MAN OM-IP AHL 2010

ANNUAL REPORT 2020 | LIMITED ARBN 143 292 675

CAPITAL GUARANTEE BY:

(Subject to the terms of the ANZ Guarantee as described in Section 5 and set out in Appendix A of the Prospectus)

Table of contents

Man OM-IP AHL 2010 Limited

(Liquidation basis)

Notice of Annual General Meeting

NOTICE is hereby given of the tenth Annual General Meeting of Man OM-IP AHL 2010 Limited (the "Company") to be held at Bermuda House, Tutakimoa Road, Avarua, Rarotonga, Cook Islands on Friday, 18th September 2020 at 2:10 pm to consider the following business.

1. To receive the audited accounts of the Company for the year ended 31 March 2020.
2. To receive the annual report of the performance of the Company for the year ended 31 March 2020.
3. To note that Michael Collins continue in office as director of the Company in accordance with the Articles of Association of the Company. David Smith resigned as a Director of the Company on 31 December 2019.
4. To note that Ernst & Young continue in office as auditor of the Company pursuant to the Cook Islands International Companies Act 1981-82.
5. Any other business.

A Shareholder who is entitled to attend and vote at the annual general meeting may appoint not more than two proxies to attend and vote at the meeting in place of the Shareholder. If two proxies are being appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. A proxy need not be a Shareholder of the Company.

Proxies are to be deposited not less than 48 hours before the time for holding the meeting with the Company c/o Asiaciti Trust Pacific Ltd, PO Box 822, Bermuda House, Tutakimoa Road, Avarua, Rarotonga, Cook Islands. Proxies may also be faxed to (682) 23385.

Holders of Redeemable Shares are entitled on a show of hands to one vote and on a poll to one vote for each share held.

Holders of Ordinary Shares are entitled on a show of hands to one vote and on a poll collectively have the right to cast that number of votes that is equal to 20% of the total number of votes that may be cast by Shareholders. A holder of an Ordinary Share can demand a poll.

DATED this 25th day of June 2020.

PENRHYN SECRETARIES LIMITED

as Resident Secretary by its Nominee:

OKIRUA TE OKOITU

Man

Report of the Directors

The Directors present the annual report of Man OM-IP AHL 2010 Limited (the "Company") incorporating the Financial Statements and Independent Auditor's Report for the year ended 31 March 2020.

Investment strategy

Launched in August 2010, the Company received subscriptions of 29,500,000 shares at a subscription price of AUD 1.00 each. The proceeds were divided into two parts with approximately 52.70% invested in Australian dollar denominated investments approved by the Australia and New Zealand Banking Group Limited (the "Security Deposit"). These investments will mature on or before 30 September 2020 (the "Maturity Date") with a realisable value of AUD 1.00 for each AUD 1.00 share (the "ANZ Guarantee"). The remaining proceeds, after payment of formation costs and the sales fee, were invested in Man OM-IP AHL 2010 Trading Limited (the "Trading Subsidiary") which commenced trading under the advice of Man Investments Limited in September 2010.

As part of the ANZ Guarantee, the Company undertakes to lock in a portion of net new trading profits (the "Rising Guarantee") to protect investors' gains for each financial year in which the trading capital of the Trading Subsidiary equals or exceeds 50% of the Company's aggregate net asset value as at the end of that financial year (the "trading capital target"). Once activated, the Company will purchase additional Security Deposits so that on the Maturity Date the ANZ Guarantee will increase by an amount equal to 50% of the Trading Subsidiary's net new trading profits for that financial year, after making good any prior years' losses calculated monthly on a per share basis.

The Company previously invested in the AHL Diversified Program and Man Investments Portfolio. As a result of a decline in trading capital and on the advice of FRM Investment Management Limited ("FRM"), the Company ceased trading in 1 April 2018 and moved its remaining trading capital into cash deposits. Effective 20 December 2019, Man Asset Management (Cayman) Limited ("CMC") (the "Manager") was appointed as the new manager of the Company. Investment management services currently performed by FRM (the "Existing Investment Manager") will be transferred by a way of delegation by CMC to Man Solutions Limited ("MSL") (the "New Investment Manager").

Financial performance

The net decrease in value attributable to Redeemable Shareholders resulting from operations for the year was AUD 163,363 (2019: AUD 8,000).

The Net Asset Value per Redeemable Share (calculated in accordance with the Company's offering documents) decreased by 0.73% (2019: 0.50%).

The ANZ Guarantee remains at AUD 1.0000 (2019: AUD 1.0000) per Redeemable Share held and will be redeemed on the Maturity Date.

Dividends

In accordance with the Company's policy on dividends, the Directors do not intend to declare a dividend.

Directors' interests

Mr. Collins and Mr. Smith each receive a directors' fee of USD 5,000 per annum. Mr. Smith, having resigned as a director of the Company on 31 December 2019, received USD 3,750.

The Directors are also entitled to reimbursement of expenses in attending general meetings of the Company and may be paid a per diem for each day of travel required to attend meetings.

The fees paid to Mr. Collins and Mr. Smith are included in the directors' fees in the statement of comprehensive income.

The Directors of the Company were directors of the Trading Subsidiary and might also be directors of companies into which the Trading Subsidiary may directly or indirectly invest, or directors of companies that provide services to such companies.

Auditor

Ernst & Young continue in office as auditor of the Company pursuant to the Cook Islands International Companies Act 1981-82.

Dated this 25th day of June 2020.

m. B. Collins

Michael Collins

Man OM-IP AHL 2010 Limited
(Liquidation basis)

Statement of financial position
As at 31 March 2020

	Notes	2020 AUD	2019 AUD
Current assets:			
Cash at bank	4	260,120	597
Investment in the Trading Subsidiary	5	–	438,267
Zero coupon deposits	5	4,036,031	4,493,070
Amounts receivable on sale of investments		64,605	34,162
Total current assets		4,360,756	4,966,096
Current liabilities:			
Liquidation fees	1	(92,894)	–
Accrued expenses	7	(77,684)	(67,871)
Total current liabilities (excluding net assets attributable to Redeemable Shareholders)		(170,578)	(67,871)
Net assets attributable to Ordinary and Redeemable Shareholders		4,190,178	4,898,225
Which are represented by:			
Liability to Redeemable Shareholders			
4,109,194 (2019: 4,638,503) Redeemable Shares with a Net Asset Value of AUD 1.0197 (2019: AUD 1.0559) each	8	4,190,173	4,898,220
Ordinary Shares			
5 (2019: 5) Ordinary Shares of AUD 1.0000 (2019: AUD 1.0000) each	8	5	5
		4,190,178	4,898,225

Approved and authorised for issue on behalf of the Board of Directors on 25th day of June 2020.

m. B. Collin

Director

The accompanying notes form an integral part of these financial statements.

Statement of changes in Redeemable Shareholders' interest
For the year ended 31 March 2020

	Note	2020 AUD	2019 AUD
Redeemable Shareholders' interest at the beginning of the year		4,898,220	9,209,780
Redemption of 529,309 (2019: 4,175,935) Redeemable Shares	8	(544,684)	(4,303,560)
Change in net assets attributable to Redeemable Shareholders for the year		(163,363)	(8,000)
Redeemable Shareholders' interest at the end of the year		4,190,173	4,898,220

Statement of changes in equity
For the year ended 31 March 2020

	Note	2020 AUD	2019 AUD
Ordinary Shareholders' interest at the beginning of the year		5	5
Profit and total comprehensive income for the year		–	–
Ordinary Shareholders' interest at the end of the year	8	5	5

The accompanying notes form an integral part of these financial statements.

Man OM-IP AHL 2010 Limited

(Liquidation basis)

Statement of comprehensive income
For the year ended 31 March 2020

	Notes	2020 AUD	2019 AUD
Income			
Net gain on zero coupon deposits	5	96,974	168,075
Interest income		1,711	–
Net loss on investment in the Trading Subsidiary	5	–	(13,849)
Total income		98,685	154,226
Expenses			
Liquidation fee	1	(92,894)	–
Registrar fees		(60,375)	(56,561)
Foreign exchange loss		(19,318)	–
Valuation fees	7	(18,330)	(17,136)
Audit fees		(18,084)	(12,175)
Guarantee fees		(13,626)	(15,090)
Directors' fees	7	(10,712)	(13,517)
Other expenses		(28,709)	(47,747)
Total expenses		(262,048)	(162,226)
Deficit for the year		(163,363)	(8,000)
Change in net assets attributable to Redeemable Shareholders for the year		163,363	8,000
Profit and total comprehensive income for the year		–	–

The accompanying notes form an integral part of these financial statements.

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Man OM-IP AHL 2010 Limited
(Liquidation basis)

Statement of cash flows
For the year ended 31 March 2020

	Notes	2020 AUD	2019 AUD
Cash flows from operating activities:			
Change in net assets attributable to Redeemable Shareholders for the year		(163,363)	(8,000)
Adjustments to reconcile change in net assets attributable to Redeemable Shareholders for the year to net cash (used in)/ provided by operating activities			
Items not involving cash and change in assets and liabilities:			
Net gain on zero coupon deposits	5	(96,974)	(168,075)
Net loss on investment in the Trading Subsidiary	5	–	13,849
Movement in amounts receivable on sale of investments		(30,443)	238,895
Movement in liquidation fees		92,894	–
Movement in accrued expenses		9,813	(10,878)
Net cash (used in)/provided by operating activities		(188,073)	65,791
Cash flows from investing activities:			
Net redemptions out of the Trading Subsidiary	5	438,267	492,842
Redemptions of zero coupon deposits	5	554,013	3,744,374
Net cash provided by investing activities		992,280	4,237,216
Cash flows from financing activities:			
Redemptions of Redeemable Shares	8	(544,684)	(4,303,560)
Net cash used in financing activities		(544,684)	(4,303,560)
Net change in cash and cash equivalents		259,523	(553)
Cash and cash equivalents at the beginning of the year		597	1,150
Cash and cash equivalents at the end of the year	4	260,120	597
Represented by:			
Cash at bank	4	260,120	597

The accompanying notes form an integral part of these financial statements.

1. General

Man OM-IP AHL 2010 Limited (the "Company") was incorporated under the Cook Islands International Companies Act 1981-82 on 25 March 2010 and formed for the purpose of generating medium to long term capital growth. The Company commenced trading in September 2010.

The Company held an investment in Man OM-IP AHL 2010 Trading Limited (the "Trading Subsidiary"), its wholly owned subsidiary, and the Australian dollar zero coupon deposits (the "Security Deposit") for the repayment to the Redeemable Shareholders upon maturity (the "Guaranteed Amount"). The Trading Subsidiary was incorporated under the Cook Islands International Companies Act 1981-82 on 25 March 2010.

The Trading Subsidiary previously invested in the AHL Diversified Program (the "AHL Program") until 31 March 2018. As the trading capital was at a level insufficient to continue trading, FRM Investment Management Limited ("FRM") determined on 14 February 2018 that it would be in the Company's best interest to cease trading and move the trading capital into cash deposits. This change in investment strategy was implemented on 1 April 2018.

The Company, subject to Cook Islands law, will redeem all outstanding Redeemable Shares on 30 September 2020 (the "Maturity Date").

In order to reduce annual running costs, the Trading Subsidiary was voluntarily struck off on 29 January 2020.

The registered office of the Company and the Trading Subsidiary is Bermuda House, Tutakimoa Road, Avarua, Rarotonga, Cook Islands.

The Company has no employees (2019: Nil).

In an effort to enhance the consistency of approach to service provision, the Directors proposed that the Company go through a change in its management structure (the "Restructuring"). The Restructuring, effective on 20 December 2019, introduced Man Asset Management (Cayman) Limited ("CMC") (the "Manager"), an indirect, wholly owned subsidiary and a management company under the Man Group, as the new manager of the Company - operating in accordance with the Man Group's current business plan, investment strategy, and compliance monitoring programme. Investment management services currently performed by FRM (the "Existing Investment Manager") will be transferred by a way of delegation by CMC to Man Solutions Limited ("MSL") (the "New Investment Manager"), also an indirect, wholly owned subsidiary of the Man Group. The Restructuring was based on the expectation that this will have no adverse operational impact on the Company.

Liquidation

In the prior year, the financial statements were prepared on a going concern basis.

The Company will reach its scheduled maturity date on 30 September 2020 and will terminate upon such date. As a result, the Company changed its basis of accounting from going concern basis to the liquidation basis of accounting, effective 31 March 2020.

All assets and liabilities are carried at amounts that materially equate to their realisable value and net settlement amount, respectively, as at 31 March 2020. Liquidation costs of AUD 92,894 (2019: Nil) have been accrued of which AUD 92,894 remained payable as at 31 March 2020 (2019: Nil).

2. Summary of significant accounting policies

The following are the significant accounting and reporting policies adopted by the Company:

a) Basis of preparation

The financial statements are prepared in accordance with the Cook Islands International Companies Act 1981-82, generally accepted accounting practice in New Zealand ("NZ GAAP") and the New Zealand Financial Reporting Act 1993. They have been prepared in full compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"). For the purpose of complying with NZ GAAP, the entity is a for-profit entity.

The financial statements have been prepared based on the realisable value of the assets and the settlement amount of liabilities.

b) Changes in accounting policies and disclosures

New standards, interpretations and amendments adopted by the Company:

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 March 2019, except for the adoption of the liquidation basis of accounting and adoption of new standards and interpretations effective on the dates described on the next page.

2. Summary of significant accounting policies (continued)

b) Changes in accounting policies and disclosures (continued)

New standards, interpretations and amendments adopted by the Company: (continued)

International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 23 – Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of International Accounting Standard ("NZ IAS") 12 Income Taxes and does not apply to taxes or levies outside the scope of NZ IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Company has adopted the interpretation on 1 April 2019. The adoption of the interpretation has had no impact on the financial statements of the Company.

At the date of authorisation of the financial statements there were a number of other standards and interpretations which were in issue but not yet effective. Management anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

c) Use of accounting judgements and estimates

The preparation of financial statements in accordance with NZ IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported and disclosures made in these financial statements and accompanying notes, including certain valuation assumptions. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in the future. In the process of applying the Company's accounting policies, the Company has made the judgement to classify Redeemable Shares as liabilities as discussed in Note 8. The Company also used estimates and assumptions in the fair value measurement of financial instruments as discussed in Note 5.

d) Revenue recognition

Interest income is recognised in the statement of comprehensive income on an accrual basis.

e) Assessment as investment entity

Entities that meet the definition of an investment entity within NZ IFRS 10 Consolidated Financial Statements are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

(i) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
(ii) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
(ii) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company's offering documents detail its objective of providing investment management services to investors which includes investing in a variety of investments for the purpose of generating medium to long term capital growth, as more fully explained in Note 1.

The Company reported to its investors via monthly investor information, and to its management, via internal management reports, on a fair value basis. All investments were reported at net realizable value to the extent allowed by NZ IFRS in the Company's annual reports.

As a result, the Company met the definition of an investment entity since the Company provided investment services. These conclusions were reassessed on an annual basis, if any of these criteria or characteristics changes.

f) Investment transactions

Investment transactions are recognised and derecognised on a trade date basis and accounted for at fair value. Gains and losses which arise from redemption of financial instruments and reflect movements between the initial cost and fair value are included in the statement of comprehensive income.

The fair value of financial instruments traded in active markets has been based on quoted market prices at year end. For all other financial instruments not traded in an active market, the fair value has been determined by using valuation techniques deemed to be appropriate in the circumstances.

2. Summary of significant accounting policies (continued)

f) Investment transactions (continued)

All realised and unrealised gains and losses on financial instruments are recognised as net loss on investment in the Trading Subsidiary and net gain on zero coupon deposits in the statement of comprehensive income. Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the financial period. At the Trading Subsidiary level, realised gains and losses represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments). The cost of securities sold is accounted for on a first in-first out basis.

g) Valuation of financial assets and liabilities

In accordance with NZ IFRS 9 Financial Instruments: Classification and Measurement, the Company classifies its financial assets and liabilities at initial recognition into the categories of financial assets and liabilities as discussed below.

Financial assets or liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term.

Financial assets or liabilities designated by management at fair value through profit or loss at initial recognition include financial assets or liabilities that are not held for trading. These financial assets and liabilities ("financial instruments") are designated upon initial recognition on the basis that they are part of a group of financial instruments which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company. The financial information about these financial instruments is provided internally on that basis to the Existing Investment Manager.

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of investments are recognised on the trade date, which is the date on which the Company commits to purchase or sell the asset. Financial instruments at fair value through profit or loss are initially recognised at fair value. All transaction costs for such instruments are recognised directly in the statement of comprehensive income.

After initial measurement, the Company measures financial instruments, which are classified as at fair value through profit or loss, at their fair values. Subsequent to the adoption of the liquidation basis of accounting, financial instruments are valued at net realisable value which approximated the fair value as of the date of adoption of the liquidation basis of accounting.

Zero coupon deposits

The zero coupon deposits are initially valued at cost which is the fair value of the investment and are then carried at fair value at year end. The fair value is the market value of the zero coupon deposits using zero coupon deposit revaluation methodologies which take into account current interest rates and the time to maturity. Movements in fair value are included in the statement of comprehensive income.

The zero coupon deposits have also been classified as financial assets at fair value through profit or loss. The Company has designated the zero coupon deposits as such on inception, because they are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial assets on a fair value basis. Subsequent to the adoption of the liquidation basis of accounting, the zero coupon deposits were valued at net realisable value.

Investment in the Trading Subsidiary

Investment in the Trading Subsidiary had been classified as financial assets at fair value through profit or loss.

The investment in the Trading Subsidiary was stated at fair value through profit or loss in the financial statements of the Company. The fair value was based on the latest available redemption price of the Trading Subsidiary's Redeemable Shares, as determined by the Trading Subsidiary's administrator. Management reviewed the details of the reported information and considered:

- the liquidity of the Company's investment in the Trading Subsidiary or its underlying investments;
- the value date of the NAV provided; and
- any restriction on redemptions.

If necessary, the Company made adjustments to the NAV of the Trading Subsidiary to obtain the best estimate of fair value. Net loss on investment in the Trading Subsidiary in the statement of comprehensive income included the change in fair value of the Trading Subsidiary.

2. Summary of significant accounting policies (continued)

h) Amounts receivable on sale of investments

Amounts receivable on sale of investments include receivables for securities sold that have been contracted for but not yet settled at the end of the reporting year.

i) Offsetting financial instruments

The Company may offset financial assets and liabilities when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. Financial assets and liabilities which are offset are reported at their net amount in the statement of financial position. As at 31 March 2020 and 31 March 2019, no financial assets and liabilities are offset in the statement of financial position.

j) Functional and presentational currency

The Company seeks to generate returns measured in Australian dollars ("AUD"), its capital-raising currency. The liquidity of the Company is managed on a day-to-day basis in AUD in order to handle the issue and redemption of the Company's Redeemable Shares. The Company's performance is also evaluated in AUD. Therefore, as the AUD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions, the Company's functional and presentational currency is the AUD.

k) Foreign currency

Transactions during the year denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange in effect at the date of the statement of financial position. For investment transactions and investments held at the year end denominated in foreign currency, the resulting gains or losses are included in the net loss on investment in the Trading Subsidiary and net gain on zero coupon deposits in the statement of comprehensive income. All other foreign currency gains and losses are included in the net loss on investment in the Trading Subsidiary and foreign exchange loss in the statement of comprehensive income.

l) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

m) Redeemable Shares

Redeemable Shares have been categorised as a financial liability carried at NAV as they are redeemable on the Maturity Date, or at the request of the investor.

n) Reclassification of prior year comparative figures

Certain prior year comparatives have been reclassified to conform to the current year's presentation. The changes made were due to the following:

- Offsetting of the Payable to Trading Subsidiary balance, previously presented as a separate line item, to the Receivable from the Company balance, previously included as part of the Investment in the Trading Subsidiary; and
- Reclassification of valuation fees, previously included as part of Other expenses, as a separate line item.

3. Taxation

The Company is registered under the Cook Islands International Companies Act 1981-82, and as such, no taxation is payable.

4. Cash at bank

At the year end, balances disclosed as cash at bank amounting to AUD 260,120 (2019: AUD 597) were held with Australia and New Zealand Banking Group Limited ("ANZ"), Deutsche Bank AG ("DB"), and Royal Bank of Scotland International Ltd ("RBS").

As at 31 March 2020 and 31 March 2019, there are no collateral balances held with brokers.

5. Financial assets at fair value through profit or loss

The following table summarises financial assets at fair value through profit or loss as at 31 March:

	Fair value 2020 AUD	Fair value 2019 AUD
Financial assets at fair value through profit or loss		
Investment in the Trading Subsidiary	–	438,267
Zero coupon deposits	4,036,031	4,493,070
Total financial assets at fair value through profit or loss	4,036,031	4,931,337

No financial assets have been pledged as collateral for the year ended 31 March 2020 or 31 March 2019.

Zero coupon deposits

The zero coupon deposits will mature on 30 September 2020; however, zero coupon deposits are periodically redeemed to facilitate payments to investors who redeem their Redeemable Shares. The face value at maturity of the zero coupon deposits held as at 31 March 2020 was AUD 4,044,454 (2019: AUD 4,603,501). Total redemptions of zero coupon deposits for the year ended 31 March 2020 were AUD 554,013 (2019: AUD 3,744,374). The net gain from these redemptions and from the changes in the fair values of the zero coupon deposits amounted to AUD 96,974 (2019: AUD 168,075).

Investment in the Trading Subsidiary

Trading Subsidiary

Interest held:	100%
Principal activities:	Investment in futures, foreign exchange markets and funds.
Year end:	31 March
Country of incorporation:	Cook Islands
Date struck off:	29 January 2020

Investment in the Trading Subsidiary was recorded at fair value through profit or loss.

Net loss on investment in the Trading Subsidiary, which is recognised in the statement of comprehensive income is comprised of the following items incurred at the Trading Subsidiary level.

	2020 AUD	2019 AUD
Interest income	–	3,180
Foreign exchange loss	–	(16,262)
Net gain on investments	–	3,367
Interest expense	–	(4,134)
Net loss on investment in the Trading Subsidiary	–	(13,849)

Investments held by the Trading Subsidiary

The Company and the Trading Subsidiary operated as an integrated structure. Total net redemptions made by the Company out of the Trading Subsidiary during the year ended 31 March 2020 were AUD 438,267 (2019: AUD 492,842). As at 31 March 2020 and 31 March 2019, there were no capital commitment obligations and no amounts due to the Trading Subsidiary for unsettled purchases.

The Trading Subsidiary allowed redemptions of the shares, as outlined in the offering documents, mainly for the purpose of making payments due on redemption of the Company's shares.

5. Financial assets at fair value through profit or loss (continued)

Fair value of financial assets

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in determining the measurements in line with NZ IFRS 13 Fair Value Measurement.

The Company has an established framework with respect to the measurement of fair values. This includes a periodic review of all significant fair value measurements, including Level 3 fair values.

The Existing Investment Manager regularly reviews significant unobservable inputs and valuation adjustments (if any). If third party information is used to measure fair values, they assess the evidence obtained from the third parties to support the conclusion such that valuations meet the requirements of NZ IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The fair value hierarchy has the following levels:

- Level 1 – Quoted market price in an active market for an identical instrument.
- Level 2 – Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of zero coupon deposits included in Level 2 is determined using zero coupon deposit revaluation methodologies by reference to the market interest rates and the time to maturity.

The fair value of investment in the Trading Subsidiary included in Level 3 was determined using the NAV of the Trading Subsidiary, as determined by the Trading Subsidiary's administrator.

The following is a summary of the classification within the fair value hierarchy for the Company's financial instruments carried at fair value as at 31 March 2020:

	Level 2 AUD	Level 3 AUD	Total AUD
Financial assets at fair value through profit or loss			
Zero coupon deposits	4,036,031	–	4,036,031
Total financial assets at fair value through profit or loss	4,036,031	–	4,036,031

The following is a summary of the classification within the fair value hierarchy for the Company's financial instruments carried at fair value as at 31 March 2019:

	Level 2 AUD	Level 3 AUD	Total AUD
Financial assets at fair value through profit or loss			
Investment in the Trading Subsidiary	–	438,267	438,267
Zero coupon deposits	4,493,070	–	4,493,070
Total financial assets at fair value through profit or loss	4,493,070	438,267	4,931,337

Investments are reviewed at each financial year end to ensure that they are correctly classified between Levels 2 and 3 in accordance with the fair value hierarchy outlined on the previous page. Where investments' characteristics have changed during the year and no longer meet the criteria of a given level, they are transferred into a more appropriate level at the end of the relevant financial reporting period. For the years ended 31 March 2020 and 31 March 2019, there were no transfers between levels.

5. Financial assets at fair value through profit or loss (continued)

Fair value of financial assets (continued)

A reconciliation of movements in Level 3 assets for the years ended 31 March 2020 and 31 March 2019 is set out below:

	2020 AUD	2019 AUD
Balance at the beginning of the year	438,267	944,958
Net redemptions out of the Trading Subsidiary	(438,267)	(492,842)
Net loss on investment in the Trading Subsidiary	–	(13,849)
Balance at the end of the year	–	438,267

While NAV, as valued according to the underlying funds' valuation methodology, in most cases is deemed to represent the fair value of the investments, in some cases immediate liquidity could only be achieved on the secondary market at a discount to NAV. Depending on multiple factors, such as supply and demand, high return expectations of prospective liquidity providers and other subjective estimates, as well as transaction considerations and interim distributions, these discounts may be significant. Until an actual trade is executed, however, secondary market bids or estimates remain indicative only and subject to change, may over or under represent the price that can be achieved in a structured and competitive process, and may only represent a single and not necessarily sustainable snapshot of the secondary market. Similarly, traded prices may or may not be replicable, depending on multiple factors which are subject to change.

The fair value of financial assets at fair value through profit or loss classified within Level 3 was based on unobservable inputs that may be subject to significant variability. Because of the inherent uncertainty of valuation with respect to such financial assets at fair value through profit or loss, the Company's estimates of fair value may differ significantly from fair values that would have been used had observable inputs been available for the valuation of such financial assets at fair value through profit or loss, and the differences could be material.

Asset description	Fair value at 31 March 2019 AUD	Valuation technique	Unobservable input
Investment in the Trading Subsidiary	438,267	NAV of the Trading Subsidiary	NAV of the Trading Subsidiary

A sensitivity analysis is not presented as a change in the NAV per Redeemable Share of the Company is a function (and identical) to the NAV per share of the Trading Subsidiary.

6. Financial risk management

The Company's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The most important types of financial risks to which the Company is exposed are interest rate risk, currency risk, credit risk and liquidity risk. The Company manages these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies.

The nature and extent of the financial instruments outstanding at the date of the statement of financial position and the risk management policies employed by the Company are discussed below.

Overall risk management

In order to achieve the Company's investment objectives, the Company sought to take on a certain level of financial risk.

The Company sought to generate returns through investing in the AHL Program, managed by AHL Partners LLP ("AHL LLP"). AHL LLP is affiliated with the Existing Investment Manager.

The Existing Investment Manager previously distinguished between two primary risk levels, which were risks at the Company level and risks at the level of underlying investments held within the Trading Subsidiary. Accordingly, the Existing Investment Manager had implemented procedures to manage risks associated with both the Company level and its underlying investments of the Trading Subsidiary.

6. Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following borrowings and receivables bear interest at floating commercial rates and hence are sensitive to changes in interest rates: cash at banks held with ANZ, DB and RBS and the zero coupon deposits held with ANZ.

The Existing Investment Manager is responsible for managing the interest rate risk of the Company's investments.

The following tables detail the Company's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

As at 31 March 2020

	Less than 12 months AUD	12-less than 48 months AUD	More than 48 months AUD	Not exposed to interest rate risk AUD	Total AUD
Current assets:					
Interest earning assets					
Cash at bank	260,120	–	–	–	260,120
Zero coupon deposits	4,036,031	–	–	–	4,036,031
Non-interest earning assets					
Amounts receivable on sale of investments	–	–	–	64,605	64,605
Total current assets	4,296,151	–	–	64,605	4,360,756
Current liabilities:					
Non-interest bearing liabilities					
Liquidation fees	–	–	–	(92,894)	(92,894)
Accrued expenses	–	–	–	(77,684)	(77,684)
Total current liabilities (excluding net assets attributable to Redeemable Shareholders)	–	–	–	(170,578)	(170,578)
Net assets attributable to Ordinary and Redeemable Shareholders	4,296,151	–	–	(105,973)	4,190,178

6. Financial risk management (continued)

Interest rate risk (continued)

As at 31 March 2019

	Less than 12 months AUD	12-less than 48 months AUD	More than 48 months AUD	Not exposed to interest rate risk AUD	Total AUD
Current assets:					
Interest earning assets					
Cash at bank	597	–	–	–	597
Zero coupon deposits	–	4,493,070	–	–	4,493,070
Non-interest earning assets					
Investment in the Trading Subsidiary	–	–	–	438,267	438,267
Amounts receivable on sale of investments	–	–	–	34,162	34,162
Total current assets	597	4,493,070	–	472,429	4,966,096
Current liabilities:					
Non-interest bearing liabilities					
Accrued expenses	–	–	–	(67,871)	(67,871)
Total current liabilities (excluding net assets attributable to Redeemable Shareholders)	–	–	–	(67,871)	(67,871)
Net assets attributable to Ordinary and Redeemable Shareholders	597	4,493,070	–	404,558	4,898,225

The following analysis represents an estimate of the effect on net assets due to reasonably possible changes in the level of interest rates, with all other variables held constant. In practice, the actual trading results may differ from the sensitivity analysis and the difference could be material.

The following tables detail the effect on net assets should interest rates have increased/decreased by 50 basis points (bps) with all other variables remaining constant, assuming that a 50 bps increase/decrease in the base interest rate would result in a correlating 50 bps increase/decrease in the value of net assets. In reality, an increase/decrease of 50 bps would not result in a direct correlating increase/decrease in the fair value of net assets, as the movement in the value of net assets would depend on the individual asset class and/or market sentiment towards any sensitivity in the interest rate. The volatility measures presented in the market risk section capture, among all other variables, these actual interest rate sensitivities.

As at 31 March 2020

	Less than 12 months AUD	12-less than 48 months AUD	More than 48 months AUD	Not exposed to interest rate risk AUD	Total AUD
Net assets after 50 bps increase	4,317,632	–	–	(105,973)	4,211,659
Net assets after 50 bps decrease	4,274,670	–	–	(105,973)	4,168,697

As at 31 March 2019

	Less than 12 months AUD	12-less than 48 months AUD	More than 48 months AUD	Not exposed to interest rate risk AUD	Total AUD
Net assets after 50 bps increase	600	4,515,535	–	404,558	4,920,693
Net assets after 50 bps decrease	594	4,470,605	–	404,558	4,875,757

6. Financial risk management (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has no non-AUD denominated investments and therefore not exposed to currency risk.

As at 31 March 2020 and 31 March 2019, the Company's assets and liabilities are predominantly in AUD and the Company does not have significant exposure to foreign currency risk, and accordingly, no sensitivity analysis is presented. As part of the Company's investment strategy, the Company may periodically hold investments denominated in foreign currencies.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company.

The Company's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations as at 31 March 2020 and 31 March 2019 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

The significant exposures are to the banks, ANZ, DB and RBS and the guarantor, ANZ.

The Existing Investment Manager performs due diligence on all counterparties before they become a service provider or counterparty to the Company, and credit quality checks are part of this process. The credit quality of the Company's bank and the guarantor is regularly monitored and factored into allocation decisions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities or equity that are settled by delivering cash or cash equivalents.

The Company is exposed to cash redemptions of its Redeemable Shares on a regular basis. Redeemable Shares are redeemable at the holder's option based on the Company's NAV per Redeemable Share at the time of redemption.

The Company manages its obligation to repurchase the Redeemable Shares when required to do so and its overall liquidity risk by:

- Requiring a 2 week notice period before the first business day in each calendar month or such other day as the directors of the Company may from time to time determine (the "Dealing Day") as per the offering documents; and
- Allowing for redemptions to be paid on or about 25 business days following the relevant Dealing Day as per the offering documents.

The Company's policy is to satisfy redemption requests by a combination of the following:

- Redemption of the Security Deposit and use of cash; and
- Disposal of liquid assets.

With the elimination of the Company's investment exposure since 1 April 2018, its liquidity risk is now minimised. All the remaining capital is either cash or readily realisable to cash.

The following tables detail the Company's liquidity analysis for its financial liabilities. The tables have been drawn up based on the contractual maturity of the undiscounted net cash flows on the financial liabilities that settle on a net basis and the undiscounted gross cash flows on those financial liabilities that require gross settlement.

As at 31 March 2020

	Less than 1 month AUD	1-less than 3 months AUD	3-less than 12 months AUD	More than 1 year AUD	Total AUD
Liquidation fees	92,894	–	–	–	92,894
Accrued expenses	77,684	–	–	–	77,684
Redeemable Share	66,100	–	4,124,073	–	4,190,173
Total current liabilities	236,678	–	4,124,073	–	4,360,751

6. Financial risk management (continued)

Liquidity risk (continued)

As at 31 March 2019

	Less than 1 month AUD	1-less than 3 months AUD	3-less than 12 months AUD	More than 1 year AUD	Total AUD
Accrued expenses	67,871	–	–	–	67,871
Redeemable Share	261,809	4,636,411	–	–	4,898,220
Total current liabilities	329,680	4,636,411	–	–	4,966,091

The tables above and on the previous page represent the Company's contractual maturities for the listed financial liabilities and are not reflections of expected maturity of financial liabilities as historical experience has shown that the majority of investors intend to hold the Redeemable Shares until maturity. Redemptions requested by Redeemable Shareholders prior to the Maturity Date are recognised when a legal obligation arises, being the first business day of the calendar month following receipt of the request.

7. Related party transactions

The Manager, Existing Investment Manager, New Investment Manager, Man Investments Australia Limited ("MIAL") (the "Sponsor"), Man Investments AG (the "Marketing Advisor" and a provider of a credit facility), AHL Partners LLP (the "Introducing Broker") and Man Valuation Services Limited (the "Valuation Agent") are related parties as they are all subsidiaries or associates of the Man Group. Man Group means Man Group plc and all or any of its subsidiaries and associates, as the context requires.

Man Group plc companies are also involved, in varying capacities, in the management of the AHL Portfolio investments in which the Trading Subsidiary has invested.

Master Multi-Product Holdings Limited ("MMPHL"), a Bermuda incorporated company, is a related party through its 100% holding of all the Management Shares in the Company. MMPHL shared a director in common with the Company. The intermediate controlling party of the Company is therefore MMPHL. Michael Collins is a director of MMPHL and the Company.

Expenses paid to and year end balances with these companies are disclosed below.

Related party transactions	2020 AUD	2019 AUD
Directors' fees	10,712	13,517
Expenses paid to Man Valuation Services Limited:		
Valuation fees	18,330	17,136

As at 31 March 2020, included in accrued expenses of the Company are amounts due to related parties for unpaid fees of AUD 5,432 (2019: AUD 15,266). No debts with related parties have been written off or forgiven during the year (2019: Nil).

All transactions with related parties were priced on an arm's length/market basis.

8. Ordinary and Redeemable Shares

8.1 Ordinary Shares

The Company has an authorised share capital of AUD 500,000,000 comprising 5 Ordinary Shares of par value AUD 1.00 each, and 499,999,995 Redeemable Shares of par value AUD 1.00 each.

The Ordinary Shares carry the rights to approximately 20% of total votes, whereas the Redeemable Shares as a class carry the right to approximately 80% of the votes cast by all shareholders. The holders of the Ordinary Shares have no rights to dividends nor to share in the profits and surplus assets of the Company.

8. Ordinary and Redeemable Shares (continued)

8.2 Redeemable Shares

	2020 AUD	2019 AUD
Authorised		
499,999,995 Redeemable Shares of AUD 1.00 each	499,999,995	499,999,995

	2020	2019
Issued and fully paid		
Opening balance	4,638,503	8,814,438
Redeemed	(529,309)	(4,175,935)
Closing balance	4,109,194	4,638,503

All Redeemable Shares will be redeemed on 30 September 2020 at a value equal to the NAV per Redeemable Share on that date. However, by giving two weeks' notice in writing, Redeemable Shares can be redeemed on the first business day of any month, subject to the terms as set out in the offering documents.

The Company's capital represented by Redeemable Shares is shown in the statement of financial position as a 'Liability to Redeemable Shareholders'.

The Company has certain restrictions on the redemptions of Redeemable Shares, as outlined in the offering documents. The relevant movements are shown in the statement of changes in Redeemable Shareholders' interest. In accordance with the objectives outlined in the corporate information, accounting policies and the financial risk management policies in Note 6, the Company endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

Capital management

As a result of the ability to redeem Shares, the capital of the Company can vary depending on the demand for redemptions from the Company. The Company is not subject to externally imposed capital requirements and has no restrictions on the redemption of Shares other than those set out in the Company's offering documents.

Prior to the adoption of the liquidation basis of accounting, the Company's objective for managing capital was to maximise the returns of capital to investors on a timely basis.

Refer to Note 6, 'Financial risk management', for the policies and processes applied by the Company in managing its capital.

Reconciliation to NAV

There is a difference between the NAV as per the financial statements and the NAV for valuation and redemption purposes, calculated in accordance with the Company's offering documents in the current and prior year.

The Company has under accrued audit fees for the year ended 31 March 2020.

The Company has accrued for the year ended 31 March 2019 certain future maturity costs in order to limit the impact on investors where the trading capital of the Company may decrease below a certain level. The accrual of costs for future periods is not permissible under NZ IFRS and has not been expensed for the purpose of these financial statements.

The Company has over accrued the expenses for audit fees and directors' fees for the year ended 31 March 2019.

8. Ordinary and Redeemable Shares (continued)

Reconciliation to NAV (continued)

A reconciliation between the NAV as per the financial statements and the NAV per Redeemable Share for valuation and redemption purposes as at 31 March is as follows:

	2020 AUD	2019 AUD
NAV per financial statements:		
4,109,194 (2019: 4,638,503) Redeemable Shares with a NAV per Redeemable Share of AUD 1.0197 (2019: AUD 1.0559)	4,190,173	4,898,220
Less: Maturity costs recognised in advance	–	(105,686)
Under (over) accrual of accrued expenses	5,417	(21,490)
NAV per monthly valuation:		
4,109,194 (2019: 4,638,503) Redeemable Shares with a NAV per Redeemable Share of AUD 1.0210 (2019: AUD 1.0285)	4,195,590	4,771,044

Risk of unauthorised payments to non-shareholders

During the preparation of the financial statements for the year ended 31 March 2019, the directors were made aware of a risk of unauthorised payments to non-shareholders that may purport to be either redemptions to redeemable shareholders or payments of maturity proceeds to shareholders. Following the Company's investigation into the matter, at this time, no unauthorised payments have been identified, but the directors cannot rule out the possibility of unauthorised payments having occurred. Man Investments Australia Limited has stated its intention to ensure that neither the Company's past nor its current shareholders are affected by unauthorised payments, either by way of making payment directly to the shareholder or by reimbursement to the Company. It is not possible to quantify the possible effect, if any, of unauthorised transactions and accordingly, the financial statements do not include any adjustments relating to this matter. The existence of this matter creates a significant uncertainty relating to the presentation of the financial statements of the Company as at 31 March 2020.

9. Subsequent events

Rising guarantee

In accordance with the offering documents, the Company will purchase additional zero coupon deposits to increase the ANZ Guarantee at maturity by an amount equal to 50% of any net new trading profits after making good any prior years' losses calculated monthly on a per share basis.

Since year end date, no zero coupon deposits have been purchased (2019: Nil).

Accordingly, the ANZ Guarantee at maturity remains at AUD 1.0000 (2019: AUD 1.0000) per Redeemable Share held.

COVID-19 Outbreak

The Directors and the New Investment Manager acknowledge the current outbreak of COVID-19 which is causing economic disruption in most countries and its potentially adverse economic impact on the issuers of the instruments in which the Company invests. This is an additional risk factor which could impact the operations and valuation of the Company's assets after the year end.

The New Investment Manager is actively monitoring developments closely. Given the nature of the outbreak and the on-going developments, there is a high degree of uncertainty and it is not possible at this time to predict the extent and nature of the overall future impact on the Company.

Subsequent to their assessment at the end of the reporting year and up to the date of sign off, the Directors and the New Investment Manager have concluded that the developments in global financial markets due to COVID-19 did not result in adjustments to the financial statements.

There have been no subsequent events after the year end date that impact the Company and require disclosure in the financial statements.

10. Commitments and contingencies

There were no contingent liabilities or commitments as at year end (2019: Nil).

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Independent Auditor's Report to the Shareholders of Man OM-IP AHL 2010 Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Man OM-IP AHL 2010 Limited ("the Company") on pages 5 to 21, which comprise the statement of financial position of the Company as at 31 March 2020, and the statement of comprehensive income, statement of changes in redeemable shareholders' interest, statement of changes in equity and statement of cash flows for the year then ended of the Company, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 5 to 21 give a true and fair view of the financial position of the Company as at 31 March 2020 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with Professional and Ethical Standard 1 (revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Company.

Emphasis of Matter – Risk of Unauthorised Payments to Non-shareholders

As disclosed in Note 8, during the preparation of the financial statements for the year ended 31 March 2019, the directors were made aware of a risk of unauthorised payments to non-shareholders that may purport to be either redemptions to redeemable shareholders or payments of maturity proceeds to shareholders. Following the Company's investigation into the matter, at this time, no unauthorised payments have been identified, but the directors cannot rule out the possibility of unauthorised payments having occurred. Man Investments Australia Limited has stated its intention to ensure that neither the Company's past nor its current shareholders are affected by unauthorised payments, either by way of making payment directly to the shareholder or by reimbursement to the Company. It is not possible to quantify the possible effect, if any, of unauthorised transactions and accordingly, the financial statements do not include any adjustments relating to this matter. The existence of this matter creates a significant uncertainty relating to the presentation of the financial statements of the Company as at 31 March 2020.

Emphasis of Matter - Basis of Preparation of the Financial Statements

The financial statements have been prepared on a cessation basis as described in Note 2. This basis differs from the normal convention in that financial statements are usually prepared on the basis that the company will carry on business as a going concern. Under the cessation basis, the financial statements include adjustments to the net book value of assets, reducing them to the amounts expected to be realised, together with additional provisions and liabilities which will arise as a result of the company ceasing to trade. Note 1 outlines the adjustments required as a result of the company ceasing to trade.

Our opinion is not qualified in respect of these matters.

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Information Other Than the Financial Statements and Auditor's Report

The directors of the Company are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements that comply with generally accepted accounting practice in New Zealand, as defined in the Financial Reporting Act 1993, and in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (New Zealand), the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit 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.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concludes on the appropriateness of management's use of the going concern basis of accounting. When such use is inappropriate, and management uses an alternative basis of accounting, we conclude on the appropriateness of management's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Report on the Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by the Company as far as appears from our examination of those records.

Ernst & Young

Chartered Accountants
Auckland
1 July 2020

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