Tower Limited

Consolidated
interim financial statements

for the half year ended 31 March 2024

Consolidated interim financial statements

Financial Statements

Notes to the interim financial statements

Consolidated statement of comprehensive income

For the Half Year Ended 31 March 2024

$ thousands	Note	31-Mar-24	*Restated* 31-Mar-23
Insurance revenue		269,434	225,993
Insurance service expense		(184,319)	(445,668)
Insurance service result before reinsurance contracts held		85,115	(219,675)
Net (expense)/income from reinsurance contracts held		(44,846)	215,185
Insurance service result		**40,269**	(4,490)
Investment income	3.1	10,032	6,435
Investment expense		(71)	(158)
Net investment income		9,961	6,277
Finance expense from insurance contracts issued		(3,872)	(731)
Finance income from reinsurance contracts held		2,167	68
Net insurance finance expense		(1,705)	(663)
Net insurance and investment result		**48,525**	1,124
Other income		778	2,724
Other operating expenses		(1,021)	(1,259)
Finance costs		(498)	(462)
Profit before taxation from continuing operations		**47,784**	2,127
Tax expense		(15,368)	(2,044)
Profit after taxation from continuing operations		32,416	83
Profit/(loss) after taxation from discontinued operations	7.2	3,620	(5,135)
Profit/(loss) after taxation for the half year		**36,036**	(5,052)
Items that may be reclassified to profit or loss			
Currency translation differences		(95)	(2,130)
Reclassification of the foreign currency translation reserve		-	544
Other comprehensive loss net of tax		**(95)**	(1,586)
Total comprehensive income/(loss) for the half year		**35,941**	(6,638)

Earnings per share:			
Basic and diluted earnings per share (cents) for continuing operations	5.2	8.5	0.0
Basic and diluted earnings per share (cents) for profit attributable to shareholders	5.2	9.5	(1.3)
Profit/(loss) after taxation attributed to shareholders		**36,036**	(5,052)
Total comprehensive income/(loss) attributed to shareholders		**35,941**	(6,638)

The above statement should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 31 March 2024 *$ thousands*	Note	31-Mar-24	*Restated* 30-Sep-23	*Restated* 1-Oct-22
Assets				
Cash and cash equivalents	**7.1**	79,414	64,009	84,502
Investments	**3.2**	267,936	258,798	258,634
Receivables		32,235	16,797	13,408
Current tax assets		13,527	12,917	13,069
Assets classified as held for sale	**7.2**	5,249	11,505	16,673
Reinsurance contract assets	**2.2**	90,224	147,236	26,918
Deferred tax assets		875	16,074	16,492
Right-of-use assets		21,646	23,204	23,326
Property, plant and equipment		6,698	6,280	5,417
Intangible assets	**6.1**	97,186	98,524	94,653
Total assets		**614,990**	655,344	553,092
Liabilities				
Payables		19,948	18,378	20,861
Liability for remaining coverage	**2.2**	45,941	44,614	43,343
Liability for incurred claims	**2.2**	169,299	241,195	121,569
Current tax liabilities		191	198	136
Liabilities classified as held for sale	**7.2**	3,373	7,609	5,119
Provisions		11,431	12,823	11,873
Lease liabilities		30,962	32,615	35,054
Deferred tax liabilities		96	178	339
Total liabilities		**281,241**	357,610	238,294
Net assets		**333,749**	297,734	314,798
Equity				
Contributed equity	**5.1**	460,389	460,315	460,191
Accumulated Losses		(22,437)	(58,473)	(43,942)
Reserves		(104,203)	(104,108)	(101,451)
Total equity		**333,749**	297,734	314,798

The above statement should be read in conjunction with the accompanying notes.

The financial statements were approved for issue by the Board on 28 May 2024.

Michael P Stiassny
Chairman

Graham R Stuart
Director

pwc

Consolidated statement of changes in equity

For the Half Year Ended 31 March 2024

$ thousands	Note	Contributed equity (Attributed to Shareholders)	Accumulated losses (Attributed to Shareholders)	Reserves (Attributed to Shareholders)	Total Equity
Half year ended 31 March 2024					
Balance as at 30 September 2023 (restated)		460,315	(58,473)	(104,108)	**297,734**
Comprehensive income					
Profit for the half year		-	36,036	-	36,036
Currency translation differences		-	-	(95)	(95)
Total comprehensive income/(loss)		**-**	**36,036**	**(95)**	**35,941**
Transactions with shareholders					
Share rights issued under Tower Long-Term Incentive Plan		74	-	-	74
Total transactions with shareholders		**74**	**-**	**-**	**74**
At the end of the half year		**460,389**	**(22,437)**	**(104,203)**	**333,749**
Half year ended 31 March 2023					
Balance as at 30 September 2022 originally reported		460,191	(41,212)	(101,451)	317,528
Adjustment on initial application of NZ IFRS 17 on 1 Oct 2022	**1.3**	-	(2,730)	-	(2,730)
Restated balance at beginning of the period		460,191	(43,942)	(101,451)	314,798
Comprehensive loss (restated)					
Loss for the half year		-	(5,052)	-	(5,052)
Currency translation differences		-	-	(2,130)	(2,130)
Reclassification of foreign currency translation reserve to profit or loss		-	-	544	544
Revaluation surplus transferred to retained earnings		-	1,707	(1,707)	-
Total comprehensive loss (restated)		-	(3,345)	(3,293)	(6,638)
Transactions with shareholders					
Dividends paid		-	(15,216)	-	(15,216)
Total transactions with shareholders		-	(15,216)	-	(15,216)
At the end of the half year (restated)		460,191	(62,503)	(104,744)	292,944

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the Half Year Ended 31 March 2024 *$ thousands*	Note	**31-Mar-24**	*Restated* 31-Mar-23
Cash flows from operating activities			
Premiums received for insurance contracts issued		271,105	233,537
Insurance acquisition costs paid		(31,715)	(25,257)
Reinsurance paid		(47,401)	(34,913)
Interest received		8,882	5,182
Fee and other income received		2,649	554
Insurance claims paid		(213,001)	(132,920)
Reinsurance and other recoveries received		58,623	11,127
Employee and supplier payments		(16,972)	(25,429)
Other operating payments		(1,060)	(1,299)
Income tax paid		(665)	(988)
Operating activities cash flow from discontinued operations		4,899	(10,431)
Net cash inflow from operating activities		**35,344**	19,163
Cash flows from investing activities			
Proceeds from sale of interest bearing investments		168,851	333,727
Payments for purchase of interest bearing investments		(176,341)	(322,427)
Payments for purchase of intangible assets		(8,031)	(7,509)
Payments for purchase of customer relationships		-	(5,900)
Proceeds from sale of property, plant & equipment		50	5,746
Payments for purchase of property, plant & equipment		(1,648)	(226)
Net proceeds from sale of discontinued operation	**7.2**	1,912	2,618
Investing activities cash flow from discontinued operations		(44)	1,489
Net cash (outflow)/inflow from investing activities		**(15,251)**	7,518
Cash flows from financing activities			
Dividends paid		-	(15,213)
Payments relating to lease liabilities		(2,698)	(3,292)
Financing activities cash flow from discontinued operations		(11)	(50)
Net cash outflow from financing activities		**(2,709)**	(18,555)
Net increase in cash and cash equivalents		**17,384**	8,127
Effect of foreign exchange rate changes		(146)	(2,636)
Cash and cash equivalents at the beginning of the half year		65,311	91,104
Cash and cash equivalents at the end of the half year		**82,549**	96,594
Cash from discontinued operations	**7.2**	**3,135**	-
Cash and cash equivalents at the end of the half year from continuing operations	**7.1**	**79,414**	96,594

The above statement should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1 Overview

This section provides information that is helpful to an overall understanding of the interim financial statements and the areas of critical accounting judgements and estimates included in the interim financial statements. It also includes a summary of Tower's operating segments.

1.1 About this Report

a. Entities reporting

The interim financial statements presented are those of Tower Limited and all of its subsidiaries (the "Group"). The address of the Group's registered office is 136 Fanshawe Street, Auckland, New Zealand.

b. Statutory base

Tower Limited is a company incorporated in New Zealand under the Companies Act 1993 and listed on the NZX Main Board and the Australian Securities Exchange. The Company is a reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

c. Basis of preparation

The interim financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and for the purposes of NZ GAAP, the Group is a for-profit entity. They comply with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and consequently include a lower level of disclosure than is required for annual financial statements.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2023, which have been prepared in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards) and New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The interim financial statements for the six months ended 31 March 2024 are unaudited.

d. Accounting policies

The principal accounting policies adopted in the preparation of the interim financial statements are consistent with those of the audited annual financial statements for the year ended 30 September 2023, with the exception of the change in accounting policy as a result of the implementation of *NZ IFRS 17 Insurance Contracts* as discussed in note 1.3.

e. Re-presentation of comparatives for discontinued operations

The Group's Solomon Islands business (disposal group) was disposed in the half year ended 31 March 2024. The Vanuatu operations (disposal group) are under a conditional sale agreement and classified as held for sale as at 31 March 2024.

All disposal groups together form the "discontinued operations". Profit or loss information for the current period is prepared on a continuing basis with net results from discontinued operations presented separately. Refer to note 7.2 for further details.

Where necessary, comparative profit or loss information has been reclassified for consistency with the current year presentation.

1.2 Critical accounting judgements and estimates

In preparing these interim financial statements management is required to make estimates and related assumptions about the future. The estimates and related assumptions are based on experience and other factors that are considered to be reasonable, and are reviewed on an ongoing basis. Revisions to the estimates are recognised in the period in which they are revised, or future periods if relevant. The key areas in which estimates and related assumptions are applied are as follows:

- Insurance and reinsurance contracts	
Premium allocation approach (PAA) eligibility	Note 2.1
Identification of groups of onerous contracts	Note 2.1
Risk adjustment and the confidence level used	Note 2.3
- Customer remediation provision	Annual Report (30 September 2023) Note 2.9
- Intangible assets	Annual Report (30 September 2023) Note 6.2
- Lease liabilities (incremental borrowing rate)	Annual Report (30 September 2023) Note 6.3a(ii)
- Deferred tax	Annual Report (30 September 2023) Note 7.3

1.3 Changes in accounting policies and disclosures

a. New standards and interpretations

Context

Tower adopted *NZ IFRS 17 Insurance Contracts* (NZ IFRS 17) from 1 October 2023. Tower has not adopted any other standard, amendment or interpretation with a material effect on Tower. There are other standards, amendments and interpretations which have been approved but are not yet effective. The Group expects to adopt other standards when they become mandatory. None are expected to materially impact the Group's financial statements.

NZ IFRS 17 replaces the guidance in *NZ IFRS 4 Insurance Contracts* (NZ IFRS 4) and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. There has been no material impact to Tower's profitability or strategies, with the main impact being on the disclosure and presentation of financial information.

Accounting policy change

Tower has applied the PAA to the measurement of all insurance contracts issued and reinsurance contracts held by Tower. The PAA is a simplified measurement model in comparison with the general model under NZ IFRS 17, which is similar to the previous measurement model used for general insurance under NZ IFRS 4.

NZ IFRS 17 introduces several new concepts, including:

- Measuring insurance contract assets and liabilities separately from reinsurance contract assets and liabilities.

- Onerous contracts, where losses from unprofitable contracts are recognised when onerous contract testing shows that the fulfilment cash flows of a group of insurance contracts is likely to be greater than the carrying value of the liability for remaining coverage (LRC).

- Liability for remaining coverage, which reflects the insurance coverage expected to be provided by Tower after the reporting date.

- Liability for incurred claims, which reflects the remaining liability for insurance claims that occured prior to the reporting date, adjusted for the time value of money. The liability also includes an explicit risk adjustment for non-financial risks.

- Reinsurance asset for remaining coverage, which reflects Tower's reinsurance coverage, adjusted to include a loss-recovery component for expected recoveries over underlying contracts that are considered to be onerous.

1.3 Changes in accounting policies and disclosures (continued)

a. New standards and interpretations (continued)

- Reinsurance asset for incurred claims, which reflects reinsurance recoveries on claims that occurred prior to the reporting date, adjusted for the time value of money. The asset also includes an explicit risk adjustment for non-financial risks.

Tower's accounting policy for recognition, classification, measurement, and derecognition of insurance and reinsurance contracts is explained in note 2.1.

Impact of accounting policy change

NZ IFRS 17 requires insurers to retrospectively apply the standard as if it had always been in effect, unless it is impracticable to do so. Tower has determined that reasonable and supportable information was available for all contracts in force at the transition date. NZ IFRS 17 has been applied using the full retrospective approach in accordance with Appendix C of the standard, and the comparative information for the half year ended 31 March 2023 and the year ended 30 September 2023 has been restated.

As a result of the adoption of NZ IFRS 17, Tower has identified, recognised, and measured each group of insurance contracts as if NZ IFRS 17 had always applied. Premium receivable, reinsurance recoveries, deferred insurance costs, unearned premiums, and outstanding claims are no longer presented on the face of the balance sheet or in the notes. These are now replaced by liability for remaining coverage, liability for incurred claims, and reinsurance contract assets.

Tower has applied the transitional provisions under NZ IFRS 17 and has not disclosed the impact to each financial statement line item and earnings per share. The impact on equity for transitioning to NZ IFRS 17 is shown in the table below.

$ thousands	*Contributed equity*	*Accumulated losses*	*Other reserves*	*Total equity*
Closing balance (30 September 2022)	460,191	(41,212)	(101,451)	317,528
Risk adjustment[1]	-	(4,761)	-	(4,761)
Changes in discounting[2]	-	1,120	-	1,120
Changes in deferred IACF[3]	-	(155)	-	(155)
Tax impact[4]	-	1,066	-	1,066
Opening balance under NZ IFRS 17 (1 October 2022)	**460,191**	**(43,942)**	**(101,451)**	**314,798**

The impact to opening accumulated losses is driven by the following:

[1] The net impact from the derecognition of risk margin under NZ IFRS 4 and the recognition of risk adjustment on liability for incurred claims and reinsurance asset for incurred claims under NZ IFRS 17.

[2] The impact of discounting certain liabilities for incurred claims and reinsurance assets for incurred claims under NZ IFRS 17 which were not discounted under NZ IFRS 4.

[3] The exclusion of non-attributable expenses under NZ IFRS 17 from the deferral of insurance acquisition cash flows (IACF).

[4] The tax impact of the above adjustments against deferred tax assets and liabilities.

1.4 Segmental reporting

a. Operating segments

Information is provided by operating segment to assist an understanding of the Group's performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the Chief Executive Officer) who reviews the operating results on a regular basis and makes decisions on resource allocation and assessing performance.

Tower operates in two geographical segments, New Zealand and the Pacific region. New Zealand comprises the general insurance business underwritten in New Zealand. Pacific Islands comprises the general insurance business underwritten in the Pacific by Tower subsidiaries and branch operations. Other contains balances relating to Tower Services Limited and group diversification benefits.

The Group does not derive revenue from any individual or entity that represents 10% or more of the Group's total revenue.

The financial performance for Pacific Islands operating segment excludes the disposal groups. Intercompany transactions with the disposal group are eliminated within continuing operations, refer note 7.2.

b. Financial performance of continuing operations

$ thousands	New Zealand	Pacific Islands	Other	Total
Half year ended 31 March 2024				
Insurance revenue	248,280	21,154	-	269,434
Insurance service expense	(169,213)	(14,844)	(262)	(184,319)
Net (expense)/income from reinsurance contracts held	(44,407)	(489)	50	(44,846)
Insurance service result	**34,660**	**5,821**	**(212)**	**40,269**
Net investment income	9,472	489	-	9,961
Net insurance finance expense	(1,705)	-	-	(1,705)
Net insurance and investment result	**42,427**	**6,310**	**(212)**	**48,525**
Other income	616	162	-	778
Other operating expenses	(999)	(22)	-	(1,021)
Finance costs	(409)	(89)	-	(498)
Profit/(loss) before taxation from continuing operations	**41,635**	**6,361**	**(212)**	**47,784**
Tax expense	(11,568)	(3,800)	-	(15,368)
Profit/(loss) after taxation from continuing operations	**30,067**	**2,561**	**(212)**	**32,416**

1.4 Segmental reporting (continued)

b. Financial performance of continuing operations (continued)

$ thousands	New Zealand	Pacific Islands	Other	Total
Half year ended 31 March 2023 (Re-presented)				
Insurance revenue	204,897	21,096	-	225,993
Insurance service (expense)/income	(443,399)	(4,764)	2,495	(445,668)
Net income/(expense) from reinsurance contracts held	229,283	(11,801)	(2,297)	215,185
Insurance service result	(9,219)	4,531	198	(4,490)
Net investment income	6,027	250	-	6,277
Net insurance finance expense	(663)	-	-	(663)
Net insurance and investment result	(3,855)	4,781	198	1,124
Other income	1,409	687	628	2,724
Other operating expenses	(1,228)	(31)	-	(1,259)
Finance costs	(385)	(77)	-	(462)
(Loss)/profit before taxation from continuing operations	(4,059)	5,360	826	2,127
Tax (expense)/benefit	(1,052)	(1,087)	95	(2,044)
(Loss)/profit after taxation from continuing operations	(5,111)	4,273	921	83

c. Financial position of continuing operations

$ thousands	New Zealand	Pacific Islands	Other	Total
Additions to non-current assets 31 March 2024	**8,169**	**38**	**-**	**8,207**
Additions to non-current assets 30 September 2023	24,081	6,319	-	30,400
Total assets 31 March 2024	**578,622**	**64,658**	**(33,539)**	**609,741**
Total assets 30 September 2023	618,213	50,975	(25,349)	643,839
Total liabilities 31 March 2024	**265,720**	**31,727**	**(19,579)**	**277,868**
Total liabilities 30 September 2023	333,896	27,704	(11,599)	350,001

Additions to non-current assets include additions to property, plant and equipment, right-of-use assets and intangible assets.

Total assets and liabilities exclude assets and liabilities held for sale.

2 Insurance and reinsurance contracts

This section provides information on Tower's underwriting activities.

Tower collects premiums from customers in exchange for providing insurance coverage. These premiums are recognised as insurance revenue when they are earned by Tower, with an insurance contract liability recognised on the balance sheet.

When customers suffer a loss that is covered by their policy, Tower will make payments to customers or suppliers, which it recognises as insurance expenses. To ensure that Tower’s obligations to customers are properly recorded within the financial statements, Tower recognises a liability for incurred claims on the balance sheet.

To manage Tower’s risk and optimise its returns, Tower reinsures some of its exposure with reinsurance companies. Net expense from reinsurance contracts is measured as reinsurance premiums paid to reinsurers, less any recoveries from reinsurers.

2.1 Insurance and reinsurance contracts accounting policies

a. Recognition

Tower recognises insurance contracts at the earlier of the commencement of the coverage period, or when the first premium for a group of insurance contracts is due. At inception of insurance contracts, Tower analyses and identifies any distinct contract components that may need to be accounted for under another NZ IFRS instead of NZ IFRS 17. Currently, Tower does not have any product groups that include distinct components that require separation.

Insurance revenue is recognised based on passage of time over the coverage period of the contract, resulting in a linear allocation of revenue for each contract across its coverage period. Revenue earned excludes taxes and levies collected on behalf of third parties.

Insurance service expenses arising from insurance contracts are generally recognised in profit or loss as they are incurred, except for insurance acquisition cash flows.

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of, and changes in, the time value of money and financial risk. Tower has elected to present all insurance finance income and expenses in profit or loss.

b. Measurement model - insurance contracts

NZ IFRS 17 contains three measurement models:
1) The general measurement model (GMM) measures insurance contracts based on the fulfilment cash flows (the present value of estimated future cash flows with an explicit risk adjustment for non-financial risk) and the contractual service margin (the unearned profit that will be recognised as services are provided over the coverage period)
2) A modified version of the general model (the variable fee approach, or VFA) is applied to insurance contracts with direct participation features
3) A simplified measurement model (the PAA) is permitted in certain circumstances.

The majority of Tower's insurance portfolios have a coverage period of one year or less, which allows for application of the PAA. The coverage period, or contract boundary, is the period during which Tower has a substantive obligation to provide customers with insurance contract services. The substantive obligation ends when Tower can reprice insurance contracts to reflect reassessed risk.

For any insurance groups with coverage periods greater than one year, Tower has assessed that the resulting liability for remaining coverage as measured under the PAA would not differ materially from the result of applying the GMM. Therefore Tower has applied the PAA to all its insurance groups. Refer to note 2.1(i) for discussion around reinsurance PAA eligibility assessment.

Tower does not issue any insurance contracts that provide an investment return, or have direct participating contracts, therefore the VFA does not apply to Tower.

2.1 Insurance contracts accounting policies (continued)

c. Level of aggregation

Tower manages insurance contracts issued by aggregating them into portfolios. Insurance contracts for product lines with similar risks that are within the same geographical area, and managed together, are considered to be in the same portfolio. The geographical areas for portfolio purposes are New Zealand and the Pacific, and within each geographical area there are a number of separate portfolios based on product type. Each portfolio will contain annual cohorts which contain contracts that are issued within a financial year. Annual cohorts can be further disaggregated into three groups at inception: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder.

d. Onerous contracts

The profitability of groups of contracts is assessed by actuarial valuation models. All insurance contracts are measured under the PAA, and therefore Tower assumes that no contracts in a group are onerous at initial recognition unless facts and circumstances indicate otherwise.

To determine which facts and circumstances are indicative of onerous contracts management considers future profitability for a group of contracts, as well as factors that may be internal to Tower (e.g., pricing decisions) or external (e.g., sudden and unexpected changes to the economic or regulatory environments). When facts and circumstances indicate a set of contracts may be onerous, Tower will perform an additional assessment to distinguish onerous contracts from non-onerous contracts. Onerous contract testing will involve determining the estimation of the fulfilment cash flows in relation to that group of onerous contracts.

Tower will recognise a loss in profit or loss for onerous contracts, which is measured as the difference between fulfilment cash flows related to the remaining coverage of the group using the general model, and liability for the remaining coverage using the PAA. The increase to the liability for remaining coverage resulting from the recognition of onerous contracts will be tracked separately as a loss component. In subsequent periods, Tower will reassess previously onerous contracts then remeasure fulfilment cash flows. The impact from changes in fulfilment cash flows will be recorded in profit or loss, and the liability for remaining coverage will reflect the remeasured fulfilment cash flows. When fulfilment cash flows are incurred, they are allocated systematically between the loss component and the liability for remaining coverage. The systematic allocation is based on the loss component relative to the total estimated present value of future cash outflows.

e. Liability for remaining coverage

The LRC reflects insurance coverage expected to be provided by Tower after the reporting date. This is measured inclusive of any taxes and levies collected on behalf of third parties. On initial recognition of each group of contracts, the carrying amount of the LRC is measured as the premiums received less any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group.

Subsequent measurement of the carrying amount of the LRC is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

On initial recognition of each group of contracts, Tower expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, Tower has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

2.1 Insurance contracts accounting policies (continued)

f. Insurance acquisition cash flows

Insurance acquisition cash flows (IACF) comprise the costs of selling, underwriting and starting a group of insurance contracts (which are issued or expected to be issued) that are directly attributable to portfolios of insurance contracts.

Tower has elected to defer IACF and recognise as insurance expenses across the coverage period of contracts issued, rather than to expense them when incurred. The amortisation period for IACF begins at the later of when the costs are incurred or when the underlying insurance contracts are recognised, and are expected to be amortised within 12 months on a straight-line basis.

All IACF are allocated to groups of insurance contracts. IACF arising before the recognition of the related group of contracts are recognised as a separate asset. The asset is derecognised when the IACF are included in the measurement of the group of contracts. All IACF assets will be derecognised within 12 months from reporting date as Tower does not issue policies in advance for periods in excess of 12 months.

In each subsequent reporting period, the IACF will be amortised into profit or loss. If facts and circumstances indicate an asset for IACF may be impaired, an impairment loss will be recognised in profit or loss. Tower will reverse impairment losses when there are indications the impairment indicators have improved.

g. Liability for incurred claims

Liability for incurred claims (LIC) relate to claims that have occurred prior to reporting date but have not been paid. This is measured as the present value of the estimated future cash outflows plus a specific risk adjustment (RA) factor to account for non-financial risks. Tower has elected to discount the LIC to reflect the time value of money.

Tower does not disaggregate changes in the RA between the insurance service result and insurance finance income or expenses. All changes in the RA are included in the insurance service result.

h. Insurance modification and derecognition

Tower derecognises insurance contracts when rights and obligations relating to the contract are extinguished, or when the contract is modified in a way that would have changed the accounting for the contract significantly had the new terms been included at contract inception. In such a case a new contract based on the modified terms is recognised.

2.1 Insurance contracts accounting policies (continued)

i. Measurement model - reinsurance contracts

Some reinsurance contracts held by Tower have a three year contract boundary, however the result of applying the PAA model does not result in a material difference from applying the GMM model. Therefore all reinsurance contracts held by Tower are measured using the PAA measurement model.

Quantitative PAA eligibility testing has been performed over these contracts, where the following key assumptions and estimates are modelled:

- Expected future cash flows
- Risk adjustment
- Contractual service margin (CSM), the balancing component to result in nil profit or loss impact at inception. The CSM represents the net cost of purchasing reinsurance, which will be released over the coverage period.
- Expected variability in assumptions used, such as changes in discount rates

Tower measures its reinsurance assets on the same basis as insurance contracts issued, however these are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts held.

j. Reinsurance contracts - level of aggregation

Tower manages all reinsurance contracts held together and the contracts held provide coverage for similar risks. All reinsurance contracts held by Tower are considered as a single portfolio.

k. Reinsurance contract assets - recognition and measurement

Reinsurance asset for remaining coverage (RI ARC) is recognised at the start of the coverage period of the reinsurance contract where the contract provided non-proportionate coverage, or when the underlying insurance contract is recognised where the contract provides proportionate coverage. The asset is measured as premiums paid, adjusted for any acquisition cash flows.

A loss-recovery component is established within the RI ARC for the gain recognised in profit or loss when the Group has recognised a loss on underlying groups of onerous contracts that are covered by reinsurance contracts held. The gain is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

This loss-recovery component is adjusted to reflect changes in the loss component of the onerous group of underlying contracts and is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that Tower expects to recover from the reinsurance contracts held.

Reinsurance asset for incurred claims (RI AIC) is recognised when a claim is made on an underlying contract and a reinsurance contract was held to cover the risks on the underlying insurance contract. This is measured based on estimated future cash flows, adjusted to reflect the time value of money, and a RA factor for any non-financial risks.

2.1 Insurance contracts accounting policies (continued)

k. Reinsurance contract assets - recognition and measurement (continued)

Net (expense)/income from reinsurance contracts held is measured as an allocation of reinsurance premiums paid plus any other directly attributable expenses, less amounts recovered from reinsurers, and any change in risk from reinsurer non-performance.

Reinsurance premiums paid reflect premiums ceded to reinsurers and are recognised as an expense in accordance with the pattern of reinsurance service received. Commission revenue from reinsurance contracts held by Tower that are not contingent on claims for underlying insurance contracts is treated as a reduction in premiums paid. Tower also has profit-share commission arrangement for some proportional reinsurance contracts, where the commission is contingent on claims. Commission from the profit-share arrangements will offset against RI claims recoveries in RI AIC.

Amounts recovered from reinsurers are recognised when a claim has been incurred and the basis for measurement is the expected future cash inflows.

l. Discount rates

Tower has elected to discount future cash flows related to insurance liabilities for incurred claims and reinsurance assets for incurred claims to recognise the impact of the time value of money. Tower has adopted a 'bottom-up' approach to derive the discount rate. The risk-free yield is derived from observable secondary market prices for NZ government bonds. Nil illiquidity premium has been assumed on the basis that it would not have a material impact.

2.2 Insurance and reinsurance contracts

	As at 31 March 2024					
$ thousands	**Assets**	**Liabilities**	**Net**	**Current portion**	**Non-current portion**	**Total**
Liability for remaining coverage	-	45,941	45,941	45,941	-	45,941
Liability for incurred claims	-	169,299	169,299	137,604	31,695	169,299
Total insurance contracts issued	-	215,240	**215,240**	183,545	31,695	**215,240**
Total reinsurance contracts held	90,224	-	**90,224**	78,707	11,517	**90,224**

	As at 30 September 2023					
$ thousands	Assets	Liabilities	Net	Current portion	Non-current portion	Total
Liability for remaining coverage	-	44,614	44,614	44,614	-	44,614
Liability for incurred claims		241,195	241,195	198,860	42,335	241,195
Total insurance contracts issued	-	285,809	**285,809**	243,474	42,335	**285,809**
Total reinsurance contracts held	147,236	-	**147,236**	125,567	21,669	**147,236**

2.3 Reconciliation of insurance assets and liabilities

a. Reconciliation of insurance assets and liabilities

As at 31 March 2024	**Liabilities for remaining coverage**		**Liabilities for incurred claims**		**Total**
$ thousands	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	
Opening insurance contract liabilities	43,994	620	223,565	17,630	285,809
Insurance revenue	(269,435)	-	-	-	(269,435)
Insurance service expense:					
Incurred claims and other insurance service expenses	-	-	158,736	5,427	164,163
Amortisation of IACF	30,333	-	-	-	30,333
Changes relating to past service	-	-	(14,451)	(8,265)	(22,716)
Losses and reversals on onerous contracts	-	(26)	-	-	(26)
Finance expense from insurance contracts issued	-	-	3,872	-	3,872
Effect of movements in exchange rates	(15)	(2)	(26)	-	(43)
Amounts included in comprehensive income	**(239,117)**	**(28)**	**148,131**	**(2,838)**	**(93,852)**
Cash flows:					
Premiums received	271,105	-	-	-	271,105
Claims and other other insurance service expenses paid	-	-	(229,973)	-	(229,973)
Insurance acquisition cash flows	(31,715)	-	-	-	(31,715)
Amounts included in statement of cash flow	**239,390**	**-**	**(229,973)**	**-**	**9,417**
Pre-recognition cash flows derecognised and other changes	1,082	-	12,784	-	13,866
Insurance contract liabilities at 31 March 2024	**45,349**	**592**	**154,507**	**14,792**	**215,240**

2.3 Reconciliation of insurance assets and liabilities (continued)

a. Reconciliation of insurance assets and liabilities (continued)

As at 30 September 2023	Liabilities for remaining coverage		Liabilities for incurred claims		Total
$ thousands	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Opening insurance contract liabilities	43,343	-	105,321	16,248	164,912
Insurance revenue	(472,611)	-	-	-	(472,611)
Insurance service expense:					
Incurred claims and other insurance service expenses	-	-	516,677	8,064	524,741
Amortisation of IACF	54,000	-	-	-	54,000
Changes relating to past service	-	-	8,887	(6,546)	2,341
Losses and reversals on onerous contracts	-	607	-	-	607
Finance expense from insurance contracts issued	-	-	1,511	-	1,511
Effect of movements in exchange rates	265	13	444	-	722
Amounts included in comprehensive income	**(418,346)**	**620**	**527,519**	**1,518**	**111,311**
Cash flows:					
Premiums received	482,701	-	-	-	482,701
Claims and other other insurance service expenses paid	-	-	(420,279)	-	(420,279)
Insurance acquisition cash flows	(58,441)	-	-	-	(58,441)
Amounts included in statement of cash flow	**424,260**	**-**	**(420,279)**	**-**	**3,981**
Pre-recognition cash flows derecognised and other changes	(5,263)	-	11,004	(136)	5,605
Insurance contract liabilities at 30 September 2023	**43,994**	**620**	**223,565**	**17,630**	**285,809**

b. Critical accounting estimates and judgements

Risk adjustment (RA)

The risk adjustment is the compensation Tower requires for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk related to a group of insurance contracts.

The determination of the appropriate level of risk adjustment takes into account:
- the level of economic capital that Tower requires to support the insurance business and the weighted average cost of servicing that capital;
- the run-off profile and term to settlement of the net discounted cash flows;
- class of business; and
- the benefit of diversification between geographic locations.

The Group determines the risk adjustment for non-financial risk at the Group level and allocates it to groups of insurance and reinsurance contracts in a systematic and rational way.

Tower uses the cost of capital method to derive the overall risk adjustment for non-financial risk. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the value of projected capital relating to non-financial risk. A required return of capital of 12.5%, net of reinsurance, has been used for assessing risk adjustment for LIC and LRC balances. The resulting risk adjustment corresponds to outcomes expected with a 72.5% to 90% confidence level, depending on the class of business. A diversification benefit is included to reflect the diversification of risk across countries, reflecting the compensation that the entity requires.

2.4 Reconciliation of reinsurance assets and liabilities

$ thousands	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Half year ended 31 March 2024					
Opening reinsurance contract assets	(4,229)	-	146,327	5,138	147,236
Reinsurance premiums	(38,220)	-	-	-	(38,220)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims	-	-	6,783	687	7,470
Changes relating to past service	-	-	(10,944)	(3,152)	(14,096)
Finance income from reinsurance contracts held	-	-	2,167	-	2,167
Effect of movements in exchange rates	2	-	1	-	3
Amounts included in comprehensive income	**(38,218)**	**-**	**(1,993)**	**(2,465)**	**(42,676)**
Cash flows:					
Premiums paid net of ceding commissions	47,401	-	-	-	47,401
Reinsurance recoveries (net of profit share commissions)	-	-	(58,623)	-	(58,623)
Amounts included in statement of cash flow	**47,401**	**-**	**(58,623)**	**-**	**(11,222)**
Other changes within balance sheet	(166)	-	(2,948)	-	(3,114)
Reinsurance contract assets at 31 March 2024	**4,788**	**-**	**82,763**	**2,673**	**90,224**
Year ended 30 September 2023					
Opening reinsurance contract assets	4,917	-	21,805	196	26,918
Reinsurance premiums	(79,746)	-	-	-	(79,746)
Amounts recoverable from reinsurers:					
Amounts recoverable for incurred claims	-	-	201,356	5,815	207,171
Changes relating to past service	-	-	(2,198)	(866)	(3,064)
Finance income from reinsurance contracts held	-	-	162	-	162
Effect of movements in exchange rates	(139)	-	(66)	-	(205)
Amounts included in comprehensive income	**(79,885)**	**-**	**199,254**	**4,949**	**124,318**
Cash flows:					
Premiums paid net of ceding commissions	69,508	-	-	-	69,508
Reinsurance recoveries (net of profit share commissions)	-	-	(78,487)	-	(78,487)
Amounts included in statement of cash flow	**69,508**	**-**	**(78,487)**	**-**	**(8,979)**
Other changes within balance sheet	1,231	-	3,755	(7)	4,979
Reinsurance contract assets at 30 September 2023	**(4,229)**	**-**	**146,327**	**5,138**	**147,236**

3 Investments

Tower invests funds collected as premiums and provided by shareholders to ensure it can meet its obligations to pay claims and expenses and to generate a return to support its profitability. Tower has a low risk tolerance and therefore the majority of its investments are in investment grade supranational and government bonds, and term deposits.

3.1 Investment income

$ thousands	**31-Mar-24**	31-Mar-23
Interest income	8,032	5,589
Net realised gain/(loss)	1,011	(6,196)
Net unrealised gain	989	7,042
Investment income	**10,032**	6,435

3.2 Investments

Tower designates its investments at fair value through profit or loss in accordance with its Treasury policy. It categorises its investments into three levels based on the inputs available to measure fair value:

Level 1 Fair value is calculated using quoted prices in active markets. Tower currently does not have any Level 1 investments.

Level 2 Investment valuations are based on direct or indirect observable data other than quoted prices included in Level 1. Level 2 inputs include: (1) quoted prices for similar assets or liabilities; (2) quoted prices for assets or liabilities that are not traded in an active market; or (3) other observable market data that can be used for valuation purposes. Tower investments included in this category include government and corporate debt, where the market is considered to be lacking sufficient depth to be considered active, and part ownership of a property that is rented out to staff.

Level 3 Investment valuation is based on unobservable market data. Tower currently does not have any Level 3 investments.

$ thousands	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 March 2024				
Fixed interest investments	-	267,902	-	267,902
Property investment	-	34	-	34
Investments	**-**	**267,936**	**-**	**267,936**
As at 30 September 2023				
Fixed interest investments	-	258,764	-	258,764
Property investment	-	34	-	34
Investments	-	258,798	-	258,798

There have been no transfers between levels of the fair value hierarchy during the current period (2023: nil).

4 Risk Management

Tower is exposed to multiple risks as it works to set things right for its customers and their communities whilst maximising returns for its shareholders. Everyone across the organisation is responsible for ensuring that Tower's risks are managed and controlled on a day-to-day basis.

4.1 Capital management risk

a. Regulatory solvency capital

Tower Limited's Group and Parent solvency margin are illustrated in the table below.

$ thousands	**As at 31 March 2024**		As at 30 September 2023	
	Parent	**Group**	Parent	Group
Solvency capital (2023: Actual solvency capital)	307,243	326,770	145,421	174,734
Adjusted prescribed capital requirement (2023: Minimum solvency capital)	190,148	186,286	91,634	99,729
Adjusted solvency margin (2023: Solvency margin)	**117,095**	**140,484**	53,787	75,005
Adjusted solvency ratio (2023: Solvency ratio)	**162%**	**175%**	159%	175%

Tower is required to maintain a solvency margin of at least $15m (2023: $15m), due to a licence condition issued by the RBNZ. This has been included in the adjusted prescribed capital requirement, adjusted solvency margin and adjusted solvency ratio for 31 March 2024.

The 30 September 2023 comparative is per the prior period audited financial statements in accordance with the RBNZ's Non-Life Solvency Standard (NLSS) which was applicable until 30 September 2023.

Tower has applied the RBNZ’s new Interim Solvency Standard (ISS) from 1 October 2023.

Tower has calculated the above solvency position in accordance with the current published ISS. This is the mandatory regulatory solvency position required until any amendments are issued and effective. A second amendment to the ISS is proposed by RBNZ and is not expected to be issued and effective within the current financial year.

5 Capital Structure

This section provides information about how Tower finances its operations through equity. Tower's capital position provides financial security to its customers, employees and other stakeholders whilst operating within the capital requirements set by regulators.

5.1 Contributed equity

$ thousands	**31-Mar-24**	30-Sep-23
Opening balance	460,315	460,191
Share rights issued under Tower Long-Term Incentive Plan	74	124
Total contributed equity	**460,389**	460,315
Represented by:		
Opening balance (number of shares)	379,483,987	379,483,987
Total shares on issue	**379,483,987**	379,483,987

Ordinary shares issued by the Company are classified as equity and are recognised at fair value less direct issue costs. All shares rank equally with one vote attached to each share. There is no par value for each share.

5.2 Earnings per share

	31-Mar-24	31-Mar-23
Profit from continuing operations attributable to shareholders ($ thousands)	**32,416**	83
Profit/(loss) from discontinued operations attributable to shareholders ($ thousands)	**3,620**	(5,135)
Total profit/(loss) attributable to shareholders ($ thousands)	**36,036**	(5,052)
Weighted average number of ordinary shares for basic and diluted earnings per share (number of shares)	**379,483,987**	379,483,987
Basic and diluted earnings per share (cents) for continuing operations	8.5	0.0
Basic and diluted earnings per share (cents)	9.5	(1.3)

The basic and diluted average numbers of ordinary shares shown above are used for calculating all earnings per share measures including those for profit after tax from discontinued operations (note 7.2).

6 Other balance sheet items

This section provides information about assets and liabilities not included elsewhere.

6.1 Intangible assets

As at 31 March 2024

$ thousands	Goodwill	Software	Customer relationships	Total
Composition:				
Cost	17,744	98,613	40,674	157,031
Accumulated amortisation	-	(39,872)	(19,973)	(59,845)
Intangible assets	**17,744**	**58,741**	**20,701**	**97,186**
Reconciliation:				
Opening balance	17,744	57,326	23,454	98,524
Amortisation	-	(6,587)	(2,753)	(9,340)
Additions	-	8,049	-	8,049
Disposals	-	(47)	-	(47)
Closing Balance	**17,744**	**58,741**	**20,701**	**97,186**

During the half year ended 31 March 2024, additions to software assets primarily related to continued investment in Tower's core insurance platform and website, and digitisation of claims processes.

As at 30 September 2023

Composition:				
Cost	17,744	94,215	40,645	152,604
Accumulated amortisation	-	(36,889)	(17,191)	(54,080)
Intangible assets	17,744	57,326	23,454	98,524
Reconciliation:				
Opening balance	17,744	53,458	23,451	94,653
Amortisation	-	(11,430)	(5,897)	(17,327)
Additions	-	17,526	5,900	23,426
Disposals	-	(256)	-	(256)
Transfers to property, plant and equipment	-	(1,972)	-	(1,972)
Closing Balance	17,744	57,326	23,454	98,524

During the year ended 30 September 2023, additions to software assets primarily related to continued investment in Tower's core insurance platform, while additions to customer relationships related to the acquisition of Kiwibank's rights and obligations relating to servicing a portfolio of insurance policies underwritten by Tower.

7 Other information

This section includes additional required disclosures.

7.1 Notes to the Consolidated Statement of Cash Flows

Composition

$ thousands	**31-Mar-24**	30-Sep-23	31-Mar-23
Cash at bank	47,007	42,068	60,522
Deposits at call	32,407	21,941	36,072
Cash and cash equivalents	**79,414**	64,009	96,594

The average interest rate at 31 March 2024 for deposits at call is 4.67% (2023: 4.65%).

Tower operates in countries in the Pacific Islands that are subject to foreign exchange restrictions, which may restrict the ability for immediate use of cash by the parent or other subsidiaries. As at 31 March 2024, this included NZD 8.9m held in Papua New Guinea and NZD 3.5m held in the Solomon Islands following the sales of the disposal groups (2023: NZD 8.9m). This cash is not currently available for use by the Group.

7.2 Assets and liabilities held for sale

On 29 January 2024 Tower completed the sale of its Solomon Islands business to Trans Pacific Assurance Limited for a sale price of SBD 18.2m (NZD 3.3m).

The activities of the business have been reported in the current period, and as at 30 September 2023, as a discontinued operation.

Financial information on this disposal is set out below. The gain on sale in the table below is subject to finalisation of completion accounting.

Details of the sale transaction

$ thousands	**29-Jan-24**
Right-of-use assets	34
Property, plant and equipment	64
Total assets at the date of disposal	**98**
Payables	98
Liability for remaining coverage	220
Lease liabilities	34
Provisions	11
Total liabilities at the date of disposal	**363**
Net liabilities at the date of disposal	**(265)**
Net cash consideration received less costs of disposal	**1,912**
Gain on sale	**(2,177)**

7.2 Assets and liabilities held for sale (continued)

On 16 January 2024 Tower announced the conditional sale of its Vanuatu subsidiary to Capital Insurance Group of Papua New Guinea for the sale price of around NZD 1.6m, subject to adjustment at the completion date for the sale. The transaction is expected to be completed within 12 months from the reporting date.

The Vanuatu operations are classified as discontinued operations and are classified as held for sale as at 31 March 2024. The subsidiary's operations were part of the Pacific operating segment.

The comparatives presented in the table below include the assets and liabilities of the Solomon Islands business and the Vanuatu subsidiary.

Assets and liabilities classified as held for sale

$ thousands	**31-Mar-24**	**30-Sep-23**
Assets classified as held for sale		
Cash and cash equivalents	3,135	1,302
Investments	-	820
Receivables*	73	3,356
Current tax assets	-	147
Reinsurance contract assets	1,993	5,635
Deferred tax assets	-	44
Right-of-use assets	34	110
Property, plant and equipment	14	91
Total assets classified as held for sale	**5,249**	11,505
Liabilities classified as held for sale		
Payables*	528	160
Liability for remaining coverage	747	2,054
Liability for incurred claims	1,994	5,121
Provisions	70	155
Lease liabilities	34	119
Total liabilities classified as held for sale	**3,373**	7,609
Net assets classified as held for sale	**1,876**	3,896

* As at 31 March 2024, other members of the Tower Group owed disposal groups $0.2m (30 September 2023: $3.2m). The assets and liabilities from discontinued operations disclosed above are stated without adjustment for these intercompany transactions.

The currency translation reserve in relation to the discontinued operations as at 31 March 2024 held a gain of $0.2m (30 September 2023: nil).

7.2 Assets and liabilities held for sale (continued)

The comparatives presented in the table below include the profit or losses of the Solomon Islands business, the Vanuatu subsidiary and the Papua New Guinea subsidiary (sale completed during the half-year ended 31 March 2023) .

Profit/(loss) from discontinued operations

$ thousands	**31-Mar-24**	31-Mar-23
Insurance revenue	4,107	5,353
Insurance service expense	902	(41,070)
Insurance result before reinsurance contracts held	**5,009**	(35,717)
Net (expense)/income from reinsurance contracts held	(3,593)	25,580
Insurance service result	**1,416**	(10,137)
Investment income	9	11
Net Insurance and investment result	**1,425**	(10,126)
Other income	342	2
Other operating expenses	(48)	(24)
Finance costs	(2)	(5)
Profit/(loss) before taxation	**1,717**	(10,153)
Tax expense	(274)	2,806
Profit/(loss) after taxation from discontinued operation	**1,443**	(7,347)
Gain on sale of the subsidiary	2,177	2,212
Profit/(loss) from discontinued operations	**3,620**	(5,135)

Disposal groups paid fees to other members of the Tower Group of $1.1m during the half year ended 31 March 2024 (2023: $1.4m), relating to the provision of reinsurance, management and other services. These amounts are included within the net expense from reinsurance contracts held and insurance service expense lines above, and are then eliminated within continuing operations.

Insurance service expense includes $1.1m claims income (2023: $8.4m claims expense) incurred by the parent company under an internal reinsurance treaty with its Vanuatu subsidiary.

Earnings per share

	31-Mar-24	31-Mar-23
Basic and diluted earnings per share (cents) for discontinued operations	1.0	(1.4)

The currency translation differences recognised in other comprehensive income during the half year ended 31 March 2024 in relation to the discontinued operations, including reclassification adjustments, were nil (2023: nil).

7.3 Contingent liabilities

Claims and disputes

The Group is occasionally subject to claims and disputes as a commercial outcome of conducting insurance business. Provisions are recorded for these claims or disputes when it is probable that an outflow of resources will be required to settle any obligations. Best estimates are included within claims reserves for any litigation that has arisen in the usual course of business.

The Group has no other contingent liabilities.

7.4 Capital commitments

As at 31 March 2024, Tower has nil capital commitments (2023: nil).

7.5 Subsequent events

On 28 May 2024, the Board approved an interim dividend of 3.0 cents per share, with the dividend being payable on 27 June 2024. The anticipated cash impact of the interim dividend is approximately $11.4m. There were no other subsequent events.

Independent auditor's review report

To the shareholders of Tower Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Tower Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six month period ended on that date, and notes, comprising material accounting policy information and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 March 2024, and its financial performance and cash flows for the six month period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. Other than in our capacity as auditor and providers of assurance services over solvency and regulatory returns, we have no relationship with, or interests in, the Group. Certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. These services and this matter have not impaired our independence as auditor of the Group.

Responsibilities of the Directors for the consolidated interim financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Who we report to
This report is made solely to the Company's shareholders as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review 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 shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Lisa Crooke.

For and on behalf of

PricewaterhouseCoopers

Chartered Accountants Auckland
28 May 2024