NZF GROUP LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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NZF GROUP LIMITED
CHAIRMAN'S REVIEW
FOR THE YEAR ENDED 31 MARCH 2013

Dear Shareholder

Welcome to the Annual Report for NZF Group Limited.

DIVESTMENT PROGRAMME

The business of the Company and the Group has changed significantly from previously being a provider of a broad range of financial products given the Group's focus has most recently been to realise the value of the Group's business operation via a divestment programme. The Group continues to follow a sell down strategy in respect of its remaining assets.

On 11 June 2013, the Group sold its shareholding in its most significant remaining asset, its 50% shareholding in MPMH Limited to Secure Funding Limited for an amount of $2,762,000 plus the repayment of the Company's loan to MPMH of $305,904.

The Group is in the process of selling its 20% shareholding in Resimac NZ Home Loans Limited. An agreement to sell the Group's interest in this investment and the two investments described below has been entered into with Resimac Financial Services Limited for $1.25 million on 11 October 2013. This transaction is conditional upon the shareholders of NZF approving the proposed transaction. It is anticipated that a meeting of shareholders will be held on 21 November to seek the approval of the NZF shareholders to the transaction.

The Group holds two investments, one in class B notes issued by NZF Mortgages Warehouse A Trust comprising $1,419,082 face value with a coupon of 10% which has no set maturity date and the second in class C notes issued by NZF Mortgages 2010-1 Trust comprising $600,000 face value with a coupon of 7.82% and a maturity date of 15 June 2015. It is expected that these Notes will be sold at a discount to their face value given:

- There is no open market for the Notes;
- The Notes would be purchased prior to their maturity date;
- NZF Group is also being released from certain contingent liabilities to Resimac Financial Services Limited in connection with indemnities given when Resimac Financial Services Limited acquired an 80% interest in Resimac NZ Home Loans Limited

The two Notes have been impaired and carried at an agreed value as at 31 March 2013.

The Group's wholly owned subsidiary New Zealand Mortgage Finance Limited continues to operate as a mortgage broking aggregation company and has been steadily increasing the number of affiliated mortgage brokers to increase the amount of mortgage business provided to most of the major trading banks.

LITIGATION AND CLAIMS

During the course of the financial year:

- the Company settled a prospective $3 million claim from the receivers of NZF Money Limited for $975,000 on 18 February 2013;
- the Company has incurred significant legal expenses relating to the above matters, and collateral issues.

The Group is not currently involved in any ongoing litigation as both items mentioned in our previous report have been either settled or withdrawn.

INVESTIGATIONS

The Board understands that investigations into the affairs of NZF, and certain related parties, by the Serious Fraud Office (as previously announced to NZX) remain on-going. The Board is not aware as to whether any claim or proceedings will derive from these investigations. The Board is not aware whether the Financial Markets Authority is investigating the affairs of the Company.

PROSPECTIVE RESTRUCTURING

As previously advised to the market, the Board of NZF has been undertaking a strategic review of the restructuring options available to NZF given that the principal business operations of the NZF Group have either been sold or have been wound down or discontinued. The Board is, as at the date of this Report, still considering a number of options available to it and will report back to shareholders with the findings of its review process in due course.

EXPENDITURE

The Company has substantially reduced its day to day operating expenses over the past 12 -18 months with a view to preserving the asset sale proceeds until the future of NZF Group is determined by its stakeholders.

DELAYS IN FILING ANNUAL FINANCIAL STATEMENTS

As previously advised to the market, the Company has failed to comply with Listing Rule 10.5.1 of the NZSX/NZDX Listing Rules insofar as it did not deliver to NZX Limited and make available to each quoted security holder an annual report within the timeframes prescribed by the NZSX/NZDX Listing Rules.

In addition the Company has failed to comply with the prescribed deadlines for filing its annual financial statements in accordance with the Companies Act 1993 the Financial Reporting Act 1993.

Yours sincerely
NZF GROUP LIMITED

Sean Joyce
Chairman

19 November 2013

NZF GROUP LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

The Board of NZF Group Limited is committed to acting with integrity and expects high standards of behaviour and accountability from all its officers and staff. The Board recognises the need to continue to enhance its Governance Standards in line with developing best practice. In doing so, the Board has considered standards, guidelines and principles published by a range of interested parties in New Zealand and Internationally. The Governance Principles adopted by the Board are designed to meet best practice. Generally NZF Group Limited follows the NZX Corporate Governance Best Practice Code, except that there is no Nominations Committee. The Board has reviewed those Rules, Principles and Guidelines and is taking progressive steps to improve the Governance Systems and Processes by reference to them.

Role of the Board

The Board's primary objective is the enhancement of shareholder value by following appropriate strategies and ensuring effective and innovative use of available Group resources. The Board is responsible for the management, supervision and direction of the Group. Day-to-day management of the Group is delegated to the Group Chief Executive Officer.

Board Meetings

The Board normally meets eleven times each year for scheduled meetings. Additional meetings are held where specific matters require attention between scheduled meetings. Board meetings are used to monitor, challenge, develop and fully understand business and operational issues.

Composition of the Board

The Constitution provides that there will be no less than three and not more than nine Directors. NZX requirements are that at least two Directors, or one-third, are Independent Directors. The Board currently consists of two Independent Directors including the Chairman.

Criteria for Board Membership

When a vacancy arises, the Board will identify candidates with a mix of capabilities and perspectives considered necessary for the Board to carry out its responsibilities effectively. A Director appointed by the Board must stand for election at the next Annual Meeting. At each Annual Meeting one-third of Directors (excluding the Managing Director) must retire by rotation. Retiring Directors are eligible for re-election.

Board Committees

The Board has established an Audit & Risk Committee and a Remuneration Committee.

The Audit & Risk Committee operates under a Charter approved by the Board and is accountable to the Board for: the business relationship with, and the independence of, external auditors; the reliability and appropriateness of the disclosure of the financial statements and external financial communication; and the maintenance of an effective business risk management framework including compliance and internal controls. The Audit & Risk Committee is comprised of Independent and Executive Directors. The Chairman of the Committee is Craig Irving Alexander. Sean Joyce is also a member of the Remuneration Committee.

The Remuneration Committee operates under a Charter approved by the Board and is accountable to the Board for: obtaining assurance that the Group's human resources policies and practices support achievement of the Group's goals; overseeing appointments of the Group Chief Executive Officer, roles reporting to the Group Chief Executive Officer, and key professional advisors in the area of Legal, Tax and Public Relations; and overseeing the development of key employees.

The Remuneration Committee recommends to the Board the level of the Group Chief Executive Officer's remuneration package.

The Remuneration Committee is comprised of Independent Directors. The Chairman of the Committee is Craig Irving Alexander. Sean Joyce is also a member of the Remuneration Committee.

Trading in Shares

NZF Group Limited has a detailed Insider Trading Policy applying to all Directors and employees. A procedure must be followed to obtain consent to trade in the Company's shares at all times. Generally trading is permitted from the release of interim results until 28 February and from the release of the final results until 31 August. Directors and employees are not able to trade in Company shares, if they are in possession of unpublished price sensitive information.

The Company reinforces these measures by requiring that anyone designated as having the opportunity to access price sensitive information can transact in the Company's securities only with the prior approval of the Company Secretary and Chairman.

Make Timely and Balanced Disclosure

The Company has in place procedures designed to ensure compliance with the NZX Listing Rules such that:

- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced way.

Accountability for compliance with disclosure obligations is with the Company Secretary, Mark Thornton. Significant market announcements, including the preliminary announcement of the half year and full year results, and the financial statements for those periods, require review by the Audit & Risk Committee and the Board.

Corporate Governance Best Practice Code

The Company does not consider that the corporate governance principles adopted or followed by the Company materially differ from the Corporate Governance Best Practice Code.

Diversity Policy

The Company does not have a formal diversity policy. However it recognises the wide-ranging benefits that diversity brings to an organisation and its workplaces. NZF Group Limited endeavours to ensure diversity at all levels of the organisation to ensure a balance of skills and perspectives are available in the service of our shareholders and customers.

As at 31 March 2013, the gender balance of the Company's directors, officers and all employees was as follows:

	Directors		Officers		Employees	
Female	0	0%	0	0%	1	50%
Male	3	100%	1	100%	1	50%
Total	**3**	**100%**	**1**	**100%**	**2**	**100%**

NZF GROUP LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

The Directors of NZF Group Limited present to shareholders the financial statement for the Company for the year ended 31 March 2013.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Company as at 31 March 2013 and the results of its operations and cash flows for the year ended on that date.

The Directors have presented Group accounts including the jointly controlled entity, MPMH Limited but note that the financial statements for MPMH Limited have not been finalised for distribution nor has a final audit opinion been issued on these accounts. Accordingly the Directors note that the accounts of MPMH Limited may change and may affect the Group financial statements of NZF Group Limited.

The Directors consider that the financial statements of the Company have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Financial Statements are signed on behalf of the Board on 19 November 2013 by:

Mark Thornton
Director

Craig Alexander
Director

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of NZF Group Limited

Report on the Company and Group Financial Statements

We were engaged to audit the accompanying financial statements of NZF Group Limited ("the company") and the group, comprising the company, its subsidiary and joint venture, on pages 9 to 60. The financial statements comprise the statements of financial position as at 31 March 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' Responsibility for the Company and Group Financial Statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, NZF Group Limited, its subsidiary or its joint venture.

Basis for Disclaimer of Opinion

An audit would ordinarily involve performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected would ordinarily depend on the auditor's 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 auditor considers internal control relevant to the company and group'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 entity's internal control.

The company's investment in its joint venture MPMH Limited is carried at $7,508,000 on the company's statement of financial position as at 31 March 2012, which represents approximately 54% of the company's total assets as at 31 March 2012. As of the date of our audit report, we have not been provided with the signed financial statements of MPMH Limited for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 as they have not been authorised for issue by those charged with governance of MPMH Limited. Consequently, no audit opinions on the balances contained within the financial statements of MPMH Limited for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 have been issued by the auditor of MPMH Limited. Without those charged with governance accepting responsibility for the financial statements for the years ended 31 March 2011, 31 March 2012 and 31 March 2013, and no audit opinions issued by the auditor of MPMH Limited for the corresponding periods, we have been unable to obtain sufficient appropriate audit evidence regarding the opening balance as at 1 April 2012 of the investment in MPMH Limited. This has a material and pervasive effect on the company's financial statements given that the value of the investment has been impaired by $4,746,000 during the year ended 31 March 2013 to the net recoverable amount received for the asset subsequent to 31 March 2013 (being the most reliable indicator of the fair value of the asset). Given the lack of sufficient appropriate audit evidence, we cannot ascertain whether this impairment should have been partially or fully recognised in the company's financial statements for the year ended 31 March 2012 and the corresponding effect this would have on the company's opening retained earnings.

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The company's proportional share of the assets, liabilities, income and expenses, and the elements making up the statement of changes in equity and statement of cash flows, of MPMH Limited and group are included in the consolidated group balances as at 31 March 2012 and 31 March 2013, and for the years then ended. The total assets consolidated in the group balances represent over 55% of the group's total assets as at 31 March 2012 and over 45% of the group's total assets as at 31 March 2013. As of the date of our audit report, we have not been provided with the signed company and group financial statements of MPMH Limited for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 as they have not been authorised for issue by those charged with governance of MPMH Limited. Consequently, no audit opinions on the balances contained within the company and group financial statements of MPMH Limited for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 have been issued by the auditor of MPMH Limited and group. Without those charged with governance accepting responsibility for the financial statements for the years ended 31 March 2011, 31 March 2012 and 31 March 2013, and no audit opinions issued by the auditor of MPMH Limited and group for the corresponding periods, we have been unable to obtain sufficient appropriate audit evidence regarding the balances used to consolidate the company's proportional share of the consolidated assets, liabilities, income and expenses, and the elements making up the statement of changes in equity and statement of cash flows, of MPMH Limited and group as at 1 April 2012 and 31 March 2013, and for the year then ended. This possibly has a material and pervasive effect on the group's financial statements. Given the lack of sufficient appropriate audit evidence, we cannot ascertain whether any further adjustments to the balances of MPMH Limited and group are required that would result in a material misstatement of the reported balances.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements on pages 9 to 60.

Emphasis of Matter – Going Concern Assumption

We have considered the adequacy of the disclosures made in note 32 to the financial statements in relation to a number of material uncertainties that may cast doubt on the company and group's ability to continue as a going concern. As at 31 March 2013, the company and group had excess liabilities over assets of $14,932,000 and $17,290,000 respectively. The company has previously issued unsecured capital notes, of which $18,019,000 remain on issue as at 31 March 2013. As the company was in breach of the solvency test as set out in the Companies Act 1993 during the year ended 31 March 2013, interest payments on the unsecured capital notes have been suspended. Suspended interest payments are compounding and have been accrued in the company and group financial statements. The future of the unsecured capital notes is uncertain as at the date of our audit report.

Furthermore, the cash funds available to company and group are limited and there is a need for future cash flows to be generated for the company and group to continue as a going concern. Our report is not qualified in respect of this matter.

Emphasis of Matter – Subsequent Events

Subsequent to balance date the company has realised $2,762,000 for the value of its investment in MPMH Limited by selling its 50% shareholding in MPMH Limited as disclosed in note 31. Furthermore, a conditional sale and purchase agreement has been entered into to sell the company's 20% shareholding in Resimac NZ Home Loans Limited and the secured subordinated notes included in note 14 of the financial statements for $1,250,000. The sale is conditional on either approval by the shareholders of NZF Group Limited or an NZX waiver being granted. Our report is not qualified in respect of this matter.

Emphasis of Matter – Prior Period Errors

We draw attention to note 33 to the financial statements which describes the prior period adjustment made in relation to the group. An error was made in regards to the de-recognition of NZF Money Limited (in receivership), in determining the consolidated retained earnings to be carried forward in the group at 1 April 2012. The directors assessed by way of a further adjustment that the goodwill, that arose upon the de-recognition of NZF Money Limited (in receivership), was impaired. The result being that there was no overall effect on the retained earnings balance.

The financial statements of MPMH Limited have been authorised for issue by those charged with governance of MPMH Limited and may be subject to change. The impact of any future changes is not known at the date of our audit report. Our report is not qualified in respect of these matters.

Other Matter

The financial statements of the company and group for the year ended 31 March 2012, were audited by another auditor who expressed an unmodified opinion with an emphasis of matter regarding material uncertainties that may cast doubt on the company and group's ability to continue as a going concern on those statements on 29 June 2012.

RSM Prince
Chartered Accountants

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 31 March 2013:

- we have not received all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by NZF Group Limited as far as appears from an examination of those records.

Additionally, the directors of NZF Group Limited have failed to comply with Rule 10.5.1 of the NZSX/ NZDX Listing Rules in that they did not deliver to NZX and make available to each quoted security holder an annual report within three months of 31 March 2013.

Furthermore, the directors of NZF Group Limited have failed to comply with section 208(1) of the Companies Act 1993 and section 18(1) of the Financial Reporting Act 1993 in that they did not prepare an annual report on the affairs of the company within 5 months of 31 March 2013 and file the financial statements of the company and group with the Registrar of Companies within 5 months and 20 working days of 31 March 2013.

Restriction on Distribution or Use

This report is made solely to the company's shareholders, as a body, 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 shareholders 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.

RSM Prince

RSM PRINCE
Chartered Accountants, Auckland
19 November 2013

NZF GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	Note	Group 31-Mar 2013 $'000	Group 31-Mar 2012 $'000 Restated	Company 31-Mar 2013 $'000	Company 31-Mar 2012 $'000
Interest income	3	**254**	43	**233**	191
Interest expense	3	**(1,137)**	(1,124)	**(1,115)**	(1,089)
Net interest income/(loss)	3	**(883)**	(1,081)	**(882)**	(898)
Fee and commission income	4	**8,378**	6,105	**-**	51
Fee and commission expense	4	**(5,613)**	(3,695)	**-**	(5)
Net fee and commission income	4	**2,765**	2,410	**-**	46
Other income	5	**24**	32	**-**	-
Total operating income		**1,906**	1,361	**(882)**	(852)
Net impairment losses	6	**(7,196)**	(7,643)	**(6,996)**	(10,768)
Operating expenses and staff costs	7	**(4,906)**	(2,715)	**(2,804)**	(940)
(Loss) before income tax		**(10,196)**	(8,997)	**(10,682)**	(12,560)
Income tax benefit/(expense)	9	**(179)**	(113)	-	-
(Loss) from continuing operations	13	**(10,375)**	(9,110)	**(10,682)**	(12,560)
(Loss)/profit from discontinued operations (after tax)	13	-	(7,914)	-	2,727
(Loss) for the year attributable to shareholders of the company		**(10,375)**	(17,024)	**(10,682)**	(9,833)
Other comprehensive income:					
Gains on cash flow hedges arising during the period		-	503	-	-
Balance of hedge reserve sold with subsidiary		-	708	-	-
Other comprehensive income for the year, net of tax		-	1,211	-	-
Total comprehensive loss for the year, net of tax		**(10,375)**	(15,813)	**(10,682)**	(9,833)
Attributable to:					
Non-controlling interest		-	-	-	-
Equity holders of the Company		**(10,375)**	(15,813)	**(10,682)**	(9,833)
		(10,375)	(15,813)	**(10,682)**	(9,833)
Earnings per share:		**Cents Per Share**	**Cents Per Share**		
Basic earnings per share:					
From continuing operations	12	**(9.44)**	(8.28)		
From discontinued operations	12	-	(7.20)		
Total basic earnings per share	12	**(9.44)**	(15.48)		
Diluted earnings per share:					
From continuing operations	12	**(9.44)**	(8.28)		
From discontinued operations	12	-	(7.20)		
Total diluted earnings per share	12	**(9.44)**	(15.48)		

The attached notes form part of and are to be read in conjunction with the Financial Statements

NZF GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

		Attributable to Equity holders of the Company					
				Hedge		Non-	
		Share	Retained	Accounting		Controlling	Total
		Capital	Earnings	Reserve	Total	Interest	Equity
	Note	$'000	$'000	$'000	$'000	$'000	$'000
GROUP							
Balance at 1 April 2011		9,525	1,943	(1,211)	10,257	3	10,260
Prior period adjustement to effect of change in capital gain on sales of property, plant and equipment	33	-	(132)	-	(132)	-	(132)
Effect of change in estimated useful life of property, plant and equipment		-	44	-	44	-	44
Impairment of goodwill arising on de-recognition of NZF Money Limited (in receivership)	23	-	(899)	-	(899)	-	(899)
Restated opening balance at 1 April 2011		9,525	956	(1,211)	9,270	3	9,273
Total comprehensive (loss)/income as previously reported		-	(16,158)	1,211	(14,947)	-	(14,947)
Correction to the de-recognition of NZF Money Limited (in receivership)		-	899	-	899	-	899
Restated balance at 31 March 2012		9,525	(14,303)	-	(4,778)	3	(4,775)
Restated balance at 1 April 2012		9,525	(14,303)	-	(4,778)	3	(4,775)
Total comprehensive loss		-	(10,375)	-	(10,375)	-	(10,375)
Balance at 31 March 2013		**9,525**	**(24,678)**	-	**(15,153)**	3	**(15,150)**
COMPANY							
Balance as at 1 April 2011		9,525	(3,942)	-	5,583	-	5,583
Total comprehensive loss		-	(9,833)	-	(9,833)	-	(9,833)
Balance at 31 March 2012		9,525	(13,775)	-	(4,250)	-	(4,250)
Balance as at 1 April 2012		**9,525**	**(13,775)**	-	**(4,250)**	-	(4,250)
Total comprehensive loss		**-**	**(10,682)**	-	**(10,682)**	-	**(10,682)**
Balance at 31 March 2013		**9,525**	**(24,457)**	-	**(14,932)**	-	**(14,932)**

NZF GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	Group 31-Mar 2013 $'000	Group 31-Mar 2012 $'000 Restated	Group 1-Apr 2011 $'000 Restated	Company 31-Mar 2013 $'000	Company 31-Mar 2012 $'000
Assets						
Cash and cash equivalents		**1,334**	2,574	5,656	**310**	2,191
Loans and advances to customers		**-**	-	227,096	**-**	-
Trade and other receivables	14	**1,735**	2,804	1,201	**1,560**	3,189
Other assets	19	**340**	337	3,015	**114**	154
Investment in subsidiary undertakings and jointly controlled entities	17	**-**	-	-	**2,942**	8,408
Investments in other companies		**3**	6	-	**-**	3
Property, plant and equipment	15	**163**	146	313	**9**	-
Intangible assets	16	**2,160**	8,584	9,105	**-**	-
Deferred tax asset	18	**-**	-	2,193	**-**	-
Current tax assets		**-**	-	100	**-**	-
Total assets		**5,735**	14,451	248,679	**4,935**	13,945
Liabilities						
Bank Overdraft		**-**	66	-	**-**	-
Trade and other payables	20	**2,821**	759	1,809	**1,848**	176
Derivative liabilities held for risk management		**-**	-	1,468	**-**	-
Loans and borrowings	21	**18,019**	18,369	235,006	**18,019**	18,019
Other liabilities		**-**	-	136	**-**	-
Deferred tax liability		**45**	28	-	**-**	-
Current tax liability		**-**	4	-	**-**	-
Total liabilities		**20,885**	19,226	238,419	**19,867**	18,195
Net assets/(liabilities)		**(15,150)**	(4,775)	10,260	**(14,932)**	(4,250)
Equity						
Share capital	22	**9,525**	9,525	9,525	**9,525**	9,525
Retained earnings/(Accumulated Deficit)	23	**(24,678)**	(14,303)	1,943	**(24,457)**	(13,775)
Hedge accounting reserve		**-**	-	(1,211)	**-**	-
Total equity attributable to equity holders of the company		**(15,153)**	(4,778)	10,257	**(14,932)**	(4,250)
Non-controlling interest		**3**	3	3	**-**	-
Total equity		**(15,150)**	(4,775)	10,260	**(14,932)**	(4,250)

For and on behalf of the Board of Directors who approved these financial statements for issue on 19 November 2013.

Mark Hume Thornton
Executive Director/Chief Executive Officer

Craig Irving Alexander
Director

NZF GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

	Note	Group 31-Mar 2013 $'000	Group 31-Mar 2012 $'000 Restated	Company 31-Mar 2013 $'000	Company 31-Mar 2012 $'000
Cash Flows from Operating Activities					
Interest received		254	10,470	233	191
Interest paid		(22)	(9,794)	-	(1,089)
Fee and commission income received		8,124	6,137	-	51
Other income received		24	32	-	-
Dividends received		-	-	-	2,127
Payments to suppliers and employees		(9,160)	(7,927)	(2,205)	(1,622)
Taxation paid		-	(55)	-	-
Net decrease in loans and advances to customers	1(t)	-	47,214	-	-
Net decrease in loans to subsidiary undertakings	1(t)	-	-	100	2,429
Increase in loans to jointly controlled entities		-	(12)	-	(1)
Net decrease/(increase) in franchisee loans	1(t)	-	(23)	-	-
Net employee loan (advances)/repayments		-	(2)	-	2
Net Cash Flow from Operating Activities		(780)	46,040	(1,872)	2,088
Cash Flows used in Investing Activities					
Acquistion of shares in other companies		-	(106)	-	(3)
Net cash outflow on receivership of NZF Money Limited (in receivership)	17	-	(710)	-	-
Net cash outflow on sale of NZF Home Loans Limited	17	-	(505)	-	-
Purchase of property, plant and equipment	15	-	(54)	(9)	-
Sale of property, plant and equipment		(44)	-	-	-
Net Cash Flow from Investing Activities		(44)	(1,375)	(9)	(3)
Cash Flows from Financing Activities					
Net decrease in term loans	1(t)	(350)	(26,744)	-	-
Net decrease in secured mortgage backed notes	1(t)	-	(16,455)	-	-
Net decrease in secured debenture stock	1(t)	-	(4,626)	-	-
Net Cash Flow from Financing Activities		(350)	(47,825)	-	-
Net (decrease)/increase in cash held		(1,174)	(3,148)	(1,881)	2,085
Cash balance at start of the year		2,508	5,656	2,191	106
Cash balance at end of the year		1,334	2,508	310	2,191
Made up as follows:					
Cash and cash equivalents		1,334	2,574	310	2,191
Bank Overdraft		-	(66)	-	-
		1,334	2,508	310	2,191

NZF GROUP LIMITED

RECONCILIATION OF NET (LOSS)/PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2013

	Group 31-Mar 2013 $'000	Group 31-Mar 2012 $'000 Restated	Company 31-Mar 2013 $'000	Company 31-Mar 2012 $'000
Total comprehensive loss for the year, net of tax	**(10,375)**	(17,024)	**(10,682)**	(9,833)
Add:				
Depreciation of property, plant and equipment	**27**	87	-	-
Loss on sale of property, plant and equipment	-	18	-	-
Decrease in collective and specific loan impairment allowances	-	(1,463)	-	-
Bad debts written off	-	2,769	**666**	-
Impairment loss on investments in subsidiary undertakings	**6,424**	14,241	**4,803**	10,768
Interest accrued on capital notes	**1,115**	45	**1,115**	45
Deduct:				
Non cash dividend received	-	-	-	(600)
Net decrease in loans and advances to customers	-	47,214	-	-
Net increase in derivative assets and liabilities held for risk management	-	(153)	-	-
Decrease in accounts receivable and other assets	**1,069**	283	**1,669**	2,322
Increase/(decrease) in accounts payable and other liabilities	**947**	179	**557**	(614)
Increase in current tax assets	**(4)**	(476)	-	-
Increase in deferred tax asset	**17**	320	-	-
Net Cash Flow from Operating Activities	**(780)**	46,040	**(1,872)**	2,088

Major Non-Cash Transactions

At 31 March 2013 the Directors impaired the carrying values of the investment in subsidiary undertakings being non-cash transactions they have been added back into the operating activities. See Note 6 and 17.

On 22 December 2011 NZF Group Limited received a dividend of $600,000 from NZF HomeLoans Limited which was received in the form of secured subordinated notes in NZF Mortgages 2010-1 Trust.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) General Information

The reporting entity is NZF Group Limited (the "Company" or "NZF"). It is profit oriented and incorporated and domiciled in New Zealand. The Group comprising the Company and its subsidiary undertakings, controlled entities and jointly controlled entities is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The Company and the Group is an Issuer as defined by the Securities Act 1978 and the Securities Regulations 2009. The principal activities of the Group are stated in accounting policy 1(f) below.

(b) Basis of Preparation

The consolidated financial statements for the Group have been prepared on the basis of historical cost, as modified by the fair value measurement of available for sale financial assets, financial instruments held at fair value through profit or loss and all derivative contracts. Cost is based on the fair values of the consideration given in exchange for assets.

The Group meets the definition of a Financial Institution under *NZ IFRS 7 Financial Instruments: Disclosures* and is subject to the specific additional disclosure requirements applicable to Financial Institutions defined in Appendix E of NZ IFRS 7.

The Consolidated Statement of Comprehensive Income discloses the net interest income, net fee and commission income and other income in line with the Statement of Comprehensive Income presentation used by other Financial Institutions.

The Consolidated Statement of Financial Performance discloses assets and liabilities in order of their liquidity in line with the Statement of Financial Position presentation used by other Financial Institutions. Where it is not evident from the financial statement line item, disclosure of the current/non-current split has been made in the Maturity Profile of Financial Assets and Financial Liabilities (see Note 26) or the relevant note.

The consolidated financial statements for the Group are presented in New Zealand dollars ($), which is the functional currency of all entities within the Group. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars ($'000), unless otherwise stated.

(c) Statement of Compliance

The consolidated financial statements for the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial standards, as appropriate for profit-oriented entities. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(d) Changes in Accounting Policies and Disclosures

There have been no significant changes in accounting policies during the current year.
Accounting policies have been applied on a basis consistent with the prior annual financial statements.

Adoption Status of Relevant New Financial Reporting Standards and Interpretations
The following new standards and amendments to standards were applied during the period:

FRS 44 *New Zealand Additional Disclosures and Harmonisation Amendments*
FRS 44 sets out New Zealand specific disclosures for entities that apply NZ IFRSs. These disclosures have been relocated from NZ IFRSs to clarify that these disclosures are additional to those required by NZ IFRS. Apart from the recognition of imputation credits, adoption of the new rules has not affected any of the amounts recognised in the financial statements.

The Harmonisation Amendments amends various NZ IFRSs for the purpose of harmonising with the source IFRSs and Australian Accounting Standards. The significant amendments include:
- deletion of the requirement for an independent valuer to conduct the valuation of investment property and property, plant and equipment;
- inclusion of the option to account for investment property using either cost or fair value model;
- introduction of the option to use the indirect method of reporting cash flows that is not currently in NZ IAS 7.

In addition, various disclosure requirements have been deleted.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following new standards and amendments to standards have been issued but are not yet effective;

NZ IAS 1 ***Amendments Presentation of Items of Other Comprehensive Income***
The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Group intends to adopt the new standard from 1 April 2013.

NZ IAS 27 ***Separate Financial Statements***
NZ IAS 27 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements. Application of this standard by the group and parent entity will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the parent's investments in the separate parent entity financial statements. The Group intends to adopt the new standard from 1 April 2013.

NZ IFRS 9 ***Financial Instruments***
This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.
NZ IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of IAS 39 requirements. The main change is that in cases where the fair value option is taken for financial liabilities, the part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the Statement of Comprehensive Income, unless this creates an accounting mismatch. The Group is yet to assess NZ IFRS 9's full impact and intends to adopt NZ IFRS 9 no later than 1 April 2015.

NZ IFRS 10 ***Consolidated Financial Statements***
NZ IFRS 10 replaces all of the guidance on control and consolidation in NZ IAS 27 *Consolidated and Separate Financial Statements,* and NZ SIC 12 *Consolidation – Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group does not expect the new standard to have a significant impact on its composition. The Group intends to adopt NZ IFRS 10 from 1 April 2013.

NZ IFRS 12 ***Disclosures of interests in other entities***
NZ IFRS 12 sets out the required disclosures for entities reporting under the two new standards, NZ IFRS 10 and NZ IFRS 11, and replaces the disclosure requirements currently found in NZ IAS 28. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments. The Group intends to adopt NZ IFRS 12 from 1 April 2013.

NZ IFRS 13 Fair Value Measurement
NZ IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group intends to adopt NZ IFRS 13 from 1 April 2013.

There are no other NZ IFRSs or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(e) Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company, NZF Group Limited, and its subsidiary undertakings and controlled entities as detailed in Note 17 to the financial statements, using the purchase method of accounting.

Subsidiary undertakings are entities controlled, either directly or indirectly, by the Company. All material transactions between subsidiary undertakings and the Company are eliminated on consolidation. The results of subsidiary undertakings acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date of acquisition or to the date of disposal.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement requiring unanimous consent for strategic, financial and operating decisions.

Jointly controlled entities are accounted for using the proportionate line by line method. The consolidated financial statements include the Group's share of income and expenses of jointly controlled entities from the date that joint control commences until the date that joint control ceases.

(f) Segment Reporting

For management purposes, the Group is organised into 2 (2012: 4) operating segments, as follows:

Property Finance Division
The Property Finance Division was operated by NZF Money Limited (in receivership) was placed in receivership on 22 July 2011. The Group discontinued including the results of NZF Money Limited (in receivership) in its consolidated financial statements from that date. NZF Money provided property finance to a range of clients for residential properties (owner occupied houses), investment properties (houses), commercial and industrial properties, property development (houses and quality apartments), rural and farm properties and bare land (residential development land), which was predominantly backed by first mortgage security. The Property Finance Division has only been included in the Group's 2012 results.

NZF Money Limited (in receivership) also provided secured business and personal loans to some of its clients and employees. However, this did not form a significant part of that Company's activities and was therefore not managed and measured separately from its main Property Finance activities. As a result, all financial information relating to NZF Money Limited (in receivership) has been disclosed within Property Finance activities (see Note 13 and 17).

Home Loans Division
The Home Loans Division comprised NZF HomeLoans Limited, NZF Mortgages Warehouse A Trust, NZF Mortgages Warehouse B Trust and NZF Mortgages 2010-1 Trust. The Group's interest in these entities was sold on 22 December 2011. The Home Loans Division has only been included in the Group's 2012 results.

The principal activity of the Home Loans Division was to provide residential mortgage customers with bank competitive Home Loans, which were secured by first mortgage security (see Note 13 and 17).

Financial Services Distribution
New Zealand Mortgage Finance Limited (100% subsidiary undertaking) and MPMH Limited (50% jointly controlled entity) have developed their own broker networks to distribute a range of financial services products to clients, including Mortgages, Insurances and Personal Loans. Whilst the financial services business of all three companies are managed and measured independently from one another, their results have been aggregated and shown as a single operating segment, as they have similar economic characteristics. These include the nature of the products and services provided to clients, the types and classes of clients to whom services are provided, the distribution methods employed and the regulatory environment within which all three businesses operate. The Group's interest in MPMH Limited was sold on 27 May 2013. See Note 31.

Management & Holding Activities
The principal activity of NZF Group Limited is to act as the management and holding company for the NZF Group of Companies. This includes holding the investments in subsidiary undertakings and jointly controlled entities, managing Group cash flow requirements, Corporate Governance, Financial Reporting, complying with the NZX Listing Rules and dealing with Investor relations. NZF Group Limited is funded by Ordinary Share Capital, Retained Earnings and $18,019,250 (2012: $18,019,250) of Unsecured Capital Notes which are due to mature on 15 March 2016. Interest is payable on the Unsecured Capital Notes at the rate of 6% (2012: 6%) per annum, quarterly in arrears. This interest, together with other central operating expenses, assets and liabilities, are not allocated by management to the operating segments when making decisions about resource allocation and performance assessment. On 21 May 2012, the Directors suspended interest payments on the Unsecured Capital Notes effective from 15 March 2013 in accordance with condition 3.2(iii) of the Trust Deed constituting the capital notes (see Note 32). The last payment date of interest on the Unsecured Capital Notes was 15 March 2012.

Real Estate
The Real Estate Division comprises MPMH Limited's 50% interest in MPRE Limited. The principal activity of MPRE Limited is the provision of real estate agency services (see Note 14 and 20). The Group's interest in MPRE Limited was disposed of through the sale of MPMH Limited on 27 May 2013. See Note 31.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Segment Reporting (Continued)

Management previously monitored the results of its five operating segments which included the broker operations of New Zealand Mortgage Finance Limited and MPMH Limited, the property finance company, NZF Money Limited (in receivership), its Home Loan Division comprising NZF Home Loans Limited, NZF Securitisation Limited and NZF Mortgages Limited, the subsidiary company Mike Pero Real Estate Limited and the parent company NZF Group Limited. NZF Money Limited (in receivership) was placed into receivership on 22 July 2011 and discontinued its business operations and the investment was written off thereby eliminating any future risks from this entity. In December 2011 NZF Group Limited sold 80% of its interests in the Home Loans Division to Resimac NZ Home Loans Limited and with a non-controlling interest, is only able to monitor its financial performance without having any operational or strategic directional control. Management continue to monitor the results of the remaining operational segments being 50% ownership of MPMH Limited, Mike Pero Real Estate Limited which is owned 50% by MPMH Limited, the in house wholly owned broker operation, New Zealand Mortgage Finance Limited and the parent company which now owns the operating subsidiaries and has cash and cash equivalents from the part sale of the Home Loans Division.

In order to provide a full reconciliation of the Group's total revenue, total profit/(loss), total assets and total liabilities for each reporting period, any revenue, costs, assets and liabilities of NZF Group Limited that are not allocated by management to the five operating segments have been shown within Management & Holding Activities. Goodwill and intangible assets have also been allocated by management to the operating segments to which those assets relate.

All business activities are carried out within New Zealand so there is no geographic segment reporting to management.

(g) Revenue

Recognition of income
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income and similar expense
For all financial instruments measured at amortised cost, interest income and expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

The Group recognises interest revenue and establishment fees on an accruals basis when the services are rendered using the effective interest rate method.

Fee and commission income
The Group earns fee income from a range of services it provides to customers. Fee income can be divided into the following categories:

Lending/Establishment fees
Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to the Consolidated Statement of Comprehensive Income over the life of the loan using the effective interest rate method. Lending fees not directly related to the origination of a loan are recognised over the period of service.

Commissions and other fees
When commissions or fees relate to specific transactions or events, they are recognised in the Consolidated Statement of Comprehensive Income when the service is provided to the customer. When they are charged for services provided over a period, they are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis as the service is provided.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue (Continued)

Brokerage fees
Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Fees or components of fees that are linked to certain performance are recognised after fulfilling the corresponding criteria.

Payment protection insurance
The Group acted as an agent for payment protection insurance on small business loans and consumer finance loans through its Consumer Finance Division. Given the agency relationship, under NZ IFRS the income is presented on a net basis rather than on a gross basis. This means that only the commission income is recognised, not the full amount of the insurance premiums offset by the cost to the Group. The Group recognises the estimated liability on payment protection insurance refunds at each reporting date. The amount of the liability is estimated using historical refund data.

Other income
Other income comprises dividend income, franchise sales, rent receivable and other sundry income. Dividend income is recorded in the Consolidated Statement of Comprehensive Income when the right to receive the dividend is established. Rent receivable is recorded in the Consolidated Statement of Comprehensive Income on an accruals basis. Income from Franchise Sales is recognised in the Consolidated Statement of Comprehensive Income when the contract for the sale becomes unconditional.

(h) Financial Instruments

Financial instruments are classified in one of the following categories at initial recognition: Financial Assets at Fair Value through Profit or Loss, Held to Maturity Investments, Loans and Receivables, Available for Sale Financial Assets, Financial Liabilities at Fair Value through Profit or Loss and Financial Liabilities measured at Amortised Cost. Furthermore, financial instruments are split between derivative and non-derivative financial instruments.

Financial instruments are transacted on a commercial basis to derive an interest yield/cost with terms and conditions having due regard to the nature of the transaction and the risks involved.

Some of these categories require measurement at fair value. Where available, quoted market prices are used as a measure of fair value. Bid prices are used to estimate fair values of assets, whereas offer prices are applied to liabilities. Where quoted market prices do not exist, fair values are estimated using present value or other market accepted valuation techniques, using methods and assumptions that are based on market conditions and risks existing as at each reporting date.

Where the Group has assets and liabilities with offsetting market risk, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies a bid/offer spread adjustment to the net open position as appropriate.

If changes in these assumptions to a reasonably possible alternative would result in a significantly different fair value this has been disclosed with a range of possibilities.

Financial Assets and Liabilities at Fair Value through Profit or Loss

Assets and liabilities in this category are either held for trading or are managed with other assets and liabilities and are accounted for and evaluated on a fair value basis. Fair value reporting of these assets and liabilities reflects the Group's risk management process, which includes utilising natural offsets where possible and managing overall risks of the portfolio on a trading basis.

Upon initial recognition, attributable transaction costs are included in the Consolidated Statement of Comprehensive Income when incurred. Assets and liabilities in this category are subsequently measured at fair value, with any changes recognised in the Consolidated Statement of Comprehensive Income.

Assets and liabilities in this category include derivative financial instruments to hedge the Group's exposure to interest rate risks arising from financing and investment activities using interest rate swaps as detailed in the Derivative Financial Instruments note below.

Following the receivership of NZF Money Limited (in receivership) and the sale of NZF HomeLoans Limited there were no assets or liabilities included in this category.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments (Continued)

Held to Maturity Investments

Assets in this category are recorded upon initial recognition at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment. This category includes secure subordinated notes.

Loans and Receivables

These assets are recorded upon initial recognition at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment. This category of Financial Asset includes:

Loans and advances to customers
These are recorded at amortised cost using the effective interest rate method, less impairment.

Trade and other receivables
These include accounts receivable, accrued interest on loans and advances to customers, and amounts due from group undertakings, less impairment.

Available for Sale Financial Assets

Available for sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Assets in this category include cash and cash equivalents that comprise cash balances and call deposits. Assets in this category are measured upon initial recognition at fair value plus transaction costs directly attributable to their acquisition. Subsequently such assets are measured at fair value excluding transaction costs.

Financial Liabilities measured at Amortised Cost

This category includes all financial liabilities other than those at Fair Value through Profit or Loss. Liabilities in this category are measured at amortised cost using the effective interest rate method and include:

Loans and borrowings
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Other liabilities
These are recorded at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments. These amounts are unsecured.

Derivative Financial Instruments

Prior to the receivership of NZF Money Limited (in receivership) and the sale of NZF HomeLoans the Group used derivative financial instruments to hedge its exposure to interest rate risks arising from financing and investment activities using interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is executed, and are subsequently re-measured to their fair value at each reporting date. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curve at reporting date derived from quoted interest rates. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments (Continued)

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge will be recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value will be recognised in the Consolidated Statement of Comprehensive Income.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting will be discontinued. The cumulative gain or loss previously recognised in equity will remain there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity will be transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity will be transferred to the Consolidated Statement of Comprehensive Income in the same period that the hedged item affects profit or loss.

(i) Share Capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(j) Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Consolidated Statement of Comprehensive Income as incurred.

Depreciation

Depreciation is recognised in the Consolidated Statement of Comprehensive Income to write off the cost of an item of property, plant and equipment, less any residual value, over its expected useful life, at the following rates:

Leasehold Improvements	18% - 26.4% Diminishing Value
Computers and Software	14.4% - 48% Diminishing Value
Office Furniture and Equipment	11.4% - 60% Diminishing Value
Motor Vehicles	22% - 36% Diminishing Value

The useful lives and residual values are reviewed annually and the depreciation recognised in the Consolidated Statement of Comprehensive Income calculated on a straight line basis would not be materially different from the depreciation recognised using the above rates as allowed by the Income Tax Act 2007.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Assets held for sale and discontinued operations

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(l) Investments in Subsidiary Undertakings and Jointly Controlled Entities

Investments in subsidiary undertakings and jointly controlled entities are held in the Company's financial statements at cost less accumulated impairment losses. The carrying amount of the investments is reviewed at each reporting date to determine if there is any evidence of impairment.

(m) Intangible Assets

Goodwill

Goodwill arises on the acquisition of subsidiary undertakings and jointly controlled entities. It represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. It is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired, any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income.

Acquisitions prior to 1 April 2006
As part of its transition to NZ IFRS, the Group elected to restate only those business combinations that occurred on or after 1 April 2006. In respect of acquisitions prior to 1 April 2006, goodwill represents the amount recognised under previous NZ GAAP.

Acquisitions on or after 1 April 2006
For acquisitions on or after 1 April 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. When the excess of the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is over cost, it is recognised immediately in the Consolidated Statement of Comprehensive Income.

Other intangible assets

Other intangible assets that are acquired by the Group, which have indefinite useful lives, are measured at cost and not amortised, but tested for impairment annually and whenever there is an indication that the other intangible assets may be impaired, any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income. Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the Consolidated Statement of Comprehensive Income on a straight line basis from the date that they are available for use.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Consolidated Statement of Comprehensive Income when incurred.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Intangible Assets (Continued)

Software development

The costs of purchasing and developing software for use by the Group are capitalised. Once the software development is complete and in use it will be amortised over its useful economic life. Until the software is in use the Group tests it annually for impairment.

(n) Leased Assets

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(o) Impairment

Impairment of Loans and Advances

Losses for impaired loans and advances are recognised immediately when there is objective evidence that impairment of a loan or portfolio of loans has occurred. A loan is considered impaired when management determines that it is probable that all amounts owing in accordance with the terms of the original contract will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is decreased by recording specific allowances for the loss to reduce the loan to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

Impairment losses are calculated on individually significant loans and loans assessed collectively. Losses expected from future events no matter how likely, are not recognised.

Individually significant loans
At each reporting date, the Group reviews individually significant loans for evidence of impairment. All relevant information, including the economic situation, solvency of the customer/guarantor, enforceability of guarantees, current security values and the time value of future cash flows are taken into account in determining individual impairment allowances.

Collectively assessed loans
At each reporting date, loans that have been individually assessed but no objective evidence of impairment existed and loans that are not considered individually significant are pooled in similar credit risk groups. These groups are then assessed for impairment based on historical loss experience of assets with similar risk characteristics. The historical loss experience is then adjusted for the impact of current observable data.

Management regularly reviews and adjusts the methodology and assumptions for impairment testing as improved analysis becomes available to minimise any differences between loss estimates and actual loss experience.

Loan write offs
Loans are normally written off, either partially or in full, when there is no realistic prospect of recovery of these amounts and, for collateralised loans, when the proceeds from realising the security has been received.

Impairment of Trade and Other Receivables

The recoverable amount of the Group's trade and other receivables carried at amortised cost is calculated on an undiscounted basis due to their short term nature. At each reporting date, the Group reviews individually significant trade and other receivables for evidence of impairment. For trade and other receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment (Continued)

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. With the exception of goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses on goodwill are not reversed.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision resulting from the passage of time is recognised in finance costs. If economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be reliably measured.

(q) Expense Recognition

All expenses are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

(r) Employee Benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income Tax (Continued)

future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle deferred tax liabilities are recognised from taxable temporary timing differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses and tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has a legally enforceable right to offset current tax assets against current tax liabilities.

(t) Cash Flows

The Consolidated Statement of Cash Flows has been prepared using the direct approach. The following are the definitions used in the Consolidated Statement of Cash Flows:

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

In accordance with paragraph 24 of NZ IAS 7 Statement of Cash Flows, cash receipts and payments shown under the following headings in the Consolidated Statement of Cash Flows have been disclosed on a net basis:

(a) Net decrease/(increase) in loans and advances to customers;
(b) Net increase in loans to subsidiary undertakings;
(c) Net increase in franchisee loans;
(d) Net increase in derivative assets and liabilities held for risk management;
(e) Net (decrease)/increase in term loans;
(f) Net increase in secured notes;
(g) Net (decrease)/increase in secured debenture stock.

The Group manages its ongoing day to day lending, cash flow and funding requirements on a net basis and believes that the disclosure of cash receipts and payments on a net basis for the above items provides users of the financial statements with a better understanding on how the Group has managed its cash flows during the year. In addition, the Group's Term Loan facilities typically roll over on a monthly basis and in the Directors' view disclosure of the gross amounts of these rollovers would provide no additional insight to the users of the financial statements.

2 CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES

The Group prepares its consolidated financial statements in accordance with NZ IFRS, the application of which often requires judgements to be made by management when formulating the Group's financial position and results. Under NZ IFRS, the Directors are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting a true and fair view of the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

2 CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provides an explanation of each below.

The explanations provided should also be read in conjunction with the Group's disclosure of significant NZ IFRS accounting policies, which are provided in Note 1 to the consolidated financial statements, "Significant Accounting Policies".

Management has discussed its critical accounting estimates and associated disclosures with the Company's Audit & Risk Committee.

Impairment reviews

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, as noted below.

In accordance with NZ IFRS, management undertakes an annual test for impairment for goodwill, its indefinite life assets and intangible assets not yet available for use. Indefinite life assets include the Mike Pero Mortgages Limited group of brands which the Directors consider have an indefinite useful life, as Mike Pero Mortgages continues to be the most recognised Mortgage Broking name in New Zealand and there is continual ongoing investment being made in its brands.

For both financial and non-financial assets with a finite life, the Company and Group tests for impairment if any events or changes in circumstances indicate that the carrying amount of these types of asset may not be recoverable.

Goodwill

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

NZ IFRS requires that goodwill is tested for impairment at least annually.

To determine if goodwill is impaired the carrying value of the identified Cash Generating Unit ("CGU") to which the goodwill is allocated, including the allocated goodwill, is compared to its recoverable amount. Recoverable amount in these circumstances being defined as the higher of the CGUs fair value less costs to sell and its value in use. Value in use is the present value of expected future cash flows from the CGU.

Goodwill has been allocated to two separate CGUs: MPMH Limited and New Zealand Mortgage Finance Limited because this is the lowest level at which goodwill is monitored for internal management reporting purposes. In determining the recoverable amount of each CGU the value in use calculation is based on a discounted cash flow approach.

Determination of appropriate cash flows and discount rates for the calculation of value in use is subjective and requires a number of assumptions and estimates to be made, including growth in EBITDA ("Earnings Before Interest, Tax, Depreciation and Amortisation"), timing and quantum of future capital expenditure, long term growth rates and the selection of discount rates to reflect the risks involved.

In determining the discount rate, judgement was applied in comparing companies in the same or similar sectors and transactions, particularly with respect to the risk of business, geographic location, growth prospects, riskiness of earnings and the size of the overall business.

Other factors taken into account when testing goodwill for impairment include:

- actual financial performance against budgeted financial performance,
- any material unfavourable operational factors and regulatory factors, and
- any material unfavourable economic outlook and market competitive factors.

The key assumptions made in determining the value in use calculations are included in Note 16. Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and, hence, results.

2 CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES (CONTINUED)

At 31 March 2013, management have impaired the goodwill allocated to the MPMH Limited CGU in full as there will be no future cash inflows generated through this CGU. See Note 30. At 31 March 2012, goodwill impairment testing undertaken did not indicate that there had been any further impairment in the amount of goodwill allocated to the MPMH Limited CGU. Impairment testing undertaken of the goodwill allocated to the New Zealand Mortgage Finance Limited CGU at 31 March 2013 resulted in a write down of goodwill by $976,000 (31 March 2012: $621,000).

Brand value

The "Mike Pero" Brand represents an indefinite lived intangible asset. Such assets must be tested annually for impairment as with goodwill.

NZ IAS 36 *Impairment* requires that an entity first test individual (identifiable intangible) assets for impairment, then test the goodwill.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independently of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash generating unit to which the asset belongs unless either;

- the asset's Fair Value Less Cost To Sell (FVLCS) is higher than the carrying amount, or
- the assets Value In Use (VIU) can be estimated to be close to its FVLCS and FVLCS can be determined.

Management have concluded that the Brand does not generate cash inflows that are largely independently of those from other assets or groups of assets. MPMH Limited has therefore assessed recoverable amount at the level of the CGU (to which the Brand (and Goodwill) have been allocated) based on a calculation of VIU. The VIU test undertaken at each reporting date is a valuation of the CGU, not the Brand.

At 31 March 2013, the Directors have elected to impair the carrying amount of the Brand Value by $4,454,000 with the carrying value of $2,160,000 representing the excess amount receivable on the sale of MPMH Limited over the carrying value of the net assets in MPMH Limited at 31 March 2013 (see Note 6 and 30), (2012: $6,614,000), as there will be no future cash inflows generated through the Brand.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences and unused tax losses and tax credits can be utilised. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

At 31 March 2013 the NZF Group Limited consolidated tax group, of which NZF Group Limited, NZF Mortgage Finance Limited and NZF Money Limited (in receivership) are members had calculated unrelieved income tax losses carried forward of $8,439,170 (2012: $6,736,387). The calculated amount for 2012 only includes tax losses contributed by NZF Money Limited (in receivership) up to 31 March 2011 as, following the receivership of NZF Money Limited (in receivership) the Group has been unable to determine the value of losses in the 2012 or 2013 tax years.

In view of the current financial position and profitability of the Group, Management has decided not to recognise any tax benefit on tax losses carried forward by the Group at 31 March 2013 (31 March 2012: nil).

3 NET INTEREST INCOME

		Group	Group	Company	Company
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
Interest income			**Restated**		
Loans and advances		-	10,147	-	-
Intercompany advances		-	-	-	167
Interest from Available for Sale Financial Assets: Cash and short term investments		254	206	233	24
Total interest income		254	10,353	233	191
Attributable to:					
Continuing operations	13	254	43	233	191
Discontinued operations	13	-	10,310	-	-
		254	10,353	-	191
Interest expense					
Term loans		4	5,373	-	-
Secured notes		-	2,659	-	-
Unsecured capital notes		1,114	1,078	1,114	1,081
Secured debenture stock		-	422	-	-
Other similar charges		19	26	1	8
Total interest expense		1,137	9,558	1,115	1,089
Attributable to:					
Continuing operations	13	1,137	1,124	1,115	1,089
Discontinued operations	13	-	8,434	-	-
		1,137	9,558	1,115	1,089
Net interest income		(883)	795	(882)	(898)
Attributable to:					
Continuing operations	13	(883)	(1,081)	(882)	(898)
Discontinued operations	13	-	1,876	-	-
		(883)	795	(882)	(898)

4 NET FEE AND COMMISSION INCOME

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
			Restated		
Fee and commission income					
Lending and credit related fee income		-	332	-	6
Brokerage income		8,124	5,886	-	45
Franchise levies and cost recharges		254	213	-	-
Total fee and commission income		8,378	6,431	-	51
Attributable to:					
Continuing operations	13	8,378	6,105	-	51
Discontinued operations	13	-	326	-	-
		8,378	6,431	-	51
Fee and commission expense					
Brokerage fees		5,613	4,320	-	5
Total fee and commission expense		5,613	4,320	-	5
Attributable to:					
Continuing operations	13	5,613	3,695	-	5
Discontinued operations	13	-	625	-	-
		5,613	4,320	-	5
Net fee and commission income		2,765	2,111	-	46
Attributable to:					
Continuing operations	13	2,765	2,410	-	46
Discontinued operations	13	-	(299)	-	-
		2,765	2,111	-	46

5 OTHER INCOME

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
			Restated		
Dividends received from subsidiary undertakings		-	-	-	2,727
Franchise sales, rent receivable and other income		24	32	-	-
		24	32	-	2,727
Attributable to:					
Continuing operations	13	24	32	-	-
Discontinued operations	13	-	-	-	2,727
		24	32	-	2,727

6 NET IMPAIRMENT LOSSES

	Note	Group 2013 $'000	Group 2012 $'000 Restated	Company 2013 $'000	Company 2012 $'000
Movement in collective loan allowance		-	65	-	-
Movement in specific loan allowance		-	(1,528)	-	-
Bad debts written off		-	2,769	758	-
Impairment of IT investment		-	878	-	878
Loss on sale of investment in NZF Home Loans Limited	17	-	674	-	4,816
Write off of investment in Resimac NZ Homeloans Limited		3	-	3	-
Write off of investment in NZF Money Limited (in receivership)	17	-	5,074	-	5,074
Impairment loss on New Zealand Mortgage Finance Limited	17	-	1,520	720	-
Impairment loss on secured subordinated notes		769	-	769	-
Impairment loss on intangible assets	16	6,424	-	-	-
Impairment loss on MPMH Limited		-	-	4,746	-
		7,196	9,452	6,996	10,768
Attributable to:					
Continuing operations	13	7,196	7,643	6,996	10,768
Discontinued operations	13	-	1,809	-	-
		7,196	9,452	6,996	10,768

7 OPERATING EXPENSES AND STAFF COSTS

There were no post-employment benefits, other long-term benefits, termination benefits or share based payments made to key management personnel during the year ended 31 March 2013 (2012: $nil).

	Note	Group 2013 $'000	Group 2012 $'000 Restated	Company 2013 $'000	Company 2012 $'000
Loss before income tax includes the following expenses:					
Executive Directors' remuneration		195	138	180	124
Non-Executive Directors' fees		105	179	105	111
Auditors' remuneration	8	183	115	154	35
Depreciation of property, plant and equipment	15	27	43	-	-
Loss on sale of property, plant and equipment		16	18	-	-
Leasing and rental costs		130	176	32	60
Legal expenses		957	416	937	261
Insurance costs		119	145	84	107
Personnel costs		627	1,326	110	126
Settlement of NZF Money Limited (in receivership) claim		975	-	975	-
Marketing and selling costs		222	142	-	-
NZX, share registry, trust and other corporate costs		68	205	68	56
Administrative expenses		1,282	868	159	60
		4,906	3,771	2,804	940
Attributable to:					
Continuing operations	13	4,906	2,715	2,804	940
Discontinued operations	13	-	1,056	-	-
		4,906	3,771	2,804	940

8 AUDITORS' REMUNERATION

The Auditor of the Company and Group is RSM Prince (2012: Grant Thornton).

	Group	Group	Company	Company
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
		Restated		
Fees to RSM Prince for:				
Audit related services	41	-	41	-
Other services	-	-	-	-
Total auditors' remuneration	41	-	41	-
Fees to non RSM Prince audit firms for:				
Audit related services	142	115	113	35
Other services	-	-	-	-
Total auditors' remuneration	142	115	113	35
Attributable to:				
Continuing operations	183	57	41	35
Discontinued operations	-	58	-	-
	183	115	41	35

9 INCOME TAX BENEFIT/(EXPENSE)

The prima facie income tax benefit/(expense) on pre-tax accounting (loss)/profit from operations reconciles to the income tax benefit/(expense) in the consolidated financial statements as follows:

	Note	Group	Group	Company	Company
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
			Restated		
Income tax					
Current year		(179)	(422)	-	619
Deferred tax					
Origination and reversal of temporary differences	18	-	319	-	619
Total tax benefit/(expense)		(179)	(103)	-	-
Continuing operations	13	(179)	113	-	-
Discontinued operations	13	-	(216)	-	-
		(179)	(103)	-	-

9 INCOME TAX BENEFIT/(EXPENSE) (CONTINUED)

	Note	Group 2013 $'000	Group 2012 $'000 Restated	Company 2013 $'000	Company 2012 $'000
(Loss) from continuing operations	13	**(10,196)**	(8,997)	**(10,682)**	(12,560)
(Loss)/profit from discontinued operations	13	-	(7,914)	-	2,727
(Loss) from operations		**(10,196)**	(16,911)	**(10,682)**	(9,833)
Tax at the New Zealand tax rate of 28%		**(2,855)**	(4,735)	**(2,991)**	(2,753)
Tax amounts which are not taxable or deductible in calculating taxable income:					
Non-taxable income		-	-	-	(764)
Non-deductible expenses		-	78	-	113
Loss on sale of investment in NZF Homeloans Limited		-	441	-	1,348
Impairment loss on investment in NZF Money Limited (in receivership)		-	2,841	-	1,421
Impairment loss on New Zealand Mortgage Finance Limited		**273**	174	**273**	-
Benefit of tax losses not recognised		**97**	1,099	**486**	635
Impairment loss on jointly controlled entity		**2,288**	-	**2,232**	-
Deferred tax:					
On timing differences	21	**17**	-	-	-
Adjustment for prior years		-	-	-	-
Total tax benefit/(expense)		**(179)**	(103)	-	-
Attributable to:					
Continuing operations	13	**(179)**	113	-	-
Discontinued operations	13	-	(216)	-	-
		(179)	(103)	-	-

The Company is a member of a tax consolidated group that is recognised as a single tax entity for income tax purposes. Gains and losses incurred by the Company are taken into account in calculating the taxable income of the consolidated group.

At 31 March 2013 the NZF Group Limited consolidated tax group, of which NZF Group Limited, NZF Mortgage Finance Limited and NZF Money Limited (in receivership) are members had calculated unrelieved income tax losses carried forward of $8,439,170 (2012: $6,736,387). The calculated amount only includes tax losses contributed by NZF Money Limited (in receivership) up to 31 March 2011 as, following the receivership of NZF Money Limited (in receivership) the Group has been unable to determine the value of losses in the 2012 and 2013 tax years.

In view of the current financial position and profitability of the Group, Management has decided not to recognise any tax benefit on tax losses carried forward by the Group at 31 March 2012 or 31 March 2013. Tax loses carried forward are subject to continuity of shareholders requirements being met in order to be utilised by the Group.

10 IMPUTATION CREDIT ACCOUNT

The Company is a member of a tax consolidated group. The movements in the Imputation Credit Account attributable to the Group and Company were as follows:

	Group	Group	Company	Company
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
		Restated		
Opening balance	6,783	6,728	330	330
Income tax paid to the Inland Revenue	-	55	-	-
Closing balance	6,783	6,783	330	330

11 DIVIDENDS DECLARED AND PAID

No dividends were declared and paid relating to the Company and Group results for the year ended 31 March 2013 (2012: $nil).

12 LOSS PER SHARE

GROUP ONLY	2013	2012
	Cents	Cents
	Per Share	Per Share
		Restated
Basic loss per share:		
From continuing operations	(9.44)	(8.28)
From discontinued operations	-	(7.20)
Total basic loss per share	(9.44)	(15.48)
Diluted loss per share:		
From continuing operations	(9.44)	(8.28)
From discontinued operations	-	(7.20)
Total diluted loss per share	(9.44)	(15.48)

The losses and weighted average number of ordinary shares used in the calculation of basic and diluted losses per share are as follows:

	2013	2012
	$'000	$'000
		Restated
Loss from continuing operations	(10,375)	(9,110)
Loss from discontinued operations	-	(7,914)
Loss for the year attributable to equity holders of the Company	(10,375)	(17,024)
	2013	2012
	No. of	No. of
	Shares	Shares
	'000	'000
Ordinary shares at the start of the year	109,958	109,958
Ordinary shares issued during the year	-	-
Ordinary shares at the end of the year	109,958	109,958
Weighted average number of ordinary shares	109,958	109,958

At 31 March 2013, there were no financial instruments that carried any shareholder dilution rights or characteristics (2012: $nil). Accordingly, basic and diluted earnings per share are identical in both accounting periods being reported on.

13 SEGMENT INFORMATION

The following information has been prepared on a consistent basis for both accounting periods in accordance with NZ IFRS 8 Operating Segments. Inter-segment revenues, assets and liabilities are eliminated on consolidation. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue during either accounting period reported on.

Continuing operations:	**31 March 2013**				
	Total	**Eliminations and Adjustments**	**Financial Services Distribution**	**Management & Holding Activities**	**Licensed Real Estate Business**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Interest income					
From external sources	66	-	20	45	1
From investments	188	-	-	188	-
	254	-	20	233	1
Interest expense	(1,137)	-	(5)	(1,115)	(17)
Net interest income	(883)	-	15	(882)	(16)
Fee and commission income					
From external customers	8,378	-	5,423	-	2,955
From other segments	-	-	-	-	-
	8,378	-	5,423	-	2,955
Fee and commission expense	(5,613)	-	(3,385)	-	(2,228)
Net fee and commission income	2,765	-	2,038	-	727
Gains on financial instruments at fair	-	-	-	-	-
Other income	24	-	24	-	-
Total operating income	1,906	-	2,077	(882)	711
Net impairment losses	(7,196)	238	(438)	(6,996)	-
Depreciation and amortisation	(27)	-	(27)	-	-
Other operating expenses and staff costs	(4,879)	(202)	(1,153)	(2,804)	(720)
(Loss)/profit before income tax	(10,196)	36	459	(10,682)	(9)
Income tax (expense)/benefit	(179)	-	(179)	-	-
(Loss)/profit for the year	(10,375)	36	280	(10,682)	(9)
Total assets	5,735	(8,432)	9,002	4,935	230
Total liabilities	20,885	64	633	19,867	321

13 SEGMENT INFORMATION (CONTINUED)

Continuing operations:	31 March 2012				
	Total	Eliminations and Adjustments	Financial Services Distribution	Management & Holding Activities	Licensed Real Estate Business
	$'000	$'000	$'000	$'000	$'000
Interest income					
From external customers	43	-	18	24	1
From other segments	-	(167)	-	167	-
	43	(167)	18	191	1
Interest expense	(1,124)	-	(22)	(1,089)	(13)
Net interest income	(1,081)	(167)	(4)	(898)	(12)
Fee and commission income					
From external customers	6,105	-	4,981	51	1,073
From other segments	-	-	-	-	-
	6,105	-	4,981	51	1,073
Fee and commission expense	(3,695)	-	(3,079)	(5)	(611)
Net fee and commission income	2,410	-	1,902	46	462
Gains on financial instruments at fair	-	-	-	-	-
Other income	32	(2,727)	32	2,727	-
Total operating income	1,361	(2,894)	1,930	1,875	450
Net impairment losses	(7,643)	-	(1,520)	(6,123)	-
Depreciation and amortisation	(29)	-	(25)	-	(4)
Other operating expenses and staff costs	(2,686)	-	(1,351)	(940)	(395)
Profit/(loss) before income tax	(8,997)	(2,894)	(966)	(5,188)	51
Income tax (expense)/benefit	(113)	-	(98)	-	(15)
Profit/(loss) for the year	(9,110)	(2,894)	(1,064)	(5,188)	36
Total assets	15,080	(9,263)	10,153	13,945	245
Total liabilities	19,129	(784)	1,474	18,195	244

13 SEGMENT INFORMATION (CONTINUED)

Discontinued operations:	31-Mar-12			
	Total	Eliminations and Adjustments	Property Finance Division	Home Loans Division
	$'000	$'000	$'000	$'000
Interest income				
From external customers	10,310	-	619	9,691
From other segments	-	-	-	-
	10,310	-	619	9,691
Interest expense	(8,434)	167	(464)	(8,137)
Net interest income	1,876	167	155	1,554
Fee and commission income				
From external customers	326	(324)	5	645
From other segments	-	-	-	-
	326	(324)	5	645
Fee and commission expense	(625)	-	(4)	(621)
Net fee and commission income	(299)	(324)	1	24
Gains on financial instruments at fair	154	-	-	154
Other income	-	-	-	-
Total operating income	1,731	(157)	156	1,732
Net impairment losses	(1,809)	-	(472)	(1,337)
Depreciation and amortisation	(14)	-	(5)	(9)
Other operating expenses and staff costs	(1,042)	324	(472)	(894)
Loss on cessation of operations	(6,996)	-	(5,071)	(1,925)
Loss before income tax	(8,130)	167	(5,864)	(2,433)
Income tax benefit	216	-	238	(22)
Loss for the year	(7,914)	167	(5,626)	(2,455)
Total assets	-	-	-	-
Total liabilities	-	-	-	-
Cash flows from discontinued operations:				
Net cash flows from operating activities	47,402	-	4,015	43,387
Net cash flows from investing activities	(100)	-	(96)	(4)
Net cash flows from financing activities	(50,412)	-	(3,760)	(46,652)
Net cash flows	(3,110)	-	159	(3,269)

14 TRADE AND OTHER RECEIVABLES

	Note	Group 2013 $'000	Group 2012 $'000 Restated	Company 2013 $'000	Company 2012 $'000
Accounts receivable		**209**	439	**-**	-
Loans to jointly controlled entities		**260**	261	**305**	397
Secured subordinated notes		**1,250**	2,019	**1,250**	2,019
Loans to franchisees		**11**	80	**-**	-
Loans to employees		**5**	5	**5**	5
Loans to subsidiary undertakings and controlled entities		**-**	-	**-**	768
		1,735	2,804	**1,560**	3,189

Secured Subordinated Notes
NZF Group Limited holds subordinated notes totalling $1,419,000 in NZF Mortgages Warehouse A Trust at 31 March 2013 (2012:$1,419,000). NZF Group Limited also holds $600,000 secured subordinated notes issued by NZF Mortgages 2010-1 Trust at 31 March 2013 (2012:$600,000). Following the sale of the HomeLoans operation to Resimac NZ Home Loans Limited on 22 December 2011, the subordinated notes held by NZF Group Limited in NZF Mortgages Warehouse A Trust were disposed of and NZF Group Limited was issued with new subordinated notes totalling $1,419,000 in NZF mortgages Warehouse A Trust. NZF Group Limited also purchased $600,000 secured subordinated notes issued by NZF Mortgages 2010-1 Trust.

At 31 March 2013, management impaired the carrying value of the Secured Subordinated Notes to reflect the values as agreed to by both NZF Group Limited and Resimac NZ Home Loans Limited's conditional sale and purchase agreement.

GROUP AND COMPANY				
Secured Subordinates Notes		**NZF Mortgages Warehouse A Trust**	**NZF Mortgages 2010-1 Trust**	**Total**
	Note	**$'000**	**$'000**	**$'000**
Cost or deemed cost				
At 1 April 2011		-	-	-
Additions		1,419	600	2,019
Disposals		-	-	-
At 31 March 2012		1,419	600	2,019
At 1 April 2012		**1,419**	**600**	**2,019**
Additions		-	-	-
Disposals		-	-	-
At 31 March 2013		**1,419**	**600**	**2,019**
Accumulated impairment losses				
At 1 April 2011		-	-	-
Impairment loss for the year	6	-	-	-
At 31 March 2012		-	-	-
At 1 April 2012		-	-	-
Impairment loss for the year	6	**541**	**228**	**769**
At 31 March 2013		**541**	**228**	**769**
Carrying amounts				
At 31 March 2012		1,419	600	2,019
At 31 March 2013		**878**	**372**	**1,250**

15 PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold Improvements	Computers & Software	Office Furniture & Equipment	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Cost or deemed cost					
Balance at 1 April 2011	67	713	614	19	1,413
Additions	-	39	6	7	52
Disposals	(1)	(65)	-	(19)	(85)
Assets derecognised on receivership of NZF Money Limited (see Note 17)	-	(223)	(84)	-	(307)
Assets derecognised on sale of shares held in NZF Home Loans Limited (see Note 17)	-	-	(410)	-	(410)
Balance at 31 March 2012	66	464	126	7	663
Balance at 1 April 2012	**66**	**464**	**126**	7	**663**
Additions	-	-	**9**	-	**9**
Disposals	**(66)**	-	-	-	**(66)**
Balance at 31 March 2013	-	**464**	**135**	7	**606**
Depreciation and impairment losses					
Balance at 1 April 2011	6	595	483	16	1,100
Depreciation charge for the year	7	9	25	2	43
On disposals	-	-	-	(17)	(17)
Assets derecognised on receivership of NZF Money Limited (see Note 17)	-	(199)	(74)	-	(273)
Assets derecognised on sale of shares held in NZF Home Loans Limited (see Note 17)	-	-	(381)	-	(381)
Balance at 31 March 2012	13	405	53	1	472
Balance at 1 April 2012	**13**	**405**	**53**	**1**	**472**
Depreciation charge for the year	**1**	**17**	**7**	**2**	**27**
On disposals	**(14)**	**(22)**	**(20)**	-	**(56)**
Balance at 31 March 2013	-	**400**	**40**	**3**	**443**
Carrying amounts					
At 31 March 2012	53	59	28	6	146
At 31 March 2013	-	**64**	**95**	**4**	**163**

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Leasehold Improvements	Computers & Software	Office Furniture & Equipment	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Cost or deemed cost					
Balance at 1 April 2012	-	-	-	-	-
Additions	-	-	9	-	9
Balance at 31 March 2013	-	-	9	-	9
Depreciation and impairment losses					
Balance at 1 April 2012					
Depreciation charge for the year	-	-	-	-	-
Balance at 31 March 2013	-	-	-	-	-
Carrying amounts					
At 31 March 2012	-	-	-	-	-
At 31 March 2013	-	-	9	-	9

16 INTANGIBLE ASSETS

GROUP ONLY	Note	Goodwill	Brand Value	Total
		$'000	$'000	$'000
Cost or deemed cost				
At 1 April 2011		9,466	6,614	16,080
Additions		999	-	999
Disposals		-	-	-
At 31 March 2012		10,465	6,614	17,079
At 1 April 2012		**10,465**	**6,614**	**17,079**
Additions		-	-	-
Disposals		-	-	-
At 31 March 2013		**10,465**	**6,614**	**17,079**
Accumulated impairment losses				
At 1 April 2011		6,975	-	6,975
Impairment loss for the year	6	1,520	-	1,520
At 31 March 2012		8,495	-	8,495
At 1 April 2012		**8,495**	**-**	**8,495**
Impairment loss for the year	6	**1,970**	**4,454**	**6,424**
At 31 March 2013		**10,465**	**4,454**	**14,919**
Carrying amounts				
At 31 March 2012		1,970	6,614	8,584
At 31 March 2013		-	**2,160**	**2,160**

16 INTANGIBLE ASSETS (CONTINUED)

Goodwill

At 31 March 2013, the Directors have elected to fully impair the carrying value of goodwill (see Note 6 and 30).
For the purpose of impairment testing, goodwill is allocated to Cash Generating Units (CGUs) at the lowest level at which the goodwill is monitored for internal management purposes. Goodwill has been allocated to two separate CGUs, MPMH Limited and New Zealand Mortgage Finance Limited. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

GROUP ONLY		2013	2012
		$'000	$'000
			Restated
MPMH Limited		-	994
New Zealand Mortgage Finance Limited		-	976
		-	1,970

The goodwill allocated to the activities of MPMH Limited and New Zealand Mortgage Finance Limited forms part of the Financial Services Distribution reportable segment of NZF Group Limited (see Note 13).

The Directors had carried out an annual impairment review of goodwill allocated to each CGU, in order to ensure that recoverable amounts exceed aggregate carrying amounts. The recoverable amount of the separate CGUs was determined based on value in use calculations. Key assumptions made in determining the value in use calculations were as follows:

Budgeted EBITDA growth
The cash flow projections use pre-tax cash flow amounts based on financial budgets approved by the Board covering a five year period. Budgeted EBITDA was based on past experience adjusted for expected increases in the short term growth rates of each CGU.

The short term growth rate applied to the budgeted EBITDA for MPMH Limited reflects the strategic growth objectives that were approved by the Board prior to each reporting date. The growth objectives are designed to:

- increase market share by increasing the number of franchisees, loan writers and KiwiSaver specialists writing new business;
- replicate proven strategies to increase its profile in towns and cities where its market share at 31 March 2012 was significantly below its market share nationwide;
- gain a strong foothold and market presence in the Licensed Real Estate Market following the successful launch of Mike Pero Real Estate Limited; and
- extract maximum value from the nationwide distribution network that was purchased in 2006.

The short term growth rate applied to the budgeted EBITDA for New Zealand Mortgage Finance Limited reflects continued growth of its current business based on growth achieved in the last 12 months.

Budgeted capital expenditure
The cash flow projections for capital expenditure are based on past experience and take into account anticipated cash outflows for the maintenance of the current functionality and performance of its property, plant and equipment. Capital expenditure is measured relative to the sum of net operating profit after taxation (NOPAT) and depreciation.

Long term growth rate
The long term growth rate applies to post five year forecast period. Management determined the long term average growth rate with reference to inflation rates that have been published by the New Zealand Government.

Pre-tax adjusted discount rate
The discount rate applied to the cash flows of the CGU was based on the risk free rate assessed with reference to the yield on ten year bonds issued by the New Zealand Government, adjusted for the company's cost of debt and cost of equity base or risk premium to reflect both systematic risk and the specific risks of the business, having regard to its geographical location, size, growth prospects, earning volatility and the rates implicit in the traded stock prices of comparable public companies.

16 INTANGIBLE ASSETS (CONTINUED)

Sensitivity to changes in assumptions
At 31 March 2013, the Directors have elected to fully impair the carrying value of goodwill (see Note 6 and 30).
The Directors had carried out an annual impairment review of goodwill allocated to each CGU, in order to ensure that recoverable amounts exceed aggregate carrying amounts.

The table below shows the key assumptions made in determining the value in use calculations and the amount by which each key assumption must change in isolation in order for the estimated recoverable amount to be equal to its carrying value at 31 March 2012. No table has been prepared for 31 March 2013 as a result of the Directors decision to fully impair the carrying value of goodwill (see note 6 and 30).

	Assumptions used in value calculation		% change required in this input variable, all other things being equal, for carrying value to equal the recoverable amount	
	MPMH	**NZMF**	**MPMH**	**NZMF**
Budgeted EBITDA	22.60%	0.00%	13.85%	0.00%
Budgeted capital expenditure	2.92%	0.00%	342.47%	0.00%
Long term growth rate	2.50%	0.00%	(55.6%)	0.00%
Pre-tax adjusted discount rate	17.17%	16.39%	7.57%	0.00%

Brand Value

At 31 March 2013, the Directors have elected to impair the carrying amount of the Brand Value by $4,454,000 with the carrying value of $2,160,000 representing the excess amount receivable on the sale of MPMH Limited over the carrying value of the net assets in MPMH Limited at 31 March 2013 (see Note 6 and 30), (2012: $6,614,000).The brand value relates to the Group's 50% investment in its jointly controlled entity MPMH Limited. For the purpose of impairment testing, the brand is allocated to this Cash Generating Unit (CGU) as it is the lowest level at which the brand is monitored for internal management purposes.

The Directors had carried out an annual impairment review of the brand value allocated to the CGU, in order to ensure that recoverable amounts exceed aggregate carrying amounts, which was determined based on value in use calculations. Key assumptions made in determining the value in use calculations were as follows and relate only to the values as at 31 March 2012 and were not used for 31 March 2013:

Budgeted EBITDA
The cash flow projections use pre-tax cash flow amounts based on financial budgets approved by the Board covering a five year period. Budgeted EBITDA was based on past experience adjusted for expected increases in the short term growth rates of the CGU.

The short term growth rate applied to the budgeted EBITDA for MPMH Limited reflects the strategic growth objectives that were approved by the Board prior to each reporting date. The growth objectives are designed to:

- increase market share by increasing the number of franchisees, loan writers and KiwiSaver specialists writing new business;
- replicate proven strategies to increase its profile in towns and cities where its market share at 31 March 2012 was significantly below its market share nationwide;
- gain a strong foothold and market presence in the Licensed Real Estate Market following the successful launch of Mike Pero Real Estate Limited; and
- extract maximum value from the nationwide distribution network that was purchased in 2006.

16 INTANGIBLE ASSETS (CONTINUED)

Budgeted capital expenditure
The cash flow projections for capital expenditure were based on past experience and took into account anticipated cash outflows for the maintenance of the current functionality and performance of its property, plant and equipment.

Long term growth rate
Management determined the long term average growth rate with reference to inflation rates that have been published by the New Zealand Government.

Pre-tax adjusted discount rate
The discount rate applied to the cash flows of the CGU was based on the risk free rate for ten year bonds issued by the New Zealand Government, adjusted for the company's cost of debt and cost of equity base or risk premium to reflect both the increased risk of investing in equities and the systematic risk of each business.

Sensitivity to changes in assumptions
At 31 March 2013, the Directors have elected to impair the carrying amount of the Brand Value by $4,454,000 with the carrying value of $2,160,000 representing the excess amount receivable on the sale of MPMH Limited over the carrying value of the net assets in MPMH Limited at 31 March 2013 (see Note 6 and 30), (2012: $6,614,000).

The table below shows the key assumptions made for 31 March 2012 in determining the value in use calculations (1) and the amount by which each key assumption must change in isolation in order for the estimated recoverable amount to be equal to its carrying value (2). These assumptions were not made in determining the 31 March 2013 values.

	2013		2012	
	(1)	**(2)**	(1)	(2)
Budgeted EBITDA	0.00%	0.00%	22.60%	(13.85%)
Budgeted capital expenditure	0.00%	0.00%	2.92%	342.47%
Long term growth rate	0.00%	0.00%	2.50%	(55.6%)
Pre-tax adjusted discount rate	0.00%	0.00%	17.17%	7.57%

At 31 March 2013, the date of the Group's annual impairment test, the estimated recoverable amount of the MPMH Limited CGU and the New Zealand Mortgage Finance Limited CGU exceeded their carrying value by $2,160,000 (2012: $1,409,000) and $nil (2012: $nil) respectively.

17 INVESTMENT IN SUBSIDIARY UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

The Company's investment in subsidiary undertakings and jointly controlled entities comprises shares held at cost less accumulated impairment losses.

	Note	Subsidiary Undertakings $'000	Jointly Controlled Entities $'000	Company Total $'000
Cost or deemed cost				
At 1 April 2011		5,976	14,101	20,077
Additions		-	-	-
Disposals		(2)	-	(2)
At 31 March 2012		5,974	14,101	20,075
At 1 April 2012		**5,974**	**14,101**	**20,075**
Additions		-	-	-
Disposals		-	-	-
At 31 March 2013		**5,974**	**14,101**	**20,075**
Accumulated impairment losses				
At 1 April 2011		-	6,593	6,593
Impairment loss for the year	6	5,074	-	5,074
At 31 March 2012		5,074	6,593	11,667
At 1 April 2012		**5,074**	**6,593**	**11,667**
Impairment loss for the year	6	**720**	**4,746**	**5,466**
At 31 March 2013		**5,794**	**11,339**	**17,133**
Net book amount				
At 31 March 2012		900	7,508	8,408
At 31 March 2013		**180**	**2,762**	**2,942**

Significant subsidiary undertakings and jointly controlled entities include:

Subsidiary Undertaking	**Principal Activity**	**Shareholding**		**Carrying Value**	
		2013	**2012**	**2013**	**2012**
		%	**%**	**$'000**	**$'000**
					Restated
NZF Money Limited (in receivership)	Finance Company	**100%**	**100%**	-	-
New Zealand Mortgage Finance Limited	Mortgage Advisory	**100%**	**100%**	**180**	900
				180	900
Jointly Controlled Entities					
MPMH Limited	Holding Company	**50%**	**50%**	**2,762**	7,508
Total Investments				**2,942**	8,408

Investment	**Principal Activity**	**Shareholding**		**Carrying Value**	
		2013	**2012**	**2013**	**2012**
		%	**%**	**$'000**	**$'000**
					Restated
Resimac NZ Home Loans Limited	Mortgage lending	**20%**	**20%**	-	3
				-	3

17 INVESTMENT IN SUBSIDIARY UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

	Principal Activity	Shareholding	
		2013	2012
		%	%
Subsidiary Undertaking of New Zealand Mortgage Finance Limited:			
Approved Mortgage Brokers Limited	Mortgage Advisory	100%	100%

	Principal Activity	Shareholding	
		2013	2012
		%	%
Subsidiary Undertaking of MPMH Limited:			
Mike Pero Mortgages Limited	Mortgage and Insurance Broking	100%	100%
Subsidiary Undertakings of Mike Pero Mortgages Limited:			
Mike Pero (New Zealand) Limited	Mortgage Broking	100%	100%
Mike Pero Insurances Limited	Insurance Broking	100%	100%
Subsidiary Undertaking of Mike Pero Insurances Limited:			
Pyco Insurances Limited	Dormant	51%	51%
Jointly Controlled Entity of Mike Pero Mortgages Limited:			
MPRE Limited	Holding Company	50%	50%
Subsidiary Undertaking of MPRE Limited:			
Mike Pero Real Estate Limited	Licensed Real Estate Agency	100%	100%

At a shareholders meeting held on 27 May 2013, it was approved that the Company sell its investment in MPMH Limited; at the date of signing these financial statements, the Company no longer holds any interest in MPMH Limited nor any of its subsidiary undertakings (see Note 31).

All subsidiary undertakings, controlled entities and jointly controlled entities have reporting dates of 31 March.

17 INVESTMENT IN SUBSIDIARY UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

Receivership of NZF Money Limited (in receivership)

On 22 July 2011, NZF Money Limited (in receivership) was placed in receivership and the Company ceased to have direct control over the affairs of NZF Money Limited (in receivership). The Receivers have indicated that there is unlikely to be a return to unsecured creditors of NZF Money Limited (in receivership). As a result the Company has written down its investment in NZF Money Limited (in receivership) to nil and the Group has discontinued including the results of NZF Money Limited (in receivership) in its consolidated financial statements from 30 June 2011. At 31 March 2012, as a result the Company recorded an impairment loss of $5,074,000 and the Group recorded a loss on the derecognition of NZF Money Limited (in receivership) of $10,145,000 as follows:

	$'000
Carrying amount of identifiable assets and liabilities disposed:	
Cash and cash equivalents	428
Loans and advances to customers	28,366
Collective loan allowance	(299)
Specific loan allowance	(2,538)
Trade and other receivables	1,312
Current tax assets	912
Property, plant and equipment	41
Deferred tax asset	1,697
Other assets	31
Trade and other payables	(287)
Loans and borrowings	(19,499)
Other liabilities	(19)
Loss on derognition of subsidiary (see Note 17)	(10,145)
Cash and cash equivalents disposed	(428)
Settlement of intercompany balance	(285)
Net cash outflow	(713)

17 INVESTMENT IN SUBSIDIARY UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

Sale of NZF HomeLoans Limited

On 1 November 2010, NZF Money Limited (in receivership)'s 100% shareholding in NZF HomeLoans Limited was transferred at cost to NZF Group Limited.

On 22 December 2011, NZF Group Limited sold its 100% interest in NZF HomeLoans Limited to Resimac NZ Home Loans Limited (RML) in exchange for a 20% minority shareholding in RML. As part of this transaction the Company sold part and redeemed part of its secured subordinated note holdings in NZF Mortgages Warehouse A Trust in exchange for a new class of secured subordinated notes. NZF HomeLoans Limited sold the Class C subordinated notes held in NZF Mortgages 2010-1 Trust to NZF Group Limited being part of this transaction. At 31 March 2012, the transaction resulted in a loss on disposal of NZF HomeLoans Limited of $4,816,000 being recorded by the Company and a loss on disposal of $2,599,000 being recognised by the Group, as follows:

	$'000
Carrying amount of identifiable assets and liabilities disposed:	
Cash and cash equivalents	1,690
Loans and advances to customers	153,121
Collective loan allowance	(10)
Specific loan allowance	(65)
Trade and other receivables	452
Property, plant and equipment	29
Deferred tax asset	205
Other assets	1,277
Trade and other payables	(183)
Derivative liabilities held for risk management	(812)
Loans and borrowings	(154,439)
Other liabilities	(49)
	(1,216)
Hedge Accounting Reserve derecognised	(708)
Loss on sale of subordinated secured notes	(675)
Loss on disposal of operation (see Note 17)	(2,599)
Cash and cash equivalents disposed	(1,690)
Sale of secured subordinated notes	1,185
Net cash outflow	(505)

17 INVESTMENT IN SUBSIDIARY UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

Proportional Consolidation of Jointly Controlled Entities

The Group's investment in MPMH Limited is consolidated using the proportionate line by line method. The consolidated financial statements include the Group's share of the total assets, total liabilities, non-controlling interests, income and expenses of jointly controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

The consolidated financial statements include the following amounts, which represent the Group's share of the total assets, total liabilities and non-controlling interests of MPMH Limited as at each reporting date:

	2013 $'000	2012 $'000
Assets		
Cash and cash equivalents	**951**	295
Trade and other receivables	**282**	380
Property, plant and equipment	**139**	134
Intangible assets	**7,608**	7,608
Other assets	**228**	218
Total assets	**9,207**	8,635
Liabilities		
Trade and other payables	**889**	598
Loans and borrowings	**-**	350
Current tax assets	**64**	39
Deferred tax liability	**45**	28
Total liabilities	**997**	1,015
Net assets	**8,210**	7,620
Non-controlling interests	**3**	3

Non-controlling interests represent the external holders of Pyco Insurances Limited.

After consolidating the above balances, the Directors of the company have considered the value of the intangible assets to be overstated. An impairment loss has been recognised at group level. Refer to note 6 for further details.

The consolidated financial statements also include the following amounts, which represent the Group's share of the income and expenses of MPMH Limited for the year ended 31 March 2013:

	2013 $'000	2012 $'000 Restated
Interest income	**20**	18
Interest expense	**(22)**	(35)
Net interest income	**(2)**	(17)
Fee and commission income	**7,736**	5,034
Fee and commission expense	**(5,146)**	(2,946)
Net fee and commission income	**2,590**	2,088
Other income	**24**	44
Total operating income	**2,612**	2,115
Net impairment loss	**-**	-
Operating expenses and staff costs	**(1,719)**	(1,693)
Loss before income tax	**893**	422
Income tax expense	**(179)**	(115)
Loss for the year attributable to equity holders of the company	**714**	307

18 DEFERRED TAX ASSET/(LIABILITY)

	Note	Group 2013 $'000	Group 2012 $'000 Restated	Company 2013 $'000	Company 2012 $'000
The balance comprises temporary differences attributable to:					
Prepaid advertising expenditure		**(52)**	(35)	-	-
Holiday pay accruals		**4**	4	-	-
Other timing differences		**3**	3	-	-
Net deferred tax asset		**(45)**	(28)	-	-
Movements					
Opening balance		**(28)**	2,193	-	619
Deferred tax asset derecognised on receivership of NZF Money Limited (in receivership)		-	(1,697)	-	-
Deferred tax asset derecognised on sale of NZF Homeloans Limited	17	-	(205)	-	-
Charged to the Statement of Comprehensive Income	9	**(17)**	(319)	-	(619)
Closing balance		**(45)**	(28)	-	-

In view of the current financial position and profitability of the Group, Management has decided not to recognise any tax benefit on tax losses carried forward by the Group at balance date (2012: nil).

At 31 March 2013 the NZF Group Limited consolidated tax group, of which NZF Group Limited, NZF Mortgage Finance Limited and NZF Money Limited (in receivership) are members had calculated unrelieved income tax losses carried forward of $8,439,170 (2012: $6,736,387). The calculated amount only includes tax losses contributed by NZF Money Limited (in receivership) up to 31 March 2011 as, following the receivership of NZF Money Limited (in receivership), the Group has been unable to determine the value of losses in the 2012 and 2013 tax years.

19 OTHER ASSETS

	Note	Group 2013 $'000	Group 2012 $'000 Restated	Company 2013 $'000	Company 2012 $'000
Prepaid expenses		**340**	337	**114**	154
		340	337	**114**	154
Current		**340**	337	**114**	154
Non-Current		-	-	-	-
		340	337	**114**	154

20 TRADE AND OTHER PAYABLES

	Note	Group 2013 $'000	Group 2012 $'000 Restated	Company 2013 $'000	Company 2012 $'000
Accounts payable		**1,064**	547	**522**	75
Taxation payable		**64**	-	-	-
Accrued expenses		**578**	167	**211**	56
Accrued interest	21	**1,115**	45	**1,115**	45
		2,821	759	**1,848**	176

21 LOANS AND BORROWINGS

		Group	Group	Company	Company
		2013	2012	2013	2012
	Note	$'000	$'000	$'000	$'000
			Restated		
Term loans	(a)	-	350	-	-
Unsecured capital notes	(b)	18,019	18,019	18,019	18,019
		18,019	18,369	18,019	18,019

(a) Term Loans

At 31 March 2013, the group had no Term Loan facilities, at 31 March 2012, the Group had the following Term Loan facilities:

			2012			
Facility	Lender	Maturity Date	Interest Rate %	Total Facility $'000	Amount Drawn $'000	Amount Undrawn $'000
MPMH Limited						
Term Loan	Westpac	31/05/12	4.61	350	350	-
				350	350	-

The Term Loan Facility (2012: $700,000) between Westpac Banking Corporation and MPMH Limited (50% of which has been reported in the Group Accounts) is secured over the assets and undertakings of the Mike Pero Mortgages Group. The Term Loan Facility was repaid in full in the current year.

At 31 March 2013, the Group had cash reserves of $1,334,000 (2012: $2,508,000) and no undrawn term loan facilities (2012: $nil).

(b) Unsecured Capital Notes

			2013 & 2012		
		Issue Date	Maturity Date	Interest Rate %	Total Issued $'000
Unsecured Capital Notes (NZF020)		15/03/06	15/03/16	6.00	18,019

			2013		
		Issue Date	Maturity Date	Interest Rate %	Total Issued $'000
Unsecured Capital Notes (NZF020)		15/03/06	15/03/16	6.00	238,419

In October 2006, $20,050,000 of unsecured capital notes were issued by NZF Group Limited with a fixed maturity date of 15 March 2011. Prior to the maturity date, the Company had the option to elect to offer the unsecured capital note holders the option to renew the unsecured capital notes on new terms and conditions, to convert the unsecured capital notes by issuing new ordinary shares in the Company at a discount to the then current market price, or by redeeming the unsecured capital notes for cash.

In January 2011, The Company elected to offer unsecured capital note holders the option to renew the unsecured capital notes on new terms and conditions, or to convert the unsecured capital notes by issuing new ordinary shares in the Company at a discount to the then current market price.

On 15 March 2011, $2,030,750 of the unsecured capital notes were converted into 33,290,954 new ordinary shares in the Company and $18,019,250 of the unsecured capital notes were rolled over on new terms and conditions. The unsecured capital notes now pay fixed interest at the rate of 6% per annum, quarterly in arrears and mature on 15 March 2016. On 21 May 2012, the Directors suspended interest payments on the Unsecured Capital Notes in accordance with condition 3.2(a)(iii) of the Trust Deed constituting the capital notes. The balance of interest accrued at 31 March 2013 was $1,113,758 (2012: $45,048). Prior to

21 LOANS AND BORROWINGS (CONTINUED)

the maturity date, the Company may elect to offer unsecured capital note holders the option to renew the unsecured capital notes on new terms and conditions. Alternatively, the Company may elect to convert the unsecured capital notes by issuing new ordinary shares in the Company or by redeeming the unsecured capital notes for cash.

22 SHARE CAPITAL

	Group & Company		Group & Company	
	2013	2013	2012	2012
	No. of Shares '000	$'000	No. of Shares '000	$'000
Issued and paid up capital:				Restated *
Ordinary shares at the start of the year	109,958	9,525	109,958	9,525
Ordinary shares at the end of the year	109,958	9,525	109,958	9,525

No Ordinary Shares were issued by the Company during the year ended 31 March 2013 (2012: nil).

All Ordinary Shares are issued and fully paid, have no par value and have an equal right to vote, to dividends and to any surplus on winding up. The Company does not have a total number of authorised shares. The Board may issue Shares or other Equity Securities to any person in any number it thinks fit provided that while the Company is Listed, the issue is made in accordance with the NZX Listing Rules.

23 RETAINED INCOME/(ACCUMULATED DEFICIT)

	Note	Group $'000	Company $'000
Balance at 1 April 2011		1,943	(3,942)
Prior period adjustement to effect of change in capital gain on sales of property, plant and equipment		(132)	-
Effect of change in estimated useful life of property, plant and equipment		44	-
Impairment of goodwill arising on de-recognition of NZF Money Limited (in receivership)		(899)	-
Restated opening balance at 1 April 2011	33	956	(3,942)
Total comprehensive (loss)/income as previously reported		(16,158)	(9,833)
		(15,202)	(13,775)
Correction to the de-recognition of NZF Money Limited (in receivership)		899	-
Restated balance at 31 March 2012		(14,303)	(13,775)
Total comprehensive loss		(10,375)	(10,682)
Balance at 31 March 2013		**(24,678)**	**(24,457)**

24 FINANCIAL INSTRUMENTS

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Fair value of financial assets and financial liabilities not carried at fair value
The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Loans and borrowings
Fair value is calculated based on the present value of contractual principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Cash and cash equivalents, trade and other receivables and trade and other payables
Due to their relatively short term nature, the carrying amounts of these items are considered to be equivalent to their fair value.

Set out below is a comparison by class of the carrying amounts and fair values of financial instruments that are not carried at fair value in the financial statements. These tables do not include the fair values of non-financial assets and non-financial liabilities.

Fair value of financial assets and financial liabilities not carried at fair value:

GROUP	2013 Carrying Amount $'000	2013 Total Fair Value $'000	2012 Carrying Amount $'000	2012 Total Fair Value $'000
Financial Assets				
Available for sale assets:				
Cash and cash equivalents	1,334	1,334	2,574	2,574
Loans and receivables:				
Loans and advances to customers	-	-	-	-
Trade and other receivables	1,735	1,735	2,804	2,804
	1,735	1,735	2,804	2,804
Total Financial Assets	3,069	3,069	5,378	5,378
Financial Liabilities				
Amortised cost:				
Loans and borrowings	18,019	18,019	18,369	18,369
Trade and other payables	2,821	2,821	759	759
	20,840	20,840	19,128	19,128
Total Financial Liabilities	20,840	20,840	19,128	19,128

24 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and financial liabilities not carried at fair value:

COMPANY	2013 Carrying Amount $'000	2013 Total Fair Value $'000	2012 Carrying Amount $'000	2012 Total Fair Value $'000
Financial Assets				
Available for sale assets:				
Cash and cash equivalents	310	310	2,191	2,191
Loans and receivables:				
Trade and other receivables	1,560	1,560	3,189	3,189
Total Financial Assets	1,869	1,869	5,380	5,380
Financial Liabilities				
Amortised cost:				
Loans and borrowings	18,019	18,019	18,019	18,019
Trade and other payables	1,848	1,848	176	176
	19,867	19,867	18,195	18,195
Total Financial Liabilities	19,867	19,867	18,195	18,195

The Company and the Group have not classified any assets as Held to Maturity Investments.

Financial risk management objectives
The operating subsidiaries have no interest rate or credit risks but merely have the normal risks associated with prevailing economic conditions.

Market risk
A low interest rate environment can have the effect of stimulating mortgage brokering activities such as is the case at present with the current low borrowing rates resulting in higher levels of mortgage lending by the major banks with an associated flow on effect for broker operations, and the subsidiary Mike Pero Real Estate Limited.

Foreign currency risk management
All of the Group's operations are carried out within New Zealand. As a result, the Group is not exposed to any direct foreign currency exchange risks.

Interest rate risk management
There is minor risk of diminished earnings for NZF Group Limited if investment interest rates reduce as this company has cash and cash equivalents which earn interest income. Interest rate hedging is not possible and therefore some risk remains if rates should fall, conversely there is potential for increased earnings if rates should rise.

Credit risk management
Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents and trade and other receivables.

The Group's cash balances, call deposits and derivative assets held for risk management are placed with major trading banks with high credit-ratings assigned by international credit-rating agencies. Maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, which is net of any impairment allowance.

Liquidity risk management
The Group's most significant liquidity requirement revolved around the obligation to pay interest on the Capital Notes however when the receivers of NZF Money Limited (in receivership) filed High Court action in April 2012 and later obtained a freezing

24 FINANCIAL INSTRUMENTS (CONTINUED)

order over the assets of NZF Group Limited, NZF announced to the NZX that is was suspending the payment of interest on the Capital Notes and would consider seeking note holder approval to convert the capital notes to an equivalent dollar value of ordinary shares of NZF. The Board is still considering seeking approval at the time of this report. The normal day to day operations are met from a mix of cash reserves and interest earned on its investments.

25 CONCENTRATION OF CREDIT EXPOSURE

FUNDING – LOANS AND BORROWINGS

Product Concentration of Funding

	Group 2013 %	Group 2013 $'000	Group 2012 %	Group 2012 $'000	Company 2013 %	Company 2013 $'000	Company 2012 %	Company 2012 $'000
Term loans	-	-	1.91	350	-	-	-	-
Unsecured capital notes	**100.00**	**18,019**	98.09	18,019	**100.00**	**18,019**	100.00	18,019
Total	**100.00**	**18,019**	100.00	18,369	**100.00**	**18,019**	100.00	18,019

Geographical Concentration of Funding

	Group 2013 %	Group 2013 $'000	Group 2012 %	Group 2012 $'000	Company 2013 %	Company 2013 $'000	Company 2012 %	Company 2012 $'000
New Zealand	**98.78**	**17,800**	98.78	17,800	**98.78**	**17,800**	98.78	17,800
Australia	**0.29**	**53**	0.29	53	**0.29**	**53**	0.29	53
Switzerland	**0.77**	**138**	0.77	138	**0.77**	**138**	0.77	138
USA	**0.16**	**28**	0.16	28	**0.16**	**28**	0.16	28
Total	**100.00**	**18,019**	100.00	18,019	**100.00**	**18,019**	100.00	18,019

There is no material concentration of funding within New Zealand.

26 MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Interest rate risk

The following tables summarise the Group's interest rate gap position on the basis of net discounted cash flows:

GROUP		2013					
	Weighted	Current		Non-Current			Total
	average	0 - 6	7 - 12	1 - 2	2 - 5	5+	
	effective	Months	Months	Years	Years	Years	
	interest rate	$'000	$'000	$'000	$'000	$'000	$'000
	%						
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	2.50	1,334	-	-	-	-	1,334
Trade and other receivables	-	1,735	-	-	-	-	1,735
		3,069	-	-	-	-	3,069
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	2,821	-	-	-	-	2,821
Unsecured capital notes	6.00	-	-	-	18,019	-	18,019
		2,821	-	-	18,019	-	20,840
		248	-	-	(18,019)	-	(17,771)

GROUP		2012					
	Weighted	Current		Non-Current			Total
	average	0 - 6	7 - 12	1 - 2	2 - 5	5+	
	effective	Months	Months	Years	Years	Years	
	interest rate	$'000	$'000	$'000	$'000	$'000	$'000
	%						
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	3.13	2,508	-	-	-	-	2,508
Trade and other receivables	6.48	785	-	-	-	2,019	2,804
		3,293	-	-	-	2,019	5,312
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	759	-	-	-	-	759
Term loans	4.61	350	-	-	-	-	350
Unsecured capital notes	6.00	-	-	-	18,019	-	18,019
		1,109	-	-	18,019	-	19,128
		2,184	-	-	(18,019)	2,019	(13,816)

26 MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(a) Interest rate risk (continued)

COMPANY		2013					
	Weighted	Current		Non-Current			Total
	average	0 - 6	7 - 12	1 - 2	2 - 5	5+	
	effective	Months	Months	Years	Years	Years	
	interest rate	$'000	$'000	$'000	$'000	$'000	$'000
	%						
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	2.50	310	-	-	-	-	310
Trade and other receivables	-	1,560	-	-	-	-	1,560
		1,870	-	-	-	-	1,870
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	1,848	-	-	-	-	1,848
Unsecured capital notes	6.00	-	-	-	18,019	-	18,019
		1,848	-	-	18,019	-	19,867
		22	-	-	(18,019)	-	(17,997)

COMPANY		2012					
	Weighted	Current		Non-Current			Total
	average	0 - 6	7 - 12	1 - 2	2 - 5	5+	
	effective	Months	Months	Years	Years	Years	
	interest rate	$'000	$'000	$'000	$'000	$'000	$'000
	%						
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	3.15	2,191	-	-	-	-	2,191
Trade and other receivables	5.91	1,170	-	-	-	2,019	3,189
		3,361	-	-	-	2,019	5,380
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	176	-	-	-	-	176
Unsecured capital notes	6.00	-	-	-	18,019	-	18,019
		176	-	-	18,019	-	18,195
		3,185	-	-	(18,019)	2,019	(12,815)

26 MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Residual contractual maturities of financial assets and financial liabilities

The following tables show the gross undiscounted cash flows of the Group's financial assets and financial liabilities on the basis of their earliest possible contractual maturity and their expected maturity. The Gross nominal inflow/(outflow) disclosed in the following tables is the contractual, undiscounted cash flow of the financial asset or financial liability.

GROUP		2013					
	Weighted	Current		Non-Current			Total
	average	0 - 6	7 - 12	1 - 2	2 - 5	5+	
	effective	Months	Months	Years	Years	Years	
	interest rate	$'000	$'000	$'000	$'000	$'000	$'000
	%						
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	2.50	1,334	-	-	-	-	1,334
Trade and other receivables	-	1,735	-	-	-	-	1,735
		3,069	-	-	-	-	3,069
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	2,821	-	-	-	-	2,821
Unsecured capital notes	6.00	-	-	-	18,019	-	18,019
		2,821	-	-	18,019	-	20,840
		248	-	-	(18,019)	-	(17,771)

GROUP		2012					
	Weighted	Current		Non-Current			Total
	average	0 - 6	7 - 12	1 - 2	2 - 5	5+	
	effective	Months	Months	Years	Years	Years	
	interest rate	$'000	$'000	$'000	$'000	$'000	$'000
	%						
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	3.13	2,508	-	-	-	-	2,508
Trade and other receivables	6.48	785	-	-	-	2,019	2,804
		3,293	-	-	-	2,019	5,312
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	759	-	-	-	-	759
Term loans	4.61	350	-	-	-	-	350
Unsecured capital notes	6.00	-	-	-	18,019	-	18,019
		1,109	-	-	18,019	-	19,128
		2,184	-	-	(18,019)	2,019	(13,816)

26 MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Residual contractual maturities of financial assets and financial liabilities (continued)

COMPANY		2013					
	Weighted	Current		Non-Current			Total
	average	0 - 6	7 - 12	1 - 2	2 - 5	5+	
	effective	Months	Months	Years	Years	Years	
	interest rate	$'000	$'000	$'000	$'000	$'000	$'000
	%						
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	2.50	310	-	-	-	-	310
Trade and other receivables	-	1,560	-	-	-	-	1,560
		1,870	-	-	-	-	1,870
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	1,848	-	-	-	-	1,848
Unsecured capital notes	6.00	-	-	-	18,019	-	18,019
		1,848	-	-	18,019	-	19,867
		22	-	-	(18,019)	-	(17,997)

COMPANY		2012					
	Weighted	Current		Non-Current			Total
	average	0 - 6	7 - 12	1 - 2	2 - 5	5+	
	effective	Months	Months	Years	Years	Years	
	interest rate	$'000	$'000	$'000	$'000	$'000	$'000
	%						
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	3.15	2,191	-	-	-	-	2,191
Trade and other receivables	5.91	1,170	-	-	-	2,019	3,189
		3,361	-	-	-	2,019	5,380
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	176	-	-	-	-	176
Unsecured capital notes	6.00	-	-	-	18,019	-	18,019
		176	-	-	18,019	-	18,195
		3,185	-	-	(18,019)	2,019	(12,815)

27 OPERATING LEASE COMMITMENTS

At each reporting date, the Group had operating lease commitments in respect of property, equipment and vehicles used by subsidiary undertakings and jointly controlled entities. At each reporting date the total future minimum payments under non-cancellable operating leases were payable as follows:

GROUP ONLY	2013			2012		
	Total	Property & Equipment	Motor Vehicles	Total	Property & Equipment	Motor Vehicles
	$'000	$'000	$'000	$'000	$'000	$'000
Less than one year	26	23	3	55	48	7
Between one and five years	4	4	-	10	7	3
	30	27	3	65	55	10

There are no onerous terms concerning renewal of the above leases and the Group does not sublet any of the leased assets.

28 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2013 (2012: $nil).

29 CONTINGENT ASSETS AND LIABILITIES

Contingent assets or liabilities at 31 March 2013 are as noted below (2012: as noted below).

As per the NZX market announcement on 15 February 2012, NZF has received a Statement of Claim from Secure Funding Limited and Minerva Financial Group Pty Limited (representing the interests of Liberty Financial Limited) alleging that the Company is in breach of the Joint Venture Agreement dated 26 June 2006 between NZF and Liberty in MPMH Limited (established to own Mike Pero Mortgages Limited).

The Company Directors believe that the action taken by Liberty is an unwarranted attempt to force NZF to compulsorily transfer its shareholding in MPMH Limited to Liberty, which would be required if NZF had triggered an Event of Default under the Joint Venture Agreement.

NZF believes that the Statement of Claim made by Liberty is without merit and has filed a Statement of Defence in the High Court. The Statement of Defence was resulting from the sale of the Company's interest in MPMH Limited as described in Note 30.

The Serious Fraud office (SFO) commenced a Part II investigation into NZF Group Limited, NZF Money Limited (in receivership) and their related companies in March 2012. The primary focus of the SFO assessment relates to alleged related party transactions between members of the group, its directors and officers. NZF has cooperated fully with the SFO and has supplied information as requested by the SFO. As at 29 June 2012, NZF has had no further dealings with the SFO on this investigation, nor any feedback from the SFO.

On 5 April 2012, NZF Group was notified by the receivers of NZF Money Limited (in receivership) that they intended to file proceedings against NZF and certain past and present Directors who were Directors of NZF Group Limited as at 20 October 2010. The proceedings relate to an internal restructuring of NZF HomeLoans Limited in October 2010 which is alleged to be an insolvent transaction. The Receivers also applied for and were granted a freezing order from the High Court, over the assets of NZF Group Limited. The case did not proceed to trial and an amount of $975,000 was paid by the Company in full as a final settlement.

30 RELATED PARTY TRANSACTIONS

GROUP		Weighted Average Interest Rate		Interest Received/ (Paid)		Asset/(Liability) at 31 March	
		2013	2012	2013	2012	2013	2012
Entity	**Relationship**	**%**	**%**	**$'000**	**$'000**	**$'000**	**$'000**
Related Party Loans							
MPMH Limited	Jointly Controlled Entities	-	-	-	-	323	397
Mike Pero Real Estate Limited		-	-	-	-	(63)	(136)
				-	-	260	261
Related Party Transactions				**Legal fees (Paid)**		**Asset/(Liability) at 31 March**	
				2013	**2012**	**2013**	**2012**
				$'000	**$'000**	**$'000**	**$'000**
AlexanderDorrington Lawyers	Craig Alexander			21	212	(3)	(3)

COMPANY		Weighted Average Interest Rate		Interest Received/ (Paid)		Asset/(Liability) at 31 March	
		2013	2012	2013	2012	2013	2012
Entity	**Relationship**	**%**	**%**	**$'000**	**$'000**	**$'000**	**$'000**
Secured Subordinated Notes							
NZF Mortgages Warehouse A Trust	Former controlled trust	-	-	142	118	-	-
Related Party Loans							
New Zealand Mortgage Finance Limited	Subsidiary	-	-	-	-	-	768
		-	-	-	-	-	768
MPMH Limited	Jointly Controlled Entity	-	-	-	-	306	398
Related Party Transactions				**Legal fees (Paid)**		**Asset/(Liability) at 31 March**	
				2013	**2012**	**2013**	**2012**
				$'000	**$'000**	**$'000**	**$'000**
AlexanderDorrington Lawyers	Craig Alexander			21	212	(3)	(3)

All of the above balances are unsecured and repayable on demand.

At 31 March 2013, $878,000 (2012: $1,419,000) of the Secured Subordinated Notes are secured against the assets and undertakings of NZF Mortgages Warehouse A Trust and are repayable at the earlier to occur of the date of termination of the Warehouse Facility Agreement or the Vesting Date or such other date as agreed between the Warehouse Facility Provider, NZF HomeLoans Limited as Trust Manager, and The New Zealand Guardian Trust Company Limited as Trustee.

At 31 March 2013, $372,000 (2012: $600,000) of the Secured Subordinated Notes are secured against the assets and undertakings of NZF Mortgages 2010-1 Trust and are repayable at the earlier of the call date being 15 September 2015 or such other date as agreed between The Public Trust as Trust Manager, and The New Zealand Guardian Trust Company Limited as Trustee.

At 31 March 2013, the Company reduced the related party loan to MPMH Limited to $305,904, resulting in an additional impairment charge of $91,520 (See Note 31). At 31 March 2013, the Company wrote off the related party loan to New Zealand Mortgage Finance Limited in full, resulting in an additional impairment charge of $666,449 (See Note 6) and a

30 RELATED PARTY TRANSACTIONS (CONTINUED)

corresponding gain in New Zealand Mortgage Finance Limited of $666,449 as debt forgiveness. There was no impact on the Group result.
In December 2011 a related party amount of $3,959,866 owed by NZF HomeLoans Limited to NZF Group Limited was forgiven as part of the sale of the Home Loans Operation to Resimac NZ Home Loans Limited.

No other amounts owed by related parties were written off or forgiven during the year ended 31 March 2013.

31 SUBSEQUENT EVENTS

On 19 April 2013, a PPSR financing statement was raised over Company assets by Monument Finance Limited as security for their financing of the Companies insurance premiums.

A special meeting of shareholders of NZF Group Limited was held on Monday 27 May 2013.

The following special resolution was passed and approved at that meeting:
That pursuant to section 129 of the Companies Act 1993 and Listing Rule 9.1.1, the sale of the Company's 100 shares in MPMH Limited to Liberty Financial Pty Limited (or an associated company) for consideration of $2,762,000 and the repayment of a shareholder loan of $305,904 owing to the Company from MPMH Limited be approved.

The full proceeds of $3,067,904 were received by the Company on 11 June 2013 in accordance with the terms approved by shareholders and will be reflected as income in the year ended 31 March 2014 for the Group.

The Company has reduced the value of this investment in MPMH Limited to $2,762,000 as at 31 March 2013, resulting in an impairment charge of $4,746,300. The Company has reduced the related party loan to MPMH Limited to $305,904 as at 31 March 2013, resulting in an additional impairment charge of $91,520.

Sean Robert Joyce was appointed as a director in NZF Group limited on 21 August 2013 and John Francis Henderson resigned as a director on 21 August 2013.

The Company has entered into a conditional sale and purchase agreement with Resimac NZ Home Loans Limited for the sale of the 20% shareholding in Resimac NZ Home Loans Limited and subordinated notes held in NZF Mortgages A Trust and NZF Mortgages 2010-1 Trust. The sale is conditional on approval of the ordinary resolution to be tabled at the Annual General Meeting of shareholders to be held on 21 November 2013.

32 MATERIAL UNCERTAINTIES AFFECTING GOING CONCERN

As disclosed in Note 23, NZF Group Limited at year end has a liability of $18,019,000 in Capital Notes. These Capital Notes have an annual return of 6% and interest is payable quarterly. The Trust Deed permits the suspension of interest payments in certain circumstances which the Directors were considering. However, on 21 May 2012 the Receivers of NZ Money Limited declined to give the Company consent to pay the interest. Interest payments were therefore suspended on that date. NZF Group Limited has the option to convert the Capital Notes to Equity with the agreement of Capital Note holders, however this has not been arranged as at the date of authorising and approving these financial statements.

These financial statements have been prepared on a going concern basis as the Directors believe that the Unsecured Capital Notes will eventually be converted to ordinary shares.

It should be noted that the outcome of the event noted above cannot be determined by the Company alone, as it involves third parties.

At 31 March 2013, the company and group had excess liabilities over assets of $14.932m and $17.290m respectively and in breach of the solvency test as set out in the Companies Act 1993.

A further risk is that the cash funds utilised in the current business are limited and there is a need for future cash flows to be generated for the Company to continue as a going concern. The continued suspension of the Capital Note interest will see current cash reserves being sufficient to continue for the next 12 months and the cash reserves may increase through the realisation of assets.

The circumstances noted above create uncertainties that cast doubt on the Company and Groups' ability to continue as a going concern and therefore the Company and Group may be unable to realise their assets and discharge their liabilities in the normal course of business.

33 DISCLOSURE OF PRIOR PERIOD ERRORS

The estimated useful lives of assets in MPMH Limited were revised and amended as from years ending 31 March 2011. The financial statements of MPMH Limited have not been issued as approved and may be subject to change. The impact of any future changes is not known at the date of this report. The impact of the change in estimate has not been calculated for future periods as impractical to do so and the investment in MPMH limited has been disposed of. See Note 31.

Furthermore an error was made in the de-recognition of subsidiary company NZF Money Limited (in receivership), in determining the consolidated retained reserves to be carried forward in the Group. Through not consolidating NZF Money Limited (in receivership) at 31 March 2012, the elimination of the investment in New Zealand Mortgage Finance Limited, resulted in $899,000 of goodwill and was incorrectly reversed against retained reserves as in previous years, these reserves formed part of the retained reserves of NZF Money Limited (in receivership) as this investment was sold by NZF Money Limited (in receivership) to NZF Group Limited. The Directors fully impaired the goodwill that arose from this error.

	Retained Earnings $'000	Intangible Assets - Goodwill Impairment $'000	Property, Plant & Equipment $'000
As previously reported	1,943	-	-
Prior period adjustement to effect of change in capital gain on sales of property, plant and equipment	(132)	-	(132)
Effect of change in estimated useful life of property, plant and equipment	44	-	44
Impairment of goodwill arising on de-recognition of NZF Money Limited (in receivership)	(899)	(899)	-
Restated opening balance of Retained Income	956	(899)	(88)

NZF GROUP LIMITED
ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2013

1. DIRECTORS

The names of the Directors of the Company in office at the date of this Report are:

Sean Robert Joyce
Chairman and Independent Director

Mark Hume Thornton
Executive Director and Group Chief Executive Officer

Craig Irving Alexander
Independent Director

2. REMUNERATION OF DIRECTORS

During the year the following remuneration was paid or payable to Directors:

	2013 $'000	2012 $'000
COMPANY		
NZF Group Limited		
Craig Irving Alexander (Appointed 27 May 2011)	70	58
John Francis Henderson(Resigned 21 August 2013)	35	29
Mark Hume Thornton	214	124
Pat Redpath O'Connor (Resigned 6 January 2012)	-	24
Peter Karl Christopher Huljich (Resigned 12 April 2011)	-	-
SUBSIDIARIES		
New Zealand Mortgage Finance Limited		
Mark Hume Thornton (Appointed 15 March 2011)	-	-
Approved Mortgage Brokers Limited		
Mark Hume Thornton (Appointed 15 March 2011)	-	-
NZF Money Limited (in receivership)		
Mark Hume Thornton	-	42
Pat Redpath O'Connor	-	-
Craig Irving Alexander (Resigned 27 May 2011)	-	18
John Francis Henderson (Resigned 27 May 2011)	-	7
Peter Karl Christopher Huljich (Resigned 12 April 2011)	-	-
	319	302

3. EMPLOYEES

The number of employees, other than Directors, within the Company and Group receiving remuneration and benefits above $100,000, as is required to be disclosed in accordance with Section 211(g) of the Companies Act 1993, is indicated in the following table:

	2013 Number	2012 Number
NZF Group Limited		
$210,000 - $219,999	1	-
NZF Money Limited (in receivership)		
$120,000 - $129,999	-	1
$130,000 - $139,999	-	1
$160,000 - $169,999	-	2

4. DIRECTORS' SHAREHOLDINGS FOR THE YEAR ENDED 31 MARCH 2013

Director	Holder	Number Of Shares
Mark Hume Thornton	Colsam Trust	9,095,514
Pat Redpath O'Connor (Resigned 6 January 2012)	Hillview Trust	16,910,002

During the year no Directors acquired or disposed of equity securities in the Group.

5. INTERESTED TRANSACTIONS

The Directors have disclosed the following transactions with the Company and Group:

Interested Transactions
During the year ended 31 March 2013, AlexanderDorrington, of which Craig Alexander is a partner, provided legal services to the Company totalling $21,837 (2012: $212,323). There were no other transactions during the year with interested or related parties.

Directors' Remuneration
Remuneration details of Directors are provided above.

Indemnification and Insurance of Officers and Directors
The Company indemnifies Directors and Executive Officers of the Group against all liabilities which arise out of the performance of their normal duties as Directors or Executive Officers, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has indemnity insurance. The total cost of this insurance expensed in the Company during the financial year was $83,889 (2012: $127,668).

Share Transactions
No Directors acquired or disposed of any Ordinary Shares in the Company during the year.

Directors' Loans
There were no loans made by the Company or Group to Directors.

Use of Company Information

The Board received no notices during the year from Directors requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

6. AUDITORS

During the year, Grant Thornton resigned as auditors of the Company and Group and were paid $115,000 for audit related service for the financial year ended 31 March 2012.

During the year, RSM Prince were appointed auditors of the Company and Group. Fees paid and due to RSM Prince are $41,000 (2012: $nil) for audit related services. In accordance with Section 200 of the Companies Act 1993, the auditors, RSM Prince, continue in office.

7. DONATIONS

There were no donations paid during the year (2012: $nil).

NZF GROUP LIMITED
ADDITIONAL INFORMATION (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2013

8. SHAREHOLDERS

As at 4 November 2013 there were 435 shareholders.

9. SHARE ISSUES

There were no shares issued in the year ended 31 March 2013 (2012: nil).

10. SHAREHOLDER DETAILS

The ordinary shares of NZF Group Limited are listed on the NZSX Market operated by NZX Limited.

The information in the disclosures below has been taken from the Company's registers as at 4 September 2013:

11. 20 LARGEST SHAREHOLDERS

The names of the 20 largest holders of ordinary issued shares as at 4 November 2013 are listed below:

	Fully Paid Ordinary Shares	
Name	**Number Held**	**% Held**
Bluewater Corporation Limited	17,686,718	16.09%
Robert Norman Burnes, Pat Redpath O'Connor & Kay O'Connor for Hillview Trust	16,910,002	15.38%
Lynton Ross Campbell, Dennis Michael Graham & Mark Hume Thornton for Colsam Trust	9,095,514	8.27%
Barbara Charlotte Thornton & SW Trust Services Limited	7,834,488	7.13%
Best Investments Limited	5,768,622	5.25%
FNZ Custodians Limited	4,064,277	3.70%
David Burton Gibson	3,959,040	3.60%
PKB Ttustees Limited	3,001,596	2.73%
W Custodians Limited	2,642,622	2.40%
Walter Mick George Yovich & Jeanette Julia Yovich	2,193,409	1.99%
Ted Burak	1,890,000	1.72%
Kim Nigel Lyons, Fiona Patricia Lyons & Christopher John Davis	1,667,917	1.52%
Gadbrook Limited	1,455,738	1.32%
John Alexander McKenzie	1,165,000	1.06%
Peter Karl Christopher Huljich	1,007,667	0.92%
Lee Athol Wilson and Shirley Ann Wilson	1,000,000	0.91%
Ian Leonard Hobbs	983,606	0.89%
Land Securities Limited	974,999	0.89%
John Michael Torney Greene	819,672	0.75%
Margaret Dorothea Greene	819,672	0.75%
Small Family Holdings Limited	819,672	0.75%
Walter Mick George Yovich	819,672	0.75%
ASB Nominees Limited	814,753	0.74%
Total	**87,394,656**	**79.51%**

12. DISTRIBUTION OF EQUITY SECURITIES

Size of Holdings As at 4 September 2013	Shareholders Number	Shareholders %	Fully Paid Number	Ordinary Shares %
1 – 1,000	26	5.98	19,275	0.02
1,001 - 5,000	128	29.43	446,109	0.41
5,001 - 10,000	68	15.63	563,651	0.51
10,001 - 50,000	103	23.68	2,345,984	2.13
50,001 - 100,000	31	7.13	2,289,369	2.08
Over 100,000	79	18.15	104,293,234	94.85
Total	**435**	**100.00**	**109,957,622**	**100.00**

13. SUBSTANTIAL SECURITY HOLDERS

Pursuant to Section 35F of the Securities Markets Act 1988, details of substantial security holders and their total relevant interests as at 4 November 2013:

Name	Number Of Shares	Record Date	Date of Notice
Bluewater Corporation Limited	17,951,218	27 December 2006	27 December 2006
Lynton Ross Campbell, Dennis Michael Graham & Mark Hume Thornton for Colsam Trust	9,095,514	23 June 2006	23 June 2006
Barbara Charlotte Thornton & SW Trust Services Limited	7,834,488	4 August 2006	4 August 2006
Best Investments Limited	5,768,622	15 March 2012	28 March 2012
Peter Karl Christopher Huljich	1,007,667	20 March 2012	28 March 2012
Robert Norman Burnes, Pat Redpath O'Connor & Kay O'Connor for Hillview Trust	16,910,002	15 March 2011	6 April 2011

The total number of shares on issue at 31 March 2013 was 109,957,622 (2012: 109,957,622).

14. SHAREHOLDER ENQUIRIES

Shareholders should send changes of address to Link Market Services Limited at the address noted in the Company Directory on page 64. Notification must be in writing. Questions relating to shareholdings should also be addressed to Link Market Services Limited. For information about the Group please contact the Company at the Registered Office by sending an e-mail to info@nzf.co.nz or visit the website www.nzf.co.nz.

15. ANNOUNCEMENT AND REPORTING TO SHAREHOLDERS

The Company has established an e-mail list of Shareholders that want to receive announcements and reports made by NZF Group Limited to the NZX. Announcements and reports are e-mailed to Shareholders who wish to receive them shortly after they are released. This will include the Annual Meeting addresses, Annual Reports and Interim Reports. If you want to be added to this listing please e-mail registry@nzf.co.nz and advise us of your preferred e-mail address. Your e-mail details will be kept confidential.

NZF GROUP LIMITED
ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2013

The information in the disclosures below has been taken from the Company's registers as at 4 November 2013:

16. 20 LARGEST CAPITAL NOTE HOLDERS

Name	Fully Paid Capital Notes	
	Number	%
NESSOCK CUSTODIANS LIMITED	2,848,000	15.81%
CUSTODIAL SERVICES LIMITED <3 A/C>	1,097,000	6.09%
CUSTODIAL SERVICES LIMITED <2 A/C>	665,000	3.69%
NEW ZEALAND CENTRAL SECURITIES DEPOSITORY LIMITED	579,000	3.38%
CUSTODIAL SERVICES LIMITED <18 A/C>	571,000	3.17%
NZ AIRLINE PILOTS MUTUAL BENEFIT FUND - ATC	500,000	2.77%
ASB NOMINEES LIMITED <512113 ML A/C>	479,000	2.66%
SCOTT GILMOUR	350,000	1.94%
CUSTODIAL SERVICES LIMITED <4 A/C>	307,000	1.70%
ANDREW MCGOVERN MARTIN + HEATHER SMITH MARTIN	240,000	1.33%
FORSYTH BARR CUSTODIANS LIMITED	219,000	1.22%
HAPPY HOSPITALITY LIMITED	200,000	1.11%
FNZ CUSTODIANS LIMITED	167,000	0.93%
STEPHEN LEONARD JOHNS	150,000	0.83%
IAN JAMES KENNEDY + FARRY & COMPANY TRUSTEES LIMITED	150,000	0.83%
MARK WILLIAM STERN	138,000	0.77%
CUSTODIAL SERVICES LIMITED <16 A/C>	115,000	0.64%
HAI ZHU	115,000	0.64%
FORSYTH BARR CUSTODIANS LIMITED	111,000	0.62%
ASB NOMINEES LIMITED <933671 ML A/C>	100,000	0.55%
	9,101,000	50.68%

17. TRADING HALTS

On three occasions (22 March 2012, 26 March 2012 and 5 April 2012) NZX halted trading in the Company's shares and capital notes. Each trading halt lasted for less than one day and were put in place by NZX pending the release of material announcements by the Company. These announcements related to proceedings brought against the Company by NZF Money Limited (in receivership).

On 8 July 2013 NZX halted trading in the Company's shares as it failed to deliver to the NZX its Annual Report for the year ended 31 March 2013 and quotation of the Securities will remain suspended until the 2013 Annual Report is issued.

18. WAIVERS

During the course of the financial year ended 31 March 2013 the Company obtained no waivers from NZX Limited.

NZF GROUP LIMITED

COMPANY DIRECTORY
AS AT 31 MARCH 2013

Independent Directors
Sean Robert Joyce (Appointed 21 August 2013)
3 Heather Street, Parnell, Auckland

Craig Irving Alexander
25 Milton Road, Mt Eden, Auckland

John Francis Henderson (Retired 21 August 2013)
25 Sunny Crescent, Huapai, Kemu

Executive Director
Mark Hume Thornton
106 Hillcrest Road, Hatfields Beach, Orewa

Company Secretary
Mark Hume Thornton
106 Hillcrest Road, Hatfields Beach, Orewa

Registered Office
166 Queen Street, Auckland
Tel: 0800 379 9090

Auditor
RSM Prince Charetered Accountants
86 Highbrook Drive, East Tamaki, Auckland

Share Registrar
Link Market Services Limited
138 Tancred Street, PO Box 384, Ashburton
Tel: 03 308 8887

Company Number
1474151

Incorporated
22 January 2004

Shares Issued
109,957,622 Ordinary

Solicitors
Alexander Dorrington Lawyers
Level 8, Forsyth Barr Tower, 55 - 65 Shortland Street, Auckland

Mayne Wetherell
Level 23, IAG House, 151 Queen Street, Auckland

Bankers
ASB Bank Limited
Level 21, ASB Bank Centre, 135 Albert Street, Auckland