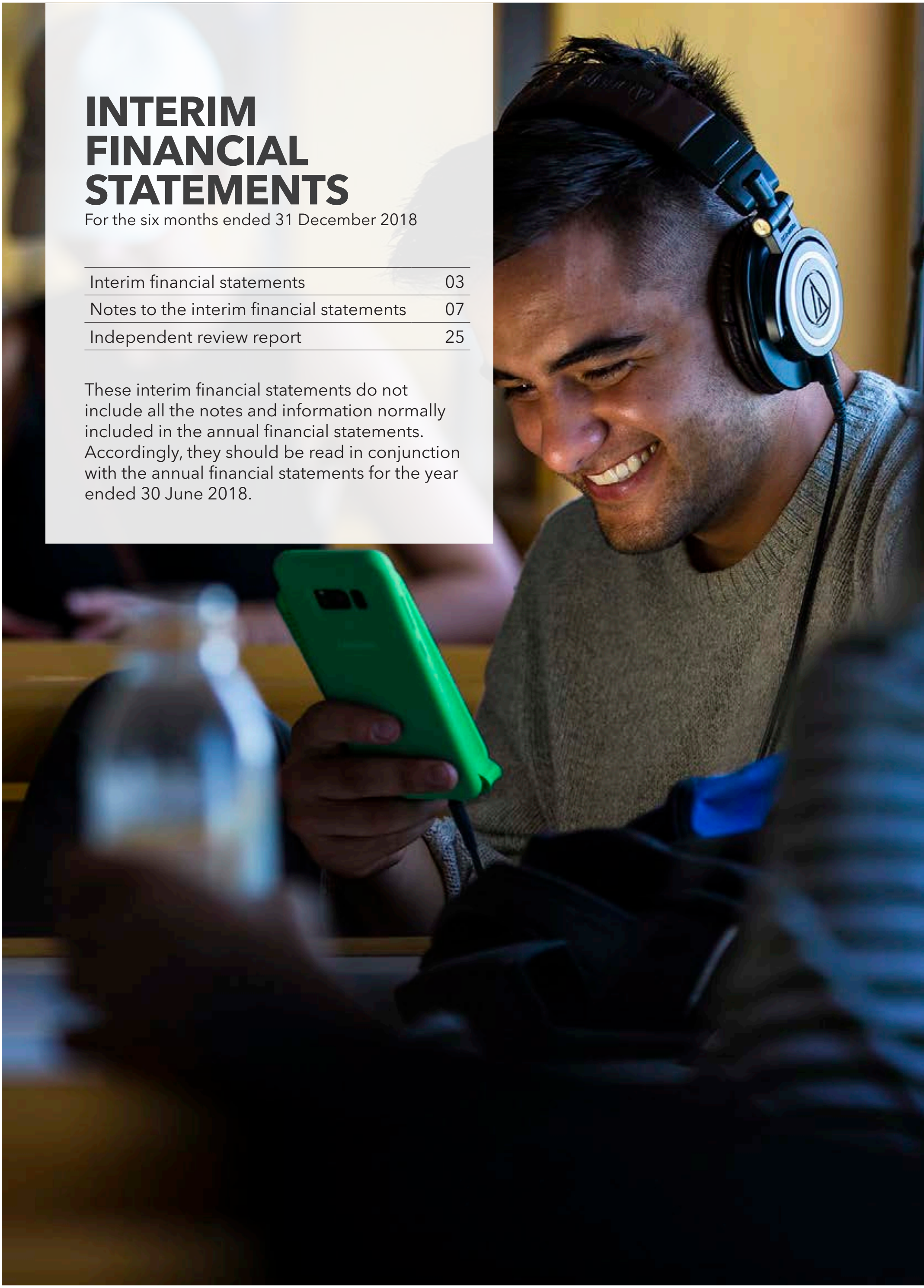

Spark nz
INTERIM FINANCIAL STATEMENTS
for the six months ended 31 December 2018



INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2018

These interim financial statements do not include all the notes and information normally included in the annual financial statements. Accordingly, they should be read in conjunction with the annual financial statements for the year ended 30 June 2018.

Statement of profit or loss and other comprehensive income

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	2018 UNAUDITED $M	RESTATED 2017 UNAUDITED $M
Operating revenues		1,754	1,761
Operating expenses		(1,265)	(1,305)
Earnings before finance expense and income, net investment income, income tax, depreciation and amortisation		489	456
Depreciation and amortisation		(245)	(237)
Net investment income		–	27
Finance income		18	16
Finance expense		(40)	(37)
Net earnings before income tax	4	222	225
Income tax expense		(69)	(63)
Net earnings for the period		**153**	**162**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of long-term investments designated at fair value through other comprehensive income		87	7
Items that may be reclassified to profit or loss:			
Translation of foreign operations		–	–
Cash flow hedges net of tax		(18)	(5)
Other comprehensive income for the period		69	2
Total comprehensive income for the period		**222**	**164**
Earnings per share			
Basic and diluted earnings per share (cents)		8.3	8.8
Weighted average ordinary shares (millions)		1,836	1,834
Weighted average ordinary shares and options (millions)		1,836	1,835

See accompanying notes to the interim financial statements.

Statement of financial position

	NOTES	AS AT 31 DECEMBER 2018 UNAUDITED $M	RESTATED AS AT 30 JUNE 2018 AUDITED $M
Current assets			
Cash		110	55
Short-term receivables and prepayments		695	666
Short-term derivative assets		2	6
Inventories		111	79
Taxation recoverable		–	19
Total current assets		**918**	**825**
Non-current assets			
Long-term receivables and prepayments		270	258
Long-term derivative assets		10	10
Long-term investments	7	185	98
Right-of-use assets		615	627
Leased customer equipment assets		32	31
Property, plant and equipment		1,030	1,039
Intangible assets		1,007	956
Total non-current assets		**3,149**	**3,019**
Total assets		**4,067**	**3,844**
Current liabilities			
Short-term payables, accruals and provisions		490	481
Taxation payable		14	3
Short-term derivative liabilities		1	–
Short-term lease liabilities		27	26
Debt due within one year	6	448	249
Total current liabilities		**980**	**759**
Non-current liabilities			
Long-term payables, accruals and provisions		59	34
Long-term derivative liabilities		88	63
Long-term lease liabilities		436	448
Long-term debt	6	930	948
Deferred tax liabilities		98	109
Total non-current liabilities		**1,611**	**1,602**
Total liabilities		**2,591**	**2,361**
Equity			
Share capital		942	941
Reserves		(369)	(437)
Retained earnings		903	979
Total equity		**1,476**	**1,483**
Total liabilities and equity		**4,067**	**3,844**

See accompanying notes to the interim financial statements.

On behalf of the Board

Justine Smyth, Chair

Simon Moutter, Managing Director

Authorised for issue on 20 February 2019

Statement of changes in equity

SIX MONTHS ENDED 31 DECEMBER 2018 UNAUDITED	SHARE CAPITAL $M	RETAINED EARNINGS $M	HEDGE RESERVE $M	SHARE-BASED COMPENSATION RESERVE $M	REVALUATION RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	TOTAL $M
Balance at 1 July 2018	**941**	**979**	**(26)**	**2**	**(390)**	**(23)**	**1,483**
Net earnings for the period	–	153	–	–	–	–	153
Other comprehensive income/(loss)	–	–	(18)	–	87	–	69
Total comprehensive income/(loss) for the period	**-**	**153**	**(18)**	**-**	**87**	**-**	**222**
Contributions by, and distributions to, owners:							
Dividends	–	(229)	–	–	–	–	(229)
Supplementary dividends	–	(21)	–	–	–	–	(21)
Tax credit on supplementary dividends	–	21	–	–	–	–	21
Issuance of shares under share schemes	1	–	–	(1)	–	–	–
Total transactions with owners	**1**	**(229)**	**-**	**(1)**	**-**	**-**	**(229)**
Balance at 31 December 2018	**942**	**903**	**(44)**	**1**	**(303)**	**(23)**	**1,476**

RESTATED SIX MONTHS ENDED 31 DECEMBER 2017 UNAUDITED	SHARE CAPITAL $M	RETAINED EARNINGS $M	HEDGE RESERVE $M	SHARE-BASED COMPENSATION RESERVE $M	REVALUATION RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	TOTAL $M
Balance at 30 June 2017	**935**	**1,122**	**(20)**	**5**	**(368)**	**(23)**	**1,651**
Adjustment on adoption of NZ IFRS 9 (net of tax)	–	(12)	–	–	–	–	(12)
Adjustment on adoption of NZ IFRS 15 (net of tax)	–	18	–	–	–	–	18
Adjustment on adoption of NZ IFRS 16 (net of tax)	–	(56)	–	–	–	–	(56)
Balance at 1 July 2017	**935**	**1,072**	**(20)**	**5**	**(368)**	**(23)**	**1,601**
Net earnings for the period	–	162	–	–	–	–	162
Other comprehensive income	–	–	(5)	–	7	–	2
Total comprehensive income for the period	**-**	**162**	**(5)**	**-**	**7**	**-**	**164**
Contributions by, and distributions to, owners:							
Dividends	–	(229)	–	–	–	–	(229)
Supplementary dividends	–	(29)	–	–	–	–	(29)
Tax credit on supplementary dividends	–	29	–	–	–	–	29
Issuance of shares under share schemes	5	–	–	(3)	–	–	2
Total transactions with owners	**5**	**(229)**	**-**	**(3)**	**-**	**-**	**(227)**
Balance at 31 December 2017	**940**	**1,005**	**(25)**	**2**	**(361)**	**(23)**	**1,538**

Statement of cash flows

FOR THE SIX MONTHS ENDED 31 DECEMBER

	NOTE	2018 UNAUDITED $M	RESTATED 2017 UNAUDITED $M
Cash flows from operating activities			
Cash received from customers		1,770	1,769
Interest receipts		18	15
Dividend receipts		–	7
Payments to suppliers and employees		(1,314)	(1,266)
Payments for income tax		(44)	(70)
Payments for interest on debt		(22)	(14)
Payments for interest on leases		(13)	(14)
Payments for interest on leased customer equipment assets		(2)	(1)
Net cash flows from operating activities	8	**393**	**426**
Cash flows from investing activities			
Payments for purchase of businesses		–	(46)
Payments for, and advances to, long-term investments		(6)	(6)
Payments for purchase of property, plant and equipment and intangibles		(258)	(236)
Payments for capitalised interest		(3)	(4)
Net cash flows from investing activities		**(267)**	**(292)**
Cash flows from financing activities			
Net proceeds from debt		182	184
Payments for dividends		(229)	(229)
Payments for leases		(17)	(17)
Payments for leased customer equipment assets		(8)	(8)
Receipts from finance leases		1	1
Net cash flows from financing activities		**(71)**	**(69)**
Net cash flow		**55**	**65**
Opening cash position		55	52
Closing cash position		**110**	**117**

See accompanying notes to the interim financial statements.

Notes to the interim financial statements

NOTE 1 About this report

Reporting entity

These unaudited interim financial statements are for Spark New Zealand Limited (the ‘Company’) and its subsidiaries (together ‘Spark’ or ‘the ‘Group’) for the six months ended 31 December 2018.

The Company is incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and is an FMC reporting entity under the Financial Markets Conduct Act 2013. The Company is listed on the New Zealand Main Board equity security market and the Australian Securities Exchange.

Basis of preparation

The interim financial statements have been prepared in accordance with the New Zealand equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

Except as amended by the adoption of NZ IFRS 15 *Contracts with customers* and NZ IFRS 16 *Leases*, the accounting policies adopted are consistent with those followed in the preparation of Spark’s annual financial statements for the year ended 30 June 2018. The preparation of the interim financial statements requires management to make judgements, estimates and assumptions. Spark has been consistent in applying the judgements, estimates and assumptions adopted in the annual financial statements for the year ended 30 June 2018 and critical accounting policies are the same as those set out in the annual financial statements for the year ended 30 June 2018, except as amended by the adoption of NZ IFRS 15 and NZ IFRS 16 described below.

Financial instruments are either carried at amortised cost, less any provision for impairment, or fair value. The only significant variances between instruments held at amortised cost and their fair value relates to long-term debt. There were no changes in valuation techniques during the period. Spark’s derivatives are classified as being within level 2 of the fair value hierarchy. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the period end date, with the resulting value discounted back to present value.

At 31 December 2018, capital expenditure amounting to $161 million (31 December 2017: $134 million) had been committed under contractual arrangements.

Adoption of NZ IFRS 15 *Revenue from contracts with customers* (NZ IFRS 15) and NZ IFRS 16 *Leases* (NZ IFRS 16)

Spark has adopted NZ IFRS 15 and NZ IFRS 16 using the fully retrospective method and amounts presented for the comparative period within the interim financial statements have therefore been restated. The impact of the adoption of these standards on the comparative statement of profit or loss, statement of cash flows and the opening statement of financial position as at 1 July 2017 is provided in note 3.

Further details on the adoption of NZ IFRS 15 and NZ IFRS 16 and the impact on Spark’s performance and position are provided in notes 10 and 11. Spark has also provided additional information on the adoption of these standards, together with restated results for each half of FY18 and estimated impacts for FY17, in a market release available on the investor section of our website at: investors.sparknz.co.nz/investor-centre.

Changes in key estimates and assumptions

In adopting and applying NZ IFRS 15 and determining the accounting impacts (as described in note 10), the following new key estimates and assumptions are required:

- Spark regularly enters into contracts which contain extension periods, where either the customer or both parties can choose to extend the contract or there is an automatic annual renewal, and/or termination clauses that could impact the actual duration of the contract. Judgement is applied to assess the impact that these clauses have when determining the appropriate contract term. The term of the contract impacts both the period over which revenue from performance obligations may be recognised and the period over which contract fulfilment costs are deferred.

Notes to the interim financial statements

NOTE 1 About this report (continued)

- Determining the standalone selling price for allocating revenue between performance obligations where contracts contain multiple performance obligations requires judgement. These may be regulated prices, list prices, a cost-plus derived price, the price of similar products when sold on a stand-alone basis by Spark or a competitor, or in some cases the contract price where the price contracted represents a bespoke price that would be the same for a similar customer in a similar circumstance.
- Judgements relating to the reporting of revenue and costs on a gross or net basis. Whether Spark is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between Spark and its business partners and such judgements impact the amount of reported revenue and operating expenses but do not impact reported net earnings.

In adopting and applying NZ IFRS 16 and determining the accounting impacts (as described in note 11), several key estimates and assumptions were required. These include determining the lease term (which can be complex where leases include rights of renewal or cancellation), the discount rate applicable to each lease and the lease payments, which may not be fixed and may vary depending on an index.

NOTE 2 Significant transactions and events for the current period

The following significant transactions and events affected the financial performance and financial position of Spark for the six month period to 31 December 2018:

Debt programme

- On 7 September 2018 Spark issued $125 million of unsecured, unsubordinated fixed rate bonds with a coupon rate of 3.37%, maturing on 7 March 2024.
- On 31 October 2018 Spark established a new $100 million committed revolving facility with The Hongkong and Shanghai Banking Corporation Limited, to mature on 30 November 2021.

Capital expenditure

- Spark's additions to property, plant and equipment and intangible assets were $264 million, details of which are available in a separate detailed financials file on the investor section of our website at: investors.sparknz.co.nz/investor-centre.

Dividends

- Dividends paid during the six month period ended 31 December 2018 in relation to the H2 FY18 second-half dividend (ordinary dividend of 11 cents per share and special dividend of 1.5 cents per share) totalled $229 million or 12.5 cents per share. Dividends paid during the prior six month period ended 31 December 2017 totalled $229 million or 12.5 cents per share.

Long-term investments

- Following the announcement in August 2017 of the intention for Vodafone Hutchison Australia Pty Limited and TPG Telecom Limited to merge, the quoted price of Spark's investment in Hutchison Telecommunications Australia Limited (a shareholder of Vodafone Hutchison Australia Pty Limited) increased materially. As at 31 December 2018, the fair value of Spark's investment was $156 million and the increase of $87 million during the period has been recognised within other comprehensive income.

Notes to the interim financial statements

NOTE 3 Impact of adoption of NZ IFRS 15 and NZ IFRS 16

The impact of the adoption of NZ IFRS 15, NZ IFRS 16 and the change in disclosure of Spark's long term investments on the statement of profit or loss for the six months ended 31 December 2017 is set out below:

Statement of profit or loss

SIX MONTHS ENDED 31 DECEMBER 2017	REPORTED	ADOPTION OF NZ IFRS 15	ADOPTION OF NZ IFRS 16	LONG-TERM INVESTMENTS	RESTATED
UNAUDITED	$M	$M	$M	$M	$M
Operating revenues	1,822	(33)	–	(28)	1,761
Operating expenses	(1,358)	20	33	–	(1,305)
Share of associates' and joint ventures' net losses	(1)	–	–	1	–
Earnings before finance expense and income, net investment income, income tax, depreciation and amortisation	**463**	**(13)**	**33**	**(27)**	**456**
Depreciation and amortisation	(214)	–	(23)	–	(237)
Net investment income	–	–	–	27	27
Finance income	8	8	–	–	16
Finance expense	(22)	–	(15)	–	(37)
Net earnings before income tax	235	(5)	(5)	–	225
Income tax expense	(63)	–	–	–	(63)
Net earnings for the period	**172**	**(5)**	**(5)**	**-**	**162**

Notes to the interim financial statements

NOTE 3 Impact of adoption of NZ IFRS 15 and NZ IFRS 16 (continued)

The impact of the adoption of NZ IFRS 15 and NZ IFRS 16 on the statement of cash flows for the six months ended 31 December 2017 is set out below:

Statement of cash flows

SIX MONTHS ENDED 31 DECEMBER 2017 UNAUDITED	REPORTED $M	ADOPTION OF NZ IFRS 15 $M	ADOPTION OF NZ IFRS 16 $M	RESTATED $M
Cash flows from operating activities				
Cash received from customers	1,777	(8)	–	1,769
Interest receipts	7	8	–	15
Dividend receipts	7	–	–	7
Payments to suppliers and employees	(1,302)	–	36	(1,266)
Payments for income tax	(70)	–	–	(70)
Payments for interest on debt	(14)	–	–	(14)
Payments for interest on leases	–	–	(14)	(14)
Payments for interest on leased customer equipment assets	–	–	(1)	(1)
Net cash flows from operating activities	**405**	**-**	**21**	**426**
Cash flows from investing activities				
Payments for purchase of businesses	(46)	–	–	(46)
Payments for long-term investments	(6)	–	–	(6)
Payments for purchase of property, plant and equipment and intangibles	(236)	–	–	(236)
Payments for capitalised interest	(4)	–	–	(4)
Net cash flows from investing activities	**(292)**	**-**	**-**	**(292)**
Cash flows from financing activities				
Net proceeds from debt	184	–	–	184
Payments for dividends	(229)	–	–	(229)
Payments for leases	(4)	–	(13)	(17)
Payments for leased customer equipment assets	–	–	(8)	(8)
Receipts from finance leases	1	–	–	1
Net cash flows from financing activities	**(48)**	**-**	**(21)**	**(69)**
Net cash flow	**65**	**-**	**-**	**65**
Opening cash position	52	–	–	52
Closing cash position	**117**	**-**	**-**	**117**

Notes to the interim financial statements

NOTE 3 Impact of adoption of NZ IFRS 15 and NZ IFRS 16 (continued)

The impact of the adoption of NZ IFRS 15 and NZ IFRS 16 (and NZ IFRS 9 as adopted in the year ended 30 June 2018) on the opening restated statement of financial position as at 1 July 2017 is set out below:

Statement of financial position

	AUDITED REPORTED 30 JUNE 2017 $M	ADOPTION OF NZ IFRS 9 $M	ADOPTION OF NZ IFRS 15 $M	ADOPTION OF NZ IFRS 16 $M	UNAUDITED RESTATED 1 JULY 2017 $M
Current assets					
Cash	52	–	–	–	52
Short-term receivables and prepayments	610	(9)	33	(9)	625
Inventories	94	–	–	–	94
Total current assets	**756**	**(9)**	**33**	**(9)**	**771**
Non-current assets					
Long-term receivables and prepayments	237	(8)	(7)	14	236
Long-term derivative assets	7	–	–	–	7
Long-term investments	108	–	–	–	108
Right-of-use assets	–	–	–	603	603
Leased customer equipment assets	–	–	–	29	29
Property, plant and equipment	1,070	–	–	–	1,070
Intangible assets	1,153	–	–	(253)	900
Total non-current assets	**2,575**	**(8)**	**(7)**	**393**	**2,953**
Total assets	**3,331**	**(17)**	**26**	**384**	**3,724**
Current liabilities					
Short-term payables, accruals and provisions	464	–	1	1	466
Taxation payable	2	–	–	–	2
Short-term derivative liabilities	30	–	–	–	30
Short-term lease liabilities	–	–	–	24	24
Debt due within one year	295	–	–	–	295
Total current liabilities	**791**	**-**	**1**	**25**	**817**
Non-current liabilities					
Long-term payables, accruals and provisions	18	–	–	14	32
Long-term derivative liabilities	45	–	–	–	45
Long-term lease liabilities	–	–	–	423	423
Long-term debt	692	–	–	–	692
Deferred tax liabilities	134	(5)	7	(22)	114
Total non-current liabilities	**889**	**(5)**	**7**	**415**	**1,306**
Total liabilities	**1,680**	**(5)**	**8**	**440**	**2,123**
Equity					
Share capital	935	–	–	–	935
Reserves	(406)	–	–	–	(406)
Retained earnings	1,122	(12)	18	(56)	1,072
Total equity	**1,651**	**(12)**	**18**	**(56)**	**1,601**
Total liabilities and equity	**3,331**	**(17)**	**26**	**384**	**3,724**

Notes to the interim financial statements

NOTE 4 Segment information

The segment results disclosed are based on those reported to the Managing Director and are how Spark reviews its performance.

Spark's segments have changed following the change in organisational operating model in conjunction with the adoption of agile ways of working, which has eliminated the previous business unit structure. Spark's segment results are now measured based on product margin which includes product operating revenues and direct product costs. The segment result excludes labour, operating expenses, depreciation and amortisation, net investment income, finance income and expense and income tax expense as these are assessed at an overall Spark level by the Managing Director.

Comparative segment results

Spark has restated the comparative segment results in line with the change in organisational operating model and the adoption of NZ IFRS 15 and NZ IFRS 16.

Restated segment results for each half-year period of FY17 and FY18 are available in a separate detailed financials file on the investor section of our website at: investors.sparknz.co.nz/investor-centre.

FOR THE SIX MONTHS ENDED 31 DECEMBER	2018			2017 RESTATED		
	OPERATING REVENUES	PRODUCT COSTS	PRODUCT MARGIN	OPERATING REVENUES	PRODUCT COSTS	PRODUCT MARGIN
UNAUDITED	$M	$M	$M	$M	$M	$M
Mobile	622	(246)	376	613	(257)	356
Voice	250	(92)	158	293	(104)	189
Broadband	344	(176)	168	331	(173)	158
Cloud, security and service management	195	(32)	163	179	(27)	152
Procurement and partners	191	(173)	18	184	(167)	17
Managed data and networks	96	(45)	51	104	(50)	54
Other	56	(31)	25	57	(32)	25
Segment result	**1,754**	**(795)**	**959**	**1,761**	**(810)**	**951**

Notes to the interim financial statements

NOTE 4 Segment information (continued)

Reconciliation from segment result to consolidated net earnings before income tax

SIX MONTHS ENDED 31 DECEMBER UNAUDITED	2018 $M	RESTATED 2017 $M
Segment result	959	951
Labour	(250)	(276)
Other operating expenses		
Network support costs	(37)	(31)
Computer costs	(46)	(41)
Accommodation costs	(37)	(32)
Advertising, promotions and communication	(47)	(51)
Bad debts	(6)	(7)
Impairment expense	(5)	(1)
Costs of change	–	(13)
Other	(42)	(43)
Earnings before finance expense and income, net investment income, income tax, depreciation and amortisation	489	456
Depreciation and amortisation expense		
Depreciation – property, plant and equipment	(128)	(129)
Depreciation – right-of-use assets	(25)	(24)
Depreciation – leased customer equipment assets	(9)	(8)
Amortisation of intangibles	(83)	(76)
Net investment income[1]		
Dividend income	–	28
Share of associates' and joint ventures' net losses	–	(1)
Finance income		
Finance lease interest income	7	7
Other interest income	11	9
Finance expense		
Finance expense on long-term debt	(27)	(25)
Capitalised interest	4	4
Lease interest expense	(15)	(15)
Leased customer equipment interest expense	(2)	(1)
Net earnings before income tax	**222**	**225**

1 Dividend income includes dividends received from associate companies Pacific Carriage Holdings Limited and Southern Cross Cables Holdings Limited.

Notes to the interim financial statements

NOTE 5 Non-GAAP measures

Spark uses non-GAAP financial measures that are not prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS'). Spark believes that these non-GAAP financial measures provide useful information to readers to assist in the understanding of the financial performance, financial position or returns of Spark. These measures are also used internally to evaluate performance of products, to analyse trends in cash-based expenses, to establish operational goals and allocate resources. However, they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS, as they are not uniformly defined or utilised by all companies in New Zealand or the telecommunications industry.

Spark's policy is to present 'adjusted EBITDAI' and 'adjusted net earnings' when a financial year includes significant items (such as one-off gains, expenses and impairments) greater than $25 million. In FY18 costs of change of $49 million associated with the Quantum programme were deemed an adjusting item, of which $13 million were incurred in the six months ended 31 December 2017. There are no adjusting items for the six months ended 31 December 2018.

Earnings before finance expense and income, net investment income, income tax, depreciation and amortisation (EBITDAI) and adjusted EBITDAI

Spark calculates EBITDAI by adding back depreciation and amortisation, finance expense and income tax expense and subtracting finance income and net investment income (which includes dividend income and Spark's share of net profits or losses from associates and joint ventures) to net earnings. A reconciliation of Spark's EBITDAI and adjusted EBITDAI is provided below and based on amounts taken from, and consistent with, those presented in the interim financial statements.

SIX MONTHS ENDED 31 DECEMBER UNAUDITED	2018 $M	RESTATED 2017 $M
Net earnings for the period reported under NZ IFRS	153	162
Add back: depreciation and amortisation	245	237
Add back: finance expense	40	37
Less: net investment income	–	(27)
Less: finance income	(18)	(16)
Add back: income tax expense	69	63
EBITDAI	**489**	**456**
Add: costs of change	–	13
Adjusted EBITDAI	**489**	**469**

Adjusted net earnings

Adjusted net earnings reflects adjusted EBITDAI, together with any adjustments to depreciation and amortisation and net finance expense, whilst also allowing for any tax impact of those items.

SIX MONTHS ENDED 31 DECEMBER UNAUDITED	2018 $M	RESTATED 2017 $M
Net earnings for the period reported under NZ IFRS	153	162
Add: costs of change	–	13
Less: tax effect on costs of change	–	(4)
Adjusted net earnings	**153**	**171**

Notes to the interim financial statements

NOTE 6 Debt

FACE VALUE	FACILITY	COUPON RATE	MATURITY	AS AT 31 DECEMBER 2018 UNAUDITED $M	RESTATED AS AT 30 JUNE 2018 AUDITED $M
Short-term debt					
Short-term borrowings		Variable	< 1 month	48	–
Commercial paper		Variable	< 5 months	150	149
				198	149
Bank funding					
Bank of New Zealand	100 million NZD	Variable	31/10/2018	–	100
Westpac New Zealand Limited	200 million NZD	Variable	30/11/2020	60	50
The Hongkong and Shanghai Banking Corporation Limited	100 million NZD	Variable	30/11/2021	100	–
MUFG Bank, Ltd	125 million NZD	Variable	30/11/2022	125	125
				285	275
Domestic notes					
250 million NZD		5.25%	25/10/2019	250	250
100 million NZD		4.50%	25/03/2022	102	102
100 million NZD		4.51%	10/03/2023	105	104
125 million NZD		3.37%	07/03/2024	126	–
125 million NZD		3.94%	07/09/2026	124	120
				707	576
Foreign currency Medium Term Notes					
Euro Medium Term Notes - 18 million GBP		5.75%	06/04/2020	34	34
Australian Medium Term Notes - 150 million AUD		4.00%	20/10/2027	154	163
				188	197
				1,378	**1,197**
Debt due within one year				448	249
Long-term debt				930	948

On 7 September 2018 Spark issued $125 million of unsecured, unsubordinated fixed rate bonds with a coupon rate of 3.37%, maturing on 7 March 2024. On 31 October 2018 Spark established a new NZ$100 million committed revolving facility with The Hongkong and Shanghai Banking Corporation Limited, to mature on 30 November 2021.

There have been no other changes in Spark's short-term financing programmes or stand-by facilities since 30 June 2018.

Notes to the interim financial statements

NOTE 6 Debt (continued)

Net debt

Net debt includes long-term debt at the value of hedged cash flows due to arise on maturity, plus short-term debt, less any cash. Net debt is a non-GAAP measure not defined in accordance with NZ IFRS but is a measure used by management and is reconciled below:

	AS AT 31 DECEMBER 2018 UNAUDITED $M	RESTATED AS AT 30 JUNE 2018 AUDITED $M
Cash	(110)	(55)
Short-term debt	198	149
Long-term debt at hedged rates[1]	1,202	1,064
Net debt	**1,290**	**1,158**

1 Long-term debt at hedged rates differs from spot rates as reported under NZ IFRS and includes the impact of hedged rates used of $20 million and $2 million of unamortised discount (30 June 2018: $14 million and $2 million).

Notes to the interim financial statements

NOTE 7 Long-term investments

	AS AT 31 DECEMBER 2018 UNAUDITED $M	RESTATED AS AT 30 JUNE 2018 AUDITED $M
Shares in Hutchison	156	69
Investment in associates and joint ventures	23	21
Other long-term investments	6	8
	185	**98**

Spark holds a 10% interest in Hutchison Telecommunications Australia Limited (Hutchison) which is quoted on the Australian Securities Exchange (ASX) and measures its fair value using its observable market share price as quoted on the ASX, classified as being within level 1 of the fair value hierarchy. As at 31 December 2018 the quoted price of Hutchison's shares on the ASX was A$0.110 (30 June 2018: A$0.047). The change in fair value is recognised in other comprehensive income.

Investment in associates and joint ventures

Spark's investment in associates and joint ventures at 31 December 2018 consists of the following:

NAME	TYPE	COUNTRY	OWNERSHIP	PRINCIPAL ACTIVITY
Connect 8 Limited	Joint Venture	New Zealand	50%	Fibre network construction
Feenix Communications Limited	Associate	New Zealand	30%	Supplier of network services
Lightbox Sport General Partner Limited	Joint Venture	New Zealand	50%	A holding company
NOW New Zealand Limited	Associate	New Zealand	37%	Internet service provider
Pacific Carriage Holdings Limited	Associate	Bermuda	50%	A holding company
PropertyNZ Limited (homes.co.nz)	Associate	New Zealand	23%	Property data website
Rural Connectivity Group Limited	Joint Venture	New Zealand	33%	Rural broadband
Southern Cross Cables Holdings Limited	Associate	Bermuda	50%	A holding company
TNAS Limited	Joint Venture	New Zealand	50%	Telecommunications development
Vigil Monitoring Limited (Jupl)	Associate	New Zealand	26%	Healthcare technology

Notes to the interim financial statements

NOTE 8 Reconciliation of net earnings to net cash flows from operating activities

SIX MONTHS ENDED 31 DECEMBER UNAUDITED	2018 $M	RESTATED 2017 $M
Net earnings for the period	153	162
Adjustments to reconcile net earnings to net cash flows from operating activities		
Depreciation and amortisation	245	237
Bad and doubtful accounts	9	8
Deferred income tax	(6)	(10)
Share of associates' and joint ventures' net losses	–	1
Impairments	5	1
Other	(1)	(2)
Changes in assets and liabilities net of effects of non-cash and investing and financing activities		
Movement in accounts receivable and related items	(42)	(48)
Movement in inventories	(32)	11
Movement in current taxation	30	–
Movement in payables and related items	32	66
Net cash flows from operating activities	**393**	**426**

NOTE 9 Significant events after balance date

Dividends

On 20 February 2019 the Board approved the payment of a first half ordinary dividend of 11.0 cents per share or approximately $202 million and a special dividend of 1.5 cents per share or approximately $28 million. The ordinary and special dividend will be 75% imputed in line with the corporate income tax rate. In addition, supplementary dividends totalling approximately $22 million will be payable to shareholders who are not resident in New Zealand. In accordance with the Income Tax Act 2007, Spark will receive a tax credit from Inland Revenue equivalent to the amount of supplementary dividends paid.

Notes to the interim financial statements

NOTE 10 Adoption of NZ IFRS 15 *Revenue from contracts with customers*

NZ IFRS 15 transition method

NZ IFRS 15 *Revenue from contracts with customers* (NZ IFRS 15) replaces NZ IAS 18 *Revenue* and related interpretations and is effective from the current financial year, being the year ending 30 June 2019. Spark has elected to transition to NZ IFRS 15 using the full retrospective method which applies the standard retrospectively to prior reporting periods, subject to the permitted and following elected practical expedients:

1. in respect of completed contracts, Spark has not restated contracts that: (i) begin and end within the same annual reporting period; or (ii) were completed contracts at the beginning of the earliest period presented;
2. in respect of completed contracts that have variable consideration, Spark used the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative periods;
3. for contracts that were modified before the beginning of the earliest period presented, Spark has not retrospectively restated the contract for those modifications. Instead, Spark has reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when: (i) identifying the satisfied and unsatisfied performance obligations; (ii) determining the transaction price; and (iii) allocating the transaction price to the satisfied and unsatisfied performance obligations; and
4. for all reporting periods presented before the date of initial application, Spark will not disclose the amount of the transaction price allocated to the remaining performance obligations or an explanation of when we expect to recognise that amount as revenue.

Impact of adoption on Spark's revenue

NZ IFRS 15 sets out the requirements for recognising revenue and costs from contracts with customers. The standard requires the apportionment of revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, based on a five-step model. The material changes on adoption of NZ IFRS 15 by Spark are summarised by revenue type below.

i) Mobile revenue

The majority of Spark's consumer pay-monthly mobile contracts are 'open-term', however some customers have contracts with a fixed contract term, such as 24 months. These contracts generally include device subsidies, which can be applied to the discounted purchase of a handset. Under the previous revenue standard, NZ IAS 18, Spark recognised revenue from arrangements with multiple elements in a manner that is similar to the requirements of NZ IFRS 15, based on previous industry guidance for the telecommunications sector available for these transactions. There has therefore not been a material acceleration of device revenue on adoption of NZ IFRS 15 and this may differ to other telecommunications companies. However, under NZ IFRS 15 revenue is allocated with reference to the stand-alone selling prices and the allocation of revenue to distinct goods or services (performance obligations) varies from the previous allocation which was based on relative fair value.

Spark provides customers the ability to obtain devices on an 'interest free' device repayment plan. The inherent financing component of this offer to customers was previously assessed using Spark's incremental borrowing rate, however NZ IFRS 15 requires the use of an interest rate that would be used in a separate financing transaction between Spark and the customer that reflects their credit characteristics. The application of this rate to the sale of devices sold on repayment plans has resulted in a reduction in device revenue and an increase in interest income recognised over the repayment term.

NZ IFRS 15 provides updated guidance for determining whether an entity is a principal or agent when delivering goods or services to customers. This is applicable for mobile contracts where Spark provides customers the option to obtain free or discounted services that are provided by third parties, such as Spotify, within our mobile contracts. Spark has assessed that under NZ IFRS 15 we are an agent in

Notes to the interim financial statements

NOTE 10 Adoption of NZ IFRS 15 *Revenue from contracts with customers* (continued)

relation to such services. Spark's previous accounting policy under NZ IAS 18 was to recognise the cost of these extras within operating expenses. However, under NZ IFRS 15 these extras are considered separate performance obligations and revenue is recognised, net of relevant costs, upon delivery to the customer. This has resulted in a reduction in reported operating revenue and operating expenses, but no impact on net earnings.

There has been no material change to revenue recognition practices for mobile revenue from enterprise and government customers due to the implementation of NZ IFRS 15.

ii) Broadband revenue

As noted above for mobile revenue, Spark has previously recognised revenue under NZ IAS 18 from arrangements with multiple elements in a manner that is similar to the requirements of NZ IFRS 15. For broadband contracts this included the recognition of revenue on delivery of modems (excluding wireless broadband modems) provided free to new broadband customers, as they are deemed to be distinct goods. Revenue was allocated to the modem and the broadband service based on their relative fair value, with the revenue for the broadband service recognised as that service is provided across its contract term. There has not been an acceleration of modem revenue on adoption of NZ IFRS 15 and this may differ to other telecommunications companies. However, as the revenue is now allocated to a customer's broadband contract with reference to the stand-alone selling prices of all performance obligations provided in the contract, the allocation of revenue between revenue types has changed.

Spark's broadband contracts may include offers such as account credits, periods of 'free' service and other incentives. Under NZ IAS 18 Spark previously accounted for such offers as a reduction in broadband service revenue over a customer's contract period. Under NZ IFRS 15 such incentives are generally included within the calculation of the total transaction price for the bundle of goods and services provided in a broadband contract. Revenue is then allocated to each performance obligation based on its relative stand-alone selling price and recognised either at a point in time or over time. This results in incentives generally being allocated to other performance obligations in a broadband contract, such as the modem.

Where Spark provides value added services such as Lightbox as part of a mobile or broadband plan, revenue must be allocated to each component of that offer. Spark has calculated the revised allocation of revenue to each these components, however, to be consistent with how the business is managed and performance assessed, has elected to retain allocated revenue within the same product category in which revenues are currently reported. For example, revenue attributable to Lightbox as part of a bundled broadband offer continues to be reported within broadband revenue.

As with mobile contracts the updated NZ IFRS 15 guidance for determining whether an entity is a principal or agent is also relevant for Spark's broadband contracts. Broadband contracts can include options to obtain free or discounted services that are provided by third parties, such as Netflix. Spark's previous accounting policy under NZ IAS 18 was to recognise the cost of these extras within operating expenses over the contract term. However, under NZ IFRS 15 these extras are considered separate performance obligations and revenue is recognised, net of relevant costs, upon delivery to the customer. This results in a reduction in reported operating revenue and operating expenses, but no impact on net earnings.

iii) Voice

Voice revenue includes revenue from customers with a landline-only service, calling and video-conferencing services. Revenue from such contracts under NZ IFRS 15 is generally recognised in a pattern consistent with the previous requirements of NZ IAS 18 and no material changes have resulted from the adoption of NZ IFRS 15.

iv) Cloud, security and service management

Spark provides cloud, security and service management services primarily to large enterprises and government departments.

Notes to the interim financial statements

NOTE 10 Adoption of NZ IFRS 15 *Revenue from contracts with customers* (continued)

For all contracts, Spark determines if the arrangement with a customer creates enforceable rights and obligations. This assessment results in certain Master Service Agreements ("MSAs") signed with enterprise and government customers not meeting the definition of a contract under NZ IFRS 15 and as such the individual service agreements, linked to the MSA, are treated as individual contracts. Each contract may include multiple services, such as data centre services, infrastructure-as-a-service, software-as-a-service, secure connectivity services, data analytics services, IT sourcing, and professional services for technology requirements and IT projects.

The contracts may incorporate services provided by third parties, which, based on the updated NZ IFRS 15 guidance for determining whether an entity is a principal or agent when delivering goods or services to customers, has resulted in Spark recognising net proceeds from such transactions. This results in a net reduction in reported operating revenue, but no impact on net earnings.

Cloud services, which allow customers to use Spark's infrastructure and hosted software over the contract period without taking possession of the infrastructure or software, are provided on either a subscription or consumption basis. Revenue related to cloud services provided on a subscription basis is recognised rateably over the contract period. Revenue related to cloud services provided on a consumption basis, such as the amount of storage used in a period, is recognised based on the customer utilisation of such resources. When cloud services require a significant level of integration and interdependency with software and the individual components are not considered distinct, all revenue is recognised over the period in which the cloud services are provided.

Cloud, security and service management contracts frequently include transition projects that do not deliver a distinct good or service to the customer and as such do not qualify as separate performance obligations. For the majority of these contracts the value to the customer is delivered over time, regardless of upfront transition activities. Operating revenue received for these projects, as well as costs incurred to fulfil such contracts, are currently deferred and recognised in revenue and operating expenses respectively over the life of the contract to the extent that they are recoverable. This treatment is consistent with the contract cost requirements of NZ IFRS 15 and there have therefore been no material changes in relation to their accounting treatment.

Some contracts may include the provision of a service, together with a device or other equipment, which meets the definition of an operating lease under NZ IFRS 16 Leases. Spark has early adopted NZ IFRS 16 at the same time as NZ IFRS 15 and further details of the impact are outlined in note 10.

v) Procurement and partners

Procurement revenue relates to the procurement of hardware and software on behalf of customers and partner revenue relates to partner-provided IT services. NZ IFRS 15 provides updated guidance for determining whether an entity is a principal or agent when delivering goods or services to customers. Where an agency relationship is identified, the result is Spark recognising net proceeds from such transactions, decreasing operating revenue, but with no impact on net earnings. No material changes have resulted from the adoption of the new revenue standard.

vi) Managed data and networks

Managed data and networks revenue includes revenue from the provision of data connectivity for businesses and proactive monitoring and managed services for customer networks. Revenue from such contracts was generally recognised in a pattern consistent with the requirements of NZ IFRS 15 and no material changes have resulted from the adoption of the new revenue standard.

vii) Other operating revenue

Other operating revenue includes revenue from subsidiary companies such as Qrious, Lightbox, Morepork and other charges to customers. Revenue from such contracts was generally recognised in a pattern consistent with the requirements of NZ IFRS 15 and no material changes have resulted from the adoption of the new revenue standard.

Notes to the interim financial statements

NOTE 10 Adoption of NZ IFRS 15 *Revenue from contracts with customers* (continued)

Impact of adoption on Spark's statement of financial position

The adoption of NZ IFRS 15 has resulted in changes to Spark's balance sheet as summarised in note 3. The primary changes are as a result of new guidance for the treatment of contract costs, including costs to obtain a contract and costs to fulfil a contract.

Under NZ IAS 18, Spark deferred and recognised certain commission costs over their contract term within operating expense. Such costs continue to meet the costs to obtain a contract criterion under NZ IFRS 15, however we have identified further commission costs that are required to be deferred under the new standard. The deferral of these further commission costs has been applied retrospectively and due to the timing and composition of Spark's prior treatment, resulted in a net decrease in earnings for FY18 on adoption of NZ IFRS 15. Contract costs are amortised over the expected contract period using a systematic basis that mirrors the pattern in which Spark transfers control of the service to the customer.

Impact of adoption on Spark's statement of cash flows

The adoption of NZ IFRS 15 has no impact on Spark's net cash flows from operating, investing or financing activities, or the overall net cash flows for the current or restated periods.

As summarised in note 3, the application of an interest rate that would be used in a separate financing transaction between Spark and the customer that reflects their credit characteristics for our 'interest free' device offer has resulted in a reclassification between cash received from customers and interest receipts.

Notes to the interim financial statements

NOTE 11 Adoption of NZ IFRS 16 *Leases*

NZ IFRS 16 transition method

NZ IFRS 16 *Leases* (NZ IFRS 16) replaces NZ IAS 17 Leases and removes the distinction between operating and finance leases for lessees. Spark has elected to early adopt NZ IFRS 16 in the current financial year, being the year ending 30 June 2019. Spark has also elected to apply the full retrospective transition method, which applies the standard retrospectively to prior reporting periods, subject to the permitted and following elected practical expedients and exemptions:

1. The recognition exemption for short-term leases (leases with a lease term of up to one year) and leases of low-value assets where appropriate; and
2. The practical expedient which states that an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. This practical expedient is applied to all of Spark's contracts entered into before the date of initial application.

NZ IFRS 16 requires Spark to recognise most leases, where Spark is a lessee, on the statement of financial position. Similar to the previous finance lease model, this has resulted in the recognition of 'right-of-use' assets and related lease liability balances. As a result, rental payments for leases previously classified as operating leases - including corporate property leases, mobile cell site leases and customer equipment leases - will move from being included in operating expenses, to depreciation and finance expenses. The impact on net earnings before income tax of an individual lease over its term remains the same, however, the new standard results in a higher interest expense in the early years, and lower in the later years of a lease, compared with the previous straight-line expense profile of an operating lease, like a table mortgage.

Spark's leases

Spark is a lessee for a large number of leases, including:

- Property - Spark leases a number of office buildings and retail stores. These leases have the most significant impact on adoption of NZ IFRS 16 given their high value and, taking into accounting rights of renewal that are reasonably certain to be exercised, long lease terms;
- Mobile sites – Spark has entered into a number of land access agreements to allow the operation of mobile network infrastructure throughout New Zealand;
- Equipment – Spark acts as the intermediate party (as a lessee and a lessor) in a number of back-to-back lease arrangements for customer premises equipment. Such arrangements may also include an initial sale and leaseback transaction;
- Motor vehicles – Spark leases motor vehicles for use in sales, field operations and maintenance of infrastructure equipment;
- Capacity arrangements - Spark enters into a number of capacity arrangements for cable capacity; and
- Other leases – other leases include items such as general IT equipment and photocopiers. Spark has utilised the recognition exemption for leases of low-value assets to these leases where appropriate.

Spark also acts as a lessor, including for the following:

- Space in exchanges – Spark has leases for space in exchange buildings, including as a lessor for space in Spark exchanges and a lessee for space in Chorus exchanges. These leases include a legal right of offset, as Spark and Chorus settle the payments on a net basis and are therefore shown as a net finance lease receivable on the statement of financial position. Spark has assessed there is no impact on adoption for exchange space leases; and
- Property subleases – Spark has entered subleases in relation to excess property that are all currently classified as operating leases. Each sublease has been assessed to determine whether it is a finance or operating lease under NZ IFRS 16. A number of these are now classified as finance subleases because they are for the whole remaining term of the head lease.

Notes to the interim financial statements

NOTE 11 Adoption of NZ IFRS 16 *Leases* (continued)

Impact of adoption on Spark's statement of profit or loss

The adoption of NZ IFRS 16 has had a significant impact on the statement of profit or loss of Spark as illustrated in note 3. For the comparative six months ended 31 December 2017, this includes the reduction of operating expenses by $33 million, increase in depreciation expense by $23 million and increase in finance expense by $15 million - reducing net earnings by $5 million. The fully retrospective application of NZ IFRS 16 results in the combined depreciation and interest expense for any lease in the early years of its cycle being higher than the operating expenses previously recognised. With Spark's long-term corporate property leases (which account for a significant portion of the adjustments under NZ IFRS 16) being in the early years of their lease period, both net earnings before tax and retained earnings subsequently decrease following adoption of NZ IFRS 16. The difference over the life of the leases will be nil and there is no impact on cash flows.

Impact of adoption on Spark's statement of financial position

The adoption of NZ IFRS 16 has also had a significant impact on the statement of financial position of Spark as illustrated in note 3. For the comparative balance sheet as at 30 June 2018, this includes an increase in total assets by $410 million and total liabilities by $475 million, with a $65 million reduction in retained earnings. As outlined above, the decrease in retained earnings is as a result of the acceleration of lease interest expense in the early years of leases.

There has also been a change in the treatment of equipment leases where Spark acts as the intermediate party (i.e. back-to-back leases) and which also includes an initial sale and leaseback transaction. Under the new standard Spark has assessed that the initial sale of the equipment does not result in control being passed. In combination with new guidance provided by NZ IFRS 15, under the new standard Spark has assessed that the initial sale of the equipment does not result in control being passed to the customer. As a result, the equipment is not derecognised following the initial sale and remains as leased customer equipment assets on the statement of financial position. The leaseback is accounted as a financial liability in accordance with NZ IFRS 9 and the sub-lease as either an outwards operating lease or finance lease depending on its terms.

On adoption of NZ IFRS 16, Spark has also reclassified assets associated with capacity arrangements which were previously recognised within intangible assets to right-of-use assets. For the opening balance sheet as at 1 July 2017, this resulted in a reclassification of $253 million. Capacity arrangements are generally in the form of an indefeasible right of use and meet the definition of a lease under NZ IFRS 16. Payments for such arrangements are generally made up front and there is therefore no associated lease liability.

Impact of adoption on Spark's statement of cash flows

The adoption of NZ IFRS 16 has had no net impact on Spark's statement of cash flows, however as illustrated in note 3, has resulted in the reclassification of cash flows from lease arrangements.

Payments for operating leases under NZ IAS 17 were included within 'payments to suppliers and employees' in operating cash flows. Payments for leases are now split between payments for interest, included in operating cash flows, and payments which reduce the principal balance of a lease liability, included in financing cash flows. For the comparative six months ended 31 December 2017, this resulted in an increase in cash flows from operating activities of $21 million and a decrease in cash flows from financing activities of $21 million.

Independent Review Report

To the shareholders of Spark New Zealand Limited

Report on the interim consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements on pages 3 to 24 do not:

i. present fairly in all material respects the group's financial position as at 31 December 2018 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*.

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

— the consolidated statement of financial position as at 31 December 2018;

— the consolidated statements of profit or loss and other 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.

Basis for conclusion

A review of interim consolidated 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 Spark New Zealand 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 regulatory audit, other assurance related services (such as trustee reporting) and compliance services. 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 interim consolidated financial statements

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

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

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

Our responsibility is to express a conclusion on the interim consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting*.

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

This description forms part of our Independent Review Report.

KPMG

KPMG
Wellington

20 February 2019

Contact details

Registered office

Level 2
Spark City
167 Victoria Street West
Auckland 1010
New Zealand
Ph +64 4 471 1638 or 0800 108 010

Acting Company secretary

Justine Gunn

New Zealand registry

Link Market Services Limited
Level 11 Deloitte House
PO Box 91976
80 Queen Street
Auckland 1142
Ph +64 9 375 5998 (investor enquiries)
Fax +64 9 375 5990
enquiries@linkmarketservices.com
www.linkmarketservices.co.nz

Australian registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Australia
Locked Bag A14
Sydney South NSW 1235
Australia
Ph +61 2 8280 7111 (investor enquiries)
Fax +61 2 9287 0303
registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

United States registry

Computershare Investor Services
P.O. Box 505000
Louisville, KY 40233-5000
United States of America

Ph +1 888 BNY ADRS (+1 888 269 2377) or +1 201 680 6825 (from outside the United States)

shrrelations@cpushareownerservices.com

www-us.computershare.com/investor

For more information

For inquiries about Spark's operating and financial performance contact:

investor-info@spark.co.nz

Investor Relations
Spark New Zealand Limited
Private Bag 92028
Auckland 1142
New Zealand

investors.sparknz.co.nz

SPARK036 02/19
insightcreative.co.nz

Spark nz

investors.sparknz.co.nz

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