

**AMENDED FINANCIAL STATEMENTS. NO MATERIAL IMPACT.
EXPENSE MISCLASSIFICATION PAGE 4.**

Attached is an amended version of Methven Limited's (MVN) audited financial statements for the 15 months ended 30 June 2016.

The amendment is limited to expense classification within the Income Statement and all other information released on 25 August 2016 remains unchanged. In particular there is no impact to the Company's reported net profit after tax, cash flow, balance sheet or banking covenant compliance.

The amendment has been assessed to be immaterial to the overall financial performance of the Group, however the Directors' have issued corrected financial statements to maintain the quality of the financial reporting to shareholders.

Details of the amendment

An expenditure misclassification was identified and Methven has amended the following expense lines within the Income Statement on page 4. This resulted in:

A reduction in 'Cost of sales' of \$2.4 million, and

An equal and offsetting increase in 'Administration and other expenses' of \$2.4m.

- ends -

For queries please contact:

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About Methven:

- Methven is a market-leading designer and manufacturer of showers, taps and valves.
- Our international business is headquartered in Avondale in Auckland where we design, develop and manufacture many award winning products and technologies.
- We are an international business in Australia, China, UK, Middle East and Europe in addition to our home market of New Zealand.
- Methven celebrates 130 years of Innovation in 2016 and has recently set out its plans to grow the business to \$130 million revenue by June 2018.

For more company information, visit <http://www.methven.com/nz>

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**METHVEN LIMITED & SUBSIDIARIES
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE
2016**

The Directors have pleasure in presenting the financial statements, set out on pages 4 to 38, of Methven Limited for the period ended 30 June 2016. The Directors authorised these financial statements for issue on 6 September 2016.

During the period Methven Limited changed its balance date from March to June. As a result these audited financial statements are for a fifteen month period to 30 June 2016 compared to a twelve month period to 31 March 2015. It is acknowledged that this makes comparability less meaningful and for this reason the Summary Report and Market Review on pages 2 to 14 of the announcement released on 25 August 2016, focus on comparing our unaudited performance for the twelve months ended 30 June 2016 to the same period in the prior year.



Phil Lough
Chairman

6 September 2016



Norah Barlow
Chair of the Audit, Compliance and Risk Management
Committee

Methven Limited
Income statement
Statement of comprehensive income
For the period ended 30 June 2016

Income statement

FOR THE FIFTEEN MONTHS ENDED 30 JUNE 2016

NZ \$000	Notes	15 mths ended 30 Jun 16	12 mths ended 31 Mar 15
Sales revenue	2.2	129,987	96,349
Cost of sales		(74,947)	(52,835)
Gross profit		55,040	43,514
Other income	2.2	3,435	753
Expenses	2.3		
Research, design and engineering		(2,969)	(2,558)
Sales, distribution, marketing and brand development		(29,726)	(22,367)
Administration and other expenses		(12,918)	(9,868)
Finance costs		(1,711)	(1,404)
Profit before income tax		11,151	8,070
Income tax expense	2.4	(2,557)	(2,380)
Net profit attributable to shareholders of the parent		8,594	5,690

Earnings per share for profit attributable to the shareholders of the parent:

Basic earnings per share (cents)	3.8(b)	12.1	8.2
Diluted earnings per share (cents)	3.8(b)	12.1	8.2

Statement of comprehensive income

FOR THE FIFTEEN MONTHS ENDED 30 JUNE 2016

NZ \$000	15 mths ended 30 Jun 16	12 mths ended 31 Mar 15
Net profit for the period	8,594	5,690
Items that may be reclassified subsequently to profit or loss		
Movement in foreign currency translation reserve	(1,106)	460
Movement in cashflow hedge reserve	(1,003)	2,130
Income tax relating to items that may be reclassified	315	(587)
Total items that may be reclassified subsequently to profit or loss	(1,794)	2,003
Other comprehensive income for the period net of tax	(1,794)	2,003
Total comprehensive income for the period attributable to the shareholders of the parent	6,800	7,693

The above income statement and statement of comprehensive income should be read in conjunction with the accompanying notes.

Methven Limited
Statement of financial position
As at 30 June 2016

Statement of financial position

AS AT 30 JUNE 2016

NZ \$000	Notes	As at 30 Jun 16	As at 31 Mar 15
Assets			
Current assets			
Cash and cash equivalents		2,240	2,008
Trade receivables	3.1	17,911	15,259
Inventories	3.2	18,739	22,588
Derivative financial instruments	4.2	1,084	1,607
Income tax receivable		178	116
Prepayments and other assets		1,480	3,011
Total current assets		41,632	44,589
Non-current assets			
Property, plant and equipment	3.3	9,553	6,463
Deferred tax assets	3.5	3,162	2,279
Intangible assets	3.4	39,406	41,827
Total non-current assets		52,121	50,569
Total assets		93,753	95,158
Liabilities			
Current liabilities			
Trade creditors		10,838	9,350
Interest bearing liabilities	3.6	145	-
Derivative financial instruments	4.2	937	172
Income tax payable		158	2,008
Provisions	5.5(c)	360	385
Other creditors and accruals		5,054	3,771
Employee accruals		2,869	2,040
Contingent Consideration	3.7	-	1,304
Total current liabilities		20,361	19,030
Non-current liabilities			
Interest bearing liabilities	3.6	24,217	24,762
Derivative financial instruments		-	60
Non-current employee accruals		173	169
Contingent Consideration	3.7	-	1,236
Total non-current liabilities		24,390	26,227
Total liabilities		44,751	45,257
Net assets		49,002	49,901
Equity			
Share capital	3.8	52,080	52,080
Reserves		(10,503)	(8,820)
Retained earnings		7,425	6,641
Total equity		49,002	49,901

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

Statement of changes in equity

FOR THE PERIOD ENDED 30 JUNE 2016

NZ \$000	Notes	Share capital	Hedge reserve	Share-based payments reserve	Currency translation reserve	Retained earnings	Total equity
Balance at 1 April 2014		46,986	(742)	-	(10,167)	6,788	42,865
Movement in foreign currency translation reserve		-	-	-	460	-	460
Movement in cashflow hedge reserve		-	2,130	-	-	-	2,130
Movement in deferred tax on hedge reserve		-	(587)	-	-	-	(587)
Profit for the year		-	-	-	-	5,690	5,690
Total comprehensive income		-	1,543	-	460	5,690	7,693
Dividends	3.8	-	-	-	-	(5,837)	(5,837)
Shares issued	3.8	5,094	-	-	-	-	5,094
Movement in share based payments reserve		-	-	86	-	-	86
Balance at 31 March 2015		52,080	801	86	(9,707)	6,641	49,901
Balance at 1 April 2015		52,080	801	86	(9,707)	6,641	49,901
Movement in foreign currency translation reserve		-	-	-	(1,106)	-	(1,106)
Movement in cashflow hedge reserve		-	(1,003)	-	-	-	(1,003)
Movement in deferred tax on hedge reserve		-	315	-	-	-	315
Profit for the period		-	-	-	-	8,594	8,594
Total comprehensive income		-	(688)	-	(1,106)	8,594	6,800
Dividends	3.8	-	-	-	-	(7,810)	(7,810)
Movement in share based payments reserve		-	-	111	-	-	111
Balance at 30 June 2016		52,080	113	197	(10,813)	7,425	49,002

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

Cash flow statement

FOR THE PERIOD ENDED 30 JUNE 2016

NZ \$000	Notes	15 mths ended 30 Jun 16	12 mths ended 31 Mar 15
Cashflows from operating activities			
Receipts from customers		125,652	96,474
Government grants		696	780
Payments to suppliers		(77,467)	(66,825)
Payments to employees		(27,412)	(21,097)
		<u>21,469</u>	<u>9,332</u>
Interest received		1	6
Interest paid		(1,714)	(1,315)
Income taxes paid		(5,026)	(1,766)
Net cash inflow from operating activities	5.5(a)	<u>14,730</u>	<u>6,257</u>
Cashflows from investing activities			
Payments for property, plant and equipment, patents, trademarks and software		(5,685)	(3,358)
Payments to acquire Invention Sanitary		-	(5,402)
Proceeds from sale of property, plant and equipment		32	14
Net cash outflow from investing activities		<u>(5,653)</u>	<u>(8,746)</u>
Cashflows from financing activities			
Issue of ordinary shares		-	150
Proceeds from / (Repayment of) borrowings		(888)	8,058
Dividends paid		(7,810)	(5,837)
Net cash inflow/(outflow) from financing activities		<u>(8,698)</u>	<u>2,371</u>
Net decrease in cash and cash equivalents		379	(118)
Cash and cash equivalents at the beginning of the financial period		2,008	2,104
Foreign currency translation adjustment		(147)	22
Cash and cash equivalents at end of period		<u>2,240</u>	<u>2,008</u>

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

Notes to the financial statements
FOR THE PERIOD ENDED 30 JUNE 2016

	Pg.
1. General information	
1.1 Reporting entity and statutory base	7
1.2 Basis of preparation	7
1.3 Group structure	7
1.4 New and amended standards adopted by the Group	8
1.5 Key changes during the period	9
1.6 Critical accounting estimates	10
2. Profit and loss information	
2.1 Segment information	11
2.2 Sales revenue & other income	13
2.3 Expenses	14
2.4 Income tax expense	15
3. Financial position information	
3.1 Current assets - trade receivables	16
3.2 Current assets - Inventories	17
3.3 Non-current assets – Property, plant and equipment	17
3.4 Non-current assets – Intangibles assets	19
3.5 Non-current deferred tax	22
3.6 Interest bearing liabilities	23
3.7 Contingent consideration	24
3.8 Equity	24
4. Financial risk management	
4.1 Capital management	26
4.2 Market risk	26
4.3 Credit risk	30
4.4 Liquidity risk	30
5. Other information	
5.1 Related party transactions	32
5.2 Commitments	33
5.3 Contingencies	33
5.4 Events occurring after the reporting period	34
5.5 Other disclosures	34

1. General information

1.1 Reporting entity

Methven Limited (the “Company”) and its subsidiaries (together “Methven” or the “Group”) designs, manufactures and supplies showerware, tapware and water control valves.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 41 Jomac Place, Avondale, Auckland.

These financial statements have been approved for issue by the Board of Directors on 6 September 2016. The directors do not have the power to amend these financial statements after issuance.

Statutory base

Methven Limited is a company registered under the Companies Act 1993 and is a Financial Markets Conduct reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

1.2 Basis of preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS). These accounting policies have been applied consistently to all years previously presented unless otherwise stated.

1.3 Group Structure

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in New Zealand dollars.

Consolidation policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Methven Limited as at balance date and the results of all subsidiaries for the period then ended.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are eliminated unless the transaction provides evidence of the impairment of the asset transferred. Subsidiaries’ accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries which form part of the Group are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations of the Group.

Refer to note 5.5(b) for subsidiaries within the Group.

1.4 New and amended standards adopted by the Group

No new standards that became effective during the year have been assessed as having a material impact on the Group.

The International Accounting Standards Board has issued a number of other standards, amendments and interpretations which are not yet effective and which may have an impact on the Group's financial statements. These are detailed below. The Group has not yet applied these in preparing these financial statements and will apply each standard in the period in which they become mandatory.

Standard	Nature of change	Impact	Mandatory application date / Date adopted by the Group
NZ IFRS 16 <i>Leases</i>	When adopted, NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Included is an optional exemption for certain short-term leases and leases of low-value assets	Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts.	Must be applied for periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15. The group has yet to assess the impact of this standard.
NZ IFRS 9 <i>Financial instruments (2014)</i>	In July 2014, the IASB issued a complete version of the standard. This standard adds to the requirements of NZ IFRS 9 by incorporating the expected credit loss model for calculating the impairment of financial assets.	IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The new standard also introduces expanded disclosure requirements. The transition rules for IFRS 9 only allow a six month period up to February 2015 to early adopt other versions of IFRS 9. After this date, an entity may only early adopt the complete standard.	Must be applied for periods beginning or after 1 January 2018. The group has yet to assess the impact of this standard.
NZ IFRS 15 <i>Revenue from contracts with customers</i>	When adopted the standard will replace the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction Contracts and is applicable to all entities with revenue.	The standard sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.	Must be applied for periods beginning or after 1 January 2017. The group is still assessing the potential impact of adopting this new standard. The group has not yet decided when to adopt NZ IFRS 15.

1.5 Key changes during the period

The following key changes to Methven Limited's business have occurred during the 15 months ended 30 June 2016:

- During the period the company changed its financial year-end from 31 March to 30 June so as to:
 - More evenly spread trading days over its first and second half year periods;
 - Improve the predictability of year end results by removing stock, and therefore debt, volatility caused by Chinese New Year in February; and
 - Improve the predictability of year end results by having more time to react to the volatile December and January trading months.

It is acknowledged that the change in balance date, resulting in a 15 month reporting period, makes comparative reporting against a 12 month period less meaningful. However unaudited comparatives of certain key financial features for the 12 months ended 30 June have been included in the Summary Report and Market Review on pages 2 to 14 of the announcement released on 25 August 2016.

- As a part of the change of balance date the company announced a special dividend of 3.0 cents per share paid in December 2015. The company has now changed its dividend payment dates to March and September of each year (previously June and December).
- Significant investments were made in the 2015 financial year in marketing and operational capability including the launch of Aurajet ® technology and a new digital strategy. During the 12 months ended 30 June 2016 sales grew 8.1% with a significant portion of this directly linked to the investments made in the prior year.
- Investment in property, plant, tooling and other production equipment increased \$4.1 million on the prior period. This increase was largely driven by the NZ and UK businesses premise relocations, production equipment and the current period being 15 months versus 12 month prior period.
- During the period there were a number of non-recurring items as detailed in the table below. Methven comments on net profit after tax excluding non-recurring items, a non-GAAP measure, to provide data that is useful in understanding the underlying and on-going operations of the Group.

CONSOLIDATED		15 mths ended 30 Jun 16	12 mths ended 31 Mar 15
	Reported in		
Reported net profit after tax		8,594	5,690
Inventory provision adjustment	Cost of sales	1,821	-
Relocation costs	Cost of sales	758	-
Contingent Consideration release	Other Income	(2,729)	-
Merger and acquisition costs	Expenses	-	360
Legal Fees	Expenses	431	234
Marketing credits writedown	Expenses	152	-
Restructuring Costs	Expenses	77	199
Total non-recurring items		510	793
Net profit after tax excluding non-recurring items		9,104	6,483

- During the period the Group cleared a total of \$1.4 million of slow moving and obsolete inventory. This was a record for the group and gave us unprecedented learning about the value we could realise for older inventory, and highlighted that the provision assumptions used previously were inadequate. As a result, we conducted a detailed review at all sites and compared it with our best case example in the UK where ageing stock has been cleared effectively over a number of years. As a result of this review, we concluded that we needed to record a one-off provision of \$1.8 million to cover clearance of older stock across NZ, Australia and Heshan
- The Group relocated both the UK office and the NZ Head Office and manufacturing operation to new leasehold sites. These sites provide us with the opportunity to open market leading Experience Centres and to recognise our long term commitment to manufacturing in New Zealand, implementing Design, Engineering, Toolmaking, Foundry, Polishing and Assembly on site. Relocation costs were incurred during the period of \$0.8 million
- The earnings delivered from the Invention Sanitary acquisition were in line with expectation and full integration has now been achieved with the successful transition of the leadership team led by Andy Chen. Hui Zhuang (Invention Sanitary vendor) retired from the business in December 2015. Working capital has remained higher than foreseen during due diligence, and in May 2016 agreement was reached with Mr Zhuang to forfeit any earnout that arose from the acquisition despite realising anticipated earnings, given the extent of increased working capital delivered on settlement. As a result the \$2.7 million Contingent Consideration liability was released to the Income Statement during the period. Refer note 3.7.
- Merger and Acquisition costs relate to the agreement to acquire the business assets Invention Sanitary.

1.5 Key changes during the period (continued)

- Legal fees relate to costs incurred to successfully defend a claim by a former service provider.
- Marketing Credits asset held on the Australia balance sheet, have been written down reflecting actual usage.
- Restructuring costs relate to one-off costs as a result of organisational changes made in the China and UK segments.

1.6 Critical Accounting Estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The Group has made critical accounting estimates relating to the following amounts:

- UK Goodwill – these relate to the assumptions used to determine the underlying recoverability of Goodwill. Refer to note 3.4(a).
- Deferred tax assets – these relate to the assumption that future taxable profits will be earned by the UK business to utilise UK tax losses. Refer to note 3.5.
- Inventory valuation – these relate to the assumptions used to determine the net realisable value of inventories. Refer to note 3.2.

2. Profit and loss information

2.1 Segment information

(a) Description of segments

The Group operates in one industry segment, being the design and supply of showerware, tapware and domestic water control valves.

Group operations

The group operations are the global base for:

- supply chain services with products sourced by Group Operations on behalf of the other segments,
- research and development leading to new design, technology and Intellectual Property,
- marketing and brand development activity,
- manufacturing operations including locations in New Zealand and China, and
- strategic and management support, IT and corporate services.

New Zealand

Comprises sales and marketing operations in New Zealand supplying showerware, tapware and domestic water control valves.

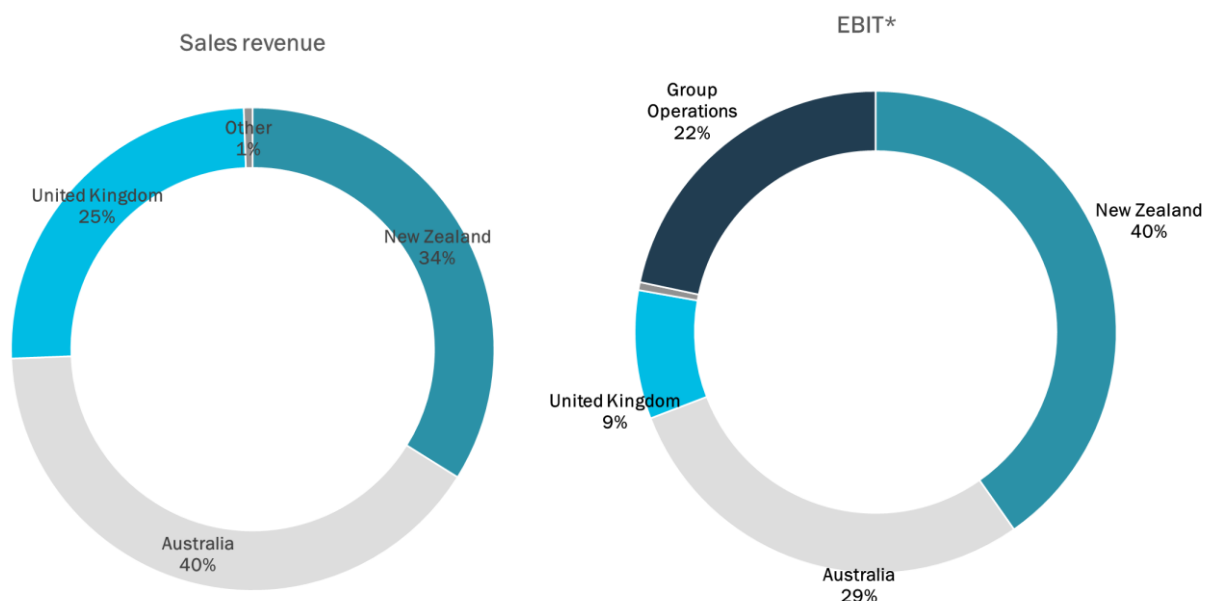
Australia

Comprises sales and marketing operations in Australia supplying showerware, tapware and domestic water control valves.

United Kingdom

Comprises sales and marketing operations in the United Kingdom, the European Union and the Middle East, supplying showerware, tapware and domestic water control valves.

Once a reportable segment becomes material and enhances the evaluation of business activities in the Group, the segment will be reported separately. Profit is before inter-segmental dividends as this is the way it is viewed by the chief operating decision makers (CODM).



*EBIT is defined as earnings before interest, tax and non-recurring items.

Methven Limited
Notes to the financial statements
For the period ended 30 June 2016

15 mths ended 30 Jun 16	New Zealand	Australia	UK	Group Operations	Inter-segment eliminations/ unallocated and Other	Total
NZ \$000						
Sales revenue from external customers	44,048	52,627	32,528	770	14	129,987
Sales revenue from internal customers	-	67	1	36,925	(36,993)	-
Total sales revenue	44,048	52,694	32,529	37,695	(36,979)	129,987
Earnings before interest and tax	5,823	1,944	1,000	4,174	(79)	12,862
Interest received/(paid)	-	(300)	(927)	(484)	-	(1,711)
Net profit before income tax	5,823	1,644	73	3,690	(79)	11,151
Income tax (expense) / credit	(1,594)	(495)	(112)	(339)	(17)	(2,557)
Net profit/(loss) for the period	4,229	1,149	(39)	3,351	(96)	8,594
Non-recurring items (note 1.5)						510
Net profit after tax excluding non-recurring items						9,104

12 mths ended 31 Mar 15 (restated**)	New Zealand	Australia	UK	Group Operations	Inter-segment eliminations/ unallocated and Other	Total
NZ \$000						
Sales revenue from external customers	32,114	38,884	24,423	539	389	96,349
Sales revenue from internal customers	-	53	11	24,657	(24,721)	-
Total sales revenue	32,114	38,937	24,434	25,196	(24,332)	96,349
Earnings before interest and tax	4,367	2,624	393	2,118	(34)	9,468
Interest received/(paid)	-	(352)	(704)	(342)	-	(1,398)
Net profit before income tax	4,367	2,272	(311)	1,776	(34)	8,070
Income tax (expense) / credit	(1,324)	(683)	35	(514)	106	(2,380)
Net profit/(loss) for the year	3,043	1,589	(276)	1,262	72	5,690
Non-recurring items (note 1.5)						793
Net profit after tax excluding non-recurring items						6,483

**2015 results have been reclassified for the following: earnings is earnings before interest and tax (EBIT) (2015: EBITDA); China sales segment amalgamated into intersegment eliminations and other.

(b) Notes to and forming part of the segment information

Revenue from the Group's top 5 customers comprises 44% (2015: 45%) of the total Group revenue. Revenue from the top 5 customers is spread across our New Zealand and Australia segments. The Group's largest customer accounts for 16% of the Group's revenue (2015: 14%) and is spread across the New Zealand and Australia segments.

The assets and liabilities of the Group are reported to the CODM in total and not allocated by operating segment.

(c) Transactions between segments

The services that the Group Operations segment provides that can be reasonably attributed to the other trading segments are principally:

- the sale of finished product at agreed unit prices;
- the use of intellectual property on agreed royalty fee basis;
- shared costs such as Supply Chain, Marketing and IT attributed based on time, complexity and proximity.

Group Operations also provides unsecured loans to subsidiaries, representing funding for no fixed term and bear interest rates between 3% and 6% (2015: between 3% and 6%). Group Operations pays marketing support fees to China sales.

All transactions between segments were in the normal course of business and provided on commercial terms.

2.2 Sales revenue and other income

Sales revenue comprises the fair value of the sale of goods in the ordinary course of the Group's activities. Revenue is shown, net of goods and service tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Recognition and measurement:

(i) Sales of goods

Sales of goods are recognised when risks and rewards associated with ownership of the goods have been transferred and collectability of the related receivables is reasonably assured.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(iii) Government grants

Methven received Grants related to Research and Development activity and International Growth initiatives as funded by Callaghan Innovation and New Zealand Trade and Enterprises. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Other grants are recognised as accrued income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the Grant. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

NZ \$000	15 mths ended 30 Jun 16	12 mths ended 31 Mar 15
Sales revenue from sale of goods	129,987	96,349
Other income		
Interest	1	6
Government grants	705	747
Contingent consideration released (note 3.7)	2,729	-
	3,435	753

2.3 Expenses

NZ \$000	15 mths ended 30 Jun 16	12 mths ended 31 Mar 15
Depreciation (note 3.3)	2,878	2,011
Amortisation (note 3.4)	1,832	1,203
Finance costs		
Interest charges	1,711	1,310
Rental expense relating to operating leases		
Minimum lease payments	2,731	2,061
Sundry expenses		
Donations	14	5
Directors' fees (note 5.1)	314	249
Bad and doubtful debts expense/(recovery)	11	(2)
Employee benefit expense		
Wages, salaries and short term benefits	28,528	20,935
Termination benefits	307	440
Employee share option expense (note 5.1)	111	86
Remuneration of auditors:		
Audit of financial statements		
Audit of financial statements (i)	273	281
Other services		
Other services (ii)	56	126
Total other services	56	126
Total fees paid to auditor	329	407

(i) The audit fee includes the fees for both the annual audit of the financial statements and agreed upon procedures for interim financial statements.

(ii) Other services include review engagements associated with grant compliance reporting and interim review services related to the liquidation of UK subsidiary Windsor Water Fittings Limited. In the prior year this also included technical acquisition accounting services in relation to the acquisition of Invention Sanitary.

The Group's auditor independence policy requires that in a financial year, fees paid to the Group's external audit provider for non-audit related services should not exceed 25% of all fees paid to that provider. Fees paid to PricewaterhouseCoopers in the current period for non-audit related services were 17% of total fees paid.

2.4 Income tax expense

Recognition and measurement:

The income tax expense recognised for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses expected to be utilised.

NZ \$000	15 mths ended 30 Jun 16	12 mths ended 31 Mar 15
(a) Income tax expense		
Current tax expense:		
Current tax	3,249	3,056
Adjustment for prior year	(74)	(39)
	<u>3,175</u>	<u>3,017</u>
Deferred tax expense (note 3.5)		
Origination and reversal of temporary differences	(673)	(639)
Reduction in company tax rates	49	(5)
Adjustment for prior year	6	7
	<u>(618)</u>	<u>(637)</u>
Income tax expense	<u>2,557</u>	<u>2,380</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	11,151	8,070
Tax at 28% (2015: 28%)	<u>3,122</u>	<u>2,260</u>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	(451)	154
Difference in overseas tax rates	(111)	75
Adjustment for prior year	(52)	(104)
Reduction in company tax rates	49	(5)
Income tax expense	<u>2,557</u>	<u>2,380</u>

The weighted average effective tax rate for the Group was 23.0% (2015: 29.5%).

(c) Imputation credits

Imputation credits available for use in subsequent periods were \$6,000 (2015:\$1,483,000).

3. Financial position information

3.1 Current assets - Trade receivables

NZ \$000	As at 30 Jun 16	As at 31 Mar 15
Trade receivables	18,352	15,537
Provision for doubtful receivables	(441)	(278)
	17,911	15,259

Recognition and measurement:

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. An estimate is made for doubtful receivables based on a review of all outstanding amounts at period end.

The fair value of trade receivables approximates their carrying value. No interest has been charged on trade receivables.

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

NZ \$000	As at 30 Jun 16	As at 31 Mar 15
NZD	6,138	4,054
AUD	6,941	6,797
GBP	4,634	4,284
RMB	15	15
USD	183	109
	17,911	15,259

Credit risk

The maximum exposure to credit risk in relation to trade receivables at the reporting date is the carrying value of receivables mentioned above.

As at 30 June 2016, Group trade receivables of \$441,000 (2015: \$278,000) were considered impaired and provided for. These are mainly due to debtors who are experiencing financial difficulties or outstanding disputes. The ageing analysis is as follows:

NZ \$000	As at 30 Jun 16	As at 31 Mar 15
1 to 6 months	381	219
Over 6 months	60	59
	441	278

As at 30 June 2016 1.6% (2015: 2.2%) of the Groups receivables were overdue by more than 90 days but not considered doubtful. These relate to a number of accounts for which there is no history of default.

There is a high concentration of market share and distribution reach in the buildings supply sector in our markets. This has implications for suppliers in terms of customer base concentration and credit risk. As at 30 June 2016 the Group had two customer balances greater than 10% of total trade receivables. One customer balance comprised 13% (2015: 14%) of Group trade receivables and the other accounted for 10% (2015: 9%).

The Group's exposure to a concentration of credit risk is reduced due to the geographical spread of the Group's operations and customers. Credit insurance is taken where economically available to cover material exposure of the Group's offshore and domestic receivables. If customers are independently rated, these ratings are used in combination with management's assessment of the credit quality of the customer, taking into account its financial position, past experience and other internal and external factors. Individual risk limits are set based on internal or external ratings. The compliance with credit limits by customers is regularly monitored by management.

3.2 Current assets – Inventories

Recognition and measurement:

Raw materials, work in progress and finished goods are stated at the lower of cost and anticipated net realisable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs and intercompany margins. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories includes the transfer from equity of any gains/losses on qualifying cash flow hedges.

NZ \$000	As at 30 Jun 16	As at 31 Mar 15
Raw materials and components	6,545	7,617
Work in progress	776	757
Finished goods	14,612	15,634
Provision for inventory obsolescence	(3,194)	(1,420)
Net inventories	18,739	22,588

Critical accounting estimate

As referenced in note 1.5, the Group recognised a non-recurring increase to inventory provisions during the period of \$2.6 million (2015: \$Nil). This assessment was based on the learnings gained from inventories that had been liquidated during the period and then applied to estimate the net realisable value of inventories at balance date. While no further material change in the net realisable values of inventory is expected, it is reasonably possible that inventories are liquidated above or below the estimated net realisable values.

Group inventories recognised as an expense (within cost of sales) during the period ended 30 June 2016 amounted to \$64,490,000 (2015: \$47,580,000).

The Group recognised a net increase of \$1,774,000 (2015: decrease \$119,000) in respect of the movement in provision for inventory obsolescence and adjustment of inventories to net realisable value. The provision movement is included in 'cost of sales' in the income statement.

No other movements have been recognised in the income statement in respect of inventory written down to net realisable value.

3.3 Non-current assets - Property, plant and equipment

Recognition and measurement:

All property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Motor vehicles	3 – 5 years
Plant and equipment	3 – 20 years
Fixtures, fittings and office equipment	3 – 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is less than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Methven Limited
Notes to the financial statements
For the period ended 30 June 2016

	Capital work in progress	Plant, fixtures, fittings and equipment	Motor vehicles	Total
NZ \$000				
As at 1 April 2014				
Cost	387	21,105	251	21,743
Accumulated depreciation	-	(16,794)	(230)	(17,024)
Net book amount	387	4,311	21	4,719
Year ended 31 March 2015				
Opening net book amount	387	4,311	21	4,719
Effect of movement in exchange rates	-	81	1	82
Additions	1,489	798	2	2,289
Assets acquired from Invention Sanitary (refer note 3)	-	1,375	16	1,391
Transferred completed work in progress	(829)	820	9	-
Depreciation charge	-	(1,995)	(16)	(2,011)
Disposals	-	(7)	-	(7)
Closing net book amount	1,047	5,383	33	6,463
As at 31 March 2015				
Cost	1,047	23,649	273	24,969
Accumulated depreciation	-	(18,266)	(240)	(18,506)
Net book amount	1,047	5,383	33	6,463
As at 31 March 2015				
New Zealand	1,047	2,779	12	3,838
Australia	-	855	5	860
United Kingdom	-	149	-	149
China	-	1,600	16	1,616
Net book amount	1,047	5,383	33	6,463
	Capital work in progress	Plant, fixtures, fittings and equipment	Motor vehicles	Total
NZ \$000				
Period ended 30 June 2016				
Opening net book amount	1,047	5,383	33	6,463
Effect of movement in exchange rates	-	(19)	(7)	(26)
Additions	5,081	1,218	88	6,387
Transferred completed work in progress	(4,816)	4,816	-	-
Depreciation charge	-	(2,863)	(15)	(2,878)
Disposals	-	(384)	(9)	(393)
Closing net book amount	1,312	8,151	90	9,553
As at 30 June 2016				
Cost	1,312	23,898	344	25,554
Accumulated depreciation	-	(15,747)	(254)	(16,001)
Net book amount	1,312	8,151	90	9,553
As at 30 June 2016				
New Zealand	1,312	5,756	7	7,075
Australia	-	623	-	623
United Kingdom	-	246	-	246
China	-	1,526	83	1,609
Net book amount	1,312	8,151	90	9,553

3.4 Non-current assets - Intangible assets

Non-current intangible assets include the following categories, accounting treatment and amortisation methods:

Recognition and measurement:

Category	Accounting treatment	Amortisation method
Goodwill	<i>Represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.</i>	<i>Goodwill acquired in business combinations is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.</i>
Patents and trademarks	<i>The registration cost of patents and trademarks are capitalised from the date of application. They have a definite useful life and are carried at cost less accumulated amortisation. Capitalised costs relating to applications that are turned down are expensed immediately into the income statement.</i>	<i>Straight-line method over estimated useful life of 6 - 20 years.</i>
Research and development	<i>Research expenditure is recognised as an expense as incurred. Development costs are recognised as assets if the costs directly relate to new or improved products and processes, where the product or process is technically and commercially feasible with the probability of future economic benefits. Otherwise, the costs of development activities are expensed as incurred.</i>	<i>Straight-line method over estimated useful life of 5 years.</i>
Computer software	<i>Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are recognised as an expense when incurred.</i>	<i>Straight-line method over estimated useful life of 3-10 years.</i>
Customer relations	<i>Customer relations acquired on business acquisition are capitalised based on the fair value of cash flows forecast to be derived from the relationship. The relationships are deemed to have a finite useful life and are carried at cost less accumulated amortisation and impairment.</i>	<i>Straight line method to allocate the cost of the asset over its useful life of 10 years.</i>

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where internal costs are incurred in the production of certain intangible assets these costs are capitalised and recognised as internally generated intangible assets.

3.4 Non-current assets - Intangible assets (continued)

NZ \$000	Goodwill	Software	Patents & trademarks	Customer relations	Total
As at 1 April 2014					
Cost	29,196	3,637	1,609	7,799	42,241
Accumulated amortisation	-	(2,106)	(843)	(5,700)	(8,649)
Net book amount	29,196	1,531	766	2,099	33,592
Year ended 31 March 2015					
Opening net book amount	29,196	1,531	766	2,099	33,592
Effect of movement in exchange rates	843	47	-	68	958
Additions	7,339	763	381	-	8,483
Amortisation charge	-	(448)	(114)	(641)	(1,203)
Disposals	-	(3)	-	-	(3)
Closing net book amount	37,378	1,890	1,033	1,526	41,827
As at 31 March 2015					
Cost	37,378	4,357	1,989	8,019	51,743
Accumulated amortisation	-	(2,467)	(956)	(6,493)	(9,916)
Net book amount	37,378	1,890	1,033	1,526	41,827
As at 31 March 2015					
New Zealand	3,504	837	796	-	5,137
Australia	1,871	36	-	-	1,907
United Kingdom	24,491	650	237	1,526	26,904
China	7,512	367	-	-	7,879
Net book amount	37,378	1,890	1,033	1,526	41,827
Period ended 30 June 2016					
Opening net book amount	37,378	1,890	1,033	1,526	41,827
Effect of movement in exchange rates	(1,096)	(2)	(18)	59	(1,057)
Additions	-	165	303	-	468
Amortisation charge	-	(703)	(249)	(880)	(1,832)
Disposals	-	-	-	-	-
Closing net book amount	36,282	1,350	1,069	705	39,406
As at 30 June 2016					
Cost	36,282	4,400	2,165	7,675	50,522
Accumulated amortisation	-	(3,050)	(1,096)	(6,970)	(11,116)
Net book amount	36,282	1,350	1,069	705	39,406
As at 30 June 2016					
New Zealand	3,504	599	794	-	4,897
Australia	1,872	11	-	-	1,883
United Kingdom	23,440	485	275	705	24,905
China	7,466	255	-	-	7,721
Net book amount	36,282	1,350	1,069	705	39,406

(a) Impairment tests for goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of the assets attributable to goodwill is determined based on value in use calculations for each Cash Generating Unit (CGU) that the intangible asset relates to. The relevant CGUs are set out in the table below.

The calculations use cash flow projections based on past performance adjusted for expectations of future events, including expectations of future market conditions. The key forecast assumptions are based on management forecasts to June 2018 (UK) and June 2017 (New Zealand and Australia). Cash flows beyond these dates are extrapolated using the estimated growth rates in the table below. The growth rates have been derived with reference to externally sourced growth forecasts of GDP in the respective markets. The discount rates used in the impairment tests have been calculated with reference to externally sourced market information specific to each region. The tests did not indicate any impairment as at 30 June 2016. No impairment has been recognised in any of the prior periods presented.

	New Zealand	Australia	UK	China manufacturing	Total
2016					
Goodwill NZ\$000	3,504	1,872	23,440	7,466	36,282
Terminal growth rate	2.2%	3.5%	2.2%	2.9%	
Discount rate	8.2%	8.0%	9.0%	10.4%	
2015					
Goodwill NZ\$000	3,504	1,871	24,491	7,512	37,378
Terminal growth rate	2.2%	3.5%	2.6%	2.9%	
Discount rate	8.2%	8.0%	9.0%	8.1%	

Critical Accounting Estimate

Management does not expect reasonably possible changes in key assumptions would reduce the recoverable amount of the New Zealand, Australia and China manufacturing CGU below its carrying amount. In respect of the UK CGU reasonably possible changes in key assumptions have been tested and no impairment is indicated. These are set out below:

Key Assumptions	Variation	UK Goodwill Impairment NZ\$000
Terminal year sales growth rate	-1.0%	No impairment
Sales growth rate reduction (percentage points)	- 60.0%	No Impairment
Discount rate (percentage points)	+1.0%	No Impairment

However it is acknowledged that given the uncertain environment, changes to key assumptions beyond managements control cannot be discounted entirely and impairment testing will continue to be monitored regularly.

3.5 Non-current deferred tax

Recognition and measurement:

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments of operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Critical Accounting Estimate

Judgement is required in relation to the recognition of carried forward tax losses as deferred tax assets, in particular in our UK business. The Group has recognised \$696,000 of deferred UK tax losses. The Group assesses whether there will be sufficient future taxable profits in the UK to utilise the losses based on forecast earnings. The UK business utilised \$288,000 of tax losses during the period and there is no expiration date on the remaining tax losses.

NZ \$000	As at 30 Jun 16	As at 31 Mar 15
(a) The balance comprises temporary differences attributable to:		
Depreciation	648	603
Provisions and accruals	1,847	1,207
Customer relations	(139)	(305)
Tax losses	696	993
Derivative financial instruments	110	(219)
	3,162	2,279
(b) Movements:		
	2,279	2,212
Opening balance		
Credited to the income statement (note 2.4)	618	637
Charged (credited) to equity	316	(587)
Movement between current and deferred tax balance	(39)	(12)
Foreign exchange differences	(12)	29
Closing balance	3,162	2,279
(c) Income/(expense) recognised in income statements:		
Depreciation	44	186
Provisions and accruals	684	125
Customer relations	178	135
Tax losses	(288)	(176)
Other	-	367
	618	637

In respect of each temporary difference, the table above summarises the amount of income/(expense) recognised in the income statements.

NZ \$	As at 30 Jun 16	As at 31 Mar 15
Deferred tax asset to be recovered after more than 12 month	1,194	1,630
Deferred tax asset to be recovered within 12 months	2,196	1,010
Total deferred tax assets	3,390	2,640
Deferred tax liability to be recovered after more than 12 months	(19)	(358)
Deferred tax liability to be recovered within 12 months	(209)	(3)
Total deferred tax liabilities	(228)	(361)
Net deferred tax assets	3,162	2,279

3.6 Interest bearing liabilities

Recognition and measurement:

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

As at 30 June 2016	Currency	Facility limit (000's)	Expiry	Current NZ \$000	Non-current NZ \$000
Bank facility - BNZ loan	NZD	\$24,510	Apr 2019	-	18,775
Bank facility – Yorkshire Bank Loan	GBP	£2,750	Apr 2019	-	4,728
				-	23,503
Finance leases (note 5.2(ii))	NZD			145	714
				145	24,217

As at 31 March 2015	Currency	Facility limit (000's)	Expiry	Current NZ \$000	Non-current NZ \$000
Bank facility - BNZ loan	NZD	\$24,000	Apr 2016	-	20,810
Bank facility - Yorkshire Bank loan	GBP	£3,500	Apr 2016	-	3,952
				-	24,762
Finance leases (note 5.2(ii))	NZD			-	-
				-	24,762

Security

The bank facilities are secured by way of a general security agreement over the Parent's (Methven Limited) assets with supporting guarantees from all material subsidiaries, and have been advanced to the Group subject to compliance with the following financial covenants:

(a) the interest cover ratio for the Group shall not be less than 2.5 times. As at 30 June 2016 the Group complied with this covenant with an interest cover over the 12 months to 30 June 2016 of 8.8 times (31 March 2015: 9.1 times).

(b) the gearing ratio for the Group (net debt divided by earnings before interest tax and amortisation(EBITA)) shall not exceed 3.5 times. As at 30 June 2016 the Group complied with this covenant with a gearing ratio over the 12 months to 30 June 2016 of 2.0 times (31 March 2015: 2.0 times).

(c) the Guaranteeing Group holds not less than 85% of total assets and earns not less than 85% of total earnings before interest, tax, depreciation and amortisation (EBITDA). As at 30 June 2016 the Group complied with this covenant with 86% of total assets, and 86% of EBITDA (31 March 2015: 93% of total assets and 95% of EBITDA). The Guaranteeing Group comprised the Parent and all subsidiaries excluding Methven (Xiamen) Trading Co Ltd and Heshan Methven Bathroom Fitting Co Ltd.

Compliance with all banking covenants has been maintained during the period.

Interest rates

The weighted average effective interest rate on borrowings was 5.5% (2015: 5.8%).

Non GAAP measures

Methven comments on Net Debt, a non-GAAP measure, to provide data that management uses in assessing the financial position of the Group.

Reconciliation of Net Debt to the consolidated balance sheet

NZ \$000	As at 30 Jun 16	As at 31 Mar 15
Cash and cash equivalents	2,240	2,008
Finance leases	(859)	-
Bank facility loans	(23,503)	(24,762)
Net Debt	(22,122)	(22,754)

3.7 Contingent consideration

Recognition and measurement:

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rate.

As part of the acquisition consideration relating to Invention Sanitary the vendor was eligible to earn an uplift to the purchase price of four times the amount by which net profit after tax (NPAT) exceeded RMB 12.3 million (NZD\$2.7 million) per annum, up to a maximum of RMB 6.15 million (NZD\$1.35 million) for each of the years ending 30 June 2015 and 30 June 2016. The Group recognised RMB 11.8 million (NZD\$2.7 million) as a contingent consideration, which represented fair value at the date of acquisition. The fair value reflected the Directors view, based on forecasts that the contingent consideration would be paid in full.

Whilst the business earnings are in line with the original expectations, inventory levels have been higher than anticipated. As a result in May 2016 it was agreed with the vendor that the contingent consideration would not be paid and that Methven would waive its right, under the terms of the sale and purchase agreement, to make a claim on the vendor in relation to the higher inventory levels. As a result the fair value of contingent consideration as at 30 June 2016 is nil and the contingent consideration liability previously recognised of NZ\$2.7 million has been released to the Income Statement in the other income line.

3.8 Equity

(a) Share capital

Recognition and measurement:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Number of shares		Share capital	
	As at 30 Jun 16	As at 31 Mar 15	As at 30 Jun 16	As at 31 Mar 15
	Shares	Shares	NZ \$000	NZ \$000
Opening balance of ordinary shares issued	72,773,410	66,606,265	52,080	46,986
Shares issued for Acquisition of Invention Sanitary	-	4,258,765	-	4,944
Share issued to key management	-	1,450,000	-	-
Shares issued to the Chief Executive Officer	-	458,380	-	150
Closing balance of ordinary shares issued	72,773,410	72,773,410	52,080	52,080

All shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights. All shares are non-par value shares.

The shares issued to key management and the CEO are treasury shares as the Company has a beneficial interest in the shares until the vesting conditions are met in relation to the Executive share scheme, or the limited recourse loans are repaid in full in relation to the CEO share scheme. As at 30 June 2016 the Company had 1,908,380 treasury shares on issue (2015: 1,908,380).

(b) Earnings per share

Recognition and measurement:

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares including share options and grants.

	As at 30 Jun 16	As at 31 Mar 15
Basic earnings per share		
Net profit attributable to shareholders (\$000)	8,594	5,690
Weighted average number of ordinary shares on issue	70,865,030	69,814,924
Basic earnings per share (cents)	12.1	8.2
Diluted earnings per share		
Net profit attributable to shareholders (\$000)	8,594	5,690
Weighted average number of ordinary shares for diluted earnings per share	70,865,030	69,814,924
Diluted earnings per share (cents)	12.1	8.2

(c) Dividends per share

Dividend distribution to the Company shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Directors and notified to the Company's shareholders.

	As at 30 Jun 16 Cents per share	As at 31 Mar 15 Cents per share
Interim dividend for the period ended 30 June 2016	4.0	-
Special dividend	3.0	-
Final dividend for the period ended 31 March 2015	4.0	-
Interim dividend for the period ended 31 March 2015	-	4.0
Final dividend for the period ended 31 March 2014	-	4.5
	11.0	8.5

The 2014 final dividend paid during 2015 the year was imputed at a rate of 14%. All other dividends paid during the current and prior period were imputed at a rate of 28%.

Supplementary dividends of \$127,681 (2015: \$52,958) were also provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

4. Financial risk management

The Group's activities expose it to a variety of financial risks including market risk, mainly currency risk and interest rate risk, credit risk and liquidity risk.

Methven's financial instruments either expose the Group to risks or are used to manage the risk. These are recognised initially at trade date at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. The financial instruments are classified in the following way:

Financial Instrument	Classification	Explanation
Derivatives	Fair value through Profit & Loss	These instruments are used to hedge currency movements and changes to interest rates.
Contingent consideration		This is the present value of the estimated earnout payments the Group expected to make (refer note 3b)
Cash and cash equivalents	Loans and receivables and liabilities held at amortised cost. The carrying amount is considered a reasonable approximation of fair value due to their short term nature and the impact of discounting not being significant.	These relate to the normal operating needs of the business and the day-to-day operations.
Trade receivables		
Trade creditors		
Interest bearing liabilities (including finance leases)		
Other creditors and accruals		

4.1 Capital management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or received from subsidiaries, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is not subject to externally imposed capital requirements except in relation to debt covenants. The Group did not breach any debt covenants in the periods presented, refer to Note 3.6.

4.2 Market risk

Recognition and measurement:

Derivative financial instruments

The Group is party to derivative financial instruments in the normal course of business in order to reduce market risk and hedge exposure to fluctuations in interest rates and foreign exchange rates.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of risks associated with recognised liabilities and highly probable forecast transactions (cash flow hedges).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Derivative financial instruments (continued)

Amounts accumulated in equity are reclassified to the profit and loss in the periods when the hedged item affects the profit and loss (for instance when the forecast sale or purchase that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss.

Fair value of derivative financial instruments

All derivative instruments are based on inputs other than quoted prices included within active markets that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Specific valuation techniques used to value derivatives include:

- *The fair value of interest rate swaps is calculated as the present value of the estimated future cashflows based on observable yield curves*
- *The fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value*

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, including the purchase of inventory in US dollars and Euro, translation of subsidiary results in Great Britain pounds, Australian dollars and Chinese Yuan. These exposures are categorised into transactional exposures and translation exposures.

All foreign currency transactions are recognised at the spot rate on the date of transaction and foreign currency balances are revalued at spot rate at period end. Foreign subsidiary assets and liabilities are translated at the closing rate at period end and income and expenses for each item in the income statement and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

- **Transactional**

The Group has foreign exchange exposure on the purchase of inventory (in USD and EUR), the sale of inventory and intercompany transactions (in AUD, GBP and RMB).

- **Translation**

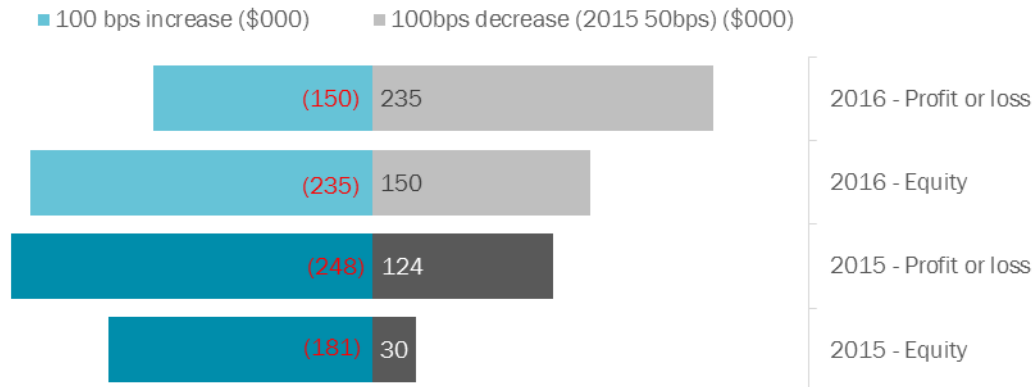
The Group has foreign exchange exposure when converting subsidiary results from their local currencies (in AUD, GBP and RMB) into NZD for the purposes of consolidating Group results.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into New Zealand dollars. This includes all foreign exchange translation movements. On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

(i) Foreign exchange risk (continued)

Foreign exchange rate sensitivities

The sensitivity analysis shows the effect on profit or loss and equity if foreign exchange rates at balance date had been 100 basis points higher or lower with all other variables held constant. In consideration of the increased downside risk in the market compared to the prior year, sensitivities have been increased to 100 basis points.



Managing the Transactional foreign exchange risk

The Group's treasury policy is to hedge between 80%-100% of committed cash flows, between 25%-75% of forecasted cash flows falling within 0-6 months and between 0%-50% of forecasted cash flows falling within 6-12 months. The Board may from time to time approve exceptions to this policy.

The following table shows the fair value of the foreign exchange contracts and interest rate swaps held by the Group as derivative financial instruments at balance date:

NZ \$'000	As at 30 Jun 16	As at 31 Mar 15
Foreign exchange contracts		
Buy USD / Sell NZD	(406)	77
Sell AUD / Buy NZD	105	47
Buy EUR / Sell NZD	-	(20)
Buy GBP / Sell NZD	126	-
Buy USD / Sell AUD	(172)	1,079
Buy USD / Sell GBP	575	396
Buy EUR / Sell GBP	84	(69)
Interest rate swaps		
GBP swap	(35)	(42)
NZD swap	(130)	(93)
Total derivative financial instruments	147	1,375
<i>Classified as:</i>		
Assets	1,084	1,607
Liabilities	(937)	(232)

(ii) Interest rate risk

The main interest rate risk arises from long term interest bearing liabilities at variable rates denominated in NZD and GBP. Interest rate exposure is managed with the following parameters: fixed interest rate debt to total debt is to be 40% to 80% managed if interest bearing liabilities are less than 18 months and 0% to 60% between 18 and 36 months. Policy authorised hedging instruments such as interest rate swaps are to be used to manage the risk.

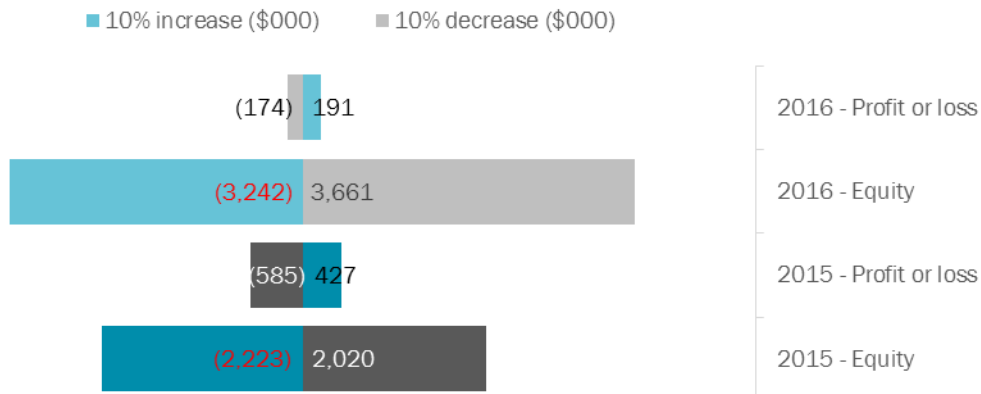
The contracts require settlement of net interest receivable or payable quarterly. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from re-measuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. Any ineffective portion is recognised in the income statement immediately. There has been no ineffectiveness during the current or prior year.

	30 June 2016		31 March 2015	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
		\$'000		\$'000
Bank overdrafts and bank loans	5.5%	23,503	5.8%	24,762
Interest rate swaps (notional principal amount)	3.3%	(9,295)	2.2%	(7,164)

Interest rate sensitivities

The sensitivity analysis shows the effect on profit or loss and equity if market interest rates at balance date had been 100 basis points higher or lower with all other variables held constant. In consideration of the increased downside risk in the market compared to the prior year, sensitivities have been increased to 100 basis points.



4.3 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Cash and cash equivalents includes cash in hand, cash at bank and deposits held on call with financial institutions.

The maximum exposure to credit risk is represented by the carrying amount of these assets. The Group places its cash and derivative with high quality financial institutions in accordance with Board approved Treasury Policy.

Refer to note 3.1 (receivables) for further detail on customer credit risk.

All cash and cash equivalents and derivative financial assets are held with 'A' rated banks.

4.4 Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. At the reporting date the Group had overdraft facilities of NZD 0.2m, AUD 0.25m and GBP 0.05m.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings. The Group's derivative foreign exchange financial instruments are gross settled and interest rate swaps are net settled. These derivatives are categorised into relevant maturity groupings based on the contractual maturity dates. The amounts disclosed in the tables below are the contractual undiscounted cash flows inclusive of interest payments. The Group's interest rates are reset monthly and as a result the contractual interest payments below have been calculated based on interest rates and debt levels that existed at balance date.

As at 30 June 2016

	Less than 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Total contractual cash flows	Carrying Amount liabilities
NZ\$000						
Non-derivatives						
Interest bearing liabilities	(500)	(519)	(1,209)	(24,596)	(26,824)	(24,362)
Contingent consideration	-	-	-	-	-	-
Trade creditors	(10,838)	-	-	-	(10,838)	(10,838)
Other creditors and accruals	(5,054)	-	-	-	(5,054)	(5,054)
Total non-derivatives	(16,392)	(519)	(1,209)	(24,596)	(42,716)	(40,254)
Derivatives						
Net settled (interest rate swaps)	(71)	(51)	(43)	-	(165)	(165)
Gross settled (foreign exchange contracts)						
- inflow	27,182	14,788	-	-	41,970	41,970
- (outflow)	(27,202)	(14,456)	-	-	(41,658)	(41,658)
Total derivatives	(91)	281	(43)	-	147	147

Methven Limited
Notes to the financial statements
For the period ended 30 June 2016

As at 31 March 2015

NZ\$000	Less than 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Total contractual cash flows	Carrying Amount liabilities
Non-derivatives						
Interest bearing liabilities	(341)	(31)	(24,818)	-	(25,190)	(24,762)
Contingent consideration	(1,322)	-	(1,322)	-	(2,644)	(2,540)
Trade creditors	(9,350)	-	-	-	(9,350)	(9,350)
Other creditors and accruals	(3,771)	-	-	-	(3,771)	(3,771)
Total non-derivatives	(14,784)	(31)	(26,140)	-	(40,955)	(40,423)
Derivatives						
Net settled (interest rate swaps)	(33)	(31)	(64)	(7)	(135)	(135)
Gross settled (foreign exchange contracts)						
- inflow	22,994	7,278	-	-	30,272	30,272
- (outflow)	(22,522)	(6,240)	-	-	(28,762)	(28,762)
Total derivatives	439	1,007	(64)	(7)	1,375	1,375

5. Other information

5.1 Related party transactions

The Group had transactions between operating segments as described in note 2.1(c), transactions with key management and transactions with other parties as described below.

Transactions with key management personnel

The key management personnel includes the Chief Executive Officer and those employees who report directly to the CEO.

Compensation

NZ \$000	15 mths ended 30 Jun 16	12 mths ended 31 Mar 15
Salaries and other short term employee benefits	3,035	1,840
Termination benefits	169	-
Employee share option expenses	111	86
Directors	314	249
	3,629	2,175

Share based payments and Loans to key management

Recognition and measurement:

The fair value of share schemes, under which the Company receives services from directors and employees as consideration for equity instruments of the Company, is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, including any equity market performance conditions and excluding the impact of any service and non-market performance vesting conditions. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital.

A share based payments reserve is used to recognise the fair value of options issued and vested but not exercised. Where vesting conditions exist the fair value of the share rights granted are spread over the vesting period, otherwise the fair value is expensed in the period the options were granted.

Total expenses recognised from the share based payment transactions during the period was \$111,000 (2015: \$86,000).

Executive Share Scheme

In October 2014 Methven issued 1,450,000 treasury shares to selected senior executives at market price. Methven provided the participants with a loan equal to the aggregate issue price of the shares. The loans bear interest at IRD determined FBT rates and are repayable at the end of the 4 year vesting period (previously 3 year vesting period).

Dividends will be used to repay interest and principal on the loan. Methven holds security over the shares until such time as the outstanding balance of the loan has been fully repaid.

The participants will be eligible to be paid a cash bonus at the end of the vesting period in June 2018 based on June 2018 NPAT targets as follows:

NPAT year ending 30 June 2018 (\$NZ)	% of bonus payable
\$10.5m - \$11.0 m	25%
\$11.5 - \$12.0m	50%
\$12.5 - \$13.0m	100%

These targets are for the purposes of the Executive Share Scheme only and should NOT be construed as guidance. The targets are measured before accounting for the bonus.

If the NPAT targets are not met by the end of the vesting period the participants have the option to repay the loan and take full ownership of the shares or exit the arrangement.

The fair value of this scheme includes an assessment of the probability that the NPAT targets will be achieved. As this probability changes through the vesting period the amount expensed will increase in line with the probability, subject to the maximum amount payable under the scheme.

200,000 treasury shares were forfeited and no share options vested during the period. The Board also resolved to establish further employee share schemes as detailed further in note 5.4.

Transactions with other parties

Payments of RMB 2,429,000 (NZ\$560,000) (2015: \$522,000) were made to related parties of Hui Zhuang, a former Director of Heshan Methven Bathroom Fittings Co., Ltd and former owner of Invention Sanitary Ltd. The payments made in the current period related to the rent of premises in Heshan.

All transactions between the Group and related parties were in the normal course of business and provided on commercial terms.

5.2 Commitments

(i) Operating leases

Recognition and measurement:

Leases where the lessor effectively retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

The Group has operating leases for premises, vehicles, plant and equipment. There are no options to purchase in respect of these leases and there are no sub-leases.

The future aggregate minimum lease payments under the non-cancellable operating leases are as follows:

NZ \$000	As at 30 Jun 16	As at 31 Mar 15
Within one year	2,307	1,610
One to two years	1,947	1,436
Two to five years	3,815	4,555
Later than five years	5,578	5,481
	13,647	13,082

(ii) Finance leases

Recognition and measurement:

Finance leases, which transfer all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

The Group has finance leases on machinery and have been classified under current and non-current interest bearing liabilities on the consolidated balance sheet.

NZ \$000	As at 30 Jun 16	As at 31 Mar 15
Within one year	210	-
Later than One Year but not later than five years	842	-
Later than five years	-	-
Minimum Lease Payments	1,052	-
Future Finance Charges	(193)	-
Recognised as a liability	859	-

(iii) Capital commitments

As at 30 June 2016 Group had \$217,000 capital commitments (2015:\$Nil).

5.3 Contingencies

The Group had no material contingent liabilities or assets as at 30 June 2016 (2015: \$Nil).

5.4 Events occurring after the reporting period

The following events have occurred subsequent to 30 June 2016:

The Board of Directors resolved to pay a final dividend of 4.5 cents per share or \$3.3 million. The dividend will be paid on 30 September 2016 to all shareholders on the Company's register at the close of business on 23 September 2016.

The Board resolved to establish further employee share schemes for implementation in the new financial year. These include an Employee Share Option Plan and a Discounted Share Purchase Plan for staff looking to invest more. The schemes are intended to align and link employees as owners of the business and focus action on growing sustained shareholder value.

The financial statements were initially approved and released on 25 August 2016. Subsequent to that date an expenditure misclassification was identified and Methven amended the following expense lines within the Income Statement on page 4: reduced 'Cost of sales' by \$2.4 million, with an equal and offsetting increase to 'Administration and other expenses'. The change is limited to expense classification within the Income Statement and all other information released on 25 August 2016 remains unchanged. In particular there is no impact to the Company's reported net profit after tax. While the amendment has been assessed to be immaterial to the overall financial performance of the Group for the 15 months ended 30 June 2016, the Directors' preference has been to issue corrected financial statements to maintain the quality of our financial reporting to shareholders.

There have been no other events occurring after balance date which would materially affect the accuracy of these financial statements.

5.5 Other disclosures

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

NZ \$000	15 mths ended 30 Jun 16	12 mths ended 31 Mar 15
Profit for the period	8,594	5,690
Depreciation	2,878	2,011
Amortisation of intangible assets	1,832	1,203
Share options expensed	111	86
Net loss on disposal of assets	133	10
Contingent consideration release	(2,729)	-
Impact of changes in working capital items (net of acquisitions)		
Trade receivables	(4,335)	215
Inventories	3,758	789
Prepayments and other assets	1,560	(1,667)
Trade creditors	1,726	(2,283)
Employee accruals	825	473
Provisions, other creditors and accruals	2,846	(883)
Tax receivable	(1,965)	1,254
Deferred income tax	(504)	(641)
Net cash inflow from operating activities	14,730	6,257

(b) Investment in subsidiaries

All subsidiaries have a balance date of 30 June. The consolidated financial statements incorporate the assets, liabilities and results of Methven and its subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of Incorporation	Activities	Equity holding	
			2016 %	2015 %
Methven Limited	NZ	Supply and Manufacture of shower and tapware	Parent	Parent
Plumbing Supplies (NZ) Limited	NZ	Procurement and distribution	100	100
Methven Australia Pty Limited	Australia	Shower and tapware supplier	100	100
Methven Hotel Solutions Pty Limited	Australia	Non-trading	100	100
Methven UK Limited	UK	Shower and tapware supplier	100	100
Deva Tap Company Limited	UK	Dormant	100	100
Windsor Water Fittings Limited	UK	Liquidated	N/A	100
Howard Bird & Company Limited	UK	Dormant	100	100
Methven (Xiamen) Trading Co Limited	China	Non-trading	100	100
Methven USA Inc.	USA	Non-trading	100	100
Heshan Methven Bathroom Fitting Co. Limited	China	Supply and Manufacture of tapware	100	100

Windsor Water Fittings Limited has been liquidated during the period.

(c) Accounting policies not disclosed elsewhere

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Current liabilities - Provisions

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. The majority of these claims are expected to be settled in the next financial year but this may be extended into the following year if claims are made late in the warranty period and are subject to confirmation by suppliers that component parts are defective. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.



Independent auditor's report

To the shareholders of Methven Limited

Our opinion

In our opinion the consolidated financial statements of Methven Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2016, its financial performance and its cash flows for the period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

Methven Limited's consolidated financial statements comprise:

- the statement of financial position as at 30 June 2016;
- the income statement for the period then ended;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended;
- the cash flow statement for the period then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Basis for opinion

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

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

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

Our firm carries out other services for the Group in the areas of review engagements and liquidation services. The provision of these other services has not impaired our independence as auditors of the Group.

Other matter

Our audit report was initially issued on 25 August 2016. Subsequent to that date and as described in note 5.4, the Company identified a misclassification between 'Cost of sales' and 'Administration and other expenses' of \$2.4 million within the income statement. This misclassification has subsequently been corrected in the financial statements approved by the directors on 6 September 2016. Our audit procedures on subsequent events since 25 August are solely restricted to the amendment to the financial statements as described in note 5.4 to the financial statements.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. The other information included in the annual report is expected to be made available to us after the date of this auditors report.



Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page5.aspx

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Skilton.

For and on behalf of:

A handwritten signature in blue ink, appearing to read 'Jonathan Skilton', written over a faint, larger signature that appears to be 'PriewaterhouseCoopers'.

Chartered Accountants
25 August 2016, except as to Note 5.4 which is 6 September 2016.

Auckland