

NZF GROUP LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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**NZF GROUP LIMITED
CHAIRMAN'S REVIEW
FOR THE YEAR ENDED 31 MARCH 2015**

Dear Shareholder

Welcome to the Annual Report for NZF Group Limited.

During the financial year ended 31 March 2014, the NZF group of companies ("Group") completed the successful completion of the sale of the Group's operational investments as part of the Group's divestment programme. At the end of the financial year ending 31 March 2015, the Group's only significant asset was the cash which it held on deposit in the bank.

During the course of the financial year the Group actively investigated a number of commercial opportunities in the form of businesses that might have provided the foundation for a possible acquisition pursuant to a reverse listing acquisition transaction.

During the financial year the Group entered into a conditional agreement to acquire 100% of the share capital on issue in Inventory Technologies Limited ("ITL"). The Board of NZF anticipated that this potential acquisition would provide the basis of a significant organisational and capital restructure of the Group. NZF provided detail around this potential transaction, and the greater potential capital restructure to the market during the course of the year.

Prior to the completion of the proposed acquisition of ITL, the stakeholders in ITL resolved to terminate the conditional agreement with NZF on commercial grounds. In the NZF Board's opinion this was a very disappointing development for the Group.

As a consequence of the termination of the proposed acquisition of ITL, the NZF Board resolved after careful consideration of the various options available to it, and after taking appropriate external specialist advice on the matter, that the most effective course of action was for the NZF Board to initiate the process for NZF to be placed into voluntary administration ("VA").

On 21 May 2015 the NZF Board resolved that Tony Maginness and Peri Finnegan of McDonald Vague be appointed Administrators of the Company under s 239I of the Companies Act 1993, effective as at 21 May 2015.

The principal objective of the VA process was to facilitate the distribution of NZF's funds to the holders of the NZF Capital Notes in a timely and cost effective manner;

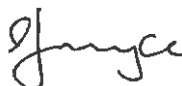
As at the date of this Report, the VA process has essentially been completed, with the cash reserves of NZF being applied towards the payment of all of NZF's liabilities, and the balance of those funds being applied to the holders of the NZF capital notes in full and final settlement of all of the claims of the capital note holders against the Company. In total an amount of \$2,238,000 was paid out to the holders of NZF capital notes.

The Board anticipates that the VA process will be completed early in July 2015, following which the Board of NZF will be re-engaged as the effective directors of the Company.

The Board of the Company is hopeful that following the completion of the VA process:

- 1 NZF will maintain its designation as a Main Board listed company; and
- 2 NZF will be well placed to investigate a capital and operational restructure. The Board will work hard to explore potential reverse listing acquisition targets, with a view to identifying a suitable target and completing a reverse listing transaction during the course of the current financial year.

Yours sincerely
NZF GROUP LIMITED



**Sean Joyce
Chairman**

**NZF GROUP LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

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.

**NZF GROUP LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

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 2015, the gender balance of the Company's directors, officers and all employees was as follows:

	Directors		Officers		Employees	
Female	0	0%	0	0%	0	0%
Male	3	100%	1	100%	1	100%
Total	3	100%	1	100%	1	100%

**NZF GROUP LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

The Directors of NZF Group Limited present to shareholders the audited consolidated financial statements for the Company for the year ended 31 March 2015.

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 2015 and the results of its operations and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using accounting policies which have been supported by reasonable judgments and estimates and that all relevant financial reporting and accounting standards have been followed. As noted in the accounting policies, the financial statements have been prepared on a realization basis as a result of the administration of the company subsequent to balance date.


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 2013.

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 30 June 2015 by:



**Mark Thornton
Director**



**Craig Alexander
Director**

Independent Auditor's Report To the Shareholders of NZF Group Limited

Report on the Financial Statements

We have audited the financial statements of NZF Group Limited on pages 4 to 41, which comprise the Statement of Financial Position as at 31 March 2015, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

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

CHARTERED ACCOUNTANTS & ADVISORS

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Auckland 1143, New Zealand
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Auditor's Opinion

In our opinion, the financial statements on pages 4 to 41:

- comply with generally accepted accounting practice in New Zealand;
- comply with New Zealand equivalents to International Financial Reporting Standards; and
- give a true and fair view of the financial position of the NZF Group Limited as at 31 March 2015 and its financial performance and cash flows for the year then ended.

Other Matter

Note 29 of the financial statements discloses that the company has been placed into administration subsequent to balance date. As a result of this, the financial statements have been prepared on a realisation basis as set out in Note 30 and in the Significant Accounting Policies. Note 29 and 30 should be read in conjunction with Notes 5, 18 and 19 setting out the key adjustments resulting from the adoption of the realisation basis of preparation.

Restriction on Distribution or use

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

A handwritten signature in blue ink that reads 'William Buck Christmas Gouwland'.

**William Buck Christmas Gouwland
Auckland**

30 June 2015

NZF GROUP LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Note	Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Continuing operations			
Interest income	3	126	198
Interest expense	3	(1,568)	(1,174)
Net interest income/(loss)	3	(1,442)	(976)
Other income	5	19,682	474
Total income		18,240	(502)
Operating expenses and staff costs	6	(1,332)	(1,461)
Profit/(Loss) before income tax		16,908	(1,963)
Income tax benefit/(expense)	8	-	-
Profit/(Loss) from continuing operations	12	16,908	(1,963)
Profit from discontinued operations (after tax)	5,12	-	200
Profit/(Loss) for the period attributable to shareholders of the company		16,908	(1,763)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive profit/(loss) for the year, net of tax		16,908	(1,763)
Attributable to:			
Equity holders of the Company		16,908	(1,763)
		16,908	(1,763)
Profit/(Loss) per share:			
		Cents	Cents
		Per Share	Per Share
Basic profit/(loss) per share:			
From continuing operations	11	15.38	(1.79)
From discontinued operations	11	-	0.18
Total basic earnings per share	11	15.38	(1.61)
Diluted loss per share:			
From continuing operations	11	15.38	(1.79)
From discontinued operations	11	-	0.18
	11	15.38	(1.61)

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 2015

	Note	Attributable to Equity holders of the Company			Non-Controlling Interest	Total Equity
		Share Capital	Accumulated Deficit	Total		
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2013		9,525	(24,678)	(15,153)	3	(15,150)
Total comprehensive loss		-	(1,763)	(1,763)	-	(1,763)
De-recognition on sale of MPMH Limited	16	-	(9)	(9)	(3)	(12)
Balance at 31 March 2014		<u>9,525</u>	<u>(26,450)</u>	<u>(16,925)</u>	-	<u>(16,925)</u>
Balance at 1 April 2014		9,525	(26,450)	(16,925)	-	(16,925)
Total comprehensive income		-	16,908	16,908	-	16,908
De-recognition on sale of New Zealand Mortgage Finance Limited		-	101	101	-	101
Balance at 31 March 2015		<u>9,525</u>	<u>(9,441)</u>	<u>84</u>	-	<u>84</u>

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

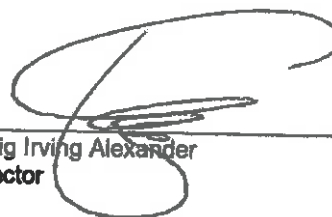
**NZF GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

		Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Assets			
Cash and cash equivalents		2,761	3,415
Trade and other receivables	13	-	5
Other assets	17	82	88
Property, plant and equipment	14	-	22
Total assets		<u>2,843</u>	<u>3,530</u>
Liabilities			
Trade and other payables	18	521	2,436
Loans and borrowings	19	2,238	18,019
Total liabilities		<u>2,759</u>	<u>20,455</u>
Net assets/(liabilities)		<u>84</u>	<u>(16,925)</u>
Equity			
Share capital	20	9,525	9,525
Retained earnings/(Accumulated Deficit)	21	(9,441)	(26,450)
Total equity attributable to equity holders of the company		<u>84</u>	<u>(16,925)</u>
Total equity		<u>84</u>	<u>(16,925)</u>

For and on behalf of the Board of Directors who approved these financial statements for issue on 30 June 2015.



Mark Hume Thornton
Executive Director/Chief Executive Officer



Craig Irving Alexander
Director

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

NZF GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

		Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Cash Flows from Operating Activities			
Interest received		126	204
Fee and commission income received		-	1,389
Other income received		-	487
Payments to suppliers and employees		<u>(886)</u>	<u>(3,347)</u>
Net Cash Flow from Operating Activities		<u>(760)</u>	<u>(1,267)</u>
Cash Flows used in Investing Activities			
Sale proceed of secured subordinated notes	15	-	1,250
Net cash inflow on sale of MPMH Limited	15	-	2,104
Net cash inflow on sale of New Zealand Mortgage Finance Limited	15	95	-
Purchase of property, plant and equipment	14	-	(6)
Sale of property, plant and equipment		11	-
Net Cash Flow from Investing Activities		<u>106</u>	<u>3,348</u>
Cash Flows from Financing Activities			
Net Cash Flow from Financing Activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash held		(654)	2,081
Cash and cash equivalents at start of the year		<u>3,415</u>	<u>1,334</u>
Cash and cash equivalents balance at end of the year		<u>2,761</u>	<u>3,415</u>
Made up as follows:			
Cash and cash equivalents		<u>2,761</u>	<u>3,415</u>

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

NZF GROUP LIMITED**RECONCILIATION OF NET (LOSS)/PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2015**

	Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Total comprehensive profit/(loss) for the year, net of tax	16,908	(1,763)
Add/(less):		
Depreciation of property, plant and equipment	11	8
Gain from realisation value adjustment of capital notes on issue (refer Note 5)	(19,682)	-
Interest accrued on capital notes	1,568	1,173
Add/(less) movements in working capital		
Accounts receivable and other assets	11	(80)
Accounts payable and other liabilities	424	(605)
Net Cash Flow from Operating Activities	(760)	(1,267)

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

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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, registered under the Companies Act 1993 and is a Financial Markets Conduct reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group comprising the Company, and its subsidiaries have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Board Listing Rules. In accordance with the Financial Markets Conduct Act 2013 separate financial statements for NZF Group Limited (the Parent) are no longer required to be prepared and presented. 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 a realisation basis as set out in Note 30.

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

The Consolidated Statement of Financial Position 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 term has been made in the Maturity Profile of Financial Assets and Financial Liabilities (see Note 24) 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

For the purposes of complying with generally accepted accounting practice in New Zealand (NZ GAAP), the Group is a for-profit entity. These financial statements comply with NZ GAAP, New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

(d) Changes in Accounting Policies and Disclosures

As disclosed in Note 30, the Directors have determined it is appropriate to prepare the financial statements on a realisation basis. Refer to Note 30 for further information. Other than as disclosed in Note 30 there have been no other significant changes in accounting policies in the current year.

(e) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been approved but are not yet effective and have not been adopted by the Group for the year ended 31 March 2015. As the company is being placed into administration and ceasing trading (refer Note 30) it is not expected that these standards and interpretations will have any material recognition or measurement impact on the Group's financial statements. These will be applied when they become mandatory. The significant standards are:

NZ IFRS 9: Financial Instruments

NZ IFRS 9: 'Financial Instruments' was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ 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 the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. The standard is effective for reporting periods beginning on or after 1 January 2018. As the company has been placed into administration subsequent to balance date (refer Note 29) the applicability of this standard to the company and group will depend on whether the company enters into any future trading activities.

NZ IFRS 15: Revenue from Contracts with Customers

NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18: Revenue and NZ IAS 11: Construction Contracts and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for periods beginning on or after 1 January 2017. As the company has been placed into administration subsequent to balance date (refer Note 29) the applicability of this standard to the company and group will depend on whether the company enters into any future trading activities.

(f) 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 15 to the financial statements, in accordance with NZ IFRS 10. Controlled entities comprise subsidiary companies, joint ventures or joint operations as described below.

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 Profit & Loss and Other Comprehensive Income from the date of acquisition or to the date of disposal.

Joint operations are those arrangements whereby the Group has joint control, established by contractual agreement providing rights to the assets and obligations for the liabilities.

Joint operations are accounted for in line with NZ IFRS 11. The consolidated financial statements include the Group's share of income, expenses, assets and liabilities of joint operations from the date that joint control commences until the date that joint control ceases.

**NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Segment Reporting

For management purposes, the Group is organised into the following operating segments:

Continuing Divisions & Operations

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 \$2,238,000 (2014: \$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% (2014: 6%) per annum, quarterly in arrears. See Note 19. 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 2012 in accordance with condition 3.2(iii) of the Trust Deed constituting the capital notes. The last payment date of interest on the Unsecured Capital Notes was 15 March 2012.

As at 31 March 2015, the Group no longer had any trading activities. All trading subsidiary companies and jointly controlled entities were disposed of in the prior financial periods, with the exception of the group's interest in New Zealand Mortgage Finance Ltd, which was sold effective 1 April 2014 based on an agreement concluded on 27 March 2014 (refer to Discontinued Divisions section below).

On 21 May 2015, the directors elected to cease all existing activities and place the company into administration. Refer to Notes 29 and 30 for discussion on the effects of this decision.

Discontinued Divisions & Operations

Financial Services Distribution

On 27 May 2013, shareholders of NZF Group Limited approved the sale of the 50% shareholding in MPMH Limited. Operating results for MPMH Limited were included from 1 April 2013 to the date of disposal, as discontinued operations. On 1 April 2014, NZF Group Limited sold its 100% shareholding in New Zealand Mortgage Finance Limited ('NZMF').

As from 1 April 2014, the Company no longer has any investments in subsidiary companies nor jointly controlled entities.

Licensed Real Estate Business

The Licensed Real Estate Business was operated by Mike Pero Real Estate Limited, which was a 50% jointly controlled entity of MPMH Limited and Subsidiary Undertakings. NZF Group Limited no longer has any interest in this operation following the sale of MPMH Limited on 27 May 2013. Operating results for The Licensed Real Estate Business operation were included from 1 April 2013 to the date of disposal, as discontinued operations.

Remaining Activities

The principal activity of NZF Group Limited is to act as the management and holding company for the NZF Group of Companies. From 1 April 2014, the Company no longer had any investments in subsidiary companies nor jointly controlled entities. As stated above, on 21 May 2015 the directors elected to cease all existing activities and place the company into administration. Refer to Notes 29 and 30 for discussion on the effects of this decision.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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 previously earned fee income from a range of services it provided to customers through former subsidiary companies and joint operations. Fee income related to:

Commissions and other fees

When commissions or fees relate to specific transactions or events, they are recognised in the Consolidated Statement of Profit & Loss and Other 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 Profit & Loss and Other Comprehensive Income on an accruals basis as the service is provided.

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.

Other income

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

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

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:

Trade and other receivables

These include accounts receivable and amounts due from group undertakings, less impairment.

As a result of the company being placed into administration (refer Notes 29 and 30) the prepayments balances have been reviewed and any such balances which will not be utilised or are able to be refunded have been expensed in the Statement of Profit or Loss and Other Comprehensive Income.

Financial Liabilities measured at Amortised Cost

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 have in prior years been subsequently measured at amortised cost using the effective interest rate method. As stated in Notes 29 and 30, the effect of the company being placed into administration is that the unsecured capital notes have been adjusted to a book value equating to the level of funds available to repay noteholders.

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. As stated in Notes 29 and 30, the effect of the company being placed into administration is that any liabilities expected to be incurred to the completion of the administration process have been accrued in the financial statements for the year ended 31 March 2015.

(j) Share Capital

Ordinary shares

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

(k) 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.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant & Equipment (cont'd)

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 Profit & Loss and Other Comprehensive Income as incurred.

Depreciation

Depreciation is recognised in the Consolidated Statement of Profit & Loss and Other 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

The useful lives and residual values are reviewed annually and the depreciation recognised in the Consolidated Statement of Profit & Loss and Other 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 Profit & Loss and Other Comprehensive Income.

As stated in Notes 29 and 30, the effect of the company being placed into administration is that the book value of the fixed assets has been reviewed and the assets assessed for their realisable value, which has been deemed to be nil. The resulting loss has been accounted for in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2015.

(l) 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 Profit & Loss and Other Comprehensive Income is restated as if the operation had been discontinued from the start of the comparative period.

(m) Leases

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.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (cont'd)

As stated in Notes 29 and 30, the effect of the company being placed into administration is that any liabilities expected to be incurred to the completion of the administration process have been accrued in the financial statements for the year ended 31 March 2015. This includes the lease liability on the company's office premises for the months of April, May and June 2015, representing the remaining lease commitment.

(n) Impairment

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 intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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 Profit & Loss and Other 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. 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.

(o) 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.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Expense Recognition

All expenses are recognised in the Consolidated Statement of Profit & Loss and Other Comprehensive Income on an accruals basis.

(q) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Profit & Loss and Other 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 liability 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 joint operations to the extent that they probably will not reverse in the foreseeable 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 only 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.

(r) Cash Flows

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.

**NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

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.

Management considers the accounting estimates and assumptions disclosed below to be its critical accounting estimates and, accordingly, provide an explanation of each, as disclosed 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".

As stated in Notes 29 and 30, the company has been placed into administration subsequent to balance date. Accordingly, a number of estimates of costs associated with the administration process have been accrued within these financial statements. These estimates have been made following consultation with various third parties including the administrator, legal advisors, and the trustee.

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 2015 the NZF Group Limited consolidated tax group, of which NZF Group Limited and NZF Money Limited (in receivership) are members, had calculated unrealised income tax losses carried forward of \$11,929,867 (2014 - \$10,032,165) - refer Note 8. 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, 2013 or 2014 tax years.

In view of the current financial position and loss position of the Group, Management has decided not to recognise any tax benefit on tax losses carried forward by the Group at 31 March 2015 (31 March 2014: nil).

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

3 NET INTEREST INCOME

		Audited	Audited
		12 months	12 months
		ended	ended
		31 March	31 March
		2015	2014
	Note	\$'000	\$'000
Interest income			
Interest from Available for Sale Financial Assets: Cash and short term investments		126	204
Total interest income		<u>126</u>	<u>204</u>
Attributable to:			
Continuing operations	12	126	198
Discontinued operations	12	-	6
		<u>126</u>	<u>204</u>
Interest expense			
Unsecured capital notes		1,568	1,174
Total interest expense		<u>1,568</u>	<u>1,174</u>
Attributable to:			
Continuing operations	12	1,568	1,174
Discontinued operations	12	-	-
		<u>1,568</u>	<u>1,174</u>
Net interest income		<u>(1,442)</u>	<u>(970)</u>
Attributable to:			
Continuing operations	12	(1,442)	(976)
Discontinued operations	12	-	6
		<u>(1,442)</u>	<u>(970)</u>

The financial statements have been prepared on a realisation basis (refer Notes 29 and 30) and accordingly all costs to the date of administration have been accrued in these financial statements. As part of this calculation, interest expense on the unsecured capital notes of \$1.568m includes interest for the year ended 31 March 2015 and for the period 1 April 2015 – 21 May 2015, being the date the company entered administration.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

4 NET FEE AND COMMISSION INCOME

		Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Fee and commission income			
From external customers		-	1,389
Total fee and commission income		<u>-</u>	<u>1,389</u>
Attributable to:			
Continuing operations	12	-	-
Discontinued operations	12	-	1,389
		<u>-</u>	<u>1,389</u>
Fee and commission expense			
Brokerage fees		-	969
Total fee and commission expense		<u>-</u>	<u>969</u>
Attributable to:			
Continuing operations	12	-	-
Discontinued operations	12	-	969
		<u>-</u>	<u>969</u>
Net fee and commission income		<u>-</u>	<u>420</u>
Attributable to:			
Continuing operations	12	-	-
Discontinued operations	12	-	420
		<u>-</u>	<u>420</u>

5 OTHER INCOME

		Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Gain from realisation value adjustment of capital notes on issue	19	19,682	-
Franchise sales, rent receivable and other income		-	13
Insurance claim recovery		-	474
		<u>19,682</u>	<u>487</u>
Attributable to:			
Continuing operations	12	19,682	474
Discontinued operations	12	-	13
		<u>19,682</u>	<u>487</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

6 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 2015 (31 March 2014: \$nil).

		Audited	Audited
		12 months	12 months
		ended	ended
		31 March	31 March
		2015	2014
	Note	\$'000	\$'000
Profit/(Loss) before income tax includes the following expenses:			
Executive Directors' remuneration		182	180
Non-Executive Directors' fees		169	128
Auditors' remuneration	7	25	30
Depreciation of property, plant and equipment	14	11	8
Leasing and rental costs		28	29
Legal expenses		224	760
Insurance costs		39	28
Personnel costs		96	126
NZX, share registry, trust and other corporate costs		51	82
Administrative expenses		507	283
		<u>1,332</u>	<u>1,654</u>
Attributable to:			
Continuing operations	12	1,332	1,461
Discontinued operations	12	-	193
		<u>1,332</u>	<u>1,654</u>

7 AUDITORS' REMUNERATION

The Auditor of the Company and Group is William Buck Christmas Gouwland.

		Audited	Audited
		12 months	12 months
		ended	ended
		31 March	31 March
		2015	2014
	Note	\$'000	\$'000
Fees to William Buck Christmas Gouwland for:			
Audit related services		25	25
Other services		-	-
Total auditors' remuneration		<u>25</u>	<u>25</u>
Fees to non William Buck Christmas Gouwland audit			
Audit related services		-	5
Other services		-	-
Total auditors' remuneration		<u>-</u>	<u>30</u>
Attributable to:			
Continuing operations	12	25	30
Discontinued operations	12	-	-
		<u>25</u>	<u>30</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

8 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:

		Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Income tax			
Current period		-	(46)
Deferred tax			
Origination and reversal of temporary differences	16	-	-
Total tax benefit/(expense)		<u>-</u>	<u>(46)</u>
Attributable to:			
Continuing operations	12	-	-
Discontinued operations	12	-	(46)
		<u>-</u>	<u>(46)</u>
Profit/(Loss) from continuing operations	12	16,908	(1,963)
Profit from discontinued operations	12	-	246
Profit/(Loss) from operations		<u>16,908</u>	<u>(1,717)</u>
Tax at the New Zealand rate of 28% (2014: 28%)		4,734	(481)
Tax amounts which are not taxable or deductible in calculating taxable income:			
Non-taxable income		(5,511)	-
Non-deductible expenses		313	-
Benefit of tax losses not recognised		474	435
Deferred tax:			
On timing differences		-	-
Total tax benefit/(expense)		<u>-</u>	<u>(46)</u>
Attributable to:			
Continuing operations	12	-	-
Discontinued operations	12	-	(46)
		<u>-</u>	<u>(46)</u>

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.

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

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

9 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:

	Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Opening balance	6,783	6,783
Income tax paid to the Inland Revenue	-	-
Closing balance	<u>6,783</u>	<u>6,783</u>

10 DIVIDENDS DECLARED AND PAID

No dividends were declared or paid relating to the Company and Group results for the year ended 31 March 2015 (31 March 2014: \$nil).

11 EARNINGS/(LOSS) PER SHARE

	Audited 12 months ended 31 March 2015 \$'000 Per Share	Audited 12 months ended 31 March 2014 Cents Per Share
Basic earnings/(loss) per share:		
From continuing operations	15.38	(1.79)
From discontinued operations	-	0.18
Total basic loss per share	<u>15.38</u>	<u>(1.61)</u>
Diluted earnings/(loss) per share:		
From continuing operations	15.38	(1.79)
From discontinued operations	-	0.18
Total diluted loss per share	<u>15.38</u>	<u>(1.61)</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11 EARNINGS/(LOSS) PER SHARE (CONTINUED)

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

	Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Profit/(Loss) from continuing operations	16,908	(1,963)
Profit from discontinued operations	-	200
Profit/(Loss) for the year attributable to equity holders of the Company	<u>16,908</u>	<u>(1,763)</u>
	2014 No. of Shares '000	2014 No. of Shares '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	<u>109,958</u>	<u>109,958</u>
Weighted average number of ordinary shares	<u>109,958</u>	<u>109,958</u>

At 31 March 2015, there were no financial instruments that carried any shareholder dilution rights or characteristics (31 March 2014: \$nil). Accordingly, basic and diluted earnings per share are identical in both accounting periods being reported on.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

12 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 2015		
	Total	Eliminations and Adjustments	Management & Holding Activities
	\$'000	\$'000	\$'000
Interest income			
From external sources	126	-	126
	<u>126</u>	<u>-</u>	<u>126</u>
Interest expense	(1,568)	-	(1,568)
Net interest income	<u>(1,442)</u>	<u>-</u>	<u>(1,442)</u>
Other income	19,682	-	19,682
Total operating income	<u>18,240</u>	<u>-</u>	<u>(1,442)</u>
Depreciation and amortisation	(9)	-	(1)
Other operating expenses and staff costs	(1,323)	-	(848)
Profit/(Loss) before income tax	<u>16,908</u>	<u>-</u>	<u>(2,291)</u>
Income tax benefit	-	-	-
Loss for the period	<u>16,908</u>	<u>-</u>	<u>(2,291)</u>
Total assets	<u>2,843</u>	<u>-</u>	<u>2,843</u>
Total liabilities	<u>2,759</u>	<u>-</u>	<u>2,759</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

12 SEGMENT INFORMATION (CONTINUED)

Continuing operations:	31 March 2014		
	Total \$'000	Eliminations and Adjustments \$'000	Management & Holding & Activities \$'000
Interest income			
From external sources	74	-	74
From investments	124	-	124
	<u>198</u>	<u>-</u>	<u>198</u>
Interest expense	(1,174)	-	(1,174)
Net interest income	<u>(976)</u>	<u>-</u>	<u>(976)</u>
Other income	474	(156)	630
Total operating income	<u>(502)</u>	<u>(156)</u>	<u>(346)</u>
Depreciation and amortisation	(3)	-	(3)
Other operating expenses and staff costs	(1,458)	-	(1,458)
Loss before income tax	<u>(1,963)</u>	<u>(156)</u>	<u>(1,807)</u>
Income tax (expense)/benefit	-	-	-
Loss for the year	<u>(1,963)</u>	<u>(156)</u>	<u>(1,807)</u>
Total assets	<u>3,530</u>	<u>(95)</u>	<u>3,625</u>
Total liabilities	<u>20,455</u>	<u>-</u>	<u>20,455</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

12 SEGMENT INFORMATION (CONTINUED)

Discontinued operations:	31 March 2014			
	Total \$'000	Eliminations and Adjustments \$'000	Management & Holding & Activities \$'000	Financial Services Distribution \$'000
Interest income				
From external customers	6	-	-	6
	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
Interest expense	-	-	-	-
Net interest income	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
Fee and commission income				
From external customers	1,389	-	-	1,389
	<u>1,389</u>	<u>-</u>	<u>-</u>	<u>1,389</u>
Fee and commission expense	(969)	-	-	(969)
Net fee and commission income	<u>420</u>	<u>-</u>	<u>-</u>	<u>420</u>
Other income	13	-	-	13
Total operating income	<u>439</u>	<u>-</u>	<u>-</u>	<u>439</u>
Net impairment losses	-	85	(85)	-
Depreciation and amortisation	(5)	-	-	(5)
Other operating expenses and staff costs	(188)	-	-	(188)
Profit before income tax	<u>246</u>	<u>85</u>	<u>(85)</u>	<u>246</u>
Income tax expense	(46)	-	-	(46)
Profit for the year	<u>200</u>	<u>85</u>	<u>(85)</u>	<u>200</u>
Total assets	<u>8,858</u>	<u>-</u>	<u>-</u>	<u>8,858</u>
Total liabilities	<u>774</u>	<u>-</u>	<u>-</u>	<u>774</u>
Cash flows from discontinued operations:				
Net cash flows from operating activities	(502)	-	-	(502)
Net cash flows from investing activities	143	-	-	143
Net cash flows from financing activities	(673)	-	-	(673)
Net cash flows	<u>(1,032)</u>	<u>-</u>	<u>-</u>	<u>(1,032)</u>

The discontinued operation segment report for the 2014 financial year above does not separate the Licensed Real Estate Business as only the consolidated financial results for MPMH Limited have been made available to the NZF Directors. This consolidated result has been shown as the Financial Services Distribution operating segment.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

13 TRADE AND OTHER RECEIVABLES

	Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Loans to employees	-	5
	<u>-</u>	<u>5</u>

14 PROPERTY, PLANT AND EQUIPMENT

	Computers & Software \$'000	Office Furniture & Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Balance at 1 April 2013	464	135	7	606
Additions	2	4	-	6
Disposals	(269)	(126)	(7)	(402)
Balance at 31 March 2014	<u>197</u>	<u>13</u>	<u>-</u>	<u>210</u>
Balance at 1 April 2014	197	13	-	210
Disposals	(197)	-	-	(197)
Balance at 31 March 2015	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>
Depreciation and impairment losses				
Balance at 1 April 2013	400	40	3	443
Depreciation charge for the year	-	8	-	8
On disposals	(215)	(45)	(3)	(263)
Balance at 31 March 2014	<u>185</u>	<u>3</u>	<u>-</u>	<u>188</u>
Balance at 1 April 2014	185	3	-	188
Depreciation charge for the period	-	11	-	11
On disposals	(185)	(1)	-	(186)
Balance at 31 March 2015	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>
Carrying amounts				
At 31 March 2014	<u>12</u>	<u>10</u>	<u>-</u>	<u>22</u>
At 31 March 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As the company has been placed into administration subsequent to year end (refer Notes 29 and 30) the remaining plant and equipment items have been written down to a nil book value which is considered to represent their realisable value.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

15 INVESTMENT IN SUBSIDIARY UNDERTAKINGS AND JOINT OPERATIONS

The Company's investment in subsidiary undertakings and joint operations comprises:

	Subsidiary Undertakings	Jointly Controlled Entities	Company Total
	\$'000	\$'000	\$'000
Cost or deemed cost			
At 1 April 2013	5,974	14,101	20,075
Disposals	-	(14,101)	(14,101)
At 31 March 2014	5,974	-	5,974
At 1 April 2014	5,974	-	5,974
Disposals	(95)	-	(95)
At 31 March 2015	5,879	-	5,879
Accumulated impairment losses			
At 1 April 2013	5,794	11,339	17,133
Impairment loss for the period	85	-	85
Disposal	-	(11,339)	(11,339)
At 31 March 2014	5,879	-	5,879
At 1 April 2014	5,879	-	5,879
At 31 March 2015	5,879	-	5,879
Net book amount			
At 31 March 2014	95	-	95
At 31 March 2015	-	-	-

Significant subsidiary undertakings and joint operations include:

Subsidiary Undertaking	Principal Activity	Shareholding		Carrying Value	
		2015	2014	2015	2014
		%	%	\$'000	\$'000
NZF Money Limited (in receivership)	Finance Company	100%	100%	-	-
New Zealand Mortgage Finance Limited	Mortgage Advisory	0%	100%	-	95
Total Investments				-	95

Subsidiary company NZF Money Limited was placed into receivership on 26 July 2011. As of the date of approval of these financial statements, the receivership remains in progress. Information on the receivership can be found in the receivers reports published on the New Zealand Companies Office website. The carrying value of the parent company's investment in subsidiary company New Zealand Mortgage Finance Ltd was written down to \$95,000 at 31 March 2014, reflecting the sale price of the company. The sale was effective 1 April 2014.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

15 INVESTMENT IN SUBSIDIARY UNDERTAKINGS AND JOINT OPERATIONS (CONTINUED)

All subsidiary undertakings, controlled entities and joint operations had reporting dates of 31 March and were incorporated in New Zealand.

On 27 May 2013, shareholders of NZF Group Limited approved the sale of the 50% shareholding in MPMH Limited. The sale of this investment was effective 11 June 2013. Operating results for MPMH Limited were included from 1 April 2013 to the date of disposal, as discontinued operations.

The consolidated financial statements include the Group's share of the total assets, total liabilities, non-controlling interests, income and expenses of joint operations, 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.

As at 31 March 2015 there are no remaining jointly controlled entities.

Sale of investment in jointly controlled entity

In June 2013 the Company's 100 shares in MPMH Limited were sold for consideration of \$2,762,000 and the repayment of a shareholder loan of \$305,904 owing to the Company from MPMH Limited was made. The full proceeds of \$3,067,904 (comprising proceeds from disposal and the settlement of the intercompany balance as shown below) were received by the Company on 11 June 2013 in accordance with the terms approved by shareholders. The table below summarises the results of the sale process which was accounted for in the year ended 31 March 2014:

	\$'000
Carrying amount of identifiable assets and liabilities disposed:	
Cash and cash equivalents	963
Intangible assets	2,160
Investment in other companies	3
Trade and other receivables	282
Property, plant and equipment	139
Other assets	225
Trade and other payables	(889)
Deferred tax liability	(45)
Current tax liability	(64)
Non-controlling interest	(3)
Retained income	(9)
Net assets disposed of	<u>2,762</u>
Proceeds from disposal of jointly controlled entity	<u>(2,762)</u>
Proceeds from disposal of jointly controlled entity	2,762
Settlement of intercompany balance	305
Cash balances de-recognised	(963)
Net cash inflow	<u>2,104</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

16 DEFERRED TAX ASSET/(LIABILITY)

		Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Net deferred tax asset		-	-
Movements			
Opening balance		-	(45)
Deferred tax asset derecognised on sale of MPMH Limited	15	-	45
Charged to the Statement of Comprehensive Income	8	-	-
Closing balance		-	-

In view of the current financial position and the loss position of the Group, Management has decided not to recognise any tax benefit on tax losses carried forward by the Group at balance date (2014: nil).

At 31 March 2015 the NZF Group Limited consolidated tax group, of which NZF Group Limited and NZF Money Limited (in receivership) are members, had calculated unrealised income tax losses carried forward of \$11,929,867 (2014: \$10,032,165). 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 to 2014 tax years.

17 OTHER ASSETS

	Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
General Sales Tax Receivable	7	-
Prepaid expenses	75	88
	<u>82</u>	<u>88</u>
Current	82	88
Non-Current	-	-
	<u>82</u>	<u>88</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

18 TRADE AND OTHER PAYABLES

	Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Accounts payable	27	23
Accrued expenses	494	125
Accrued interest	-	2,288
	<u>521</u>	<u>2,436</u>

As a result of the administration of the group subsequent to balance date (refer notes 29 and 30) all expenses from 1 April 2015 to 21 May 2015 (the date of administration) have been accrued in these financial statements and are included within the accrued expenses balance above.

19 LOANS AND BORROWINGS

	Audited 12 months ended 31 March 2015 \$'000	Audited 12 months ended 31 March 2014 \$'000
Unsecured capital notes		
Opening balance	18,019	18,019
Gain from realisation value adjustment of capital notes on issue (refer Note 5)	(15,781)	-
Carrying value of capital notes	<u>2,238</u>	<u>18,019</u>

Unsecured Capital Notes

	Issue Date	Maturity Date	2015	
			Interest Rate %	Total Issued \$'000
Unsecured Capital Notes (NZF020)	15/03/06	15/03/16	0.00	<u>2,238</u>
	Issue Date	Maturity Date	2014	
			Interest Rate %	Total Issued \$'000
Unsecured Capital Notes (NZF020)	15/03/06	15/03/16	6.00	<u>18,019</u>

In October 2006, \$20,050,000 of unsecured capital notes was issued by NZF Group Limited with a fixed maturity date of 15 March 2011. Prior to this 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 to redeem the unsecured capital notes for cash. In January 2011, The Company offered 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 earn fixed interest at the rate of 6% per annum, quarterly in arrears, and mature on 15 March 2016.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

19 LOANS AND BORROWINGS (CONTINUED)

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 Capital Notes continue to accrue interest on a non compounding basis, the balance of interest accrued at 31 March 2015 being \$nil (31 March 2014: \$2,287,827). Prior to 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.

On 29 May 2015, the Company appointed an administrator (refer to Notes 29 and 30) and accordingly these financial statements have been prepared on a realisation basis. As a result of this, the carrying amount of the capital notes on issue has been restated to reflect the level of funds anticipated to be available for payment to noteholders at the conclusion of the administration process. Interest has been accounted for within these financial statements for the year to 31 March 2015 and the three months to 21 May 2015, being the expected date of distribution following the conclusion of the administration process. Refer to Notes 29 and 30 for further discussion.

20 SHARE CAPITAL

	Company	
	Audited 12 months ended	
	31 March 2015 & 2014	
	No. of	
	Shares	
	'000	\$'000
Issued and paid up capital:		
Ordinary shares at the start of the year	109,958	9,525
Ordinary shares at the end of the period	<u>109,958</u>	<u>9,525</u>

No Ordinary Shares were issued by the Company during the year ended 31 March 2015 (31 March 2014: 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.

21 RETAINED INCOME/(ACCUMULATED DEFICIT)

	Group
	\$'000
Balance at 31 March 2013	(24,678)
Total comprehensive loss	(1,763)
De-recognition on sale of MPMH Limited	(9)
Balance at 31 March 2014	<u>(26,450)</u>
Balance at 31 March 2014	(26,450)
Total comprehensive profit	16,908
De-recognition on sale of New Zealand Mortgage Finance Limited	101
Balance at 31 March 2015	<u>(9,441)</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

22 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:

	Audited		Audited	
	12 months ended		12 months ended	
	31 March		31 March	
	2015		2014	
	Carrying	Total Fair	Carrying	Total Fair
	Amount	Value	Amount	Value
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Available for sale assets:				
Cash and cash equivalents	2,761	2,761	3,415	3,415
Loans and receivables:				
Trade and other receivables	-	-	5	5
Total Financial Assets	2,761	2,761	3,420	3,420
Financial Liabilities				
Amortised cost:				
Loans and borrowings	2,238	2,238	18,019	18,019
Trade and other payables	521	521	2,436	2,436
Total Financial Liabilities	2,759	2,759	20,455	20,455

The Group has not classified any assets as Held to Maturity Investments.

Financial risk management objectives

The Company no longer has any operating subsidiaries. Those owned by the Group in the prior year had no interest rate or credit risks but merely had the normal risks associated with prevailing economic conditions.

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.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

22 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's cash balances and call deposits 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 previously 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 order over the assets of NZF Group Limited, NZF announced to the NZX that it 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. Refer to Notes 29 and 30 for comment on the adjustment to the book value of the capital notes as a result of the company being placed into administration.

23 CONCENTRATION OF CREDIT EXPOSURE
FUNDING – LOANS AND BORROWINGS

Product Concentration of Funding

	2015			
	Issue Date	Maturity Date	Interest Rate %	Total Issued \$'000
Unsecured Capital Notes (NZF020)	15/03/06	15/03/16	0.00	<u>2,238</u>

	2014			
	Issue Date	Maturity Date	Interest Rate %	Total Issued \$'000
Unsecured Capital Notes (NZF020)	15/03/06	15/03/16	6.00	<u>18,019</u>

Geographical Concentration of Funding

	Audited 12 months ended 31 March 2015		Audited 12 months ended 31 March 2014	
	%	\$'000	%	\$'000
New Zealand	99.16	17,869	99.16	17,869
Australia	0.05	9	0.05	9
Switzerland	0.77	138	0.77	138
USA	0.02	3	0.02	3
Total	<u>100.00</u>	<u>18,019</u>	<u>100.00</u>	<u>18,019</u>

(*) carrying value represents the gross values of capital note holders in geographic locations and at 31 March 2015, the notes have been adjusted to their expected realizable value of \$2,238,000 - see Notes 19, 29 and 30.

There is no material concentration of funding within New Zealand.

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

24 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:

	Weighted average effective interest rate %	31 March 2015					Total \$'000
		Current		Non-Current			
		0 - 6 Months \$'000	7 - 12 Months \$'000	1 - 2 Years \$'000	2 - 5 Years \$'000	5+ Years \$'000	
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	2.75	2,761	-	-	-	-	2,761
		<u>2,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,761</u>
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	521	-	-	-	-	521
Unsecured capital notes	0.00	-	-	2,238	-	-	2,238
		<u>521</u>	<u>-</u>	<u>2,238</u>	<u>-</u>	<u>-</u>	<u>2,759</u>
		<u>2,240</u>	<u>-</u>	<u>(2,238)</u>	<u>-</u>	<u>-</u>	<u>2</u>

	Weighted average effective interest rate %	31 March 2014					Total \$'000
		Current		Non-Current			
		0 - 6 Months \$'000	7 - 12 Months \$'000	1 - 2 Years \$'000	2 - 5 Years \$'000	5+ Years \$'000	
Financial Assets							
Non-Derivative:							
Cash and cash equivalents	2.75	3,415	-	-	-	-	3,415
Trade and other receivables	-	5	-	-	-	-	5
		<u>3,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,420</u>
Financial Liabilities							
Non-Derivative:							
Trade and other payables	-	2,436	-	-	-	-	2,436
Unsecured capital notes	6.00	-	-	18,019	-	-	18,019
		<u>2,436</u>	<u>-</u>	<u>18,019</u>	<u>-</u>	<u>-</u>	<u>20,455</u>
		<u>984</u>	<u>-</u>	<u>(18,019)</u>	<u>-</u>	<u>-</u>	<u>(17,035)</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

24 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.

	Weighted average effective interest rate %	31 March 2015					Total \$'000
		Current		Non-Current			
		0 - 6 Months \$'000	7 - 12 Months \$'000	1 - 2 Years \$'000	2 - 5 Years \$'000	5+ Years \$'000	
Financial Assets							
<i>Non-Derivative:</i>							
Cash and cash equivalents	2.75	2,761	-	-	-	-	2,761
		<u>2,761</u>	-	-	-	-	<u>2,761</u>
Financial Liabilities							
<i>Non-Derivative:</i>							
Trade and other payables	-	558	-	-	-	-	558
Unsecured capital notes	0.00	-	-	18,019	-	-	18,019
		<u>558</u>	-	<u>18,019</u>	-	-	<u>18,577</u>
		<u>2,203</u>	-	<u>(18,019)</u>	-	-	<u>(15,816)</u>

	Weighted average effective interest rate %	31 March 2014					Total \$'000
		Current		Non-Current			
		0 - 6 Months \$'000	7 - 12 Months \$'000	1 - 2 Years \$'000	2 - 5 Years \$'000	5+ Years \$'000	
Financial Assets							
<i>Non-Derivative:</i>							
Cash and cash equivalents	2.75	3,415	-	-	-	-	3,415
Trade and other receivables	-	5	-	-	-	-	5
		<u>3,420</u>	-	-	-	-	<u>3,420</u>
Financial Liabilities							
<i>Non-Derivative:</i>							
Trade and other payables	-	2,436	-	-	-	-	2,436
Unsecured capital notes	6.00	-	-	18,019	-	-	18,019
		<u>2,436</u>	-	<u>18,019</u>	-	-	<u>20,455</u>
		<u>984</u>	-	<u>(18,019)</u>	-	-	<u>(17,035)</u>

NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

25 OPERATING LEASE COMMITMENTS

At 31 March 2015, the Group had operating lease commitments in respect of property and equipment used by the Group. At each reporting date the total future minimum payments under non-cancellable operating leases were payable as follows:

	March 2015		March 2014	
	Total Property & Equipment \$'000	Total Property & Equipment \$'000	Total Property & Equipment \$'000	Total Property & Equipment \$'000
Less than one year	2	2	23	23
Between one and five years	-	-	4	4
	<u>2</u>	<u>2</u>	<u>27</u>	<u>27</u>

There are no onerous terms concerning renewal of the above leases and the Group does not sublet any of the leased assets. As these financial statements have been prepared on a realisation basis (refer Notes 29 and 30) the remaining lease commitment at 31 March 2015 of \$0.02m has been accrued into these financial statements.

26 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2015 (31 March 2014: \$nil).

27 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at 31 March 2015.

28 RELATED PARTY TRANSACTIONS

Related Party Transactions

	Legal fees (Paid)		Asset/(Liability)	
	Audited 12 months ended 31 March 2014 \$'000	Audited 12 months ended 31 March 2014 \$'000	Audited 12 months ended 31 March 2014 \$'000	Audited 12 months ended 31 March 2014 \$'000
Corporate Counsel				
AlexanderDorrington Lawyers				
Sean Joyce	-	30	-	-
Craig Alexander	-	12	-	(4)

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

No amounts owed by related parties were written off or forgiven during the year ended 31 March 2015 (31 March 2014: nil).

29 SUBSEQUENT EVENTS

On 21 May 2015, the NZF Board resolved that Tony Maginness of McDonald Vague be appointed Administrator of the Company under s 239I of the Companies Act 1993. The Board has requested that the Administrator provide the Board with regular updates as to progress with respect to the implementation, and completion of the VA process, with a view to those updates in turn being provided to the market in a timely fashion.

The Board is hopeful that following the completion of the VA process:

1. The material liabilities of NZF will be settled in full and NZF will essentially be debt free;
2. NZF will maintain its designation as a Main Board listed company; and
3. NZF will be well placed to investigate a capital and operational restructure.

Refer to comments in Note 30 regarding the effect on the financial statements of the decision.

**NZF GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

30 REALISATION BASIS

As a result of the decision to place the company into administration in May 2015 (refer Note 29), these financial statements have been prepared on a realisation basis.

This has resulted in the write down of certain fixed assets and prepayment balances to their expected realisable value, and the accrual of all expected costs from 1 April 2015 to the expected date of realisation. The costs include administrators fees, legal fees, trustee fees, accounting fees, and realisable value adjustments to fixed assets and prepayment balances.

The primary liability of the company is the balance 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, and as disclosed in the financial statements for the year ended 31 March 2013, on 21 May 2012 the Receivers of NZF Money Limited declined to give the Company consent to make further interest payments. Accordingly, interest payments were therefore suspended on that date however interest has continued to be accrued as a liability in the financial statements. Under the terms of the Note Holder agreement, the Company has the ability to force conversion of the Capital Notes to issued capital without the agreement of Capital Note holders in certain circumstances.

As a result of the decision to place the company into administration, the book value of the unsecured capital notes (refer Note 19) has been written back to reflect the expected level of funds available to repay noteholders following the administration process. The adjustment to the book value of the notes has resulted in a one off item of Other Income which has been disclosed in the Statement of Profit or Loss and Other Comprehensive Income amounting to \$19.682m. Interest on the notes was accrued for the year ended 31 March 2015 and for the period from 1 April 2015 to the conclusion of the administration process, which is expected to be 30 June 2015.

As a result of these adjustments, the company and group records an equity position of \$0.47m as at 31 March 2015.

31 LITIGATION AND CLAIMS

The Group is not currently involved in any ongoing litigation.

**NZF GROUP LIMITED
ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2015**

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:

	2015 \$'000	2014 \$'000
NZF Group Limited		
Craig Irving Alexander	81	44
Sea Robert Joyce (Appointed 21 August 2013)	88	70
Mark Hume Thornton	180	180
John Francis Henderson (resigned 21 August 2013)	-	15
	349	319

3. EMPLOYEES

The number of employees 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:

	2015 Number	2014 Number
NZF Group Limited		
\$180,000 - \$189,999	1	1

4. DIRECTORS' SHAREHOLDINGS FOR THE YEAR ENDED 31 MARCH 2014

Director	Holder	Number Of Shares
Mark Hume Thornton	Colsam Trust	9,095,514

During the year no Directors acquired or disposed of equity securities in the Group (2014 – none).

5. INTERESTED TRANSACTIONS

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

Interested Transactions

During the year ended 31 March 2015, AlexanderDorrington, of which NZF director Craig Alexander is a partner, provided legal services to the Company totalling \$nil (2014: \$12,478). During the year ended 31 March 2015, Corporate Counsel, of which NZF director Sean Joyce is a partner, provided legal services to the Company totalling \$79,500 (2014: \$30,417). There were no other transactions during the year with interested or related parties.

Directors' Remuneration

Remuneration details of Directors are provided above.

**NZF GROUP LIMITED
ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2015**

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 \$15,000 (2014: \$27,808).

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

Fees paid and due to William Buck Christmas Gouwland are \$25,000 (2014: \$25,000) for audit related services. In accordance with Section 200 of the Companies Act 1993, the auditors, William Buck Christmas Gouwland, continue in office.

7. DONATIONS

There were no donations paid during the year (2014: \$nil).

8. SHAREHOLDERS

As at 21 June 2015 there were 432 shareholders.

9. SHARE ISSUES

There were no shares issued in the year ended 31 March 2015 (2014: nil).

10. SHAREHOLDER DETAILS

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

**NZF GROUP LIMITED
ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2015**

The information in the disclosures below has been taken from the Company's registers as at 21 June 2015:

11. 20 LARGEST SHAREHOLDERS

Name	Fully paid ordinary shares	
	Number held	% held
Bluewater Corporation Ltd	17,086,718	15.54%
Pat Redpath O'Connor & Kay O'Connor & Robert Norman Burnes	16,910,002	15.38%
Lynnton Ross Campbell & Dennis Michael Graham & Mark Hume Thornton	9,095,514	8.27%
Barbara Charlotte Thornton & SW Trust Services Limit	7,834,488	7.12%
Best Investments Limited	5,768,622	5.24%
FNZ Custodians Limited	4,769,195	4.34%
David Burton Gibson	3,959,040	3.60%
PKB Trustees 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%
Fiona Patrica Lyons & Kim Nigel Lyons & Wyndham Trustees Limited	2,131,915	1.94%
Ted Burak	1,890,000	1.72%
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 & Shirley Ann Wilson <L & S Wilson A/C>	1,000,000	0.91%
Ian Leonardo Hobbs	983,606	0.90%
Land Securities Limited	974,999	0.89%
John Michael Tomey Greene	819,672	0.75%
Margaret Dorothea Greene	819,672	0.75%
	85,509,475	77.77%

12. DISTRIBUTION OF EQUITY SECURITIES

Size of holding	Number of security holders		Number of securities	
	Number	%	Shares held	%
1 - 1,000	26	6.02	19,275	0.02
1,001 - 5,000	126	29.17	436,109	0.40
5,001 - 10,000	68	15.73	563,651	0.51
10,001 - 50,000	103	23.84	2,360,984	2.14
50,001 - 100,000	31	7.18	2,337,490	2.13
100,001 or more	78	18.06	104,240,113	94.80
	432	100.00	109,957,622	100.00

**NZF GROUP LIMITED
ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2015**

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 21 June 2015:

Name	Number Of Shares	Record Date	Date of Notice
Bluewater Corporation Limited	17,951,218	27-Dec-06	27-Dec-06
Lynton Ross Campbell, Dennis Michael Graham & Mark Hume Thornton for Colsam Trust	9,095,514	23-Jun-06	23-Jun-06
Barbara Charlotte Thornton & SW Trust Services	7,834,488	4-Aug-06	4-Aug-06
Best Investments Limited	5,768,622	15-Mar-12	28-Mar-12
Peter Karl Christopher Huljich	1,007,667	20-Mar-12	28-Mar-12
Robert Norman Burnes, Pat Redpath O'Connor & Kay O'Connor for Hillview Trust	16,910,002	15-Mar-11	6-Apr-11

The total number of shares on issue at 31 March 2015 was 109,957,622 (2014: 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 47. 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 2015**

The information in the disclosures below has been taken from the Company's registers as at 21 June 2015:

16. 20 LARGEST CAPITAL NOTE HOLDERS

Name	Fully paid capital notes	
	Number held	% held
Nessock Custodians Limited <320 A/C>	2,848,000	15.81%
Custodial Services Limited <3 A/C>	1,009,500	5.60%
Custodial Services Limited<2 A/C>	690,000	3.83%
New Zealand Central Securities Depository Limited	635,000	3.52%
Custodial Services Limited <18 A/C>	558,500	3.10%
NZ Airline Pilots Mutual Benefit Fund Atc	500,000	2.77%
ASB Nominees Limited <512113 MI A/C>	479,000	2.66%
Scott Gilmour <I Have A Dream A/C>	350,000	1.94%
Custodial Services Limited <4 A/C>	297,000	1.65%
Andrew McGovern Martin & Heather Smith Martin	240,000	1.33%
Forsyth Barr Custodians Limited	230,000	1.28%
Happy Hospitality Limited	200,000	1.11%
FNZ Custodians Limited	177,000	0.98%
Ian James Kennedy & Farry & Company Trustees Limit	150,000	0.83%
Stephen Leonard Johns	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 MI A/C>	100,000	0.55%
	<u>9,093,000</u>	<u>50.46%</u>

17. TRADING HALTS

On 4 April 2014 NZX halted trading in the Company's shares following the release of material announcements affecting the completion of sell down of business assets and proposal to liquidate NZF Group Limited.

18. WAIVERS

During the course of the financial year ended 31 March 2015 the Company obtained no waivers from NZX Limited.

NZF GROUP LIMITED

COMPANY DIRECTORY AS AT 31 MARCH 2015

Independent Directors

Sean Robert Joyce
3 Heather Street, Parnell, Auckland

Craig Irving Alexander
25 Milton Road, Mt Eden, Auckland

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

William Buck Christmas Goulland
Level 4, Zurich House, 21 Queen Street, 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

Bankers

ASB Bank Limited
ASB, North Wharf, 12 Jellicoe Street, Auckland