ExxonMobil New Zealand Holdings

Consolidated Financial Statements

For the Year Ended 31 December 2017

ExxonMobil New Zealand Holdings

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For the Year Ended 31 December 2017

ExxonMobil New Zealand Holdings

Directors' Report

31 December 2017

The Board of Directors present the financial statements of ExxonMobil New Zealand Holdings (the Company) for the year ended 31 December 2017.

The Company has taken advantage of the reporting concessions available to it under the Financial Reporting Act 2013.

Directors

The following persons were directors of ExxonMobil New Zealand Holdings during the whole of the financial year and up to the date of this report unless otherwise stated:

Andrew McNaught
Timothy Duguid
Cameron Taylor

Principal activities

ExxonMobil New Zealand Holdings (the Company/Parent) and its subsidiaries (together the 'group') is a marketer and distributor of petroleum products.

The Company is an unlimited liability company incorporated in New Zealand. The address of its registered office is Vero Centre, 48 Shortland Street, Auckland, New Zealand.

Review of operations

For the year ended 31 December 2017, the result for the consolidated group was an operating profit after tax of $143 million (2016: $91 million).

Revenue for the period was $2,676 million, this represents an increase of $475 million (22%) on 2016 revenue from higher volumes in what continues to be a challenging and competitive marketplace. The group's cost of good sold, primarily crude and product purchases based on independently and globally traded commodity pricing, correspondingly increased $259 million (19%) to $1,588 million (2016: $1,329 million). In addition, sales taxes and duties, excluding GST, rose to $641 million (2016: $607 million). The group incurred a tax expense of $34 million (2016: $31 million) and has now utilised its outstanding prior year tax losses.

The group continues to invest in local operations, demonstrating a commitment to supporting local jobs and the New Zealand economy. In 2017, the group invested $29 million (2016: $27 million) in infrastructure, with several assets under construction. Over 2018 we anticipate a further $58 million of investments in logistics infrastructure and operations aimed at sustaining operations integrity, lowering costs and increasing efficiencies.

As noted in the prior year financial statements over the past several years, the group had maintained a significant cash balance to fund its working capital requirements. During January 2017, the group finalised a review of its cash management facilities and repaid $442 million of its existing long term borrowings representing a halving of its long term intercompany debt levels. The group also entered into an enduring finance facility with a related party, sufficient to cover any of its short term working capital requirements as required. These arrangements have been more cost effective and reduced the group's overall interest expense by $12 million.

ExxonMobil New Zealand Holdings

Directors' Report

31 December 2017

The Board of Directors of the Company authorised these financial statements presented for issue on 9th May 2018.

The report is made in accordance with a resolution of directors.

Director: .... Director: ....
Andrew McNaught Timothy Duguid

Dated this ......9th...... day of May 2018

ExxonMobil New Zealand Holdings

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 $'000	2016 $'000
Revenue from continuing operations		2,675,556	2,200,712
Other income		32,832	33,682
Dividend Income		6,451	12,365
Rental income from third party		6,987	6,302
Interest on financing		2,923	9,196
Foreign currency gains / (loss)		4,037	3,001
Changes in inventories of raw materials and finished goods		28,740	107,333
Raw materials and consumables used		(1,587,524)	(1,328,748)
Sales taxes and duties		(640,590)	(606,642)
Employee benefits expense		(11,985)	(11,781)
Fees paid to auditors for audit services		(92)	(64)
Depreciation and amortisation expense		(14,605)	(13,508)
Leasing and rental expense		(15,026)	(13,928)
Net bad and doubtful debt expense		(32)	(28)
Loss on disposal of property, plant and equipment		(928)	(1,822)
Other expenses		(211,036)	(183,499)
Refinery processing fees		(84,649)	(63,947)
Finance costs		(13,735)	(26,321)
Profit / (Loss) before income tax		177,324	122,303
Income tax expenses	3	(34,035)	(31,137)
Profit (Loss) from continuing operations		143,289	91,166
Other comprehensive income			
Items that may be reclassified to profit or loss			
Available-for-sale asset revaluation	9	2,688	(61,824)
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation		571	(577)
Deferred tax on other comprehensive income		(160)	162
Other comprehensive income for the year, net of tax		3,099	(62,239)
Total comprehensive income for the year		146,388	28,927
Total comprehensive income/(loss) attributable to:			
Owners of ExxonMobil New Zealand Holdings		146,388	28,927
		146,388	28,927

The accompanying notes form part of these financial statements.

ExxonMobil New Zealand Holdings

Consolidated Statement of Financial Position
For the Year Ended 31 December 2017

	Note	2017 $'000	2016 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		66,457	490,515
Trade and other receivables	4	155,045	107,181
Inventories	6	348,898	320,158
Related party receivables	5	850	4,387
Assets classified as held for sale	7	996	660
TOTAL CURRENT ASSETS		572,246	922,901
NON-CURRENT ASSETS			
Trade and other receivables	10	13,530	12,751
Available-for-sale financial assets	9	142,464	139,776
Property, plant and equipment	12	186,011	172,493
Intangible assets	13	12,372	12,944
Deferred tax assets	8	7,457	37,529
Associated company receivables	14	87	87
Related party interest bearing receivable	5	64,105	20,168
TOTAL NON-CURRENT ASSETS		426,026	395,748
TOTAL ASSETS		998,272	1,318,649
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	216,725	166,622
Current tax liabilities	3	4,123	-
Short-term provisions	17	2,307	2,354
Related party payables	5	126,288	208,734
Associated company payables	15	1,374	1,537
TOTAL CURRENT LIABILITIES		350,817	379,247
NON-CURRENT LIABILITIES			
Retirement benefit obligations	18	60	1,497
Related party interest bearing payable	5	359,644	796,542
TOTAL NON-CURRENT LIABILITIES		359,704	798,039
TOTAL LIABILITIES		710,521	1,177,286
NET ASSETS		287,751	141,363
EQUITY			
Contributed equity	19	450,000	450,000
Reserves	20(a)	(249,081)	(251,769)
Retained earnings	20(b)	86,832	(56,868)
TOTAL EQUITY		287,751	141,363

The accompanying notes form part of these financial statements.

ExxonMobil New Zealand Holdings

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2017

	Attributable to owners of ExxonMobil New Zealand Holdings			
	Contributed equity $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Balance at 1 January, 2017	**450,000**	**(56,868)**	**(251,769)**	**141,363**
Profit/(loss) from continuing operations	-	143,289	-	143,289
Other comprehensive income for the year, net of tax	-	411	-	411
NZRC fair value movement	-	-	2,688	2,688
Balance at 31 December, 2017	**450,000**	**86,832**	**(249,081)**	**287,751**
Balance at 1 January, 2016	450,000	(97,619)	(189,945)	162,436
Profit/(loss) from continuing operations	-	91,166	-	91,166
Other comprehensive income for the year, net of tax	-	(415)	-	(415)
NZRC fair value movement	-	-	(61,824)	(61,824)
Dividends provided for or paid	-	(50,000)	-	(50,000)
Balance at 31 December, 2016	450,000	(56,868)	(251,769)	141,363

The accompanying notes form part of these financial statements.

ExxonMobil New Zealand Holdings

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2017

	Note	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		2,673,314	2,203,915
Payments to suppliers and employees		(2,583,359)	(2,016,975)
Interest received		2,923	9,196
Net cash provided by operating activities	22	92,878	196,136
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends received		6,451	12,365
Purchase of property, plant and equipment		(28,237)	(27,599)
Payments to acquire intangible assets		(578)	(10,970)
Net cash used by investing activities		(22,364)	(26,204)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Repayment of)/Proceeds from borrowings		(480,837)	36,442
Interest paid on borrowings from related parties		(13,735)	(26,321)
Dividends paid by parent entity		-	(50,000)
Net cash used by financing activities		(494,572)	(39,879)
Net increase / (decrease) in cash and cash equivalents held		(424,058)	130,053
Cash and cash equivalents at beginning of year		490,515	360,462
Cash and cash equivalents at end of financial year		66,457	490,515

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2017

1 Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand.

(i) Entities reporting
The consolidated financial statements for the group are for the economic entity comprising ExxonMobil New Zealand Holdings and its subsidiaries.

The group is designated as a profit oriented entity for financial reporting purposes.

(ii) Comparative information
When required by Accounting Standards or to ensure consistent disclosure, presentation of comparative amounts has been adjusted in the current year.

(iii) Statutory base
ExxonMobil New Zealand Holdings is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

(iv) Reporting
The consolidated financial statements of ExxonMobil New Zealand Holdings Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). ExxonMobil New Zealand Holdings Limited is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The group is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and is not a large for-profit public sector entity. The group has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

(v) Historical cost convention
These financial statements have been prepared under the historical cost convention.

(vi) Changes in accounting policies
(a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2017:

The following new standards, amendments and interpretations are mandatory for the first time for the financial year beginning 1 January 2017, but did not have a significant impact on the Company:

- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to NZ IAS 12
- Disclosure initiative - Amendments to NZ IAS 7
- Classification and Measurement of Share-based Payment Transactions-Amendments to NZ IFRS 2
- Annual Improvements to NZ IFRSs 2014 - 2016, and
- Transfer of Investment Property - Amendments to NZ IAS 40.

Notes to the Financial Statements

For the Year Ended 31 December 2017

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning after 1 January 2018 and which the entity has not adopted early:

- NZ IFRS 9 Financial Instruments,
- NZ IFRS 15 Revenue from Contracts with Customers, and
- NZ IFRS 16 Leases.

Effective 1 January 2018, the consolidated entity adopted the NZ International Financial Reporting Standard, Financial Instruments. The standard simplifies the model for classifying and recognising financial instruments and introduces a new impairment model. The new impairment model is a move away from the previous incurred credit loss approach to an expected credit loss model and earlier recognition of impairment losses is likely to result. The consolidated entity does not expect NZ IFRS 9 to have a material impact on current financial instrument classification and measurement practise.

Effective 1 January 2018, the group adopted the NZ International Financial Reporting Standard, Revenue from Contracts with Customers. The standard establishes a single revenue recognition model for all contracts with customers. The standard will be adopted using the Modified Retrospective method, under which prior year results are not restated, but supplemental information on the impact of the new standard must be provided for 2018 results, if material. The standard is not expected to have a material impact on the group's financial statements. The cumulative effect of adoption of the new standard is de minimis.

Effective 1 January 2019, the group will adopt the NZ International Financial Reporting Standard, Leases. The standard requires all leases with an initial term greater than one year be recorded on the balance sheet as an asset (the right to use the leased item) and a financial liability to pay rentals. The leasing standard contains optional exemptions for leases of low-value items. The group is gathering and evaluating data and will benefit from a recently acquired system to facilitate implementation. We are progressing an assessment of the magnitude of the effect on the group's financial statements.

The group has conducted investigations and does not consider that there are any further measurement or recognition issues arising from the release of the other new pronouncements that will have a significant impact on the reported financial position or financial performance of the group.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ExxonMobil New Zealand Holdings ("Company" or "parent entity") as at 31 December 2017 and the results of all subsidiaries for the year the ended. ExxonMobil New Zealand Holdings and its subsidiaries together are referred to in these financial statements as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss component of the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(ii) Associates
Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 11).

The consolidated entity's share of its associates' post-acquisition profits or losses is recognised in the statements of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivable, the group does not recognise further losses, unless it has incurred obligations or made payment on behalf of the associate.

Unrealised gains on transactions between the consolidated entity and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(iii) Business Combinations under common control
Common control transactions are accounted for in the consolidated accounts prospectively from the date of obtaining the ownership interest. Assets and liabilities are recognised on consolidation at the carrying amounts in the financial statements of the ultimate parent entity, ExxonMobil New Zealand Holdings, measured in accordance with New Zealand equivalents to International Financial Reporting Standards. Any difference between the cost of acquisition (fair value of consideration paid), and the amounts at which the assets and liabilities are recorded has been recognised directly in equity as part of a Business Combinations under Common Control Reserve.

1 Summary of significant accounting policies (continued)

(c) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilties are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an assets or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Tax consolidation group
ExxonMobil New Zealand Holdings is part of a tax consolidation group for which the head entity is ExxonMobil New Zealand Holdings. As a consequence, one income tax return is completed for the tax consolidated group and the tax consolidated group is treated for income tax purposes as one taxpayer.

The tax balances have been attributed for reporting purposes to each of the entities on the basis of their individual results. Amounts of tax due to and receivable from the New Zealand Inland Revenue Department are made by ExxonMobil New Zealand Holdings as nominated member of the tax consolidated group. The current tax balance for the group has been allocated among the members based on each entity's current tax movement for the period. Where tax losses are incurred by group members, these are offset within the group without payment.

(d) Foreign currency translations

(i) Functional and presentation currency
Items included in the financial statements of each of the group's operations are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the group's functional and presentation currency.

(ii) Transaction and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Notes to the Financial Statements
For the Year Ended 31 December 2017

1 Summary of significant accounting policies (continued)

(e) Acquisition of Assets

The acquisition method of accounting is used to account for all acquisition of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair values of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Where equity instruments are issued in an acquisition, fair market value of assets acquired is used for the valuation. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Common control transactions are accounted for in the consolidated accounts prospectively from the date of obtaining the ownership interest. Assets and liabilities are recognised on consolidation at the carrying amounts in the financial statements of the ultimate parent entity, measured in accordance with New Zealand equivalents to International Financial Reporting Standards. Any difference between the cost of acquisition (fair value of consideration paid), and the amounts at which the assets and liabilities are recorded has been recognised directly in equity as part of a Business Combinations under Common Control Reserve.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and Goods and Services Tax (GST). The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods
Sales revenue represents the sale of the group's products and services and is recognised when control of the goods has passed to the buyer.

(ii) Interest income
Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(iii) Dividends
Control of a right to receive consideration for the investment in assets is attained, usually evidenced by approval of the dividend, at a meeting of shareholders.

(iv) Lease income
Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(v) Other transactions
Borrow & Loan (B&L) transactions are used at specific locations with Other Oil Companies (OOC). The B&L agreements with the OOC will have a schedule of fees applicable to each location (e.g. excise, wharfage, pipeline, throughput fees etc.). B&L transactions and balances are agreed on a monthly basis with the OOC and the fees and charges are settled in the following month. The transactions are not recorded as purchases or sales and are considered exchange of goods. B&L payable and receivable balances with OOC are recorded to inventory except for the fees and charges.

1 Summary of significant accounting policies (continued)

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts receivable is established where there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables.

(h) Inventories

Crude oil, petroleum and chemical products are stated as the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost is determined under the first in first out method. Inventories of materials and supplies are stated at the lower of average invoiced cost and net realisable value.

Inventory provisioning, losses or gains are recognised in financial results based on periodic physical measurement of inventory and custody transfer movements.

For any oil refining and blending operations, any gains, losses or product downgrades are recognised to profit or loss and inventory on occurrence. Tolerances are set for normal operations and any gains or losses beyond tolerance are investigated with accounting adjustments made as appropriate.

Physical measurement, metering or stock takes of inventory for hydrocarbon,retail inventory for sale and material and supplies are scheduled on regular cycles and differences with book inventory, obsolete, or slow moving inventory are provisioned and/or written on as appropriate. Tolerances are set for normal operations and any gains or losses beyond tolerance are investigated with accounting adjustments made as appropriate.

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units).

(j) Investment and other financial assets

The group classifies its investments and other financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this designation at each reporting date.

(k) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Notes to the Financial Statements

For the Year Ended 31 December 2017

1 **Summary of significant accounting policies (continued)**

(l) Property, plant and equipment

Property, plant and equipment are recorded in the books at cost.

Assets, other than freehold land, are depreciated on a straight line basis, based on their expected useful economic lives, calculated from their date of acquisition.

Depreciation for each class of asset is based on the following:

	Depreciation basis
- Buildings	20-50 years
- Land improvements	20-25 years
- Motor vehicles	5-10 years
- Service station / depot assets	10-20 years
- Computer equipment	3-15 years
- Other plant and equipment	10-20 years

Residual values of retired or abandoned assets are charged to depreciation expense.

Residual values of assets sold are offset against the sales proceeds and the resultant gain or loss is recognised in the statement of comprehensive income.

Gains and losses arising from retirements are recognised in the statement of comprehensive income as they occur. Maintenance and repairs are charged to income as incurred. Major renewal and improvements are capitalised and the assets replaced, if any, are retired.

(m) Intangible Assets

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Computer software development costs are recognised as assets are amortised on a straight line basis over their estimated useful economic life of 15 years.

Customer Contracts

Customer contracts acquired are recognised at fair value at the acquision date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(n) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards of ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the lease's inception at the lower of fair value of the leased property and the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The leased asset is amortised on a straight line basis over the term of the lease, or where it is likely that the company will obtain ownership of the asset, the life of the asset.

1 Summary of significant accounting policies (continued)

(n) Leases (continued)

Other operating lease payments (net of any incentives received) are charged to profit or loss on a straight-line basis over the period of the lease (note 21).

(o) Trade and other payables

Trade accounts payable, including accruals not yet billed, are recognised when the group becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are generally settled within 30 days. Loans are recognised when issued at the amount of the net proceeds received.

(p) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

(q) Employee benefits

(i) Wages and salaries and annual leave and long service leave
Liabilities for wages and salaries and annual leave are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for long service leave is recognised in the provision for employee benefits and measured as the value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(ii) Retirement benefit obligations
All employees of the group are entitled to benefits from the group's superannuation plan on retirement, disability or death. The group has a defined benefit plan. The defined benefit plan provides defined lump sum benefits based on years of service and final average salary.

The liability or asset recognised in the balance sheet in respect of defined benefit superannuation plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligaiton is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is a deep market in high-quality corporate bonds, the market rates on those bonds are used rather than government bonds.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Notes to the Financial Statements
For the Year Ended 31 December 2017

1 Summary of significant accounting policies (continued)

(q) Employee benefits (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediatly in profit or loss as past service costs.

Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset.

(iii) Redundancy provisions
Redundancy provisions are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises redundancy provisions when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing redundancy provisions as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(r) Borrowings

Borrowing are initially recognised at fair value, net of transaction costs incurred.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or other expense.

Borrowings are classified as current liabilities unless the group has an unconditional right to deter settlement of the liability for at least 12 months after the reporting period.

(s) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. Borrowing costs include certain exchange differences arising from foreign currency borrowings.

(t) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, 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 cash on hand and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(u) Restoration, rehabilitation and environmental expenditure

Environmental costs related to known remediation obligations, constructive and legal are recorded when determined to be probable and reasonably estimable.

Remediation obligations are recorded at the date of contract as a liability for divested sites where a net loss is expected. However, where a net gain is expected, the liability is recognised at settlement.

Notes to the Financial Statements
For the Year Ended 31 December 2017

1 Summary of significant accounting policies (continued)

(u) Restoration, rehabilitation and environmental expenditure (continued)

Environmental costs for remediation related work where there are no legal or constructive obligations are expensed as incurred.

(v) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

(w) Dividends

Provision is made for the amount of any dividend declared and approved on or before the end of the reporting period but not distributed at balance date.

(x) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statements of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statements of financial position.

(y) Capital risk management

The group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure, the group may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares. The group and the parent entity also monitor capital on the basis of ensuring that the business is in a position to be able to meet its debts as and when they fall due.

(z) Going concern

The financial statements have been prepared on the going concern basis.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results.

Notes to the Financial Statements

For the Year Ended 31 December 2017

3 Income Tax Expense

	2017 $'000	2016 $'000
(a) Income tax expense / (benefit):		
Current tax in respect of the current year	4,123	-
Deferred tax in respect of current year	29,825	31,142
Deferred tax in respect of prior year	87	(5)
	34,035	31,137

(b) Reconciliation of income tax expense to tax rate applicable to profits

	2017 $'000	2016 $'000
Profit / (loss) from continuing operations before income tax	177,324	122,303
Tax at the New Zealand tax rate of 28%	49,651	34,245
Non-deductible expenses and imputation credit	(1,363)	(3,104)
(Over) / Under provision in prior years	87	(4)
- Deferred tax loss carry forward utilisation	(14,340)	-
Income tax expense	34,035	31,137

(c) Movements in income tax payable

	2017 000's $	2016 000's $
Current tax in respect of current year	4,123	30,694
Transfer to deferred tax loss carry forward	-	(30,694)
	4,123	-

ExxonMobil New Zealand Holdings

Notes to the Financial Statements
For the Year Ended 31 December 2017

4 Current assets - Trade and other receivables

	2017 $'000	2016 $'000
Net trade receivables		
Trade receivables	150,745	103,544
Provision for doubtful receivables	(16)	(100)
	150,729	103,444
Net other receivables		
Contract Assets - Marketing assistance programme	2,387	1,892
Prepayments	1,590	1,218
Other receivables	339	627
	155,045	107,181

5 Related party transactions

The Company is an immediate wholly owned, controlled entity of Mobil Petroleum Company Inc (incorporated in the United States of America), which is ultimately controlled by Exxon Mobil Corporation (incorporated in the United States of America). These financial statements include certain transactions with other related parties.

- Purchases of crude and petroleum product were made from ExxonMobil Asia Pacific Pte Ltd on specific supply and distribution terms and conditions.
- The sale of petroleum products to ExxonMobil Marine Limited is on specific supply and distribution terms and conditions.
- Financing of activities is from a combination of long term loans and an enduring short term finance facility with the immediate parent entity and ExxonMobil Keystone Finance Company.
- Purchases of administrative and management services to and from other related parties under management services agreements.

Borrowings as well as purchases and sales of goods (including petroleum) and services are on terms and conditions agreed at arms-length with the respective counterparties. Borrowings are from wholly owned subsidiaries of Exxon Mobil Corporation. The parent entity and other related party loans are evergreen loan facilities with affiliates based in the United States of America carrying an interest rate based directly on New Zealand banking industry standard benchmark including a risk-based spread.

The following are the related party balances as at year end:

	2017 $'000	2016 $'000
Current receivables from other related parties (sales of goods and services)	850	4,387
Non-current receivables from other related parties (loans)	64,105	20,168
Current payables to other related parties (purchases of goods)	(126,288)	(208,734)
Non-current payables to other related parties (loans)	(359,644)	(796,542)
	(420,977)	(980,721)

Notes to the Financial Statements
For the Year Ended 31 December 2017

5 Related party transactions (continued)

Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with related parties:

	2017 $'000	2016 $'000
Transactions with related parties		
- Sales of goods	51,526	36,534
- Other services provided	623	682
- Purchase of goods	(1,508,252)	(1,245,252)
- Purchase of services	(41,259)	(38,449)
- Interest charged	(13,735)	(26,321)
- Interest received	466	437

The remuneration and benefits paid by the group and related parties to key management personnel for the year ended 31 December 2017, was equivalent to $877,854 (2016: $842,633).

6 Current assets - Inventories

	2017 $'000	2016 $'000
Finished goods - at cost	348,898	320,158

7 Assets classified as held for sale

	2017 $'000	2016 $'000
Land	666	321
Buildings	121	3
Other assets	209	336
	996	660

Notes to the Financial Statements

For the Year Ended 31 December 2017

8 Deferred tax assets

	Depreciation $'000	Provisions $'000	Other $'000	Valuation allowance $'000	Tax Loss Carried Forward $'000	Total $'000
At 1 January 2016	6,179	590	617	(14,340)	75,458	68,504
Charged to profit or loss	(95)	43	39	-	(31,124)	(31,137)
Charged to other comprehensive income	-	-	162	-	-	162
At 31 December, 2016	6,084	633	818	(14,340)	44,334	37,529
At 1 January 2017	6,084	633	818	(14,340)	44,334	37,529
Charged to profit or loss	172	(38)	(52)	14,340	(48,457)	(34,035)
Transfer to tax payable	-	-	-	-	4,123	4,123
Charged to other comprehensive income	-	-	(160)	-	-	(160)
At 31 December, 2017	6,256	595	606	-	-	7,457

9 Available-for-sale financial assets

	2017 $'000	2016 $'000
Listed investments, at fair value:		
At the beginning of the year	139,776	201,600
Revaluation recognised through other comprehensive income	2,688	(61,824)
	142,464	139,776
Investments at valuation include the following:		
- Shares in the New Zealand Refining Company Limited	142,464	139,776

The group owns 53,760,000 ordinary shares in The New Zealand Refining Company Limited (NZRC), a listed company (2016: 53,760,000).

10 Non-current assets - Trade and other receivables

	2017 $'000	2016 $'000
Contract Assets - Marketing assistance programme	13,517	12,737
Third party loans receivable	13	14
	13,530	12,751

Marketing assistance programmes relate to marketing expenditure provided to sites and customers in return for meeting specified volume targets. The expenditure is amortised over the life of the programme.

Notes to the Financial Statements

For the Year Ended 31 December 2017

11 Associate and subsidiary companies

Name of entity	Nature of Business	Balance Date	Equity holding 2017 %	Equity holding 2016 %
Subsidiaries				
Mobil Oil New Zealand Limited	Marketer and distributor of petroleum products	31 December	**100.00**	100.00
MERBP Trustee Limited (100% subsidiary of Mobil Oil New Zealand Ltd)	Trustee	31 December	**100.00**	100.00
ExxonMobil Chemical New Zealand Limited	Marketer and distributor of chemical products	31 December	**100.00**	100.00
Associates				
Coastal Oil Logistics Limited	Ship management / Asset holding	31 December	**25.00**	25.00
Wiri Oil Services Limited	Terminal operations	31 December	**27.70**	27.70

All associates and subsidiary companies are incorporated in New Zealand.

Associate Companies are those in which Mobil Oil New Zealand Limited holds substantial shareholdings and in whose commercial and financial policy decisions it participates.

The most recent financial statements of subsidiaries and associates are those prepared to each company's balance sheet date for the year ended 31 December 2017.

The financial statements of associate companies have been reflected in the consolidated financial statements on an equity accounting basis and are carried at cost by the parent entity.

MERBP Trustee Ltd was incorporated on 1 November 2016. The company is a trustee for Mobil Employee Retirement and Benefits Plan.

Notes to the Financial Statements
For the Year Ended 31 December 2017

12 Non-current assets - Property, plant and equipment

	Land	Leasehold Land	Buildings	Plant & Equipment	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2017						
Cost at fair value	52,550	9,785	65,470	269,137	18,760	415,702
Accumulated depreciation	-	(9,480)	(40,274)	(193,455)	-	(243,209)
Net book amount	52,550	305	25,196	75,682	18,760	172,493
Year ended 31 December 2017						
Opening net book amount	52,550	305	25,196	75,682	18,760	172,493
Additions	-	-	-	-	29,257	29,257
Disposals:						
Cost	-	-	(297)	(8,817)	(33)	(9,147)
Accumulated depreciation	-	-	180	7,303	-	7,483
Transfers	-	-	2,718	17,622	(20,340)	-
Movement in assets held for sale	(346)	-	(118)	128	-	(336)
Depreciation charge	-	(100)	(2,471)	(11,168)	-	(13,739)
Closing Net book amount	52,204	205	25,208	80,750	27,644	186,011
At 31 December 2017						
Cost at fair value	52,204	9,785	67,632	278,227	27,644	435,492
Accumulated depreciation	-	(9,580)	(42,424)	(197,477)	-	(249,481)
Net book amount	52,204	205	25,208	80,750	27,644	186,011

	2017	2016
	$,000	$,000
The property, plant and equipment balances have been reduced by the following provisions for assets not in use		
Plant and equipment	193	299

Notes to the Financial Statements

For the Year Ended 31 December 2017

13 Intangible Assets

	2017	2016
	$'000	$'000
Capitalised IT costs		
Cost	2,537	2,243
Accumulated amortisation	(621)	(419)
Total Capitalised IT costs	1,916	1,824
Customer contracts costs		
Cost	11,213	11,213
Accumulated amortisation	(757)	(93)
Total Customer contracts costs	10,456	11,120
Net carrying value	12,372	12,944

14 Non-current assets - Associated company receivables

	2017	2016
	$'000	$'000
Wiri Oil Services Limited	87	87

15 Current liabilities - Associated company payables

	2017	2016
	$'000	$'000
Coastal Oil Logistics Limited	1,374	1,537
	1,374	1,537

16 Current liabilities - Trade and other payables

	2017	2016
	$'000	$'000
Trade payables	94,298	60,186
Other taxes payables	58,992	70,952
Other payables	62,235	34,756
Contract Liabilities - Prepayments/Discounts	1,200	728
	216,725	166,622

Notes to the Financial Statements
For the Year Ended 31 December 2017

17 Current liabilities - Provisions

	2017 $'000	2016 $'000
Annual Leave / Long Service Leave	2,307	2,354

18 Non-current assets - Retirement benefit obligations

ExxonMobil New Zealand Holdings sponsors the Mobil Employee Retirement and Benefits Plan ("The Plan"). The Plan is a defined benefit fund that provides benefits in pension and lump sum form. There are currently active members and pensioners in the Plan.

The Plan provides lump sum and lifetime pension benefits that are defined by salary and period of membership.

The Plan design means that the risks most commonly affecting the reported financial results are expected to be:

- Investment risk (strong invenstment returns tending to improve the balance sheet position, whilst poor or negative investment returns tending to weaken the postion),

- Interest rate risk (the defined benefit obligation calculated under NZ IAS 19 uses a discount rate based on bond yields. If bond yeilds fall, the defined benefit obligaion will tend to increase),

- Longevity risk (The Plan provides lifetime pension benefits, and therefore any increases in longevity of pensioners will tend to increase the defined benefit obliation), and

- Salary inflation (higher than expected increases in salary will increase the defined benefit obligation).

Information relating to the Plan is based on the Plan data as at 31 December 2017.

The amounts recognised in the statements of financial position are determined as follows:

	2017 $'000	2016 $'000
Present value of the defined benefit obligation	38,723	36,517
Fair value of defined benefit Plan assets	(38,663)	(35,020)
Net liability in the statements of financial position	60	1,497

The movement in the defined benefit liability over the year is as follows:

	Present value of obligations $'000	Fair value of Plan assets $'000	Total $'000
At 1 January 2017	36,517	(35,020)	1,497
Amount recognised in profit or loss	1,412	(804)	608
Amount recognised in other comprehensive income	2,030	(2,601)	(571)
Contributions from employers	-	(1,474)	(1,474)
Contributions from Plan participants	479	(479)	-
Benefit payments	(1,715)	1,715	-
At 31 December 2017	38,723	(38,663)	60

18 Non-current assets - Retirement benefit obligations (continued)

	Present value of obligations	Fair value of Plan assets	Total
	$'000	$'000	$'000
At 1 January 2016	35,892	(33,699)	2,193
Amount recognised in profit or loss	1,009	(856)	153
Amount recognised in other comprehensive income	615	(38)	577
Contributions from employers	-	(1,426)	(1,426)
Contributions from Plan participants	466	(466)	-
Benefit payments	(1,465)	1,465	-
At 31 December 2016	36,517	(35,020)	1,497

The significant actuarial assumptions were as follows:

	Consolidated 2017	Consolidated 2016
	%	%
Discount rate	2.80	3.40
Future salary inceases	4.00	3.50

The major categories of the Plan assets are as follows:

	2017	2016
	$'000	$'000
Equity instruments	13,648	12,817
Debt instruments	21,458	20,417
Cash and cash equivalents	3,557	1,786
Total	38,663	35,020

19 Contributed equity

	2017 Shares	2016 Shares	2017 $'000	2016 $'000
(a) Share capital				
Ordinary shares				
Fully paid	9	9	450,000	450,000

(b) Ordinary shares

As at 31 December 2017, there were 9 shares issued and fully paid at $50,000,000.00 per share (2016: 9).

All shares have equal voting rights and share equally in dividends and surplus on winding up.

Notes to the Financial Statements

For the Year Ended 31 December 2017

20 Retained Earnings

(a) Reserves

	2017 $'000	2016 $'000
Business combination under common control reserve	(272,735)	(272,735)
Available-for-sale investments revaluation reserve	23,654	20,966
Total Reserves	(249,081)	(251,769)

(b) Retained Earnings

	2017 $'000	2016 $'000
At 1 January	(56,868)	(97,619)
Total profit / (loss) for the year	143,289	91,166
Other comprehensive income / (loss) net of tax	411	(415)
Dividends paid	-	(50,000)
At 31 December	86,832	(56,868)

21 Commitments

	2017 $'000	2016 $'000
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
Within one year	10,086	9,886
Later than one year but not later than five years	30,039	24,146
Later than five years	34,203	24,838
	74,328	58,870
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:		
Property, plant and equipment	8,932	8,067

Notes to the Financial Statements
For the Year Ended 31 December 2017

22 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2017 $'000	2016 $'000
Profit after income tax	143,289	91,166
Adjustments for:		
- depreciation	14,605	13,508
- net loss on disposal of property, plant and equipment	928	1,822
- Dividend income from available for sale financial asset	(6,451)	(12,365)
- finance costs	13,735	26,321
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(45,106)	(33,827)
- (increase)/decrease in inventories	(28,740)	(107,333)
- (increase)/decrease in deferred tax assets	29,912	31,137
- increase/(decrease) in trade and other payables	(32,504)	186,803
- increase/(decrease) in income taxes payable	4,123	-
- increase/(decrease) in provisions	(47)	177
- increase/(decrease) in other liabilities	(866)	(1,273)
Cashflow from operations	92,878	196,136

(b) Non-cash financing activities

The impact of amendments to IAS 7 have been assessed and all movements in borrowings (note 5) are due to cash transactions.

Independent auditor's report

To the shareholders of ExxonMobil New Zealand Holdings

The consolidated financial statements comprise:

- the Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2017;
- the Consolidated Statement of Financial Position For the Year Ended 31 December 2017;
- the Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017;
- the Consolidated Statement of Cash Flows For the Year Ended 31 December 2017; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of ExxonMobil New Zealand Holdings (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2017, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Information other than the financial statements and auditor's report

The Directors are responsible for the Annual Report. Our opinion on the consolidated financial statements does not cover the other information included in the Annual Report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information

PricewaterhouseCoopers, ABN 52 780 433 75
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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that we 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.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalent to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs NZ and ISAs 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 consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which 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.

The engagement partner on the audit resulting in this independent auditor's report is Anthony Hodge.

For and on behalf of:

Pricewaterhouse Coopers

Chartered Accountants
9 May 2018

Melbourne

I, Anthony Hodge, am currently a member of Chartered Accountants Australia and New Zealand and my membership number is 46978.

PricewaterhouseCoopers was the audit firm appointed to undertake the audit of ExxonMobil New Zealand Holdings for the year ended 31 December 2017. I was responsible for the execution of the audit and delivery of our firm's auditors' report. The audit work was completed on 9 May 2018 and an unqualified opinion was issued.

Anthony Hodge
Partner