, Tere Waitomo Community Trust and others to gain their views and inputs on key matters.

The project to revitalise the Te Kuiti Railway Station Buildings began in 2012 and consisted of five separate sub-projects. During the 2016/17 financial year we completed the restoration of the community space in Building 1 and construction of the link to the Visitor Information Centre i-SITE. This concludes the overall building development aspect of the vibrant hub in Te Kuiti. The final result is a modern, fresh community space within Building 1 which currently hosts the Gallagher Meads Brothers Exhibition and attracts a high number of visitors to Te Kuiti.

Inframax Construction Limited (ICL) continues to deliver great results. This is very encouraging and will provide benefits to the wider district in the medium term. ICL has reported a net profit after tax of \$2.7 million for the 2016/17 year. The equity of the company has increased substantially over the last 5 financial years, from \$0.36 million at 30 June 2012 to \$6.41 million at 30 June 2017. This excellent progress reflects a lot of hard work by the Board, Management and Staff and of course the support of the Council over time as shareholder. We would like to take this opportunity to congratulate the Board, Management, and Staff on this stellar performance.

In conclusion, during the 2016/17 financial year we have kept our focus on prudent and sustainable financial management practices while leading our communities towards a vibrant and thriving future and we will continue with our endeavours into the future.

We have a committed elected Council and staff working collectively to achieve great outcomes for our ratepayers and the District as a whole.

OUR TOP FINANCIAL RESULTS FOR THE 2016/17 FINANCIAL YEAR ARE:

- Public debt is at **\$43.4 million**, compared with the \$54.6 million forecast in the 2015-25 Long Term Plan.
- Total expenditure was **\$2.2 million less** than budgeted
- Council also sourced a favourable interest rate which reduced the amount of interest costs we incurred over the year.
- We invested **\$9.7 million** in Capital Projects to renew and/or improve our public assets.

THE INFRASTRUCTURE HIGHLIGHTS FOR THE PAST YEAR INCLUDE:

- Installation of a new playground equipment in Waitomo Caves Village, and Eketone Street.
- Completion of public toilets at Benneydale.
- Completion of the sealing of Maraeroa Road.
- Completion of the phase one of the Te Kuiti Water Treatment Plant upgrade, which involved:
 - » Construction of new building housing the laboratory.
 - » Self-bunded chemical tanks and dosing system.
 - » Ultraviolet disinfection reactors.
 - » Underground storage tanks for buffer volume and backwash.
 - » Pumps and four new filters with individual outlets to meet NZ Drinking Water Standards.
 - » Instrumentation and SCADA control.
 - » Refurbishment of the main reservoir.
- Replacement of part of the main water pipe on North Street, Mokau (from Oha Street to Rerenga Street).
- Replacement of the water main from Awakino Road to the Blackman's Reservoir.
- Improvements to the condition of stormwater assets in Te Kuiti and Mokau.



BRIAN HANNA
MAYOR



CHRIS RYAN
CHIEF EXECUTIVE

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAITOMO DISTRICT COUNCIL AND GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

The summary of the annual report was derived from the annual report of the Waitomo District Council (the "District Council") and subsidiaries (the "Group") for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 5 to 8:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 31 October 2017.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council and Group.



Bruno Dente,
Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand
20 November 2017


PURPOSE OF THE ANNUAL REPORT

Every year we produce an audited Annual Report which contains details of Council's performance and achievements through the year against its Annual Plan and Long Term Plan, both financial and non financial.

This is a summary of the 2016/17 Annual Report. The information contained in this Summary has been extracted from our full Annual Report. The Summary Report does not include all the disclosures in the full Annual Report and cannot be expected to provide a full understanding of the full Annual Report.

The Annual Report was adopted by Council on 31 October 2017. It is a key accountability document for our communities containing important information on how we are progressing in achieving our goals. It highlights the areas we performed well in and the areas we need to improve on and how we plan on doing this.

Copies of the full 2016/17 Annual Report are available on Council's website, at the Waitomo District Library and our Queen Street Office in Te Kuiti. You can request a copy by contacting **Waitomo District Council on 0800 932 4357 or send us an email: info@waitomo.govt.nz**



*Creating a better future
with vibrant communities
and thriving business.*

Everything we do at WDC is linked to our vision.

Our aim is to make the District an attractive place that people will want to come and visit, work and live in.

The intention is to enhance the livability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner.

WDC set areas of focus to drive this vision and guide our efforts. These are:

- facilitate economic development,
- encourage and support community connectivity and development, and
- good stewardship and development of assets.

We have made good progress in our focus areas in the 2016/17 year. Key highlights are included in the following pages with further detail of our achievements in the activity areas included in the 'Our Activities' section of the full Annual Report available at www.waitomo.govt.nz

Snapshot of our services

Facilities that we provide...

18 PUBLIC TOILETS	10 PLAYGROUNDS
	7 CEMETERIES

In 2016/17 we...

Recycled 1,442
TONNES OF PLASTIC, GLASS, PAPER AND TIN

REGISTERED 3,590 DOGS + **RE-HOMED 51 DOGS**

Promoting our District:

150,216
COMMERCIAL GUEST NIGHTS
IN THE DISTRICT

11,991 VISITORS TO THE
AQUATIC CENTRE

Thousands attend
GREAT NZ MUSTER

Supporting our communities:

\$154,553 IN GRANTS
ADMINISTERED TO THE COMMUNITY

**...and engage with our residents
and ratepayers:**

95% OF RESPONDENTS SATISFIED WITH
COMMUNICATIONS

23,104 CUSTOMER
SERVICE CALLS

Across the Waitomo District we:

MAINTAINED 461 kms
OF SEALED ROADS

MAINTAINED 553 kms
OF UNSEALED ROADS

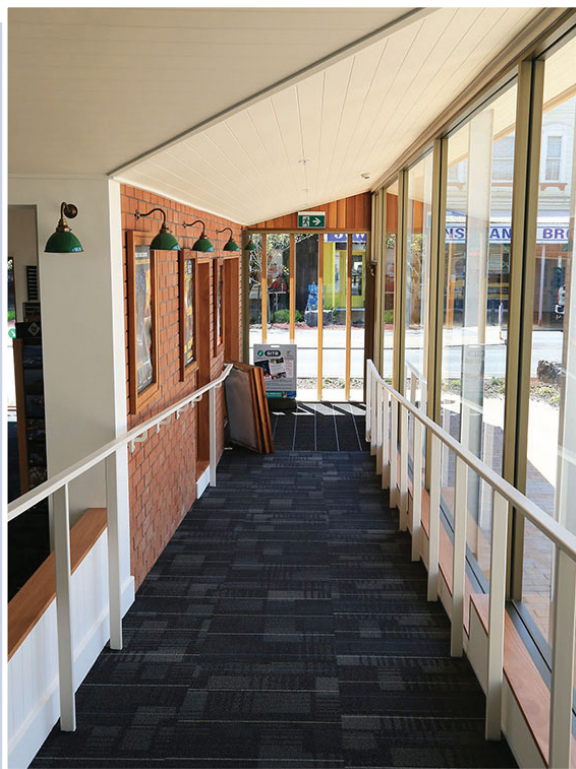
COMPLETED
166,000 **KERBSIDE**
RUBBISH & RECYCLING
COLLECTIONS



Activity Highlights for 2016/17

Timber Trail marketing

Council is supporting the Timber Trail marketing initiatives as a shared arrangement with Ruapehu District Council. The marketing strategy was developed with input from key stakeholders and includes actions for website development, increased social media reach through Facebook and Instagram, and the development of a branding story.



Railway Station building and i-SITE project

Construction work has been completed on the fourth stage of the Railway Station Building Project. This involved the internal refurbishment of Building 1 and Te Kuiti i-SITE and a new entrance way to link the two buildings. This fourth stage followed an extensive restoration and strengthening project which re-invigorates and showcases the railway heritage of the town, as well as creating a vibrant central hub for the community of Te Kuiti.

Te Kuiti Water Treatment Plant Upgrade

Phase one of three of this major upgrade has been successfully completed and commissioned. This project will ensure we meet the water quality requirements set out under the Drinking Water Standards for New Zealand 2005 (Revised 2008). While the weather events in April 2017 have hampered some aspects of the project, phases two and three are expected to be completed in the 2017/18 financial year.

Ultra-fast broadband

Council made an application on behalf of our towns for Central Government's Ultra-Fast Broadband (UFB) programme. Te Kuiti and Piopio are amongst the towns included in the Waikato region for the UFB installations (to be completed by 2024). Residents and businesses will have access to world-class broadband, contributing to our economy and ensuring the district is a vibrant place to live, work and visit.

Extension of sealed roading network

Pureora is an important eastern gateway to the District, contributing to the local economy and growth of the Waitomo area.

Maraeroa Road provides access from State Highway 30 to Pureora Forest Park, the scenic location of tourist destinations Pa Harakeke and the Timber Trail.

Previously, this road experienced slippery conditions in winter and dust in summer. The road is travelled by people who potentially have less experience in driving in such conditions. The decision to seal 1.5km of Maraeroa Road has been well received by the businesses operating at Pureora, for an improved level of road safety and for minimising the potential for dust nuisance.

WDC was successful in obtaining a subsidy from the NZ Transport Agency to partially fund the cost of this \$817,000 project, which was completed in April 2017.



Menacing Dogs de-sexing programme

In April 2017, Council received funding from the Department of Internal Affairs (DIA) to run a menacing dog campaign in support of the national strategy to reduce the risk and harm of dog attacks. An upcoming change to the Dog Control Act will likely require all menacing dogs, as categorised under the Act, to be neutered. The programme offered free de-sexing, free microchipping, and a reduced registration fee for dogs classified as 'menacing' under the Dog Control Act 2000. As at 30 June 2017, 12 dogs have been neutered under this campaign, with one dog classified due to behaviour, and 11 dogs classified due to breed type. The campaign is ongoing while funding is available.

Other highlights:

- District Plan Development
- Restricted driver training programme
- Les Munro Centre
- Love Food Hate Waste
- Extension of sealed roading network

Performance Summary

WDC has a range of performance targets that allow the measurement, over time, of whether or not the service delivery and performance has been properly focused on WDC's priorities. Fourteen of our performance measures are calculated through our annual Resident Survey. The remainder of our performance measures are calculated through a range of different methods such as our service request system which records all enquiries and complaints, user surveys, water quality readings, and WDC inspection records.

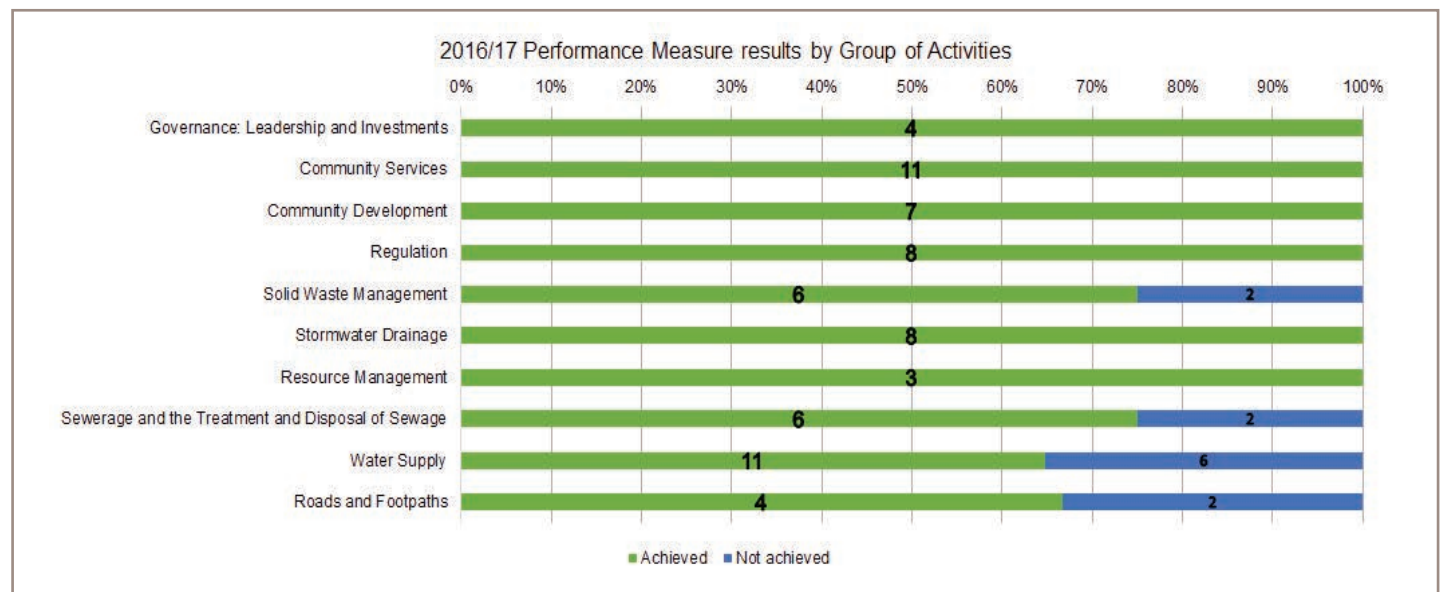
A snapshot of progress made by WDC in achieving our performance targets

This year we achieved 68 of our 80 measures (85%).

The Governance, Community Service, Community Development, Regulation, Stormwater Drainage and Resource Management groups achieved **100% of their targets**.

This graph shows the overall performance of the ten groups of activities.

Green shows activities where all targets were achieved and blue shows activities where some targets were not achieved.

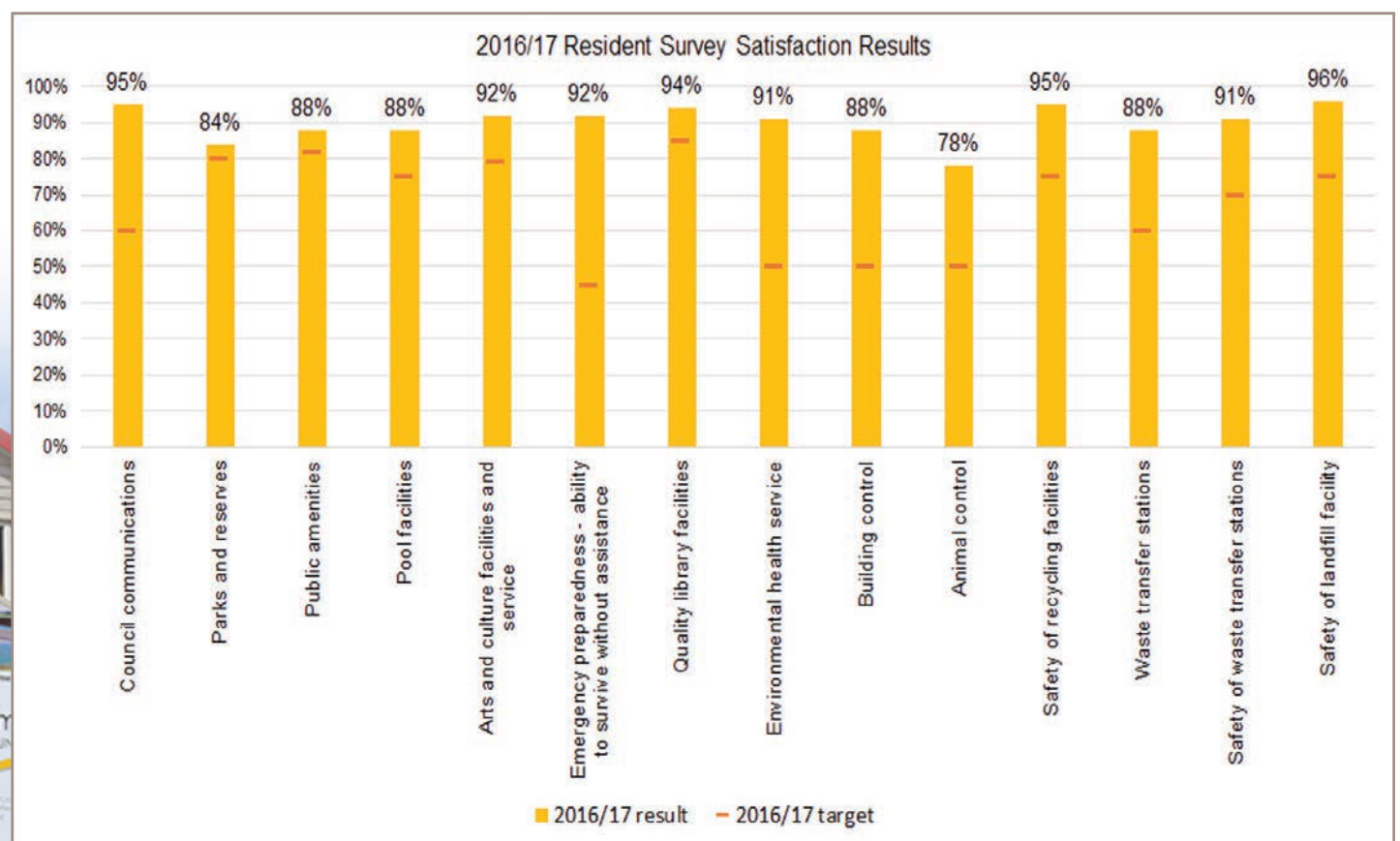


Results of our annual Resident Survey

WDC carries out a survey of residents each year which seeks to gauge the opinion of residents on a wide range of services and activities delivered by WDC.

The 2017 Resident Survey was developed and conducted in-house (similar to previous years) by WDC. The survey booklet was delivered direct to all letterboxes across the District, and made available online via Survey Monkey. The survey was open to the public from 3 May - 7 June 2017. A total of 305 surveys were completed. The graph below shows satisfaction statistics measured through Resident Survey.

For the 2016/17 year, we have exceeded all of our target satisfaction levels.



Summary Financial Statements

WDC REPORTED A NET SURPLUS AFTER TAX OF \$4.4 MILLION COMPARED TO A BUDGET SURPLUS OF \$2.9 MILLION.

This result is mainly due to less expenditure than budgeted.

<i>Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2017</i>	2017 COUNCIL BUDGET \$000's	2017 COUNCIL ACTUAL \$000's	2016 COUNCIL ACTUAL \$000's	2017 GROUP ACTUAL \$000's	2016 GROUP ACTUAL \$000's
Rates including metered water rates	19,546	19,197	18,700	19,184	18,689
Other revenue including gains/(losses)	10,961	10,580	10,613	29,885	32,090
Total Revenue and Gains/(Losses)	30,507	29,777	29,313	49,069	50,779
Employee benefit expenses	4,889	4,612	4,503	12,138	11,605
Depreciation and amortisation expense	5,780	5,839	5,639	6,572	6,325
Finance costs	2,695	1,982	2,174	2,286	2,565
Other expenses	14,228	12,956	13,403	22,770	26,558
Total Expenses	27,592	25,389	25,719	43,766	47,053
Surplus/(Deficit) Before Tax	2,915	4,388	3,594	5,303	3,726
Income tax expense/(revenue)	0	0	0	(1,512)	(459)
Surplus/(Deficit) from continuing operations	2,915	4,388	3,594	6,815	4,185
Surplus for the year from discontinued operations	0	0	0	0	84
Surplus/(Deficit)	2,915	4,388	3,594	6,815	4,269
Revaluation of property, plant and equipment	4,620	(493)	0	444	136
Gains/(losses) from cash flow hedges	0	1,121	(1,828)	1,121	(1,828)
Revaluation of available for sale assets	0	0	1,900	0	0
Income tax relating to components of other comprehensive revenue and expense	0	0	0	0	(38)
Total Other Comprehensive Revenue and Expense	4,620	628	72	1,565	(1,730)
Total Comprehensive Revenue and Expense	7,535	5,016	3,666	8,380	2,539

OPERATING REVENUE WAS \$0.7 MILLION LESS THAN BUDGET.

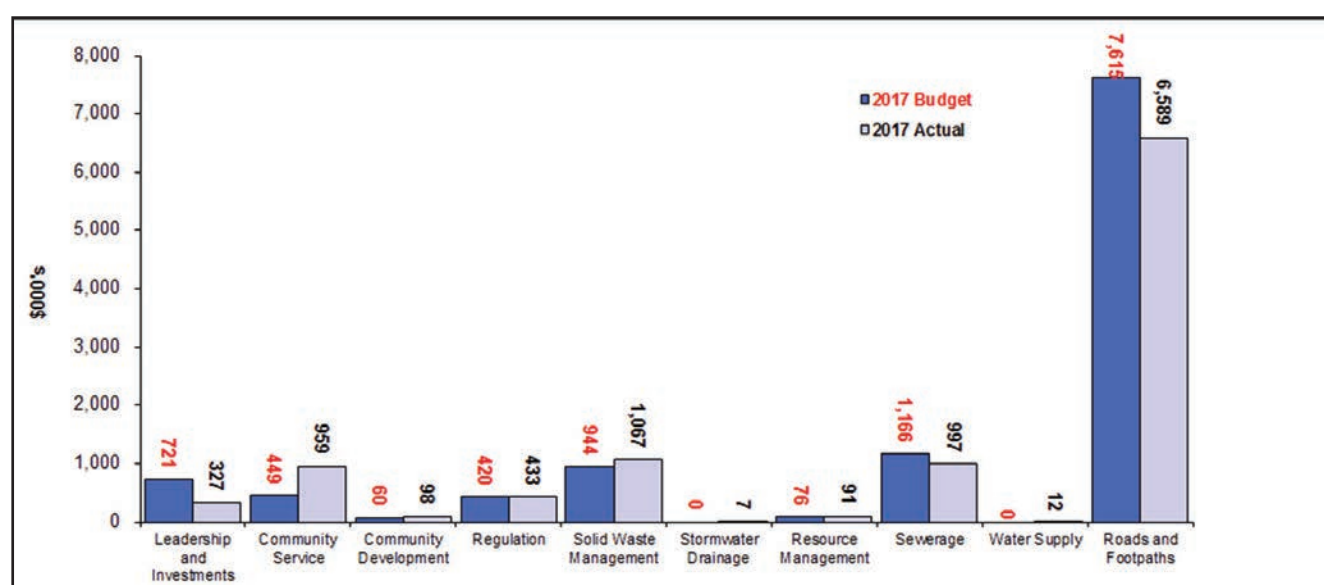
Operating revenue includes total rates revenue and operating revenue from each activity.

Rates revenue was **\$0.3 million less** than budget resulting from excluding rates revenue on Council owned properties in calculating the actuals (this revenue is included in budgets).

The main reasons for the difference between our budgeted and actual revenue received were:

- For Leadership and Investments it is due to a change in classification of penalty revenue and actual revenue received for penalties was less. No revenue was received in relation to safety improvement work at council owned quarry sites as this work has not commenced.
- Road subsidy revenue was less due to reduced capital expenditure for subsidised roads which resulted in less subsidy revenue being received.
- Less trade waste revenue was received for the Sewerage activity due to better pre-treatment of trade waste by major commercial users.
- This was offset by an increase in Community Service revenue due to the donation revenue being recognised on the transfer of the Sir Colin Meads statue in line with accounting requirements.
- There was also an increase in revenue from landfill users for the solid waste activity.

The graph below shows for each activity area how our budgeted revenue (excluding rates revenue) compared to the revenue we actually received.



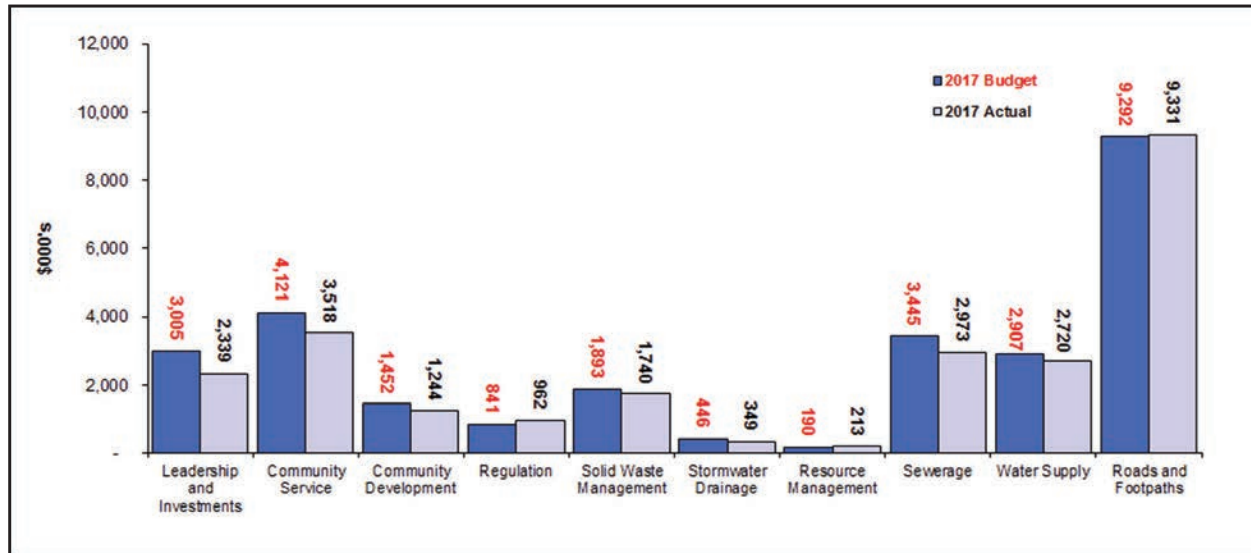
The financial statements at 30 June 2017 comprise the Waitomo District Council (Council) and its wholly owned subsidiary Inframax Construction Limited incorporated in New Zealand (Group).

Waitomo District Council has designated itself as a public benefit entity for the purposes of financial reporting. The full financial statements included in the full Annual Report have been prepared in accordance with NZ GAAP and they comply with Tier 1 Public Benefit Entity (PBE) Standards. The summary annual report has been prepared in accordance with Public Benefit Entities Financial Reporting Standard No.43 Summary Financial Statements (PBE FRS 43). The presentation currency of the financial statements is New Zealand dollars and values are rounded to the nearest thousand dollars.

The summary financial statements have been extracted from the corresponding full Annual Report which was authorised for issue on 31 October 2017 by the Mayor and Chief Executive. An unmodified audit report was issued and signed as part of the Annual Report on 31 October 2017. Deloitte have audited this Summary Report and have issued an unmodified opinion on 20 November 2017. The Summary Report was authorised for issue on 20 November 2017 by the Mayor and Chief Executive.

Summary Financial Statements

The graph below shows for each activity area how our budgeted expenditure compared to what we actually spent.



OPERATING EXPENDITURE WAS \$2.2 MILLION LESS THAN BUDGET.

The main reasons for the difference between our budgeted and actual expenditure were:

- Leadership costs were less due to delays to the district plan work-stream and costs associated with Parkside sections not spent. Finance costs were less due to a reduced public debt level than what was budgeted for coupled with lower interest rates.
- Community Service costs were less due to rates paid on council owned properties being excluded. The budget figure includes rates on council owned properties. Repairs and maintenance expenditure was also less as this work is only carried out as required.
- Sewerage costs were less due to reduced operations and maintenance costs for all schemes.

Summary Statement of Financial Position as at 30 June 2017	2017 COUNCIL BUDGET \$000's	2017 COUNCIL ACTUAL \$000's	2016 COUNCIL ACTUAL \$000's	2017 GROUP ACTUAL \$000's	2016 GROUP ACTUAL \$000's
Current Assets	5,427	7,950	6,338	11,487	10,223
Non Current Assets	351,650	337,747	335,635	343,229	337,863
Total Assets	357,077	345,697	341,973	354,716	348,086
Current Liabilities	9,996	19,398	19,657	22,961	23,089
Non Current Liabilities	48,487	32,109	33,142	35,658	37,280
Total Liabilities	58,483	51,507	52,799	58,619	60,369
Net Assets	298,594	294,190	289,174	296,097	287,717

Summary Statement of Changes in Equity for the year ended 30 June 2017	2017 COUNCIL ACTUAL \$000's	2016 COUNCIL (Restated) ACTUAL \$000's	2017 GROUP ACTUAL \$000's	2016 GROUP (Restated) ACTUAL \$000's
Total Equity				
Balance as at 1 July	289,174	287,081	287,717	286,751
Prior Period Adjustment*	0	(1,573)	0	(1,573)
Adjustment Balance at 1 July	289,174	285,508	287,717	285,178
Total Comprehensive Revenue and Expenses for the year	5,016	3,666	8,380	2,539
Balance at 30 June	294,190	289,174	296,097	287,717

*During the 2016/17 year, the Council discovered that \$1,634,000 of assets were duplicated in the 30 June 2014 asset valuation for road asset class. The assets should have been disposed out of the asset listing that was subsequently used to prepare the 2014 valuations. A prior year adjustment of \$1,573,000 was made to opening revaluation reserve and adjusted through the carrying value of this asset class.

Summary Components of Equity	2017 COUNCIL BUDGET \$000's	2017 COUNCIL ACTUAL \$000's	2016 COUNCIL (Restated) ACTUAL \$000's	2017 GROUP ACTUAL \$000's	2016 GROUP (Restated) ACTUAL \$000's
Accumulated Funds	213,356	210,367	207,663	213,467	208,336
Total Other Reserves	6,451	13,287	10,352	8,787	5,852
Revaluation Reserves	78,787	70,536	71,159	73,843	73,529
Total Equity	298,594	294,190	289,174	296,067	287,717

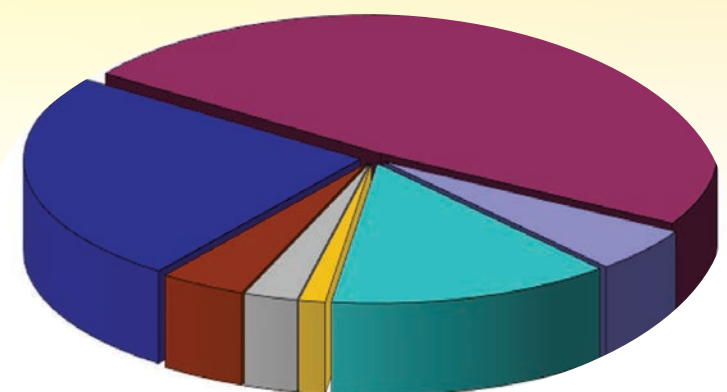
Summary Components of Cash Flows for the year ended 30 June 2017	2017 COUNCIL BUDGET \$000's	2017 COUNCIL ACTUAL \$000's	2016 COUNCIL ACTUAL \$000's	2017 GROUP ACTUAL \$000's	2016 GROUP ACTUAL \$000's
Net Cash Inflow from Operating Activities	10,396	11,308	10,589	12,392	13,049
Net Cash Outflow from Investing Activities	(14,110)	(10,075)	(11,577)	(11,404)	(12,364)
Net Cash Inflow/(outflow) from Financing Activities	3,714	(1,295)	(1,295)	(2,176)	(866)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	0	(62)	(2,283)	(1,188)	(181)
Cash, cash equivalents and bank overdraft at the beginning of the year	100	174	2,457	(101)	80
Cash, cash equivalents and bank overdraft at the end of the year	100	112	174	(1,289)	(101)

WE INVESTED \$9.7 MILLION IN CAPITAL PROJECTS.

Some key projects undertaken were:

- The playground upgrade at Waitomo Village
- The Plaza tidy up work and development of the community space in the northern building of the railway station buildings and I-site linkage project
- Upgrade of the courtyard and replacement kitchen appliances at the Les Munro Centre
- Earthwork shaping of the high wall and cell 3 liner development and replacement of the generator at the landfill
- Stormwater pipe replacements at George, Elizabeth and Rora Streets in Te Kuiti
- Stormwater rehabilitation on Edward and Hill Streets in Te Kuiti
- Improvements of the UV system and other minor improvements at Te Kuiti wastewater treatment plant
- Replacement of the wetland liner and installation of floating rafts at Benneydale wastewater plant
- Phase 1 of the Te Kuiti water treatment plant upgrade
- Installation of the main reticulation line down SH3 in Mokau and dam upgrades for safety requirements
- Maraeroa Road seal extension
- Road maintenance and renewals
- Car parking at Te Kuiti Primary School and remedial works along the Kawhia Harbour Road

THIS GRAPH SHOWS CAPITAL EXPENDITURE IN OUR DIFFERENT ACTIVITY AREAS



- Leadership and Investments (5%)
- Community Service (14%)
- Solid Waste Management (1%)
- Stormwater Drainage (3%)
- Sewerage (4%)
- Water Supply (24%)
- Roads and Footpaths (49%)

Summary Financial Statements

Council Debt

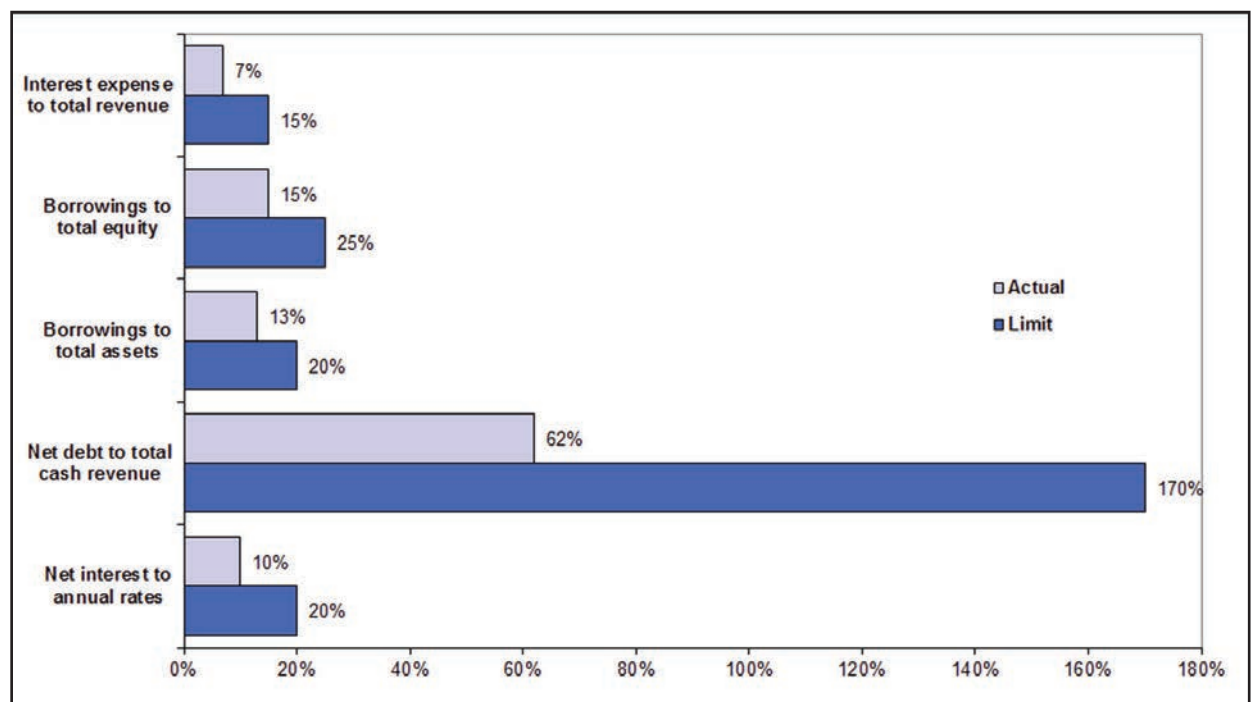
WDC borrows money to provide cashflow for large projects that will provide services to the community for a long period of time. This ensures that today's ratepayers pay only for the services and assets which they use now and not for benefits that will be received by the community in the future.

In keeping with the financial prudence and sustainability principle, Council has established certain borrowing parameters to ensure that investment priorities are carefully managed and within the reach of Waitomo Community.

The reduction in interest costs demonstrates Council's efforts towards liability management and the objective of lowering the cost of funds.

Debt was forecast in the 2015-25 Long Term Plan to be \$54.63 million in the 2016/17 year.

ACTUAL DEBT WAS \$43.42 MILLION AT 30 JUNE 2017.



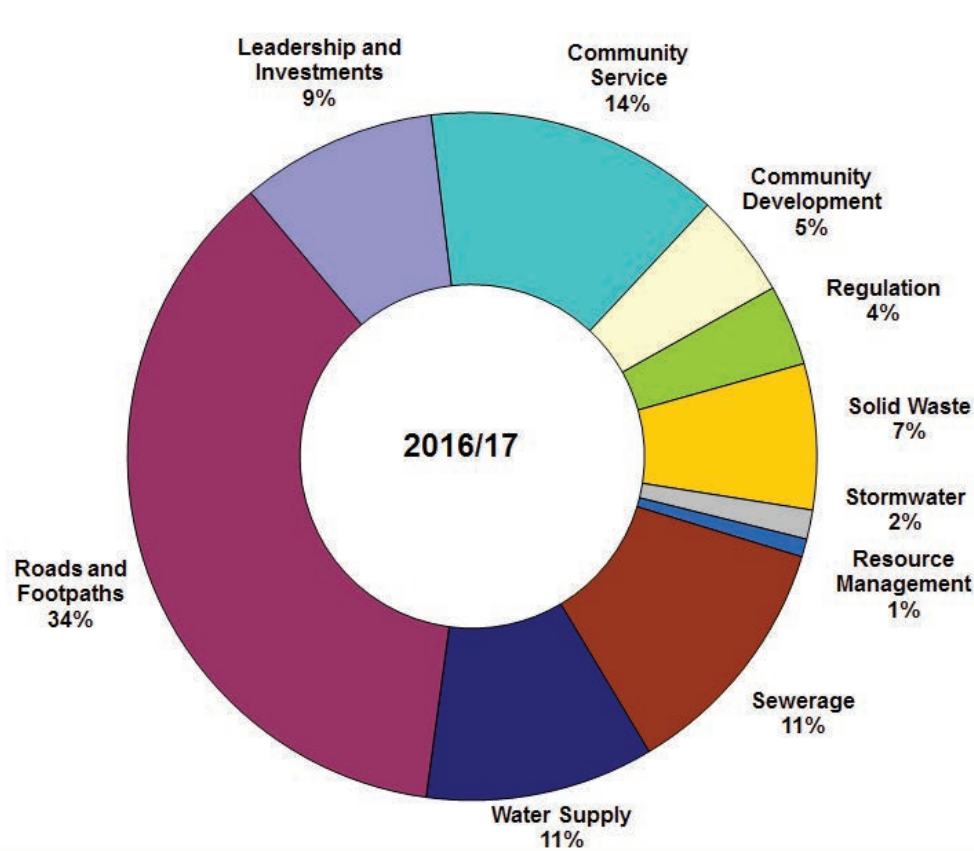
The following table illustrates favourable trends in the levels of debt over the last three financial years as follows:

These trends show that **actual debt has continued to reduce** against forecast levels over the last three years.

Despite the significant capital investment and upgrades carried out as planned our relative increase in debt levels has been low indicating Council's prudent financial and debt management.

	2015	2016	2017
Forecast Public Debt (LTP) \$000's	\$52,120	\$52,834	\$54,628
Actual Public Debt \$000's	\$46,139	\$44,786	\$43,419
\$ Trend \$000's (LTP forecast and Actual)	-5,981	-8,048	-11,209
% Trend	-11.5%	-15.2%	-20.5%

How your Rates were spent on our Groups of Activities



Overall Group Performance

Inframax Construction Ltd (ICL) reported a net profit after tax of \$2.71 million for the year ended 30 June 2017. This is another positive result for the company which continues on its trajectory of improved operational performance. This result is a reflection of the continued and sustained effort of the Board of Directors, Management and staff of ICL.

THE GROUP'S OVERALL PERFORMANCE FOR THE YEAR WAS AN AFTER-TAX PROFIT OF \$6.8 MILLION.

AT 30 JUNE 2017 TOTAL EQUITY FOR THE GROUP WAS \$296 MILLION.

There was a \$8.4 million increase in equity reflecting net asset increases due to:

- The Group's after tax profit of \$6.8 million
- Current assets increased by \$1.3 million mainly due to an increase in assets held for sale
- Non current assets increased by \$5.4 million due mostly to an increase in property, plant and equipment and deferred tax asset.
- Non current liabilities decreased by \$1.6 million due mainly to a decrease in derivative financial instruments.