TELECO INSURANCE (NZ) LIMITED

ANNUAL REPORT 2020

CONTENTS

COMPANY DIRECTORY

Nature of business:	Mobile phone insurance
Registered office:	Level 2 Spark City 167 Victoria Street West, Auckland, 1010 New Zealand
Company registration number:	509425
Directors:	Richard Quince Alastair White (appointed 16 March 2020) Dean Werder (ceased 23 April 2020)
Shareholder:	Spark New Zealand Limited
Auditors:	KPMG 10 Customhouse Quay Wellington
Bankers:	Westpac Banking Corporation

Richard Quince
DIRECTOR

Alastair White
DIRECTOR

Date 27.10.20 2020

Statement of profit or loss and other comprehensive income

YEAR ENDED 30 JUNE	NOTES	2020 $'000	2019 $'000
Insurance premiums		18,178	18,148
Claims expense	2	(6,748)	(5,450)
Operating expenses	3	(255)	(243)
Underwriting surplus		11,175	12,455
Finance income	4	3,228	2,500
Net earnings before income tax		**14,403**	**14,955**
Income tax expense	5	(3,690)	(4,495)
Total comprehensive income for the year		**10,713**	**10,460**

See accompanying notes to the financial statements.

Statement of financial position

AS AT 30 JUNE	NOTES	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents	6	534	524
Interest receivable		1	1
Prepayments		54	55
Amounts due from related parties	10	60,457	49,543
Total current assets		61,046	50,123
Non-current assets			
Deferred tax assets	5	23	20
Total non-current assets		23	20
Total assets		**61,069**	**50,143**
Current liabilities			
Outstanding claims liability	7	493	399
Unearned revenue		754	769
Amounts due to related parties	10	1,254	625
Taxation payable	5	4,001	4,496
Total current liabilities		6,502	6,289
Total liabilities		**6,502**	**6,289**
Equity			
Share capital	8	1	1
Retained earnings		54,566	43,853
Total equity attributable to equity holders of the Company		**54,567**	**43,854**
Total liabilities and equity		**61,069**	**50,143**

See accompanying notes to the financial statements.

On behalf of the Board

Richard Quince
Director

Alastair White
Director

Authorised for issue on 27 October 2020

Statement of changes in equity

YEAR ENDED 30 JUNE 2020	SHARE CAPITAL $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 1 July 2019	**1**	**43,853**	**43,854**
Net earnings for the year	-	10,713	10,713
Total comprehensive income for the year	**-**	**10,713**	**10,713**
Balance at 30 June 2020	**1**	**54,566**	**54,567**

YEAR ENDED 30 JUNE 2019	SHARE CAPITAL $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 1 July 2018	**1**	**33,393**	**33,394**
Net earnings for the year	-	10,460	10,460
Total comprehensive income for the year	**-**	**10,460**	**10,460**
Balance at 30 June 2019	**1**	**43,853**	**43,854**

Statement of cash flows

YEAR ENDED 30 JUNE	2020 $'000	2019 $'000
Cash flows from operating activities		
Interest income	10	14
Net cash flows from operating activities	**10**	**14**
Net cash flow	**10**	**14**
Opening cash position	524	510
Closing cash position	**534**	**524**

Reconciliation of net earnings to net cash flows from operating activities

YEAR ENDED 30 JUNE	2020 $'000	2019 $'000
Net earnings for the year	10,713	10,460
Adjustments to reconcile net earnings to net cash flows from operating activities		
Insurance premiums	(18,178)	(18,148)
Claims incurred	6,748	5,450
Operating expenses	255	243
Intercompany interest income	(3,218)	(2,486)
Income tax expense	3,690	4,495
Net cash flows from operating activities	**10**	**14**

Operating and financing activities of the Company are generally settled through intercompany current accounts, which are not considered cash equivalents.

Notes to the financial statements

Note 1 Accounting Policies

Reporting entity

Teleco Insurance (NZ) Limited (the "Company") is a wholly owned subsidiary of Spark New Zealand Limited ("the Parent"), Spark New Zealand Limited and its subsidiaries together form the "Spark Group".

The principal activity of the Company is to provide insurance policies for mobile phone handsets sold by the Spark Group. The Company has a credit rating with Standard and Poor's of BBB+, which was reaffirmed on 10 December 2019.

The Company is a profit-oriented entity and was incorporated in New Zealand on 18 July 1991, registered under the Companies Act 1993. The introduction of the Insurance (Prudential Supervision) Act 2010 requires all insurers carrying on insurance business in New Zealand to be licensed by the Reserve Bank of New Zealand ("RBNZ"). The Company was granted a full license on 10 June 2013. In accordance with the terms of the license, the Company is a reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

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 International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities. They have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013.

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 and presentation currency. All financial information has been rounded to the nearest thousand dollars, unless otherwise stated. Certain comparative information has been updated to conform with the current year's presentation.

Insurance premiums

Insurance premiums comprises amounts charged to the policy holders. The earned portion of premiums received and receivable is recognised as revenue. Insurance premiums are 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. Current and deferred tax is recognised in the statement or profit or loss, 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.

Notes to the financial statements

Note 1 Accounting Policies (continued)

Claims and outstanding claims liability

Claims expense consists of payment for claims, direct costs incurred in administering 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 statement of profit or loss and other comprehensive income 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 Limited, and these funds are used to back both general insurance liabilities and financial liabilities arising under non-insurance contracts. The Company has an agreement with Westpac to guarantee $25 million of its receivable from Spark Finance Limited (2019: $27 million).

Interest income

Interest income is recognised on an effective interest basis.

New standards not yet adopted

NZ IFRS 17 Insurance Contracts

NZ IFRS 17 Insurance Contracts (NZ IFRS 17) replaces the current guidance in NZ IFRS 4, and establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts. NZ IFRS 17 is effective for annual periods beginning on or after 1 January 2023. The impact on adoption is still to be determined.

Notes to the financial statements (continued)

Note 2 Claims expense

YEAR ENDED 30 JUNE	2020 $'000	2019 $'000
Claims incurred in current year	6,234	4,948
Risk margin expense	64	52
Claims management fee	450	450
Total claims expense	**6,748**	**5,450**

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

Note 3 Operating expenses

YEAR ENDED 30 JUNE	2020 $'000	2019 $'000
Credit rating fee	58	56
Audit fees	24	11
Directors' fees	10	10
Other operating expenses	163	166
Total operating expenses	**255**	**243**

The Company had no employees in the current year (2019: nil). Some costs are incurred by other Spark Group subsidiaries on behalf of the Company for administration and accounting services.

Note 4 Finance income

YEAR ENDED 30 JUNE	2020 $'000	2019 $'000
Intercompany interest income	3,218	2,486
Other interest income	10	14
Total finance income	**3,228**	**2,500**

Note 5 Taxation

YEAR ENDED 30 JUNE	2020 $'000	2019 $'000
Current year income tax expense		
Current year income tax	3,344	4,186
Adjustment in respect of prior periods	343	280
Deferred income tax		
Provisions	3	1
Adjustment in respect of prior periods	-	28
Income tax expense per statement of profit or loss and other comprehensive income	**3,690**	**4,495**

Reconciliation of tax expense		
Net earnings before income tax	**14,403**	**14,955**
Tax at 28%	4,033	4,187
Adjustment in respect of prior periods	(343)	308
Income tax expense per statement of profit or loss and other comprehensive income	**3,690**	**4,495**

Taxation payable **AS AT 30 JUNE**	2020 $'000	2019 $'000
Balance at the beginning of the year	**4,496**	**4,033**
Income tax expense per statement of profit or loss and other comprehensive income	3,690	4,495
Tax paid and inter-group allocation	(4,185)	(4,032)
Balance at the end of the year	**4,001**	**4,496**

Notes to the financial statements (continued)

Note 5 Taxation (continued)

Deferred tax asset	2020	2019
AS AT 30 JUNE	$'000	$'000
Balance at the beginning of the year	20	47
Adjustment in respect of prior periods	-	(28)
Adjustments relating to current period provisions	3	1
Balance at the end of the year	**23**	**20**

Note 6 Cash and cash equivalents

	2020	2019
AS AT 30 JUNE	$'000	$'000
Cash at bank	34	24
Short-term investments	500	500
Total cash and cash equivalents	**534**	**524**

Note 7 Outstanding claims liability

	2020	2019
AS AT 30 JUNE	$'000	$'000
Outstanding claims liability	429	347
Risk margin	64	52
Total outstanding claims liability	**493**	**399**

Michael Playford FNZSA FIA (PWC) is the Appointed Actuary for the Company. The actuary has nominated a risk margin 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 does not result in a material impact on the reported profit, outstanding claims liabilities and equity of the Company.

The liability adequacy test which was performed as at 30 June 2020 identified a surplus for the Company (30 June 2019: surplus).

Reconciliation of movement in claims liability:

	2020	2019
AS AT 30 JUNE	$'000	$'000
Balance at the beginning of the year	399	274
Claims notified	6,622	4,043
Claims expenses	(6,306)	(3,787)
Movement in risk margin	12	2
Movement in amounts receivable from Spark New Zealand Trading Limited	(316)	(255)
Movement in claims incurred but not reported (IBNR)	82	122
Balance at the end of the year	**493**	**399**

Note 8 Equity

Ordinary shares

	ORDINARY SHARES	
	Number	*$'000*
As at 30 June 2020	100	1
As at 30 June 2019	100	1

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 $55 million (2019: $44 million), 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 9 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 smartphones 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 Group. The Company reviews 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 (namely mobile handset insurance for pay-monthly customers). If something were to arise that negatively affect this, such as reduced use of mobile phones or alternative customer propositions, it would have a flow on impact on the Company's financial position. 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
Nature of the risk
Liquidity risk is the risk that the Company is unable to pay claims and operating expenses as they fall due.

Exposure and risk management
The company manages liquidity through risk by holding surplus funds of $57 million (2019: $47 million) in an on-call current account with Spark Finance Limited. The Company has entered into an agreement with Westpac Banking Corporation to guarantee $25 million of the $57 million 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 are treated as current with the settlement of recognised insurance liabilities expected to be within 12 months. Westpac New Zealand Limited has current credit ratings of AA- with Standard and Poor's, and A1 with Moody's Investor Services.

b) Interest rate risk
Nature of the risk
Interest rate risk is the risk that fluctuations in interest rates impact the Company's financial performance or the fair value of its holdings of financial instruments.

Exposure and risk management
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.

c) Credit risk
Nature of the risk
The Company incurs credit risk related to financial assets of $61 million (2019: $50 million).

Exposure and risk management
Except for $500,000 invested with a financial institution, the Company's funds are invested in 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.

The Parent (which guarantees Spark Finance Limited's debt) has a credit rating from Standard & Poor's as at 30 June 2020 as follows:

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

Notes to the financial statements (continued)

Note 9 Risk management (continued)

Capital adequacy

Capital management policies and objectives
The Insurance (Prudential Supervision) Act 2010 ("the Act") requires all general insurance entities carrying on business in New Zealand to be licensed by the Reserve Bank of New Zealand. The Company held a full licence in the current financial year. The Company is 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 2020. 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:

	2020	2019
AS AT 30 JUNE	$'000	$'000
Actual solvency capital	54,544	43,834
Minimum solvency capital	40,231	27,826
Solvency margin	14,313	16,008
Solvency ratio	1.36	1.58

Note 10 Related parties

	2020	2019
AS AT 30 JUNE	$'000	$'000
Current assets		
Amounts due from Spark Finance Limited	57,032	47,335
Amounts due from Spark New Zealand Trading Limited	3,425	2,208
Total amounts due from related parties	**60,457**	**49,543**
Current liabilities		
Amounts due to Spark New Zealand Trading Limited	517	203
Amounts due to Telegistics Limited	737	422
Total amounts due to related parties	**1,254**	**625**

Transactions occurring during the year:

	2020	2019
YEAR ENDED 30 JUNE		
Spark Finance Limited:	$'000	$'000
Net operating transactions	10,668	13,481
Interest received	3,218	2,487
Spark New Zealand Trading Limited:		
Replacement mobile handsets	(1,712)	(1,506)
Telegistics Limited:		
Replacement mobile handsets	(4,586)	(3,494)

At 30 June 2020, the Company owes amounts to Spark New Zealand Trading Limited for the reimbursement of expenses paid to suppliers and for replacement mobile handsets provided to insurance claimants on the Company's behalf (30 June 2019: same). No related party debts have been written off or forgiven during the year.

Notes to the financial statements (continued)

Note 10 Related parties (continued)

Insurance premium revenue is net of administration costs charged by Spark New Zealand Trading Limited of $1,710,000 (30 June 2019: $1,725,000). The expense for claims incurred in the current year is net of rebates given to the Company by Spark New Zealand Trading Limited of $1,730,000 (30 June 2019: $1,757,000).

Note 11 Contingent liabilities

The Directors are not aware of any significant contingent liabilities at 30 June 2020 (30 June 2019: nil).

Note 12 Capital commitments

There are no capital commitments at 30 June 2020 (30 June 2019: nil).

Note 13 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

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of Teleco Insurance (NZ) Limited (the 'company') on pages 3 to 11:

i. present fairly in all material respects the company's financial position as at 30 June 2020 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2020;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). 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 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at $722,000 determined with reference to a benchmark of company profit before tax. We chose the benchmark because, in our view, this is a key measure of the company's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholder as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and we do not express discrete opinions on separate elements of the financial statements

The key audit matter	How the matter was addressed in our audit
Valuation of outstanding claims liability ($493 thousand)	
Refer to Note 7 to the Financial Report. Valuation of outstanding claims liability is a key audit matter due to the judgement required to calculate the outstanding claims liability The company uses July 2020 claims data to assist in determining the liability as at 30 June 2020 and engages an external actuarial expert to assist in the assessment of the valuation.	Our audit procedures included: - Critically evaluating the Company's judgement in the execution of the outstanding claims liability calculations by comparing the overall results to our expectations based on historical claim trends; - Obtaining the external actuarial expert's report and assessing the findings to ensure the provision is appropriately recorded; - Comparing the actual July 2020 claims against the outstanding claims provision raised and actuarial expert's report; and - Assessed the disclosures in the financial statements against the requirements of the accounting standards.

Use of this independent auditor's report

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

Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible 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;

— implementing necessary internal control to enable the preparation of a set of financial statements that is 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 audit of the financial statements

Our objective is:

- 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 independent 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 NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-4/

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

KPMG

KPMG
Wellington

28 October 2020

pwc

The Board of Directors
Teleco Insurance (NZ) Limited
42-52 Willis Street
Wellington

28 October 2020

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 2020:

- 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 an Executive Director 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 (incorporating amendments to November 2018), issued by the Reserve Bank of New Zealand.

pwc

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 21 July 2020.

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

Michael Playford
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T: +64 22 644 7012