

**TELECO INSURANCE (NZ) LIMITED**

**FINANCIAL STATEMENTS**

***For the year ended 30 June 2016***

This annual report is signed on behalf of the Board by:



Richard Quince  
DIRECTOR



Dean Werder  
DIRECTOR

20 OCTOBER 2016

*COMPANY DIRECTORY*

<b>Nature of business:</b>	Insurance
<b>Registered Office:</b>	Level 2 Spark City 167 Victoria Street West, AUCKLAND, 1142
<b>Company registration number</b>	509425
<b>Directors</b>	Richard Quince Dean Werder (appointed 18th July 2016) Stefan Knight (resigned 18th July 2016)
<b>Shareholder</b>	Spark New Zealand Limited
<b>Auditors</b>	KPMG 10 Customhouse Quay Wellington
<b>Bankers</b>	Westpac Banking Corporation

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	30 June 2016	30 June 2015
		\$000's	\$000's
Insurance premiums		11,221	9,855
<b>Expenses</b>			
Claims incurred	2	(9,461)	(7,940)
Operating expenses	3	(236)	(314)
<b>Underwriting surplus</b>		<b>1,524</b>	<b>1,601</b>
Investment income	4	2,609	2,424
Profit before income tax		<b>4,133</b>	<b>4,025</b>
Income tax	5	(1,157)	(1,113)
<b>Total Comprehensive Income for the period</b>		<b>2,976</b>	<b>2,912</b>

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Share Capital	Retained Earnings	Total Equity
	\$000's	\$000's	\$000's
Balance at 1 July 2015	1	34,693	34,694
Profit for the year	-	2,976	2,976
Total comprehensive income for the period	-	2,976	2,976
<b>Balance at 30 June 2016</b>	<b>1</b>	<b>37,669</b>	<b>37,670</b>
Balance at 1 July 2014	1	31,781	31,782
Profit for the year	-	2,912	2,912
Total comprehensive income for the period	-	2,912	2,912
<b>Balance at 30 June 2015</b>	<b>1</b>	<b>34,693</b>	<b>34,694</b>

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	30 June 2016 \$000's	30 June 2015 \$000's
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and short-term investments	6	582	563
Interest receivable		2	2
Prepayments		22	23
Amounts owing from related parties	12	46,211	43,274
Deferred tax	7	44	50
<b>Total current assets</b>		<b>46,861</b>	<b>43,912</b>
<b>Total assets</b>		<b>46,861</b>	<b>43,912</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Outstanding claims liability	8	1,218	1,378
Unearned revenue		485	445
Amounts owing to related parties	12	837	764
GST payable		-	1
Tax payable	5	1,151	1,130
<b>Total current liabilities</b>		<b>3,691</b>	<b>3,718</b>
<b>Non-current liabilities:</b>			
Redeemable preference shares	9	5,500	5,500
<b>Total liabilities</b>		<b>9,191</b>	<b>9,218</b>
<b>Equity:</b>			
Retained earnings	10	37,669	34,693
Share capital		1	1
<b>Total equity</b>		<b>37,670</b>	<b>34,694</b>
<b>Total liabilities and equity</b>		<b>46,861</b>	<b>43,912</b>

Approved by the directors



Richard Quince

DIRECTOR

Authorised for issue on 20 October 2016



Dean Werder

DIRECTOR

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016	30 June 2015
	\$000's	\$000's
<b>Cash flow from operating activities</b>		
Cash received from insurance premiums	11,101	9,658
Cash paid for replacement handsets	(9,098)	(6,863)
Interest income	2,610	2,439
Cash paid for other operating activities	(686)	(838)
Tax paid	(1,132)	(996)
<b>Net cash flows applied from operating activities</b>	<b>2,795</b>	<b>3,400</b>
<b>Cash flow from investing activities</b>		
(Increase) in intercompany investments	(2,776)	(3,368)
Decrease in government stock	-	500
<b>Net cash flows applied (to) investing activities</b>	<b>(2,776)</b>	<b>(2,868)</b>
Net cash flow	19	532
Net cash and short-term investments at beginning of period	563	31
<b>Net cash and short-term investments at end of period</b>	<b>582</b>	<b>563</b>

The accompanying notes form part of and are to be read in conjunction with these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 ACCOUNTING POLICIES

#### OWNERSHIP AND ACTIVITIES

Teleco Insurance (NZ) Limited (the "Company") is a wholly owned subsidiary of Spark New Zealand Limited (the "parent company" or "Spark"). The Company is a profit oriented entity and was incorporated in New Zealand on 18 July 1991.

The principal activity of the Company is to provide insurance policies for mobile phone handsets sold by the Spark Home Mobile and Business unit. The Company has a credit rating with Standard and Poor's of BBB+, which was reaffirmed on 23 February 2016.

#### BASIS OF PREPARATION

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to New Zealand International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate for profit-orientated entities including the External Reporting Board Standard A1, Accounting Standards Framework (For-profit Entities Update) (XRB A1). The Company is a Tier 1 entity, along with a reporting entity for the purposes of the Financial Reporting Act 2013.

The introduction of the Insurance (Prudential Supervision) Act 2010 has resulted in all insurers carrying on insurance business in New Zealand being required to be licensed by the Reserve Bank of New Zealand ("RBNZ"). The Company was granted full license on 10 June 2013. In accordance with the terms of the license, the Company is deemed to be an issuer under section 4(i)(da) of the Financial Reporting Act 2013.

For the year ended 30 June 2016, in line with the previous paragraph, the Company has prepared full financial statements under NZ IFRS as required for all issuers.

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

#### MEASUREMENT BASIS

The measurement basis adopted in the preparation of these financial statements is historical cost, with the exception of the outstanding claims liability, which is stated at fair value. The financial statements are presented in New Zealand dollars, the Company's functional currency.

#### PREMIUM REVENUE

Premium revenue comprises amounts charged to the policy holders. The earned portion of premiums received and receivable is recognised as revenue. Premium is earned over the indemnity period based on the pattern of risks underwritten, from the date of attachment of risk. Unearned revenue comprises the element of the monthly premiums paid in advance by customers part way through the month preceding the year-end, that relates to insurance coverage post the year-end reporting date.

#### TAXATION

The taxation expense charged to earnings includes both current and deferred tax and is calculated after allowing for non-temporary differences. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Deferred taxation is recognised using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for temporary differences arising on initial recognition of an asset or liability (unless arising in a business combination or impacting profit or loss). Future tax benefits are recognised where realisation of the asset is probable. Deferred tax is determined based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

Current and deferred tax is recognised in the income statement, except when the tax relates to items charged or credited directly in equity or other comprehensive income, in which case the tax is also recognised in equity and other comprehensive income.

**CLAIMS AND OUTSTANDING CLAIMS LIABILITY**

Claims incurred expense consists of payment for claims and the movement in the outstanding claims liability. Claims represent the benefits paid or payable to the policyholder on the occurrence of an event giving rise to a claim according to the terms of the policy. Claims expenses are recognised in the profit and loss according to the point in time when the event giving rise to the claim occurs.

The Outstanding Claims Liability is calculated retrospectively based on claims reported but not yet paid; claims incurred prior to the year-end but not yet reported (IBNR); expected direct and indirect claims settlement costs; plus a risk margin. The IBNR is calculated using an average term to settlement based on historic settlement patterns, which for the current and previous financial years was deemed to be 50% of the total claims settlement value for the month subsequent to the year-end date.

The value of outstanding claims has not been discounted because the period between the date of claim and the settlement date is short (within one year) and the valuation estimates of an expected level of payment allows for current inflation. The variation in outcome of the claims liability will be small because the valuation of claims for replacement mobile handsets is based on current retail prices, the number of open claims relating to the financial year is known, and the insurance settlement date is short.

**FINANCIAL ASSETS BACKING GENERAL INSURANCE LIABILITIES**

The company's financial assets consist primarily of surplus funds invested with Spark Finance, and these funds are used to back both general insurance liabilities and financial liabilities arising under non-insurance contracts.

**INTEREST INCOME**

Interest income is recognised on an effective yield basis.

**Note 2 CLAIMS INCURRED**

	30 June 2016	30 June 2015
	\$000's	\$000's
Claims incurred in current year	(8,852)	(7,310)
Risk margin adopted	(159)	(180)
Claims management fee	(450)	(450)
Total claims incurred expense	<u>(9,461)</u>	<u>(7,940)</u>

Claims incurred in the current year relate fully to risks borne in the current year.

**Note 3 OPERATING EXPENSES**

	30 June 2016	30 June 2015
	\$000's	\$000's
Credit rating fee	(52)	(46)
Fire service levy	(20)	(95)
Other administrative expenses	(164)	(173)
Total operating expenses	<u>(236)</u>	<u>(314)</u>

Audit fees for the year ended 30 June 2016 were \$8,750 (2015: \$8,750). Directors' fees paid for the year ended 30 June 2016 were \$10,000 (2015: \$10,000). The company had no employees in the current year (2015: nil).



## NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

**Note 4 INVESTMENT INCOME**

	30 June 2016 \$000's	30 June 2015 \$000's
Government securities – interest income	-	13
Short term deposit – interest income	18	4
Intercompany interest income (refer note 12)	2,591	2,407
<b>Total investment income</b>	<b>2,609</b>	<b>2,424</b>

**Note 5 INCOME TAX**

	30 June 2016 \$000's	30 June 2015 \$000's
Current income tax		
Current year income tax	1,151	1,130
Adjustment in respect of prior periods	-	(14)
Deferred income tax		
Provisions	6	(3)
<b>Income tax expense per Statement of Comprehensive Income</b>	<b>1,157</b>	<b>1,113</b>
Profit before income tax	4,133	4,025
Tax at 28%	1,157	1,127
Adjustment in respect of prior periods	-	(14)
Income tax expense per statement of comprehensive income	1,157	1,113
Adjustment for tax timing adjustments	(6)	3
Adjustment in respect of prior periods	-	14
<b>Total income tax charge for the period</b>	<b>1,151</b>	<b>1,130</b>
Opening balance of tax liability	1,130	1,012
Tax paid and inter-group allocation	(1,130)	(1,012)
<b>Closing balance of tax payable</b>	<b>1,151</b>	<b>1,130</b>

**Note 6 CASH AND SHORT-TERM INVESTMENTS**

	30 June 2016 \$000's	30 June 2015 \$000's
Cash at bank	82	63
Short-term investments	500	500
<b>Total cash and short-term investments</b>	<b>582</b>	<b>563</b>

**Note 7 DEFERRED TAX**

	30 June 2016 \$000's	30 June 2015 \$000's
Balance at the beginning of the year	50	47
Adjustments relating to current period	(6)	3
<b>Balance at end of the year</b>	<b>44</b>	<b>50</b>



## NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

**Note 8 OUTSTANDING CLAIMS LIABILITY**

	30 June 2016 \$000's	30 June 2015 \$000's
Outstanding claims liability	1,059	1,198
Risk margin (15%)	159	180
Total current outstanding claims liability	<u>1,218</u>	<u>1,378</u>

Paul Rhodes FNZSA FIA is the Appointed Actuary for the Company. The actuary has nominated a 15% risk margin based on industry benchmarking as reasonable to allow for uncertainty in the central estimate of claims and to achieve a 75% probability of sufficiency of the provision. A 1% increase / (decrease) in the risk margin assumption would increase / (decrease) the reported profit, outstanding claims liabilities and equity of the company for the year by \$11,000 (2015: \$12,000).

The liability adequacy test which was performed as at 30 June 2016 identified a small deficit for the company (30 June 2015: small surplus), however the unexpired risk reserve is included in the outstanding claims liability.

## Reconciliation of Movement in Claims Liability:

	30 June 2016 \$000's	30 June 2015 \$000's
Balance at beginning of year	1,378	895
Claims notified	9,511	7,439
Claims paid	(9,654)	(7,095)
Movement in risk margin	(21)	63
Movement in claims incurred but not reported (IBNR)	4	76
Balance at end of year	<u>1,218</u>	<u>1,378</u>

**Note 9 REDEEMABLE PREFERENCE SHARES**

The Company has 550 fully paid redeemable preference shares on issue (2015: 550), each with a value of \$10,000. The shares have no fixed repayment date and the holder, Spark New Zealand Limited, can ask for repayment at any time by providing written notice to the Company. The holder has no intention of requesting repayment within the next year.

Redeemable preference shares have no voting rights. The holder of the preference shares has the right on winding up of the Company to payment in priority to the holders of ordinary shares of the Company of the redemption amounts of each preference share held, calculated as at the date of distribution. All other rights conferred to the holder of either ordinary or preference shares are the same.

**Note 10 EQUITY**

As at 30 June 2016 there were 100 fully paid \$1 ordinary shares on issue (2015: 100). Each share confers on the holder the right to vote at any meeting of shareholders.

The Company maintains equity in the form of retained earnings of \$37.669m (2015: \$34.693m), and the Directors believe that this is an appropriate level to cover its exposure to risk based on annual aggregate exposure and loss history.

## NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

**Note 11 RISK MANAGEMENT**

The Company is exposed to a number of risks in the normal course of business, primarily insurance risk, financial risk (liquidity risk and interest rate risk), credit risk and capital adequacy.

**Insurance risk**

The Company's main insurance risk is from the increasing value of smart phones which will impact on claim costs in the future. Therefore, the main risk management objective is to manage the magnitude and the volatility of claim costs. Aon New Zealand Limited, the claims administrator, also actively manages claim activity, with assistance from the Spark Fraud team. The Company will review the premium rates by having the appointed actuary regularly review the premium rates to ensure that prices reflect risk.

For the Company a broader risk is the reliance on one line of business in a niche market (namely mobile handset insurance for post paid customers). If something were to arise that negatively affects this niche, such as reduced use of mobile phones, it would have a flow on impact on the Company's financial position. This is the same risk that the parent company has and the Company accepts this risk.

The probability of catastrophe risk causing a large number of handset replacement claims is low as the value of policies is relatively low and policyholders are geographically widespread throughout New Zealand.

**Financial risk.****a) Liquidity risk.**

The risk of being unable to pay claims and operating expenses in a timely manner is negated by the Company holding surplus funds of \$44.271m (2015: \$41.495m) in an on-call current account with Spark Finance Limited.

The Company has entered into an agreement with Westpac Banking Corporation to guarantee \$25.0m of the \$44.3m funds held by Spark Finance Limited, in order to mitigate the risk of asset concentration of these funds being held by a related party.

All financial liabilities, including outstanding claims liabilities and with the exception of the redeemable preference shares, are treated as current with all net cash flows from recognised insurance liabilities expected to be incurred within the subsequent financial year.

Westpac New Zealand Limited has current credit ratings as follows:

Standard and Poor's	AA-
Moody's Investor Services	Aa3

**b) Interest rate risk.**

There is minimal interest rate risk as surplus funds invested with Spark Finance Limited earn a fixed interest rate (6%). An interest risk exists when short-term investments held with financial institutions mature and a new investment is purchased. The investment held at 30 June 2016 matures in August 2016.

**Credit risk.**

The Company incurs credit risk related to financial assets of \$46.817m (2015: \$43.862m).

Except for \$500,000 invested with a financial institution, the Company's funds are invested by Spark Finance Limited. The board of directors of Spark Finance Limited have approved a credit risk policy that limits exposure with counterparties by placing its cash and short-term investments with high credit quality financial institutions and sovereign bodies, and it also limits the amount of credit exposure to any one of these financial institutions.



## NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

The New Zealand Government's current long-term domestic currency ratings are as follows:

Standard and Poor's	AA+
Moody's Investor Services	Aaa

Spark (which guarantees Spark Finance's debt) has a credit rating from Standard & Poor's on its indebtedness. Details of current ratings at 30 June 2016 are as follows:

Long Term Senior Debt	A-
Short Term Debt	A-2
Outlook	Stable

**Capital adequacy.***Capital management policies and objectives.*

With the implementation of the Insurance (Prudential Supervision) Act 2010 ("the Act") all general insurance entities carrying on business in New Zealand are required to be licensed by the Reserve Bank of New Zealand. The Company was granted a full licence in the current financial year. The Company is now managing its capital in accordance with the requirements of the Act.

Under the Solvency Standard for Non-life Insurance Business ("the solvency standard") issued by the Reserve Bank of New Zealand, the Company is required to maintain a solvency margin as determined under the solvency standard at or above the minimum solvency capital level.

The Company satisfied all externally imposed capital requirements which they were subject to during the year ended 30 June 2016. The Company has embedded in its capital management framework the necessary tests to ensure continuous and full compliance with the solvency standard.

*Capital composition.*

The Company manages its capital by considering both regulatory and economic capital. The primary source of capital used is total equity attributable to owners. Total equity attributable to owners equates to "capital" as defined in the solvency standard and shown below.

Regulatory capital is made up of two components, actual solvency capital and minimum solvency capital, with the difference representing the solvency margin. The calculation of the solvency margin for the Company is detailed below

	30 June 2016 \$000's	30 June 2015 \$000's
Actual solvency capital	37,626	34,642
Minimum solvency capital	25,465	24,506
<b>Solvency Margin</b>	<b>12,161</b>	<b>10,136</b>
<b>Solvency Ratio</b>	<b>1.48</b>	<b>1.41</b>

## NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

**Note 12 RELATED PARTIES**

The Company's ultimate parent company is Spark New Zealand Limited. The Company has transactions with fellow subsidiaries as set out below:

Balances at 30 June	Amount owing by:		Amount owing to:	
	2016	2015	2016	2015
	\$000's	\$000's	\$000's	\$000's
Spark Finance Limited	44,271	41,495	-	-
Spark New Zealand Trading Limited	1,939	1,779	(837)	(764)
<b>Total of Related Party Balances at 30 June</b>	<b>46,211</b>	<b>43,274</b>	<b>(837)</b>	<b>(764)</b>
Transactions occurring during the year:	2016	2015		
	\$000's	\$000's		
Spark Finance Limited:				
Net operating cash transactions	185	961		
Interest received	2,591	2,407		
Spark New Zealand Trading Limited:				
Replacement mobile handsets	(9,654)	(7,095)		

Surplus funds are invested with Spark Finance. Funds are held on-call and earn fixed interest at 6% (2015: 6%).

At 30 June 2016, the Company owes amounts to Spark for the reimbursement of expenses paid to suppliers and for replacement mobile handsets provided to insurance claimants on the Company's behalf. No related party debts have been written off or forgiven during the year.

**Note 13 CONTINGENT LIABILITIES**

The Directors are not aware of any significant contingent liabilities at 30 June 2016 (30 June 2015: nil).

**Note 14 CAPITAL COMMITMENTS**

There are no capital commitments at 30 June 2016 (30 June 2015: nil).

**Note 15 SUBSEQUENT EVENTS**

There have been no events subsequent to balance date that impact these financial statements.





## Independent auditor's report

### To the shareholder of Teleco Insurance (NZ) Limited

We have audited the accompanying financial statements of Teleco Insurance (NZ) Limited ("the company") on pages 1 to 10. The financial statements comprise the statement of financial position as at 30 June 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

#### *Directors' responsibility 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 generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, 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.

#### *KPMG's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

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



*Opinion*

In our opinion, the financial statements on pages 1 to 10 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the financial position of Teleco Insurance (NZ) Limited as at 30 June 2016 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG.

20 October 2016  
Wellington



The Board of Directors  
Teleco Insurance (NZ) Limited  
Level 2, Spark City  
167 Victoria Street West  
Auckland 1010

20 October 2016

***Appointed actuary's review of actuarial information for Teleco Insurance (NZ) Limited***

To the Directors of Teleco Insurance (NZ) Limited,

This letter has been prepared for Teleco Insurance (NZ) Limited ("Teleco") to meet the requirements of Section 78 of the Insurance (Prudential Supervision) Act 2010 ("the Act") in respect of Section 77 of the Act which requires that each Licensed insurer must ensure that the actuarial information contained in, or used in preparation of, the financial statements of the insurer is reviewed by the appointed actuary.

I have reviewed the following actuarial information included in the audited accounts for Teleco as at 30 June 2016:

- Outstanding claims liability.
- Unearned premium liability.

I have been provided with all the information and explanations that I have required to complete my review.

I am the appointed actuary to Teleco and am a Partner of PricewaterhouseCoopers New Zealand. I am independent of Teleco.

In my opinion:

- the actuarial information contained in the financial statements has been appropriately included in those statements; and
- the actuarial information used in the preparation of the financial statements has been used appropriately; and
- Teleco is maintaining a solvency margin as required under the Solvency Standard for Non-Life Insurance Business 2014, issued by the Reserve Bank of New Zealand.







### ***Reliances and limitations***

This letter has been prepared for Teleco and is provided in accordance with the terms set out in our statement of work signed 13 July 2016.

No distribution of this letter to third parties, other than as required by law is permitted by us. There may be requests for our letter to be copied to third parties. We will be happy to consider these requests, as and when they arise.

Our responsibilities and liabilities are limited to Teleco and exist only in the context of their use of our letter. No liability or responsibility will be accepted by us in relation to the use of our letter for any other purpose. We will not accept any liability or responsibility to any third party recipients.

We have relied on information provided to us in the course of carrying out our work. We perform some data validation checks but we have not verified all of the information provided to us, nor have we carried out anything in the nature of an audit. Accordingly, we express no opinion on the total reliability, accuracy or completeness of the information provided to us and upon which we have relied. We have no reason to believe that the information provided to us is inaccurate or misleading.

This letter must be read in its entirety. Individual sections of this letter could be misleading if considered in isolation from each other. If distributed, this letter must be distributed in its entirety.

This letter is not considered an actuarial report under Professional Standard 90 of the New Zealand Society of Actuaries.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Paul Rhodes'.

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