



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

CHINA TAIPING INSURANCE (NZ) CO., LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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CHINA TAIPING INSURANCE (NZ) CO., LIMITED

DIRECTORS' REPORT

We are very pleased to be able to present the annual report for the year ended 31 December 2016 to shareholders.

RESULT: The Loss of China Taiping Insurance (N Z) Co., Limited for the year before tax was -\$1,118,710 (2015: -\$939,907).

DIVIDEND: The Directors recommend that no dividend to be paid.

AUDITOR: In terms of the Companies Act 1993, Deloitte is to continue in office as the Company's auditor.

APPROPRIATIONS:	Loss Attributable to Shareholders	(1,118,710)
	Accumulated Loss Brought Forward	(4,470,257)
		<hr/>
	Accumulated Loss Carried Forward	\$ (5,588,967)

ACTIVITIES: The principal activities during the year were those of claims handling and investment.

REGISTERED OFFICE: Level 10E
17 Albert Street
Auckland City
New Zealand

No disclosure has been made pursuant to Section 211(1) (a) and (e) to (j) of the Companies Act 1993 following a unanimous decision by the shareholders in accordance with Section 211 (3) of the Act.

The Company's principal activity in the course of the financial year was claims handling. In relation to the devastating Christchurch earthquake, the financial effects on the Company have been significant. Given the unsustainable rise in reinsurance premiums and the financial burden on the Company, the Directors took the prudent decision in August 2012 to close the operation to new business. As a result, the Company ceased renewing expired policies and stopped underwriting new policies from 01 August 2012. As at 31 December 2016, the Company has no further obligations under any policies as all outstanding claims have been paid and it is expected to wind down in June 2017.

On 10 January 2017, the Company received written confirmation from the Reserve Bank of New Zealand of the cancellation of the Company's full license which was effective from 10 January 2017, and is no longer requested to maintain a minimum solvency capital by the Reserve Bank of New Zealand as at 31 December 2016.

As approved by the Financial Market Authority (FMA), the Company was deregistered under section 18(2) of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 on 07 February 2017.

The Company is firmly committed to maintaining the highest levels of corporate governance and risk management process, and the Company will continue to act promptly and proactively on any areas for improvement.

Finally we would like to express our sincere thanks to our loyal and dedicated staff for the efforts in contributing to the overall success of the Company in the year 2016.

ON BEHALF OF THE BOARD


Director

18 APR 2017
Date


Director

18 APR 2017
Date



Independent Auditor's Report

To the Shareholders of China Taiping Insurance (NZ) Co., Limited

Opinion

We have audited the financial statements of China Taiping Insurance (NZ) Co., Limited (the 'Company'), which comprise the statement of financial position as at 31 December 2016, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 5 to 28, present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of taxation services, we have no relationship with or interests in the Company. These services have not impaired our independence as auditor of the Company.

Emphasis of matter - Basis other than going concern

Without qualifying our opinion, we draw your attention to Note 1, which explains that the Company's directors took the decision in August 2012 to close the operation to new business and stopped underwriting new policies, the insurance license was cancelled in January 2017 and the Company is expected to be wound up. Accordingly as disclosed in Note 1, the financial statements have been prepared on other than a going concern basis and in accordance with the accounting policies outlined in Note 1.

Other information

The directors are responsible on behalf of the Company for the other information. The other information comprises the information in the Directors' Report that accompanies the financial statements and the audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably



be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Where the financial statements have been prepared using the going concern basis, conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Where the financial statements have been prepared on a basis other than going concern, consider if the other basis of accounting used by the directors is appropriate in the specific circumstances and if the financial statements contain the necessary disclosures. If we conclude that the preparation of the financial statements on a basis other than going concern is appropriate, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's 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 audit work, for this report, or for the opinions we have formed.

Deloitte Limited

**Bryce Henderson, Partner
for Deloitte Limited**
Auckland, New Zealand
18 April 2017



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Outward Reinsurance Premium Release	11	6,314	5,785
Net Premium Revenue		<u>6,314</u>	<u>5,785</u>
Direct Claims Expenses (Reversal)		380,996	(675,613)
Reinsurance and Other Recoveries (Revenue) Reversal		(223,080)	615,785
Net Incurred but Not Reported Movement		(33,301)	(75,191)
Net Claims Incurred	28	<u>124,615</u>	<u>(135,019)</u>
Underwriting Expenses	12	1,080,995	1,190,923
Net Underwriting Expenses		<u>1,080,995</u>	<u>1,190,923</u>
Underwriting Loss		(1,199,296)	(1,050,119)
Gain/(Loss) on Revaluation of Financial Assets		-	(54,886)
Investment Revenue	8	82,195	164,407
Sundry Income	24	(1,609)	691
Loss Before Income Tax Expense		(1,118,710)	(939,907)
Income Tax Expense	25	-	-
Loss Attributable to Shareholders		(1,118,710)	(939,907)
Total Comprehensive Loss for the year		<u>(1,118,710)</u>	<u>(939,907)</u>

The attached notes on pages 9 to 28 form part of and should be read in conjunction with these financial statements.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share Capital \$	Accumulated Deficit \$	Total \$
Balance as at 1 January 2015		9,027,028	(3,530,350)	5,496,678
Loss and Total Comprehensive Loss for the year			(939,907)	(939,907)
Balance as at 31 December 2015		<u>9,027,028</u>	<u>(4,470,257)</u>	<u>4,556,771</u>
Loss and Total Comprehensive Loss for the year			(1,118,710)	(1,118,710)
Balance as at 31 December 2016		<u>9,027,028</u>	<u>(5,588,967)</u>	<u>3,438,061</u>

The attached notes on pages 9 to 28 form part of and should be read in conjunction with these financial statements.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Assets			
Cash and Cash Equivalents		3,211,592	2,883,435
Trade and Other Receivables	13	106,392	256,209
Intercompany Receivables		-	3,702
Reinsurance and Other Recoveries Receivable	21	114,610	2,339,126
Tax Receivable		77,990	120,825
Intangibles	15	46	102
Property, Plant & Equipment	14	166,185	171,370
Total Assets		3,676,815	5,774,769
Liabilities			
Trade and Other Payables	16	50,754	109,916
Outstanding Claims Liability	19	-	875,082
Provisions for Employee Entitlements		188,000	233,000
Total Liabilities		238,754	1,217,998
Net Assets		3,438,061	4,556,771
Accumulated Deficit	10	(5,588,967)	(4,470,257)
Share Capital	9	9,027,028	9,027,028
Total Equity		3,438,061	4,556,771

For and on behalf of the board of directors who authorized the issue of this financial report on the date signing:

 Director

18 APR 2017 Date

 Director

18 APR 2017 Date

The attached notes on pages 9 to 28 form part of and should to be read in conjunction with these financial statements.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016 \$	2015 \$
<u>Cash Flow From Operating Activities</u>	Notes		
Cash Was Provided From:			
Reinsurance Recoveries		2,392,432	1,460,570
Third Party Recoveries		27,796	102,528
Investment Income Received		82,195	203,325
GST Refund		143,367	253,401
Income Tax Refund		65,948	67,395
		<u>2,711,738</u>	<u>2,087,219</u>
Cash Was Disbursed to:			
Claims Paid		(1,228,261)	(3,350,089)
Reinsurance Paid		-	4,457
Taxes Paid		-	(12,562)
Payment to Suppliers and Employees		(1,155,320)	(1,483,995)
Others Paid		-	-
		<u>(2,383,581)</u>	<u>(4,842,189)</u>
Net Cash Inflow (Outflow) From Operating Activities	27	<u>328,157</u>	<u>(2,754,970)</u>
<u>Cash Flow From Investing Activities</u>			
Cash Was Provided From:			
Proceeds from Sale of Property, Plant & Equipment		-	-
Proceeds from Sale of Investments		-	2,500,000
		<u>-</u>	<u>2,500,000</u>
Cash Was Provided To:			
Purchase of Property, Plant & Equipment		-	-
Purchase of Investments		-	-
		<u>-</u>	<u>-</u>
Net Cash Inflow (Outflow) From Investing Activities		<u>-</u>	<u>2,500,000</u>
<u>Cash Flow From Financing Activities</u>			
Cash Was Provided From:			
Capital Issued to Shareholders		-	-
		<u>-</u>	<u>-</u>
Net Cash Inflow (Outflow) From Financing Activities		<u>-</u>	<u>-</u>
Net Increase/ (Decrease) in Cash Held		328,157	(254,970)
Cash and Cash Equivalents at The Beginning of Year		2,883,435	3,138,405
Cash and Cash Equivalents at The End of Year		<u>3,211,592</u>	<u>2,883,435</u>
Comprising:			
Bank		<u>3,211,592</u>	<u>2,883,435</u>

The attached notes on pages 9 to 28 form part of and should to be read in conjunction with these financial statements.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements are for the reporting entity China Taiping Insurance (NZ) Co., Limited (Company). The Company is incorporated in New Zealand under the Companies Act 1993, the address of its registered office is Level 10E, 17 Albert Street, Auckland CBD.

The Company obtained a provisional licence on 20 Jan 2012 and a full licence on 13 Aug 2013 respectively from the Reserve Bank of New Zealand under the Insurance (Prudential Supervision) Act 2010. On 10 January 2017, the Company received written confirmation from the Reserve Bank of New Zealand of the cancellation of the Company's full license which was effective from 10 January 2017.

Financial Reporting Framework

The Company is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Company have been prepared in accordance with the requirements of Financial Markets Conduct Act 2013.

As approved by the Financial Market Authority (FMA), the Company was deregistered under section 18(2) of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 on 07 February 2017.

Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. They also comply with International Financial Reporting Standards ('IFRS').

Basis of Preparation

The general accounting policies recognised as appropriate for the measurement and reporting of results, and the financial position have been followed in the preparation of these financial statements. The historical cost method as modified by the revaluation of certain assets has been followed. The reporting currency is New Zealand dollars.

In the application of NZ IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. It is possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected.

The 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.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The Directors took the decision in August 2012 to close the operation to new business and stopped underwriting new policies. As a result, the Company ceased renewing expired policies and stopped underwriting new policies from 1 August 2012. The Company has settled all remaining outstanding claims liabilities in the current year and its insurance license was cancelled on 10 January 2017. The Company will continue to operate and honour its remaining obligations until the Company winds down completely in June 2017. Accordingly, the Financial Statements have been prepared on a basis other than going concern. This change to a basis other than going concern has not had a significant impact on the amounts recognised and presented in the Financial Statements or on the Statement of Accounting Policies below.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

a) Property, Plant & Equipment

The cost of purchased property, plant & equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Depreciation of Property, Plant & Equipment

Property, plant & equipment are depreciated on a diminishing value basis so as to write off the cost less the estimated residual value of these assets over their estimated useful lives. Expenditures for maintenance and repairs are charged to the profit and loss account as incurred, expenditure incurred to major improvements is capitalised and depreciated. The diminishing rates are:

Motor Vehicles	26%-36%
Office Furniture	14%-18%
Office Equipment & others	11.4%-60%
Buildings	4%-14.4%
Computer hardware	48%

b) Intangible Assets

Software is finite life intangibles and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a diminishing value basis so as to write off the cost less the estimated residual value of these assets over their estimated useful lives. Amortisation is included in expenses. The diminishing rates are 48%-60%.

c) Disposals of Tangible and Intangible Assets

The difference between the proceeds on disposal and net book value is recognised in the profit and loss account.

d) Revenue Recognition

Investment Revenue

Investment revenue is shown before deduction of income tax and is included on an accrual basis. Dividends are included to the extent declared before balance date.

Net Claims Incurred

Direct claims expense represents paid claims in the period less movements in settled reported claim provisions.

Reinsurance and other recoveries revenue represents reinsurance received in the period less movements in settled outstanding recovery receivable.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

e) Claims

Reported claims have been assessed in the light of the information available at balance date and after taking account of expected trends in future settlements.

The Outstanding Claims provision comprises the estimated costs of claims incurred including indirect claims settlement costs, whether reported or not, and claims not settled at balance date. The provision for claims incurred but not reported has been evaluated and assessed by using standard actuarial techniques.

f) 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 the balance sheet 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 accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on the tax rates enacted or substantively enacted for each jurisdiction. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current tax and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Income Tax

The income tax expense is the tax payable on taxable income for the current period, based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

g) Goods and Services Tax

All revenues, expenses and certain assets are recognised net of goods and services taxes (GST) except where the GST is not recoverable. In these circumstances the GST is included in the related asset or expense. Receivables and payables are reported inclusive of GST. The net GST payable to or recoverable from the tax authorities as at balance date is included as a receivable or payable in the balance sheet.

h) Operating Leases

Operating lease rentals are recognised evenly over the expected period of benefit to the company.

i) Foreign Exchange Policy

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Monetary items receivable or payable in a foreign currency are translated at balance date at the closing rate. Exchange differences on foreign currency balances are recognised in Profit or Loss.

j) Outwards Reinsurance

Premiums ceded to reinsurers are recognised as an expense in accordance with the pattern of reinsurance service received.

k) Reinsurance and Other Recoveries Receivables

Reinsurance and other recoveries receivables on paid claims, reported claims not yet paid and claims incurred but not reported are recognised as revenue. Recoveries receivable on reported claims not yet paid and claims incurred but not reported are assessed in a manner similar to the assessment of outstanding claims. Recoveries receivable in relation to long-tail classes are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

l) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave 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 as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

m) Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently the company has only classified financial assets in the 'loans and receivables' and 'at fair value through profit or loss' categories.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

n) Financial Liabilities

Trade and other payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are classified as 'other financial liabilities'. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the liability.

o) Comparatives

Changes in comparative disclosures have been made to conform to the current year format of disclosure. These changes are not deemed to be significant for the readers of the financial statements.

2. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATION

The Company makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) IBNR/IBNER/Re-opened Claims

There is no allowance for incurred but not reported (IBNR), incurred but not enough reported (IBNER) or re-opened claims in the central estimate, as there are assumed to be no future reporting of claims and no future movement in existing claim estimates. All reported claims have been settled and the Company ceased to write new policies since August 2012.

b) Bonus Provision

The actual bonus amount to be paid out in relation to the financial year is dictated by our Parent Company and will be communicated in the second quarter of the subsequent financial year. Therefore bonuses are a key estimate at year end and are provided for at the rate at which management expects to settle the liability.

3. IMPACT OF AMENDMENTS TO NZ IFRS

Standards and Interpretations in issue in the current year

A number of new and revised accounting standards have been issued by the External Reporting Board (XRB) that is effective for the current accounting period. However, given the Directors decision to wind down the Company by June 2017, the standards have been deemed to have no material impact on the financial statements and its related disclosures.



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

3. IMPACT OF AMENDMENTS TO NZ IFRS (Continued)

Standards and Interpretations in issue not yet effective in the current year

In 2014, IFRS 9 was amended to introduce new recognition and measurement requirements for financial assets and liabilities from an incurred losses model to an expected losses model. Directors are expected to adopt the standards and interpretations in the period in which they become mandatory. However, given the Company will be wound up before the mandatory effective date of 1 January 2018, the standards and interpretations will have no material impact on the financial statements.

NZ IFRS 15 Revenue from Contracts with Customers and NZ IFRS 16 Leases have also been introduced in the current year and will become effective for periods beginning on or after 1 January 2018 and 1 January 2019 respectively which is after the Company's intended liquidation date. The standards and interpretations will therefore have no material impact on the financial statements for the year ended 31 December 2016.

4. ULTIMATE HOLDING COMPANY

China Taiping Insurance Group Co. incorporated in the People's Republic of China, is the Company's ultimate holding company.

5. PARENT COMPANY

China Taiping Insurance Group (HK) Company Limited, incorporated in Hong Kong, is the Company's immediate parent company.

6. RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

Key management personnel are those directors and executive managers who have authority and responsibility for planning, directing and controlling the activities of the Company.

	<u>2016</u>	<u>2015</u>
	\$	\$
Short-term Employee Benefits	833,352	784,915
Post-employment Benefits and Retiring Allowances	-	-
Remuneration of Key Management Personnel	<u>833,352</u>	<u>784,915</u>

Related Party Transactions

- (i) China Taiping Insurance Group (HK) Company Limited can provide management services to the Company. No management fee was charged this year (2015: \$0).
- (ii) China Taiping Insurance Group Co. training centre can provide training to the Company. No training fee was charged this year (2015: \$0).
- (iii) No Reinsurance inwards from Taiping Reinsurance Company Limited was written for this year (2015: \$0).
- (iv) Taiping Reinsurance Brokers Ltd. was acting as reinsurance agent for the Company. All reinsurance outwards/inwards issues were dealt through this activity. Reinsurance recovery claimed and invoiced was \$1,063,399 this year (2015: \$2,789,445). The majority of this recovery relates to the Earthquake for the 2010 and 2011 and accrued for previous year. An amount of \$59,526 is receivable from Reinsurer this year for Profit Commission for Underwriting Year 2008 (2015: \$0).



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

6. RELATED PARTY TRANSACTIONS (Continued)

Related Party Balances:

	<u>2016</u>	<u>2015</u>
	\$	\$
Reinsurance Recovery Receivable		
- Taiping Reinsurance Brokers Ltd.	107,926	1,490,170

The amounts outstanding are unsecured, and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

These amounts are included in reinsurance and other recoveries receivables (Note 21).

7. PRINCIPAL ACTIVITIES

The principal activities during the year were insurance claims handling.

8. INVESTMENT REVENUE

	<u>2016</u>	<u>2015</u>
	\$	\$
Investment Revenue Comprises:		
Interest on Government Stock	-	37,191
Interest on Cash Account	82,195	127,216
	<u>82,195</u>	<u>164,407</u>



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

9. SHARE CAPITAL

	<u>2016</u>	<u>2015</u>
	\$	\$
Opening Balance	9,027,028	9,027,028
Issued Share Capital	-	-
Closing Balance (Issued and Fully Paid Ordinary Capital)	<u>9,027,028</u>	<u>9,027,028</u>

All shares carry equal voting rights and share equally in any surplus upon winding up. The share capital balance represents 9,027,028 ordinary shares at \$1 each.

Changes to the Companies Act in 1993 abolished the authorised capital and par value concept in relation to share capital from 1 July 1994. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

10. ACCUMULATED DEFICIT

	<u>2016</u>	<u>2015</u>
	\$	\$
Opening Balance	(4,470,257)	(3,530,350)
Loss and Total Comprehensive Loss for The Year	(1,118,710)	(939,907)
Closing Balance	<u>(5,588,967)</u>	<u>(4,470,257)</u>

11. OUTWARD REINSURANCE PREMIUM EXPENSE

	<u>2016</u>	<u>2015</u>
	\$	\$
Reinsurance Premiums Written	-	2,716
Reinsurance Commissions	(6,314)	(8,501)
	<u>(6,314)</u>	<u>(5,785)</u>

CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

12. EXPENSES

Expenses are made up of:

	<u>2016</u>	<u>2015</u>
	\$	\$
Employee Salary Expenses	929,300	959,310
Defined Contribution Plans-Kiwi Saver	3,615	5,576
Employee Benefits-Medical Insurance	7,523	6,827
Employee Redundancy Expenses	5,000	10,151
Operating Lease Expenses	-	7,176
Depreciation and Amortization	5,241	6,511
Travel Expenses	6,111	14,061
Other Expenses	124,205	181,311
	<u>1,080,995</u>	<u>1,190,923</u>

Included in the above are following expenses:

	<u>2016</u>	<u>2015</u>
	\$	\$
Depreciation and Amortisation Expenses included:		
Depreciation: Motor Vehicles	713	1,113
Buildings	3,211	3,424
Office Furniture & Equipment	898	1,082
Computer Hardware	363	763
Amortization of Software	56	129

Auditor Remuneration:

Audit Fee for Audit of Financial Statements	37,367	54,600
Solvency Return (audit-related assurance service)	-	3,675
Tax Services Fees	9,600	-

Employee Benefits Expenses:

Staff Salary	652,401	666,860
Staff Bonus	251,974	255,551
Staff Annual Leave Provision	-	13,157
Medical Insurance	7,523	6,827
Staff Redundancy Fee	5,000	10,151
Superannuation for Overseas Employees	24,925	23,742

13. TRADE AND OTHER RECEIVABLES

	<u>2016</u>	<u>2015</u>
	\$	\$
GST Receivable	42,226	227,819
Sundry Debtors	64,166	28,390
	<u>106,392</u>	<u>256,209</u>



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

14. PROPERTY, PLANT AND EQUIPMENT

	Building	Land	Office Furniture and Office Equipment	Computer Hardware	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
2016						
Cost:						
At 1 January	180,902	98,000	81,884	121,505	100,337	582,628
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 December	180,902	98,000	81,884	121,505	100,337	582,628
Accumulated Depreciation:						
At 1 January	116,344	-	75,756	120,798	98,360	411,258
Depreciation Charged	3,211	-	898	363	713	5,185
Disposals	-	-	-	-	-	-
At 31 December	119,555	-	76,654	121,161	99,073	416,443
At 31 December At Cost	180,902	98,000	81,884	121,505	100,337	582,628
Accumulated Depreciation	119,555	-	76,654	121,161	99,073	416,443
Net Book Value	61,347	98,000	5,230	344	1,264	166,185
2015						
Cost:						
At 1 January	180,902	98,000	81,884	121,505	100,337	582,628
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 December	180,902	98,000	81,884	121,505	100,337	582,628
Accumulated Depreciation:						
At 1 January	112,919	-	74,674	120,035	97,248	404,876
Depreciation Charged	3,424	-	1,082	763	1,113	6,382
Disposals	-	-	-	-	-	-
At 31 December	116,344	-	75,756	120,798	98,360	411,258
At 31 December At Cost	180,902	98,000	81,884	121,505	100,337	582,628
Accumulated Depreciation	116,344	-	75,756	120,798	98,360	411,258
Net Book Value	64,558	98,000	6,128	707	1,977	171,370

CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

15. INTANGIBLES

	Computer Software	Total
	\$	\$
2016		
Cost:		
At 1 January	49,517	49,517
Additions	-	-
Disposals	-	-
At 31 December	49,517	49,517
Accumulated Amortisation:		
At 1 January	49,415	49,415
Amortisation Charged	56	56
Disposals	-	-
At 31 December	49,471	49,471
At 31 December		
At Cost	49,517	49,517
Accumulated Amortisation:	49,471	49,471
Net Book Value	46	46
2015		
Cost:		
At 1 January	49,517	49,517
Additions	-	-
Disposals	-	-
At 31 December	49,517	49,517
Accumulated Amortisation:		
At 1 January	49,286	49,286
Amortisation Charged	129	129
Disposals	-	-
At 31 December	49,415	49,415
At 31 December		
At Cost	49,517	49,517
Accumulated Amortisation:	49,415	49,415
Net Book Value	102	102

CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

16. TRADE AND OTHER PAYABLES

	<u>2016</u>	<u>2015</u>
	\$	\$
Accounts Payable & Premium Payable	-	5,484
Sundry Creditors and Accruals	50,754	104,432
	<u>50,754</u>	<u>109,916</u>

The average credit term for payables owing to the Company's reinsurer and brokers is 74 days. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

17. CAPITAL COMMITMENTS

There were no capital commitments in the year 2016 (2015: \$0).

18. INSURANCE FINANCIAL STRENGTH RATING

In 2012, the Company had a Financial Strength Rating of B+, and a Credit Rating of BBB- issued by A.M. BEST Company, an approved agency by the Reserve Bank of New Zealand.

In 2013, China Taiping Insurance (NZ) Co., Ltd has been granted an exemption from the Reserve Bank of New Zealand to have a current financial strength and credit rating given by an approved rating agency. 2012 was the last year whereby the Company been given the rating.

19. OUTSTANDING CLAIMS LIABILITIES

	<u>2016</u>	<u>2015</u>
	\$	\$
Gross Central Estimate	-	841,781
Claims Handling Costs	-	33,000
Risk Margin	-	301
Gross Claims Provisions	<u>-</u>	<u>875,082</u>
Estimate of Expected Future Payments for Claims Including:		
Reported Claims	-	841,781
Incurred But Not Reported	<u>-</u>	<u>33,301</u>
	<u>-</u>	<u>875,082</u>

The Company endeavours to settle outstanding claims liabilities within one year. The last outstanding claim has been settled on 30 November 2016. There are no unsettled outstanding reported claims as at 31 December 2016.

CHINA TAIPING INSURANCE ((NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

20. OPERATING LEASE OBLIGATIONS

No obligations payable after balance date on non-cancellable operating leases in 2016 (2015: \$0).

21. REINSURANCE AND OTHER RECOVERIES RECEIVABLE

	<u>2016</u>	<u>2015</u>
	\$	\$
Reinsurance Recovery Receivable (Note 6)	107,926	1,486,468
Other Recovery Receivable	6,684	14,219
Outstanding Claims Recovery Receivable	-	838,439
IBNR Claims Recovery Receivable	-	-
	<u>114,610</u>	<u>2,339,126</u>

Outstanding claims recovery receivable and IBNR claims recovery receivable require confirmation from Taiping Reinsurance Brokers Ltd. Once confirmed they will form part of related party receivables. This applies to 2015 only, as there are no outstanding claims as at 31 December 2016.

22. INSURANCE RISK AND REINSURANCE PROGRAMME

The Company has an objective to control insurance risk thus minimising substantial unexpected losses that would expose the Company to an adverse financial capital loss. The Company has entered into a reinsurance program that is structured to adequately protect the Company's solvency and capital position. It covers per risk and event losses assessed as the worst possible scenario. Reinsurance is placed to cover losses in excess of the company's agreed retention for each class of business.

The Company operated in the general insurance market in New Zealand and underwrote policies that mainly cover properties and motor vehicles. The Company ceased renewing expired policies and stopped underwriting new policies from 1 August 2012. The Company has strict processes to assess all new and ongoing claims and actively managed and pursued claims to reduce the risk exposure of the Company. Reinsurance arrangements are entered into with reinsurers with credit ratings no lower than A-.

23. EQUITY RETAINED FOR THE PURPOSES OF FINANCIAL SOUNDNESS

On 10 January 2017, the Company received written confirmation from the Reserve Bank of New Zealand of the cancellation of the Company's full license which was effective from 10 January 2017, and is no longer requested to maintain a minimum solvency capital by the Reserve Bank of New Zealand as at 31 December 2016.

As approved by FMA, the Company was deregistered under section 18(2) of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 on 07 February 2017.

CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

24. SUNDRY INCOME

	<u>2016</u>	<u>2015</u>
	\$	\$
Foreign Exchange Profit/(Loss)	-	(1,344)
Bad Debt (Expenses) Recovered	(1,609)	2,035
Total Sundry Income	<u>(1,609)</u>	<u>691</u>

25. TAXATION

Income tax on pre-tax profit from operations reconciles to income tax expense in the financial statements as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Loss Before Income Tax Expense	(1,118,710)	(939,907)
Income Tax Calculated At 28%	(313,239)	(263,174)
Non Deductible Items	956	1,210
Deferred Tax Increase not Recognized	(27,673)	(45,360)
Tax Loss not Recognized For Accounting	339,956	307,324
Income Tax Recognized in Profit And Loss	<u>-</u>	<u>-</u>

As at 31 December 2016, the Company has unrecognised deferred tax assets arising from temporary differences of \$49,509 (2015: \$76,283) and unrecognised deferred tax assets on tax losses of \$1,390,036 (2015: \$1,045,504). Deferred tax assets are not recognised as the Company does not anticipate generating sufficient taxable profit in the future to allow these deferred tax assets to be utilized.

As at 31 December 2016 the Company has \$77,990 imputation credits (2015: \$120,823).



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

26. FINANCIAL INSTRUMENTS

a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

b) Capital Risk Management

The Company manages its capital to ensure that the Company will be able to maximise the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents, reinsurance recoverable and equity, comprising issued capital and retained earnings as disclosed on the statement of changes in equity.

The directors review the capital structure on a regular basis, as part of this review the directors consider the cost of capital and the risks associated with each class of capital. The directors will balance the overall capital structure through the issue of new debt or the redemption of existing debt when required.

c) Fair Value of Financial Instruments

The carrying value of loans and receivables and financial liabilities at amortised costs are considered to approximate their fair values. This is because these financial instruments are short term in nature.

d) Foreign Exchange

The Company undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currency arise. The Company does not take out forward exchange contracts to manage these exposures and translates these transactions at the spot rate.

e) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. A portion of the company's reinsurance recoveries are from a fellow related party, who has maintained a credit rating of A- in the current financial year. The other reinsurers that the company deals with have a credit rating of A or above. The Company's investments are spread across several banks and bond providers, thereby minimizing the credit risks.

The maximum exposure to credit risk on receivables at reporting date is the carrying amount on the Statement of Financial Position. The Reinsurance receivables are spread among five reinsurers who have an AM Best credit rating of A- or better.

CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

26. FINANCIAL INSTRUMENTS (Continued)

f) Categories of Financial Assets and Financial Liabilities

	Loans and Receivable	Financial Liabilities at Amortized Cost	Total
As at 31 December 2016	\$	\$	\$
Assets			
Cash and Cash Equivalents	3,211,592	-	3,211,592
Trade and Other Receivables	64,166	-	64,166
Intercompany Receivables	-	-	-
Reinsurance and Other Recoveries Receivable	114,610	-	114,610
Total	3,390,368	-	3,390,368

Liabilities

Trade and Other Payables	-	50,754	50,754
Total	-	50,754	50,754

	Loans and Receivable	Financial Liabilities at Amortized Cost	Total
As at 31 December 2015	\$	\$	\$
Assets			
Cash and Cash Equivalents	2,883,435	-	2,883,435
Trade and Other Receivables	28,390	-	28,390
Intercompany Receivables	3,702	-	3,702
Reinsurance and Other Recoveries Receivable	2,339,126	-	2,339,126
Total	5,254,653	-	5,254,653

Liabilities

Trade and Other Payables	-	109,916	109,916
Total	-	109,916	109,916



CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

26. FINANCIAL INSTRUMENTS (Continued)

g) Liquidity Risk

Liquidity risk is the risk that payment of obligations may not be met in a timely manner at a reasonable cost. Ultimate responsibility for liquidity risk management rests with the board of directors, who has built a liquidity risk management framework for the management of the company's short, medium and long term investment portfolio, which can be liquidated at short notice.

The following tables summarise the maturity profile of the Company's liabilities:

	Weighted Average Interest Rate %	Less than 1 year	1-5 years	5+years	Total
2016					
Outstanding Claims Liabilities	0	-	-	-	-
Non-interest Bearing Payables	0	238,754	-	-	238,754
		238,754	-	-	238,754

	Weighted Average Interest Rate %	Less than 1 year	1-5 years	5+years	Total
2015					
Outstanding Claims Liabilities	0	875,082	-	-	875,082
Non-interest Bearing Payables	0	342,916	-	-	342,916
		1,217,998	-	-	1,217,998

h) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks are currency exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk.

Interest bearing are investment that pay regular, periodic interests

A non-interest-bearing current liability is category of debt entered on the liabilities side of balance sheet under current liabilities. While a non-interest-bearing current liability is debt, representing a sum of money that the company owes and must pay within one year, it does not require interest payments.

The Company primarily faces interest rate risk due to the nature of its investments and liabilities. The Company manages its exposure to this risk by holding the majority of such assets on short term maturities.

The following table details the Company's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets except when the Company anticipates that the cash flow will occur in a different period.

	Weighted Average Interest Rate %	Less than 1 year	1-5 years	5+years	Total
2016					
Non Interest Bearing					
Cash	0	23,180	-	-	23,180
Trade Debtors	0	64,166	-	-	64,166
Reinsurance and Other Recovery Receivable		114,610			114,610
Interest Bearing					
Cash	0.1	3,188,412	-	-	3,188,412
		3,390,368	-	-	3,390,368

CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

26. FINANCIAL INSTRUMENTS (Continued)

h) Market Risk (Continued)

	Weighted Average Interest Rate %	Less than 1 year	1-5 years	5+years	Total
2015					
Non Interest Bearing					
Cash	0	7,214	-	-	7,214
Trade Debtors	0	28,390	-	-	28,390
Reinsurance and Other Recovery Receivable		2,339,126			2,339,126
Intercompany Receivable		3,702			3,702
Interest Bearing					
Cash	0.1	2,876,221	-	-	3,188,412
		5,254,653	-	-	5,254,653

27. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 \$	2015 \$
Net (loss) after tax	(1,118,710)	(939,907)
Add/(less) Items Classified as Investing Activities	-	-
Add/(less) Non-cash items:		
Depreciation, Amortisation and Loss on Sale	5,241	6,511
Unrealised loss on Investment Movement	-	54,886
Add/(less) movement in working capital:		
(Increase)/Decrease in Trade and other receivables	149,817	(200,055)
(Increase)/Decrease in Tax Receivable	42,835	10,339
(Increase)/Decrease in Intercompany Receivables	3,702	(3,702)
(Increase)/Decrease in Reinsurance and Other Recoveries Claimed	2,224,517	2,743,956
Increase/(Decrease) in Trade and Other Payables	(104,162)	(210,692)
Increase/(Decrease) in Outstanding Claims Liability	(875,083)	(4,216,306)
Net cash flow from operating activities	(328,157)	(2,754,970)

CHINA TAIPING INSURANCE (NZ) CO., LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

28. NET CLAIMS INCURRED

2016	Current Year	Prior Years	Total
	\$	\$	\$
Direct Claims Expenses	-	380,996	380,996
Reinsurance and Other Recoveries Revenue	-	(223,080)	(223,080)
Net Incurred But Not Reported Movement	-	(33,301)	(33,301)
Net Claims Incurred	-	124,615	124,615

2015	Current Year	Prior Years	Total
	\$	\$	\$
Direct Claims Expenses	-	(675,613)	(675,613)
Reinsurance and Other Recoveries Revenue	-	615,785	615,785
Net Incurred But Not Reported Movement	-	(75,191)	(75,191)
Net Claims Incurred	-	(135,019)	(135,019)

The current year columns represent 2016 notified claims which have been incurred, paid and recovered during the year. Any claims and reopened claims for losses incurred in the prior years are reported in the 'prior years' column.

Some claims were settled at amounts below what was originally reserved hence the direct claims expense is negative in the 2015 and corresponding reinsurance revenue was positive.

29. CONTINGENT LIABILITIES

As at 31st December 2016, there were no contingent liabilities existing at balance date (2015: \$0) not otherwise provided for in these financial statements.

30. SUBSEQUENT EVENTS

On 10 January 2017, the Company received written notification from the Reserve Bank of New Zealand of the cancellation of the Company's full license which was effective from 10 January 2017, and is no longer requested to maintain a minimum solvency capital by the Reserve Bank of New Zealand as at 31 December 2016.

As approved by the Financial Market Authority (FMA), the Company was deregistered under section 18(2) of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 on 07 February 2017.