



NZX LIMITED

Financial Statements

For the six months ended 30 June 2016

**NZX Limited**  
**Income Statement**  
For the six months ended 30 June 2016

		Unaudited 6 months ended 30 June 2016	Unaudited 6 months ended 30 June 2015	Audited 12 months ended 31 Dec 2015
	Note	\$000	\$000	\$000
<b>Operating revenue</b>				
Securities information		5,063	5,430	10,558
Listing fees		6,669	5,478	13,390
Other issuer services		479	382	770
Participant services		1,762	1,738	3,526
Securities trading		2,971	2,330	4,976
Securities clearing		2,829	2,441	5,365
Dairy derivatives		221	215	684
Market operations		5,302	5,428	10,631
Commodities trading		769	449	877
Agri information		5,321	5,664	11,690
Wealth platform fees		720	-	689
Funds management		5,819	4,841	9,995
<b>Total operating revenue</b>	4	<b>37,925</b>	<b>34,396</b>	<b>73,151</b>
<b>Operating expenses</b>				
Personnel costs		(13,884)	(12,510)	(26,051)
Information technology		(3,615)	(2,946)	(6,242)
Professional fees		(3,984)	(2,542)	(5,599)
Marketing, printing and distribution		(1,605)	(1,676)	(3,549)
Funds expenditure		(1,681)	(773)	(2,280)
Other expenses		(2,380)	(2,238)	(4,851)
<b>Total operating expenses</b>	4	<b>(27,149)</b>	<b>(22,685)</b>	<b>(48,572)</b>
<b>Earnings before net finance income, income tax, depreciation, amortisation and impairment, adjustment to provision for earnout, share of profit of associate and gain on sale of associate</b>		<b>10,776</b>	<b>11,711</b>	<b>24,579</b>
Interest income		521	506	1,218
Interest expense		(625)	(533)	(1,197)
Net (loss)/gain on foreign exchange		(53)	305	149
Net finance income		(157)	278	170
Gain/(loss) on disposal of property, plant and equipment		1	(32)	(29)
Depreciation and amortisation expense		(3,894)	(3,265)	(6,990)
Impairment expense	5	(793)	-	-
Adjustment to provision for earnout	6	352	-	-
Gain on sale of associate		-	11,807	11,807
Share of profit of associate		-	411	411
<b>Profit before income tax</b>		<b>6,285</b>	<b>20,910</b>	<b>29,948</b>
Income tax expense		(2,708)	(2,937)	(6,076)
<b>Profit for the period</b>		<b>3,577</b>	<b>17,973</b>	<b>23,872</b>
<b>Earnings per share</b>				
Basic (cents per share)		1.3	6.9	9.1
Diluted (cents per share)		1.3	6.8	9.0

*The accompanying notes form an integral part of these financial statements*

**NZX Limited**  
**Statement of Comprehensive Income**  
For the six months ended 30 June 2016

	Unaudited 6 months ended 30 June 2016 \$000	Unaudited 6 months ended 30 June 2015 \$000	Audited 12 months ended 31 Dec 2015 \$000
Profit for the period	3,577	17,973	23,872
<b>Other comprehensive income recognised through equity</b>			
Foreign currency translation differences	2	(190)	(14)
Total other comprehensive income	2	(190)	(14)
<b>Total comprehensive income for the period</b>	<b>3,579</b>	<b>17,783</b>	<b>23,858</b>

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**NZX Limited**  
**Statement of Changes in Equity**  
**For the six months ended 30 June 2016**

	Note	Share Capital \$000	Retained Earnings \$000	Translation Reserve \$000	Total Equity \$000
<b>Balance at 1 January 2015</b>		<b>29,975</b>	<b>20,927</b>	<b>187</b>	<b>51,089</b>
Profit for the period		-	17,973	-	17,973
Foreign currency translation differences		-	-	(190)	(190)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>17,973</b>	<b>(190)</b>	<b>17,783</b>
<b>Transactions with owners recorded directly in equity:</b>					
Dividends paid	9	-	(7,916)	-	(7,916)
Issue of shares		10,000	-	-	10,000
Share based contingent consideration		5,000	-	-	5,000
Dividend accrued on contingent consideration shares		-	(124)	-	(124)
Share based payments		2,071	-	-	2,071
Cancellation of non-vesting shares		(88)	50	-	(38)
<b>Total transactions with owners recorded directly in equity</b>		<b>16,983</b>	<b>(7,990)</b>	<b>-</b>	<b>8,993</b>
<b>Unaudited closing balance at 30 June 2015</b>		<b>46,958</b>	<b>30,910</b>	<b>(3)</b>	<b>77,865</b>
Profit for the period		-	5,899	-	5,899
Foreign currency translation differences		-	-	176	176
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>5,899</b>	<b>176</b>	<b>6,075</b>
<b>Transactions with owners recorded directly in equity:</b>					
Dividends paid	9	-	(7,918)	-	(7,918)
Dividend accrued on contingent consideration shares		-	(124)	-	(124)
Share based payments		270	-	-	270
<b>Total transactions with owners recorded directly in equity</b>		<b>270</b>	<b>(8,042)</b>	<b>-</b>	<b>(7,772)</b>
<b>Audited closing balance at 31 December 2015</b>		<b>47,228</b>	<b>28,767</b>	<b>173</b>	<b>76,168</b>
Profit for the period		-	3,577	-	3,577
Foreign currency translation differences		-	-	2	2
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>3,577</b>	<b>2</b>	<b>3,579</b>
<b>Transactions with owners recorded directly in equity:</b>					
Dividends paid	9	-	(8,043)	-	(8,043)
Share based payments		99	(65)	-	34
Cancellation of non-vesting shares		(86)	86	-	-
<b>Total transactions with owners recorded directly in equity</b>		<b>13</b>	<b>(8,022)</b>	<b>-</b>	<b>(8,009)</b>
<b>Unaudited closing balance at 30 June 2016</b>		<b>47,241</b>	<b>24,322</b>	<b>175</b>	<b>71,738</b>

*The accompanying notes form an integral part of these financial statements*

**NZX Limited**  
**Statement of Financial Position**  
**As at 30 June 2016**

Note	Unaudited 30 June 2016 \$000	Unaudited 30 June 2015 \$000	Audited 31 Dec 2015 \$000
<b>Current assets</b>			
Cash and cash equivalents	27,949	25,888	40,293
Funds held on behalf of third parties	58,318	51,702	61,786
Receivables and prepayments	12,447	21,109	11,569
<b>Total current assets</b>	<b>98,714</b>	<b>98,699</b>	<b>113,648</b>
<b>Non-current assets</b>			
Non-current receivables	1,843	2,261	1,827
Property, plant & equipment	3,819	3,571	3,507
Goodwill	35,764	34,800	35,764
Other intangible assets	38,186	37,884	39,001
<b>Total non-current assets</b>	<b>79,612</b>	<b>78,516</b>	<b>80,099</b>
<b>Total assets</b>	<b>178,326</b>	<b>177,215</b>	<b>193,747</b>
<b>Current liabilities</b>			
Funds held on behalf of third parties	58,318	51,702	61,786
Trade payables	7,340	6,714	5,882
Other liabilities	6,885	15,685	13,588
Current tax (asset)/ liability	(183)	613	2,113
<b>Total current liabilities</b>	<b>72,360</b>	<b>74,714</b>	<b>83,369</b>
<b>Non-current liabilities</b>			
Non-current other liabilities	8,450	8,168	8,272
Term loan	8	20,000	20,000
Deferred tax liability	5,778	6,468	5,938
<b>Total non-current liabilities</b>	<b>34,228</b>	<b>24,636</b>	<b>34,210</b>
<b>Total liabilities</b>	<b>106,588</b>	<b>99,350</b>	<b>117,579</b>
<b>Net assets</b>	<b>71,738</b>	<b>77,865</b>	<b>76,168</b>
<b>Equity</b>			
Share capital	47,241	46,958	47,228
Retained earnings	24,322	30,910	28,767
Translation reserve	175	(3)	173
<b>Total equity attributable to shareholders</b>	<b>71,738</b>	<b>77,865</b>	<b>76,168</b>
Net tangible assets per share (cents per share)	-0.82	1.97	0.53

Included within the cash and cash equivalent balance at 30 June 2016 is \$20.0 million (30 June 2015: \$10.0 million; 31 December 2015: \$20.0 million) that is held for risk capital requirements by the Clearing House and is not available for general cash management use by the Group.

Approved on behalf of the Board on 16 August 2016



J B Miller  
Chairman of Directors



N Paviour-Smith  
Director and Chairman of  
Audit and Risk Committee

*The accompanying notes form an integral part of these financial statements.*

**NZX Limited**  
**Statement of Cash Flows**  
For the six months ended 30 June 2016

Note	Unaudited 6 months ended 30 June 2016 \$000	Unaudited 6 months ended 30 June 2015 \$000	Audited 12 months ended 31 Dec 2015 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers	31,736	29,117	72,688
Net interest received	103	185	178
Payments to suppliers and employees	(26,718)	(23,187)	(48,038)
Income tax paid	(5,164)	(4,252)	(6,533)
<b>Net cash provided by operating activities</b>	<b>(43)</b>	<b>1,863</b>	<b>18,295</b>
<b>Cash flows from investing activities</b>			
Receipts from associate	-	850	850
Proceeds from the sale of associate	-	13,800	13,800
Cash acquired on acquisition of subsidiary	-	59	59
Payments for property, plant and equipment	(965)	(1,822)	(2,097)
Payments for intangible assets	(3,293)	(1,106)	(3,440)
Acquisition of businesses	-	(10,000)	(11,500)
<b>Net cash used in investing activities</b>	<b>(4,258)</b>	<b>1,781</b>	<b>(2,328)</b>
<b>Cash flows from financing activities</b>			
Proceeds from term loans	-	10,000	20,000
Dividends paid	9	(7,916)	(15,834)
<b>Net cash provided by/(used in) financing activities</b>	<b>(8,043)</b>	<b>2,084</b>	<b>4,166</b>
<b>Net increase in cash and cash equivalents</b>	<b>(12,344)</b>	<b>5,728</b>	<b>20,133</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>40,293</b>	<b>20,160</b>	<b>20,160</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>27,949</b>	<b>25,888</b>	<b>40,293</b>
<b>Cash comprises:</b>			
Cash at bank	18,949	21,388	32,793
Bank deposits	9,000	4,500	7,500
<b>Net cash and cash equivalents and bank overdraft</b>	<b>27,949</b>	<b>25,888</b>	<b>40,293</b>

Included within the cash and cash equivalent balance at 30 June 2016 is \$20.0 million (30 June 2015: \$10.0 million; 31 December 2015: \$20.0 million) that is held for risk capital requirements by the Clearing House and is not available for general cash management use by the Group.

*The accompanying notes form an integral part of these financial statements.*

**NZX Limited**  
**Notes to the financial statements**  
**For the six months ended 30 June 2016**

**1 Reporting entity**

These consolidated interim financial statements of NZX Limited (the "Company") as at and for the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The Group operates New Zealand securities, derivatives and energy markets and an Australian grain commodity market. The Group also builds and maintains the infrastructure on which they operate, provides funds management services, and provides a range of information and data to support market growth and development.

The Company is incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and is an FMC reporting entity under the Financial Markets Conduct Act 2013. The Company is listed and its ordinary shares are quoted on the NZX main board.

**2 Basis of preparation**

**(a) Statement of compliance**

The Group financial statements have been prepared in accordance with the New Zealand equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34).

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2015. These Group financial statements do not include all the information required for full annual financial statements prepared in accordance with NZ IFRS.

**(b) Judgements and estimates**

Preparing the Group financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 estimates are revised and in any future periods affected.

In preparing these Group financial statements, significant judgements are made by management in applying the Group's accounting policies. The key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2015.

**(c) Functional and presentation currency**

These financial statements are presented in New Zealand Dollars (\$), which is the Company's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest thousand, except when otherwise indicated.

**3 Summary of accounting policies**

These Group financial statements have been prepared using the same accounting policies as, and should be read in conjunction with, the financial statements and related notes included in the Group's Annual Report for the year ended 31 December 2015.

**NZX Limited**  
**Notes to the financial statements**  
**For the six months ended 30 June 2016**

**4 Segment reporting**

The Group has three reportable segments, as described below, which are the Group's strategic business areas. In prior periods the Group had five reportable segments and the change to three distinct groups is to better reflect the each business's growth prospects and investment requirements. The reportable segments are:

- **Markets** - Operator and regulator of securities and derivatives markets and provider of trading, post-trade and data services for securities and derivatives, as well as the provider of a central securities depository. It also includes the Fonterra Shareholders' Market and our energy markets business, which comprises the contracts we operate on behalf of the Electricity Authority;
- **Agricultural Information** - Provider of information, news and data relating to the agriculture sectors in New Zealand and Australia through printed publications and online services, and the Clear Grain Exchange in Melbourne; and
- **Funds Services** - Provider of superannuation, KiwiSaver and Exchange Traded Funds and funds administration platforms.

The Group's CEO (the chief operating decision maker) reviews internal management reports for each of these strategic areas on a regular basis. The Group's revenue is analysed into each of the reportable segments. Expenses incurred are allocated to the segments only if they are direct and specific expenses to the three areas. The remaining expenses incurred are not allocated to the segments as resource allocation decisions are made across the Group in totality to optimise the consolidated Group's financial results.

The Group's assets and liabilities are analysed into each of the reportable segments, apart from those assets and liabilities that are utilised on a shared basis, which are allocated to Corporate segment.

**Segmental information for the six months ended 30 June 2016**

Unaudited	Markets	Agri	Funds Services	Corporate	Total
	\$000	\$000	\$000	\$000	\$000
Operating revenue	25,296	6,090	6,539	-	37,925
Operating expenses	(6,150)	(5,799)	(6,181)	(9,019)	(27,149)
<b>Total segment result</b>	<b>19,146</b>	<b>291</b>	<b>358</b>	<b>(9,019)</b>	<b>10,776</b>
Segment assets	108,468	13,529	44,424	11,905	178,326
Segment liabilities	(58,873)	(2,183)	(15,458)	(30,074)	(106,588)
<b>Net assets</b>	<b>49,595</b>	<b>11,346</b>	<b>28,966</b>	<b>(18,169)</b>	<b>71,738</b>

**Segmental information for the six months ended 30 June 2015**

Unaudited	Markets	Agri	Funds Services	Corporate	Total
	\$000	\$000	\$000	\$000	\$000
Operating revenue	23,449	6,107	4,840	-	34,396
Operating expenses	(6,078)	(5,645)	(3,229)	(7,733)	(22,685)
<b>Total segment result</b>	<b>17,371</b>	<b>462</b>	<b>1,611</b>	<b>(7,733)</b>	<b>11,711</b>
Segment assets	99,891	16,097	42,037	19,190	177,215
Segment liabilities	(62,638)	(2,966)	(13,747)	(19,999)	(99,350)
<b>Net assets</b>	<b>37,253</b>	<b>13,131</b>	<b>28,290</b>	<b>(809)</b>	<b>77,865</b>



**NZX Limited**  
**Notes to the financial statements**  
For the six months ended 30 June 2016

**4 Segment reporting (continued)**

**Segmental information for the twelve months ended 31 December 2015**

Unaudited	Markets	Agri	Funds Services	Corporate	Total
	\$000	\$000	\$000	\$000	\$000
Operating revenue	49,902	12,567	10,682	-	73,151
Operating expenses	(12,390)	(11,527)	(8,956)	(15,699)	(48,572)
<b>Total segment result</b>	<b>37,512</b>	<b>1,040</b>	<b>1,726</b>	<b>(15,699)</b>	<b>24,579</b>
Segment assets	110,480	15,225	44,702	23,340	193,747
Segment liabilities	(68,329)	(2,763)	(16,015)	(30,472)	(117,579)
<b>Net assets</b>	<b>42,151</b>	<b>12,462</b>	<b>28,687</b>	<b>(7,132)</b>	<b>76,168</b>

**5 Impairment expense**

NZX has recognised an impairment of part of the residual value of brand assets in relation to NZX's agri business, reflecting future expectations for rural publications.

**6 Adjustment to provision for earnout**

The provision for the Apteryx (now NZX Wealth Technologies) earnout was calculated at 31 December 2015 based on a probability weighted range of possible outcomes. As a result of reassessing these probabilities as 30 June 2016, the provision has been adjusted downwards by \$352,000.

**7 Bank overdraft**

**Bank overdraft facility**

The Group has access to an overdraft facility which was established in 2015 to allow the Group flexibility in its working capital management. The facility limit is \$10.0m and has no fixed expiry date. The bank may cancel the facility by giving 30 days written notice. The effective interest rate of the facility at 30 June 2016 was 3.95% (30 June 2015: 4.75%, 31 December 2015: 4.15%).

**8 Term loan**

	Unaudited As at 30 June 2016 \$000	Unaudited As at 30 June 2015 \$000	Audited As at 31 Dec 2015 \$000
Current	-	-	-
Non-current	20,000	10,000	20,000
<b>Total term loans</b>	<b>20,000</b>	<b>10,000</b>	<b>20,000</b>

The \$20.0 million term loan has an expiry date of 16 January 2019. The facility is unsecured and contains two financial covenants which have been met throughout the year:

- The ratio of interest bearing debt to EBITDA shall not exceed 3.5 times; and
- The ratio of EBITDA to interest shall exceed 4.0 times.

The weighted effective interest rate at 30 June 2016 was 3.10% (30 June 2015:4.07%, 31 December 2015:3.62%).

**NZX Limited**  
**Notes to the financial statements**  
For the six months ended 30 June 2016

**9 Dividends**

	For year ended	Unaudited		Unaudited		Audited	
		6 months ended 30 June 2016	Total \$000	6 months ended 30 June 2015	Total \$000	12 months ended 31 December 2015	Total \$000
		Cents per share		Cents per share		Cents per share	
<b>Dividends declared and paid</b>							
March 2015	31 Dec 14			3.00	7,916	3.00	7,916
September 2015	31 Dec 15					3.00	7,918
March 2016	31 Dec 15	3.00	8,043				
<b>Total dividends paid for the year</b>		<b>3.00</b>	<b>8,043</b>	<b>3.00</b>	<b>7,916</b>	<b>6.00</b>	<b>15,834</b>

Refer to note 13 for details of the first half 2016 dividend.

**10 Share based payments**

During the period, there were no changes in the CEO share scheme plan and shares that were issued, transferred to NZX employees or redeemed under the Team and Results share plan were on consistent terms with the prior year.

**11 Related party transactions**

**a) Transactions with key management personnel**

Key management personnel comprises the Group's senior management team. Key management personnel compensation comprised the following:

	Unaudited		Unaudited		Audited	
	6 months ended 30 June 2016	Total \$000	6 months ended 30 June 2015	Total \$000	12 months ended 31 Dec 2015	Total \$000
Short-term employee benefits		2,329		2,179		3,758
Share-based payments		145		144		218
		<b>2,474</b>		<b>2,323</b>		<b>3,976</b>

**b) Transactions with directors and other entities NZX directors are associated with**

The Company regularly enters into transactions under normal commercial terms and conditions with other entities that some of the directors may sit on the board of or are employed by.

Directors fees for the six month period to 30 June 2016 were \$185,000 (30 June 2015: \$205,000, 31 December 2015: \$406,000) and have been included in other expenses.

**NZX Limited**  
**Notes to the financial statements**  
**For the six months ended 30 June 2016**

**11 Related party transactions (continued)**

**c) Transactions with other related parties**

During the year, the Group made sales to and purchases from its associate. The amounts of sales and purchases between the Group and its associate, and any outstanding balances as at reporting date, are set out below. The Group has no associates since 1 July 2015 following the disposal of Link Market Services Limited in June 2015.

	Unaudited 6 months ended 30 June 2016 \$000	Unaudited 6 months ended 30 June 2015 \$000	Audited 12 months ended 31 Dec 2015 \$000
<b>Transactions with related parties</b>			
Sales to Link Market Services Limited	-	275	275
Interest on receivable from CEO	16	-	16
Purchases from Link Market Services Limited	-	(184)	(184)
	<b>Unaudited As at 30 June 2016 \$000</b>	<b>Unaudited As at 30 June 2015 \$000</b>	<b>Audited As at 31 Dec 2015 \$000</b>
Receivable from Link Market Services Limited	-	94	-
Non current receivable from CEO	1,843	1,811	1,827
Payable to Link Market Services Limited	-	(32)	-

**d) Transactions with managed funds**

Two of the Company's subsidiaries (Smartshares Limited and SuperLife Limited) are involved in funds management. Management fees are received from the funds and are shown in the Income Statement as Funds management revenue.

**12 Contingent liabilities and commitments**

**Ralec Litigation**

NZX filed proceedings in 2011 against Ralec Commodities Pty Limited, Ralec Interactive Pty Limited, Grant Thomas, Dominic Pym and other related parties (together "Ralec") in the New Zealand High Court. The proceedings relate to claims under the sale and purchase agreement (the "SPA") entered into in 2009 with Clear Commodities Pty Limited and Clear Interactive Pty Limited ("Clear") for breach of warranty and associated claims. NZX's claim in its final form seeks damages of at least AU\$13.76 million against Ralec. Ralec denies NZX's claim.

Ralec filed a counterclaim against NZX. The claims against NZX are primarily for damages in respect of the following payments contingently payable to Ralec under the Clear SPA:

(a) An earn-out payment (the Grain Software Market Payment) of AU\$7m (payable in cash and/or NZX shares valued at the date of the SPA), if particular grain tonnages and revenues were achieved by Clear during 2009 and 2012. Between these periods, Clear traded between approximately 13% and 17% of the various tonnage targets. Ralec alleges this was because NZX failed properly to resource and finance Clear. NZX denies this.

**NZX Limited**  
**Notes to the financial statements**  
**For the six months ended 30 June 2016**

**12 Contingent liabilities and commitments (continued)**

(b) A second earn-out of AU\$7m (payable in cash and/or NZX shares valued at the date of the SPA) comprising the Agri-Portal Purchase Payment and an ancillary payment (the Agri-Portal Payment), if an Agri-Portal had been completed and put into operation to the satisfaction of NZX by the end October 2012. The core of the Agri-Portal was to be a spot market and associated data based around the Clear Grain Exchange and at least one other commodity. Ralec alleges NZX failed properly to resource and fund the development of the Agri-Portal. NZX denies it breached its obligations and says that because the Clear Grain Exchange did not trade at the anticipated or required levels, the Agri-Portal could not be completed or put into operation to the satisfaction of NZX.

The Ralec's counterclaim also alleges related misrepresentation and breach of duty claims, as well as claims under the Fair Trading Act. Ralec's damages claims are for the loss of the opportunity to earn these payments, together with associated benefits, interest and costs. The total amount of Ralec's counterclaim against NZX is in the vicinity of AU\$20.7 million.

NZX's claim and Ralec's counterclaim were heard in the High Court in New Zealand in an 11 week trial between 2 May 2016 and 13 July 2016.

Based on the Company's assessment of the circumstances and information available to it, it does not believe it is probable that a loss will be incurred and accordingly no provision has been recognised.

**13 Subsequent events**

**Dividend**

Subsequent to balance date the Board declared a first half 2016 dividend of 3.00 cents per share, to be paid on 16 September 2016 (with a record date of 2 September 2016).



# Independent review report

## To the Shareholders of NZX Limited

We have completed a review of the interim financial statements of NZX Limited (the “Company”) and its subsidiary companies (the “Group”) on pages 2 to 12 which comprise the statement of financial position as at 30 June 2016, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Shareholders as a body. Our review work has been undertaken so that we might state to the Company’s Shareholders those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company’s Shareholders as a body, for our review work, this report or any of the conclusions we have formed.

### Directors’ responsibilities

The Directors of the Group are responsible for the preparation and fair presentation of interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

### Our responsibilities

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting*. As the auditor of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Our firm has also provided other assurance services to the Group. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditors of the Group. The firm has no other relationship with, or interest in, the Group.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 June 2016, and of its financial performance and its cash flows for the six months ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting*.

16 August 2016  
Wellington