NEW ZEALAND POST GROUP FINANCE LIMITED	
Results for announcement to the market	
Reporting Period	12 months ended 30 June 2015
Previous Reporting Period	12 months ended 30 June 2014

	Amount (000s)	**Percentage change**
Revenue from ordinary activities	$ 13,570	-9.5%
Profit (loss) from ordinary activities after tax attributable to security holder	$NZ 0	0%
Net profit (loss) attributable to security holders	$NZ 0	0%

Interim /Final Dividend	Amount per security	Imputed amount per security
	It is not proposed to pay any dividends for the period ended 30 June 2015.	Not applicable
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	

Comments	New Zealand Post Group Finance Limited is a wholly owned subsidiary of New Zealand Post Limited and the issuer of notes guaranteed by New Zealand Post Limited on an unsecured and subordinated basis. The financial performance of New Zealand Post Group Finance Limited should be considered in conjunction with that of New Zealand Post Limited.

New Zealand Post Group Finance Limited
Preliminary Announcement – Period ended 30 June 2015

1.3(a) - Statement of Financial Performance	Refer New Zealand Post Group Finance financial statements (attached).
1.3(b) - Statement of Financial Position	Refer New Zealand Post Group Finance financial statements (attached).
1.3(c) - Statement of Cashflows	Refer New Zealand Post Group Finance financial statements (attached).
1.3(d) - Details of dividends	Not applicable.
1.3(e) - Details of dividend/ distribution reinvestment plans	Not applicable.
1.3(f) - Statement of Movements in Equity	Refer New Zealand Post Group Finance financial statements (attached).
1.3(g) - NTA per security	*The net tangible assets of the Company are nil at 30 June 2015. The net tangible assets of New Zealand Post are $0.995 billion at 30 June 2015 (being $4.98 per note issued by the Company). The net tangible assets of New Zealand Post for the previous corresponding period (to 30 June 2014) were $0.950 billion (being $4.75 per note issued by the Company).*
1.3(h) - Control of entities lost/gained	Not applicable.
1.3(i) - Details of associates and JVs	Not applicable.
1.3(j) - Other information	Refer New Zealand Post Group Finance financial statements (attached).
1.3(k) – Commentary	Refer New Zealand Post Group Finance financial statements (attached).
1.3(k)(i) – EPS	Not applicable.
1.3(k)(ii) - Returns to shareholders	Not applicable.
1.3(k)(iii) - Operating performance	Refer New Zealand Post Group Finance financial statements (attached).
1.3(k)(iv) - Segment results	Not applicable.
1.3(k)(v) - Trends in performance	Not applicable.
1.3(k)(vi) - Other factors	Refer New Zealand Post Group Finance financial statements (attached).
1.3(l) - Audited/unaudited results	This report is based on audited results. No qualifications have been made by the auditors in the New Zealand Post Group Finance financial statements.

1.3(m) - Trends subsequent to year end	Not applicable.
1.3(n) - Unrealised gains	Not applicable.
3.2 - Accounting policies	Refer New Zealand Post Group Finance financial statements (attached).
3.3 – Material changes in accounting policies	Not applicable
3.4 - Audit statement	This report is based on audited financial statements. A copy of the audit report is included with the financial statements.

NEW ZEALAND POST GROUP FINANCE LIMITED

ANNUAL REPORT 2015

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Directors' Report

The Directors present the Annual Report of New Zealand Post Group Finance Limited (the Company), incorporating the audited Financial Statements and related Auditors' Report, for the year ended 30 June 2015.

The Company is a wholly owned subsidiary of New Zealand Post Limited (New Zealand Post). The contents of this Annual Report should be read in conjunction with the New Zealand Post Group Annual Report for the year ended 30 June 2015, a copy of which may be viewed on the New Zealand Post website (www.nzpost.co.nz).

The terms of the issue for the Company's Notes provide that they are guaranteed on an unsecured, subordinated basis and rank equally with all unsecured, subordinated creditors of New Zealand Post (other than creditors whose claims rank, or are intended or expressed to rank, subordinate to the obligations of New Zealand Post under the Guarantee).

Principal Activities
The sole business activity of New Zealand Post Group Finance Limited is to act as a financing vehicle to fund the growth of the New Zealand Post Group (the Group). The Company issued unsecured, subordinated Notes to investors in April 2009 and those funds have been lent, on interest-bearing terms, to New Zealand Post. New Zealand Post has guaranteed the Notes on an unsecured, subordinated basis. The Crown has not guaranteed the Notes or any obligation of New Zealand Post in relation to the Notes.

New Zealand Post is a state-owned enterprise that serves as an important link between people, their communities and businesses by providing a range of postal, courier, transport, logistics, goods distribution, banking, payment and data management services throughout New Zealand and in Australia.

It operates many brands, including New Zealand Post, Kiwibank, CourierPost, Pace, Contract Logistics, Express Couriers and Converga. The New Zealand Post Group reported a net profit after tax of $143 million for the year ended 30 June 2015, compared with a net profit after tax of $107 million for the year ended 30 June 2014.

New Zealand Post Group has two key markets of focus - Mail and Logistics and Financial Services. Mail and Logistics delivers over 750 million mail items to over 1.8 million addresses throughout New Zealand. Kiwibank serves over 800,000 customers and has been rated New Zealand Bank of the Year for 8 years running by the Canstar Banking awards. Our Digital business is currently being developed and will leverage off New Zealand Post Group's trusted brand and unique position between Government, business and the community.

Corporate Governance
As a wholly owned subsidiary of New Zealand Post (the Parent), the Company is required to comply with the corporate governance practices of the parent. These include the direction and control of the Group and the accountability of the Board to Shareholders and other stakeholders for the organisation's performance, and compliance with laws and standards.

The Directors of the Company believe that the overarching governance procedures of New Zealand Post provide an appropriate basis for ensuring that the Company meets its obligations to the note holders.

The Directors refer readers of this Annual Report to a statement of corporate governance that is included in the 2015 Annual Report of New Zealand Post Group.

Waivers
NZX Regulatory has granted the Company waivers in respect of Listing Rules 10.4.1, 10.5.1, 10.5.3 and 11.1.1. A summary of all waivers granted and published by NZX within or relied on by the Company in the 12 month period to the date that is two months before the date of publication of this Annual Report is available on New Zealand Post's website at http://www.nzpost.co.nz/about-us/investor-centre/finance-notes.

The summary will remain on New Zealand Post's website for at least 12 months following publication of this Annual Report.

Directors
The following persons were Directors of the Company up to the date of this report
- Brian Joseph Roche
- Mark David Yeoman (ceased 12/12/2014)
- David James Walsh (effective 27/02/2015)
- Blair Woodbury (Alternate)

No fees were paid, or are payable, to any Directors during the period.

Directors' Interests
No specific disclosures were given pursuant to s.140(1) of the Companies Act 1993. The following general disclosures have been made by the Directors pursuant to s140(2) of the Companies Act 1993:

Brian Joseph Roche, Wellington, BCA CA

- Director: New Zealand Post Group Finance Limited, New Zeland Post Holdings Limited, New Zealand Post Australia Holdings Pty Limited, New Zealand Post CX Limited, Datam Limited, Express Couriers Limited, Converga Group Limited, Converga Pty Limited, Converga Holdings Pty Limited, Converga Inc (USA), Converga Pty Limited (Singapore Branch), Speedscan Group Holdings Pty Limited, Speedscan Pty Limited, Speedscan Limited, Kiwi Wealth Management Limited, Kiwibank Limited, Kiwi Group Holdings Limited, Valley Road Forest Limited, CV International Post Corporation UA, Wellington Gateway General Partner No.1 Limited, Wellington Gateway General Partner No2 Limited, Hurricanes GP Limited.
- Trustee: Victoria University Foundation, St Patrick's Foundation, BJ and ML Roche Family Trust
- Member: Trustee Council for the New Zealand Business and Parliamentary Trust
- Chair, Hurricanes GP Limited, First World War Centenary Panel, Major Events Investment Panel

Mark David Yeoman, Wellington, BCA CA

- Director (ceased 12/12/2014): New Zealand Post Group Finance Limited, New Zealand Post Holdings Limited, Express Couriers Limited, Kiwi Wealth Management Limited, Kiwibank Limited, Kiwi Group Holdings Limtied, Converga Group Limited, New Zealand Post CX Limited, Datam Limited.
- Director: Zomar Investments Limited, Network for Learning Limited
- Trustee: Pencarrow Family Trust
- Member: Postal Network Access Committee

David James Walsh, Wellington, BCA, CA (effective 27/02/2015)

- Director: New Zealand Post Group Finance Limited, New Zealand Post Holdings Limited, New Zealand Post Australia Holdings Pty Limited, New Zealand Post CX Limited, Datam Limited, Express Couriers Limited, Converga Group Limited, Converga Pty Limited, Converga Holdings Pty Limited, Converga Inc (USA), Converga Pty Limited (Singapore Branch), Converga (ACT) Pty Limited, Converga Information Management Pty Limited, Kiwi Group Holdings Limited
- Alternate Director: Kiwibank Limited
- Trustee: St Patrick's College School, St Patrick's College Proprietors

Blair Woodbury, Wellington (ceased 1/09/2014)

- Director (ceased 1/09/2014): New Zealand Post Group Finance Limited
- Director: Datam Limited, New Zealand Post Trust Management Services Limited

Additional Disclosures

The net tangible assets of the Company are nil at 30 June 2015. The net tangible assets of New Zealand Post are $992 million at 30 June 2015 (being $4.96 per note issued by the Company). (30 June 2014 - $950 million ($4.75 per note issued by the Company)).

New Zealand Post has an A+/Negative Standard & Poor's credit rating. While the Company does not have its own credit rating, the subordinated Notes carry an A- rating from Standard & Poor's.

No dividends have been declared or paid by the Company during the year ended 30 June 2015, and up to the date of this Annual Report.

The Directors of the Company authorised the financial statements on pages 6 to 17 for issue on 27 August 2015.

Distribution of the Note-holders at 30 June 2015 was:

Size of Holding	Number of Noteholders	Percentage	Number of Notes	Percentage
1 to 5,000	193	6.58%	965,000	0.48%
5,001 to 10,000	567	19.33%	5,529,000	2.76%
10,001 to 100,000	2,015	68.70%	71,924,000	35.96%
100,001 and over	158	5.39%	121,582,000	60.79%

For and on behalf of the Board

Brian Roche

B J Roche
Director
Date: 28 August 2015

D J Walsh
Director
Date: 28 August 2015

Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Interest income	2	**13,570**	15,000
Interest expense		**(13,570)**	(15,000)
Operating profit before income tax		-	-
Income tax expense	7	-	-
Net profit for the year attributable to the shareholders of the Company		-	-
Other comprehensive income		-	-
Total comprehensive income attributable to the shareholders of the company		-	-

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2015

	Share Capital $'000	Retained Earnings $'000	Total $'000
At the beginning of the year 30 June 2013			
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
At the end of the year 30 June 2014	-	-	-
At the beginning of the year 30 June 2014	-	-	-
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
At the end of the year 30 June 2015	-	-	-

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	30 June 2015 $000	30 June 2014 $000
ASSETS			
Loan to related party	2	**201,655**	201,935
Total assets		**201,655**	201,935
Liabilities			
Loans and borrow ings	3	**201,655**	201,935
Total liabilities		**201,655**	201,935
EQUITY			
Parent shareholders' equity		-	-
Share capital	1	-	-
Retained earnings		-	-
Total equity and liabilities		**201,655**	201,935

The Board of Directors of New Zealand Post Limited authorised these financial statements for issue on 28 August 2015.

Brian Roche

B J Roche
Director

D J Walsh
Director

STATEMENT OF CASH FLOW
FOR YEAR ENDED 30 JUNE 2015

	30 June 2015 $'000	30 June 2014 $'000
Cash flows from investing activities		
Interest received	**13,570**	15,000
Net cash flows from investing activities	**13,570**	15,000
Cash flows from financing activities		
Interest paid	**(13,570)**	(15,000)
Net cash flows from financing activities	**(13,570)**	(15,000)
Net increase in cash held	**-**	-
Cash at the beginning of the year	-	-
Cash at the end of the year	**-**	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR YEAR ENDED 30 JUNE 2015

Reporting Entity
New Zealand Post Group Finance Limited (the 'Company') provides financing services for its parent, New Zealand Post Limited. The Company is a profit oriented limited liability company incorporated and domiciled in New Zealand. The Company's registered office is Waterloo Quay, Wellington. The Company has debt listed on the debt security market operated by New Zealand Exchange Limited ("NZX").

Basis of Preparation
The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Company is a for-profit entity for the purposes of complying with NZ GAAP.

New Zealand Post Group Finance Limited is a Company registered under the Companies Act 1993 and is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Company have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Debt Market Listing Rules.

The financial report is presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Statement of Compliance
The financial statements for the Company are for the year ended 30 June 2015. These financial statements comply with International Financial Reporting Standards (IFRS), New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

New Accounting Standards and Interpretations
No new standards or interpretations were adopted in the current period.

No new standards, amendments or interpretations to existing standards that are not yet effective, have been early adopted by the Company in these financial statements.

At the date of authorisation, the following new standards, amendments or interpretations to existing standards were in issue but not yet effective:

Standard	*Effective for annual reporting periods beginning on or after:*
NZ IFRS 9 - Financial Instruments	1 January 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED
FOR YEAR ENDED 30 JUNE 2015

The Directors expect to adopt the above Standards and Interpretations in the period in which they become mandatory.

NZ IFRS 9: Financial Instruments

NZ IFRS 9 (2009) reflects the first phase of work on the replacement of NZ IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in NZIAS 39. NZ IFRS 9 (2010) supersedes NZ IFRS 9 (2009). The requirements for classifying and measuring financial liabilities were added to NZ IFRS 9 (2009). The existing NZ IAS 39 Financial Instruments: Recognition and Measurement requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income; and
- The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

NZ IFRS 9 (2013) is a revised version of NZ IFRS 9. The revised standard incorporates new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

The Group is currently assessing the impact of adopting NZ IFRS 9. However, as the impact of adoption depends on the financial instruments held by the Group at the date of adoption, it is not currently practical to quantify the effect.

Specific Accounting Policies

The following accounting policies, which materially affect the measurement of financial performance, financial position and cash flows, have been consistently applied to the reporting period presented in these financial statements.

The measurement base applied is historic cost. The accrual basis of accounting has been used unless otherwise stated.

Interest Income
Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period. When a receivable is impaired, the carrying amount is reduced to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Interest Expense
Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period. Borrowing costs associated with qualifying assets are capitalised as incurred, otherwise accounted for as interest expense in the statement of profit or loss and other comprehensive income.

Functional and Presentation Currency
The functional currency and presentation currency of the Company is New Zealand Dollars.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED
FOR YEAR ENDED 30 JUNE 2015

Financial Instruments
Designation of financial assets and financial liabilities by individual entities into instrument categories is determined by the business purpose of the financial instrument, policies and practices for their management, their relationship with other instruments and the reporting costs and benefits associated with each designation.

Financial Assets
The Company classifies its financial assets as loans and receivables. Management determines the classification of its investment at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company designates as at 'fair value through profit or loss'. Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Loans and receivables issued with duration less than 12 months are recognised at cost less impairment. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired. Interest and impairment losses are recognised in the profit or loss. Loans and receivables include loans and receivables to related parties not at fair value through profit or loss.

The Company assesses at the end of each reporting period whether there is objective evidence that loans and receivables are impaired and the Company will not be able to collect all amounts due as per the original transaction terms. Significant financial difficulties of the issuer or obligor, breach of contract (such as a default of delinquency in interest or principal payments), disappearance of an active market for the asset, or it becomes probable that the borrower will enter bankruptcy or other financial reorganisation are all considered indicators that the asset is impaired.

If there is objective evidence that individual loans and receivables are impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of a previously recognised impairment loss is recognised in profit or loss.

Financial Liabilities
The Company classifies its financial liabilities (comprising borrowings) at amortised cost. Financial liabilities are recognised initially at fair value plus transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised in profit or loss as a gain or loss when the liability is derecognised.

Taxation
Income tax expense includes both the current year's provision for current tax and the income tax effect of temporary differences (deferred tax), calculated using the liability method. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Contingent Assets and Contingent Liabilities
Contingent assets are disclosed in the notes only if it is probable that benefit will be realised. Contingent liabilities are disclosed in the notes unless likelihood of an outflow of resources is remote.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED
FOR YEAR ENDED 30 JUNE 2015

Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

(a) Cash is considered to be cash on hand, cash in transit, bank accounts and deposits readily convertible to cash;
(b) Investing activities are those relating to the loan provided to New Zealand Post;
(c) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Company. This includes equity, and debt not falling within the definition of cash;
(d) Operating activities include all transactions and other events that are not investing or financing activities; and
(e) Cashflows from operating activities equal the Company's profit after tax.

Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments are aggregated for disclosure purposes where they have similar products and services, production processes, customers, distribution methods, and regulatory environment. The Company operates in one segment.

Critical Accounting Judgements, Estimates and Assumptions

There are no judgements, estimates or assumptions affecting the application of policies and reported amounts of assets, liabilities, income and expenses that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Changes in Accounting Policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information. All policies have been applied on a basis consistent across all periods.

NOTES TO THE FINANCIAL STATEMENTS

1. Share capital

On incorporation date 100 ordinary shares were issued for $1 per share.

At 30 June 2015 there were 100 authorised ordinary shares, issued and fully paid. The shares have no par value. All shares have equal voting rights and share equally in dividends and surplus on winding up (30 June 2014 - 100 shares).

2. Related party transactions

The shareholder of the Company is New Zealand Post Limited, with the ultimate shareholder being the Crown. The Company undertakes transactions with its shareholder on an arm's length basis and in the normal course of business.

Related party transactions

	2015 $000	2014 $000
Shareholder		
- Interest income	**13,570**	15,000

Related party balances

The amounts outstanding with related parties at balance date were:

	2015 $000	2014 $000
Shareholder		
- Loan receivable (current)	**1,655**	1,935
- Loan receivable (non-current)	**200,000**	200,000

The Company has advanced $200m raised from the subordinated notes issue to its shareholder. Interest of 6.35% (30 June 2014 - 7.50%) is charged on the advance, and is payable semiannually. The repayment terms and conditions of the loan receivable and interest are linked to the repayment of the underlying subordinated notes.

Fees Paid to Auditors

Audit fees of $5,306 (2014: $5,359) are paid by the shareholder, New Zealand Post Limited on behalf of the Company.
Other assurance service fees relating to bond registry audit and trustee reporting of $3,836 (2014: $3,798) are paid by the Parent.

3. Borrowings

The subordinated notes are part of the Group's core debt and have a maturity date of 15 November 2039. They were subject to a remarketing process which resulted in a coupon rate change from 7.50% to 6.35% in November 2014 that lead to the Notes being classified as current liabilities at 30 June 2014. Following the remarketing, the notes have now been reclassified as non-current.

The amounts outstanding at balance date were:

	2015 $000	2014 $000
- loans & borrowing (current)	**1,655**	201,935
- loans & borrowing (non-current)	**200,000**	

The loan receivable from NZP Limited is not considered to be a current loan receivable as it is expected that this loan will not be redeemed until maturity.

NOTES TO THE FINANCIAL STATEMENTS continued

4. Risk Management Policies

The Company's exposure to risk arises directly from its investing and financing activities. These activities involve the acceptance of interest rate, credit, liquidity and capital risks. The management of risk is an essential element of the Company's strategy with emphasis placed on pro-active rather than retroactive management. The directors of the Company are responsible for the direction and strategies around risk management.

Financing Risk

Financing risk is the risk of not being able to refinance debt obligations or other cash outflows when required, on terms that are no more unfavourable than those currently in place.

The main objectives of the management of financing risk is to ensure sufficient funding is available to meet the Company's requirements and to avoid liquidity crises, achieve competitive pricing on sources of funding, and diversify sources of funding and liquidity.

The Company manages financing risk through maintaining a loan receivable with its shareholder, which has similar terms as its external borrowings.

Interest Rate Risk

Interest rate risk is defined as the risk of the Company's cost of funds changing as a result of changes in the interest rates paid on outstanding debt. The main objective of the management of interest rate risk is to minimise the cost of debt.

The Company manages interest rate risk through maintaining a loan receivable with its shareholder, which has similar terms as its external borrowings.

Borrowings

The Company has $200m of borrowings. The borrowings have a maturity date of 15 November 2039 and are subject to a coupon rate change or remarketing process (which can include redemption and/or coupon rate change) every 5 years between the date of their original issue and the maturity date with the next due date in November 2019. All borrowings are used to fund ongoing activities. The interest rate on borrowings is 6.35% (30 June 2014 - 7.50%).

Repricing analysis

The following table summarises the Company's exposure to interest rate risk. It includes the financial instruments at carrying amounts,

30 June 2015	**Total**	**Interest Insensitive**	**Within 1 year**	**Between 1 and 4 years**	**Over 4 years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Loan to related party	**201,655**	**1,655**	-	-	**200,000**
Loans and borrowings	**(201,655)**	**(1,655)**	-	-	**(200,000)**
Net effective interest rate gap	-	-	-	-	-

30 June 2014	Total	Interest Insensitive	Within 1 year	Between 1 and 4 years	Over 4 years
	$'000	$'000	$'000	$'000	$'000
Loan to related party	201,935	1,935	200,000	-	-
Loans and borrowings	(201,935)	(1,935)	(200,000)	-	-
Net effective interest rate gap	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS continued

Currency Risk
Currency risk is the risk of cash flow uncertainty that may arise from a movement in foreign exchange rates to which the Company may be exposed. The Company is not exposed to currency risk as its transactions are in New Zealand dollars.

Credit Risk
Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitments in full and on time. The Company's sole debtor is its shareholder, New Zealand Post Limited, which has a A+ Standard & Poor's credit rating.

Liquidity Risk
Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Management of liquidity risk is designed to ensure that the Company 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 table below summarises the cash flows payable by the Company under non-derivative financial instruments by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual and expected undiscounted cash flows.

30 June 2015	**Up to 6 months**	**Between 6 to 12 months**	**Between 1 and 5 years**	**More than 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Loan to related party	**1,655**	**-**	**200,000**	**-**	**201,655**
Loans and borrowings	**(1,655)**	**-**	**(200,000)**	**-**	**(201,655)**
On balance sheet cash flows	**-**	**-**	**-**	**-**	**-**
Contractual commitments					
- interest receivable	**6,350**	**6,350**	**42,867**	**-**	**55,567**
- interest payable	**(6,350)**	**(6,350)**	**(42,867)**	**-**	**(55,567)**
Off balance sheet cash flows	**-**	**-**	**-**	**-**	**-**
Net position	**-**	**-**	**-**	**-**	**-**

	6 months	to 12 months	and 5 years	years	
	$'000	$'000	$'000	$'000	$'000
Loan to related party	201,935	-	-	-	201,935
Loans and borrowings	(201,935)	-	-	-	(201,935)
On balance sheet cash flows	-	-	-	-	-
Contractual commitments					
- interest receivable	5,630	-	-	-	5,630
- interest payable	(5,630)	-	-	-	(5,630)
Off balance sheet cash flows	-	-	-	-	-
Net position	-	-	-	-	-

In 2014, due to the repayment of the loan receivable from NZ Post Limited being contractually linked to the external borrowings payable, the cash flows have been disclosed on a consistent basis and are included as cash flows occurring within 12 months.

The liquidity risk tables above only include interest receivable and payable cash flows up to the first review date on 15 November 2019.

Capital Risk
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for the shareholder and benefits for other stakeholders.

Components of Capital
Capital for the Company includes share capital, retained earnings and loans and borrowings.

Sensitivity Analysis
Financial assets and financial liabilities have fixed interest rates until 15 November 2019.

NOTES TO THE FINANCIAL STATEMENTS continued

Fair Values of Financial Instruments

The estimated fair values of the Company's financial assets and financial liabilities which differ from their carrying values are noted below.

	Carrying Value		Fair Value	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Borrowings	**201,655**	201,935	**225,936**	203,985
Loan to related party	**(201,655)**	(201,935)	**(225,936)**	(203,985)

Borrowings and loan to related party

For fixed rate borrowings recognised at amortised cost, fair values have been estimated using a discounted cash flow model with reference to market interest rates.

Fair Value Measurement

Assets and liabilities carried at fair value have been classified as level 2 of the fair value hierarchy according to the quality and reliability of information used to determine the fair values. The fixed rate borrowings are recognised at amortised cost.

5. Commitments

There are no contractual commitments at 30 June 2015 other than those already disclosed in these notes (30 June 2014 - nil).

6. Contingencies

There are no contingent assets or contingent liabilities at 30 June 2015 (30 June 2014 - nil).

7. Taxation

The Company's accounting profit before tax of nil equals its taxable profit.

8. Events occurring after balance date

No material events have occurred subsequent to balance date that requires recognition of, or additional disclosure in these financial statements.

Directory

New Zealand Post Group Finance Limited

Physical address:
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Wellington
Postal address:
Private Bag 39990
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Telephone: +64 4 496 4925
Facsimile: +64 4 496 4479
Email: notes@nzpost.co.nz

Notes Registrar

The Registrar for New Zealand Post Group Finance Note is:
Link Market Services Limited
Physical address:
Level 7, Zurich House
21 Queen Street
Auckland
Postal address:
PO Box 91976
Auckland 1142
Telephone for investor inquiries: +64 9 375 5998
Facsimile: +64 9 375 5990
Email: enquiries@linkmarketservices.com

Notes Trustee

The Trustee for New Zealand Post Group Finance Notes:
Trustees Executors Limited
Physical address:
Level 5, 10 Customhouse Quay
Wellington
Postal address:
PO Box 10-519
Wellington 6143
Telephone: (04) 495 0995
Email: enquiries@trustees.co.nz

Independent Auditor's Report

to the readers of New Zealand Post Group Finance Limited Financial Statements for the year ended 30 June 2015

The Auditor-General is the auditor of New Zealand Post Group Finance Limited (the Company). The Auditor-General has appointed me, Paul Clark, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of the Company on her behalf.

Opinion

We have audited the financial statements of the Company on pages 6 to 17, that comprise the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Company:

- present fairly, in all material respects:
  - its financial position as at 30 June 2015; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 27 August 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

pwc

Independent Auditor's Report

New Zealand Post Group Finance Limited

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the Company that comply with generally accepted accounting practice in New Zealand and New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

The Board of Directors' responsibilities arise from the State-Owned Enterprises Act 1986 and the Financial Markets Conduct Act 2013.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out assignments in the area of other assurance services, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with, or interests in, the Company or any of its subsidiaries.

Paul Clark
On behalf of the Auditor-General
Wellington, New Zealand

PricewaterhouseCoopers