The New Zealand Refining Company Limited Group

Consolidated Financial Statements

For the year ended

31 December 2017

Contents

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	GROUP 2017 $000	GROUP 2016 $000
INCOME			
Operating revenue	2	**411,611**	353,629
Other income	2	**3,009**	527
TOTAL INCOME		**414,620**	354,156
EXPENSES			
Purchase of process materials and utilities	2	**70,391**	69,294
Materials and contractor payments	2	**30,997**	26,780
Wages, salaries and benefits	2	**59,049**	57,523
Depreciation and disposal costs	2, 10	**96,146**	87,233
Administration and other costs	2	**33,834**	33,306
TOTAL EXPENSES		**290,417**	274,136
NET PROFIT BEFORE FINANCE COSTS		**124,203**	80,020
FINANCE COSTS			
Finance income	2	**(244)**	(151)
Finance cost	2	**13,991**	15,677
NET FINANCE COSTS	2	**13,747**	15,526
Net profit before income tax		**110,456**	64,494
Less income tax	4	**31,926**	17,020
NET PROFIT AFTER INCOME TAX		**78,530**	47,474
ATTRIBUTABLE TO:			
Owners of the Parent		**78,530**	47,177
Non-controlling interest		**-**	297
		78,530	47,474

		CENTS	CENTS
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE NEW ZEALAND REFINING COMPANY LIMITED			
Basic and diluted earnings per share	5	**25.1**	15.1

THE ABOVE CONSOLIDATED INCOME STATEMENT IS TO BE READ IN CONJUNCTION WITH THE NOTES ON PAGES 8 TO 57.

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Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	GROUP 2017 $000	GROUP 2016 $000
NET PROFIT AFTER INCOME TAX		**78,530**	47,474
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to the Income Statement			
Defined benefit plan actuarial loss	18(k)	**(2,802)**	(4,566)
Deferred tax on defined benefit actuarial loss	4	**785**	1,278
Total items that will not be reclassified to the Income Statement		**(2,017)**	(3,288)
Items that may be subsequently reclassified to the Income Statement			
Movement in cash flow hedge reserve		**2,403**	(476)
Deferred tax on movement in cash flow hedge reserve	4	**(673)**	133
Total items that may be subsequently reclassified to the Income Statement		**1,730**	(343)
TOTAL OTHER COMPREHENSIVE LOSS, AFTER INCOME TAX		**(287)**	(3,631)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER INCOME TAX		**78,243**	43,843
ATTRIBUTABLE TO:			
Owners of the Parent		**78,243**	43,546
Non-controlling interest		**-**	297
		78,243	43,843

THE ABOVE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IS TO BE READ IN CONJUNCTION WITH THE NOTES ON PAGES 8 TO 57.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2017

	NOTE	GROUP 2017 $000	GROUP 2016 $000
ASSETS			
Cash and cash equivalents	15	**17,557**	1,675
Trade and other receivables	14	**156,694**	142,558
Derivative financial instruments	20	**1,193**	-
Inventories	16	**2,228**	2,329
TOTAL CURRENT ASSETS		**177,672**	146,562
NON-CURRENT ASSETS			
Inventories	16	**17,972**	17,515
Property, plant and equipment	10	**1,128,933**	1,121,097
Intangibles	10	**8,148**	4,425
TOTAL NON-CURRENT ASSETS		**1,155,053**	1,143,037
TOTAL ASSETS		**1,332,725**	1,289,599
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**176,199**	140,932
Income tax payable		**8,453**	3,268
Bank borrowings	8	**-**	69,500
Finance lease liabilities	9	**222**	-
Employee benefits	18	**10,281**	10,337
Derivative financial instruments	20	**137**	334
TOTAL CURRENT LIABILITIES		**195,292**	224,371
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4	**123,124**	119,570
Employee benefits	18	**29,623**	24,268
Restoration provision	12	**9,888**	8,624
Finance lease liabilities	9	**2,473**	-
Bank borrowings	8	**170,000**	150,000
Derivative financial instruments	20	**9,550**	10,563
TOTAL NON-CURRENT LIABILITIES		**344,658**	313,025
TOTAL LIABILITIES		**539,950**	537,396
NET ASSETS		**792,775**	752,203

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Consolidated Balance Sheet

AS AT 31 DECEMBER 2017

	NOTE	GROUP 2017 $000	GROUP 2016 $000
EQUITY			
Contributed equity	6	**265,771**	265,771
Treasury Stock	6, 21	**(678)**	(308)
Employee share entitlement reserve	6, 21	**429**	228
Cash flow hedge reserve	6	**(6,116)**	(7,846)
Retained earnings		**533,369**	494,358
Total Equity		**792,775**	752,203

THE BOARD OF DIRECTORS OF THE NEW ZEALAND REFINING COMPANY LIMITED AUTHORISED THESE CONSOLIDATED FINANCIAL STATMENTS FOR ISSUE ON 27 FEBRUARY 2018.

For and on behalf of the Board:

S C Allen
Director

M Tume
Director

THE ABOVE CONSOLIDATED BALANCE SHEET IS TO BE READ CONJUNCTION WITH THE NOTES ON PAGES 8 TO 57.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

GROUP	NOTE	CONTRIBUTED EQUITY $000	TREASURY STOCK $000	EMPLOYEE SHARE SCHEME ENTITLEMENT RESERVE $000	CASH FLOW HEDGE RESERVE $000	RETAINED EARNINGS $000	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
AT 1 JANUARY 2016		265,771	-	75	(7,503)	523,125	781,468	727	782,195
COMPREHENSIVE INCOME									
Net profit after income tax		-	-	-	-	47,177	47,177	297	47,474
Other comprehensive income									
Movement in cash flow hedge reserve	20	-	-	-	(476)	-	(476)	-	(476)
Defined benefit actuarial loss	18(k)	-	-	-	-	(4,566)	(4,566)	-	(4,566)
Deferred tax on other comprehensive income		-	-	-	133	1,278	1,411	-	1,411
TOTAL OTHER COMPREHENSIVE LOSS, AFTER INCOME TAX		-	-	-	(343)	(3,288)	(3,631)	-	(3,631)
TRANSACTIONS WITH OWNERS OF THE PARENT									
Equity-settled share-based payments	21	-	-	153	-	-	153	-	153
Treasury shares purchased		-	(308)	-	-	-	(308)	-	(308)
Unclaimed dividends written back		-	-	-	-	12	12	-	12
Acquisition of non-controlling interest		-	-	-	-	(775)	(775)	(869)	(1,644)
Dividends paid	7	-	-	-	-	(71,893)	(71,893)	(155)	(72,048)
TOTAL TRANSACTIONS WITH OWNERS OF THE PARENT		-	(308)	153	-	(72,656)	(72,811)	(1,024)	(73,835)
AT 31 DECEMBER 2016		265,771	(308)	228	(7,846)	494,358	752,203	-	752,203

THE ABOVE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IS TO BE READ IN CONJUNCTION WITH THE NOTES ON PAGES 8 TO 57.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	CONTRIBUTED EQUITY	TREASURY STOCK	EMPLOYEE SHARE SCHEME ENTITLEMENT RESERVE	CASH FLOW HEDGE RESERVE	RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
		$000	$000	$000	$000	$000	$000	$000	$000
AT 1 JANUARY 2017		265,771	(308)	228	(7,846)	494,358	752,203	-	752,203
COMPREHENSIVE INCOME									
Net profit after income tax		-	-	-	-	78,530	78,530	-	78,530
Other comprehensive income									
Movement in cash flow hedge reserve	20	-	-	-	2,403	-	2,403	-	2,403
Defined benefit actuarial loss	18(k)	-	-	-	-	(2,802)	(2,802)	-	(2,802)
Deferred tax on other comprehensive income		-	-	-	(673)	785	112	-	112
TOTAL OTHER COMPREHENSIVE LOSS, AFTER INCOME TAX		-	-	-	1,730	(2,017)	(287)	-	(287)
TRANSACTIONS WITH OWNERS OF THE PARENT									
Equity-settled share-based payments	21	-	-	201	-	-	201	-	201
Treasury shares purchased	21	-	(370)	-	-	-	(370)	-	(370)
Unclaimed dividends written back		-	-	-	-	7	7	-	7
Dividends paid	7	-	-	-	-	(37,509)	(37,509)	-	(37,509)
TOTAL TRANSACTIONS WITH OWNERS OF THE PARENT		-	(370)	201	-	(37,502)	(37,671)	-	(37,671)
AT 31 DECEMBER 2017		265,771	(678)	429	(6,116)	533,369	792,775	-	792,775

THE ABOVE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IS TO BE READ IN CONJUNCTION WITH THE NOTES ON PAGES 8 TO 57.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	GROUP 2017 $000	GROUP 2016 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**422,036**	356,773
Payment for supplies and other expenses		**(128,785)**	(133,629)
Payments to employees		**(56,350)**	(54,950)
CASH GENERATED FROM OPERATIONS		**236,901**	168,194
Interest received		**244**	151
Interest paid		**(14,068)**	(14,871)
GST paid		**(2,004)**	(618)
Income tax paid		**(23,075)**	(25,076)
		(38,903)	(40,414)
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	**197,998**	127,780
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(94,570)**	(81,162)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(94,570)**	(81,162)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments of)/proceeds from bank borrowings		**(49,500)**	19,500
Unclaimed dividends		**7**	-
Dividends paid to shareholders	7	**(37,509)**	(71,893)
Dividends paid to non-controlling interest		**-**	(155)
Finance lease		**(174)**	-
Purchase of treasury stock		**(370)**	(308)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(87,546)**	(52,856)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**15,882**	(6,238)
Cash and cash equivalents at the beginning of the year		**1,675**	7,913
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**17,557**	1,675
CLASSIFIED AS:			
Cash and cash equivalents		**17,557**	1,675
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**17,557**	1,675

THE ABOVE CONSOLIDATED STATEMENT OF CASH FLOWS IS TO BE READ IN CONJUNCTION WITH THE NOTES PAGES 8 TO 57.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

(a) REPORTING ENTITY

The reporting entity is the consolidated group comprising The New Zealand Refining Company Limited ('Parent' or 'Company') and its subsidiary, Independent Petroleum Laboratory Limited. The New Zealand Refining Company is a limited liability company incorporated and domiciled in New Zealand with its registered office at Marsden Point, Whangarei, New Zealand.

The Parent operates New Zealand's only oil refinery at Marsden Point near Whangarei as a toll refiner, and owns and operates a pipeline, running from the refinery at Marsden Point to Wiri, located in South Auckland, transporting refined fuels for consumption within the Auckland market. The subsidiary provides specialised fuels, biofuels, and industrial and environmental laboratory testing services.

The New Zealand Refining Company Limited is registered under the Companies Act 1993, is listed on the New Zealand Stock Exchange (NZX) and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 ('FMC Act 2013').

These consolidated financial statements were approved by the Directors on 27 February 2018.

(b) BASIS OF PREPARATION

These financial statements have been prepared in accordance with:

- The Financial Markets Conduct Act 2013;
- The NZX Main Board Listing Rules;
- Generally Accepted Accounting Practice (NZGAAP);
- New Zealand equivalents to the International Financial Reporting Standards ('NZ IFRS'), International Financial Reporting Standards (IFRS) and other authoritative pronouncements of the External Reporting Board, as appropriate for for-profit entities.

The consolidated financial statements are prepared on the basis of historical cost, except for derivative financial instruments and plan assets (included in the net defined benefit pension plan liability) which are measured at fair value.

The consolidated financial statements are prepared on a GST exclusive basis, except for receivables and payables which are GST inclusive.

Functional and presentation currency

These financial statements are presented in New Zealand dollars ($) which is the Group's functional currency, and the financial information has been rounded to the nearest thousand dollars ($000), unless otherwise stated.

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Use of judgements and estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies. 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.

In the process of applying the Group's accounting policies, the following areas involve judgement and assumptions that can significantly affect the amounts recognised in the financial statements:

- Inventory obsolescence provision – refer to note 16;
- Recoverability of the capital work in progress, and useful lives of property, plant and equipment – refer to note 10;
- Defined benefit pension plan obligation – refer to note 18;
- Restoration provision – refer to note 12.

Significant estimates are designated by a E symbol in the notes to the financial statements.

(c) SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are disclosed within each of the applicable notes to the financial statements and are designated by a P symbol.

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

New and amended standards adopted by the Group

The Group has applied the following applicable standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Disclosure initiative – amendments to IAS 7 (mandatory for the year ending 31 December 2017), and
- IFRS 9 *Financial Instruments (2014)* (mandatory for the year ending 31 December 2018).

Other new and amended standards mandatory for the year ending 31 December 2017 were not applicable to the Group.

The adoption of the amendments to IAS 7 and early adoption of NZ IFRS 9 did not have any impact on the amounts recognised in prior periods.

The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities, see note 15 for relevant disclosures.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NZ IFRS 9 replaced the provisions of NZ IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also amends other standards dealing with financial instruments such as NZ IFRS 7 *Financial Instruments: Disclosures*.

The early adoption of NZ IFRS 9 has not materially impacted the classification and measurement of financial instruments in the prior periods and the Group's retained earnings. From 1 January 2017 the Group classifies its financial assets and liabilities in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss, and
- those to be measured at amortised cost.

The classification of financial instruments has not resulted in any reclassifications between measurement categories for the Group's financial assets and liabilities. The derivative financial instruments remained as measured at fair value through other comprehensive income, and other financial instruments (including cash and cash equivalents, trade and other receivables, trade and other payables, bank borrowings) are measured at amortised cost.

The foreign exchange forward contract hedges and interest rate swaps in place as at 31 December 2017 qualify as cash flow hedges under IFRS 9. The Group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and are thus treated as continuing hedges.

For the accounting policies relating to the classification and measurement of the financial instruments, refer to notes 8, 9, 14, 15, 17 and 20.

New and amended standards not yet effective and not early adopted by the Group

The International Accounting Standards Board has issued a number of standards, amendments and interpretations which are not yet effective and which may have an impact on the Group's financial statements, including:

- NZ IFRS 15 *'Revenue from Contracts with Customers'*, mandatory for the year ending 31 December 2018;

  The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

  Management has assessed the effects of applying the new standard on the Group's financial statements with relation to the Processing Fee Agreements with the oil companies. The analysis covered main revenue streams such as processing fees, distribution revenue and natural gas recovery, identified as separate performance obligations, which account for 95% of the Group's operating revenue. In 2018 the Group will undertake a review of the other sales contracts that remain in force at 31 December 2018.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

The assessment involved revenue subject matter experts and external consultants providing assistance in the review of the contracts and assessment of the impact of the new standards on the Group's revenue recognition policy.

Based on the detailed assessment performed, there will be no significant impact on revenue recognition by the Group as a result of this standard being adopted.

- NZ IFRS 16 *'Leases'*, mandatory for the year ending 31 December 2019.

IFRS 16 was issued in February 2016. It will result in more leases being recognised on the balance sheet for lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions applicable for the Group are short-term and low-value leases. The accounting treatment for lessors will not significantly change.

The standard will primarily affect the accounting for the Group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $3.6 million (2016: $4.5 million) as disclosed in note 13. Management has reviewed 86% of the Group lease contracts that will be in force at 31 December 2019, being the six material lease arrangements, to assess the impact of the new accounting standards on the Group's financial results. The assessment involved lease subject matter experts and external consultants. Based on the detailed analysis the Group estimated that the majority of the leases will be recognised in the balance sheet from 2019 onwards, with the approximate value as at 31 December 2019:

	$million
• Right of use assets	3.5
• Lease liabilities	(3.2)
• Provisions	(0.5)

The impact on the statement of financial performance for the year ended 31 December 2019 amounts to $0.2 million, and involves a reclassification from operating expenses to depreciation and interest expense.

The analysis above does not cover finance leases which will only be reclassified in the consolidated statement of financial position.

The Group expects to apply the simplified retrospective transition approach under which comparative periods in the financial statements will not be restated.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

PERFORMANCE

This section focuses on Refining NZ's financial performance and the returns provided to equity holders. The following notes are included:

1 Segment reporting

(a) Identification and description of reportable segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Leadership Team, identified as the chief operating decision-maker. The Leadership Team reviews the Group's internal reporting of oil refining and distribution separately in order to assess their performance and allocate resources. The operating segments, based on these reports are as follows:

Oil Refining
The Parent owns and operates an oil refinery located at Marsden Point, 160 kilometres north of Auckland. The oil refinery is able to process a wide range of crude oil types imported from around the world.

Distribution
The Parent owns infrastructure to support the distribution of manufactured products to its customers. The Refinery to Auckland pipeline transfers product to the Wiri Oil terminal located in South Auckland (refer note 3).

Other
Other includes the subsidiary Company operations and properties. These have not been included in a reportable segment as they are not separately reported to the Leadership Team.

Sales between segments are carried out at arm's length and represent charges by the subsidiary Company (included in "Other") to Oil Refining. The revenue from external parties reported to the Leadership Team is measured in a manner consistent with that in the Income Statement. All revenue is generated in New Zealand.

Revenue derived from major customers, and the relevant operating segments is disclosed in note 3.

(b) Reporting measures

The performance of the operating segments is based on net profit after income tax. This information is measured in a manner consistent with that in the consolidated financial statements.

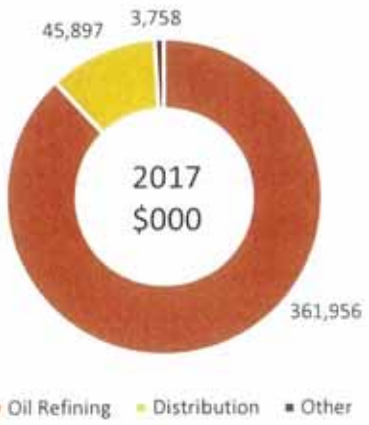
Notes to the Financial Statements

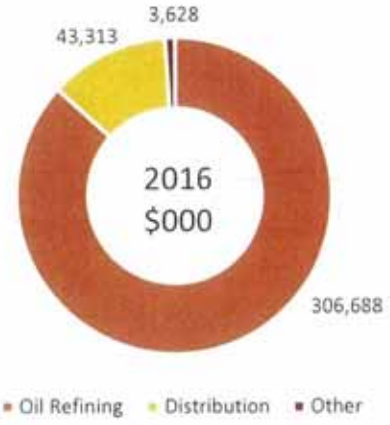
FOR THE YEAR ENDED 31 DECEMBER 2017

The Group manages assets and liabilities on a central basis and therefore does not provide any segment information of this nature.

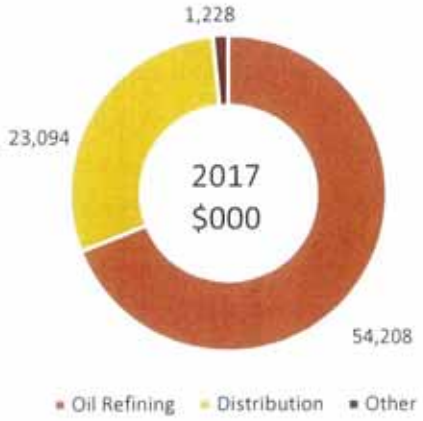
(c) Segment results

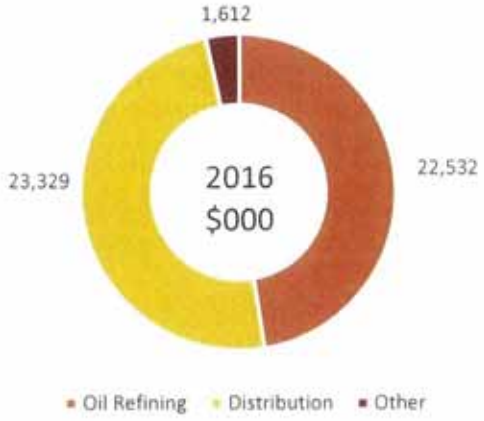
Revenue from external customers ($000)





Net profit after income tax ($000)





Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

31 DECEMBER 2017	OIL REFINING	DISTRIBUTION	OTHER	TOTAL
	$000	$000	$000	$000
Total operating revenue	361,956	45,897	8,915	416,768
Inter-segment revenue	-	-	(5,157)	(5,157)
REVENUE FROM EXTERNAL CUSTOMERS	361,956	45,897	3,758	411,611
Other income	-	2,914	95	3,009
Finance income	240	-	4	244
Finance cost	(13,966)	-	(25)	(13,991)
Depreciation and disposal costs	(88,823)	(6,868)	(455)	(96,146)
Income tax	(22,410)	(8,981)	(535)	(31,926)
Net profit after income tax	54,208	23,094	1,228	78,530

31 DECEMBER 2016	OIL REFINING	DISTRIBUTION	OTHER	TOTAL
	$000	$000	$000	$000
Total operating revenue	306,688	43,313	8,720	358,721
Inter-segment revenue	-	-	(5,092)	(5,092)
REVENUE FROM EXTERNAL CUSTOMERS	306,688	43,313	3,628	353,629
Other income	-	-	527	527
Finance income	147	-	4	151
Finance cost	(15,652)	-	(25)	(15,677)
Depreciation and disposal costs	(79,922)	(6,868)	(443)	(87,233)
Income tax	(7,511)	(9,073)	(436)	(17,020)
Net profit after income tax	22,532	23,329	1,612	47,474

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Specific accounting policies are as follows:

Processing fee (oil refining) revenue
Processing fees are recognised when the Group has processed crude oil into refined products for the customer.

Pipeline fee (distribution) revenue
Pipeline fees are recognised when the products have been transferred to the Wiri Oil terminal in South Auckland.

Operating lease income
Rental income from operating leases (including Wiri Oil terminal rental) is recognised on a straight-line basis in accordance with the substance of the relevant agreements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

Net profit before income tax includes the following income and expenses:	NOTE	GROUP 2017 $000	GROUP 2016 $000
OPERATING REVENUE			
Processing fees		**327,446**	276,590
Natural gas recovery		**24,442**	21,403
Other refining related income		**11,676**	8,695
Refining revenue		**363,564**	306,688
Distribution revenue		**37,764**	36,788
Operating lease income:			
Wiri Oil land and plant	3	**6,525**	6,525
Other		**84**	84
Other operating income		**3,674**	3,544
TOTAL OPERATING REVENUE		**411,611**	353,629
OTHER INCOME			
Other income		**3,009**	527
TOTAL OTHER INCOME		**3,009**	527
TOTAL INCOME		**414,620**	354,156
And charging:			
Process materials and utilities		**45,949**	47,891
Natural gas		**24,442**	21,403
PURCHASE OF PROCESS MATERIALS AND UTILITIES		**70,391**	69,294
Contractor payments		**22,338**	19,819
Materials		**8,683**	6,684
Obsolescence provision (released)/recognised		**(24)**	277
TOTAL MATERIALS AND CONTRACTOR PAYMENTS		**30,997**	26,780
Wages and salaries		**54,102**	52,692
Defined contribution pension plan contributions		**1,411**	1,276
Defined benefit pension plan expense	18(j)	**3,110**	3,172
Medical plan contributions	18(j)	**225**	230
Equity-settled share-based payments	21	**201**	153
TOTAL WAGES, SALARIES AND BENEFITS		**59,049**	57,523
Depreciation expense	10	**94,736**	87,177
Loss on disposal of property, plant and equipment	10	**1,410**	56
TOTAL DEPRECIATION AND DISPOSAL COSTS		**96,146**	87,233
Administration and other expenses		**4,053**	3,715
Contract services		**16,116**	14,242
Consultants		**3,708**	5,264
Insurance		**3,119**	3,334
Rates		**1,255**	1,185
Employee related costs		**3,476**	3,456

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

	GROUP 2017 $000	GROUP 2016 $000
Auditor's fees		
Audit of financial statements	**180**	147
AGM scrutineering	**6**	6
Compliance report on processing fees	**27**	32
Advisory fees for remuneration benchmarking	**9**	5
Treasury advice - the renewal of banking facilities	**35**	-
Directors' fees	**689**	742
Operating lease expenses:		
Wiri Oil land rental	**500**	500
Other	**607**	637
Donations	**54**	41
TOTAL ADMINISTRATION AND OTHER COSTS	**33,834**	33,306
Interest expense:		
Bank borrowings	**13,634**	15,255
Restoration provision finance charge	**357**	422
TOTAL FINANCE COSTS	**13,991**	15,677
Finance income:		
Interest income on short-term bank deposits	**(244)**	(151)
TOTAL FINANCE INCOME	**(244)**	(151)
NET FINANCE COSTS	**13,747**	15,526
TOTAL COSTS	**304,164**	289,662
NET PROFIT BEFORE INCOME TAX	**110,456**	64,494

Pipeline incident

As a result of the Refinery to Auckland pipeline rupture on 14 September 2017, the Parent Company incurred the cost associated with the repairs, recovery and remediation totalling to $6.0 million, included within the following cost categories:

- Materials and contractor payments ($4.3 million);
- Administration and other costs ($1.7 million).

The financial results were also impacted with reduced processing fees of $6.3 million and distribution revenue of $2.0 million directly attributable to the pipeline incident.

The Company had insurance cover for environmental damage and accounted for insurance recoveries of $2.9 million (included in Other income). Subsequent to balance date the Company was advised that its claim under the material damage and business interruption policy had been accepted by the insurers, and will be quantified by the Company in 2018.

Auditor's fees

'Audit of financial statements' include the fees for the annual audit of the financial statements of $142 thousand (2016: $132 thousand), other one-off audit related fees of $23 thousand (2016: nil) and reimbursement of travel and accommodation of $15 thousand (2016: $15 thousand).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Related parties

(a) Shareholders and other related parties

The Group enters into transactions on an arm's length basis with the oil companies, who are also shareholders of the Parent, and Wiri Oil Services Limited (Wiri Oil), a company that is owned by shareholders of the Parent.

On 17 March 2017 as part of a global portfolio review, BP sold shares in the Company amounting to 11.09% of Refining NZ's issued share capital.

Details of shareholdings at 31 December are:

	2017	2016
	%	%
BP New Zealand Holdings Limited (BP)	**10.10**	21.19
Mobil Oil NZ Limited (Mobil)	**17.20**	17.20
Z Energy Limited (Z Energy)	**15.36**	15.36

The nature, transactions and balances with the shareholders and other related parties are as follows:

(i) Revenue from related parties

Revenue from the oil refining and distribution segments is derived from the oil companies as follows:

	TRANSACTION VALUES FOR THE YEAR ENDED 31 DECEMBER		BALANCES OUTSTANDING AS AT 31 DECEMBER	
	2017	2016	2017	2016
	$000	$000	$000	$000
BP	**107,813**	88,596	**44,159**	45,913
Mobil	**98,449**	78,688	**26,679**	24,744
Z Energy	**187,622**	143,065	**79,918**	69,442
Wiri Oil	**7,000**	6,963	**204**	39
	400,884	317,312	**150,960**	140,138

Processing fees

The Group has separate processing agreements with each of the three oil companies which have been in place since 1995. They are long-term "evergreen" contracts which continue unless renegotiated or terminated by mutual consent or by a customer on one year's notice. 79% (2016: 78%) of the Group's total operating revenue is earned from processing fees charged under those agreements. Refer to note 19(a) for further details.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

Leases

The Parent leases land from Wiri Oil Services Limited (Wiri Oil) and owns the Wiri Oil terminal (plant) located on this land. The land and plant is leased back to Wiri Oil. The leases are non-cancellable operating leases, which expire in 2024 with no right of renewal. At the end of the lease term, ownership of the Wiri Oil terminal reverts to Wiri Oil Services Limited. Operating lease income and expenses are disclosed in note 2.

Excise Duty

Excise duty is collected from the Oil Companies and paid to the New Zealand Customs Service on the same day each month (refer note 17) and is included in the above balances outstanding.

(ii) Purchases of goods and services

The Group purchases sulphur, a by-product of the refining process which is on sold to third parties, and other fuels, from related parties as follows:

	TRANSACTION VALUES FOR THE YEAR ENDED 31 DECEMBER		BALANCES OUTSTANDING AS AT 31 DECEMBER	
	2017	2016	2017	2016
	$000	$000	$000	$000
BP	**522**	483	**100**	19
Mobil	**631**	487	**86**	27
Z Energy	**1,086**	1,105	**370**	114
	2,239	2,075	**556**	160

(iii) Other charges

Insurance

A portion of the Group's material damage and business interruption and contract works and liability insurance is held by companies related to shareholders.

Administration fees

Effective 1 January 2017, the administration of The New Zealand Refining Company Pension Fund, previously carried out by the Parent Company, was outsourced to Melville Jessup Weaver (for a description of this plan see note 18).

	TRANSACTION VALUES FOR THE YEAR ENDED 31 DECEMBER		BALANCES OUTSTANDING AS AT 31 DECEMBER	
	2017	2016	2017	2016
	$000	$000	$000	$000
Insurance premiums				
BP - Jupiter Insurance Ltd	**395**	437	-	-
Administration fees				
The New Zealand Refining Company Pension Fund	-	25	-	6
	395	462	-	6

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

(b) Directors' fees and key management personnel compensation

Directors' fees are disclosed in note 2.

Key management personnel include all members of the Leadership Team.

	GROUP 2017 $000	GROUP 2016 $000
Salaries and other short-term employee benefits	**4,019**	3,720
Post-employment benefits	**149**	155
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	**4,168**	3,875
Number of personnel at 31 December	**8**	10

Key management personnel compensation in 2017 includes compensations paid to two retiring members of the Leadership Team.

The above analysis is compiled on a cash basis; variable performance rewards (linked to individual and business performance for a financial reporting period) are paid subsequent to balance date and reported as part of payments to key management personnel for the following year.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Taxation

(a) Income tax expense

The income tax expense for the year is the tax payable on the current year's taxable income based on the New Zealand income tax rate on the basis of the tax laws enacted or substantially enacted at the end of the reporting period, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

	NOTE	GROUP 2017 $000	GROUP 2016 $000
Net profit before income tax expense		**110,456**	64,494
Tax at the New Zealand corporate income tax rate of 28% (2016: 28%)		**30,928**	18,058
Tax effect of amounts which are either non-deductible or taxable in calculating taxable income:			
Expense not deductible for tax		**401**	152
Adjustments in respect of current income tax in respect of previous years		**597**	(1,190)
INCOME TAX EXPENSE, REPRESENTED BY:		**31,926**	17,020
Current tax expense		**28,260**	7,566
Deferred tax recognised in the income statement	4(b)	**3,666**	9,454

(b) Deferred tax

Deferred tax assets and liabilities arise from temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements, and are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

		DEFERRED TAX LIABILITY/(ASSET)					
		PROPERTY, PLANT AND EQUIPMENT	PROVISIONS	EMPLOYEE BENEFITS	FINANCIAL INSTRUMENTS	TAX LOSSES	TOTAL
	NOTE	$000	$000	$000	$000	$000	$000
1 JANUARY 2016		124,161	(3,516)	(6,198)	(2,920)	-	111,527
Deferred tax in respect of previous years		(136)	(96)	(203)	4	-	(431)
Deferred tax in respect of current year		10,486	(170)	(429)	(2)	-	9,885
Deferred tax recognised in the income statement	4(a)	10,350	(266)	(632)	2	-	9,454
Deferred tax on items included in other comprehensive income		-	-	(1,278)	(133)	-	(1,411)
31 DECEMBER 2016		134,511	(3,782)	(8,108)	(3,051)	-	119,570
Deferred tax in respect of previous years		**72**	**(113)**	**34**	-	-	**(7)**
Deferred tax in respect of current year		**4,635**	**(234)**	**(728)**	-	-	**3,673**
Deferred tax recognised in the income statement	4(a)	**4,707**	**(347)**	**(694)**	-	-	**3,666**
Deferred tax on items included in other comprehensive income		-	-	**(785)**	**673**	-	**(112)**
31 DECEMBER 2017		**139,218**	**(4,129)**	**(9,587)**	**(2,378)**	-	**123,124**

5 Earnings per share

Earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the year. The Company has no dilutive potential ordinary shares at 31 December 2017 (2016: nil) and therefore basic and dilutive earnings per share are the same.

		NOTE	TOTAL 2017	TOTAL 2016
Profit after tax attributable to shareholders of the Company	$000		**78,530**	47,177
Weighted average number of shares on issue	000's	6	**312,376**	312,508
BASIC AND DILUTED EARNINGS PER SHARE			**25.1**	15.1

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

DEBT AND EQUITY

The Group's objective when managing capital (net assets of the Group) is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an appropriate capital structure. The Group borrows under a negative pledge arrangement (refer note 8). The Group monitors rolling forecasts which take into consideration the Group's debt financing plans and covenant compliance, to ensure that it is able to continue meeting funding requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

This section outlines Refining NZ's capital structure and includes the following Notes:

Note 6:	Equity
Note 7:	Dividends
Note 8:	Borrowings
Note 9:	Finance lease liabilities

6 Equity

Contributed Equity

The issued capital of the Company is represented by 312,576,453 no par value ordinary shares (2016: 312,576,453) issued and fully paid, less 252,833 treasury shares held by CRS Nominees Limited (refer to note 21). All ordinary shares rank equally with one vote attached to each ordinary share.

Treasury stock

Treasury stock represents the value of shares acquired by the Parent on-market in respect of the Employee Share Purchase Scheme (refer to note 21).

Employee share entitlement reserve

The employee share entitlement reserve is used to recognise the fair value of shares granted but not vested. Amounts are transferred to share capital when the shares vest to the employee (refer to note 21).

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in the income statement.

Non-controlling interest

Non-controlling interest represent equity in a subsidiary non attributable, directly or indirectly, to the parent. Changes in the parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions. Any profits or losses realised on transactions between shareholders is recognised directly in retained earnings.

On 31 December 2016, the Company acquired BP Oil New Zealand Limited's 25.8% minority shareholding in Independent Petroleum Laboratories Limited for $1.644 million to become a wholly owned subsidiary from that date. The excess of the purchase price over the historic

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

value of the non-controlling interest acquired of $0.869 million was recognised in retained earnings.

7 Dividends

	CENTS PER SHARE	TOTAL 2017 $000	TOTAL 2016 $000
Final dividend for 2015	20.0	-	62,515
Interim dividend for 2016	3.0	-	9,378
Final dividend for 2016	6.0	**18,754**	-
Interim dividend for 2017	6.0	**18,755**	-
TOTAL		**37,509**	71,893

The dividends were fully imputed. Supplementary dividends of $0.964 million (2016: $1.307 million) were paid to shareholders who were not tax residents in New Zealand for which the Group received a foreign investor tax credit entitlement.

Imputation credits available to shareholders for subsequent reporting periods amount to $45.478 million as at 31 December 2017 (2016: $31.693 million).

Dividend declared post balance date

The Group has declared a final dividend of 12 cents per share, fully imputed, payable on 22 March 2018 (2016: 6 cents per share).

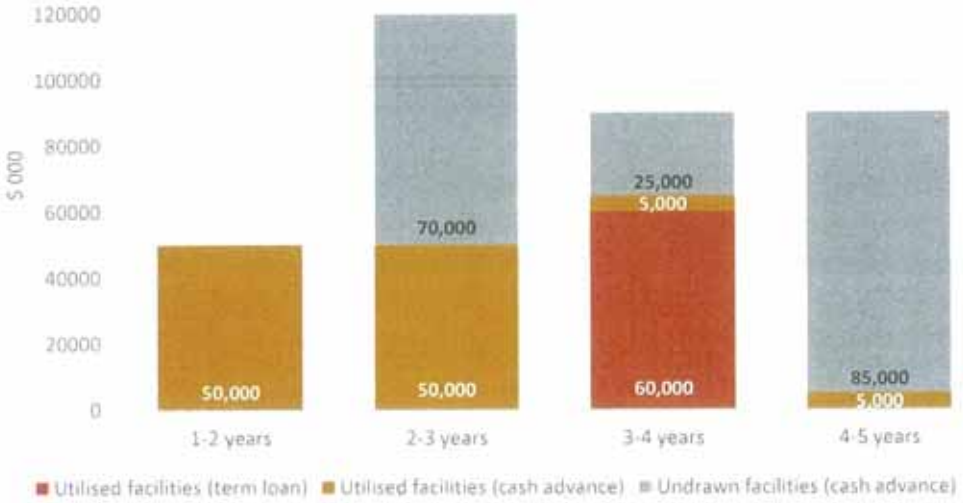
Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

The Parent renewed its $350 million banking facilities during the year. The chart below outlines the maturity profile of the facilities.



Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

The below table presents the year end borrowings with their maturity dates, as well as undrawn facilities at 31 December:

	MATURITY DATE	GROUP 2017 $000	GROUP 2016 $000
BANK BORROWINGS			
Current bank borrowings:			
Revolving cash advances	Jun-17	-	69,500
Total current bank borrowings		-	69,500
Non-current bank borrowings:			
Revolving cash advances	Dec-19	-	50,000
Revolving cash advances	Mar-19	**50,000**	-
Revolving cash advances	Mar-20	**50,000**	-
Revolving cash advances	Mar-21	**5,000**	-
Revolving cash advances	Mar-22	**5,000**	-
Term loan	Dec-20	-	100,000
Term loan	Mar-21	**60,000**	-
Total non-current bank borrowings		**170,000**	150,000
TOTAL BANK BORROWINGS		**170,000**	219,500
EFFECTIVE INTEREST RATE			
Bank loans		**6.4%**	6.0%
UNDRAWN FACILITIES			
Revolving cash advances	Jun-17	-	130,500
Revolving cash advances	Mar-20	**70,000**	-
Revolving cash advances	Mar-21	**25,000**	-
Revolving cash advances	Mar-22	**85,000**	-
TOTAL UNDRAWN BORROWING FACILITIES		**180,000**	130,500

The carrying amounts of bank borrowings approximate their fair value. The borrowings are unsecured. The Parent borrows under a negative pledge arrangement which requires certain certificates and covenants, including debt to total debt and equity, security to tangible assets and EBITDA to interest ratios. All these requirements have been met and no breaches of these covenants are forecast.

The Parent has the ability to determine which revolving cash advance facility will be drawn upon to meet funding requirements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Finance lease liabilities

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. The corresponding rental obligations, net of finance charges, are included in current finance lease liability and non-current finance lease liability. The property, plant and equipment acquired under finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

On 29 June 2017 the Parent Company acquired equipment with a carrying value of $2.5 million under a finance lease expiring in 2026 years.

	GROUP 2017 $000
Commitments in relation to finance lease are payable as follows:	
- No later than one year	500
- One to five years	1,422
- Beyond five years	3,870
MINIMUM LEASE PAYMENTS	5,792
Future finance charges	3,097
RECOGNISED AS FINANCIAL LIABILITY	2,695

The present value of finance lease liability is as follows:	
- No later than one year	222
- One to five years	438
- Beyond five years	2,035
MINIMUM LEASE PAYMENTS	2,695

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

OPERATING ASSETS AND LIABILITIES

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are detailed in the Debt and Equity section of the Notes. Taxation assets and liabilities are detailed in the Performance section of these Notes.

This section includes the following Notes:

10 Property, plant and equipment, and intangibles

Property, plant and equipment and intangibles are initially recognised at cost which includes expenditures directly attributable to the acquisition. Cost also includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment, and borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced asset is derecognised.

Major inspections associated with planned plant shutdowns and tank maintenance are capitalised at cost and recognised in the carrying amount of the refining plant, provided the recognition criteria are met.

When an asset is disposed of, any gain or loss on disposal is calculated as the difference between the disposal proceeds and the carrying value of the asset, and is recognised as a gain or loss on disposal of property, plant and equipment and presented in 'Other gains' or 'Total depreciation and disposal costs' in the Income Statement.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Income Statement for the amount by which the asset's carrying amount exceeds its recoverable amount, being the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

Depreciation is provided on a straight-line basis on all property, plant and equipment other than freehold land, capital work in progress and precious metals (rhenium, platinum) contained in certain catalysts.

Included within the intangible assets are carbon credits received in the form of New Zealand Units (NZUs). They are measured at historical cost and used to offset liabilities arising from carbon dioxide emissions. An assessment of impairment is performed annually with reference to external sources of information (market values of NZUs).

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The Group applies judgements in relation to the appropriateness and recoverability of the capital work in progress, and useful lives applied to the property, plant and equipment.

Capital work in progress as at 31 December 2017 has been assessed by Management, Company's project engineers and project managers as recoverable.

During the financial year there have been no significant changes in estimates relating to useful lives of assets. The useful lives applied are as follows:

	Useful lives (years)
Freehold improvements	5-50
Buildings and jetties	5-50
Refining plant	
- tankage	40-50
- rotating equipment	20-30
- piping	20-50
- vessels and columns	25-40
- instruments	10-15
- electrical and electrical cabling	15-25
- plant shutdown and tank maintenance	2-20
- other refining plant	10-65
Catalysts	3-10
Refinery to Auckland Pipeline	
- pipeline	50
- plant and equipment	10-34
Wiri Oil terminal (leased)	20
Equipment and vehicles	3-25
Capital work in progress	n/a

Property, plant and equipment are included in the negative pledge arrangement as detailed in note 8.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Property, plant and equipment and intangibles *(continued)*

	FREEHOLD LAND AND IMPROVEMENTS	BUILDINGS AND JETTIES	REFINING PLANT	CATALYSTS	REFINERY TO AUCKLAND PIPELINE	WIRI OIL TERMINAL (LEASED) (note 3)	EQUIPMENT AND VEHICLES	CAPITAL WORK IN PROGRESS	TOTAL	INTANGIBLES
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
AT 1 JANUARY 2016										
Cost	69,556	106,713	2,873,547	105,744	222,000	44,169	79,251	78,213	3,579,193	-
Accumulated depreciation	(49,560)	(87,466)	(2,022,508)	(66,590)	(104,032)	(40,158)	(71,044)	-	(2,441,358)	-
NET BOOK AMOUNT	19,996	19,247	851,039	39,154	117,968	4,011	8,207	78,213	1,137,835	-
YEAR ENDED 31 DECEMBER 2016										
Opening net book value	19,996	19,247	851,039	39,154	117,968	4,011	8,207	78,213	1,137,835	-
Additions/transfers	-	413	27,706	4,327	-	-	10,537	24,132	67,115	4,425
Reclassification of additions	3,619	82,636	(104,140)	-	-	-	17,885	-	-	-
Disposals	(40)	(119)	103	-	-	-	-	-	(56)	-
Depreciation/amortisation charge	(1,435)	(4,490)	(60,318)	(8,915)	(5,229)	(429)	(6,361)	-	(87,177)	-
Transferred from disposal group reclassified from held for sale	-	1,389	-	-	-	-	1,991	-	3,380	-
CLOSING NET BOOK AMOUNT	22,140	99,076	714,390	34,566	112,739	3,582	32,259	102,345	1,121,097	4,425
AT 31 DECEMBER 2016										
Cost	73,122	191,833	2,679,447	90,718	222,000	44,169	114,108	102,345	3,517,742	4,425
Accumulated depreciation	(50,982)	(92,757)	(1,965,057)	(56,152)	(109,261)	(40,587)	(81,849)	-	(2,396,645)	-
NET BOOK AMOUNT	22,140	99,076	714,390	34,566	112,739	3,582	32,259	102,345	1,121,097	4,425

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

	FREEHOLD LAND AND IMPROVEMENTS	BUILDINGS AND JETTIES	REFINING PLANT	CATALYSTS	REFINERY TO AUCKLAND PIPELINE	WIRI OIL TERMINAL (LEASED) (note 3)	EQUIPMENT AND VEHICLES	CAPITAL WORK IN PROGRESS	TOTAL	INTANGIBLES
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
YEAR ENDED 31 DECEMBER 2017										
Opening net book value	22,140	99,076	714,390	34,566	112,739	3,582	32,259	102,345	1,121,097	4,425
Additions/transfers	1,308	6,511	54,242	10,837	246	-	11,009	19,829	103,982	3,723
Reclassification of additions										-
Disposals	-	-	(4)	(757)	-	-	7	(656)	(1,410)	-
Depreciation/amortisation charge	(1,648)	(4,609)	(69,006)	(7,872)	(5,306)	(429)	(5,866)	-	(94,736)	-
CLOSING NET BOOK AMOUNT	21,800	100,978	699,622	36,774	107,679	3,153	37,409	121,518	1,128,933	8,148
AT 31 DECEMBER 2017										
Cost	74,430	198,344	2,733,237	83,349	222,247	44,167	124,869	121,518	3,602,161	8,148
Accumulated depreciation	(52,630)	(97,366)	(2,033,615)	(46,575)	(114,568)	(41,014)	(87,460)	-	(2,473,228)	-
NET BOOK AMOUNT	21,800	100,978	699,622	36,774	107,679	3,153	37,409	121,518	1,128,933	8,148

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Capital expenditure commitments

Commitments are presented for asset purchases contracted as at the reporting date but not provided for in the financial statements.

	GROUP 2017 $000	GROUP 2016 $000
Capital commitments in relation to property, plant and equipment	**24,601**	14,382

12 Restoration provision

The restoration provision relates to restoration obligations in relation to a lease agreement for the seabed upon which the jetty is situated at Marsden Point.

The restoration provision is measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax interest rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

Changes in the estimates during the year are recorded as a change in the restoration provision and the respective asset. Increase in the provision due to passage of time (unwinding of discount) is recognised as finance costs.

	GROUP 2017 $000	GROUP 2016 $000
AT 1 JANUARY	**8,624**	8,046
Unwinding of discount	**356**	422
Change in discount rate and cost of restoration	**908**	156
AT 31 DECEMBER	**9,888**	8,624

The present value of the restoration provision depends on a number of assumptions including estimated timing, restoration costs and the discount rate used. Management assesses the appropriateness of the assumptions at each balance date. Any changes in these assumptions will impact the carrying amount of the restoration provision.

The lease agreement expires in 2025 and this provision will be utilised, at that time, if the lease is not renegotiated for a further term. An interest rate of 3.48% (2016: 4.24%) has been applied and set with reference to New Zealand Government Bonds as a risk free rate.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

In 2017 the Group has assessed the value of the future expenditures and amended the discount rate assumptions. As a result of the changes in the estimates, the value of the restoration provision and the respective asset, has been increased by $0.908 million.

13 Operating lease commitments

Leases in which a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

	GROUP 2017 $000	GROUP 2016 $000
Commitments for operating leases where the Group is a **lessee**		
- No later than one year	**805**	937
- One to five years	**2,195**	2,482
- Beyond five years	**625**	1,125
TOTAL	**3,625**	4,544

The Group leases a small number of equipment and vehicles under non-cancellable operating leases. The Group leases process industrial platinum under non-cancellable operating leases to be returned to the owners at the end of the lease periods, subject to renegotiation options.

The Group also leases land from Wiri Oil Services Limited under a non-cancellable operating lease that expires in 2024 with no right of renewal.

The operating lease expenditure charged to the Income Statement during the year is disclosed in note 2.

	GROUP 2017 $000	GROUP 2016 $000
Commitments for operating leases where the Group is a **lessor**		
- No later than one year	**6,609**	6,609
- One to five years	**26,309**	26,392
- Beyond five years	**8,156**	14,681
TOTAL	**41,074**	47,682

The Group leases land and refining plant to Wiri Oil Services Limited (refer to note 3) under a non-cancellable operating lease, which expires in 2024 with no right of renewal. The Group also leases land under an agreement that has two rights of renewal for 21 years each.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment. Trade receivables are measured at amortised cost on the basis that they are held within a business model in order to collect, on specified dates, contractual payments of principal.

	NOTE	GROUP 2017 $000	GROUP 2016 $000
Processing fees		**14,239**	29,858
Product distribution		**3,220**	3,822
Excise duty	17	**129,944**	105,651
Other		**9,291**	3,227
TOTAL TRADE AND OTHER RECEIVABLES		**156,694**	142,558

Trade receivables are non-interest bearing and are normally settled on 7 to 21 day terms. No allowance for impairment loss has been recognised as at 31 December 2017 (2016: Nil). The carrying value of trade receivables approximates their fair values. Trade and other receivables related party balances are disclosed in note 3. Credit risk disclosures required pursuant to IFRS 9 are outlined in note 19(b).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

In the statement of cash flows, the deposits' placements and withdrawals and bank borrowings receipt and repayment are presented on a net basis as their turnover is quick, amounts are large and the maturities are relatively short.

The below presents a reconciliation of net cash flow from operating activities to reported profit:

	GROUP 2017 $000	GROUP 2016 $000
NET PROFIT AFTER INCOME TAX	**78,530**	47,474
Adjusted for:		
Depreciation and disposal costs	**96,146**	87,233
Movement in deferred tax	**3,554**	8,042
Add movement in deferred tax on items included in other comprehensive income	**112**	1,412
Movement in restoration provision	**1,264**	578
Less increase in restoration provision relating to property, plant and equipment	**(908)**	(156)
Movement in employee share scheme entitlement reserve	**201**	153
Increase in intangibles	**(3,723)**	(4,425)
Other non-cash movements	**625**	11
Impact of changes in working capital items		
(Increase)/decrease in trade and other receivables	**(14,136)**	22,233
Increase/(decrease) in trade and other payables	**35,267**	(30,164)
Less increase in trade and other payables relating to property, plant and equipment and intangibles	**(6,261)**	14,203
Add accrual relating to acquisition of non-controlling interest	**-**	(1,644)
Increase in employee benefits	**5,300**	6,987
Less employee entitlements included in other comprehensive income	**(2,802)**	(4,566)
Increase/(decrease) in income tax payable	**5,185**	(17,509)
Increase in inventories	**(356)**	(2,082)
Net cash inflow from operating activities	**197,998**	127,780

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

The below sets out an analysis of the Group's liabilities for which cash flows have been, or will be, classified as financing activities in the statement of cash flows:

		LIABILITIES FROM FINANCING ACTIVITIES				
	CASH AND CASH EQUIVALENTS	FINANCE LEASE DUE WITHIN ONE YEAR	FINANCE LEASE DUE AFTER ONE YEAR	BORROWINGS DUE WITHIN ONE YEAR	BORROWINGS DUE AFTER ONE YEAR	TOTAL
	$000	$000	$000	$000	$000	$000
NET DEBT AS AT 1 JANUARY 2017*	**(1,675)**	**126**	**218**	**69,500**	**150,000**	**218,169**
Cash flows	(15,882)	-	-	(69,500)	20,000	(65,382)
Finance lease	-	(174)	-	-	-	(174)
Other non-cash movements	-	270	2,255	-	-	2,525
NET DEBT AS AT 31 DECEMBER 2017	**(17,557)**	**222**	**2,473**	**-**	**170,000**	**155,138**

** Finance lease previously classified as Trade and other payables.*

Cash and cash equivalents include $962 thousand held by electricity futures broker, OM Financial Services Limited, as a collateral.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

16 Inventories

Inventories comprise spare parts and consumables, and are stated at the lower of cost, determined using the weighted average cost method, or net realisable value.

Inventories are classified as current assets where usage is expected to be within 12 months and as non-current assets where usage is expected after 12 months.

	GROUP 2017 $000	GROUP 2016 $000
INVENTORIES		
Current inventories:		
Inventories at weighted average cost	**2,752**	2,884
Obsolescence provision	**(524)**	(555)
Total current inventories	**2,228**	2,329
Non-current inventories:		
Inventories at weighted average cost	**22,075**	21,607
Obsolescence provision	**(4,103)**	(4,092)
Total non-current inventories	**17,972**	17,515
TOTAL INVENTORIES	**20,200**	19,844

Inventories are reviewed annually for impairment. The inventory obsolescence depends on a number of assumptions, including age and condition of each of the individual inventory item. As at 31 December 2017 management has written down the carrying value of some inventories to estimated net realisable value, taking into account the above assumptions.

The consumption of inventories and any associated write downs are recognised as part of materials expense disclosed in note 2.

Inventories are included in the negative pledge arrangement (refer note 8).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Trade and other payables

	NOTE	GROUP 2017 $000	GROUP 2016 $000
Trade payables		**46,255**	35,281
Excise duty	14	**129,944**	105,651
TOTAL TRADE AND OTHER PAYABLES		**176,199**	140,932

Trade payables, including collected excise duty, are initially recognised at amounts payable. Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Trade payables are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

Changes to excise duties have no direct impact on the results of the Group as they are collected from the oil companies (note 14) and paid to the New Zealand Customs Service on the same day each month.

Trade and other payables related party balances are disclosed in note 3.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Employee benefits

Liabilities for employee benefits comprise the following:

		2017			2016		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
	NOTE	$000	$000	$000	$000	$000	$000
Defined benefit pension plan	18(b)	-	**16,648**	**16,648**	-	13,278	13,278
Medical plan	18(b)	**193**	**7,229**	**7,422**	170	5,534	5,704
Wages, salaries, annual leave and sick leave		**5,552**	-	**5,552**	5,455	-	5,455
Employee incentive scheme		**3,346**	-	**3,346**	3,664	-	3,664
Long-service leave and retirement bonus		**1,190**	**5,746**	**6,936**	1,048	5,456	6,504
TOTAL		**10,281**	**29,623**	**39,904**	10,337	24,268	34,605

Defined benefit pension plan (scheme closed since 31 December 2002)

The Parent contributes to a defined benefit pension plan (the "Plan") for eligible employees. The liability recognised in the Balance Sheet in respect of the defined benefit pension plan is the present value of the defined benefit pension plan obligation at the balance sheet date less the fair value of plan assets.

The defined benefit pension plan obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit pension plan obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

Medical plan

The Parent pays health insurance premiums in respect of a limited number of former employees and a limited number of current employees when they retire, until their death. This arrangement is no longer offered to new employees. The medical plan is accounted for in a similar manner to the defined benefit plan outlined above, with an accounting valuation performed by an independent actuary at each balance date.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

Wages, salaries, annual leave and sick leave
These liabilities are measured at the amounts expected to be paid when settled.

Employee incentive schemes
The Company offers a short term incentive scheme to eligible employees which recognises both individual and Company performance.

The Group recognises a provision where contractually obliged or where there is past practice that has created a constructive obligation.

Long-service leave and retirement bonus
Long service leave and retirement bonuses are measured based on an actuarial assessment and represent the present value of the estimated future cash outflows, which are expected as a result of employee services provided up to the balance sheet date.

(a) Defined benefit pension plan

Nature of benefits
At retirement, the 85 (2016: 92) active members have pension entitlements based on final salary and membership. Members may elect to exchange part, or all, of their pension for a cash lump sum. At 31 December 2017 the Plan had 112 (2016: 110) pensioners receiving regular pension payments. There were also 8 (2016: 6) members receiving disability pensions, which can be paid from the Plan until normal retirement age.

Description of regulatory framework
The Financial Markets Authority licenses and supervises regulated superannuation schemes. The Fund transitioned from the Superannuation Schemes Act 1989 to the Financial Markets Conduct Act 2013 (the Act) on 11 November 2016 as an employer related restricted workplace savings scheme.

The Act requires an actuarial valuation to be performed for each defined benefit superannuation scheme at least every three years to assess whether the Company's current level of contributions to the Plan is sufficient to meet future obligations (funding valuation). For detail regarding the latest funding valuation see note 18(h).

At each balance date an accounting update is performed by an independent actuary in accordance with NZ IAS 19 "Employee Benefits" for recording in the Balance Sheet. The last full actuarial valuation performed under the Superannuation Schemes Act 1989 was as at 31 March 2016.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

Description of other entities' responsibilities for the governance of the fund

The Trustees of the Fund are responsible for the governance of the Fund. The Trustees are appointed by the Company and have a legal obligation to act solely in the best interests of the Fund beneficiaries. The Trustees have the following roles:

- Administration of the Fund and payment to the beneficiaries from Plan assets when required in accordance with the Plan rules.
- Management and investment of the Plan assets.
- Compliance with superannuation law and other applicable regulations.

Description of risks

Under the defined benefit pension plan the Group has a legal obligation to pay further contributions if the Fund does not hold sufficient assets to pay all employees the benefits they are entitled to. There are a number of risks that could expose the Company to such a shortfall; the more significant risks being:

- Investment returns – the funding valuation assumes a certain return on assets, which will be available to fund liabilities. Lower than assumed returns could require the Company to increase contributions to offset the shortfall.
- Life expectancy – the majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Plan's liabilities.

The Plan liabilities are calculated, for financial reporting purposes, using a discount rate set with reference to New Zealand Government Bonds. A decrease in the government bond yield will increase Plan liabilities for financial reporting purposes, but not necessarily impact upon the funding requirements of the Company.

Description of significant events

There were no Fund amendments, curtailments or settlements during 2017.

(b) Reconciliation of the medical plan and pension plan net liabilities

		MEDICAL PLAN		PENSION PLAN	
		2017	2016	2017	2016
	NOTE	$000	$000	$000	$000
Present value of the defined benefit obligation	18(c)	**(7,422)**	(5,704)	**(104,436)**	(95,741)
Fair value of plan assets	18(c),18(d)	-	-	**93,282**	86,845
DEFICIT	18(c)	**(7,422)**	(5,704)	**(11,154)**	(8,896)
Contributions tax		-	-	**(5,494)**	(4,382)
LIABILITY IN THE BALANCE SHEET		**(7,422)**	(5,704)	**(16,648)**	(13,278)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

(c) Movements in the net liabilities recognised in the Balance Sheet

		MEDICAL PLAN			PENSION PLAN		
		PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	TOTAL	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	TOTAL
	NOTE	$000	$000	$000	$000	$000	$000
AT 1 JANUARY 2016 EXCLUDING TAXES		(5,560)	-	(5,560)	(89,565)	85,145	(4,420)
Current service cost	18(j)	-	-	-	(1,966)	-	(1,966)
Interest (expense)/income	18(j)	(230)		(230)	(3,288)	3,129	(159)
Actual return on plan assets less interest income	18(k)	-	-	-	-	1,540	1,540
Actuarial gains/losses:							
Actuarial gains arising from changes in demographic assumptions		-	-	-	(2,265)	-	(2,265)
Actuarial losses arising from changes in financial assumptions		(188)	-	(188)	(686)	-	(686)
Actuarial gains/(losses) arising from liability experience		113	-	113	(1,598)	-	(1,598)
Defined benefit actuarial gain loss	18(k)	(75)	-	(75)	(4,549)	-	(4,549)
Contributions:							
-Employers		-	161	161		658	658
-Plan participants		-	-	-	(630)	630	-
Benefits paid		161	(161)	-	3,986	(3,986)	-
Premiums and expenses paid		-	-	-	271	(271)	-
NET LIABILITY EXCLUDING TAXES 31 DECEMBER 2016		(5,704)	-	(5,704)	(95,741)	86,845	(8,896)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

		MEDICAL PLAN			PENSION PLAN		
		PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	TOTAL	PRESENT VALUE OF OBLIGATION	FAIR VALUE OF PLAN ASSETS	TOTAL
	NOTE	$000	$000	$000	$000	$000	$000
AT 1 JANUARY 2017 EXCLUDING TAXES		(5,704)	-	(5,704)	(95,741)	86,845	(8,896)
Current service cost	18(j)	-	-	-	(1,769)	-	(1,769)
Interest (expense)/income	18(j)	(225)	-	(225)	(3,309)	2,995	(314)
Actual return on plan assets less interest income	18(k)	-	-	-	-	7,257	7,257
Actuarial gains/losses:							
Actuarial losses arising from changes in financial assumptions		(1,748)	-	(1,748)	(6,927)	-	(6,927)
Actuarial gains/(losses) arising from liability experience		74	-	74	(1,086)	-	(1,086)
Defined benefit actuarial loss	18(k)	(1,674)	-	(1,674)	(8,013)	-	(8,013)
Contributions:							
-Employers		-	-	-	-	581	581
-Plan participants		-	-	-	(563)	563	-
Benefits paid		181	-	181	4,683	(4,683)	-
Premiums and expenses paid		-	-	-	276	(276)	-
NET LIABILITY EXCLUDING TAXES 31 DECEMBER 2017		(7,422)	-	(7,422)	(104,436)	93,282	(11,154)

(d) Fair value of defined benefit pension plan assets

	SIGNIFICANT OBERVABLE INPUTS LEVEL 2
	$000
Net current assets/(liabilities)	1,489
Debt instruments	8,540
Investment Funds – Composite Funds	83,253
TOTAL ASSETS	93,282

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

The percentage invested in each asset class at the Balance Sheet date are:

	PENSION PLAN	
	2017	2016
Australasian Equity	**10.6%**	9.9%
International Equity	**29.6%**	28.5%
Fixed Income	**34.1%**	34.6%
Cash	**9.3%**	10.8%
Property and Other	**16.4%**	16.2%

The fair value of plan assets includes no amounts relating to:

- Any of the Group's own financial instruments;
- Any property occupied by, or other assets used by, the Group.

(e) Principal actuarial assumptions at the balance sheet date

The present value of the defined benefit pension plan obligation depends on a number of factors that are determined by an independent actuary using a number of assumptions, including the expected rate of salary increases, mortality in retirement and an appropriate discount rate. These assumptions are determined by the Group, in consultation with the independent actuary who performs an accounting valuation in accordance with IAS 19 'Employee Benefits' at each balance sheet date. Any changes in these assumptions will impact the carrying amount of pension obligations.

As at 31 December 2017 the following actuarial assumptions were applied:

	2017		2016	
	MEDICAL PLAN	PENSION PLAN	MEDICAL PLAN	PENSION PLAN
Discount rate	**3.3%**	**3.0%**	4.0%	3.6%
Expected rate of future salary increases	-	**2.5%**	-	2.5%
Pension increases	-	**No provision**	-	No provision
Mortality in retirement	New Zealand Life Tables 2012-2014 mortality table, set back by 1 year, together with an age related future mortality improvement scale		New Zealand Life Tables 2012-2014 mortality table, set back by 1 year, together with an age related future mortality improvement scale	
Health insurance premium increase rate	**8.0%**	-	7.0%	-
Rate of Fringe Benefit Tax	**49.25%**	-	49.25%	-

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

(f) Sensitivity analysis – pension plan

The sensitivity of the defined benefit obligation to changes in the principal assumptions is shown in the graphs below.

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis are consistent with those applied during the comparative reporting period.

(g) Maturity profile of defined benefit obligation

The average term at which the expected future discounted cash flows are due is 12.1 years (2016: 11.8 years). The average undiscounted expected term of all liabilities is 15.7 years (2016: 16.1 years).

(h) Funding arrangements

The Actuary determines the Pension Plan's financial position (funding valuation) every three years in accordance with the Financial Markets Conduct Act 2013 and formerly the Superannuation Schemes Act 1989. The last funding valuation was completed as at 31 March 2016, at which time the Plan was fully funded based on the assumptions used by the Actuary. These assumptions were consistent with the actuarial assumptions presented in note 18(e), except for the discount rate determined based on the expected long term future returns of the plan rather than the risk free rate of return.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

The funding objective adopted at the 31 March 2016 funding valuation is to ensure that the Fund's assets are not less than the value of accrued benefits.

In that investigation, the recommended Company contributions to the Fund were at a rate of 8% of the salaries of the members including contributions tax at 33%. The Company accepted this recommendation and has continued to contribute at a rate of 8% of members' salaries.

The next statutory valuation is due no later than as at 31 March 2019.

(i) Expected contributions

	MEDICAL PLAN	PENSION PLAN
FINANCIAL YEAR ENDING	2018	2018
	$000	$000
Expected employer contributions (net)	**193**	**480**

(j) Amounts recognised in the Income Statement

	MEDICAL PLAN		PENSION PLAN	
	2017	2016	2017	2016
	$000	$000	$000	$000
Service cost	-	-	**1,769**	1,966
Net interest cost	**225**	230	**314**	159
Plan expense	**225**	230	**2,083**	2,125
Contributions tax	-	-	**1,026**	1,047
PLAN EXPENSE PLUS TAXES	**225**	230	**3,109**	3,172

(k) Amounts recognised in the Statement of Comprehensive Income

	2017	2016
	$000	$000
Defined benefit actuarial loss	**(8,013)**	(4,549)
Actual return on plan assets less interest income	**7,257**	1,540
Actuarial loss medical scheme	**(1,674)**	(75)
Total recognised in other comprehensive income	**(2,430)**	(3,084)
Contributions tax	**(372)**	(1,482)
Total recognised in other comprehensive income with contributions tax	**(2,802)**	(4,566)

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FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL RISK MANAGEMENT

This section outlines the key risk management activities undertaken to manage the Group's exposure to financial risk.

This section includes the following Notes:

Note 19:	Financial risk management
Note 20:	Derivative financial instruments

19 Financial risk management

The Group's activities expose it to a variety of financial risks (market, credit and liquidity) in the normal course of the Group's business.

Risk management is performed by Group Management who evaluate and hedge certain financial risks including currency risk and interest rate risk under a Treasury Policy that is approved by the Board of Directors.

a) MARKET RISK

Market risk includes refining margin, electricity pricing, currency and interest rate risk.

Refining margin risk

The refining margin (margin) generated by the Group is a key input to the calculation of the processing fee, representing the Group's income, set at 70% of the margin generated, subject to a fee floor of $131 million (2016: $130 million), and margin cap of USD9.00 per barrel for each customer. This reflects that Refining NZ's customers bear the risks and associated costs of crude purchasing, the finance and currency costs and risks associated with maintaining crude, feedstock and product inventories, shipping and demurrage risks and guaranteeing a minimum processing fee.

The margin is calculated as the typical market value of all the products produced, minus the typical market value of all feedstock processed. The typical market value of products is determined by using quoted prices for the products in Singapore plus the typical freight cost to New Zealand plus product quality premia. The typical value of feedstock is determined by using the market value for crude oil and other feedstock at the point of purchase, plus the typical cost of freight to New Zealand.

Refining margin risk is the risk of volatility in the typical product and feedstock prices to which the Group is exposed. The Group's revenue is likely to be impacted, favourably or unfavourably, during periods of market price volatility. The Group does not hedge this risk. The downside in the volatility of margin and foreign exchange risk is limited by the processing fee floor, which comes into effect if the total processing fee for a calendar year does not exceed a minimum value. The fee floor is subject to annual Producers Price Index (PPI) based escalation.

Electricity

The Group is also exposed to commodity price risk in relation to the purchase of electricity. This exposure exists as a result of the Group purchasing electricity via the New Zealand Electricity Wholesale Market, which is subject to price volatility caused by both demand/supply and transmission constraints. In 2017 the Group entered into contracts with a fixed unit price to

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mitigate the volatility. Effective 1 January 2018 the Group uses electricity futures for the electricity price risk hedging purpose.

Currency risk

The Group is exposed to foreign exchange risk as a result of transactions denominated in currencies other that the Group's functional currencies. The primary currencies giving rise to the currency risk are US dollar, Pounds Sterling, Euro and Australian dollar. Currency risk arises from the processing fee (being calculated in US dollars and billed in New Zealand dollars) and future commercial transactions (purchase of property, plant and equipment, goods or services).

The Group may enter into hedging agreements with Board approval and in accordance with the Group's Treasury Policy which requires all purchases of all capital items of value exceeding certain thresholds to be hedged with either forward exchange contracts or currency options.

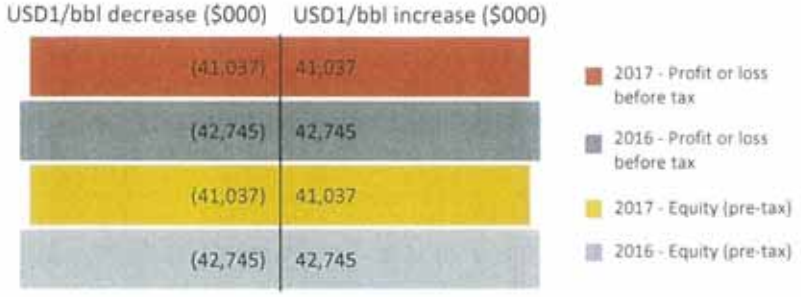
Interest rate risk

The Group's interest rate risk arises from fixed term borrowings at floating interest rates. The Group uses interest rate swaps to manage the interest rate risk. The swaps are floating-to-fixed interest rate swaps under which the Group agrees with other parties to exchange the difference between fixed contract rates and floating interest rates calculated, on a quarterly basis, with reference to the agreed notional amounts. Refer to note 20 for further information.

Sensitivity analysis

The graphs below summarise the potential impact of each type of market risk exposures on the Group's profit before tax and equity (assuming all other factors remain unchanged), except for electricity risk which was effectively acquired at fixed price in 2017:

- **Price risk** - an increase and decrease of refining margin by USD1.00 per barrel.



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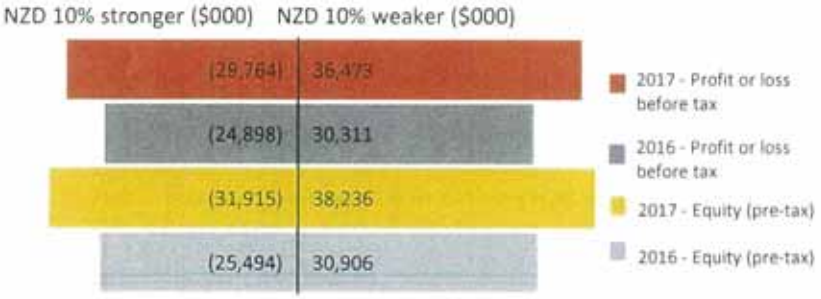
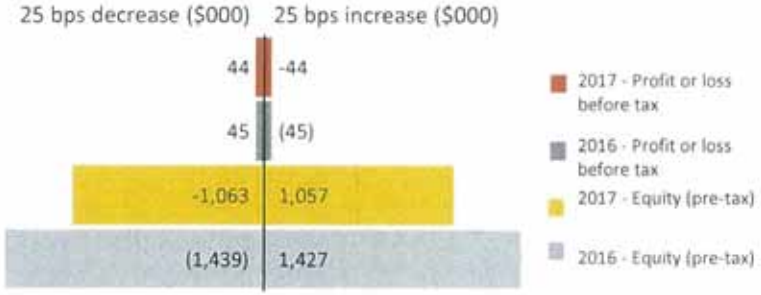
FOR THE YEAR ENDED 31 DECEMBER 2017

- **Currency risk** – the sensitivity analysis is presented based on the impact of the New Zealand dollar weakening or strengthening against other foreign currencies. A 10% movement in foreign currencies is considered as reasonably possible given the volatility in foreign exchange rates in the prior years.



- **Interest rate risk** – change in interest rates by 25 basis points (bps) is considered by the Group reasonably possible over the short-term.



b) CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers from outstanding receivables and committed transactions.

For banks only parties with a minimum long-term credit rating of A+ or A1 are accepted. Gross limits are set for financial institutions and the usage of these limits is determined by assigning product weightings to the principal amount of the transaction.

Transactions are spread across a number of counterparties to avoid concentrations of credit exposure. No credit limits were exceeded during the reporting period and Management does not expect any losses from non-performance by counterparties.

The Group is exposed to credit risk if counterparties fail to make payments as they fall due in respect of payment of trade receivables as invoices fall due 7-14 days for the Parent and 30 days for its subsidiary after being raised. The receivables from the oil companies (as disclosed in the related party note 3) present a concentration of credit risk, however, Management has assessed the credit quality of these customers as being high. Based on the analysis of the historical payments of the Group's customers and with reference to their credit rating and short payment

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terms, the Group assessed the expected credit losses to be immaterial. No collateral is held over trade receivables.

The maximum exposure to credit risk at balance sheet date is the carrying amount of the financial assets.

Overdue trade receivable balances at 31 December 2017 totalled $0.713 million (2016: $0.126 million). Management consider that these balances are not impaired.

c) LIQUIDITY RISK

The Group monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on the Group's undrawn borrowing facilities (note 8).

Surplus cash held by the Group over and above the balance required for working capital management is invested in interest bearing current accounts, term deposits, and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

Non-derivative financial liabilities

The following table sets out the maturity analysis for non-derivative financial liabilities based on the contractual terms as at balance date. The amounts presented are the contractual undiscounted cash flows, therefore consequently do not reconcile to the carrying amounts as per the consolidated balance sheet, and maturity dates for bank borrowings are based on the next rollover date of the draw-downs, rather than the expiry of the facility.

The liquidity analysis set out below, discloses cash outflows resulting from the financial liabilities only, and does not consider expected net cash inflows from financial assets (including trade receivables) or undrawn debt facilities which provide liquidity support to the Group.

GROUP 2017		CONTRACTUAL CASH FLOWS					
	CARRYING AMOUNT	LESS THAN 6 MONTHS	BETWEEN 6 MONTHS - 1 YEAR	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	OVER 5 YEARS	TOTAL CASH FLOWS
	$000	$000	$000	$000	$000	$000	$000
NON-DERIVATIVE FINANCIAL LIABILITIES							
Trade and other payables	(46,255)	(46,255)	-	-	-	-	(46,255)
Bank borrowings	(170,000)	(1,287)	-	(50,000)	(120,000)	-	(171,287)
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	(216,255)	(47,542)	-	(50,000)	(120,000)	-	(217,542)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

GROUP 2016		CONTRACTUAL CASH FLOWS					
	CARRYING AMOUNT	LESS THAN 6 MONTHS	BETWEEN 6 MONTHS - 1 YEAR	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	OVER 5 YEARS	TOTAL CASH FLOWS
	$000	$000	$000	$000	$000	$000	$000
NON-DERIVATIVE FINANCIAL LIABILITIES							
Trade and other payables	(35,282)	(35,282)	-	-	-	-	(35,282)
Bank borrowings	(219,500)	(71,401)	-	-	(150,000)	-	(221,401)
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	(254,782)	(106,683)	-	-	(150,000)	-	(256,683)

Derivative financial liabilities

The table below details the liquidity risk arising from derivative liabilities held by the Group at balance date. Derivative financial liabilities are split into the Gross settled derivatives which include foreign exchange forward contracts with the inflow being based on the foreign currency converted at the closing spot rate, and the net settled derivatives which include interest rate swaps with the floating rate being based on the most recent rate set.

GROUP 2017		CONTRACTUAL CASH FLOWS					
	CARRYING AMOUNT	LESS THAN 6 MONTHS	BETWEEN 6 MONTHS -1 YEAR	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	OVER 5 YEARS	TOTAL CASH FLOWS
	$000	$000	$000	$000	$000	$000	$000
DERIVATIVE FINANCIAL INSTRUMENTS							
Net settled derivatives	(8,952)	3,154	2,056	4,267	2,944	-	12,421
Gross settled derivatives							
Outflows	-	(15,614)	(266)	-	-	-	(15,880)
Inflows	-	16,032	270	-	-	-	16,302
Total gross settled derivatives	458	418	4	-	-	-	422
TOTAL DERIVATIVE FINANCIAL LIABILITIES	(8,494)	3,572	2,060	4,267	2,944	-	12,843

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

GROUP 2016		CONTRACTUAL CASH FLOWS					
	CARRYING AMOUNT	LESS THAN 6 MONTHS	BETWEEN 6 MONTHS -1 YEAR	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	OVER 5 YEARS	TOTAL CASH FLOWS
	$000	$000	$000	$000	$000	$000	$000
DERIVATIVE FINANCIAL INSTRUMENTS							
Net settled derivatives	(10,819)	(2,324)	(2,310)	(4,232)	(6,903)	-	(15,769)
Gross settled derivatives							
Outflows	-	(3,089)	(2,175)	(847)	-	-	(6,111)
Inflows	-	2,996	2,079	802	-	-	5,877
Total gross settled derivatives	(78)	(93)	(96)	(45)	-	-	(234)
TOTAL DERIVATIVE FINANCIAL LIABILITIES	(10,897)	(2,417)	(2,406)	(4,277)	(6,903)	-	(16,003)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

20 Derivative financial instruments

At initial recognition, the derivative financial instruments are measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The fair value of derivative financial instruments approximates their carrying value.

Derivatives are only used for economic hedging purposes and not as speculative investments. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At inception each transaction is documented, detailing the economic relationship and the hedge ratio between hedging instruments and hedged items, the risk management objective and strategy, and the assessment, initially and on an ongoing basis, of whether the derivatives used in the hedging transaction are highly effective.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve. Hedge effectiveness is determined at inception of the hedge relationship, and through periodic effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The gain or loss relating to the ineffective portion is recognised immediately in other operating gains/losses in the Income Statement.

The net movement in the cash flow hedge reserve comprises:

	2017 $000	2016 $000
Foreign exchange hedges transferred to property, plant and equipment	(78)	-
Foreign exchange contracts entered into during the year	(396)	(67)
Movement in value of foreign exchange contracts held throughout the year	(61)	(5)
Movement in value of interest rate swaps held throughout the year	(1,199)	(404)
Movement in value of electricity futures entered into during the year	(669)	-
Gross movement in cash flow hedge reserve	**(2,403)**	(476)
Deferred tax	**673**	133
Net movement in cash flow hedge reserve	**(1,730)**	(343)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months.

Financial instruments are measured at fair value using the following fair value measurement hierarchy:

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

The Group's financial instruments have been measured at the fair value measurement hierarchy of:

- Level 1 for electricity futures;
- Level 2 for interest rate swaps and forward foreign exchange contracts.

Electricity futures are traded on an active market, the Australian Securities Exchange (ASX), and the Group uses ASX market-to-market quotes to determine the fair value of the futures contracts.

Interest rate swaps and forward foreign exchange contracts are not traded in an active market and their fair value is determined by using accepted valuation techniques. Specific valuation techniques used by the Group refer to observable market data and include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves, and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

	2017		2016	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
	$000	$000	$000	$000
Cash flow hedges:				
- forward foreign exchange contracts	**458**	-	-	(69)
- electricity futures	**735**	-	-	-
- interest rate swaps	-	**(137)**	-	(265)
TOTAL CURRENT PORTION	**1,193**	**(137)**	-	(334)
Cash flow hedges:				
- forward foreign exchange contracts	-	-	-	(9)
- electricity futures	-	**(67)**	-	-
- interest rate swaps	-	**(9,484)**	-	(10,554)
TOTAL NON-CURRENT PORTION	-	**(9,550)**	-	(10,563)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

The effects of the derivative financial instruments on the Group's financial position and performance are as follows:

	FOREIGN EXCHANGE FORWARD CONTRACTS				INTEREST RATE SWAPS	ELECTRICITY FUTURES
	AUD	EUR	SGD	USD		
31 DECEMBER 2017						
Carrying amount – net asset/(liability)	20	160	24	254	(9,621)	668
Notional amount (equivalent of NZ$'000)	1,719	4,182	596	9,384	170,000	12,387
Maturity date	2018	2018	2018	2018	2018-2020	2018-2019
Hedge ratio	1:1	1:1	1:1	1:1	1:1	1:1
Change in fair value of hedging instrument	42	216	24	254	1,198	668
Weighted average hedged rate	AU$/NZ$ 0.9177	EUR/NZ$ 0.6093	SG$/NZ$ 0.9849	US$/NZ$ 0.7276	5.73%	$76.5/MWh
31 DECEMBER 2016						
Carrying amount – net asset/(liability)	(22)	(56)	-	-	(10,819)	-
Notional amount (equivalent of NZ$)	868	5,242	-	-	200,000	-
Maturity date	2017	2017-2018	-	-	2018-2020	-
Hedge ratio	1:1	1:1	-	-	1:1	-
Change in fair value of hedging instrument	(16)	(42)	-	-	(404)	
Weighted average hedged rate	AU$/NZ$ 0.9637	EUR/NZ$ 0.6402	-	-	5.92%	-

For all hedges the quantity of the hedging instrument matched the quantity of the hedged items therefore hedge ratios were 1:1.

The forward exchange contracts are hedging committed or highly probable forecast purchases of property, plant and equipment denominated in foreign currency expected to occur at various dates with maturities in 2018. At balance sheet date all forward exchange contracts had been designated as hedges and there was no ineffectiveness to be recorded from these cash flow hedges.

Interest rate swaps to hedge highly probable cash flows associated with interest costs on borrowings and are used to convert floating rate positions into fixed rate positions. As all critical terms matched during the year, the economic relationship was 100% effective, and there was no ineffectiveness recorded from these hedges.

Electricity futures to hedge highly probable cash flows associated with purchases of electricity at spot market and an ineffective portion of the hedge may occur due to a volume mismatch and location factor. At balance date there was no ineffectiveness to be recorded from these cash flow hedges.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

OTHER

This section contains additional notes and disclosures that aid in understanding Refining NZ's performance and financial position.

This section includes the following Notes:

Note 21:	Employee share-based payments
Note 22:	Contingent liabilities

21 Employee share-based payments

Share-based payments with employees, classified as equity-settled transactions, are recognised as an expense with a corresponding entry to employee share entitlement reserve, and measured at the fair value of the equity instruments granted at grant date. The amount recognised as an expense is adjusted to reflect the number of shares that will ultimately vest over the vesting period. The shares purchased by the Parent on market are accounted for as Treasury Stock.

The Company operates an Employee Share Purchase Scheme ("scheme") approved by the Inland Revenue Department as a Section DC 12 share scheme under the Income Tax Act 2007. Eligible employees are offered $1,000 worth of shares, multiplied by the Business Performance Factor (BPF) during the year of award and increased by an employee contribution of $1. The shares are purchased on-market and held by CRS Nominees Limited, during a three year vesting period. As at 31 December 2017 none of the shares have been vested to the Company employees.

The details on the scheme, including expenses arising from the scheme (as presented in Employee Share Scheme Entitlement Reserve), are as follows:

PERFOR-MANCE YEAR	GRANT DATE	VESTING DATE	NUMBER OF ELIGIBLE EMPLOYEES	COMPANY CONTRIBUTION PER EMPLOYEE	EXPENSES ARISING FROM THE SCHEME			
					2015	2016	2017	TOTAL
				$	$000	$000	$000	$000
2015	7 April 2016	21 April 2019	317	1,025	75	62	62	199
2016	29 March 2017	4 May 2020	298	1,250	-	91	62	153
2017 (*)	-	-	-	-	-	-	77	77
					75	**153**	**201**	**429**

(*) A share offer in relation to the performance year 2017 has not been made by the Company to its employees as at 31 December 2017.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

Set out below are summaries of shares acquired by the Company during the financial year, included in Treasury Stock until vesting date:

	2017			2016		
	NUMBER OF SHARES	AVERAGE PURCHASE PRICE	VALUE OF SHARES ACQUIRED	NUMBER OF SHARES	AVERAGE PURCHASE PRICE	VALUE OF SHARES ACQUIRED
	000's	$ per share	$000	000's	$ per share	$000
AT 1 JANUARY	98.0	3.14	308	-	-	-
Shares acquired	154.8	2.39	370	98.0	3.14	308
AT 31 DECEMBER	252.8	2.68	678	98.0	3.14	308

22 Contingent liabilities

The Group has no contingent liabilities at 31 December 2017 (2016: nil).

Independent auditor's report

To the shareholders of The New Zealand Refining Company Limited

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of The New Zealand Refining Company Limited (the Company), including its subsidiary (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2017, its financial performance and its 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 (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated 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 Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of AGM scrutineering, compliance reporting on processing fees, remuneration benchmarking advice and treasury advice. The provision of these other services has not impaired our independence as auditor of the Group.

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Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall group materiality: $4.2 million, which represents 5% of a five-year weighted average of profit before tax from 2013 to 2017.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We applied a weighted average approach due to the volatility of earnings over the past five years, caused mainly by significant changes in US dollar denominated refiners' margins and the NZ dollar/US dollar exchange rate.

We have determined that there is one key audit matter:

- Recognition of processing fees

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recognition of processing fees Processing fee revenue for 2017 was $327.4 million (2016: $276.6 million) of the total operating revenue of $411.6 million. Processing fees are the Group's main source of revenue and represent material related party transactions with the Group's shareholding oil companies, who are also its customers. The processing fee calculation is complex and includes many variables. The calculation is based on an agreed formula defined in the processing agreement with each of the oil companies. Note 19(a) discusses the method of calculation of the refining margin, which is a key input into the calculation of the processing fee. Management reviews the processing fees calculation on a monthly basis including crude, product premia and freight costs. Notes 2 and 3 of the consolidated financial statements detail the accounting policies and an analysis of processing fee revenue.	Our audit procedures described below included a combination of controls and substantive testing over the processing fees calculation and recognised revenue. Controls testing included: • Testing access controls over restriction to the processing fee calculation through inspection of the access log and comparing it against the approved user listing; and • Testing a sample of management's monthly review controls over the processing fee calculation. For substantive procedures: • On a sample basis, we agreed calculation inputs for crude oil costs, product premia and freight to source documentation; • We agreed the processing fee formula used to recognise revenue to the processing fee agreement and, on a sample basis, reperformed the calculation of the refining margin for each of the oil companies; and • We tested the payments received from the oil companies during the year and agreed post year-end cash receipts from each of the oil companies to the outstanding receivables at year end. From the procedures performed, we have no matters to report.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except that the other information has not yet been approved by the Board Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 NZ and ISAs 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which 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 and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Pip Cameron.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
27 February 2018

Auckland