

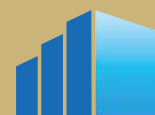
INVEST SMARTER

ANNUAL
REPORT
2024



0800 870 326

www.investmidlands.co.nz



MIDLANDS
FUNDS MANAGEMENT

6.85%

Return

Average annualised return, after fees but before tax for quarter ended **30 June 2024** (the most recent quarter as at the time of print). Returns are subject to change and past performance is not a reliable indicator of future performance.



MIDLANDS
FUNDS MANAGEMENT



KEY FINANCIAL HIGHLIGHTS

MANAGER METRICS

AS AT 31 MARCH 2024

NPAT

\$292k

↗ Up +\$288k YoY

Income

\$3.645m

↗ Up 17% YoY

Net Assets/Shareholders Equity

\$695k

↗ Up 73% YoY

FUND METRICS

AS AT 31 MARCH 2024

6.80%*

Quarterly annualised return

↗ Up 0.80% YoY

June 2023	6.30%	Sept 2023	6.50%
Dec 2023	6.65%	March 2024	6.80%
June 2024	6.85%		

\$116.5m

Funds Under Management

↗ Up 5.5% YoY

\$1.2m

Provision & Retained Earnings

↗ Up 62% YoY

*Annualised returns, after fees but before tax.
Past performance is not a reliable indicator of future performance.

CHAIRMAN & CEO REPORT

Welcome to the first in what we hope will be a long line of Annual Reports capturing the rise and evolution of Midlands Funds Management. We are very pleased to share with you a number of significant achievements in 2024, and especially pleased to deliver Net Profit After Tax (NPAT) of \$292k, up \$288k from the prior year and exceeding the cumulative result of the last 10 years combined.



FINANCIAL PERFORMANCE

This past 12 months have been difficult at several levels, with the business dealing with the biggest economic downturn since the Global Financial Crisis.

In Financial Year 2024 (FY24) our focus has been on learning what Midlands is capable of, understanding our operational limitations and monetising a business that hasn't turned a substantial profit since inception.

In previous years, our financial results have been presented in a "normalised" form showing what could have been achieved, had a list of non-strategic one-off expenses not been incurred! This year we are pleased to celebrate numbers that reflect "clean" profitability, without any "what if's" involved.

To that end, 12 months ago we presented to shareholders a budget that committed to delivering an NPAT result more in line with expectations given the shareholder equity invested in Midlands. By getting back to basics, and putting the right people in the right roles, the focus this past year has been on eliminating unnecessary spend, and ensuring we capture all available revenue opportunities. As a result, we have been able to exceed budget by circa 20% delivering an NPAT result of \$293k vs a budget of \$250k, achieved in a year where we have incurred the ongoing costs of settling trailing brokerage with the founding firms.

FUNDS UNDER MANAGEMENT (FUM) GROWTH

We are very pleased to have delivered FUM growth of >5% in FY24, during an extremely difficult economic climate. This is an achievement in itself - and especially noting that our growth rate has exceeded many of our closest and more seasoned competitors. Additionally, 2 years ago we didn't understand what drove FUM growth, whereas today we are much closer to the market dynamics and our investors. With the introduction of a Head of Marketing and Investments role, we have begun to reap the benefits of targeted sponsorship and proactive engagement with the community. We also have a much clearer idea where our prospective investors are coming from, and what their motivations to invest are. As we refine our marketing and engagement processes, we believe we will have much improved visibility and control over FUM growth and from there only our aspirations will hold us back.

Going forward our primary focus is FUM and NPAT growth. We won't shy away from strategic spend, however a clear return on investment must be proven before the expense is to be considered strategic, and if not deemed strategic then that spend won't occur.

By getting back to basics, and putting the right people in the right roles, the focus this past year has been on eliminating unnecessary spend and ensuring we capture all available revenue opportunities.

SO HOW DID WE GET HERE?

Well, the first investment we made was to invest in a Chief Financial Officer to provide rigor to our financial reporting. This was recognition that Midlands lacked even the most basic of financial disciplines and the board lacked any real time visibility over company's financial performance. The second investment we made was to create a Head of Marketing and Investments role to ensure we receive a tangible and measurable return on investment for every marketing dollar spent.

On technology, we have invested in upgrading our Cyber resilience to ensure we can protect our borrowers, our investors, and the Company from ever-evolving cyber threats. Unfortunately, as it stands today, Midlands remains analogue in an increasingly digital world - so our next investments in technology will be playing catch up, as opposed to disrupting the non-bank finance landscape. While technology was seen as an unnecessary expense in the past, investment in this area will increasingly play a role in the long-term viability and prosperity of Midlands, without which we will increasingly risk becoming uncompetitive and irrelevant.

The Board of Directors has been 'right sized' to better align cost with the size of the company, allowing unnecessary governance spend to be re-directed to investment in vital infrastructure and resource.

WE'RE NOW A PIE FUND

From a structure perspective, FY24 saw the Income Fund converted into a retail Portfolio Investment Entity (PIE) fund which was a major project in its own right. Given how long the PIE regime has been around, once again this move was long overdue and very necessary.

This was a significant piece of work and highlighted the return on investing in a seasoned Chief Financial Officer who took the project over and drove it to an extremely tight deadline. The reasons for converting the fund was to ensure our investment offer aligned with industry best practice, and ensuring that our investors have access to the most tax efficient investment fund/s available. This move also removed substantial operational risk that would have come with operating two funds under different tax rules. Several additional risks were also removed from the business through the successful delivery of this project.

WHAT'S TO COME

In our next annual report we hope to be announcing a digital interface in the form of an investor portal, somewhat closing the digital divide we currently experience while delivering a cohesive and achievable long-term strategy with the only limitation being our own aspiration. We will share some of our thinking in this regard at the Annual General Meeting.

In closing, we would like to thank the Midlands team that have worked hard through sometimes challenging conditions, and at a hectic pace set by the leadership group and the Board. We would also like to acknowledge the efforts of the Board who have really got behind the "new Midlands" and supported us to get to this greatly improved financial and operational position.



John Rae
Chairman

Rhys Trusler
CEO



ABOUT MIDLANDS

SMARTER INVESTMENTS & LOANS

Midlands is a 100% kiwi owned investment and specialist non-bank lending company based in the Hawke's Bay that traces its origins back to 1896.

INVEST SMARTER

New Zealanders have always had a love affair with bricks and mortar as a way to build long term wealth. And for good reason. If you invest with Midlands, you are investing into the Midlands Smarter PIE Fund, which provides an alternative, low risk way to invest in the New Zealand property sector, without direct property ownership.

Instead of owning a property directly, with Midlands your money is pooled with lots of other like-minded investors and invested in multiple residential, commercial and rural property loans, spread right throughout the country. Loans are always secured by a first ranking mortgage against the property and land assets, which helps protect our investors hard earned money. Better yet, unlike bricks and mortar, your money is on call and delivers regular cash returns. Now that's smart.

WHY SMARTER INVESTORS CHOOSE MIDLANDS



Low risk investing

Midlands' Risk Rating is 1 out of 7. That's the lowest risk rating possible for a NZ retail fund.



On call investing

Your funds are on call, which means they're normally available when you need them. It's how investing should be.



Regular cash returns

Receive regular income every quarter OR reinvest your returns to build long term wealth. It's your choice.



Say hello to a real human

At Midlands, you deal with real humans. No AI, chatbots or robots around here.



Trusted for 120 years

The origins of Midlands go all the way back to 1896. That's over 120 years of smart investing.



We have skin in the game

Many Midlands staff, directors and shareholders have their own personal money invested alongside yours.



Secured by bricks & mortar

Your investment is secured by real NZ land and property assets. Now that's smart.



Managed by experts

Our team of specialist experts have over 180 years of experience in banking and finance, so your investments are in good hands.

Celebrating smarter investing,
that originated

128

years ago

INVEST SMARTER

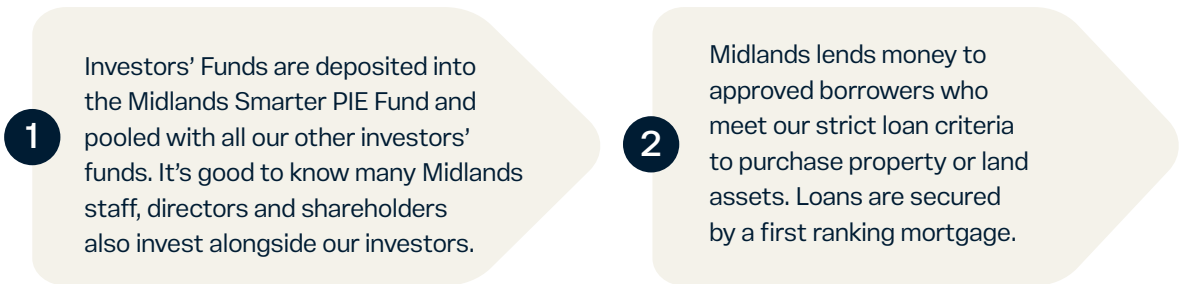




WE'RE SPECIALIST NON-BANK LENDERS

Midlands is a specialist non-bank mortgage lender. We offer term loans for residential, commercial or rural property. Borrowers come to Midlands when they want a loan to purchase a property, but they don't quite fit bank lending criteria. This can be for a variety of reasons (not all of them sensible, in our opinion), including being a new business owner or self-employed with no PAYE income, the borrower's age or having assets but no cash flow over a short period of time. Simply put, bank lending criteria mean that there are a lot of credit worthy New Zealanders being turned down by banks at present, which is where we come in.

HERE'S HOW IT WORKS:



The net interest income received for the quarter is then distributed back to our Investors. These are your 'Returns' and you get to choose what you do with them:

- Receive cash returns into your bank account every quarter.
- Reinvest returns back into the fund and watch your money grow.

Borrowers pay interest back into the Midlands Smarter PIE Fund. Total fees and fund expenses of 2.1% are deducted.

The Midlands Smarter PIE Fund provides a proven, low risk investment, secured by real property and land assets.

KEY FACTS

MIDLANDS SMARTER PIE FUND PERFORMANCE

March 2024 quarter annualised return

6.80%

(as at 31/3/2024 after fees and before tax*)

10 year average annualised return

5.17%

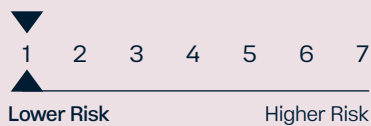
(as at 31/3/2024 after fees and before tax*)

If you had invested \$100,000 in March 2014, today it would be worth

\$140,652**

(March 2014 – March 2024*)

Midlands Risk Rating is 1 out of 7***



Ideal minimum investment

\$10,000

We do consider lesser amounts

Fund inception

Nov 2004

We're 20 years old****

* As at 31st March 2024. Annualised returns after fees but before tax. Past performance is not a reliable indicator of future performance.

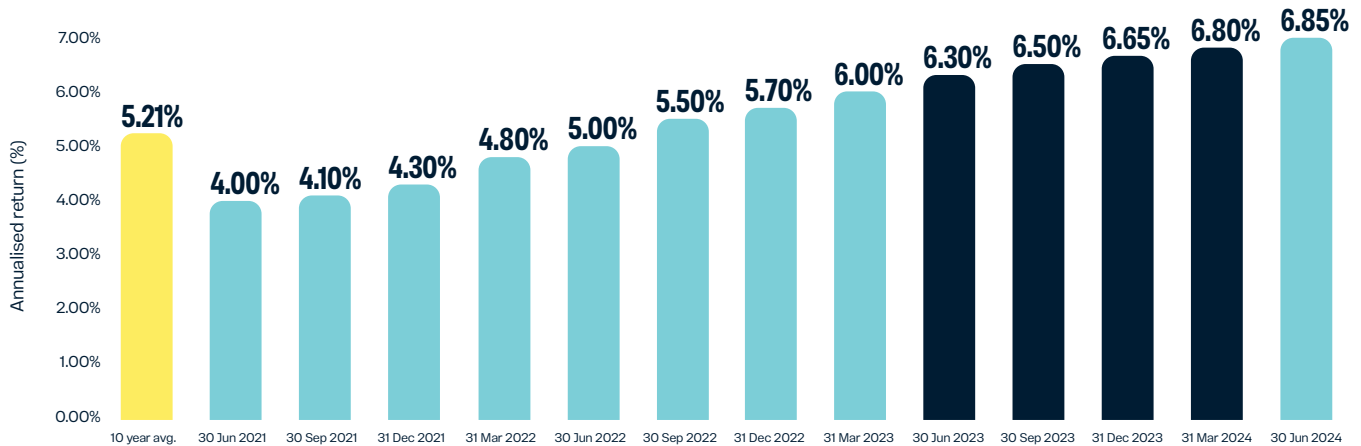
** This scenario assumes the investor was taxed at the highest marginal tax rate for a PIE Fund (28%) in each year and compounded their returns. If an investor's marginal tax rate was lower, then the value of their investment would be a higher amount.

*** The Government provides the formula for calculating the 'Risk Rating' score. A risk rating of "1" does not indicate a risk free investment. See our Product Disclosure Statement for more information.

**** The Midlands Smarter PIE Fund in its current form is 20 years old, however we can trace our origins back to 1896.

Consistent Returns from a Low Risk Investment. Now that's smart.

This table shows Midlands historical annualised pre-tax quarterly returns.



This graph shows Midlands Smarter PIE Fund annualised quarterly returns, after fees but before tax for the last three years. The '10 Year Avg' bar represents the fund's average annual return after fees but before tax for the period June 2014 - June 2024. The navy blue bars represent the four quarters of the financial year 2024.

5.13%

Midlands "On-Call" investment

BETTER RETURNS,
FROM AN ON-CALL
INVESTMENT

3.33%

Bank 2 Year Term Deposit

Data Source: Midlands: Average annualised pre-tax cash return from Jan 2017 – Mar 2024. Past performance is not a reliable indicator of future performance.

Data Source: Bank Term Deposit: Reserve Bank of New Zealand Statistics Series B26, Average annualised pre-tax cash return on \$10,000 Term Deposit from Jan 2017 – Mar 2024.



KEY FACTS

MIDLANDS' LOAN BOOK

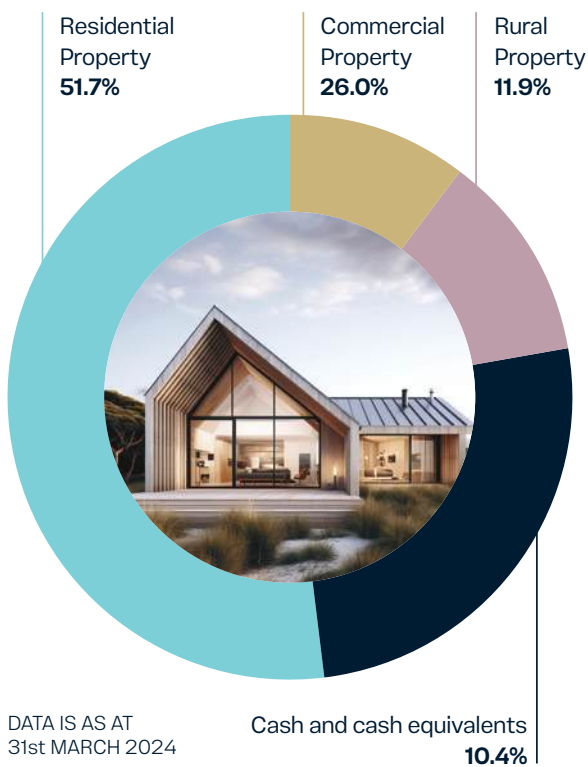
OUR LENDING PRINCIPLES

Midlands' conservative lending principles help protect our investors:

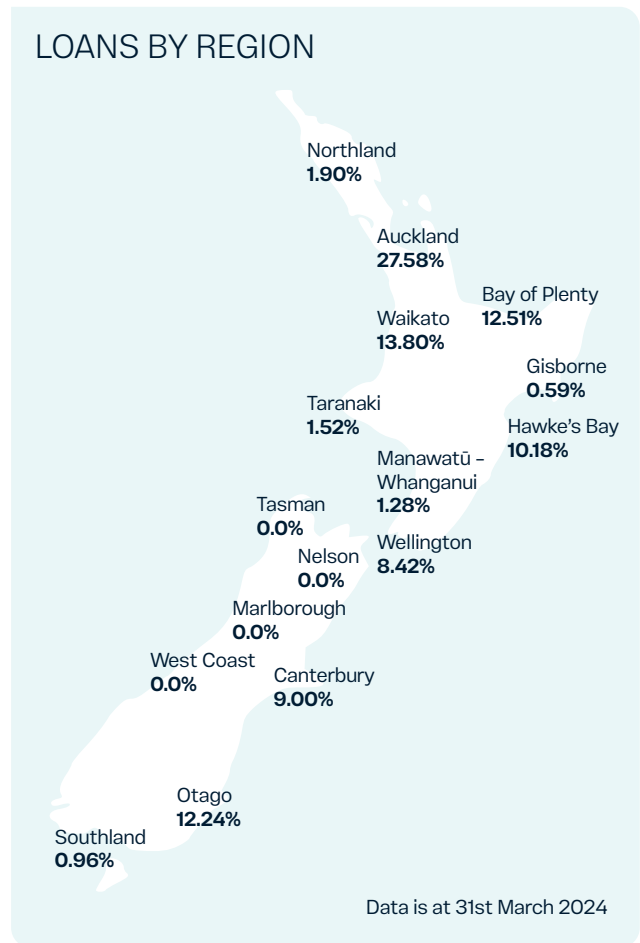
 <h3>Secured</h3> <p>Loans are always secured by first mortgages over NZ property.</p>	 <h3>Diversified</h3> <p>Loan portfolio is diversified across property types and location.</p>	 <h3>Conservative</h3> <p>We maintain conservative LVR limits.</p>	 <h3>Experts</h3> <p>Our specialist loans team has over 110 years of experience.</p>
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LOANS BY SECTOR

The funds assets are spread between commercial, rural, residential property and cash as follows:



LOANS BY REGION



LOAN SUMMARY DATA IS AS AT 31st MARCH 2024

<p>Average Loan Size</p> <h2>\$1.014m</h2>	<p>Weighted Average LVR</p> <h2>48.8%</h2>	<p>Loan Originations last 12 months</p> <h2>\$62.8m</h2>
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OUR BOARD OF DIRECTORS



John Rae
Independent Director
and Board Chair

John combines professional qualifications and disciplines together with wide management

and directorial experience. He brings a wealth of legal and finance experience gained across Banking & Technology, Investment & Capital raising right through to Infrastructure and the all-important primary sector. He is passionate about sustainable growth and building high performing teams to achieve the strategic vision of a company and has experience as a Director in NZ, Australia and UK including as a Bank of England approved Executive Director of a United Kingdom bank. He loves a challenge and has extensive experience (and interest) in dealing with difficult transitional environments. John has been a director on the Midlands board since 2022. Outside of his various directorships, John is a keen fisherman.



Dinah Kennedy
Director

A former partner in a leading Hastings legal firm and more recently a consultant lawyer, Dinah brings experience in lending to the Board.

Dinah is an appointee to the Midlands Audit, Risk and Compliance Committee. Dinah has extensive experience in the compliance requirements of the financial sector and is a member of the Institute of Directors. Dinah has been a director on the Midlands board since 2020. Outside of her busy professional life, Dinah spends her time playing golf, travelling and walking.



Ken Horner
Director

Ken was a third-generation principal of Hawera based Halliwells Barrister & Solicitors, Midlands founding firm that dates back to 1896.

Holding an LLB from Auckland University, Ken dedicated 46 years to Halliwells, starting in 1976 and retiring in 2022. His expertise spans financing, conveyancing, commercial law, forestry ventures, and the administration of trusts and estates. Since 2004, Ken has served as a director on the Midlands board. Outside of his professional life, Ken is an enthusiastic skier and an amateur historian.



Marise James
Independent Director

Marise brings a wealth of experience to our Audit, Risk and Compliance Committee. She is a chartered accountant and a partner at

Baker Tilly Staples Rodway in Taranaki. Marise has extensive board experience including being one of the founding directors of Fonterra, and directorships for FMG Insurance Limited, Landcorp Farming Limited and TSB Bank. She is a Fellow of the Institute of Directors and CAANZ. Marise has been a director on the Midlands board since 2021. Marise enjoys landscaping her new garden and spending time at the beach with her 6 grandchildren.



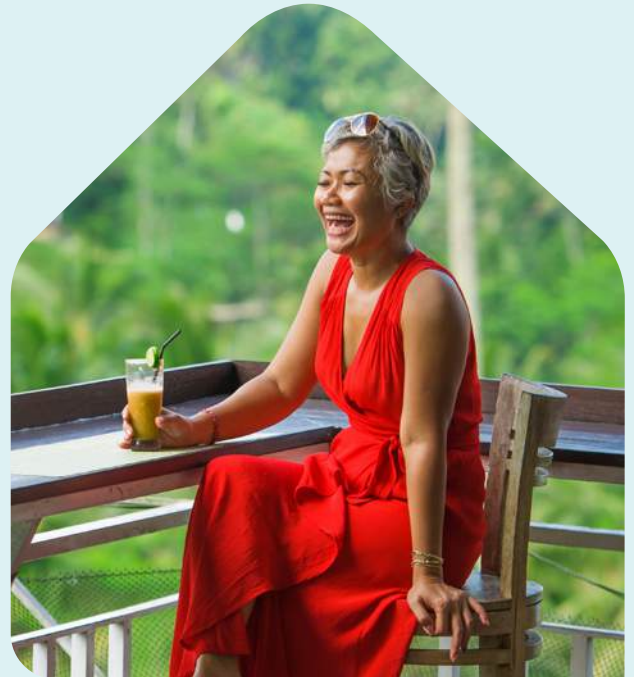


“Every quarter I can see my money growing and that’s good. I like to see my money growing”

Happy Midlands Customer

“I was looking around for a better return that I was getting from the banks”

Happy Midlands Customer



“Talking to a real person makes a big difference, especially when it comes to your money”

Happy Midlands Customer

“If you suddenly need some money it can be in your bank within a couple of days”

Happy Midlands Customer



SENIOR MANAGEMENT TEAM



Rhys Trusler
Chief Executive Officer

Rhys brings a wealth of experience across the I.T., FMCG, business advisory, and finance sectors, with a diverse background in sales, technical, operational, and management roles. Having worked in

everything from small local businesses through to large global corporates Rhys found his preference to be where customers were treated as people (not numbers) and where company profits stayed within New Zealand.

Originally from Taranaki (New Plymouth) Rhys most recently lived in Auckland with his wife and two young daughters where he held a Managing Partner role in a property finance company. He and his wife made the move to Hawke's Bay to give their girls a 'kiwi upbringing' and to allow them to get back to nature.



James Brownlie
Chief Financial Officer

James has extensive industry experience having worked in banking roles in London, Tokyo, Hong Kong and Singapore for JPMorgan, Merrill Lynch, Barclays, and Standard Chartered Bank

and in financial services in New Zealand for KPMG and more recently as a residential and commercial mortgage advisor for Vega. James qualified as a Lawyer, Chartered Accountant, and Financial Advisor.

James is leaving Midlands in October to return back to the UK where his wife's family resides. We would like to take this opportunity to thank James for his significant contribution to Midlands and wish him well on his future endeavours.



Miles Standeaven
Head of Credit

Miles is the Head of Credit for Midlands and a member of the Investment Committee. Miles has 18 years' experience in the banking and finance industry. Prior to Midlands, Miles was a

Senior Corporate Analyst at Westpac. He has experience across corporate finance, lending, credit, banking specializing in property finance and cash flow lending.

Miles holds a Bachelor of Science from the University of Auckland and is a member of Economic Development New Zealand. Miles is famous in the Midlands office for his daily swim, even in the winter months!



Christie Campbell
Head of Marketing & Investments

Christie's path to Midlands Funds Management and the Finance Industry has been somewhat unconventional. Christie's formative career was spent in corporate Sales & Marketing

roles, in FMCG (food businesses), financial services, wine and retail industries in New Zealand and the UK. Christie then started up her own food business, which she ran for 10 years and eventually sold.

During her business ownership, Christie took on the role of managing the business accounting and finances, which sparked an ongoing interest and passion in finance and investing and led her to her current role at Midlands. Outside of work, Christie loves spending time on Lake Taupō with her family and trying to master a golf swing.



Amber Way
Compliance Lead

Amber's career has always been about upholding the highest industry standards. Combining extensive international experience from the Middle East and the UK and nine years at ANZ Bank, Amber

has developed a robust background in financial management, reporting, and performance monitoring. She excels at creating an inclusive and collaborative environment. Her hands-on approach focuses on mitigating risks, improving processes, and ensuring integrity in all her work.

Amber's goal is to meet all regulatory requirements and support the organisations long-term success by fostering a culture of compliance and ethical behaviour. Outside of work, Amber loves gardening and spending time with Lilly & Daisy, her two Havanese pooches.

OUR MIDLANDS VALUES

BE EXCEPTIONAL

At Midlands we're addicted to the pursuit of excellence and success. The sense of fulfillment that comes from persistent effort, dedication, self belief and achievement. We're here to kick butt. And we're going to enjoy it.

BE SMARTER

At Midlands, we are relentlessly driven to do things smarter. We are brave and curious. Thinkers and challengers. Progressive and forward focused. We seek out new opportunities and better ways of doing things every day.

BE PROUDLY NON-BANK

We're Midlands and we're delighted to not be a big bank. Or a pack of bankers. We're the courageous and clever dissenters who are proud to provide everyday New Zealanders with better alternatives to those big banks.

BE A REAL HUMAN

At Midlands, being human is our hidden superpower. We're welcoming, down-to-earth, authentic and upbeat and treat every single one of our customers like a real human being, not a number.

BE GOOD PEOPLE

We're run for and by smart, sensible human beings who are here to do good stuff in a brave, fun and delightfully human way. We're genuine and authentic. Real and reasoned. We're good people doing good things.

CFO'S REPORT

James Brownlie
CFO



We are very proud of all that was achieved in 2024, which was a turnaround year as we pulled the management company apart and put it back together again, fixing legacy problems along the way.

We are starting to improve balance sheet resilience in Midlands Funds Management (the licenced management company for the Midlands Smarter PIE Fund) with net assets and shareholder's equity increasing \$293k during the year to \$695k. We need to continue building balance sheet resilience if we are going to capitalise on opportunities that invariably arise in a volatile market environment.

A strong cost and revenue discipline enabled us to grow the fund's quarterly returns throughout the year whilst also increasing provisions and retained earnings by 62% versus the previous year. Midlands is steadfast in its commitment to being a prudent, conservative investment fund, which includes ensuring provisions reflect the current economic climate. Given much of the 2024 financial year was spent in an economic recession and the ongoing adverse economic climate, these provisions continue to provide a buffer against potential losses that may occur when operating in this environment.



Significant achievements that the finance team was proud to deliver in 2024 included:

Setting a positive, realistic and achievable budget for the year of NPAT \$250k. We exceeded that budget by 17%, delivering NPAT of \$292k for the year

Cost and revenue efficiencies funded a new Head of Marketing & Investment role

Our fund secured a wholesale investment facility for working capital (i.e. the cash we must hold to meet withdrawal requests from our investors), improving returns on cash by 1.6%pa

Transitioning the Retail Income Fund to a Retail PIE Fund which required significant work alongside our legal and tax advisors, upgrading the Fund SIPO, PDS and Trust Deed artifacts. The move to a PIE Fund ensures we can offer a more tax efficient structure for most investors and positions the Fund for further growth and success

Appointing global 'Top-10' accounting firm Nexia to support our accounting function in terms of book keeping and production of year end financial statements

Upgrading our assurance provider to PWC, a 'Tier-1' firm with the required resource and capability to support our annual financial audit

Migrating our accounting system to Xero, bringing benefits in terms of operational resilience and user efficiencies

A handwritten signature in black ink that reads "James Brownlie". The signature is fluid and cursive.

James Brownlie
CFO

2024 FINANCIALS

MIDLANDS FUNDS MANAGEMENT LIMITED

Statement of Comprehensive Income For the year ended 31 March 2024

	2024	2023
Management Fees	1,830,640	1,888,671
Loan Fees	1,746,245	1,199,215
Share of default loan interest	38,687	23,159
Other Income	29,156	15,764
Total Income	3,644,727	3,126,808
Administrative Expenses	505,763	589,963
Audit & Assurance Fees	71,453	70,250
Board Expenses	17,510	124,057
Directors Fees	267,215	281,742
Depreciation	93,106	104,531
Employment Expenses	1,662,401	1,336,662
Selling Expenses Impairment on Trade Receivables	(9,000)	9,000
Operating Expenses	597,173	551,069
Total Expenditure	3,205,620	3,067,274
Net Operating Profit	439,107	59,534
Net Finance Income	(31,009)	(42,390)
Net Operating Profit Before Tax	408,099	17,144
Tax Expense	114,978	13,236
Net Profit After Tax	293,121	3,908



MIDLANDS FUNDS MANAGEMENT LIMITED

Statement of Financial Position As at 31 March 2024

	2024	2023
Assets		
Current Assets		
Total Cash On Hand	933,126	196,317
Short Term Bank Deposits	0	256,793
Current Tax Assets	0	2,458
Prepaid Expenses	590	1,303
Trade and Other Receivables	316,758	222,142
Total Current Assets	1,250,474	679,013
Non-Current Assets		
Net Deferred Tax Asset	41,521	57,096
Property Plant and Equipment	75,218	89,122
Right of Use Assets	518,402	584,508
Total Non-Current Assets	635,141	730,727
Total Assets	1,885,615	1,409,740
Liabilities		
Current Liabilities		
Employer Entitlements	62,358	66,696
Trade and Other Payables	452,980	297,605
Current Tax Liability	83,032	0
Lease Liability - Current	57,971	59,965
Total Current Liabilities	656,341	424,266
Non-Current Liabilities		
Lease Liability - Non-current	534,062	583,383
Total Liabilities	1,190,403	1,007,649
Net Assets	695,213	402,091
Equity		
Issued Capital	218,725	218,725
Retained Earnings	476,488	183,366
Total Equity	695,213	402,091



Independent auditor's report

To the shareholders of Midlands Funds Management Limited

Our opinion

In our opinion, the accompanying financial statements of Midlands Funds Management Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 March 2024, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

What we have audited

The financial statements comprise:

- the statement of financial position as at 31 March 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 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.

Independence

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)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Company in the areas of agreed upon procedures in relation to the net tangible asset calculation. We also perform the audit of the financial statements and, unitholder registry compliance assurance reporting for the Funds managed by the Company. In addition, certain partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the Company. The provision of these other services and relationships have not impaired our independence as auditor of the Company.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or 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 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.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, 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 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 to 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 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 financial statements.

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

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

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 Maxwell John Dixon.

For and on behalf of:

Chartered Accountants

23 July 2024

Napier



INVEST SMARTER



0800 870 326

www.investsmarter.co.nz