Works Finance (NZ) Limited		
Results for announcement to the market		
Reporting Period	6 months to December 2018	
Previous Reporting 6 months to December 2017		
Period		

	Amount (000s)	Percentage change
Revenue from ordinary	\$NZ 6,471	1.7%
activities		
Profit (loss) from	\$NZ 6,425	1.7%
ordinary activities before		
tax attributable to		
security holder.		
Net profit (loss)	\$NZ 4,626	1.7%
attributable to security		
holders.		

Interim/Final Dividend	Amount per security	Imputed amount per security
NZ\$0.01107	NZ\$0.01107	\$0.004305

Record Date	5 March 2019
Dividend Payment Date	15 March 2019

Comments:	

Condensed Half-year Financial Report

31 December 2018



Relationships Creating Success

Works Finance (NZ) Limited

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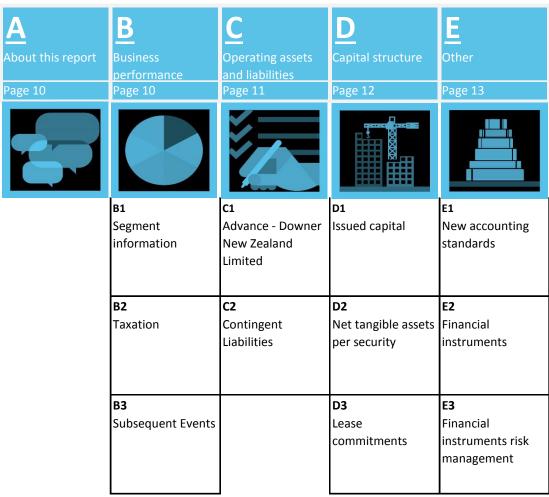
Auditors signed report

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Directors' Report

for the half-year ended 31 December 2018

The Directors of Works Finance (NZ) Limited ("the Company") submit herewith the condensed financial report of the Company for the half-year ended 31 December 2018, including the financial statements on pages 6 to 13.

Directors

The names of the Directors of the Company during or since the end of the financial half-year are:

Ms J E Elrick (resigned 10 December 2018)

Mr G A Fenn

Mr M J Ferguson (appointed 14 December 2018)

Mr E C Jensen (appointed 14 December 2018)

Ms J C Johnson

Mr S L Killeen

Mr P J Tompkins (resigned 14 December 2018)

Principal activities

The Company is a subsidiary of Downer EDI Limited and was formed for the purpose of issuing Redeemable Optionally Adjustable Distributing Securities ("ROADS"). The proceeds have been advanced to Downer New Zealand Limited as disclosed in Note C1.

Downer EDI Limited elected to leave the ROADS securities on issue on the Step-up Date of 15 June 2012. The margin was stepped-up in accordance with the terms of the "Prospectus and Investment Statement" dated 7 March 2007. The dividend rate was reset on 15 June 2017 to 6.05% per annum and on 15 June 2018 to 6.15% per annum. The next reset date is 15 June 2019.

Review of operations

The Company reported total comprehensive income of \$4,626,179 (2017: \$4,548,581).

Subsequent events

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial half-year, that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in subsequent financial years.

Dividends

In respect of the half-year to 31 December 2018, dividends of \$4,428,000 were paid to the holders of ROADS (December 2017: \$4,356,000). Imputation credits were attached to the dividends. No dividends have been paid to the holders of ordinary shares during the half-year to 31 December 2018 (December 2017: nil).

Interests register and other disclosures

Related party transactions are disclosed in Note C1. No Director or former Director received any remuneration or other benefits from the Company. Works Finance (NZ) Limited has no employees and accordingly no remuneration was paid. No donations were made during the half-year ended 31 December 2018 (December 2017: nil). All audit fees were paid by the Company.

Financial Statements

The Board of Directors have approved and authorised the condensed half-year financial statements on pages 6 to 13.

On behalf of the Directors 14 February 2019

S L Killeen Director E C Jensen **Director**



Independent Review Report

To the shareholder of Works Finance (NZ) Limited

Report on the interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 6 to 13 do not:

- present fairly in all material respects the company's financial position as at 31 December 2018 and its financial performance and cash flows for the six month period ended on that date; and
- comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim financial statements which comprise:

- the statement of financial position as at 31 December 2018;
- the statements of comprehensive income, changes in equity and cash flows for the six month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for conclusion

A review of interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Works Finance (NZ) Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.



Use of this Independent Review Report

This report is made solely to the shareholder as a body. Our review work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the Independent 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 shareholder as a body for our review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the interim financial statements

The Directors, on behalf of the company, are responsible for:

the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34
 Interim Financial Reporting;



- implementing necessary internal control to enable the preparation of interim financial statements that are fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

×L Auditor's Responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these interim financial statements.

This description forms part of our Independent Review Report.

KPMG Auckland

KPMG

14 February 2019

Condensed Statement of Comprehensive Income

for the half-year ended 31 December 2018

		Unaudited	Unaudited
		31-Dec	31-Dec
		2018	2017
	Note	\$	\$
Interest received from Downer New Zealand Limited	C1	6,471,263	6,362,865
Operating expenses		(46,014)	(45,392)
Profit before income tax expense		6,425,249	6,317,473
Income tax expense	В2	(1,799,070)	(1,768,892)
Profit after income tax expense and total comprehensive income attributable to equity			
holders of the Company		4,626,179	4,548,581

Condensed Statement of Financial Position

as at 31 December 2018

		Unaudited	Audited
		31-Dec	30-Jun
		2018	2018
	Note	\$	\$
Current assets			
Advance to related party - Downer New Zealand Limited	C1	7,269,059	7,475,532
Total current assets		7,269,059	7,475,532
Non-current assets			
Advance to related party - Downer New Zealand Limited	C1	200,000,000	200,000,000
Total non-current assets		200,000,000	200,000,000
Total assets		207,269,059	207,475,532
Current liabilities			
Cash and cash equivalents		107,987	105,020
Trade and other payables		17,500	25,620
Income tax payable		567,539	967,038
Total current liabilities		693,026	1,097,678
Total liabilities		693,026	1,097,678
Net assets		206,576,033	206,377,854
Equity			
Ordinary shares	D1	100	100
ROADS	D1	200,000,000	200,000,000
Retained earnings		6,575,933	6,377,754
Total equity attributable to equity holders of the Company		206,576,033	206,377,854

The Board of Directors have approved and authorised the condensed half-year financial statements on pages 6 to 13.

On behalf of the Directors

S L Killeen **Director**

E C Jensen **Director**

Dated: 14 February 2019

Condensed Statement of Changes in Equity

for the half-year ended 31 December 2018

	Share		Retained	
	capital	ROADS	earnings	Total
	\$	\$	\$	\$
Balance at 1 July 2017	100	200,000,000	6,041,771	206,041,871
Profit for the half-year	-	-	4,548,581	4,548,581
Total comprehensive income	-	-	4,548,581	4,548,581
Distributions to owners				
Dividends paid - ROADS	-	-	(4,356,000)	(4,356,000)
Balance at 31 December 2017 unaudited	100	200,000,000	6,234,352	206,234,452
Balance at 1 July 2018	100	200,000,000	6,377,754	206,377,854
Profit for the half-year	-	-	4,626,179	4,626,179
Total comprehensive income	-	-	4,626,179	4,626,179
Distributions to owners				
Dividends paid - ROADS	-	-	(4,428,000)	(4,428,000)
Balance at 31 December 2018 unaudited	100	200,000,000	6,575,933	206,576,033

These condensed financial statements should be read in conjunction with the accompanying notes on pages 10 - 13.



Condensed Statement of Cash Flows

for the half-year ended 31 December 2018

		Unaudited	Unaudited
		31-Dec	31-Dec
		2018	2017
	Note	\$	\$
Cash flows from operating activities			
Interest received from Downer New Zealand Limited		6,471,263	6,362,865
Repayments from Downer New Zealand Limited		206,473	783,064
Income taxes paid and net tax credit transfers		(2,198,569)	(2,735,745)
Payments to suppliers		(54,134)	(53,442)
Net cash generated by operating activities		4,425,033	4,356,742
Cash flows from financing activities			
Dividends paid on ROADS		(4,428,000)	(4,356,000)
Net cash used in financing activities		(4,428,000)	(4,356,000)
Net increase in cash and cash equivalents		(2,967)	742
Cash and cash equivalents at the beginning of the period		(105,020)	(112,177)
Cash and cash equivalents at the end of the period		(107,987)	(111,435)

These condensed financial statements should be read in conjunction with the accompanying notes on pages 10 - 13.



for the half-year ended 31 December 2018





About this report

Statement of compliance and basis of preparation

Works Finance (NZ) Limited (the Company) is a profit-oriented entity, domiciled in New Zealand, registered under the Companies Act 1993 and listed on the NZX Debt Market (NZDX). The Company is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The Company prepares its condensed half-year financial statements in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

These condensed half-year financial statements have not been audited. The condensed half-year financial statements comply with NZ IAS 34 *Interim Financial Reporting*. They also comply with IAS 34 *Interim Financial Reporting*.

The condensed half year financial statements have been prepared on the basis of historical cost. Cost is based on the fair value of the consideration given in exchange of assets. The functional and presentation currency is New Zealand dollars.

The condensed half-year financial statements do not include notes of the type normally included in an annual financial report and should be read in conjunction with the Annual Report for the year to 30 June 2018. The accounting policies, presentation and methods of computation followed in the condensed half-year financial statements are the same as applied in the Company's annual audited financial statements, except for the adoption of a new accounting standard, as mentioned below and in Note E1.

New standards adopted by the Company

The Company has applied the following standards for the first time for the half-year reporting period commencing 1 July 2018:

- NZ IFRS 9 Financial Instruments.

The adoption of this standard does not have any impact on the amounts recognised in prior and current periods and is not expected to significantly affect future periods.

These condensed half-year financial statements were authorised by the Directors for issue on 14 February 2019.

Accounting estimates and judgements

The preparation of the condensed half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements made by management are consistent with those described in the 2018 Annual Report.





Business performance

This section provides the information that is most relevant to understanding the financial performance of the Company during the half-year and, where relevant, the accounting policies applied and the critical judgements and estimates made.

B1. Segment information

B3. Subsequent Events

B2. Taxation

B1. Segment information

The Company operates in one reportable segment. The only business of the Company is the issue of ROADS to predominantly New Zealand residents and advances to Downer New Zealand Limited. There is no seasonality in the half-year result.

B2. Taxation

Interim period tax is accrued based on the estimated annual effective income tax rate of 28% (2017: 28%). Imputation credits available at 31 December 2018 were 1,829,760, (December 2017: 2,020,294).

B3. Subsequent Events

On 14 February 2019, the Directors approved the payment of a fully imputed dividend of \$3,075,000 comprising a cash dividend of \$2,214,000 (1.1070 cents per ROADS security) and imputation credits of \$861,000 (0.4305 cents per ROADS security) to be paid on 15 March 2019. There has not been any other matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Works Finance (NZ) Limited

for the half-year ended 31 December 2018



This section provides information relating to the operating assets and liabilities of the Company.

C1. Advance - Downer New Zealand Limited

C2. Contingent Liabilities

C1. Advance - Downer New Zealand Limited

Unaudited	Audited
31-Dec	30-Jun
2018	2018
\$	\$
Downer New Zealand Limited - current account 7,269,059	7,475,532
Downer New Zealand Limited 200,000,000	200,000,000
207,269,059	206,607,225

The Downer New Zealand Limited current account is unsecured and repayable on demand. Interest has been charged at an average of 1.7% (2017: 1.7%) per annum.

The Company has advanced \$200,000,000 to Downer New Zealand Limited under a loan agreement dated 21 April 2011. Under the terms of the loan agreement, the advance is repayable on demand, however it has been provided in line with the terms of ROADS.

ROADS were stepped up on 15 June 2012, keeping the existing ROADS instrument in place with revised pricing. Downer EDI Limited and the Company have provided confirmation to Downer New Zealand Limited that neither Downer EDI Limited, or its subsidiaries, will take any action to demand or effect repayment of the loan during the period to 14 February 2020.

The interest rate is to be agreed in writing between the parties from time to time. The initial rate of interest was set at 10% per annum. In April 2013 it was agreed to reset this to the ROADS gross dividend rate plus a margin of 0.20%. The interest rate from 15 June 2016 to 15 June 2017 was 6.49% per annum and from 15 June 2017 to 15 June 2018 6.25% per annum. On 15 June 2018 it was reset to 6.35% per annum. The next reset date is 15 June 2019.

Interest is paid monthly in arrears.

C2. Contingent Liabilities

The Company has no contingent liabilities. (December 2017: nil)



Works Finance (NZ) Limited 11

for the half-year ended 31 December 2018





Capital Structure

D1. Issued capital

D2. Net tangible assets per security

D3. Lease commitments

D1. Issued capital		
	Unaudited	Audited
	31-Dec	30-Jun
	2018	2018
	\$	\$
	400	400
100 ordinary shares	100	100
200,000,000 ROADS	200,000,000	200,000,000
	200,000,100	200,000,100

The gross dividend rate from 15 June 2018 to the next reset date on 15 June 2019 is 6.15% per annum.

During the half-year to 31 December 2018, dividends paid, gross of imputation credits, totalled \$6.1 million (December 2017: \$6.1 million), being 3.075c per security (December 2017: 3.025c per security).

There were no changes to the number of ROADS on issue during the period.

D2. Net tangible assets per security

	Unaudited	Audited
	31-Dec	30-Jun
	2018	2018
	\$	\$
ROADS	1	1
Ordinary shares	2,065,760	2,063,779

D3. Lease commitments

The Company has no capital or lease commitments. (December 2017: nil)

for the half-year ended 31 December 2018



This section provides details on other required disclosures relating to the Company to comply with the accounting standards and othe pronouncements including the Company's capital and financial risk management disclosure.

E1. New accounting standards

E3. Financial instruments risk management

E2. Financial instruments

E1. New accounting standards

Standards that have been adopted during the half-year

NZ IFRS 9 - Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard was adopted by the Company on 1 July 2018. There is no material impact on the financial statements on adoption of this standard.

E2. Financial instruments

Financial instruments carried in the statement of financial position include bank balances, advances, receivables, payables and accruals.

As at 31 December 2018, the carrying amounts and fair values of bank balances, advances, receivables, payables and accruals approximated fair value.

E3. Financial instruments risk management

The Company was established by Downer EDI Limited for the purpose of issuing ROADS, and as such its exposure to liquidity risk and interest rate risk is managed by being passed back to other Group companies through issuing intra-group loan advances with similar terms to those issued by the Company.

Credit risk management

The most significant concentration of credit risk of the Company as at 31 December 2018 comprises the advance to Downer New Zealand Limited of \$200,000,000. This is expected to have a similar credit risk profile as Downer EDI Limited. Downer EDI Limited has a long-term issuer default rating of BBB (outlook stable) issued by Fitch Ratings. This rating was affirmed on 14 September 2018. Issues rated BBB- or above (or the equivalent by other rating agencies) are described as "Investment Grade".

The maximum exposure to credit risk is the carrying value of the Company's financial assets. The Company is not directly exposed to foreign currency risk. 99.8% of ROADS holders are domiciled in New Zealand.

Information for Investors

for the half-year ended 31 December 2018

Securities exchange listing

Works Finance (NZ) Limited is listed on the NZX Debt Market (NZDX) under code WKSHA.

Company information

The website of the Company's ultimate parent company Downer EDI Limited, www.downergroup.com, offers comprehensive information about Downer and its services. The site also contains news releases and announcements to the ASX and NZX, financial presentations, Annual Reports, Half Year Reports and company newsletters.

Auditor

KPMG 18 Viaduct Harbour Ave Auckland 1010 New Zealand

Registered office

130 Kerrs Road, Wiri, Auckland, 2104

Share registry

ROADS holders seeking information about holdings or dividends should contact the Company's share registry, Computershare Investor Services Limited (Computershare):

Level 2, 159 Hurstmere Road Takapuna, Auckland 0622

Email: enquiry@computershare.co.nz

Tel: +64 9 488 8777

Updating your holder details

ROADS holders can update their details, including bank accounts, payment instructions and view their investment portfolio and transactions at: www.investorcentre.com/nz

Waivers

The NZX has ruled that the ROADS are not Equity Securities as defined in, and for the purpose of, the NZDX Listing Rules. The NZX granted a waiver on 7 March 2007 relating to the minimum subscription amount for applications in respect of the offer of ROADS.

Corporate governance

Works Finance (NZ) Limited does not have any specific policies, practices or processes in respect of its corporate governance. However, where relevant, Works Finance (NZ) Limited, as a member of the Downer Group, is subject to the corporate governance policies of Downer EDI Limited.

The corporate governance policies of Downer EDI Limited are set out in its Annual Report, which is prepared in accordance with the requirements of ASX Listing Rules. The corporate governance policies and annual report are available on the Downer EDI Limited website at www.downergroup.com

The corporate governance policies of Downer EDI Limited, as set out is its annual report dated 30 June 2018, do not materially differ from the Corporate Governance Best Practice Code.