26 November 2013

Market Information
NZX Limited
Level 2, NZX Centre
11 Cable Street
PO Box 2959
Wellington
New Zealand

TOWER Capital Limited preliminary announcement for year ended 30 September 2013

Attached are the following documents in relation to the year ended 30 September 2013:

1. NZX Appendix 1
2. Financial Statements (including Independent Auditors' Report)

Michael Boggs
Chief Financial Officer
TOWER Limited
ARBN 088 481 234 Incorporated in New Zealand

For further information, please contact:
Tracey Palmer
Head of Corporate Communications
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FULL YEAR PRELIMINARY ANNOUNCEMENTS AND FULL YEAR RESULTS

RESULTS FOR ANNOUNCEMENT TO THE MARKET

TOWER CAPITAL LIMITED	
Reporting Period	12 months to 30 September 2013
Previous Reporting Period	12 months to 30 September 2012

	Amounts (000s)	Percentage change
Revenue from ordinary activities	NZ$ 8,176	No change
Net profit from ordinary activities after tax attributable to shareholders	NZ$ 292	15.4% decrease
Net profit attributable to shareholders	NZ$ 292	15.4% decrease

Final Dividend	Amount per security	Imputed amount per security
	Not proposed to pay a dividend	
Record Date	Not applicable	
Dividend Payment Date	Not applicable	

Comments	TOWER Capital Limited is a subsidiary of TOWER Limited. On 24 March 2009, the company issued fixed rate senior unsecured bonds with a face value of $81,759,000 and a fixed rate interest coupon of 8.5%. The bonds are repayable on 15 April 2014.

Refer attached 2013 audited Financial Statements for TOWER Capital Limited for more detailed analysis and explanation.

TOWER Limited Level 11 22 Fanshawe Street, Auckland
PO Box 90347 Auckland New Zealand Tel (+64) 9 369 2000 Fax (+64) 9 369 2160

TOWER CAPITAL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

TOWER CAPITAL LIMITED
FINANCIAL STATEMENTS
For the year ended 30 September 2013

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TOWER CAPITAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2013

	Note	2013 $000	2012 $000
Investment revenue			
Interest income	4	8,176	8,176
Total investment revenue		8,176	8,176
Operating expenses			
Operating expenses		21	20
Total operating expenses		21	20
Financing costs			
Interest expense		6,950	6,950
Amortisation of capitalised costs		800	727
Total financing costs		7,750	7,677
Profit before tax		**405**	**479**
Income tax expense	5(a)	(113)	(134)
Total profit and comprehensive income for the year attributed to shareholders		**292**	**345**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

TOWER CAPITAL LIMITED
BALANCE SHEET
As at 30 September 2013

	Note	2013	2012
		$000	$000
ASSETS			
Cash and cash equivalents		461	-
Related party receivables	6	84,489	84,641
Deferred tax asset	5(b)	2	-
TOTAL ASSETS		**84,952**	**84,641**
LIABILITIES			
Bank overdraft		-	558
Interest bearing liabilities	7	82,791	81,990
Deferred tax liabilities	5(b)	120	344
TOTAL LIABILITIES		**82,911**	**82,892**
NET ASSETS		**2,041**	**1,749**
EQUITY			
Retained earnings		2,041	1,749
TOTAL EQUITY		**2,041**	**1,749**

The financial statements were approved for issue by the Board on 26 November 2013.

Michael P Stiassny
Chairman

Graham R Stuart
Director

The above balance sheet should be read in conjunction with the accompanying notes.

TOWER CAPITAL LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2013

	TOTAL EQUITY Retained earnings	
	2013	**2012**
	$000	$000
Retained earnings		
At the beginning of the year	1,749	1,404
Comprehensive income for the year		
Profit for the year	292	345
At the end of the year	**2,041**	**1,749**

STATEMENT OF CASH FLOWS
For the year ended 30 September 2013

	Note	2013	2012
		$000	$000
Cash flows from operating activities			
Interest received		8,176	8,176
Interest paid		(6,950)	(6,950)
Payments to suppliers and employees		(359)	(730)
Net cash inflow from operating activities	13	**867**	**496**
Cash flows from investing activities			
Net advances to related parties		152	(2,007)
Net cash inflow/(outflow) from investing activities		**152**	**(2,007)**
Net increase/(decrease) in cash and cash equivalents		**1,019**	**(1,511)**
Cash and cash equivalents at the beginning of the year		(558)	953
Cash and cash equivalents at the end of the year		**461**	**(558)**

The above statements of changes in equity and cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial report are set out below.

TOWER Capital Limited ('the Company') is a profit-oriented company incorporated and domiciled in New Zealand. The Company was incorporated to undertake an issue of debt securities with the purpose of on-lending the proceeds within the TOWER Limited consolidated Group (the 'TOWER Group'). The address of its registered office is 22 Fanshawe Street, Auckland, New Zealand.

BASIS OF PREPARATION
This general purpose financial report has been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). It complies with the New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable financial reporting standards as appropriate for profit-oriented entities.

Compliance with International Financial Reporting Standards

The financial statements and notes of TOWER Capital Limited comply with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis with any exceptions noted in the accounting policies below.

The Company's owners or others do not have the power to amend the financial statements after they have been authorised for issue.

SPECIFIC ACCOUNTING POLICIES

(a) INVESTMENT REVENUE
Interest income is recognised on an effective interest method basis.

(b) EXPENSES
Expenses are recognised in the period they are incurred.

(c) FINANCING COSTS
Financing costs include interest on external debt and the amortisation of transaction costs and are recognised on an effective interest method basis.

(d) TAXATION
(i) Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(ii) Deferred tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on the tax rates enacted or substantively enacted for each jurisdiction. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(iii) Tax consolidation
TOWER Capital Limited is part of the New Zealand tax consolidated group of which TOWER Limited is the head entity. All members of the tax consolidated group are jointly and severally liable for the tax liabilities of the group.

(iv) Income tax expense
The income tax expense is the tax payable on taxable income for the current period, based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

(e) GST
All revenues, expenses and certain assets are recognised net of goods and services taxes (GST) except where the GST is not recoverable. In these circumstances the GST is included in the related asset or expense. Receivables and payables are reported inclusive of GST. The net GST payable to or recoverable from the tax authorities as at balance date is included as a receivable or payable in the balance sheet.

Cash flows are included in the statement of cash flows on a net basis to the extent that the GST is not recoverable and has been included in the expense or asset.

(f) FUNCTIONAL AND PRESENTATION CURRENCY
The financial statements are presented in the currency of the primary economic environment in which the Company operates, being New Zealand dollars.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) FINANCIAL INSTRUMENTS AND FAIR VALUE

The Company classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are recognised at settlement date, which is the date that the assets are delivered or received.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The Company's loans and receivables comprise related party receivables and cash and cash equivalents in the balance sheet. Loans and receivables are measured initially at fair value plus transactions costs and subsequently at amortised cost using the effective interest method less any impairment.

(i) IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the asset have been impacted as a result of one or more events that occurred after the initial recognition of the financial asset.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets' carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. For all financial assets, the carrying amount is reduced by the impairment loss directly.

A previously recognised impairment loss is reversed when, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was initially recognised.

In respect of financial assets carried at amortised cost, with the exception of trade receivables, the impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. Subsequent recoveries of trade receivables previously written off are credited against the allowance account.

(j) INTEREST BEARING LIABILITIES

Interest bearing debt is initially measured at fair value, net of transaction costs incurred, and is subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of borrowings is recognised over the term of the borrowings.

(k) PAYABLES

These amounts represent liabilities for goods and services provided prior to the end of the financial year which are unsettled. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) PROVISIONS

Provisions are only recognised when the Company has a present legal or constructive obligation as a result of a past event or decision, and it is more likely than not that an outflow of resources will be required to settle the obligation. Provisions are recognised at the best estimate of future cash flows discounted to present value where the effect is material.

(m) CONTRIBUTED EQUITY

Ordinary shares issued by the Company are classified as equity and are recognised at fair value less direct issue costs.

(n) CASH FLOWS

The statement of cash flows presents the net cash flows for advances to related parties. The Company considers that knowledge of gross receipts and payments is not essential to understanding the activities of the Company and it is considered acceptable to report only the net cash flows for these items. This is based on the fact that either the turnover of these items is quick, the amounts are large, and the maturities are short.

(o) SEGMENT REPORTING

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who reviews the operating results on a regular basis and makes decisions on resource allocation and assessing performance. The chief operating decision-maker has been identified as the Company's Board of Directors.

2. IMPACT OF AMENDMENTS TO NZ IFRS

(a) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 October 2013 or later periods, and the Company has not early adopted them. The Company expects to adopt the following new standards on 1 October after the effective date.

- NZ IFRS 9 'Financial Instruments' (effective from 1 January 2015). The standard partly replaces NZ IAS 39 and introduces requirements for classifying and measuring financial assets and liabilities. The Company is in the process of evaluating the potential effect of this standard.

- NZ IFRS 13 'Fair value measurement' (effective from 1 January 2013). The standard replaces the guidance on fair value measurement in existing IFRS literature with a single standard. The standard is not expected to have a material impact on the financial statements.

(b) Standards, amendments and interpretations to existing standards effective 2013 or early adopted by the Company.

The Company has adopted the following new and amended IFRS's as of 1 October 2012:

- NZ IAS 1 'Presentation of Financial Statements (effective from 1 January 2013). This revised standard amendment requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods. The revised standard has not had a material impact on the financial statements.

- Improvements to NZ IFRS 2009 – 2011 cycle includes various amendments effective for periods beginning on or after 1 January 2012. The amendments have not had a material impact on the financial statements.

3. OTHER EXPENSES

Fees paid to the Company's auditor
No fees for audit or other services were paid by TOWER Capital Limited to its auditor during the year (2012: Nil). TOWER New Zealand Limited paid all fees for audit services provided to TOWER Capital Limited.

4. INTEREST INCOME

	2013	2012
	$000	$000
Interest income - related party (Note 6)	8,176	8,176
Total interest income	**8,176**	**8,176**

5. TAXATION

	2013	2012
	$000	$000
(a) Analysis of taxation expense		
Current taxation	(339)	(338)
Deferred taxation	226	204
Income tax expense	(113)	(134)
Profit before tax	405	479
Income tax expense at current rate of 28%	113	134
Income tax expense	**113**	**134**

5. TAXATION (CONTINUED)

(b) Deferred tax

	Opening balance at 1 October	Charged/ (credited) to statement of comprehensive income	Closing balance at 30 September
	$000	$000	$000
2013			
Movements in deferred tax asset			
Tax losses	-	2	2
Total deferred tax liabilities	**-**	**2**	**2**
Movements in deferred tax liabilities			
Unamortised capitalised bonds issue costs	344	(224)	120
Total deferred tax liabilities	**344**	**(224)**	**120**
Net deferred tax	**(344)**	**226**	**(118)**
2012			
Movements in deferred tax liabilities			
Unamortised capitalised bonds issue costs	548	(204)	344
Total deferred tax liabilities	**548**	**(204)**	**344**
Net deferred tax	**(548)**	**204**	**(344)**

	2013	2012
	$000	$000
Deferred liabilities are analysed as		
Expected to crystallise in the next 12 months	120	63
Not expected to crystallise in the next 12 months	(2)	281
	118	**344**

(c) Imputation credit account

TOWER Limited, the ultimate parent company of the Company, holds an imputation credit account as the representative member of the TOWER consolidated tax group to which the Company belongs.

6. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Subsidiaries

The Company is immediately and ultimately owned by TOWER Limited. All members of the TOWER Group are considered to be related parties of the Company. Related party receivable and payable balances of TOWER Capital Limited at the reporting date were as follows:

Related party	2013 $000	2012 $000	Nature of Relationship	Type of Transaction
TOWER Financial Services Group Limited	83,975	83,975	Subsidiary of TOWER Limited	Loan/Advance
TOWER New Zealand Limited	514	666	Subsidiary of TOWER Limited	Advance

The Company issued a loan to TOWER Financial Services Group Limited (TFSG) of $81,759,000 on 24 March 2009, bearing a fixed interest rate of 10% per annum. The loan is payable on demand and the above total includes accrued interest of $2,216,000 (2012: $2,216,000).

The balance owing to TOWER New Zealand Limited represents expenses paid on behalf of the Company. The balance is non-interest bearing and is payable on demand.

6. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party transactions with TOWER Capital Limited during the year were as follows:

Movement				
Related party	**2013** $000	**2012** $000	**Nature of Relationship**	**Type of Transaction**
TOWER Financial Services Group Limited	8,176	8,176	Subsidiary of TOWER Limited	Interest on loan
TOWER New Zealand Limited	(152)	2,007	Subsidiary of TOWER Limited	Other expenses and advances
TOWER Limited	(168)	(709)	Parent	Tax losses offset

(b) Directors trading in TOWER securities

TOWER Capital directors held the following beneficial interest in TOWER Capital Senior Bonds:

	Holding	
	2013	**2012**
Director	**$**	**$**
John Spencer	50,000	50,000
Susie Staley*	-	65,000

* Susie Staley resigned as a director of TOWER Limited on 21 March 2013.

7. INTEREST BEARING LIABILITIES

	2013 $000	**2012** $000
Fixed rate senior unsecured bonds	83,219	83,219
Unamortised capitalised costs	(428)	(1,229)
	82,791	81,990
Analysed as:		
Current	82,791	659
Non current	-	81,331
	82,791	81,990

Fixed rate senior unsecured bonds
On 24 March 2009, the Company issued $81,759,000 of fixed rate senior unsecured bonds, bearing a fixed interest rate of 8.5% per annum. The bonds mature on 15 April 2014.

The above total of $82,791,000 includes $1,460,000 of accrued interest (2012: $1,460,000). The Company capitalised $3,499,000 of costs associated with the issuance of the bonds. These costs are amortised over the five year term of the bonds using the effective interest method. The bonds are carried at amortised cost using the effective interest method. The amortised costs during the period to 30 September 2013 were $800,500 (2012: $727,000).

The fair value of fixed rate senior unsecured bonds as at 30 September 2013 is $83,692,000 (2012: $86,104,000), this has been estimated using the method outlined in Note 12 (d).

8. CONTRIBUTED EQUITY

	Number of shares	
	2013	**2012**
Issued share capital (ordinary shares)	1,000	1,000

Shares have been issued for nil consideration on incorporation. Each share ranks equally with one vote attached to each share.

9. TANGIBLE ASSET VALUE PER BOND

	2013	2012
	$	$
Tangible assets per bond	1.04	1.04

Tangible assets per bond represents the value of the Company's total assets divided by the number of fixed rate senior unsecured bonds on issue as at 30 September.

10. SEGMENTAL REPORTING

TOWER Capital Limited operates in one single business class having undertaken a bond issue to raise funds for use in operations of TOWER Group. The chief operating decision maker is considered to be the Board of Directors. The Board meet regularly with management to provide strategic guidance for the Company. The Company operates in one geographical segment, New Zealand. Consequently no segmental information is presented.

11. FINANCIAL INSTRUMENTS CATEGORIES

The analysis of financial assets and liabilities into their categories and classes is set out in the following table:

Financial Assets	**Total**	**Loans and Receivables**
	$000	$000
As at 30 September 2013		
Cash and cash equivalents	461	461
Related party receivables	84,489	84,489
Total financial assets	**84,950**	**84,950**
As at 30 September 2012		
Related party receivables	84,641	84,641
Total financial assets	**84,641**	**84,641**

Financial Liabilities	**Total**	**Financial Liabilities at Amortised Cost**
	$000	$000
As at 30 September 2013		
Interest bearing liabilities	82,791	82,791
Total financial liabilities	**82,791**	**82,791**
As at 30 September 2012		
Bank overdraft	558	558
Interest bearing liabilities	81,990	81,990
Total financial liabilities	**82,548**	**82,548**

In the event of liquidation or the cessation of trade, interest bearing liabilities have priority over related party claims over financial assets.

12. RISK MANAGEMENT INFORMATION

The financial condition and operating results of the Company are affected by a number of key financial risks. Financial risks include market risk, credit risk, and financing and liquidity risk.

These risks are managed through the parent company's (TOWER Limited) risk management policy. TOWER's objective is to satisfactorily manage these risks in line with the Board approved Group Risk and Compliance framework policy. Various procedures are in place to help identify, mitigate and monitor the risks faced by the Company. Business managers are responsible for understanding and managing their risks including operational and compliance risk. The consolidated entity's exposure to all high and critical risks is reported monthly to the board and quarterly to the TOWER Group's Audit and Risk Committee.

The Board has delegated to the Audit and Risk Committee the responsibility to review the effectiveness and efficiency of management processes, internal audit services, group risk management and internal financial controls and systems as part of their duties.

(a) MARKET RISK

Market risk is the risk of change in the fair value of financial instruments from fluctuations in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to an individual financial instrument or its issuer or factors affecting all financial instruments traded in a market.

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

The Board is responsible for the management of the interest rate risk arising from external borrowings. Interest on external borrowings is fixed therefore mitigating the cash flow risk arising from changes in interest rates.

(ii) Currency risk
Currency risk is the risk of loss resulting from changes in exchange rates when applied to assets and liabilities or future transactions denominated in a currency that is not the Company's functional currency.

The Company is not exposed to currency risk, as there are no assets, liabilities or transactions which are denominated in a currency that is not the Company's functional currency.

(iii) Price risk
Price risk is the risk of loss resulting from the decline in prices of equity securities or other market priced assets. The Company is not exposed to price risk because it holds no investments in publicly traded equity securities or other market priced assets.

(b) CREDIT RISK

Credit risk is the risk of loss that arises from a counterparty failing to meet their contractual commitment in full and on time, or from losses arising from the change in value of a trading financial instrument as a result of changes in credit risk of that instrument.

The Company's exposure to credit risk is limited to deposits held with banks and other financial institutions as well as credit exposure to related party receivables or other counterparties. For banks and financial institutions the minimum credit rating accepted by the Company is 'A'.

(i) Credit risk concentration
Concentration of credit risk exists when the Company enters into contracts or financial instruments with a number of counterparties that are engaged in similar business activities or exposed to similar economic factors that might affect their ability to meet contractual obligations. The Company manages concentration of credit risk by credit rating, industry type and individual counterparty.

The credit risk concentration is within one company located in New Zealand. The significant concentrations of credit risk are outlined by counterparty below.

	Carrying value	
	2013	**2012**
	$000	$000
Banks	461	-
Related party receivable	84,489	84,641
Total financial assets with credit exposure	**84,950**	**84,641**

12. RISK MANAGEMENT INFORMATION (CONTINUED)

(ii) Maximum exposure to credit risk
The Company's maximum exposure to credit risk without taking account of any collateral or any other credit enhancements is the carrying amount of the financial assets held by the Company at the reporting date, which is as follows:

	Carrying value	
	2013	**2012**
	$000	$000
Asset		
Cash and cash equivalents	461	-
Related party receivable	84,489	84,641
Total credit risk	**84,950**	**84,641**

(iii) Credit quality of financial assets that are neither past due nor impaired
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

Credit exposure by credit rating		
AA	461	-
Related parties with no credit rating	84,489	84,641
	84,950	84,641

(iv) Financial assets that would otherwise be past due whose terms have been renegotiated
None of the financial assets that are fully performing has been renegotiated in the past period (2012: Nil).

(v) Financial assets that are past due but not impaired
None of the financial assets are past due (2012: Nil).

(vi) Financial assets that are individually impaired
None of the financial assets are individually impaired (2012: Nil).

(c) FINANCING AND LIQUIDITY RISK

Financing and liquidity risk is the risk that the Company will not be able to meet its cash outflows or refinance debt obligations, as they fall due, because of lack of liquid assets or access to funding on acceptable terms.

To mitigate financing and liquidity risk the Company maintains sufficient current assets to ensure that it can meet its debt obligations and other cash outflows on a timely basis.

Financial assets and liabilities by expected and contractual maturity
The tables below summarise the Company's financial assets and liabilities into relevant maturity groups based on the remaining period at the balance date to the contractual and expected maturity date. All amounts disclosed are expected or contractual undiscounted cash flows that include interest payments and exclude the impact of netting agreements.

Expected cash flows
The maturity table based on the expected cash flows is presented below for the purposes of disclosing the cash flows that are actually expected to occur over the life of the Company's financial assets and liabilities.

12. RISK MANAGEMENT INFORMATION (CONTINUED)

	Carrying value	Total expected cash flows	Less than one year	One to two years	Two to three years
	$000	$000	$000	$000	$000
As at 30 September 2013					
Financial assets					
Cash and cash equivalents	461	461	461	-	-
Related party receivables	84,489	86,350	86,350	-	-
Total financial assets	**84,950**	**86,811**	**86,811**	**-**	**-**
Financial liabilities					
Interest bearing liabilities	82,791	85,510	85,510	-	-
Total financial liabilities	**82,791**	**85,510**	**85,510**	**-**	**-**
As at 30 September 2012					
Financial assets					
Related party receivables	84,641	94,678	8,842	85,836	-
Total financial assets	**84,641**	**94,678**	**8,842**	**85,836**	**-**
Financial liabilities					
Bank overdraft	558	558	558	-	-
Interest bearing liabilities	81,990	92,460	6,950	85,510	-
Total financial liabilities	**82,548**	**93,018**	**7,508**	**85,510**	**-**

Contractual cash flows
The table below presents the maturity analysis of the Company's financial assets and liabilities on a contractual cash flow basis.

	Carrying value	Total contractual cash flows	Less than one year	One to two years	Two to three years
	$000	$000	$000	$000	$000
As at 30 September 2013					
Financial assets					
Cash and cash equivalents	461	461	461	-	-
Related party receivables	84,489	84,489	84,489	-	-
Total financial assets	**84,950**	**84,950**	**84,950**	**-**	**-**
Financial liabilities					
Interest bearing liabilities	82,791	85,510	85,510	-	-
Total financial liabilities	**82,791**	**85,510**	**85,510**	**-**	**-**
As at 30 September 2012					
Financial assets					
Related party receivables	84,641	84,641	84,641	-	-
Total financial assets	**84,641**	**84,641**	**84,641**	**-**	**-**
Financial liabilities					
Payable	558	558	558	-	-
Interest bearing liabilities	81,990	92,460	6,950	85,510	-
Total financial liabilities	**82,548**	**93,018**	**7,508**	**85,510**	**-**

12. RISK MANAGEMENT INFORMATION (CONTINUED)

(d) FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques referred to below:

The carrying amounts of all financial assets and liabilities reasonably approximate their fair values with the exception of senior unsecured bonds which is disclosed in Note 7.

The following methods and assumptions were used by the Company in estimating the fair values of financial instruments.

(i) Cash and cash equivalents
The carrying amount of cash and cash equivalents reasonably approximates its fair values.

(ii) Related party receivables and payables
Carrying values of related party receivables and payables reasonably approximate their fair values.

(iii) Interest bearing liabilities
The fair value of fixed rate senior unsecured bonds is determined by reference to the average quoted market price of the underlying debt securities at the end of the period.

(e) SENSITIVITY ANALYSIS

No sensitivity analysis has been disclosed as there is no impact on the shareholder profit after tax or equity from changes in interest rates, exchange rates and equity prices. Cash, related party loans and interest bearing liabilities are held at amortised cost and subject to fixed interest rates. Other related party balances are interest free payables.

(f) CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern and have the required liquidity to meet its interest payment obligations to the Bond holders. The Company's overall strategy is consistent with that of TOWER Group, which the Company is part of, and is overseen by the TOWER Group Board of Directors.

The capital structure of the Company consists of debt and retained earnings.

	2013	**2012**
	$000	$000
As at 30 September		
Interest bearing liabilities	82,791	81,990
Retained earnings	2,041	1,749
Total capital resources	**84,832**	**83,739**

13. RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2013	**2012**
	$000	$000
Net profit after tax for the year	292	345
Add/(less) non cash items		
Decrease in deferred tax	(226)	(204)
Add/(less) movements in working capital		
Decrease in payables	-	-
Increase/(decrease) in taxation	1	(372)
Decrease in receivables	-	-
	1	(372)
Add other items classified as financing activities		
Decrease in capitalised costs	800	727
Net cash inflow from operating activities	**867**	**496**

14. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 September 2013 (2012: Nil).

15. CAPITAL COMMITMENTS

There were no capital commitments as at 30 September 2013 (2012: Nil).

16. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 September 2013.

Independent Auditors' Report
to the shareholder of TOWER Capital Limited

Report on the Financial Statements
We have audited the financial statements of TOWER Capital Limited on pages 3 to 16, which comprise the balance sheet as at 30 September 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation of financial statements that give a true and fair view of the matters to which they relate, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have no relationship with, or interests in, TOWER Capital Limited other than in our capacities as auditors and providers of other assurance, taxation and advisory services. These services have not impaired our independence as auditors of the Company.

Independent Auditors' Report

TOWER Capital Limited

Opinion

In our opinion, the financial statements on pages 3 to 16:

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company as at 30 September 2013 and its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 September 2013:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholder in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholder those matters which we are required to state to them in an auditors' 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 shareholder for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
26 November 2013

Auckland