

PAE (New Zealand) Limited

Company Number: 534171

NZBN: 9429039023568

Annual Report

For the nine months ended 30 September 2022

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PAE (New Zealand) Limited
Company Number: 534171
Annual Report

The Directors present their Annual Report including the financial statements of the Company for the nine months ended 30 September 2022.

With the unanimous agreement of all shareholders, the Company has taken advantage of the reporting concessions available to it under Section 211(3) of the Companies Act 1993.

The Board of Directors of PAE (New Zealand) Limited authorised these financial statements for issue on 28 February 2023.



Director

28 February 2023

Date:



Director

28 February 2023

Date:

PAE (New Zealand) Limited
Statement of Comprehensive Income
For the nine months ended 30 September 2022

	Note	2022 9 months \$000	2021 12 months \$000
Revenue	4	76,828	114,486
Direct expenses	5	(65,209)	(97,467)
Indirect expenses		(9,025)	(10,686)
Depreciation expenses		(1,784)	(2,102)
Net Finance Cost		(129)	(192)
Income Tax Expense	12	(177)	(1,148)
Net Profit for the Year		504	2,892
Other Comprehensive income		-	-
Total Comprehensive Income		504	2,892

PAE (New Zealand) Limited
Statement of Changes in Equity
For the nine months ended 30 September 2022

		2022 9 months \$000	2021 12 months \$000
Equity as at 1 January 2022		14,385	13,295
Net Profit for the Year		504	2,892
Dividends paid to shareholders during the year	17	(3,420)	(1,801)
Equity as at 30 September 2022		11,469	14,385


The above statements should be read in conjunction with the Notes on pages 7 to 14

PAE (New Zealand) Limited
Statement of Financial Position
For the nine months ended 30 September 2022


	Note	2022 9 months \$000	2021 12 months \$000
Current Assets			
Cash & Cash Equivalents	15	4,227	9,553
Trade and Other Receivables	15	7,351	5,676
Short-term deposits	15	1,500	998
Contract Assets	15	4,834	7,727
Prepayments	15	318	217
Income Tax receivable	12	-	-
Total Current Assets		18,230	24,170
Non-Current Assets			
Property Plant & Equipment	6	2,144	2,006
Intangibles	6	512	385
Right-to-Use Asset	10	2,966	4,000
Deferred Tax	12	425	263
Total Non-Current Assets		6,047	6,654
Total Assets		24,277	30,824
Current Liabilities			
Trade and Other Payables	15	(3,864)	(3,974)
Accrued Expenses	15	(3,290)	(5,453)
Employee Benefits	15	(2,416)	(1,758)
Goods and Services Tax Payable/ (Receivable)	15	(426)	(74)
Lease Liability	11	(1,238)	(1,221)
Income Tax Payable	12	282	(1,101)
Total Current Liabilities		(10,952)	(13,581)
Non-Current Liabilities			
Lease Liability	11	(1,856)	(2,858)
Total Non-Current Liabilities		(1,856)	(2,858)
Equity			
Share Capital	7	(1,000)	(1,000)
Retained Earnings		(10,469)	(13,385)
Total Equity		(11,469)	(14,385)
Total Equity and Liabilities		(24,277)	(30,824)

Authorised for issue for and on behalf of the Directors

Director
Date:


28 February 2023

Director


Date: 28 February 2023

The above statement should be read in conjunction with the Notes on pages 7 to 14

PAE (New Zealand) Limited
Statement of Cashflows
For the nine months ended 30 September 2022

	Note	2022 9 months \$000	2021 12 months \$000
Cashflows from operating activities			
Profit Before Tax		681	4,039
Tax paid		(177)	(1,148)
Net cashflows from operating activities		504	2,892
Add:			
Depreciation & Amortisation Expense	5	1,784	2,102
Net Finance (costs) / Income		129	192
Increase in Deferred Tax Asset	12	(162)	(88)
Disposal of Fixed Assets			
Plus Movements in Working Capital:			
Decrease/(Increase) in Debtors/Receivables		(1,675)	1,351
Decrease/(Increase) in Unbilled Receivables - WIP		2,892	(3,063)
(Decrease)/Increase in Prepaid Expenses and Other		(102)	(86)
(Decrease)/Increase in Accounts Payable		(110)	754
(Decrease)/Increase in GST & Income Tax		(1,032)	691
(Decrease)/Increase in Accrued Expenses		(2,163)	2,641
(Decrease)/Increase in Payroll and Related Items		657	(571)
Less:			
Net Finance (costs) / Income		(129)	(192)
Net cashflows from Operations		594	6,622
Cashflows from investing activities			
Capital Expenditure		(1,119)	(1,288)
Proceeds from Sale of Assets		25	56
Net cashflows from investing activities		(1,093)	(1,233)
Cashflows from financing activities			
Lease liability (IFRS16)		(905)	(1,126)
Dividends Paid	17	(3,420)	(1,801)
Net cashflows from financing activities		(4,325)	(2,927)
Net increase/(decrease) in cash held			
Cash at the beginning of the period		(4,824)	2,463
Cash at the end of the period		5,727	10,551

The above statement should be read in conjunction with the Notes on pages 7 to 14

PAE (New Zealand) Limited
Notes to the Financial Statements
For the nine months ended 30 September 2022

1 Reporting Entity

PAE (New Zealand) Limited ("the Company") is a company domiciled in New Zealand and registered under the Companies Act 1993 and whose shares are jointly owned by Pacific Architects and Engineers LLC and R.G Consulting Group.

In February 2022 the shareholding company was acquired by Amentum Holdings LLC. To align its reporting period with that of Amentum the Company changed its annual reporting period from 31 December to 30 September. Consequently, the reporting period for the period ending 30 September 2022 is for nine months. The 2021 comparatives are for a 12 month period and are therefore not comparable.

2 Basis of Preparation

Basis of Measurement

The Company is a Tier 2 for-profit entity as it does not have public accountability and meets the criteria of a large entity. These financial statements are prepared in accordance with NZ IFRS RDR. Unless otherwise stated, the financial statements have been prepared on the historical cost basis.

Functional and Presentation Currency

These financial statements are presented in Thousands of New Zealand Dollars \$(000), which is the Company's functional currency.

New and amended standards adopted by the Company

The Company has applied no new standards.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The Company has not elected to early adopt any new standards or interpretations that are issued but not yet effective. There are no new accounting standards and amendments issued that have a material impact on the financial statements.

Revenue Recognition

The Company is in the business of providing outsourcing services, primarily in the areas of asset and facilities management and maintenance, supply and logistics, consulting and other associated services. Revenue shown in the Statement of Comprehensive Income comprises the amounts received and receivables by the Company for services supplied to clients in the ordinary course of business. It is measured in proportion to the stage of completion of the transaction at the reporting date or on a time and cost incurred to date (including mark-up if applicable) basis. For details, refer to Note 4.

Government Grants

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Property, Plant & Equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include the value of the consideration given to acquire the assets and the value of other directly attributable costs which are incurred in bringing the assets to the location and condition necessary for their intended service.

Subsequent Cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Income as incurred.

PAE (New Zealand) Limited
Notes to the Financial Statements
For the nine months ended 30 September 2022

Depreciation

Depreciation is recognised in the Statement of Comprehensive Income and is calculated on a straight line basis to allocate the cost of the asset over the estimated useful life. The rates used for the various categories are as follows:

Buildings	8%
Plant and Equipment	5.5% - 100%
Motor Vehicles	7% - 40%
Computer Equipment	13.5% - 48%
Furniture & Fittings	6% - 18%
Leasehold improvements	6% - 40%

Foreign Currency

Foreign currency transactions are recorded at the exchange rate in effect at the date of settlement of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the year-end foreign currency exchange rate. Foreign currency differences arising on translation are recognised in the Statement of Comprehensive Income.

Contract Assets

A Contract Asset is the right to consideration in exchange for goods or service transferred to the customer. It is initially recognised for revenue earned from Installation services by PAE NZ Ltd because the receipt of consideration is conditional on successful completion of the delivery. Upon completion of services and acceptance by the customers, the amount recognised as contract assets is reclassified to trade receivable.

Contract Assets are reviewed on a regular basis for impairment and provisions are made for any irrecoverable amounts.

Financial Instruments

Financial instruments are recognised initially at fair value plus transactional cost unless they are carried at fair value through the profit and loss in which case the transaction costs are recognised in the surplus or deficit.

A financial instrument is recognised if the Company becomes a party to the contractual provision of the instrument.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For the purposes of subsequent measurement, the Company measures the financial assets at amortised cost using the effective interest rate method (EIR) as the financial assets are held with the objective to hold financial assets in order to collect cashflows and the contractual terms give rise to cashflow that solely represents principal and interest on the outstanding amount.

The Company's financial liabilities include payables and borrowings. Financial liabilities are measured at fair value on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial rewards of

Trade and Other Receivables

Trade receivables that do not contain a significant financing component are measured at the transaction price less impairment losses.

Interest-bearing borrowings

Interest-bearing borrowings are classified as other non-derivative financial instruments.

Trade and Other Payables

Trade and other payables are stated at cost.

Ordinary Shares.

Incremental costs directly attributable to the issue of ordinary share and share options are recognised as a deduction from equity.

PAE (New Zealand) Limited
Notes to the Financial Statements
For the nine months ended 30 September 2022

Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is provided using the balance sheet liability method. Temporary differences are provided for between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and tax rates enacted or substantively enacted at balance date. A deferred tax asset is recognised only to the extent that it is probable that future taxable surpluses will be available against which the asset can be used.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Impairment

The carrying amounts of the Company assets other than inventories are reviewed at balance date to determine whether there is any objective evidence of impairment. If any such indications exist, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

Goods and Services Tax (GST)

The financial statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

Intangibles

Recognition and Measurement

Intangible Assets acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

Software acquisition and development

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Subsequent Cost

The costs associated with maintaining computer software, expenditure relating to patches and other minor updates as well as their installation, is expensed when incurred.

Amortisation

Amortisation is recognised in the Statement of Comprehensive Income and is calculated on a straight line basis to allocate the cost of the asset over the estimated useful life. The rate used for the category is as follows:

Integrated Facilities Management & Accounting Software	8.5% - 48%
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Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as at balance date, as follows:

Other	5 years
Buildings	3 to 10 years

Other includes photocopiers, and the right-to-use assets are also subject to impairment.

Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date. Dividend distribution to the Company shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Directors and notified to the Company's shareholders.

PAE (New Zealand) Limited
Notes to the Financial Statements
For the nine months ended 30 September 2022

4 Revenue

	2022	2021
	\$000	\$000
<i>Revenue by type</i>		
Fixed Price	19,435	23,855
Schedule of Rates	31,589	43,312
Project and Others	25,804	47,318
Total	76,828	114,486

Fixed Price is revenue received for a defined set of services for an agreed level of resourcing, for which a fixed monthly fee is paid for the term of the contract

Schedule of Rates is revenue that varies from month to month and is based on a schedule of agreed rates for a defined list of recurring service types, with no guarantee of work or work volumes

Project and Others is revenue that is generated largely from Capex or Opex projects, based on agreed charge-up rates or fixed pricing, for one-off engagements

5 Expenses

	2022	2021
	\$000	\$000
Direct expenses	(65,209)	(97,467)
Direct expenses are costs that can be directly attributed to revenue, primarily Subcontractors, Materials and Direct labour costs. Direct overhead is included in Indirect costs.		
Indirect expenses	(9,025)	(10,686)
Indirect costs are not directly attributable to revenue, primarily indirect labour and costs to support the business.		
Depreciation expenses		
Depreciation Property, Plant and Equipment	(651)	(817)
Amortisation Intangible Assets	(179)	(131)
Amortisation Right of use Assets	(954)	(1,154)
Depreciation & Amortisation Expenses	(1,784)	(2,102)
Interest		
Interest (Cost)/Income	46	18
Accretion of interest for right of use assets	(175)	(210)
Net Finance (Cost)/Income	(129)	(192)
Tax		
Income Tax Expense	(177)	(1,148)
Net Income Tax Expense	(177)	(1,148)
Total Comprehensive Income	504	2,891

PAE (New Zealand) Limited
Notes to the Financial Statements
For the nine months ended 30 September 2022

6 Property, Plant and Equipment

2022	WIP \$000	Building \$000	Plant, equipment and leasehold improvements \$000	Motor Vehicle \$000	Computer Equipment \$000	Furniture & Fittings \$000	Total \$000
Opening balance as at 1 Jan 2022	12	12	447	1,214	236	86	2,007
Additions	44	-	67	599	81	21	812
Depreciation charge	-	(2)	(109)	(427)	(102)	(11)	(651)
Disposals	-	-	(17)	(16)	9	0	(24)
Closing balance as at 30 Sep 2022	56	10	388	1,370	224	96	2,144
Total historical cost	56	31	1,990	6,494	1,098	187	9,856
Accumulated depreciation	-	(21)	(1,602)	(5,124)	(874)	(91)	(7,712)
Total	56	10	388	1,370	224	96	2,144

2021	WIP \$000	Building \$000	Plant, equipment and leasehold improvements \$000	Motor Vehicle \$000	Computer Equipment \$000	Furniture & Fittings \$000	Total \$000
Opening balance as at 1 Jan 2022	9	14	419	1,284	105	71	1,902
Additions	29	-	177	515	218	23	962
Depreciation charge	-	(3)	(144)	(574)	(85)	(10)	(817)
Disposals	(26)	-	(5)	(10)	(2)	2	(42)
Closing balance as at 31 Dec 2022	12	12	447	1,214	236	86	2,006
Total historical cost	12	31	1,932	6,098	1,018	166	9,257
Accumulated depreciation	0	(19)	(1,485)	(4,884)	(782)	(80)	(7,251)
Total	12	12	447	1,214	236	86	2,006

Intangible Assets

2022	Software \$000
Opening balance as at 1 Jan 2022	385
Additions	306
Depreciation charge	(179)
Disposals	-
Closing balance as at 30 Sep 2022	512
Total historical cost	2,386
Accumulated amortisation	(1,874)
Total	512

2021	Software \$000
Opening balance as at 1 Jan 2021	190
Additions	326
Depreciation charge	(131)
Disposals	-
Closing balance as at 31 Dec 2021	385
Total historical cost	2,080
Accumulated amortisation	(1,695)
Total	385

PAE (New Zealand) Limited
Notes to the Financial Statements
For the nine months ended 30 September 2022

7 Share Capital

As at 30 September 2022, there were 427,000 (2021: 427,000) shares issued and fully paid of \$2.34 each. All shares rank equally with one vote attached to each fully paid share.

8 Related Party Transactions

	2022	2021
	\$000	\$000
PAE LLC	17	81
Stantec NZ	(155)	-
Total	-	81

2022 - The costs associated with PAE LLC to cover DBA Insurance costs for the ASC contract and Annual Compliance fee for Stantec NZ

2021 - The costs associated with PAE LLC to cover DBA Insurance costs for the ASC contract.

9 Contingent Liabilities

The Company has performance bonds, at the year end, issued by ANZ Bank New Zealand Limited relating to contracts with the New Zealand Defence Force.

	2022	2021
	\$000	\$000
Performance Bonds	2,000	2,000

10 Right-to-Use Assets

	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
	Right-to-Use: Other	Right-to-Use: Other	Right-to-Use: Buildings	Right-to-Use: Buildings
Opening balance as at 1 January	88	129	3,911	4,952
Additions	-	-	-	-
Remeasure	-	-	(88)	73
Disposal	-	-	-	-
Depreciation Charge	(24)	(41)	(921)	(1,114)
Closing balances	64	88	2,902	3,911
Total historical cost	174	174	6,912	7,000
Accumulated depreciation	(110)	(86)	(4,011)	(3,089)
Total	64	88	2,902	3,911

PAE (New Zealand) Limited leases premises at Christchurch International Airport, Burnside, Hawera and the Lower Hutt Head Office to service contracts, as well as Head Office operations. Other includes PAE leases for photocopiers at various sites around the country.

There were no leases with residual value guarantees or leases not yet commenced to which PAE is committed.

PAE (New Zealand) Limited
Notes to the Financial Statements
For the nine months ended 30 September 2022

11 Lease Liability

	2022	2021
	\$000	\$000
Long-term lease liabilities		
Photocopiers	(39)	(63)
Buildings and offices	(1,817)	(2,795)
Total	(1,856)	(2,858)
Short-term lease liabilities		
Photocopiers	(31)	(32)
Buildings and offices	(1,207)	(1,189)
Total	(1,238)	(1,221)
Total Lease Liability	(3,094)	(4,079)

The Company leases various properties. those lease contracts are typically made for fixed period of 2 to 5 years but may have extension periods. Terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Those arrangements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

	2022	2021
	\$000	\$000
Opening balance as at 1 Jan	(4,079)	(5,118)
Additions	-	-
Interest expense related to lease liabilities	(175)	(210)
Revaluation for existing leases	91	124
Repayment of lease liabilities including interest expense	1,069	1,126
Closing balances	(3,094)	(4,079)

12 Taxation

	2022	2021
	\$000	\$000
(a) Components of Income Tax Expense		
Current year tax expense	(340)	(1,236)
Deferred tax movements		
- Temporary Differences	162	88
Income tax profit and loss	(177)	(1,148)
(b) Reconciliation of effective tax rate		
Accounting profit before income tax	681	4,039
Income tax using Company tax rate at 28%	(191)	(1,131)
Expected income tax expense		
<i>Adjustments:</i>		
Prior period adjustments		(4)
Non-deductible expenses	14	(13)
At the effective income tax rate of 25.9% (2021: 28.4%)	(177)	(1,148)
(c) Income tax payable		
Opening Balance	(1,101)	23
Current Year Tax Expense	(340)	(1,236)
Net tax and RWT paid	1,723	112
Closing Balance	282	(1,101)
(d) Deferred tax on temporary differences		
Opening Balance	263	175
Temporary differences movement	162	88
Closing deferred tax asset / (liability)	425	263

Deferred tax on unused tax losses is recognised as a deferred tax asset when management consider it probable that future tax profits will be available against which tax losses will be utilised. The Company offsets assets and liabilities only if it has a legal enforceable right to off-set current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

There are no income tax consequences attached to the payment of dividends in either 2022 or 2021 by the Company to its shareholders.

	2022	2021
	\$000	\$000
Reconciliation of movement in temporary differences		
Movements in deferred tax arising from temporary differences can be summarise as follows:		
Movement in employee entitlements	137	72
Movement in provision for doubtful debts	1	3
Movement in depreciation	-	4
Movement in other provisions	25	8
Total deferred tax on temporary differences	162	88

PAE (New Zealand) Limited
Notes to the Financial Statements
For the nine months ended 30 September 2022

	2022	2021
	\$000	\$000
13 Remuneration of Auditor		
Fee for Auditing Financial Statements	(65)	(65)
Audit Fee overrun for prior year	-	-
Total	(65)	(65)

14 Loans and Borrowings

The Company has an overdraft facility available, which is not in use at the year-end, secured by a first legal charge over the Company assets. The facilities available are:

	2022	2021
	\$000	\$000
Overdraft	1,000	1,000
Drawdown facility	2,000	2,000
Total	3,000	3,000

Facility fees incurred during the year were \$23k (2021: \$30k)

	2022	2021
	\$000	\$000
15 Financial Assets at amortised cost		
Cash & Cash equivalents	4,227	9,553
Trade and Other Receivables	7,351	5,676
Short-term deposit	1,500	998
Total	13,078	16,227

Short-term deposits are made for between 2 to 6 months, depending on the immediate cash requirements of the Company, and earn interest at the deposit rates. Those Short-term deposits 90 days old or less have been included in Cash & Cash Equivalents.

Financial liabilities at amortised cost

Trade and other payables	(3,864)	(3,974)
Total	(3,865)	(3,974)

	2022	2021
	\$000	\$000
16 Key Management Compensation		
Key Management Personnel Compensation	(1,282)	(2,016)
Total	(1,282)	(2,016)

Key management consists of the Chief Executive Officer and Senior Management.

	2022	2021
	\$000	\$000
17 Dividend		
Dividends declared and paid: \$4.22 per share	(3,420)	(1,801)
	(3,420)	(1,801)

All dividends are fully imputed.

18 Subsequent Events

In the 2022 financial period there was no subsequent event.

(2021: The Company paid a net taxable ordinary dividend of \$3,420,000 to shareholders on the 18 February 2022.

Imputation credits were attached at the ratio of 28/72 totalling \$1,330,000.)

Independent Auditor's Report

To the shareholders of PAE (New Zealand) Limited

Opinion

We have audited the financial statements of PAE (New Zealand) Limited (the "Company"), which comprise the statement of financial position of the Company as at 30 September 2022, and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the period then ended of the Company, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 September 2022 and its financial performance and cash flows for the period then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the financial statements and auditor's report.

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

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

If, based upon the work we have performed on the other information 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.

Directors' responsibilities for the financial statements

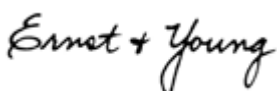
The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8>. This description forms part of our auditor's report.



Chartered Accountants
Wellington
28 February 2023