

Infratil Limited
Statement of Comprehensive Income
For the 6 months ended 30 September 2018

	Notes	6 months ended 30 September 2018 \$000 Unaudited	6 months ended 30 September 2017 \$000 Unaudited	Year ended 31 March 2018 \$000 Audited
Dividends received from subsidiary companies		-	-	80,000
Subvention income		-	10,000	10,327
Operating revenue		14,650	13,200	27,840
Total revenue		14,650	23,200	118,167
Directors' fees		419	365	740
Other operating expenses		14,353	13,300	27,029
Total operating expenditure	4	14,772	13,665	27,769
Operating surplus before financing, derivatives, realisations and impairments		(122)	9,535	90,398
Net gain/(loss) on foreign exchange and derivatives		2,461	1,787	4,349
Net realisations, revaluations and (impairments)		-	-	-
Results from operating activities		2,339	11,322	94,746
Interest income		24,593	20,553	38,502
Interest expense		(32,315)	(35,372)	(68,574)
Net financing expense		(7,722)	(14,819)	(30,072)
Net surplus/(loss) before taxation		(5,383)	(3,497)	64,675
Taxation expense	6	1,568	3,589	(5,610)
Net surplus/(loss) for the period		(3,815)	92	59,065
Other comprehensive income, after tax				
Fair value movements in relation to executive share scheme		-	-	(237)
Total other comprehensive income after tax		-	-	(237)
Total comprehensive income for the period		(3,815)	92	58,828

The accompanying notes form part of these financial statements.

Infratil Limited
Statement of Changes in Equity

		Capital	Other reserves	Retained earnings	Total
		\$000	\$000	\$000	\$000
		Unaudited	Unaudited	Audited	Unaudited
For the 6 months ended 30 September 2018					
	Notes				
Balance as at 1 April 2018		354,552	339	12,916	367,807
Total comprehensive income for the period					
Net surplus / (loss) for the period		-	-	(3,815)	(3,815)
Total comprehensive income for the period		-	-	(3,815)	(3,815)
Contributions by and distributions to owners					
Dividends to equity holders	3	-	-	(60,122)	(60,122)
Total contributions by and distributions to owners		-	-	(60,122)	(60,122)
		354,552	339	(51,021)	303,870
Balance at 30 September 2018		354,552	339	(51,021)	303,870
For the 6 months ended 30 September 2017					
	Notes				
Balance as at 1 April 2017		356,962	576	43,459	400,997
Total comprehensive income for the period					
Net surplus / (loss) for the period		-	-	92	92
Total comprehensive income for the period		-	-	92	92
Contributions by and distributions to owners					
Dividends to equity holders	3	-	-	(56,005)	(56,005)
Total contributions by and distributions to owners		-	-	(56,005)	(56,005)
		356,962	576	(12,454)	345,083
Balance at 30 September 2017		356,962	576	(12,454)	345,083
For the year ended 31 March 2018					
	Notes				
Balance as at 1 April 2017		356,962	576	43,459	400,997
Total comprehensive income for the year					
Net surplus / (loss) for the year		-	-	59,065	59,065
Other comprehensive income after tax					
Fair value movements in relation to executive share scheme		-	(237)	-	(237)
Total other comprehensive income		-	(237)	-	(237)
Total comprehensive income for the year		-	(237)	59,065	58,828
Contributions by and distributions to owners					
Share buyback		(2,410)	-	-	(2,410)
Conversion of executive redeemable shares		-	-	-	-
Dividends to equity holders	3	-	-	(89,608)	(89,608)
Total contributions by and distributions to owners		(2,410)	-	(89,608)	(92,018)
		354,552	339	12,916	367,807
Balance at 31 March 2018		354,552	339	12,916	367,807

The accompanying notes form part of these financial statements.

Infratil Limited
Statement of Financial Position
As at 30 September 2018

	Notes	30 September 2018 \$000 Unaudited	30 September 2017 \$000 Unaudited	31 March 2018 \$000 Audited
Cash and cash equivalents		-	-	-
Prepayments and sundry receivables		1,916	1,099	1,097
Derivative financial instruments	8	554	-	-
Advances to subsidiary companies	12	863,640	986,842	936,013
Current assets		866,110	987,941	937,110
Deferred tax		20,584	24,454	16,608
Investments	12	585,529	585,529	585,529
Non-current assets		606,113	609,983	602,137
Total assets		1,472,223	1,597,924	1,539,247
Bond interest payable		5,713	6,589	5,637
Accounts payable		2,671	2,823	2,879
Accrual and other liabilities		185	163	2,255
Infrastructure bonds	7	111,364	81,065	111,202
Derivative financial instruments	8	-	-	1,607
Loans from group companies	12	153,897	153,897	153,897
Total current liabilities		273,830	244,537	277,477
Infrastructure bonds	7	652,771	762,458	652,094
Perpetual Infratil Infrastructure bonds	7	231,343	230,960	231,152
Derivative financial instruments	8	10,410	14,886	10,717
Non-current liabilities		894,524	1,008,304	893,963
Attributable to shareholders of the Company		303,870	345,083	367,807
Total equity		303,870	345,083	367,807
Total equity and liabilities		1,472,223	1,597,924	1,539,247

Approved on behalf of the Board on 12 November 2018



Director



Director

The accompanying notes form part of these financial statements.

Infratil Limited
Statement of Cash Flows
For the 6 months ended 30 September 2018

	Notes	6 months ended 30 September 2018 \$000 Unaudited	6 months ended 30 September 2017 \$000 Unaudited	Year ended 31 March 2018 \$000 Audited
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Dividends received from subsidiary companies		-	-	80,000
Subvention receipt		-	10,000	10,327
Interest received		24,593	20,553	38,502
Operating revenue receipts		14,910	13,011	27,508
		39,503	43,564	156,337
<i>Cash was dispersed to:</i>				
Interest paid		(32,239)	(35,112)	(67,069)
Payments to suppliers		(16,710)	(12,718)	(27,280)
Taxation paid		(2,801)	(2,356)	(3,715)
		(51,750)	(50,186)	(98,064)
Net cash flows from operating activities	9	(12,247)	(6,622)	58,273
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Net movement in subsidiary company loan		72,373	-	38,164
		72,373	-	38,164
<i>Cash was dispersed to:</i>				
Acquisition of shares in subsidiary		-	-	-
Net movement in subsidiary company loan		-	(12,433)	-
		-	(12,433)	-
Net cash flows from investing activities		72,373	(12,433)	38,164
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Proceeds from issue of shares		-	-	-
Issue of bonds		-	143,413	143,413
		-	143,413	143,413
<i>Cash was dispersed to:</i>				
Repayment of bonds		-	(66,285)	(147,396)
Infrastructure bond issue expenses		(4)	(2,068)	(2,068)
Repurchase of shares		-	-	(778)
Dividends paid	3	(60,122)	(56,005)	(89,608)
		(60,126)	(124,358)	(239,850)
Net cash flows from financing activities		(60,126)	19,055	(96,437)
Net cash movement		-	-	-
Cash balances at beginning of period		-	-	-
Cash balances at period end		-	-	-

Note some cash flows above are directed through an intercompany account. The cashflow statement above has been prepared on the assumption that these transactions are equivalent to cash in order to present the total cashflows of the entity.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(1) Accounting policies

Reporting entity

Infratil Limited ('the Company') is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed on the NZX Main Board ('NZX') and Australian Securities Exchange ('ASX'), and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013.

Basis of preparation

These unaudited condensed half year financial statements ('half year statements') of Infratil Limited have been prepared in accordance with *NZ IAS 34 Interim Financial Reporting* and comply with *IAS 34 Interim Financial Reporting*. The half year statements have been prepared in accordance with the accounting policies stated in the published financial statements for the year ended 31 March 2018 and should be read in conjunction with the previous annual report. Other than those noted below, no changes have been made from the accounting policies used in the most recent annual report which can be obtained from Infratil's registered office or www.infratil.com. The presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Group's functional currency. Comparative figures have been restated where appropriate to ensure consistency with the current period.

Changes in accounting policies

The Company has adopted NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers from 1 April 2018.

(i) NZ IFRS 9 Financial Instruments

NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39 Financial Instruments: Recognition and Measurement, which NZ IFRS 9 replaces. The adoption of this accounting standard has not had a material impact on the interim financial statements.

(ii) NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The adoption of this accounting standard has not had a material impact on the interim financial statements.

Adoption status of relevant new financial reporting standards and interpretations

The following new standards, amendments to standards and interpretations are issued but not yet effective and have not been applied in preparation of these interim financial statements.

NZ IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The Company is not party to any material lease contracts and therefore the adoption of this accounting standard will not have a material impact on the financial statements.

(2) Nature of business

The Company is the ultimate parent company of the Infratil Group, owning infrastructure & utility businesses and investments in New Zealand, Australia and the United States. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Market Lane, Wellington, New Zealand.

(3) Infratil shares and dividends

	6 months ended 30 September 2018 Unaudited	6 months ended 30 September 2017 Unaudited	Year ended 31 March 2018 Audited
Total issued capital at the beginning of the period	559,278,166	560,053,166	560,053,166
Movements in issued and fully paid ordinary shares during the period:			
Share buyback (held as treasury stock)	-	-	(775,000)
Total issued capital at the end of the period	559,278,166	560,053,166	559,278,166

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 30 September 2018 the Company held 775,000 shares as Treasury Stock (30 September 2017: nil, 31 March 2018: 775,000).

Dividends paid on ordinary shares

	6 months ended 30 September 2018 Unaudited cps	6 months ended 30 September 2017 Unaudited cps	Year ended 31 March 2018 Audited cps	6 months ended 30 September 2018 Unaudited \$000	6 months ended 30 September 2017 Unaudited \$000	Year ended 31 March 2018 Audited \$000
Dividends declared and paid by the Company for the period were as follows:						
Final dividend prior year	10.75	10.00	10.00	60,122	56,005	56,005
Interim dividend paid	-	-	6.00	-	-	33,603
	10.75	10.00	16.00	60,122	56,005	89,608

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(4) Other operating expenses

		6 months ended 30 September 2018	6 months ended 30 September 2017	Year ended 31 March 2018
		Unaudited \$000	Unaudited \$000	Audited \$000
Directors' fees		419	365	740
Administration and other corporate costs		2,956	2,967	5,776
Management fee (to related party Morrison & Co Infrastructure Management)	12	11,397	10,333	21,253
Total other operating expenses		14,772	13,665	27,769

(5) Net investment realisations and (impairments)

At 30 September 2018 the Company reviewed the carrying amounts of loans to Infratil Group companies to determine whether there is any indication that those assets have suffered an impairment loss. The recoverable amount of the asset was estimated by reference to the counterparties' net asset position and ability to repay loans out of operating cash flows in order to determine the extent of any impairment loss. As a result the Company did not impair any loans to Infratil Group companies in the period (30 September 2017: nil, 31 March 2018: nil).

(6) Taxation

	6 months ended 30 September 2018	6 months ended 30 September 2017	Year ended 31 March 2018
	Unaudited \$000	Unaudited \$000	Audited \$000
(Loss)/surplus before taxation	(5,383)	(3,497)	64,675
Taxation on the (loss)/surplus for the period @ 28% tax rate	(1,507)	(979)	18,109
<i>Plus/(less) taxation adjustments:</i>			
Exempt dividends	-	-	(22,400)
Tax losses not recognised/(utilised)	145	-	-
Subvention payment	-	-	8,202
Loss offset to/(from) group company	-	(2,800)	(2,892)
Timing differences not recognised	-	190	-
(Under)/over provision in prior periods	-	-	4,434
Other permanent differences	(206)	-	157
Taxation expense/(credit)	(1,568)	(3,589)	5,610
Current taxation	-	-	3,715
Deferred taxation	(1,568)	(3,589)	1,895

There was no income tax recognised in other comprehensive income during the period (30 September 2017: nil, 31 March 2018: nil)

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(7) Infrastructure Bonds

	6 months ended 30 September 2018 Unaudited \$'000	6 months ended 30 September 2017 Unaudited \$'000	Year ended 31 March 2018 Audited \$'000
Balance at the beginning of the period	994,448	998,305	998,305
Issued during the period	-	143,413	143,413
Exchanged during the period	-	(32,739)	(32,739)
Matured during the period	-	(33,546)	(114,657)
Bond issue costs capitalised during the period	-	(2,068)	(2,069)
Bond issue costs amortised during the period	1,029	1,118	2,195
Balance at the end of the period	995,477	1,074,483	994,448
Current	111,364	81,065	111,202
Non-current fixed coupon	652,771	762,458	652,094
Non-current perpetual variable coupon	231,343	230,960	231,152
Balance at the end of the period	995,477	1,074,483	994,448
<i>Repayment terms and interest rates:</i>			
IFT170 maturing in November 2017, 8.00% p.a. fixed coupon rate	-	81,112	-
IFT180 maturing in November 2018, 6.85% p.a. fixed coupon rate	111,418	111,418	111,418
IFT200 maturing in November 2019, 6.75% p.a. fixed coupon rate	68,500	68,500	68,500
IFT090 maturing in February 2020, 8.50% p.a. fixed coupon rate	80,498	80,498	80,498
IFT220 maturing in June 2021, 4.90% p.a. fixed coupon rate	93,883	93,883	93,883
IFT190 maturing in June 2022, 6.85% p.a. fixed coupon rate	93,696	93,696	93,696
IFT240 maturing in December 2022, 5.65% p.a. fixed coupon rate	100,000	100,000	100,000
IFT210 maturing in September 2023, 5.25% p.a. fixed coupon rate	122,104	122,104	122,104
IFT230 maturing in June 2024, 5.50% p.a. fixed coupon rate	56,117	56,117	56,117
IFT250 maturing in June 2025, 6.15% p.a. fixed coupon rate	43,413	43,413	43,413
IFTHA Perpetual Infratil infrastructure bonds	231,917	231,917	231,917
less: Bond issue costs capitalised and amortised over term	(6,069)	(8,173)	(7,098)
Balance at the end of the period	995,477	1,074,483	994,448

Fixed coupon

The fixed coupon bonds the Company has on issue are at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. 25 days prior to the maturity date of the IFT090 series, Infratil can elect to convert all of the bonds in that series to equity by issuing the number of shares calculated by dividing the \$1.00 face value by 98% of the market price of an Infratil share. The market price is the average price weighted by volume of all trades of ordinary shares over the 10 business days up to the fifth business day before the maturity date.

Perpetual Infratil infrastructure bonds ('PIIBs')

The Company has 231,916,000 (30 September 2017: 231,916,000, 31 March 2018: 231,916,000) PIIBs on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 November 2018 the coupon is fixed at 3.50% per annum (September 2017: 3.63%, March 2018: 3.50%). Thereafter the rate will be reset annually at 1.5% per annum over the then one year bank rate for quarterly payments, unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. These infrastructure bonds have no fixed maturity date. No PIIBs (September 2017: nil, March 2018: nil) were repurchased by Infratil Limited during the period.

Throughout the period the Company complied with all debt covenant requirements as imposed by the bond trustee.

At 30 September 2018 the Infrastructure bonds (including PIIBs) had a fair value of \$973.9 million (30 September 2017: \$1,031.4 million, 31 March 2018: \$989.6 million).

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(8) Financial instruments

Interest rates

Interest rate risk is the risk of interest rate volatility negatively affecting the Company's interest expense cash flow and earnings. The Company mitigates this risk by issuing borrowings at fixed interest rates or entering into Interest Rate Swaps to convert floating rate exposures to fixed rate exposure. Borrowings issued at fixed rates expose the Company to fair value interest rate risk which is managed by the interest rate profile and hedging.

Fair value hierarchy

The analyses of financial instruments carried at fair value, by valuation method is below. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**level 1**)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (**level 2**)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (**level 3**).

The Company has interest rate swap derivatives that are classified as Level 2 and have a fair value liability of \$9.9 million at 30 September 2018 (30 September 2017: \$14.9 million, 31 March 2018: \$12.3 million).

(9) Reconciliation of net surplus with cash flow from operating activities

	6 months ended 30 September 2018 Unaudited \$000	6 months ended 30 September 2017 Unaudited \$000	Year ended 31 March 2018 Audited \$000
Net surplus	(3,815)	92	59,065
<i>Add items not involving cash flows</i>			
Movement in financial derivatives taken to the profit or loss	(2,468)	(1,787)	(4,349)
Other	1,036	1,120	(1,636)
Amortisation of deferred bond issue costs	-	-	2,195
<i>Movements in working capital</i>			
Change in receivables	(819)	(335)	(332)
Change in trade payables	(209)	159	215
Change in accruals and other liabilities	(1,995)	79	1,220
Change in taxation and deferred tax	(3,976)	(5,951)	1,895
Net cash inflow / (outflow) from operating activities	(12,247)	(6,622)	58,273

(10) Commitments

There are no outstanding commitments (30 September 2017: nil, 31 March 2018: nil).

(11) Contingent liabilities

The Company and certain wholly owned subsidiaries are guarantors of the bank debt facilities of Infratil Finance Limited under a Deed of Negative Pledge, Guarantee and Subordination and the Company is a guarantor to certain obligations of subsidiary companies.

The Company has agreed to guarantee certain obligations of Infratil Trustee Limited, a related party, that is the Trustee to the Infratil Staff Share Scheme. The amount of the guarantee is limited to the loans provided to the employees.

Notes to the Financial Statements
For the 6 months ended 30 September 2018

(12) Related parties

Certain Infratil Directors have relevant interests in a number of companies with which Infratil has transactions in the normal course of business. A number of key management personnel are also Directors of Group subsidiary companies and associates.

Morrison & Co Infrastructure Management Limited ('MCIM') is the management company for the Company and receives management fees in accordance with the applicable management agreement. MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). Mr Bogoevski is a director of Infratil and is a director and Chief Executive Officer of MCO. Entities associated with Mr Bogoevski also have beneficial interests in MCO.

MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). Mr Bogoevski is a director of Infratil and is also a director and Chief Executive Officer of MCO. Entities associated with Mr Bogoevski also have beneficial interests in MCO.

The Company has the following significant loans and investments to/(from)/in its subsidiaries:

	Interest income/(expense)			Intercompany (loan)/advance/investment at carrying value		
	6 months ended 30 September 2018 Unaudited \$000	6 months ended 30 September 2017 Unaudited \$000	Year ended 31 March 2018 Audited \$000	30 September 2018 Unaudited \$000	30 September 2017 Unaudited \$000	31 March 2018 Audited \$000
Related party						
<i>Advances</i>						
Infratil Finance	24,589	20,483	38,428	863,307	986,277	935,680
Aotea Energy Holdings Limited	-	-	-	(153,897)	(153,897)	(153,897)
<i>Investments in</i>						
Infratil Investments Limited				87,665	87,665	87,665
Infratil 1998 Limited				12,000	12,000	12,000
Infratil Finance Limited				153,897	153,897	153,897
Infratil No. 1 Limited				78,023	78,023	78,023
Infratil PPP Limited				5,942	5,942	5,942
Infratil No. 5 Limited				248,001	248,001	248,001

(13) Events after balance date

Infratil Infrastructure Bond Offer

On 1 October 2018, Infratil announced the offer of two Series of unsecured unsubordinated Infrastructure Bonds. The offer is for up to \$125 million of Infrastructure Bonds across both Series (with the option to accept up to \$125 million of oversubscriptions in aggregate at Infratil's discretion). The offer comprises a General Offer to all investors in New Zealand and an Exchange Offer under which holders of the IFT180 bonds that mature on 15 November 2018 have the opportunity (subject to availability) to exchange some or all of their maturing bonds for Infrastructure Bonds of the new Series. As of 31 October \$246.1m of subscriptions have been accepted.

Dividend

On 12 November 2018, the Directors approved a partially imputed interim dividend of 6.25 cents per share to holders of fully paid ordinary shares to be paid on 14 December 2018.

Directory

Directors

Mark Tume (Chairman)
Marko Bogoievski
Alison Gerry
Paul Gough
Humphry Rolleston
Peter Springford

Company Secretary

Nick Lough

Registered Office - New Zealand

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Auditor

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Independent Review Report

To the shareholders of Infratil Limited

Report on the condensed half year financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed half year financial statements on pages 1 to 9 do not:

- i. present fairly in all material respects the company's financial position as at 30 September 2018 and its financial performance and cash flows for the 6 month period ended on that date; and
- ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying condensed half year financial statements which comprise:

- the statement of financial position as at 30 September 2018;
- the statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for conclusion

A review of condensed half year financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Infratil Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.



Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the 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 shareholders as a body for our review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the condensed half year financial statements

The Directors, on behalf of the company, are responsible for:



- the preparation and fair presentation of the condensed half year financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of condensed half year financial statements that are fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the condensed half year financial statements

Our responsibility is to express a conclusion on the condensed half year financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed half year financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

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 these condensed half year financial statements.

This description forms part of our independent auditor's report.

KPMG
Wellington

12 November 2018