

CIVIC FINANCIAL SERVICES LTD

**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Six Months		Full Year	
	Note	2019 \$M	2018 \$M	2018 \$M
REVENUE				
Administration Fees		1,434	1,419	2,793
Income from Investments		222	101	263
Property Income		459	429	1,019
Other Income		-	0	0
		<u>2,115</u>	<u>1,949</u>	<u>4,075</u>
EXPENDITURE				
Property Operating Expenses		369	266	513
Depreciation & Amortisation		21	24	46
Employee Remuneration		384	382	851
Other Expenses		836	799	1,468
		<u>1,610</u>	<u>1,471</u>	<u>2,878</u>
Plus Share of Profit of Associate		-	-	-
Less Taxation Expense	6	<u>141</u>	<u>135</u>	<u>299</u>
NET SURPLUS AFTER TAXATION		<u><u>364</u></u>	<u><u>343</u></u>	<u><u>897</u></u>

**STATEMENT OF MOVEMENTS IN EQUITY (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Six Months		Full Year	
		2019 \$M	2018 \$M	2018 \$M
Equity as at 1 January		17,945	17,048	17,048
Net Surplus After Taxation		<u>364</u>	<u>343</u>	<u>897</u>
EQUITY AS AT 30 JUNE		<u><u>18,309</u></u>	<u><u>17,391</u></u>	<u><u>17,945</u></u>

**STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT 30 JUNE 2018**

	2019 \$M	2018 \$M	2018 \$M
EQUITY			
Capital	10,764	10,764	10,764
Retained Earnings	<u>7,545</u>	<u>6,627</u>	<u>7,182</u>
TOTAL EQUITY	<u><u>18,309</u></u>	<u><u>17,391</u></u>	<u><u>17,945</u></u>
Represented By:			
Current Assets			
Bank & Cash Equivalents	548	1,150	3,414
Term Deposits	4,100	-	1,200
Receivables	940	709	791
Loans	<u>5,755</u>	<u>5,359</u>	<u>6,087</u>
TOTAL CURRENT ASSETS	<u>11,343</u>	<u>7,218</u>	<u>11,492</u>
Non-Current Assets			
Property, Plant & Equipment & Intangible Assets	248	273	254
Deferred Tax Asset	<u>2,646</u>	<u>2,952</u>	<u>2,787</u>
TOTAL NON CURRENT ASSETS	<u>2,894</u>	<u>3,225</u>	<u>3,041</u>
Investments			
Investment in Associate	-	-	-
Investment Property	<u>8,535</u>	<u>7,259</u>	<u>7,778</u>
TOTAL INVESTMENTS	<u>8,535</u>	<u>7,259</u>	<u>7,778</u>
TOTAL ASSETS	<u>22,772</u>	<u>17,702</u>	<u>22,311</u>
Current Liabilities			
Sundry Creditors & Accrued Charges	<u>4,376</u>	<u>205</u>	<u>4,302</u>
TOTAL CURRENT LIABILITIES	<u>4,376</u>	<u>205</u>	<u>4,302</u>
Non Current Liabilities			
CLP/ Riskpool Admin Fee Reserve	87	106	64
Subordinated Debt	-	-	-
TOTAL NON-CURRENT LIABILITIES	<u>87</u>	<u>106</u>	<u>64</u>
TOTAL LIABILITIES	<u>4,463</u>	<u>311</u>	<u>4,366</u>
EXCESS OF ASSETS OVER LIABILITIES	<u><u>18,309</u></u>	<u><u>17,391</u></u>	<u><u>17,945</u></u>

The notes to the accounts on page 3 form part of and are to be read in conjunction with these Statements.

CIVIC FINANCIAL SERVICES LTD
STATEMENT OF CASH FLOWS (Unaudited)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six Months		FULL YEAR	
	Notes	2019 \$M	2018 \$M	2018 \$M
Cash Flows from Operating Activities				
Cash from operating activities:		1,865	1,740	3,465
Cash applied to operating activities:		1,517	1,486	2,839
Net Cashflow from Operating Activities	5	<u>349</u>	<u>254</u>	<u>626</u>
Cash Flows from Investing Activities				
Cash provided from investing activities:		385	-	6,219
Cash applied to investing activities:		3,672	103	9,281
Net Cashflow from Investing Activities		<u>(3,287)</u>	<u>(103)</u>	<u>(3,062)</u>
Cash Flows from Financing Activities				
Cash was provided from financing activities:		168	-	4,157
Cash applied to financing activities:		95	4,203	9
Net Cashflow from Financing Activities		<u>73</u>	<u>(4,203)</u>	<u>4,148</u>
Net Decrease in Cash Held		(2,865)	(4,052)	1,712
Opening Cash Balance as at 1 January		3,414	5,202	1,702
Closing Cash Balance as at 30 June		<u>548</u>	<u>1,150</u>	<u>3,414</u>
Being:				
Bank & Cash Equivalents		<u>548</u>	<u>1,150</u>	<u>3,414</u>

The notes to the accounts on page 3 form part of and are to be read in conjunction with this statement.

CIVIC FINANCIAL SERVICES LTD
FOR THE SIX MONTHS ENDED 30 JUNE 2019

Notes to the Financial Statements

1 Statement of Compliance

The Group is a Tier 1 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 1 Public Sector Public Benefit Entity (PBE) Standards.

2 Accounting policies

The accounting policies applied in the preparation of the half year financial statements are consistent with those disclosed in the 2018 annual report except that the investment property has not been revalued.

3 Basis of Preparation

These interim financial statements have been prepared in accordance with PBE IAS 34 - Interim Financial Reporting, and should be read in conjunction with the Company's annual financial report for the year ended 31 December 2018. Disclosures in these interim financial statements are less extensive than those in the annual financial report.

4 Comparative figures.

The comparative figures are for the six months ended 30 June 2018 and the year ended 31 December 2018.

5 Reconciliation of net surplus after tax with cash flow from operating activity.

	Six Months		Full Year
	2019 \$M	2018 \$M	2018 \$M
Reported Surplus After Taxation	364	343	897
Add/(less) non cash items			
Loan Interest	333	(46)	(29)
Depreciation	22	25	46
Deferred Tax Liability	141	134	299
Movement in CLP/ Riskpool Admin Fee Reserve	(10)	(216)	(226)
Net change in fair value of property	-	-	(133)
Subordinated Debt	-	-	-
	<u>486</u>	<u>(103)</u>	<u>(43)</u>
Add/(less) movements in other working capital items			
Accounts Receivable	(153)	22	(60)
Accounts Payable	107	(8)	56
Tax Refund Due	4	-	-
	<u>(43)</u>	<u>14</u>	<u>(4)</u>
Less Items Classified as investing activity	(385)	-	(76)
Less Items Classified as financing activity	(73)	-	(148)
	<u></u>	<u></u>	<u></u>
Net Cash Outflow from Operating Activities	<u>349</u>	<u>254</u>	<u>626</u>

6 Income Tax

The income tax liability for June 2019 is nil as the Company has unused tax credits with which it will use to offset any income tax expense .

7 Secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of New Zealand Mutual Liability Riskpool ("Riskpool") were entered into in February 2017, August 2017 and November 2018 to assist with Riskpool's cashflow. The amount under the first two agreements is for a loan of up to \$2,250,000 and the third agreement is for \$4,000,000. All loans are arm's length and on commercial terms. Any loan may be repaid by Riskpool at any time without penalty and the

8 Contingent liabilities.

The contingent liabilities are:

- i) 100,000 uncalled shares in the wholly owned subsidiary, Local Government Superannuation Trustee Limited.
- ii) 1,000 uncalled shares in the wholly owned subsidiary, Local Government Mutual Funds Trustee Limited.
- iii) 100 uncalled shares in the wholly owned subsidiary, SuperEasy Limited.
- iv) 100 uncalled shares in the wholly owned subsidiary, Local Government Finance Corporation Limited.

9 Events occurring after reporting date

- i) Civic Assurance House was sold with settlement taking place on 15 August 2019. A special dividend of \$0.83 per share was paid to shareholders on 19 August 2019 as a result of the sale.
- ii) There have been no other significant events since the reporting date that affect the results disclosed in the half year financial statements.