



Interim Financial Statements

For the six months
ended 31 December 2021

HEARTLAND

Contents

	Page
General Information.....	3
Directors.....	3
Auditor.....	3
Directors’ Statements.....	4
Consolidated Interim Statement of Comprehensive Income.....	5
Consolidated Interim Statement of Changes in Equity.....	6
Consolidated Interim Statement of Financial Position.....	8
Consolidated Interim Statement of Cash Flows.....	9
Notes to the Interim Financial Statements	
1 Interim financial statements preparation.....	11
Performance	
2 Segmental analysis.....	13
3 Net interest income.....	15
4 Operating expenses.....	15
5 Compensation of auditor.....	15
6 Impaired asset expense.....	16
7 Earnings per share.....	16
Financial Position	
8 Finance receivables.....	17
9 Borrowings.....	21
10 Share capital and dividends.....	23
11 Related party transactions and balances.....	23
12 Fair value.....	25
Risk Management	
13 Enterprise risk management.....	30
14 Credit risk exposure.....	30
15 Liquidity risk.....	32
16 Interest rate risk.....	34
Other Disclosures	
17 Structured Entities.....	36
18 Insurance business, securitisation, funds management, other fiduciary activities.....	37
19 Contingent liabilities and commitments.....	37
20 Events after reporting date.....	38

General Information

Heartland Group Holdings Limited (**HGH**) is incorporated in New Zealand and registered under the Companies Act 1993. The shares in HGH are listed on the New Zealand's Exchange (**NZX**) main board and the Australian Securities Exchange (**ASX**) under a foreign exempt listing.

HGH's address for service is Level 3, 35 Teed Street, Newmarket, Auckland 1023.

Directors

All Directors of HGH reside in New Zealand with the exception of Ellen Frances Comerford and Geoffrey Edward Summerhayes who reside in Australia. Communications to the Directors can be sent to Heartland Group Holdings Limited, Level 3, 35 Teed Street, Newmarket, Auckland 1023.

On 1 October 2021, Kathryn Mitchell and Geoffrey Edward Summerhayes were appointed as Directors and have been re-elected on 28 October 2021. Christopher Robert Mace retired as a Director on 28 October 2021.

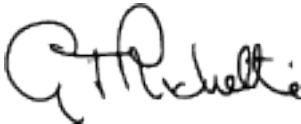
There have been no other changes in the composition of the Board of Directors of HGH since 30 June 2021 to the six months ended 31 December 2021.

Auditor

KPMG
KPMG Centre
18 Viaduct Harbour Avenue
Auckland 1010

Directors' Statements

The consolidated interim financial statements for HGH and its subsidiaries (together the **Group**) are dated 21 February 2021 and have been signed by all the Directors.



G T Ricketts (Chair)



E F Comerford




J K Greenslade



K Mitchell



G E Summerhayes



G R Tomlinson

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2021

\$000's	Note	Unaudited 6 Months to December 2021	Unaudited 6 Months to December 2020	Audited 12 Months to June 2021
Interest income	3	163,586	166,387	327,935
Interest expense	3	39,683	53,174	94,418
Net interest income		123,903	113,213	233,517
Operating lease income		2,588	2,579	5,004
Operating lease expense		1,545	1,598	3,149
Net operating lease income		1,043	981	1,855
Lending and credit fee income		4,565	4,041	8,090
Other income		1,295	1,880	3,634
Net operating income		130,806	120,115	247,096
Operating expenses	4	57,292	61,130	117,658
Profit before impaired asset expense and income tax		73,514	58,985	129,438
Fair value (loss)/gain on investments		(93)	5,177	4,092
Impaired asset expense	6	8,535	4,538	14,974
Profit before income tax		64,886	59,624	118,556
Income tax expense		17,370	15,534	31,530
Profit for the period		47,516	44,090	87,026
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss, net of income tax:				
Effective portion of change in fair value of derivative financial instruments		6,739	4,580	8,940
Movement in fair value reserve		(6,356)	(1,038)	(5,646)
Movement in foreign currency translation reserve		(25)	(121)	(68)
Other comprehensive income for the period, net of income tax		358	3,421	3,226
Total comprehensive income for the period		47,874	47,511	90,252
Earnings per share				
Basic earnings per share	7	8.08c	7.57c	14.92c
Diluted earnings per share	7	8.08c	7.57c	14.92c

Total comprehensive income for the period is attributable to the owners of the Group.

The notes to the interim financial statements form an integral part of, and should be read in conjunction with, these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2021

\$000's	Note	Share Capital	Employee Benefit Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Defined Benefit Reserve	Cash Flow Hedge Reserve	Retained Earnings	Total Equity
Unaudited - December 2021									
Balance as at 1 July 2021		583,781	2,731	(3,975)	(322)	171	918	178,388	761,692
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	47,516	47,516
Other comprehensive (loss)/gain, net of income tax		-	-	(25)	(6,356)	-	6,739	-	358
Total comprehensive (loss)/income for the period		-	-	(25)	(6,356)	-	6,739	47,516	47,874
Contributions by and distributions to owners									
Dividends paid	10	-	-	-	-	-	-	(41,013)	(41,013)
Dividend reinvestment plan		8,926	-	-	-	-	-	-	8,926
Share based payments		-	698	-	-	-	-	-	698
Total transactions with owners		8,926	698	-	-	-	-	(41,013)	(31,389)
Balance as at 31 December 2021		592,707	3,429	(4,000)	(6,678)	171	7,657	184,891	778,177
Unaudited - December 2020									
Balance as at 1 July 2020		576,257	934	(3,907)	5,324	171	(8,022)	129,223	699,980
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	44,090	44,090
Other comprehensive (loss)/gain, net of income tax		-	-	(121)	(1,038)	-	4,580	-	3,421
Total comprehensive (loss)/income for the period		-	-	(121)	(1,038)	-	4,580	44,090	47,511
Contributions by and distributions to owners									
Dividends paid	10	-	-	-	-	-	-	(14,524)	(14,524)
Dividend reinvestment plan	10	3,046	-	-	-	-	-	-	3,046
Share based payments		-	1,057	-	-	-	-	-	1,057
Total transactions with owners		3,046	1,057	-	-	-	-	(14,524)	(10,421)
Balance as at 31 December 2020		579,303	1,991	(4,028)	4,286	171	(3,442)	158,789	737,070

The notes to the interim financial statements form an integral part of, and should be read in conjunction with, these consolidated interim financial statements.

Consolidated Interim Statement of Changes in Equity (Continued)

For the six months ended 31 December 2021

\$000's	Note	Share Capital	Employee Benefit Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Defined Benefit Reserve	Cash Flow Hedge Reserve	Retained Earnings	Total Equity
Audited - June 2021									
Balance as at 1 July 2020		576,257	934	(3,907)	5,324	171	(8,022)	129,223	699,980
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	87,026	87,026
Other comprehensive (loss)/gain, net of income tax		-	-	(68)	(5,646)	-	8,940	-	3,226
Total comprehensive (loss)/income for the year		-	-	(68)	(5,646)	-	8,940	87,026	90,252
Contributions by and distributions to owners									
Dividends paid	10	-	-	-	-	-	-	(37,861)	(37,861)
Dividend reinvestment plan	10	7,524	-	-	-	-	-	-	7,524
Share based payments		-	1,797	-	-	-	-	-	1,797
Total transactions with owners		7,524	1,797	-	-	-	-	(37,861)	(28,540)
Balance as at 30 June 2021		583,781	2,731	(3,975)	(322)	171	918	178,388	761,692

The notes to the interim financial statements form an integral part of, and should be read in conjunction with, these consolidated interim financial statements.

Consolidated Interim Statement of Financial Position

As at 31 December 2021

\$000's	Note	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Assets				
Cash and cash equivalents		207,666	152,818	182,333
Investments		318,273	470,368	377,823
Investment properties		11,832	11,132	11,832
Derivative financial instruments		21,714	15,023	14,139
Finance receivables	8	3,526,234	3,042,588	3,288,466
Finance receivables - reverse mortgages	8	1,778,066	1,607,352	1,676,073
Operating lease vehicles		13,009	12,712	10,865
Right of use assets		14,843	17,202	15,985
Other assets		16,444	22,397	16,815
Intangible assets		74,531	68,874	69,165
Deferred tax asset		16,288	17,521	14,117
Total assets		5,998,900	5,437,987	5,677,613
Liabilities				
Retail deposits	9	3,332,409	3,268,554	3,183,454
Other borrowings	9	1,822,465	1,373,962	1,675,133
Lease liabilities		16,980	19,363	18,166
Tax liabilities		5,619	4,238	7,440
Derivative financial instruments		3,548	12,805	4,802
Trade and other payables		39,702	21,995	26,926
Total liabilities		5,220,723	4,700,917	4,915,921
Equity				
Share capital	10	592,707	579,303	583,781
Retained earnings and other reserves		185,470	157,767	177,911
Total equity		778,177	737,070	761,692
Total equity and liabilities		5,998,900	5,437,987	5,677,613
Total interest earning and discount bearing assets				
		5,735,324	5,238,005	5,432,181
Total interest and discount bearing liabilities				
		5,138,333	4,623,224	4,840,310

The notes to the interim financial statements form an integral part of, and should be read in conjunction with, these consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2021

\$000's	Note	Unaudited 6 Months to December 2021	Unaudited 6 Months to December 2020	Audited 12 Months to June 2021
Cash flows from operating activities				
Interest received		116,664	122,922	233,447
Operating lease income received		1,807	1,480	5,046
Lending, credit fees and other income received		2,920	4,719	4,625
Operating inflows		121,391	129,121	243,118
Interest paid		(51,000)	(42,973)	(85,058)
Payments to suppliers and employees		(38,641)	(53,258)	(97,205)
Taxation paid		(20,988)	(25,061)	(34,004)
Operating outflows		(110,629)	(121,292)	(216,267)
Net cash flows from operating activities before changes in operating assets and liabilities		10,762	7,829	26,851
Proceeds from sale of operating lease vehicles		3,023	5,584	6,821
Purchase of operating lease vehicles		(6,016)	(1,594)	(1,788)
Net movement in finance receivables		(299,163)	(24,714)	(296,754)
Net movement in deposits		149,107	7,563	(74,608)
Net cash flows (applied to) operating activities¹		(142,287)	(5,332)	(339,478)
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets		(8,578)	(4,322)	(7,562)
Net decrease/(increase) in investments		53,101	(62,877)	23,276
Total cash from/(applied to) investing activities		44,523	(67,199)	15,714
Net cash flows from/(applied to) investing activities		44,523	(67,199)	15,714
Cash flows from financing activities				
Net increase in wholesale funding		111,117	91,038	309,680
Proceeds from issue of unsecured notes		45,265	-	81,801
Total cash provided from financing activities		156,382	91,038	391,481
Dividends paid	10	(32,087)	(11,478)	(30,337)
Payment of lease liabilities		(1,198)	(1,390)	(2,226)
Total cash applied to financing activities		(33,285)	(12,868)	(32,563)
Net cash flows from financing activities		123,097	78,170	358,918
Net increase in cash held		25,333	5,639	35,154
Opening cash and cash equivalents		182,333	147,179	147,179
Closing cash and cash equivalents		207,666	152,818	182,333

¹Cash flows from operating activities do not include cash flows from wholesale funding which are included as part of financing activities.

The notes to the interim financial statements form an integral part of, and should be read in conjunction with, these consolidated interim financial statements.

Consolidated Interim Statement of Cash Flows (Continued)

For the six months ended 31 December 2021

Reconciliation of profit after tax to net cash flows from operating activities

\$000's	Note	Unaudited 6 Months to December 2021	Unaudited 6 Months to December 2020	Audited 12 Months to June 2021
Profit for the period		47,516	44,090	87,026
Add/(less) non-cash items:				
Depreciation and amortisation expense		5,624	9,463	14,615
Depreciation on lease vehicles		1,429	1,436	2,801
Capitalised net interest income and fee income		(53,178)	(32,640)	(68,755)
Impaired asset expense	6	8,535	4,538	14,974
Investment fair value movement		93	(5,177)	(4,092)
Other non-cash items		(6,662)	(7,335)	(24,538)
Total non-cash items		(44,159)	(29,715)	(64,995)
Add/(less) movements in operating assets and liabilities:				
Finance receivables		(299,163)	(24,714)	(296,754)
Operating lease vehicles		(2,993)	3,990	5,033
Other assets		(191)	1,875	3,448
Current tax		(1,821)	(8,065)	(4,863)
Derivative financial instruments		(2,090)	2,596	(163)
Deferred tax		(2,171)	(398)	3,006
Deposits		149,107	7,563	(74,608)
Other liabilities		13,678	(2,554)	3,392
Total movements in operating assets and liabilities		(145,644)	(19,707)	(361,509)
Net cash flows applied to operating activities¹		(142,287)	(5,332)	(339,478)

¹Cash flows from operating activities do not include cash flows from wholesale funding which are included as part of financing activities.

The notes to the interim financial statements form an integral part of, and should be read in conjunction with, these consolidated interim financial statements.

Notes to the Interim Financial Statements

For the six months ended 31 December 2021

1 Interim financial statements preparation

Basis of preparation

The interim financial statements presented are the consolidated interim financial statements comprising Heartland Group Holdings Limited (**HGH**) and its subsidiaries (the **Group**). They have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand (**NZ GAAP**) as defined in the Financial Reporting Act 2013. These consolidated interim financial statements comply with NZ IAS 34 Interim Financial Reporting as appropriate for publicly accountable for-profit entities and NZ IAS 34 Interim Financial Reporting.

The consolidated interim financial statements do not include all notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the consolidated financial statements for the year ended 30 June 2021 and any public announcements made by the Group during the interim reporting period.

The consolidated interim financial statements presented here are for the following periods:

- 6 month period ended 31 December 2021 – Unaudited
- 6 month period ended 31 December 2020 – Unaudited
- 12 month period ended 30 June 2021 – Audited

The consolidated interim financial statements have been prepared on a going concern and historical cost basis, unless stated otherwise. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Certain comparative balances have been reclassified to align with the presentation used in the current financial year. These reclassifications have no impact on the overall financial performance or financial position for the comparative year.

Change in accounting policy

There have been no changes to accounting policies or new or amended standards that are issued and effective that are expected to have a material impact on the Group.

Accounting standards issued not yet effective

The final version of NZ IFRS 17 Insurance Contracts was issued in August 2017 and is applicable to general and life insurance contracts. The standard will be effective for the Group's reporting for the financial year ending 30 June 2024, including 30 June 2023 comparatives.

MARAC Insurance Limited (**MIL**), a subsidiary of Heartland Bank Limited (**HBL**), ceased writing insurance policies in 2020 with the periodic policies expected to expire in 2025.

Other amendments to existing standards that are not yet effective are not expected to have a material impact on the Group.

1 Interim financial statements preparation (continued)

Estimates and judgements

There have been no material changes to the use of estimates and judgements for the preparation of the interim financial statements since the reporting date of the previous financial statements. The Group's financial statements for the year ended 30 June 2021 contain detail on the estimates and judgements used.

Covid-19 pandemic - impact on estimates and judgements

The COVID-19 pandemic resulted in the Group adopting an economic overlay for expected credit losses (**ECL**) to its portfolios as at 30 June 2020 of pre-tax \$9.6 million in response to the uncertain but potential economic impact of COVID-19 on HGH's borrowers (**COVID Overlay**). The COVID Overlay was sized based on a range of techniques including stress testing, benchmarking, scenario analysis and expert judgement.

To date, the impact of COVID-19 on HGH's borrowers has been more benign than was initially forecast, and the COVID Overlay has not been utilised. However, the continued prevalence of COVID-19 in other countries (including the emergence of new variants), together with vaccination rates and border closures provide an ongoing risk of further economic disruption in New Zealand. This may impact borrowers with the potential for further inflationary pressures, increased interest rates and expected higher employment costs resulting from a restricted supply of labour.

With the uncertainties associated to the ongoing economic impacts of COVID-19, the COVID Overlay has been retained in full at this stage.

The accounting judgement that is most impacted by the COVID Overlay is the ECL on finance receivables at amortised cost. The Group measures the allowance for ECL using an impairment model in compliance with NZ IFRS 9 Financial Instruments.

Performance

2 Segmental analysis

Segment information is presented in respect of the Group's operating segments which are those used for the Group's management and internal reporting structure.

Operating segments

The Group operates within New Zealand and Australia and comprises the following main operating segments:

Motor	Motor vehicle finance.
Reverse mortgages	Reverse mortgage lending in New Zealand.
Personal lending	Transactional, home loans and personal loans to individuals.
Business	Term debt, plant and equipment finance, commercial mortgage lending and working capital solutions for small-to-medium sized businesses.
Rural	Specialist financial services to the farming sector primarily offering livestock finance, rural mortgage lending, seasonal and working capital financing, as well as leasing solutions to farmers.
Australia	Reverse mortgage lending and other financial services within Australia.

Certain operating expenses, such as premises, IT, support centre costs and tax expense are not allocated to operating segments and are included in Other. Finance receivables are allocated across the operating segments as assets and liabilities are managed centrally and therefore are not allocated across the operating segments.

The Group's operating segments are different from the industry categories detailed in Note 14 Credit risk exposure. The operating segments are primarily categorised by sales channel, whereas Note 14 Credit risk exposure categorises exposures based on credit risk concentrations.

\$000's	Motor	Reverse Mortgages	Personal Lending	Business	Rural	Australia	Other	Total
<i>Unaudited - December 2021</i>								
Net interest income	34,687	14,000	4,529	35,888	15,138	19,881	(221)	123,903
Net other income	1,703	1,289	726	1,408	365	1,143	270	6,903
Net operating income	36,390	15,289	5,255	37,296	15,503	21,024	49	130,806
Operating expenses	1,975	2,354	3,268	4,756	1,531	5,507	37,899	57,292
Profit/(loss) before impaired asset expense and income tax	34,415	12,935	1,987	32,540	13,972	15,517	(37,850)	73,514
Fair value (loss) on investment	-	-	-	-	-	-	(93)	(93)
Impaired asset expense/(benefit)	2,518	-	902	4,210	909	(5)	1	8,535
Profit/(loss) before income tax	31,897	12,935	1,085	28,330	13,063	15,522	(37,944)	64,886
Income tax expense	-	-	-	-	-	-	17,370	17,370
Profit/(loss) for the period	31,897	12,935	1,085	28,330	13,063	15,522	(55,314)	47,516
Total assets	1,344,866	648,865	272,803	1,294,601	583,026	1,185,598	669,142	5,998,900
Total liabilities								5,220,723

2 Segmental analysis (continued)

\$000's	Reverse		Personal	Business	Rural	Australia	Other	Total
	Motor	Mortgages	Lending					
Unaudited - December 2020								
Net interest income	31,255	10,175	7,633	31,659	15,071	17,669	(249)	113,213
Net other income	1,717	1,018	1,137	1,343	460	524	703	6,902
Net operating income	32,972	11,193	8,770	33,002	15,531	18,193	454	120,115
Operating expenses	1,843	1,986	3,151	5,896	1,172	6,838	40,244	61,130
Profit/(loss) before impaired asset expense and income tax	31,129	9,207	5,619	27,106	14,359	11,355	(39,790)	58,985
Fair value gain on investments	-	-	-	-	-	-	5,177	5,177
Impaired asset expense/(benefit)	2,266	-	(793)	2,674	391	-	-	4,538
Profit/(loss) before income tax	28,863	9,207	6,412	24,432	13,968	11,355	(34,613)	59,624
Income tax expense	-	-	-	-	-	-	15,534	15,534
Profit/(loss) for the period	28,863	9,207	6,412	24,432	13,968	11,355	(50,147)	44,090
Total assets	1,200,349	576,579	163,519	1,133,767	569,676	1,030,983	763,114	5,437,987
Total liabilities								4,700,917
Audited - June 2021								
Net interest income	65,829	22,257	12,073	63,898	30,579	39,348	(467)	233,517
Net other income	3,343	2,143	1,946	2,723	881	2,684	(141)	13,579
Net operating income	69,172	24,400	14,019	66,621	31,460	42,032	(608)	247,096
Operating expenses	3,787	4,284	6,833	11,340	2,124	12,390	76,900	117,658
Profit/(loss) before impaired asset expense and income tax	65,385	20,116	7,186	55,281	29,336	29,642	(77,508)	129,438
Fair value gain on investments	-	-	-	-	700	-	3,392	4,092
Impaired asset expense	5,298	-	2,081	5,649	1,649	297	-	14,974
Profit/(loss) before income tax	60,087	20,116	5,105	49,632	28,387	29,345	(74,116)	118,556
Income tax expense	-	-	-	-	-	-	31,530	31,530
Profit/(loss) for the period	60,087	20,116	5,105	49,632	28,387	29,345	(105,646)	87,026
Total assets	1,287,978	601,505	137,910	1,225,710	586,318	1,149,610	688,582	5,677,613
Total liabilities								4,915,921

3 Net interest income

\$000's	Unaudited 6 Months to December 2021	Unaudited 6 Months to December 2020	Audited 12 Months to June 2021
Interest income			
Cash and cash equivalents	149	47	119
Investments	2,782	3,635	6,979
Finance receivables	113,863	118,751	232,845
Finance receivables - reverse mortgages	46,792	43,954	87,992
Total interest income	163,586	166,387	327,935
Interest expense			
Retail deposits	18,708	33,487	55,273
Other borrowings	20,524	17,064	35,609
Net interest expense on derivative financial instruments	451	2,623	3,536
Total interest expense	39,683	53,174	94,418
Net interest income	123,903	113,213	233,517

4 Operating expenses

\$000's	Unaudited 6 Months to December 2021	Unaudited 6 Months to December 2020	Audited 12 Months to June 2021
Personnel expenses	30,884	30,852	61,476
Directors' fees	563	549	1,129
Superannuation	768	718	1,535
Depreciation - property, plant and equipment	1,388	1,473	2,995
Legal and professional fees	903	1,346	2,876
Advertising and public relations	2,185	2,181	5,138
Depreciation - right of use asset	1,154	1,159	2,312
Technology services	4,785	3,407	7,262
Telecommunications, stationery and postage	842	900	1,843
Customer acquisition costs	2,888	4,372	6,982
Amortisation of intangible assets	3,082	6,831	9,308
Other operating expenses ¹	7,850	7,342	14,802
Total operating expenses	57,292	61,130	117,658

¹Other operating expenses include compensation of auditor which is disclosed in Note 5 - Compensation of auditor.

5 Compensation of auditor

\$000's	Unaudited 6 Months to December 2021	Unaudited 6 Months to December 2020	Audited 12 Months to June 2021
Audit and review of the financial statements ¹	386	465	790
Other assurance services paid to auditor ²	51	51	103
Total compensation of auditor	437	516	893

¹ Audit and review of the financial statements includes fees paid for both the audit of the annual financial statements and review of interim financial statements.

² Other assurance related services paid to the auditor comprise regulatory assurance services, agreed upon procedure engagements and supervisor reporting.

6 Impaired asset expense

At each reporting date, the Group applies a three stage approach to measuring expected credit loss to finance receivables not carried at fair value. The following table details impairment charges of those finance receivables for the six months ended 31 December 2021.

\$000's	Unaudited 6 Months to December 2021	Unaudited 6 Months to December 2020	Audited 12 Months to June 2021
Non-securitised			
Individually impaired asset expense	6,266	3,414	9,131
Collectively impaired asset expense	1,877	1,099	6,001
Total non-securitised impaired asset expense	8,143	4,513	15,132
Securitised			
Collectively impaired asset expense	392	25	(158)
Total securitised impaired asset expense	392	25	(158)
Total			
Individually impaired asset expense	6,266	3,414	9,131
Collectively impaired asset expense	2,269	1,124	5,843
Total impaired asset expense	8,535	4,538	14,974

7 Earnings per share

	Earnings Per Share Cents	Net Profit After Tax \$000's	Weighted Average No. of Shares 000's
Unaudited - December 2021			
Basic earnings	8.08	47,516	588,190
Diluted earnings	8.08	47,516	588,190
Unaudited - December 2020			
Basic earnings	7.57	44,090	582,081
Diluted earnings	7.57	44,090	582,081
Audited - June 2021			
Basic earnings	14.92	87,026	583,467
Diluted earnings	14.92	87,026	583,467

Financial Position

8 Finance receivables

(a) Finance receivables held at amortised cost

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Non-securitised			
Neither at least 90 days past due nor impaired - at amortised cost	3,203,046	2,938,904	3,140,490
At least 90 days past due - at amortised cost	38,593	45,761	36,882
Individually impaired - at amortised cost	63,965	33,667	38,143
Gross finance receivables	3,305,604	3,018,332	3,215,515
Less provision for impairment	(52,651)	(55,415)	(53,448)
Total non-securitised finance receivables	3,252,953	2,962,917	3,162,067
Securitised			
Neither at least 90 days past due nor impaired - at amortised cost	273,650	79,645	126,638
At least 90 days past due - at amortised cost	263	448	-
Gross finance receivables	273,913	80,093	126,638
Less provision for impairment	(632)	(422)	(239)
Total securitised finance receivables	273,281	79,671	126,399
Total			
Neither at least 90 days past due nor impaired - at amortised cost	3,476,696	3,018,549	3,267,128
At least 90 days past due - at amortised cost	38,856	46,209	36,882
Individually impaired - at amortised cost	63,965	33,667	38,143
Gross finance receivables	3,579,517	3,098,425	3,342,153
Less provision for impairment	(53,283)	(55,837)	(53,687)
Total finance receivables	3,526,234	3,042,588	3,288,466

8 Finance receivables (continued)

(a) Finance receivables held at amortised cost (continued)

Movement in provision

The following table details the movement from the opening balance to the closing balance of the provision for impairment losses by class.

\$000's	12 - Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Specific Provision	Total
Unaudited - December 2021					
Non-securitised					
Impairment allowance as at 30 June 2021	26,591	2,405	16,823	7,629	53,448
Changes in loss allowance					
Transfer between stages	(2,323)	(1,102)	714	2,711	-
New and increased provision (net of collective provision releases)	(1,149)	391	6,769	3,555	9,566
Recovery of amounts written off	-	-	(1,423)	-	(1,423)
Credit impairment charge	(3,472)	(711)	6,060	6,266	8,143
Recovery of amounts previously written off	-	-	1,423	-	1,423
Write offs	-	-	(9,109)	(1,219)	(10,328)
Effect of changes in foreign exchange rate	(35)	-	-	-	(35)
Acquisition of portfolio	-	-	-	-	-
Impairment allowance as at 31 December 2021	23,084	1,694	15,197	12,676	52,651
Securitised					
Impairment allowance as at 30 June 2021	216	22	1	-	239
Changes in loss allowance					
Transfer between stages	(2)	(27)	29	-	-
New and increased provision (net of collective provision releases)	231	77	84	-	392
Recovery of amounts written off	-	-	-	-	-
Credit impairment charge	229	50	113	-	392
Recovery of amounts previously written off	-	-	-	-	-
Write offs	-	-	-	-	-
Effect of changes in foreign exchange rate	-	1	-	-	1
Acquisition of portfolio	-	-	-	-	-
Impairment allowance as at 31 December 2021	445	73	114	-	632
Total					
Impairment allowance as at 30 June 2021	26,807	2,427	16,824	7,629	53,687
Changes in loss allowance					
Transfer between stages	(2,325)	(1,129)	743	2,711	-
New and increased provision (net of collective provision releases)	(918)	468	6,853	3,555	9,958
Recovery of amounts written off	-	-	(1,423)	-	(1,423)
Credit impairment charge	(3,243)	(661)	6,173	6,266	8,535
Recovery of amounts previously written off	-	-	1,423	-	1,423
Write offs	-	-	(9,109)	(1,219)	(10,328)
Effect of changes in foreign exchange rate	(35)	1	-	-	(34)
Acquisition of portfolio	-	-	-	-	-
Impairment allowance as at 31 December 2021	23,529	1,767	15,311	12,676	53,283

8 Finance receivables (continued)

(a) Finance receivables held at amortised cost (continued)

Movement in provision (continued)

\$000's	12 - Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Specific Provision	Total
Unaudited - December 2020					
Non-securitised					
Impairment allowance as at 30 June 2020	32,160	2,143	22,668	5,301	62,272
Changes in loss allowance					
Transfer between stages	(860)	(395)	153	1,102	-
New and increased provision (net of collective provision releases)	(1,197)	102	4,605	2,312	5,822
Recovery of amounts written off	-	-	(1,309)	-	(1,309)
Credit impairment charge	(2,057)	(293)	3,449	3,414	4,513
Recovery of amounts previously written off	-	-	1,309	-	1,309
Write offs	-	-	(10,199)	(2,481)	(12,680)
Effect of changes in foreign exchange rate	(1)	1	1	-	1
Acquisition of portfolio	-	-	-	-	-
Impairment allowance as at 31 December 2020	30,102	1,851	17,228	6,234	55,415
Securitised					
Impairment allowance as at 30 June 2020	260	23	114	-	397
Changes in loss allowance					
Transfer between stages	23	1	(24)	-	-
New and increased provision (net of collective provision releases)	(33)	(10)	68	-	25
Recovery of amounts written off	-	-	-	-	-
Credit impairment charge	(10)	(9)	44	-	25
Recovery of amounts previously written off	-	-	-	-	-
Write offs	-	-	-	-	-
Effect of changes in foreign exchange rate	-	-	-	-	-
Acquisition of portfolio	-	-	-	-	-
Impairment allowance as at 31 December 2020	250	14	158	-	422
Total					
Impairment allowance as at 30 June 2020	32,420	2,166	22,782	5,301	62,669
Changes in loss allowance					
Transfer between stages	(837)	(394)	129	1,102	-
New and increased provision (net of collective provision releases)	(1,230)	92	4,673	2,312	5,847
Recovery of amounts written off	-	-	(1,309)	-	(1,309)
Credit impairment charge	(2,067)	(302)	3,493	3,414	4,538
Recovery of amounts previously written off	-	-	1,309	-	1,309
Write offs	-	-	(10,199)	(2,481)	(12,680)
Effect of changes in foreign exchange rate	(1)	1	1	-	1
Acquisition of portfolio	-	-	-	-	-
Impairment allowance as at 31 December 2020	30,352	1,865	17,386	6,234	55,837

8 Finance receivables (continued)

(a) Finance receivables held at amortised cost (continued)

Movement in provision (continued)

\$000's	12 - Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Specific Provision	Total
Audited - 30 June 2021					
Non-securitised					
Impairment allowance as at 30 June 2020	32,160	2,143	22,668	5,301	62,272
Changes in loss allowance					
Transfer between stages	(2,485)	(1,090)	(22)	3,597	-
New and increased provision (net of collective provision releases)	(3,207)	1,329	13,715	6,034	17,871
Recovery of amounts written off	-	-	(2,739)	-	(2,739)
Credit impairment charge	(5,692)	239	10,954	9,631	15,132
Recovery of amounts previously written off	-	-	2,739	-	2,739
Write offs	-	-	(19,729)	(7,303)	(27,032)
Effect of changes in foreign exchange rate	(10)	1	3	-	(6)
Acquisition of portfolio	133	22	188	-	343
Impairment allowance as at 30 June 2021	26,591	2,405	16,823	7,629	53,448
Securitised					
Impairment allowance as at 30 June 2020	260	23	114	-	397
Changes in loss allowance					
Transfer between stages	(4)	(3)	7	-	-
New and increased provision (net of collective provision releases)	(40)	2	(120)	-	(158)
Credit impairment charge	(44)	(1)	(113)	-	(158)
Recovery of amounts previously written off	-	-	-	-	-
Write offs	-	-	-	-	-
Effect of changes in foreign exchange rate	-	-	-	-	-
Acquisition of portfolio	-	-	-	-	-
Impairment allowance as at 30 June 2021	216	22	1	-	239
Total					
Impairment allowance as at 30 June 2020	32,420	2,166	22,782	5,301	62,669
Changes in loss allowance					
Transfer between stages	(2,489)	(1,093)	(15)	3,597	-
New and increased provision (net of collective provision releases)	(3,247)	1,331	13,595	6,034	17,713
Recovery of amounts written off	-	-	(2,739)	-	(2,739)
Credit impairment charge	(5,736)	238	10,841	9,631	14,974
Recovery of amounts previously written off	-	-	2,739	-	2,739
Write offs	-	-	(19,729)	(7,303)	(27,032)
Effect of changes in foreign exchange rate	(10)	1	3	-	(6)
Acquisition of portfolio	133	22	188	-	343
Impairment allowance as at 30 June 2021	26,807	2,427	16,824	7,629	53,687

8 Finance receivables (continued)

(a) Finance receivables held at amortised cost (continued)

Impact of changes in gross finance receivables held at amortised cost on allowance for ECL

\$000's	12 - Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Specific Provision	Total
Unaudited - December 2021					
Gross finance receivables as at 30 June 2021	3,092,653	165,793	45,564	38,143	3,342,153
Transfer between stages	(48,097)	(11,584)	20,313	39,368	-
Additions	897,124	-	-	906	898,030
Deletions	(594,443)	(34,662)	(8,077)	(13,091)	(650,273)
Write offs	-	-	(9,032)	(1,361)	(10,393)
Gross finance receivables as at 31 December 2021	3,347,237	119,547	48,768	63,965	3,579,517
Unaudited - December 2020					
Gross finance receivables as at 30 June 2020	2,826,208	183,260	73,729	24,667	3,107,864
Transfer between stages	(50,423)	31,814	3,841	14,768	-
Additions	796,845	-	-	-	796,845
Deletions	(733,346)	(36,470)	(19,081)	(3,233)	(792,130)
Write offs	-	-	(11,619)	(2,535)	(14,154)
Gross finance receivables as at 31 December 2020	2,839,284	178,604	46,870	33,667	3,098,425
Audited - June 2021					
Gross finance receivables as at 30 June 2020	2,826,208	183,260	73,729	24,667	3,107,864
Transfer between stages	(103,233)	67,419	13,314	22,499	-
Additions	1,435,408	-	-	955	1,436,363
Deletions	(1,065,730)	(84,886)	(20,337)	(466)	(1,171,419)
Write offs	-	-	(21,142)	(9,512)	(30,655)
Gross finance receivables as at 30 June 2021	3,092,653	165,793	45,564	38,143	3,342,153

(b) Finance receivables held at fair value

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Finance receivables - reverse mortgages	1,778,066	1,607,352	1,676,073
Total finance receivables - reverse mortgages	1,778,066	1,607,352	1,676,073

9 Borrowings

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Deposits	3,332,409	3,268,554	3,183,454
Total borrowings related to deposits	3,332,409	3,268,554	3,183,454
Unsubordinated notes	560,307	444,845	521,399
Securitised borrowings	1,152,521	897,228	1,043,516
Certificate of deposit	109,637	-	69,853
Repurchase agreement	-	31,889	40,365
Total other borrowings	1,822,465	1,373,962	1,675,133

9 Borrowings (Continued)

Deposits and unsubordinated notes rank equally and are unsecured.

The Group has the following unsubordinated notes on issue at balance sheet date. Australian (AU) borrowings are stated in their functional currency AU dollars.

Principal	Valuation	Issue Date	Maturity Date	Frequency of Interest Repayment
\$150 million	Amortised cost	21 September 2017	21 September 2022	Semi-annually
\$125 million	Amortised cost	12 April 2019	12 April 2024	Semi-annually
AU \$100 million	Amortised cost	13 November 2019	13 May 2022	Quarterly
AU \$75 million	Amortised cost	15 January 2021	21 April 2023	Quarterly
AU \$45 million	Amortised cost	8 March 2021	21 April 2023	Quarterly
AU \$45 million	Amortised cost	9 July 2021	9 July 2024	Quarterly

At 31 December 2021 the Group had the following securitised borrowings outstanding:

- Heartland Auto Receivables Warehouse Trust 2018 - 1 securitisation facility \$400 million, drawn \$235 million (December 2020: limit \$300 million, drawn \$68 million; June 2021: limit \$300 million, drawn \$108 million). Securitised borrowings held by investors are secured over the assets of the Heartland Auto Receivables Warehouse Trust 2018-1 (predominantly motor loans). The facility has a maturity date of 29 August 2023.
- Senior Warehouse Trust securitisation facility AU \$600 million, drawn AU \$552 million (December 2020: AU \$600 million, drawn AU \$481 million; June 2021: AU \$600 million, drawn AU \$556 million). Notes issued to investors are secured over the assets of Seniors Warehouse Trust (predominantly reverse mortgage loans). The facility has a maturity date of 30 September 2022.
- Senior Warehouse Trust No.2 securitisation facility AU \$250 million, drawn AU \$180 million (December 2020: AU \$250 million, drawn AU \$156 million; June 2021: AU \$250 million, drawn AU \$182 million). Notes issued to investors are secured over the assets of Seniors Warehouse Trust No.2 (predominantly reverse mortgage loans). The facility has a maturity date of 1 July 2022.
- Atlas 2020-1 Trust securitisation facility AU \$136 million, drawn AU \$136 million (December 2020: AU \$139 million, AU \$139 million drawn; June 2021: AU \$137 million, AU \$137 million drawn). Loans issued to investors are secured over the assets of Atlas 2020-1 Trust (predominantly reverse mortgage loans) and has a maturity date of 24 September 2050.

10 Share capital and dividends

000's	Unaudited December 2021 Number of Shares	Unaudited December 2020 Number of Shares	Audited June 2021 Number of Shares
Issued shares			
Opening balance	585,904	580,979	580,979
Dividend reinvestment plan	3,930	2,442	4,925
Closing balance	589,834	583,421	585,904

HGH had issued 3,930,116 new shares at \$2.2713 per share on 15 September 2021 under the dividend reinvestment plan for the period (2021: 2,482,921 new shares issued at \$1.8035 per share on 16 March 2021 and 2,442,338 new shares were issued at \$1.2470 per share on 9 October 2020 under dividend reinvestment plan).

Dividends paid

	6 Months to December 2021			12 Months to June 2021		
	Date Declared	Cents Per Share	\$000's	Date Declared	Cents Per Share	\$000's
Final dividend	24 August 2021	7.0	41,013	17 September 2020	2.5	14,524
Interim Dividend	-	-	-	22 February 2021	4.0	23,337
Total dividends paid			41,013			37,861

11 Related party transactions and balances

(a) Transactions with key management personnel

Key management personnel (**KMP**), are those who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of the Group. This includes all executive staff, Directors and their close family members.

KMP receive personal banking and financial investment services from the Group in the ordinary course of business. The terms and conditions such as interest rates and collateral along with the risks to the Group are comparable to transactions with other employees and customers, and did not involve more than the normal risk of repayment or present other unfavourable features.

All other transactions with KMPs and their related entities are made on terms equivalent to those that prevail in arm's length transactions.

\$000's	Unaudited 6 Months to December 2021	Unaudited 6 Months to December 2020	Audited 12 Months to June 2021
Transactions with key management personnel			
Interest income	15	26	39
Interest expense	(24)	(8)	(22)
Net transactions with key management personnel	(9)	18	17
Due from/(to) key management personnel			
Lending	296	574	415
Borrowings - deposits	(1,425)	(1,778)	(23,409)
Net due (to) key management personnel	(1,129)	(1,204)	(22,994)

11 Related party transactions and balances (continued)

(b) Transactions with related parties

HGH is the ultimate parent company of the Group.

Entities within the Group have regular transactions with each other on agreed terms. The transactions include the provision of tax and administrative services and customer operations. Banking facilities are provided by HBL to other Group entities on normal commercial terms as with other customers. There is no lending from subsidiaries within the Group to HGH.

Related party transactions between the Group eliminate on consolidation. Related party transactions outside of the Group are as follows:

\$000's	Unaudited 6 Months to December 2021	Unaudited 6 Months to December 2020	Audited 12 Months to June 2021
Southern Cross Building Society Staff Superannuation (SCBS)			
Interest expense payable to SCBS	4	8	12
Management fees receivable from SCBS	5	5	10
ASF Custodians Pty Limited			
Audit fees	4	-	7
Heartland Trust (HT)			
Dividend paid to HT	453	162	421

(c) Other balances with related parties

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Southern Cross Building Society Staff Superannuation			
Retail deposits owing to SCBS	1,704	1,871	1,760

12 Fair value

(a) Financial instruments measured at fair value

The following methods and assumptions were used to estimate the fair value of each class of financial asset and liability measured at fair value on a recurring basis in the consolidated statement of financial position.

The Group has an established framework in performing valuations required for financial reporting purposes including Level 3 fair values. The Group regularly reviews and calibrates significant unobservable inputs and valuation adjustments in accordance with market participants' views. If external valuation specialists are engaged to measure fair values, the Group assesses the evidence obtained from these specialists to support the conclusion of these valuations. All significant valuations are reported to the Group's Board Audit and Risk Committee for approval prior to its adoption in the financial statements.

Investments

Investments in public sector securities and corporate bonds are stated at fair value through other comprehensive income (**FVOCI**), with the fair value being based on quoted market prices (Level 1 under the fair value hierarchy) or modelled using observable market inputs (Level 2 under the fair value hierarchy).

Investments valued under Level 2 of the fair value hierarchy are valued either based on quoted market prices or dealer quotes for similar instruments, or discounted cash flows analysis.

Investments in equity securities are classified as fair value through profit or loss unless an irrevocable election is made by the Group to measure at FVOCI. Investment in listed securities traded in liquid, active markets where prices are readily observable are measured under Level 1 of the fair value hierarchy with no modelling or assumptions used in the valuation. Investments in unlisted equity securities are measured under Level 3 of the fair value hierarchy with the fair value being based on unobservable inputs using market accepted valuation techniques. Where appropriate, the Group may apply adjustments to the above mentioned techniques to determine fair value of an equity security to reflect the underlying characteristics. These adjustments are reflective of market participant considerations in valuing the said security.

Equity Investment in Harmoney Corp Limited

Harmoney Corp Limited (**Harmoney**) listed on the ASX with a foreign exempt listing on the NZX on 19 November 2020, raising AU \$92.5 million as part of its Initial Public Offering (**IPO**). As part of the IPO, HGH, alongside other major shareholders, employees and directors, entered into escrow arrangements that restrict the ability to sell its Harmoney shares, with approximately 72% of total shares were subject to escrow arrangements (**Escrow Restrictions**) from the time that Harmoney completed its IPO. There are two categories of escrowed shares: being unaffiliated escrow shareholders and affiliated escrow shareholders. The timing of release of escrowed shareholdings is dependent on these categories. The escrowed shareholdings for unaffiliated escrow shareholders have a two staged release with the first 50% of those escrowed shares released in September 2021 and the remaining 50% expected to be released at the time or after the release of Harmoney half year financial report for financial year 2022 (**FY22**). HGH is considered an unaffiliated escrow shareholder for its shareholding recorded at the time of the IPO. The escrowed shareholdings for affiliated escrow shareholders have a three stage release with the first 25% released in September 2021, a second 25% expected to be released at the time of or after the release of the Harmoney FY22 half year financial report and the remaining 50% of the affiliated escrow shares (representing 17.7% of the total Harmoney shares on issue) expected to be released at the time or after the release of the FY22 annual audited financial report.

The Escrow Restrictions have significantly reduced the available trading pool of shares, resulting in an illiquid market for the instrument, wide bid-ask spreads and volume that is insufficient to meet the definition of an active market under NZ IFRS 13 Fair Value Measurement for purposes of Harmoney shares traded. As such the quoted price of Harmoney as at 31 December 2021 is not considered a reliable evidence of fair value and accordingly HGH's equity investment in Harmoney has not been measured under Level 1 of the fair value hierarchy.

Consistent with prior reporting periods, the fair value of HGH's investment in Harmoney has been measured under Level 3 of the fair value hierarchy using unobservable inputs under a market approach valuation technique. Factors considered relevant to market participants such as observed trading volumes, bid-ask spreads, market prices of Harmoney's shares, revenue multiples, analyst valuations, the impact of Escrow Restrictions, as well as publicly available financial information for Harmoney have all been taken into account when measuring fair value at reporting date.

12 Fair value (continued)

(a) Financial instruments measured at fair value (continued)

Investments (continued)

The investment is primarily measured using the volume weighted average price (**VWAP**) of Harmoney shares traded on the ASX across a period required to capture sufficient volume and moderate share price volatility attributable to the aforementioned factors. The VWAP period considered to be the most appropriate, reflecting the characteristics of the underlying share trading that has occurred, is 6 months to reporting date. This VWAP has been further evaluated through a composite valuation weighting the closing price of Harmoney shares, revenue multiples of comparable public companies, IPO price and analyst valuations. Both the VWAP and composite valuation approaches derive reasonably consistent outcomes.

The fair value measurement of HGH's equity investment in Harmoney was AU \$1.90 per share as at reporting date. This was a 6% premium to the market closing price of AU \$1.80 as at 31 December 2021, which if used as the basis for measuring fair value would result in a \$1.1 million lower fair value than that reported. The fair value of the Investment was previously measured at AU \$1.90 per share at 30 June 2021.

Investment properties

Investment properties are initially recorded at their fair value, with subsequent changes in fair value recognised in profit or loss. Fair value are determined by qualified independent valuers or other similar external evidence, adjusted for changes in market conditions.

Investment properties are typically acquired through the enforcement of security over finance receivables and are held to earn rental income or for capital appreciation (or both).

Finance receivables - reverse mortgages

Reverse mortgage loans are classified at fair value through profit or loss (**FVTPL**). On initial recognition the Group considers the transaction price to represent the fair value of the loan.

For subsequent measurement the Group has considered if the fair value can be determined by reference to a relevant active market or observable inputs, but has concluded relevant support is not currently available. In the absence of such market evidence the Group has used valuation techniques (income approach) including actuarial assessments to consider the fair value.

When the Group enters into a reverse mortgage loan the Group has set expectations regarding the loan's current and future risk profile and expectation of performance. This expectation references a wide range of assumptions including:

- Mortality and potential move into care;
- Voluntary exits;
- House price changes;
- No negative equity guarantee; and
- Interest rate margin.

At balance date the Group does not consider any of the above expectations to have moved outside of the original expectation range. Therefore the Group has continued to estimate the fair value of the portfolio at transaction price. There has been no fair value movement recognised in profit or loss during the period. Fair value is not highly sensitive to the above assumptions due to the nature of reverse mortgage loans. In particular, given conservative origination loan-to-value ratio criteria, a material deterioration in house prices combined with a material increase in interest rates over a sustained period of time would likely need to occur before any potential impact to fair value. While noting the significant uncertainty around future economic conditions, based on current judgment there is no evidence that COVID-19 has impacted or will have a long-term adverse impact on market conditions, particularly regarding the key elements of house prices or interest rates, that would materially influence the fair value of the reverse mortgage portfolio at balance date.

The Group will continue to reassess the existence of a relevant active market and movements in expectations on an on-going basis.

12 Fair value (continued)

(a) Financial instruments measured at fair value (continued)

Derivative financial instruments

Interest rate and foreign currency related contracts are recognised in the financial statements at fair value. Fair values are determined from observable market prices as at the reporting date, discounted cash flow models or option pricing models as appropriate (Level 2 under the fair value hierarchy).

The following table analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which each fair value measurement is categorised. The amounts are based on the values recognised in the consolidated statement of financial position.

\$000's	Level 1	Level 2	Level 3	Total
Unaudited - December 2021				
Assets				
Investments	229,453	61,745	22,459	313,657
Investment properties	-	-	11,832	11,832
Derivative financial instruments	-	21,714	-	21,714
Finance receivables - reverse mortgages	-	-	1,778,066	1,778,066
Total financial assets measured at fair value	229,453	83,459	1,812,357	2,125,269
Liabilities				
Derivative financial instruments	-	3,548	-	3,548
Total financial liabilities measured at fair value	-	3,548	-	3,548
Unaudited - December 2020				
Assets				
Investments	328,620	112,831	21,512	462,963
Investment properties	-	-	11,132	11,132
Derivative financial instruments	-	15,023	-	15,023
Finance receivables - reverse mortgages	-	-	1,607,352	1,607,352
Total financial assets measured at fair value	328,620	127,854	1,639,996	2,096,470
Liabilities				
Derivative financial instruments	-	12,805	-	12,805
Total financial liabilities measured at fair value	-	12,805	-	12,805
Audited - June 2021				
Assets				
Investments	259,041	92,476	20,667	372,184
Investment properties	-	-	11,832	11,832
Derivative financial instruments	-	14,139	-	14,139
Finance receivables - reverse mortgages	-	-	1,676,073	1,676,073
Total financial assets measured at fair value	259,041	106,615	1,708,572	2,074,228
Liabilities				
Derivative financial instruments	-	4,802	-	4,802
Total financial liabilities measured at fair value	-	4,802	-	4,802

There were no transfers between any fair value hierarchy levels in the six months ended 31 December 2021 (December 2020: nil; June 2021: nil).

12 Fair value (continued)

(a) Financial instruments measured at fair value (continued)

The movement in Level 3 assets measured at fair value are below:

\$000's	Finance Receivables - Reverse Mortgage	Investments	Investment Properties	Total
Unaudited - December 2021				
As at 30 June 2021	1,676,073	20,667	11,832	1,708,572
New loans	190,734	-	-	190,734
Repayments	(127,057)	-	-	(127,057)
Capitalised Interest and fees	49,718	-	-	49,718
Purchase of investments	-	1,885	-	1,885
Fair value (loss) on investment	-	(93)	-	(93)
Other	(11,402)	-	-	(11,402)
As at 31 December 2021	1,778,066	22,459	11,832	1,812,357
Unaudited - December 2020				
As at 30 June 2020	1,538,585	16,335	11,132	1,566,052
New loans	145,674	-	-	145,674
Repayments	(119,653)	-	-	(119,653)
Capitalised Interest and fees	45,878	-	-	45,878
Purchase of investments	-	-	-	-
Fair value gain on investment	-	5,177	-	5,177
Other	(3,132)	-	-	(3,132)
As at 31 December 2020	1,607,352	21,512	11,132	1,639,996
Audited - June 2021				
As at 30 June 2020	1,538,585	16,335	11,132	1,566,052
New loans	300,689	-	-	300,689
Repayments	(257,999)	-	-	(257,999)
Capitalised Interest and fees	91,812	-	-	91,812
Purchase of investments	-	940	-	940
Fair value gain on investment	-	3,392	700	4,092
Other	2,986	-	-	2,986
As at 30 June 2021	1,676,073	20,667	11,832	1,708,572

12 Fair value (continued)

(b) Financial instruments not measured at fair value

The following table sets out financial instruments not measured at fair value, compares their carrying value against their fair value and analyses them by level in the fair value hierarchy.

\$000's	Fair Value Hierarchy	Unaudited December 2021		Unaudited December 2020		Audited June 2021	
		Total Fair Value	Total Carrying Value	Total Fair Value	Total Carrying Value	Total Fair Value	Total Carrying Value
Assets							
Cash and cash equivalents	Level 1	207,666	207,666	152,818	152,818	182,333	182,333
Investments ¹	Level 2	4,615	4,616	7,413	7,405	5,640	5,639
Finance receivables	Level 3	3,563,778	3,526,234	3,062,211	3,042,588	3,362,536	3,288,466
Other financial assets	Level 3	2,322	2,322	1,085	1,085	2,292	2,292
Total financial assets		3,778,381	3,740,838	3,223,527	3,203,896	3,552,801	3,478,730
Liabilities							
Retail deposits	Level 2	3,334,667	3,332,409	3,287,485	3,268,554	3,192,708	3,183,454
Borrowings - securitised	Level 2	1,152,521	1,152,521	897,228	897,228	1,043,516	1,043,516
Other borrowings	Level 2	669,944	669,944	476,734	476,734	631,617	631,617
Other financial liabilities	Level 3	30,690	30,690	13,247	13,247	18,687	18,687
Total financial liabilities		5,187,822	5,185,564	4,674,694	4,655,763	4,886,528	4,877,274

¹Included within investments are bank deposits which are held to support the Group's contractual cash flows. Such investments are measured at amortised cost.

Risk Management

13 Enterprise risk management program

There have been no material changes in the Group's policies for managing risk, or material exposures to any new types of risk since the reporting date of the previous statement. Refer to the Group's Financial Statements for the year ended 30 June 2021 for the detailed policies.

14 Credit risk exposure

(a) Maximum exposure to credit risk at the relevant reporting dates

The following table represents the maximum credit risk exposure, without taking account of any collateral held. The exposures set out below are based on net carrying amounts as reported in the consolidated statement of financial position.

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
On balance sheet:			
Cash and cash equivalents	207,666	152,818	182,333
Investments	295,814	448,856	357,156
Finance receivables	3,526,234	3,042,588	3,288,466
Finance receivables - reverse mortgages	1,778,066	1,607,352	1,676,073
Derivative financial assets	21,714	15,023	14,139
Other financial assets	2,322	1,085	2,292
Total on balance sheet credit exposures	5,831,816	5,267,722	5,520,459
Off balance sheet:			
Letters of credit, guarantee commitments and performance bonds	7,217	6,145	13,484
Undrawn facilities available to customers	365,623	280,750	299,544
Conditional commitments to fund at future dates	21,646	24,570	19,083
Total off balance sheet credit exposures	394,486	311,465	332,111
Total credit exposures	6,226,302	5,579,187	5,852,570

As at 31 December 2021 there were no undrawn lending commitments available to counterparties for whom drawn balances are classified as individually impaired (December 2020:nil; June 2021: \$0.216 million).

(b) Concentration of credit risk by geographic region

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
New Zealand	4,749,474	4,098,553	4,402,656
Australia	1,299,626	1,196,808	1,243,522
Rest of the world ¹	230,485	339,663	260,079
	6,279,585	5,635,024	5,906,257
Provision for impairment	(53,283)	(55,837)	(53,687)
Total credit exposures	6,226,302	5,579,187	5,852,570

¹ These overseas assets are primarily NZD-denominated investments in AA+ and higher rated securities issued by offshore supranational agencies e.g. Kauri Bonds.

14 Credit risk exposure (continued)

(c) Concentration of credit risk by industry sector

The Australian and New Zealand Standard Industrial Classification (**ANZSIC**) codes have been used as the basis for categorising customer and investee industry sectors.

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Agriculture	667,835	663,982	670,428
Forestry and fishing	149,561	149,126	153,160
Mining	14,217	12,076	12,684
Manufacturing	85,737	77,108	76,951
Finance and insurance	701,269	698,607	674,854
Wholesale trade	35,543	45,734	56,522
Retail trade and accommodation	338,163	265,798	279,388
Households	3,233,026	2,804,711	2,994,980
Other business services	172,647	146,811	148,011
Construction	304,593	213,273	241,668
Rental, hiring and real estate services	180,689	169,253	185,320
Transport and storage	311,068	277,926	297,920
Other	85,237	110,619	114,371
	6,279,585	5,635,024	5,906,257
Provision for impairment	(53,283)	(55,837)	(53,687)
Total credit exposures	6,226,302	5,579,187	5,852,570

15 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations as they fall due. The timing mismatch of cash flows and the related liquidity risk in all banking operations is closely monitored by the Group.

Measurement of liquidity risk is designed to ensure that the Group has the ability to generate or obtain sufficient cash in a timely manner and at a reasonable price to meet its financial commitments on a daily basis.

The Group's exposure to liquidity risk is governed by a policy approved by the Board and managed by the Asset and Liability Committee (**ALCO**). This policy sets out the nature of the risk which may be taken and aggregate risk limits, which ALCO must observe. Within this, the objective of the ALCO is to derive the most appropriate strategy for the Group in terms of a mix of assets and liabilities given its expectations of future cash flows, liquidity constraints and capital adequacy. The ALCO employs asset and liability cash flow modelling to determine appropriate liquidity and funding strategies.

Reserve Bank of New Zealand (RBNZ) facilities

In March 2020, the Bank was on boarded by the RBNZ as an approved counterparty and executed a 2011 Global Master Repo Agreement providing an additional source for intra-day liquidity for the Group if required.

From 26 May 2020, the RBNZ made available a Term Lending Facility (**TLF**) to offer loans for a fixed term of three years at the Official Cash Rate, with access to the funds linked to banks' lending under the Business Finance Guarantee Scheme. On 25 May 2021, RBNZ announced to close TLF applications on 28 July 2021.

Additional stimulus provided through a Funding for Lending Programme also commenced in December 2020 designed to enable banks to provide low-cost lending to the customer.

The Group had not utilised any of these facilities as at 31 December 2021.

The Group holds the following liquid assets and committed funding sources for the purpose of managing liquidity risk:

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Cash and cash equivalents	207,666	152,818	182,333
Investments	295,814	448,856	357,156
Undrawn committed bank facilities	290,774	459,631	311,993
Total liquidity	794,254	1,061,305	851,482

Contractual liquidity profile of financial liabilities

The following tables present the Group's financial liabilities by relevant maturity groupings based upon contractual maturity date. The amounts disclosed in the tables represent undiscounted future principal and interest cash flows. As a result, the amounts in the tables below may differ to the amounts reported on the consolidated statement of financial position.

The contractual cash flows presented below may differ significantly from actual cash flows. This occurs as a result of future actions by the Group and its counterparties, such as early repayments or refinancing of term loans and borrowings. Deposits and other public borrowings include customer savings deposits and transactional accounts, which are at call. These accounts provide a stable source of long term funding for the Group.

15 Liquidity risk (continued)

Contractual liquidity profile of financial liabilities (continued)

\$'000's	On Demand	0-6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Unaudited - December 2021							
Non - derivative financial liabilities							
Retail deposits	847,180	1,776,648	568,895	105,741	54,417	-	3,352,881
Other borrowings	-	231,215	938,328	384,597	158,088	172,881	1,885,109
Lease liabilities	-	1,432	1,441	2,742	7,320	5,990	18,925
Other financial liabilities	-	30,690	-	-	-	-	30,690
Total non - derivative financial liabilities	847,180	2,039,985	1,508,664	493,080	219,825	178,871	5,287,605
Derivative financial liabilities							
Inflows from derivatives	-	13,951	4,065	6,936	5,303	-	30,255
Outflows from derivatives	-	16,113	4,222	7,396	5,107	-	32,838
Total derivative financial liabilities	-	2,162	157	460	(196)	-	2,583
Undrawn facilities available to customers	365,623	-	-	-	-	-	365,623
Undrawn committed bank facilities	290,774	-	-	-	-	-	290,774
Unaudited - December 2020							
Non - derivative financial liabilities							
Retail deposits	994,767	1,382,593	554,159	275,364	94,526	-	3,301,409
Other borrowings	-	97,070	13,460	1,027,935	156,311	157,875	1,452,651
Lease liabilities	-	1,412	1,429	2,895	7,985	8,139	21,860
Other financial liabilities	-	13,247	-	-	-	-	13,247
Total non - derivative financial liabilities	994,767	1,494,322	569,048	1,306,194	258,822	166,014	4,789,167
Derivative financial liabilities							
Inflows from derivatives	-	136,042	14,178	678	337	-	151,235
Outflows from derivatives	-	141,906	17,172	3,879	767	-	163,724
Total derivative financial liabilities	-	5,864	2,994	3,201	430	-	12,489
Undrawn facilities available to customers	280,750	-	-	-	-	-	280,750
Undrawn committed bank facilities	459,631	-	-	-	-	-	459,631
Audited - June 2021							
Non - derivative financial liabilities							
Retail deposits	971,924	1,291,863	560,232	292,091	91,107	-	3,207,217
Other borrowings	-	124,431	120,855	1,205,547	157,855	181,244	1,789,932
Lease liabilities	-	1,419	1,433	2,836	7,605	7,085	20,378
Other financial liabilities	-	18,687	-	-	-	-	18,687
Total non - derivative financial liabilities	971,924	1,436,400	682,520	1,500,474	256,567	188,329	5,036,214
Derivative financial liabilities							
Inflows from derivatives	-	14,251	610	800	12	-	15,673
Outflows from derivatives	-	16,750	2,174	1,316	16	-	20,256
Total derivative financial liabilities	-	2,499	1,564	516	4	-	4,583
Undrawn facilities available to customers	299,544	-	-	-	-	-	299,544
Undrawn committed bank facilities	311,993	-	-	-	-	-	311,993

16 Interest rate risk

Contractual repricing analysis

The interest rate risk profile of financial assets and liabilities that follows has been prepared on the basis of maturity or next repricing date, whichever is earlier.

\$000's	0-3 Months	3-6 Months	6-12 Months	1-2 Years	2+ Years	Non- Interest Bearing	Total
Unaudited - December 2021							
Financial assets							
Cash and cash equivalents	207,665	-	-	-	-	1	207,666
Investments	22,884	1,101	-	120,826	151,003	22,459	318,273
Finance receivables	1,623,877	166,312	312,265	503,151	848,174	72,455	3,526,234
Finance receivables - reverse mortgages	1,778,066	-	-	-	-	-	1,778,066
Derivative financial assets	-	-	-	-	-	21,714	21,714
Other financial assets	-	-	-	-	-	2,322	2,322
Total financial assets	3,632,492	167,413	312,265	623,977	999,177	118,951	5,854,275
Financial liabilities							
Retail deposits	1,870,753	730,076	561,848	102,537	50,654	16,541	3,332,409
Other borrowings	1,486,681	60,714	151,260	-	123,810	-	1,822,465
Derivative financial liabilities	-	-	-	-	-	3,548	3,548
Lease liabilities	-	-	-	-	-	16,980	16,980
Other financial liabilities	-	-	-	-	-	30,690	30,690
Total financial liabilities	3,357,434	790,790	713,108	102,537	174,464	67,759	5,206,092
Effect of derivatives held for risk management	669,798	(67,794)	(8,974)	(295,757)	(297,273)	-	-
Net financial assets/(liabilities)	944,856	(691,171)	(409,817)	225,683	527,440	51,192	648,183
Unaudited - December 2020							
Financial assets							
Cash and cash equivalents	152,803	-	-	-	-	15	152,818
Investments	55,036	23,265	38,705	75,963	255,886	21,513	470,368
Finance receivables	1,481,611	134,370	286,777	469,999	656,238	13,593	3,042,588
Finance receivables - reverse mortgages	1,607,352	-	-	-	-	-	1,607,352
Derivative financial assets	-	-	-	-	-	15,023	15,023
Other financial assets	-	-	-	-	-	1,085	1,085
Total financial assets	3,296,802	157,635	325,482	545,962	912,124	51,229	5,289,234
Financial liabilities							
Retail deposits	1,738,119	611,540	546,713	266,193	86,697	19,292	3,268,554
Other borrowings	1,086,068	987	-	156,063	130,844	-	1,373,962
Derivative financial liabilities	-	-	-	-	-	12,805	12,805
Lease liabilities	-	-	-	-	-	19,363	19,363
Other financial liabilities	-	-	-	-	-	13,247	13,247
Total financial liabilities	2,824,187	612,527	546,713	422,256	217,541	64,707	4,687,931
Effect of derivatives held for risk management	463,422	(63,969)	(92,103)	(130,193)	(177,157)	-	-
Net financial assets/(liabilities)	936,037	(518,861)	(313,334)	(6,487)	517,426	(13,478)	601,303

16 Interest rate risk (continued)

Contractual repricing analysis (continued)

\$000's	0-3 Months	3-6 Months	6-12 Months	1-2 Years	2+ Years	Non- Interest Bearing	Total
Audited - June 2021							
Financial assets							
Cash and cash equivalents	182,323	-	-	-	-	10	182,333
Investments	31,896	8,034	19,669	53,505	244,052	20,667	377,823
Finance receivables	1,587,718	151,674	299,305	462,900	715,032	71,837	3,288,466
Finance receivables - reverse mortgages	1,676,073	-	-	-	-	-	1,676,073
Derivative financial assets	-	-	-	-	-	14,139	14,139
Other financial assets	-	-	-	-	-	2,292	2,292
Total financial assets	3,478,010	159,708	318,974	516,405	959,084	108,945	5,541,126
Financial liabilities							
Retail deposits	1,670,667	570,068	554,340	285,025	85,077	18,277	3,183,454
Other borrowings	1,342,612	50,837	-	153,751	127,933	-	1,675,133
Derivative financial liabilities	-	-	-	-	-	4,802	4,802
Lease liabilities	-	-	-	-	-	18,166	18,166
Other financial liabilities	-	-	-	-	-	18,687	18,687
Total financial liabilities	3,013,279	620,905	554,340	438,776	213,010	59,932	4,900,242
Effect of derivatives held for risk management	474,010	(9,023)	(146,067)	(85,669)	(233,251)	-	-
Net financial assets/(liabilities)	938,741	(470,220)	(381,433)	(8,040)	512,823	49,013	640,884

Other Disclosures

17 Structured entities

A structured entity is one which has been designed such that voting or similar rights are not the dominant factor in deciding who controls the entity. Structured entities are created to accomplish a narrow and well-defined objective such as the securitisation or holding of particular assets or the execution of a specific borrowing or lending transaction. Structured entities are consolidated where the substance of the relationship is that the Group controls the structured entity.

(a) Heartland Cash and Term PIE Fund (Heartland PIE Fund)

The Group controls the operations of the Heartland PIE Fund which is a portfolio investment entity that invests in the Group's deposits. Investments of Heartland PIE Fund are represented as follows:

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Deposits	151,830	167,147	153,244

(b) Heartland Auto Receivable Warehouse Trust 2018-1 (Auto Warehouse)

The Auto Warehouse securitises motor loan receivables as a source of funding.

The Group continues to recognise the securitised assets and associated borrowings in the consolidated statement of financial position as the Group remains exposed to and has the ability to affect variable returns from those assets and liabilities. Although the Group recognises those interests in Auto Warehouse, the loans sold to the Trust are set aside for the benefit of investors in Auto Warehouse and other depositors and lenders to the Group have no recourse to those assets.

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Cash and cash equivalents	19,840	5,876	9,047
Finance receivables - motor	273,289	79,672	126,399
Other borrowings	(275,787)	(81,541)	(128,125)

(c) Seniors Warehouse Trust, Seniors Warehouse Trust No.2 (together the SW Trusts) and ASF Settlement Trust (ASF Trust)

SW Trusts and ASF Trust (collectively the Trusts) form part of ASF's reverse mortgage business and were set up by Australian Seniors Finance Limited (ASF) as asset holding entities. The Trustee for the Trusts is ASF Custodians Pty Limited and the Trust Manager is ASF. The reverse mortgage loans held by the Trusts are set aside for the benefit of the investors in the Trusts. The balances of SW Trusts and ASF Trust are represented as follows:

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Cash and cash equivalents	29,509	21,048	29,170
Finance receivables - reverse mortgages	992,664	839,219	934,523
Other borrowings	(798,735)	(710,034)	(822,122)

(d) Atlas 2020-1 Trust (Atlas Trust)

Atlas Trust was set up on 11 September 2020 as part of ASF's reverse mortgage business similar to the existing SW Trusts and ASF Trust. The Trustee for the Trust is BNY Trust Company of Australia Limited and the Trust Manager is ASF. The balances of Atlas Trust are represented as follows:

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Cash and cash equivalents	18,118	9,629	17,592
Finance receivables - reverse mortgages	136,537	145,935	140,044
Other borrowings	(148,453)	(148,855)	(145,943)

18 Insurance business, securitisation, funds management, other fiduciary activities

Insurance business

MIL, a subsidiary of HBL, ceased writing insurance policies in 2020 with the periodic policies expected to expire in 2025.

The Group's aggregate amount of insurance business comprises the total consolidated assets of MIL of \$8.3 million (December 2020: \$10.8 million; June 2021: \$8.5 million), which represents 0.14% of the total consolidated assets of the Group (December 2020: 0.20%; June 2021: 0.15%).

Securitisation, funds management and other fiduciary activities

There have been no material changes to the Group's involvement in securitisation activities. There have been no material changes to the Group's involvement in funds management and other fiduciary activities, in either case since the reporting date of the previous financial statements.

Risk management

The Group has in place policies and procedures to ensure that the fiduciary activities identified above are conducted in an appropriate manner. It is considered that these policies and procedures will ensure that any difficulties arising from these activities will not impact adversely on the Group. There has been no material changes to those policies and procedures since the reporting date of the previous financial statements.

Provision of financial services and asset purchases

Over the accounting period, financial services provided by the Group to entities which were involved in the activities above (including trust, custodial, funds management and other fiduciary activities) were provided on arm's length terms and conditions and at fair value.

Any assets purchased from such entities have been purchased on arm's length terms and conditions and at fair value.

19 Contingent liabilities and commitments

The Group, in the ordinary course of business, will be subject to claims and proceedings against it whereby the validity of the claim will only be confirmed by uncertain future events. In such circumstances, the contingent liabilities would become possible obligations, or present obligations if known, where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent Liabilities are not recognised, but are disclosed, unless they are deemed remote. Where some loss is considered probable, provisions have been made on a case by case basis.

Contingent liabilities and credit related commitments arising in respect of the Group's operations were:

\$000's	Unaudited December 2021	Unaudited December 2020	Audited June 2021
Letters of credit, guarantee commitments and performance bonds	7,217	6,145	13,484
Total contingent liabilities	7,217	6,145	13,484
Undrawn facilities available to customers	365,623	280,750	299,544
Conditional commitments to fund at future dates	21,646	24,570	19,083
Total commitments	387,269	305,320	318,627

20 Events after reporting date

The Group declared a fully imputed interim dividend of 5.5 cents per share on 21 February 2022.

There were no other events subsequent to the reporting period which would materially affect the consolidated interim financial statements.



Independent Review Report

To the shareholders of Heartland Group Holdings Limited

Report on the consolidated interim financial statements of Heartland Group Holdings Limited (the "Group")

Conclusion

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

- the consolidated interim statement of financial position as at 31 December 2021;
- the consolidated interim statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements on pages 5 to 38 do not:

- i. present, in all material respects the Group's financial position as at 31 December 2021 and its financial performance and cash flows for the 6 month period ended on that date; and
- ii. comply with NZ IAS 34 *Interim Financial Reporting*.



Basis for conclusion

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

As the auditor of Heartland Group Holdings Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the Group in relation to financial statement audits, regulatory assurance services, agreed upon procedure engagements and supervisor reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as reviewer of the Group. The firm has no other relationship with, or interest in, the Group.



Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the consolidated interim financial statements

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

- the preparation and fair presentation of the consolidated interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting*;
- implementing necessary internal control to enable the preparation of consolidated interim financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



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

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

KPMG
Auckland

21 February 2022