



# NZX Regulation Decision

Tilt Renewables Limited ("TLT")

Application for waivers from NZX Main Board / Debt  
Market Listing Rules 10.4.2 and 10.3.1

28 November 2016



# Waivers from Rules 10.4.2 and 10.3.1

## Decision

1. Subject to the conditions set out in paragraph 2 below, and on the basis that the information provided by Tilt Renewables Limited (**TLT**) is complete and accurate in all material respects, NZX Regulation (**NZXR**) grants TLT a waiver from:
  - a. NZX Main Board / Debt Market Listing Rule (**Rule**) 10.4.2, to the extent that TLT is required to deliver to NZX, and make available to Quoted Security holders, a half-year report for the six month period ending 30 September 2016, on or before 31 December 2016; and
  - b. Rule 10.3.1, to the extent that TLT is required to release a preliminary announcement through NZX pursuant to Rule 10.3.2, in the manner prescribed by Rule 10.2, as soon as the Material Information is available, and in any event, before the release of each half-year report and not later than 29 November 2016.
2. The waivers in paragraph 1 above are provided on the conditions that:
  - a. TLT shall deliver to NZX, and make available to Quoted Security holders, a half-year report for Scarlett Limited for the six month period ending 30 September 2016, on or before 31 December 2016;
  - b. TLT shall include summary pro-forma financial information for each of Trustpower Limited (**TPW**) and TLT for the six month period ending 30 September 2016. This pro-forma financial information shall be presented as if the demerger had occurred prior to 1 April 2016, and these entities were operating as separate stand-alone entities during the 6 month period ending 30 September 2016;
  - c. the pro-forma financial information referenced in condition 2(b) above shall be appended to the half-year accounts referenced in condition 2(a) above, and will address all of the criteria prescribed by clause 2 of Appendix 1 to the Rules, with the exception of:
    - i. details of the reporting period and the previous corresponding period (clause 2.2.1);
    - ii. a statement of cash flows, which may be condensed but must report as line items each significant form of cash flow (clause 2.3(c));
    - iii. details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividends or distributions (clause 2.3(d)); and
    - iv. details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan (clause 2.3(e));
  - d. TLT shall release a brief market announcement not later than 29 November 2016, which will include:
    - i. a description of this waiver, it's conditions and implications;



- ii. a direction to the half-year accounts released on 7 November 2016; and
  - iii. clarification that half year accounts provided to the market on 7 November 2016 will be the only financial information provided to the market under Rule 10.4.2.
- e. the half-year accounts and pro-forma financial information referenced in conditions 2(a) and 2(b) above shall contain the following criteria that, if applicable, would ordinarily be required in a preliminary announcement pursuant to clause 3 of Appendix 1 to the Rules:
- i. a statement of the accounting policies (if any) that the Directors believe are critical to the portrayal of the Issuer's financial condition and results and which require the directors to make judgements and estimates about matters that are inherently uncertain (clause 3.3.2); and
  - ii. any additional facts, figures or interpretative notes that the Issuer wishes to include, and must include any additional information required by any applicable financial reporting standard or necessary to ensure the announcement is not misleading (clause 3.3.5).
3. The information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not or ceases to be full and accurate in all material respects.
4. The Rules to which this decision relates are set out in Appendix Two to this decision.
5. Capitalised terms which have not been defined in this decision have the meanings given to them in the Rules.

## Reasons

6. In coming to the decision to provide the waivers set out in paragraph 1 above, NZXR has considered that:
- a. Rule 10.4.2 and 10.3.1 are designed to provide investors with an accurate, reliable and comparable understanding of the financial position of the Issuer. The financial position of Scarlett Limited, as the company that held the assets and liabilities of TLT and TPW, as at the Half-Year Balance Date (as defined in Appendix One), is more relevant for investors to understand the performance of the TLT and TPW businesses over the six month period ending 30 September 2016. NZX is therefore comfortable that the granting these waivers will not undermine the policy of these Rules;
  - b. Investors have been provided with pro-forma financial accounts for TLT as at 31 March 2016 in the scheme booklet for the Demerger. TLT has also provided summary pro-forma financial information as at 30 September 2016 in the Modified Half-Year Report (as defined in Appendix One). NZX is therefore comfortable that investors have been provided with sufficient, up-to-date financial information regarding TLT's performance as a standalone entity; and
  - c. TPW and TLT are separate entities, operating in distinct industries and jurisdictions. As a result, each of the entities are subject to varying jurisdictional requirements in relation to their accounting obligations. Requiring TPW and TLT to produce separate half-year accounts for the period ending 30 September 2016, would be disproportionately burdensome, given the limited benefit this additional information would provide the market.



## Appendix One

1. Prior to 31 October 2016, Scarlett Limited (formerly Trustpower Limited) was a Listed Issuer with Securities Quoted on NZX's Main Board and Debt Market.
2. On 31 October 2016, Scarlett Limited demerged into two separate entities (**Demerger**), effected by way of a scheme of arrangement, under Part 15 of the Companies Act 1993. The two new demerged entities include:
  - a. Tilt Renewables Limited (**TLT**); and
  - b. Bay Energy Limited (renamed Trustpower Limited shortly thereafter) (**TPW**).
3. TLT and TPW both listed on the Main Board on a conditional settlement basis on 28 October 2016.
4. Scarlett Limited released pro-forma financial statements for TLT and TPW as at 31 March 2016, in the scheme booklet for the Demerger. These financial statements were presented as if the two entities had demerged from Scarlett Limited, and had operated as separate standalone entities in the twelve month period ending 31 March 2016.
5. Prior to the Demerger, and during the six month period ending on 30 September 2016 (**Half-Year Balance Date**), TLT and TPW were each subsidiaries of Scarlett Limited.
6. Following the Demerger, all of the assets and liabilities of Scarlett Limited were transferred to TLT and TPW. Consequently, the financial positions of TPW and TLT have substantially altered since the Half-Year Balance Date, making the financial position of TPW and TLT at the Half-Year Balance Date less relevant for investors.
7. As a Listed Issuer, TLT is subject to:
  - a. Rule 10.3.1, which requires TLT to release a preliminary announcement (**Preliminary Announcement**) within 60 days of their half-year balance date, that complies with the relevant section in Appendix 1 to the Rules; and
  - b. Rule 10.4.2, which requires TLT to release half-year accounts (**Half-Year Report**) within three months of their half-year balance date, which comply with the relevant section in Appendix 1 to the Rules.
8. TLT has sought a waiver from Rule 10.4.2, to instead allow TLT to release:
  - a. a Half-Year Report for its former parent and predecessor, Scarlett Limited, as at 30 September 2016; and
  - b. an additional pro-forma financial breakdown for TLT, prepared as if the Demerger had occurred as at 1 April 2016, and TLT was operating as a separate standalone entity during this six month period ending 30 September 2016 (together the "**Modified Half-Year Report**").
9. TLT released the Modified Half Year Report on 7 November 2016.
10. TLT has also sought a waiver from Rule 10.3.1, on the basis that the applicable, substantive content requirements prescribed by clause 3 of Appendix 1, have already been addressed in the Modified Half Year Report released to market on 7 November 2016.



## Appendix Two

### 10.3 Preliminary Announcements

10.3.1 Each Issuer shall make an announcement pursuant to Rule 10.3.2 through NZX for public release, in the manner prescribed by Rule 10.2 as soon as the Material Information is available, and in any event;

(a) before the release of each annual report, and not later than 60 days after the end of the financial year to which that report relates; and

(b) before the release of each half-year report and not later than 60 days after the end of the financial half-year to which that report relates.

### 10.4 Annual and Half-Year Reports

10.4.2 Each Issuer shall within three months after the end of the first six months of each financial year of the Issuer:

(a) deliver to NZX electronically, in the format specified by NZX from time to time; and

(b) make available to each Quoted Security holder in accordance with Rule 10.4.4,

a half-year report. That half-year report shall be delivered to NZX before, or at the same time as, it is made available to Quoted Security Holders in accordance with Rule 10.4.4. That half-year report shall include the information and otherwise address the matters prescribed by the relevant section of Appendix 1.

