

NEW ZEALAND OIL & GAS LIMITED

NZ Reg. Coy. No. 037842
ARBN 003 064 962
www.nzog.com

Results for announcement to the market

Reporting Period	6 months to 31 December 2014
Previous Reporting Period	12 months to 30 June 2014
Comparative Reporting Period	6 months to 31 December 2013

	Amount (NZ\$ 000s)		Increase / (decrease)
	6 months to 31 December 2014	6 months to 31 December 2013	%
Revenue from ordinary activities	54,092	51,419	5%
Surplus / (deficit) from ordinary activities after tax attributable to security holders	(10,468)	4,003	(362%)
Net profit / (loss) attributable to security holders	(10,468)	4,003	(362%)
	NZ\$	NZ\$	%
Net Tangible Assets per share	0.76	0.84	(10%)

Comments: Accompanying this announcement are the company's unaudited financial statements, for the half year ended 31 December 2014, that have been prepared in accordance with generally accepted accounting practice and give a true and fair view of the matters to which the statements relate.

These financial statements provide the balance of information required in accordance with Listing Rule 10.4.2, Appendix 1.

To obtain Terms and Conditions of the Plan and a Participation Notice, please refer to the New Zealand Oil & Gas Limited website: www.nzog.com

Reviewed Financial Statements

Refer to accompanying Appendix 1

New Zealand Oil & Gas Limited Condensed Interim Financial Statements for the half year ended 31 December 2014

The condensed interim financial statements of New Zealand Oil & Gas Limited, presented on pages 2 to 11, are approved for and on behalf of the Board:



P W Griffiths
Chairman

17 February 2015



M Tume
Director

17 February 2015

New Zealand Oil & Gas Limited
Condensed Statement of Comprehensive Income
For the half year ended 31 December 2014

		Unaudited Half Year 31 December 2014 \$'000	Unaudited Half Year 31 December 2013 \$'000	Audited Full Year 30 June 2014 \$'000
	Notes			
Revenue	3	54,092	51,419	103,622
Operating costs	4	(33,195)	(24,706)	(47,733)
Gross profit		<u>20,897</u>	<u>26,713</u>	<u>55,889</u>
Other income		1,316	171	11,758
Exploration and evaluation costs expensed	6	(13,461)	(12,553)	(29,529)
Asset impairment	7	(13,116)	-	-
Other expenses		(6,639)	(4,510)	(10,638)
Results from operating activities		<u>(11,003)</u>	<u>9,821</u>	<u>27,480</u>
Finance costs		(980)	(2,770)	(6,566)
Finance income	8	3,824	2,568	4,200
Net finance income/(costs)		<u>2,844</u>	<u>(202)</u>	<u>(2,366)</u>
(Loss)/profit before income tax and royalties		(8,159)	9,619	25,114
Income tax credit/(expense)	9	975	(1,201)	(7,310)
Royalties expense		(3,284)	(4,415)	(7,726)
Net (loss)/profit for the period		<u>(10,468)</u>	<u>4,003</u>	<u>10,078</u>
Other comprehensive income:				
Items that will not be reclassified to profit and loss				
Fair value (loss)/gain through other comprehensive income		(5,172)	480	(2,091)
Items that may be classified to profit and loss				
Foreign currency translation differences		10,768	(2,537)	(6,770)
Other comprehensive income/(loss) for the period, net of tax		<u>5,596</u>	<u>(2,057)</u>	<u>(8,861)</u>
Total comprehensive (loss)/income for the period, net of tax		<u>(4,872)</u>	<u>1,946</u>	<u>1,217</u>
Basic earnings per share attributable to shareholders		(2.5)	1.0	2.4
Net tangible asset backing per share (cents)		76	84	81

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11

New Zealand Oil & Gas Limited
Condensed Statement of Financial Position
As at 31 December 2014

		Unaudited Half Year 31 December 2014 \$'000	Unaudited Half Year 31 December 2013 \$'000	Audited Full Year 30 June 2014 \$'000
	Notes			
Assets				
Current assets				
Cash and cash equivalents		115,177	164,211	135,075
Receivables and prepayments		30,160	9,998	27,102
Inventories		3,196	2,019	6,930
Current tax receivables		8,234	1,502	1,752
Total current assets		<u>156,767</u>	<u>177,730</u>	<u>170,859</u>
Non-current assets				
Evaluation and exploration assets	6	51,744	54,959	54,927
Oil and gas assets	7	210,143	201,550	223,801
Plant, property and equipment		409	865	1,095
Intangible assets		1,651	242	724
Other financial assets	8	20,388	12,239	9,842
Total non-current assets		<u>284,335</u>	<u>269,855</u>	<u>290,389</u>
Total assets		<u>441,102</u>	<u>447,585</u>	<u>461,248</u>
Liabilities				
Current liabilities				
Payables		19,798	16,436	32,349
Other current liabilities		-	-	304
Total current liabilities		<u>19,798</u>	<u>16,436</u>	<u>32,653</u>
Non-current liabilities				
Borrowings		902	545	776
Restoration and rehabilitation provision		48,224	39,950	41,173
Deferred tax liability		43,462	38,355	44,507
Total non-current liabilities		<u>92,588</u>	<u>78,850</u>	<u>86,456</u>
Total liabilities		<u>112,386</u>	<u>95,286</u>	<u>119,109</u>
Net assets		<u>328,716</u>	<u>352,299</u>	<u>342,139</u>
Equity				
Share capital		381,572	374,556	377,662
Reserves		(19,938)	(18,507)	(25,566)
Retained earnings		(32,918)	(3,750)	(9,957)
Total equity		<u>328,716</u>	<u>352,299</u>	<u>342,139</u>

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11

New Zealand Oil & Gas Limited
Condensed Statement of Changes in Equity
For the half-year ended 31 December 2014

	Attributable to equity holders of New Zealand Oil & Gas Limited			
	Issued capital	Reserves	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	370,711	(16,539)	3,822	357,994
Comprehensive income				
Profit for the period	-	-	4,003	4,003
Other comprehensive income, net of tax				
Fair value gain through other comprehensive income	-	480	-	480
Foreign currency translation differences	-	(2,537)	-	(2,537)
Total comprehensive income	-	(2,057)	4,003	1,946
Transactions with owners				
Shares issued	3,845	-	-	3,845
Share based payment	-	107	-	107
Transfer of expired share based payments during the period	-	(18)	18	-
Dividend paid (3 cents per ordinary share)	-	-	(11,593)	(11,593)
Supplementary dividend	-	-	(1,246)	(1,246)
Foreign investor tax credit	-	-	1,246	1,246
Unaudited balance as at 31 December 2013	<u>374,556</u>	<u>(18,507)</u>	<u>(3,750)</u>	<u>352,299</u>
Balance as at 1 January 2014	374,556	(18,507)	(3,750)	352,299
Comprehensive income				
Profit for the period	-	-	6,075	6,075
Other comprehensive income, net of tax				
Fair value loss through other comprehensive income	-	(2,571)	-	(2,571)
Foreign currency translation differences	-	(4,233)	-	(4,233)
Total comprehensive income	-	(6,804)	6,075	(729)
Transactions with owners				
Shares issued	3,106	-	-	3,106
Share based payment	-	47	-	47
Transfer of expired share based payments during the period	-	(302)	302	-
Dividend paid (3 cents per ordinary share)	-	-	(12,584)	(12,584)
Supplementary dividend	-	-	223	223
Foreign investor tax credit	-	-	(223)	(223)
Audited balance as at 30 June 2014	<u>377,662</u>	<u>(25,566)</u>	<u>(9,957)</u>	<u>342,139</u>
Balance as at 1 July 2014	377,662	(25,566)	(9,957)	342,139
Comprehensive income				
Loss for the period	-	-	(10,468)	(10,468)
Other comprehensive income, net of tax				
Fair value loss through other comprehensive income	-	(5,172)	-	(5,172)
Foreign currency translation differences	-	10,768	-	10,768
Total comprehensive income	-	5,596	(10,468)	(4,872)
Transactions with owners				
Shares issued	3,910	-	-	3,910
Share based payment	-	32	-	32
Transfer of expired share based payments during the year	-	-	-	-
Dividends paid (3 cents per ordinary share)	-	-	(12,493)	(12,493)
Supplementary dividend	-	-	-	-
Foreign investor tax credit	-	-	-	-
Unaudited balance as at 31 December 2014	<u>381,572</u>	<u>(19,938)</u>	<u>(32,918)</u>	<u>328,716</u>

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11

New Zealand Oil & Gas Limited
Condensed Statement of Cash Flows
For the half-year ended 31 December 2014

	Unaudited Half Year 31 December 2014 \$'000	Unaudited Half Year 31 December 2013 \$'000	Audited Full Year 30 June 2014 \$'000
Notes			
Cash flows from operating activities			
Receipts from customers	53,490	63,035	108,560
Interest received	2,140	1,889	4,170
Insurance proceeds received	-	9,000	-
Other revenue	-	120	9,992
Production expenditure	(13,642)	(8,031)	(19,574)
Payments to suppliers and employees (inclusive of GST)	(8,968)	(5,579)	(2,198)
Interest paid	(10)	-	-
Income taxes paid	(6,535)	(2,001)	(2,510)
Royalties	(3,764)	(6,159)	(10,487)
Net cash inflow/(outflow) from operating activities	22,711	52,274	87,953
Cash flows from investing activities			
Exploration and evaluation expenditure	(18,359)	(23,747)	(74,883)
Oil and gas asset expenditure	(5,343)	(1,356)	(1,384)
Refund/(deposit) of Performance bond	-	(465)	(1,097)
Purchase of oil and gas interest	-	(7,733)	(7,733)
Purchase of property, plant and equipment	(448)	(462)	(1,486)
Purchase of available for sale investments	(14,718)	-	-
Other	(159)	-	-
Net cash (outflow)/inflow from investing activities	(39,027)	(33,763)	(86,583)
Cash flows from financing activities			
Issues of shares	37	437	20
Proceeds from sale of forfeited shares	274	-	506
Repayment of borrowings	-	-	-
Dividends paid	(8,894)	(9,432)	(18,776)
Other	-	-	(1)
Net cash (outflow)/inflow from financing activities	(8,583)	(8,995)	(18,251)
Net (decrease)/increase in cash and cash equivalents	(24,899)	9,516	(16,881)
Cash and cash equivalents at the beginning of the period	135,075	158,018	158,018
Effects of exchange rate changes on cash and cash equivalents	5,001	(3,323)	(6,062)
Cash and cash equivalents at end of the period	115,177	164,211	135,075

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11

New Zealand Oil & Gas Limited
Reconciliation of profit
For the half-year ended 31 December 2014

Reconciliation of profit for the period to net cash flows from operating activities

	Unaudited Half Year 31 December 2014 \$'000	Unaudited Half Year 31 December 2013 \$'000	Audited Full Year 30 June 2014 \$'000
(Loss)/profit for the period	(10,468)	4,003	10,078
Depreciation and amortisation	14,659	13,455	28,563
Deferred Tax	(1,045)	1,201	7,401
Exploration expenditure and asset impairment	26,577	12,553	30,036
Share based payment expense	32	107	154
Net foreign exchange differences	(770)	2,417	4,438
Other	2,143	628	1,763
Change in operating assets and liabilities			
(Decrease)/increase in trade debtors	(431)	14,397	5,526
(Decrease)/increase in trade creditors	(1,504)	3,513	8,998
(Decrease)/increase in inventory	-	-	(5,490)
(Decrease)/increase in tax payable	(6,482)	-	(3,514)
Net cash inflow from operating activities	22,711	52,274	87,953

The above consolidated statement should be read in conjunction with the accompanying notes on pages 7 to 11

1 General information

New Zealand Oil & Gas Limited (the Company) is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) and Australian Stock Exchange (ASX). The Company is an issuer for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013.

The condensed interim financial statements (hereafter referred to as the "financial statements") presented herewith as at and for the half year ended 31 December 2014 comprise the Company and its subsidiaries and the Group's interest in associates and jointly controlled entities (together referred to as the "Group").

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014.

These financial statements have been approved for issue by the Board of Directors on 17 February 2015.

2 Summary of significant accounting policies

This condensed interim financial information for the half year ended 31 December 2014 has been prepared in accordance with New Zealand Generally Accepted Accounting Practices (NZ GAAP) and the NZ IAS 34 *Interim Financial Reporting*, as appropriate for profit oriented entities.

Foreign currency translation reserve

Some of the subsidiaries of the Group have USD functional currencies that are different to the presentation currency. Upon translation to presentation currency these give rise to foreign exchange differences which are recognised as a component of equity.

Changes in accounting policies

There have been no changes in accounting policies during the current year. The adoption of the accounting standards effective during the period have not resulted in a significant change to the Group accounting policies from prior years. All other accounting policies have been applied on a basis consistent with the prior year.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2014.

3 Segment information

Unaudited Half year to 31 December 2014	Oil & Gas Tui \$'000	Oil & Gas Kupe \$'000	Oil & Gas Exploration \$'000	Other & Unallocated \$'000	Total \$'000
Sales to external customers - NZ	-	20,963	-	-	20,963
Sales to external customers - other countries	22,659	10,470	-	-	33,129
Total sales revenue	22,659	31,433	-	-	54,092
Other income	-	1,179	-	137	1,316
Total revenue and other income	22,659	32,612	-	137	55,408
Impairment of oil and gas assets	(13,116)	-	-	-	(13,116)
Segment result	(7,115)	15,241	(13,242)	(5,887)	(11,003)
Reversal of impairment on other financial assets	-	-	-	1,700	1,700
Other reconciling items - other net finance costs					1,144
Loss before income tax and royalties					(8,159)
Income tax and royalties expense					(2,309)
Loss for the period					(10,468)
Segment assets	58,016	152,127	51,744	17,722	279,609
Other reconciling items					161,493
Total assets					441,102
Included in segment results:					
Depreciation and amortisation expense	3,902	10,549	-	208	14,659

Unaudited Half year to 31 December 2013	Oil & Gas Tui \$'000	Oil & Gas Kupe \$'000	Oil & Gas Exploration \$'000	Other & Unallocated \$'000	Total \$'000
Sales to external customers - NZ	-	21,692	-	-	21,692
Sales to external customers - other countries	13,385	16,342	-	-	29,727
Total sales revenue	13,385	38,034	-	-	51,419
Other income	-	45	-	126	171
Total revenue and other income	13,385	38,079	-	126	51,590
Segment result	6,937	19,826	(12,553)	(4,389)	9,821
Other reconciling items - other net finance costs					(202)
Profit before income tax and royalties					9,619
Income tax and royalties expense					(5,616)
Profit for the period					4,003
Segment assets	31,510	170,040	54,959	10,412	266,921
Other reconciling items					180,664
Total assets					447,585
Included in segment results:					
Depreciation and amortisation expense	2,459	10,913	-	83	13,455

Audited Full year to 30 June 2014	Oil & Gas Tui \$'000	Oil & Gas Kupe \$'000	Oil & Gas Exploration \$'000	Other & Unallocated \$'000	Total \$'000
Sales to external customers - NZ	-	46,615	-	-	43,615
Sales to external customers - other countries	27,700	32,307	-	-	60,007
Total sales revenue	27,700	75,922	-	-	103,622
Other income	139	10,720	-	899	11,758
Total revenue and other income	27,839	86,642	-	899	115,380
Segment result	14,752	51,585	(29,529)	(9,328)	27,480
Other reconciling items - other net finance costs					(2,366)
Profit before income tax and royalties					25,114
Income tax and royalties expense					(15,036)
Profit for the year					10,078
Segment assets	64,351	159,450	54,927	7,437	286,165
Other reconciling items					175,083
Total assets					461,248
Included in segment results:					
Depreciation and amortisation expense	6,249	21,924	-	390	28,563

4 Operating Costs

	Unaudited Half Year 31 December 2014	Unaudited Half Year 31 December 2013	Audited Full Year 30 June 2014
	\$'000	\$'000	\$'000
Production expenditure	12,721	9,997	22,669
Amortisation of production asset	14,451	13,372	27,935
Carbon emission expenditure	13	13	33
Insurance expenditure	1,081	932	1,772
Movement in inventory	4,600	(1,212)	(6,355)
Movement in stock over/(under) lift	329	1,604	1,679
Total operating costs	33,195	24,706	47,733

5 Oil and gas interests

	Unaudited Half Year 31 December 2013 \$'000	Unaudited Half Year 31 December 2013 \$'000	Audited Full Year 30 June 2014 \$'000
Share of oil and gas interests' assets and liabilities			
Current assets			
Cash and cash equivalents	9,370	9,936	7,527
Trade receivables *	2,082	636	3,848
Inventory	465	2,008	581
Non current assets			
Petroleum interests **	431,005	393,025	426,480
Total assets	442,922	405,605	438,436
Current liabilities			
Short-term liabilities	8,760	9,708	17,410
Total liabilities	8,760	9,708	17,410
Net assets	434,162	395,897	421,026
Share of oil and gas interests' revenue, expenses and results			
Revenues *	179	33	218
Expenses	(11,706)	(19,579)	(19,410)
Profit before income tax	(11,527)	(19,546)	(19,192)

* Trade receivables and revenues above do not include petroleum sales in relation to the Tui and Kupe fields, as the Group's share of production volumes are transferred from the Joint Venture to wholly owned subsidiaries and invoiced directly by the subsidiaries to third parties.

** Prior to amortisation of production assets and borrowings.

6 Exploration and evaluation assets

Exploration and evaluation expenditure costs capitalised represents an accumulation of costs incurred in relation to separate areas of interest for which rights of tenure are current and in respect of which: (i) Such costs are expected to be recouped through successful development of the area of interest, or alternatively, by its sale; or (ii) Exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment and/or evaluation of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the areas of interest are continuing.

Capitalised exploration and evaluation expenditure are impaired and an impairment loss is recognised in the income statement under the successful efforts method of accounting, in the period that exploration work demonstrates that an area of interest or any part thereof is no longer prospective for economically recoverable reserves or when the decision to abandon an area of interest is made. An area of interest is defined by the Group as being a permit area where rights of tenure are current.

Upon determining technical feasibility and commercial viability of an area of interest exploration and evaluation assets for the area of interest in question is transferred to development assets. No amortisation is provided for in respect of exploration and evaluation assets.

The recoverability of exploration and evaluation assets is contingent upon facts, such as technical success and commercial development, sale of the area of interest, the results of further exploration, agreements entered into with other parties, and also upon meeting commitments under the terms of permits granted and joint venture agreements.

Expenditure incurred prior to obtaining the rights of tenure in relation to separate areas of interest are expensed in the period in which they are incurred.

	Unaudited Half Year 31 December 2014 \$'000	Unaudited Half Year 31 December 2013 \$'000	Audited Full Year 30 June 2014 \$'000
Opening balance	54,927	44,480	44,480
Expenditure capitalised	7,799	24,327	81,292
Revaluation of USD exploration and evaluation assets	2,479	(1,295)	(4,393)
Expenditure written off*	(13,461)	(12,553)	(29,529)
Transfer of exploration and evaluation assets to development	-	-	(36,923)
Closing balance	51,744	54,959	54,927

* The expenditure written off during the year relates to the following relinquished permits:

PEP 52593 [Taranga]
PEP 53473 [Takapou]

7 Oil and gas assets

	Unaudited Half Year 31 December 2014 \$'000	Unaudited Half Year 31 December 2013 \$'000	Audited Full Year 30 June 2014 \$'000
Opening balance	223,801	198,634	198,634
Expenditure capitalised	4,239	6,707	8,796
Impairment *	(13,116)	-	(857)
Amortisation for the period	(14,432)	(13,372)	(27,935)
Depreciation for the period	(19)	-	(238)
Revaluation of USD production assets	7,596	(934)	(2,759)
Abandonment provision	2,074	10,515	11,237
Transfer from exploration and evaluation assets	-	-	36,923
Closing balance	210,143	201,550	223,801

*At 31 December 2014 the Group assessed each asset to determine whether an indicator of impairment existed. Indicators of impairment include changes in future selling prices, future costs and reserves. As a result, the recoverable amounts of oil and gas assets were estimated resulting in an impairment loss of \$13.1 million (31 December 2013: nil, 30 June 2014: nil) in relation to the Tui oil and gas asset. The associated impairment was included in Asset impairment in the Condensed Statement of Income.

Estimates of recoverable amounts of oil and gas assets are based on their value in use with a discount rate of 10% applied.

8 Other financial assets

On 22nd December 2014 the Group purchased a 19.99% shareholding in ASX-listed exploration and production company Cue Energy Resources Limited for AUD\$13.96 million. The investment is classified as available for sale and as such is recognised at fair value.

An impairment reversal of \$1.7m has been recognised in relation to a distribution expected from the receivers of Pike River Coal Limited. The impairment reversal is included in Finance income in the Condensed Statement of Income.

9 Related parties

Mr Duncan Saville, a director of the Company, is a director and shareholder of Zeta Energy PTE which has shareholdings in Cue Energy Resources Limited and Pan Pacific Petroleum NL.

Certain directors of the Company have relevant interests in companies with which the Company has transactions in the normal course of business.

A number of directors are also non-executive directors of other companies. Any transactions undertaken with these entities have been entered into as part of the ordinary business of the Company.

There have been no other material transactions or changes in activities in the period.

10 Commitments and contingent assets and liabilities

(a) Evaluation and Exploration expenditure commitments

In order to maintain the various permits in which the Group is involved the Group has ongoing operational expenditure as part of its normal operations. The actual costs will be dependent on a number of factors such as joint venture decisions including final scope and timing of operations.

(b) Production commitments

The Company is committed to certain operational commitments in respect of the Tui Joint Venture. These operational commitments relate to costs that are integral parts of the Floating Production Storage and Offtake (FPSO) vessel until 31 December 2015 with an option to extend to 31 December 2022 via one year renewal terms. The total committed by NZOG to the FPSO charter and operating and maintenance contracts for the initial period to 31 December 2015 is currently estimated to be US\$9.3 million.

(c) Contingent liabilities

As at 31 December 2014 the Company had no contingent liabilities (30 June 2014: nil).

11 Events after balance date

On 29 January 2015 the Company announced that it had received final High Court orders approving a return of capital by way of a Scheme of Arrangement under Part 15 of the Companies Act 1993. The Company will cancel 1 in every 5 ordinary shares and pay NZ\$0.75 per ordinary share cancelled. Payments will be made within five business days of the date for determining the entitlements of shareholders to participate in the Scheme (13 February 2015). In total, shareholders will receive approximately NZ\$63.2 million.

On 12 February 2015 the Company announced that it is making an unconditional takeover offer for ASX-listed Cue Energy Resources Limited. The on-market cash offer of A\$0.10 per share expires at the end of trading on the ASX on 27 March 2015.



Independent review report

To the shareholders of New Zealand Oil & Gas Limited

We have completed a review of the condensed interim financial statements (the “financial statements”) of New Zealand Oil & Gas Limited (“the Group”) on pages 2 to 11 which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Directors’ responsibilities

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

Our responsibilities

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

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

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

Our firm has also provided other services to the Group in relation to taxation, general accounting and advisory services. These matters have not impaired our independence as assurance practitioners of the Group. The firm has no other relationship with, or interest in, the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and of its financial performance and its cash flows for the period ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting*.

A handwritten signature in blue ink that reads 'KPMG'.

17 February 2015
KPMG