

**NZF GROUP LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**NZF GROUP LIMITED  
CHAIRMAN'S REVIEW  
FOR THE YEAR ENDED 31 MARCH 2016**

Dear Shareholder

Welcome to the Annual Report for NZF Group Limited.

At the commencement of the financial year ended 31 March 2016, NZF Group Limited's ("the Company") principal asset was the cash which it held on deposit in the bank. This cash was generated from the disposal of the Company's business operations during the previous financial years.

The Company's 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 for the Company was for it to initiate the process for the Company to be placed into voluntary administration ("VA") with a view to concluding the settlement of the liabilities owed by the Company to the holders of Capital Notes previously issued by the Company.

On 21 May 2015 the Company's 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;

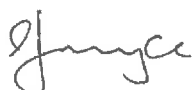
The VA process was completed on 1 July 2016. In terms of the VA process, the vast majority of the cash reserves of the Company were applied towards the payment of the Company's liabilities as at that time, and the balance of those funds were applied to the holders of the Capital Notes in full and final 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 the Capital Notes.

Following the completion of the VA process:

- the Board of NZF were re-engaged as the effective directors of the Company;
- the Company maintained its designation as a Main Board listed company;
- the Company raised \$125,000 of new capital through the issue of 16 million new ordinary fully paid shares in the Company to Mr Chai Kaw Sing; and
- the Board 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. The Board continues to seek appropriate restructure opportunities.

The recent restructuring of the Company has been beneficial to the Company and its shareholders. The Directors will provide the market with progress in respect of any prospective restructuring of the Company as soon as any material developments are made in that regard.

Yours sincerely  
**NZF GROUP LIMITED**



**Sean Joyce**  
Chairman

**NZF GROUP LIMITED  
CORPORATE GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

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 Company resources. The Board is responsible for the management, supervision and direction of the Company. Day-to-day management of the Company is delegated to the Company Chief Executive Officer.

**Board Meetings**

The Board normally meets quarterly 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 Company's human resources policies and practices support achievement of the Company's goals; overseeing appointments of the Company Chief Executive Officer, roles reporting to the Company 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 Company 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 2016**

**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 2016, the gender balance of the Company's directors, officers and all employees was as follows:

	<b>Directors</b>		<b>Officers</b>		<b>Employees</b>	
Female	0	0%	0	0%	0	0%
Male	3	100%	1	100%	0	0%
<b>Total</b>	<b>3</b>	<b>100%</b>	<b>1</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

**NZF GROUP LIMITED  
DIRECTORS' RESPONSIBILITY STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

The Directors of NZF Group Limited present to shareholders the audited consolidated financial statements for the Company for the year ended 31 March 2016.

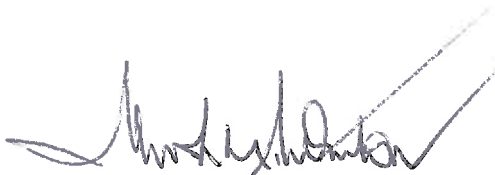
The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Company as at 31 March 2016 and the results of its operations and cash flows for the year ended 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

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 27 June 2016 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 consolidated financial statements of NZF Group Limited on pages 7 to 27, which comprise the consolidated Statement of Financial Position as at 31 March 2016, the consolidated Statement of Profit or Loss and Other Comprehensive Income, the consolidated Statement of Changes in Equity and the consolidated 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 Consolidated Financial Statements**

The directors are responsible on behalf of the company 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 consolidated 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.

#### **CHARTERED ACCOUNTANTS & ADVISORS**

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Auckland 1010, New Zealand  
PO Box 106 090  
Auckland 1143, New Zealand  
Telephone: +64 9 366 5000  
[wbcg.co.nz](http://wbcg.co.nz)

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

### **Auditor's Opinion**

In our opinion, the consolidated financial statements on pages 7 to 27:

- comply with New Zealand equivalents to International Financial Reporting Standards; and
- give a true and fair view of the financial position of NZF Group Limited as at 31 March 2016 and its financial performance and cash flows for the year then ended.

### **Emphasis of Matter**

#### *Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the consolidated entity incurred a net loss of \$203,000 during the year ended 31 March 2016. These conditions, along with other matters as set forth in Notes 2 and 23, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

### **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**

**27 June 2016**

**NZF GROUP LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 \$'000	2015 \$'000
Interest income	3	4	126
Interest expense	3	-	(1,568)
<b>Net interest income/(loss)</b>	3	<u>4</u>	<u>(1,442)</u>
Gain from realisation value adjustment of capital notes on issue	4	-	19,682
<b>Total income</b>		<u>4</u>	<u>18,240</u>
Operating expenses	5	(207)	(1,332)
<b>(Loss)/profit before income tax</b>		<u>(203)</u>	<u>16,908</u>
Income tax benefit/(expense)	7	-	-
<b>(Loss)/profit for the period attributable to shareholders of the company</b>		<u>(203)</u>	<u>16,908</u>
<b>Other comprehensive income:</b>			
Items that may be reclassified to profit or loss		-	-
<b>Total comprehensive income for the year</b>		<u>(203)</u>	<u>16,908</u>
<b>Earnings/(loss) per Share</b>			
<b>Basic and Diluted (cents)</b>	10	(0.18)	15.38

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



**NZF GROUP LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Share Capital \$'000	Accumulated Deficit \$'000	Total \$'000
<b>Balance at 1 April 2014</b>	9,525	(26,450)	(16,925)
Total comprehensive income	-	16,908	16,908
De-recognition on sale of New Zealand Mortgage Finance Limited	-	101	101
<b>Balance at 31 March 2015</b>	<u>9,525</u>	<u>(9,441)</u>	<u>84</u>
<b>Balance at 1 April 2015</b>	<u>9,525</u>	<u>(9,441)</u>	<u>84</u>
Total comprehensive income	-	(203)	(203)
<i>Transactions with owners, recorded directly in equity</i>			
Issue of ordinary shares	125	-	125
Total transactions with owners	125	-	125
<b>Balance at 31 March 2016</b>	<u>9,650</u>	<u>(9,644)</u>	<u>6</u>


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

**NZF GROUP LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

	2016	2015
Note	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	124	2,761
Other assets	12 <u>75</u>	<u>82</u>
<b>Total assets</b>	<u>199</u>	<u>2,843</u>
<b>Liabilities</b>		
Trade and other payables	15 <u>193</u>	521
Loans and borrowings	16 <u>-</u>	<u>2,238</u>
<b>Total liabilities</b>	<u>193</u>	<u>2,759</u>
<b>Net assets</b>	<u>6</u>	<u>84</u>
<b>Equity</b>		
Share capital	17 <u>9,650</u>	9,525
(Accumulated Deficit)	<u>(9,644)</u>	<u>(9,441)</u>
<b>Total equity</b>	<u>6</u>	<u>84</u>

For and on behalf of the Board of Directors who approved these financial statements for issue on 27 June 2016.

  
 \_\_\_\_\_  
 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  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 \$'000	2015 \$'000
<b>Cash Flows from Operating Activities</b>		
Interest received	4	126
Payments to suppliers and employees	(528)	(886)
<b>Net Cash Flow from Operating Activities</b>	<u>(524)</u>	<u>(760)</u>
<b>Cash Flows used in Investing Activities</b>		
Net cash inflow on sale of New Zealand Mortgage Finance Limited	-	95
Sale of property, plant and equipment	-	11
<b>Net Cash Flow from Investing Activities</b>	<u>-</u>	<u>106</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of borrowings	(2,238)	-
Shares issued	125	-
<b>Net Cash Flow from Financing Activities</b>	<u>(2,113)</u>	<u>-</u>
<b>Net (decrease)/increase in cash held</b>	<b>(2,637)</b>	<b>(654)</b>
<b>Cash and cash equivalents at start of the year</b>	<u>2,761</u>	<u>3,415</u>
<b>Cash and cash equivalents balance at end of the year</b>	<u>124</u>	<u>2,761</u>
<b>Made up as follows:</b>		
Cash and cash equivalents	<u>124</u>	<u>2,761</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 2016**

	2016 \$'000	2015 \$'000
<b>Total comprehensive (loss)/profit for the year, net of tax</b>	<b>(203)</b>	16,908
<b>Add/(less):</b>		
Depreciation of property, plant and equipment	-	11
Gain from realisation value adjustment of capital notes on issue (refer Note 4)	-	(19,682)
Interest accrued on capital notes	-	1,568
<b>Add/(less) movements in working capital</b>		
Accounts receivable and other assets	7	11
Accounts payable and other liabilities	<u>(328)</u>	<u>424</u>
<b>Net Cash Flow from Operating Activities</b>	<u><b>(524)</b></u>	<u><b>(760)</b></u>

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

**NZF GROUP LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**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 have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Board Listing Rules. The principal activities of the Company are stated in accounting policy 1(h) below.

**(b) Basis of Preparation**

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

The Statement of Financial Position discloses assets and liabilities in order of their liquidity.

The financial statements are presented in New Zealand dollars (\$), which is the functional currency of the Company. 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 Company 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 2, the Directors have determined it is appropriate to prepare the financial statements on a going concern basis and no longer on a realisation basis. Refer to Note 2 for further information. Other than as disclosed in Note 2 there have been no other significant changes in accounting policies in the current year.

**(e) Going concern**

The Directors have prepared the financial statements on the going concern basis. In doing so significant judgement has been applied. For further details of these assumptions and other associated material uncertainties refer to Note 2.

**(f) 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 Company for the year ended 31 March 2016. The adoption of these standards and interpretations is not expected to have a material recognition or measurement impact on the Company'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 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. The Company has no intention for an early adoption of the new standard. The Company has not yet assessed NZ IFRS 9's full impact.

**NZF GROUP LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 2018. The Company has no intention for an early adoption of the new standard. The Company has not yet assessed NZ IFRS 15's full impact.

**NZ IFRS 16: Leases**

NZ IFRS 16 replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers'. The Company intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

**(g) Impact of Standards now effective**

The company has adopted all of the new and amended Accounting Standards and Interpretations that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

**(h) Segment Reporting**

The company no longer trades and accordingly no segment information has been prepared.

**(i) Revenue**

**Recognition of income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

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

**NZF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) 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.

**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 Note 2, the effect of the company being placed into administration resulted in the unsecured capital notes being adjusted to book value as at 31 March 2015, representing 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 Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments. These amounts are unsecured.

**(k) Share Capital**

**Ordinary shares**

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

**(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.

**(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.

**NZF GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 Company 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.

**(p) Expense Recognition**

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

**(q) Income Tax**

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

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

Deferred tax is recognised using the 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.



**NZF GROUP LIMITED**  
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**1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(r) Cash Flows**

The following are the definitions used in the 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 Company 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 Company.

**2 CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES**

The Company prepares its financial statements in accordance with NZ IFRS, the application of which often requires judgements to be made by management when formulating the Company's financial position and results. Under NZ IFRS, the Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting a true and fair view of the Company'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 Company 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 Company's disclosure of significant NZ IFRS accounting policies, which are provided in Note 1 to the financial statements, "Significant Accounting Policies".

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 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 Boards intention was that following the completion of the VA process:

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

On 15 June 2015, the secured creditors voted in favour of the Company entering into a Deed of Company Arrangement to be Administrator being appointed as the Deed Administrators of the Deed of Company Arrangement.

On 26 June 2015, the Capital Note holders were paid a full and final distribution of 12.7 cents in the dollar totaling \$2,288,445.

On 3 July 2015, the Deed Administrators of the Deed of Company Arrangement executed on 15 June 2015 certified that the deed had been performed and the Deed of Company Arrangement was terminated.

**Comparative financial information**

As a result of the decision to place the company into administration in May 2015, the 31 March 2015 financial statements were prepared on a realisation basis.

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

This 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 included administrators fees, legal fees, trustee fees, accounting fees, and realisable value adjustments to fixed assets and prepayment balances.

The primary liability of the company was the balance of \$18,019,000 in Capital Notes. These Capital Notes had 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 had 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 16) was 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 resulted in a one off item of Other Income in the year ended 31 March 2015 which was 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 was expected to be 30 June 2015.

**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 Company in which the deferred tax asset has been recognised.

At 31 March 2016 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 \$12,087,567 (2015 - \$11,929,867) - refer Note 7. 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, 2014 or 2015 tax years.

In view of the current financial position and loss position of the Company, Management has decided not to recognise any tax benefit on tax losses carried forward by the Company at 31 March 2016 (31 March 2015: nil).

**Going concern**

During the year, the Group raised equity funding of \$125,000 from a new shareholder. The Directors consider that using the going concern assumption is appropriate having reviewed cash flow projections of the Group for a period of 12 months from the date these financial statements were approved.

The company incurred an operating loss of \$203,000 for the year ended 31 March 2016. Included in this loss is Directors fees of \$133,000 which will only be paid if the company has sufficient available funds to pay the amount due.

There have been no other changes to the estimates and judgements. The estimates and judgements have been applied on a consistent basis with those of the previous period.

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**3 NET INTEREST INCOME**

	Note	2016 \$'000	2015 \$'000
<b>Interest income</b>			
Interest from Available for Sale Financial Assets: Cash and short term investments		4	126
<b>Total interest income</b>		<u>4</u>	<u>126</u>
<b>Interest expense</b>			
Unsecured capital notes		-	1,568
<b>Total interest expense</b>		<u>-</u>	<u>1,568</u>
<b>Net interest income</b>		<u>4</u>	<u>(1,442)</u>

**4 OTHER INCOME**

	Note	2016 \$'000	2015 \$'000
Gain from realisation value adjustment of capital notes	16	-	19,682
		<u>-</u>	<u>19,682</u>

**5 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 2016 (31 March 2015: \$nil).

	Note	2016 \$'000	2015 \$'000
<b>(Loss)/profit before income tax includes the following expenses:</b>			
Executive Directors' remuneration		40	182
Non-Executive Directors' fees		133	169
Auditors' remuneration	6	17	25
Depreciation of property, plant and equipment	13	-	11
Leasing and rental costs		-	28
Legal expenses		45	224
Insurance costs		13	39
Personnel costs		-	96
NZX, share registry, trust and other corporate costs		12	51
Administrative expenses		(53)	507
		<u>207</u>	<u>1,332</u>

The company has accrued directors' fees of \$133,000 for the period. These fees have not been paid as of the date of approval of these financial statements and will only be paid as and when the company has sufficient free funds to enable payment.

**6 AUDITORS' REMUNERATION**

The Auditor of the Company and Company is William Buck Christmas Gouland.

	Note	2016 \$'000	2015 \$'000
Fees to William Buck Christmas Gouland for:			
Audit related services		17	25
Other services		-	-
<b>Total auditors' remuneration</b>		<u>17</u>	<u>25</u>

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**7 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:

	2016 \$'000	2015 \$'000
<b>Income tax</b>		
Current period	-	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	-
<b>Total tax benefit/(expense)</b>	-	-
<b>(Loss)/profit from operations</b>	<b>(203)</b>	16,908
<b>Tax at the New Zealand rate of 28% (2014: 28%)</b>	<b>(57)</b>	4,734

**Tax amounts which are not taxable or deductible in calculating taxable income:**

Non-taxable income	-	(5,511)
Non-deductible expenses	13	313
Benefit of tax losses not recognised	44	464
<b>Total tax benefit/(expense)</b>	-	-

The Company is a member of a tax consolidated Company 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 Company.

In view of the current financial position and loss position of the Company, Management has decided not to recognise any tax benefit on tax losses carried forward by the Company 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 Company.

**8 IMPUTATION CREDIT ACCOUNT**

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

	2016 \$'000	2015 \$'000
Opening balance	6,783	6,783
Income tax paid to the Inland Revenue	-	-
Closing balance	6,783	6,783

**9 DIVIDENDS DECLARED AND PAID**

No dividends were declared or paid relating to the Company results for the year ended 31 March 2016 (31 March 2015: \$nil).

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**10 EARNINGS/(LOSS) PER SHARE**

	<b>2016</b> <b>Cents</b> <b>Per Share</b>	<b>2015</b> <b>Cents</b> <b>Per Share</b>
<b>Basic earnings/(loss) per share:</b>	<b>(0.18)</b>	15.38
<b>Diluted earnings/(loss) per share:</b>	<b>(0.18)</b>	15.38

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

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
(Loss)/profit for the year attributable to equity holders of the Company	<b>(203)</b>	16,908

	<b>2016</b> <b>No. of</b> <b>Shares</b> <b>'000</b>	<b>2015</b> <b>No. of</b> <b>Shares</b> <b>'000</b>
Ordinary shares at the start of the year	<b>109,958</b>	109,958
Ordinary shares issued during the year	<b>16,000</b>	-
Ordinary shares at the end of the year	<b>125,958</b>	109,958
Weighted average number of ordinary shares	<b>110,878</b>	109,958

At 31 March 2016, there were no financial instruments that carried any shareholder dilution rights or characteristics (31 March 2015: \$nil). Accordingly, basic and diluted earnings per share are identical for accounting periods being reported on.

**11 SEGMENT INFORMATION**

The company has not traded during the current or prior periods. Accordingly the company has not disclosed any segment results as there are no trading operations.

**12 TRADE AND OTHER RECEIVABLES**

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
General Sales Tax Receivable	-	7
Deposit	<b>75</b>	<b>75</b>
	<b>75</b>	<b>82</b>
Current	<b>75</b>	82
Non-Current	-	-
	<b>75</b>	<b>82</b>

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**13 PROPERTY, PLANT AND EQUIPMENT**

	<b>Computers &amp; Software \$'000</b>	<b>Office Furniture &amp; Equipment \$'000</b>	<b>Total \$'000</b>
<b>Cost or deemed cost</b>			
<b>Balance at 1 April 2014</b>	197	13	210
Disposals	(197)	-	(197)
<b>Balance at 31 March 2015</b>	<u>-</u>	<u>13</u>	<u>13</u>
Disposals	-	(13)	(13)
<b>Balance at 31 March 2016</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Depreciation and impairment losses</b>			
<b>Balance at 1 April 2014</b>	185	3	188
Depreciation charge for the period	-	11	11
On disposals	(185)	(1)	(186)
<b>Balance at 31 March 2015</b>	<u>-</u>	<u>13</u>	<u>13</u>
On disposals	-	(13)	(13)
<b>Balance at 31 March 2016</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amounts</b>			
<b>At 31 March 2015</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2016</b>	<u>-</u>	<u>-</u>	<u>-</u>

**14 INVESTMENT IN SUBSIDIARY UNDERTAKINGS**

The Company's investment in subsidiary undertakings comprises:

	<b>Subsidiary Undertakings \$'000</b>
<b>Cost or deemed cost</b>	
At 1 April 2014	5,974
Disposals	(95)
<b>At 31 March 2015</b>	<u>5,879</u>
At 1 April 2015	<u>5,879</u>
<b>At 31 March 2015</b>	<u>5,879</u>
<b>Accumulated impairment losses</b>	
At 1 April 2014	5,879
<b>At 31 March 2015</b>	<u>5,879</u>
<b>Net book amount</b>	
<b>At 31 March 2015</b>	<u>-</u>
<b>At 31 March 2016</b>	<u>-</u>

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Significant subsidiary undertakings include:

Subsidiary Undertaking	Principal Activity	Shareholding		Carrying Value	
		2016	2015	2016	2015
		%	%	\$'000	\$'000
NZF Money Limited (in receivership)	Finance Company	100%	100%	-	-

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.

All subsidiary undertakings had reporting dates of 31 March and were incorporated in New Zealand.

**15 TRADE AND OTHER PAYABLES**

	2016 \$'000	2015 \$'000
Accounts payable	-	27
Accrued expenses	193	494
	<u>193</u>	<u>521</u>

As a result of the administration of the Company subsequent to balance date (refer Note 2) all expenses from 1 April 2015 to 21 May 2015 (the date of administration) had been accrued in the March 2015 financial statements and included within the accrued expenses balance above for 2015.

**16 LOANS AND BORROWINGS**

	2016 \$'000	2015 \$'000
Unsecured capital notes		
Term loans	-	-
Opening balance	2,238	18,019
Gain from realisation value adjustment of capital notes on issue (refer Note 5)	-	(15,781)
Capital notes repaid	(2,238)	
<b>Carrying value of capital notes</b>	<u>-</u>	<u>2,238</u>

**Unsecured Capital Notes**

	2015			Total Issued
Issue Date	Maturity Date	Interest Rate %		\$'000
Unsecured Capital Notes (NZF020)	15/03/2006	15/03/2016	0	<u>2,238</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.

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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: \$Nil.

On 29 May 2015, the Company appointed an administrator (refer to Note 2) and accordingly the March 2015 financial statements had been prepared on a realisation basis. As a result of this, the carrying amount of the capital notes on issue were restated to reflect the level of funds anticipated to be available for payment to noteholders at the conclusion of the administration process. Interest was accounted for within those 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 2 for further discussion.

**17 SHARE CAPITAL**

	31 March 2016 & 2015	
	No. of Shares '000	\$'000
<b>Issued and paid up capital:</b>		
Ordinary shares at the start of the year	109,958	9,525
Ordinary shares issued during the period	16,000	125
Ordinary shares at the end of the period	<u>125,958</u>	<u>9,650</u>

On the 10 March 2016 16,000,000 Ordinary Shares were issued by the Company at 0.78125 cents per share, no other share issues were undertaken during the year ended 31 March 2016 (31 March 15 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.

**18 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.

**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.



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

	31 March 2016		31 March 2015	
	Carrying Amount \$'000	Total Fair Value \$'000	Carrying Amount \$'000	Total Fair Value \$'000
<b>Financial Assets</b>				
<i>Available for sale assets:</i>				
Cash and cash equivalents	124	124	2,761	2,761
<b>Total Financial Assets</b>	<b>124</b>	<b>124</b>	<b>2,761</b>	<b>2,761</b>
<b>Financial Liabilities</b>				
<i>Amortised cost:</i>				
Loans and borrowings	-	-	2,238	2,238
Trade and other payables	193	193	521	521
<b>Total Financial Liabilities</b>	<b>193</b>	<b>193</b>	<b>2,759</b>	<b>2,759</b>

The Company 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 Company 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 Company's operations are carried out within New Zealand. As a result, the Company is not exposed to any direct foreign currency exchange risks.

**Credit risk management**

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company'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.

**19 CONCENTRATION OF CREDIT EXPOSURE**

**FUNDING – LOANS AND BORROWINGS**

**Product Concentration of Funding**

	Issue Date	Maturity Date	2015	
			Interest Rate %	Total Issued \$'000
Unsecured Capital Notes (NZF020)	15/03/2006	15/03/2016	0	<u>2,238</u>

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**20 MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

**(a) Interest rate risk**

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

	Weighted average effective interest rate %	31 March 2016					Total \$'000
		Current		Non-Current			
		0 - 6 Months \$'000	7 - 12 Months \$'000	1 - 2 Years \$'000	2 - 5 Years \$'000	5+ Years \$'000	
<b>Financial Assets</b>							
<b>Non-Derivative:</b>							
Cash and cash equivalents	2.75	124	-	-	-	-	124
		124	-	-	-	-	124
<b>Financial Liabilities</b>							
<b>Non-Derivative:</b>							
Trade and other payables	-	193	-	-	-	-	193
		193	-	-	-	-	193
		(69)	-	-	-	-	(69)

	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	
<b>Financial Assets</b>							
<b>Non-Derivative:</b>							
Cash and cash equivalents	2.75	2,761	-	-	-	-	2,761
		2,761	-	-	-	-	2,761
<b>Financial Liabilities</b>							
<b>Non-Derivative:</b>							
Trade and other payables	-	558	-	-	-	-	558
Unsecured capital notes	0.00	-	-	18,019	-	-	18,019
		558	-	18,019	-	-	18,577
		2,203	-	(18,019)	-	-	(15,816)

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

The following tables show the gross undiscounted cash flows of the Company'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 2016					Total \$'000
		Current		Non-Current			
		0 - 6 Months \$'000	7 - 12 Months \$'000	1 - 2 Years \$'000	2 - 5 Years \$'000	5+ Years \$'000	
<b>Financial Assets</b>							
<b>Non-Derivative:</b>							
Cash and cash equivalents	2.75	124	-	-	-	-	124
		124	-	-	-	-	124
<b>Financial Liabilities</b>							
<b>Non-Derivative:</b>							
Trade and other payables	-	193	-	-	-	-	193
		193	-	-	-	-	193
		(69)	-	-	-	-	(69)

	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	
<b>Financial Assets</b>							
<b>Non-Derivative:</b>							
Cash and cash equivalents	2.75	2,761	-	-	-	-	2,761
		2,761	-	-	-	-	2,761
<b>Financial Liabilities</b>							
<b>Non-Derivative:</b>							
Trade and other payables	-	558	-	-	-	-	558
Unsecured capital notes	0.00	-	-	18,019	-	-	18,019
		558	-	18,019	-	-	18,577
		2,203	-	(18,019)	-	-	(15,816)

**21 OPERATING LEASE COMMITMENTS**

At 31 March 2016, the Company had no operating lease commitments in respect of property and equipment used by the Company. At each reporting date the total future minimum payments under non-cancellable operating leases were payable as follows:

	March 2016		March 2015	
	Total \$'000	Property \$'000	Total \$'000	Property \$'000
Less than one year	-	-	2	2
Between one and five years	-	-	-	-
	-	-	2	2

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**22 CAPITAL COMMITMENTS**

There were no capital commitments at 31 March 2016 (31 March 2015: \$nil).

**23 CONTINGENT ASSETS AND LIABILITIES**

There were no contingent assets at 31 March 2016 (2015: none).

The Inland Revenue Department is currently reviewing the company's GST returns for the period 1 April 2013 onwards in relation to the company's ability to claim GST on expenses incurred. The review is not yet complete and the company is not aware of whether this will result in any GST payment or any penalties or interest being incurred. No allowance has been made within these financial statements for any possible liability given that the review has not yet been completed.

**24 RELATED PARTY TRANSACTIONS**

Related Party Transactions	Legal fees		Balance due at		
	31 March	31 March	31 March	31 March	
	2016	2015	2016	2015	
	\$'000	\$'000	\$'000	\$'000	
Corporate Counsel	Sean Joyce	5	79	-	-

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 2016 (31 March 2015: nil).

**25 SUBSEQUENT EVENTS**

There have been no significant subsequent events since 31 March 2016.

**NZF GROUP LIMITED  
 ADDITIONAL INFORMATION  
 FOR THE YEAR ENDED 31 MARCH 2016**

**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 Company Chief Executive Officer

**Craig Irving Alexander**  
 Independent Director

**2. REMUNERATION OF DIRECTORS**

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

	2016 \$'000	2015 \$'000
<b>NZF Group Limited</b>		
Craig Irving Alexander	64	81
Sean Robert Joyce	69	88
Mark Hume Thornton	40	180
	<u>173</u>	<u>349</u>

**3. EMPLOYEES**

The number of employees within the Company and Company 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:

	2016 Number	2015 Number
<b>NZF Group Limited</b>		
\$180,000 - \$189,999	-	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 Company (2015 – none).

**5. INTERESTED TRANSACTIONS**

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

**Interested Transactions**

During the year ended 31 March 2016, Corporate Counsel, of which NZF director Sean Joyce is a partner, provided legal services to the Company totalling \$5,175 (2015: \$79,500). 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 2016**

**Indemnification and Insurance of Officers and Directors**

The Company indemnifies Directors and Executive Officers of the Company 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 Company has indemnity insurance. The total cost of this insurance expensed in the Company during the financial year was \$15,000 (2015: \$15,000).

**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 Company 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 \$17,250 (2015: \$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 (2015: \$nil).

**8. SHAREHOLDERS**

As at 10 May 2016 there were 431 shareholders.

**9. SHARE ISSUES**

During the year ended 31 March 2016 there were 16,000,000 ordinary shares issued (2015: 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 2016**

The information in the disclosures below has been taken from the Company's registers as at 10 May 2016:

**11. 20 LARGEST SHAREHOLDERS**

Name	Fully paid ordinary shares	
	Number held	% held
Bluewater Corporation Ltd	17,086,718	13.57%
Pat Redpath O'Connor & Kay O'Connor & Robert Norman Burnes	16,910,002	13.43%
Chai Kaw Sing	16,000,000	12.70%
Lynton Ross Campbell & Dennis Michael Graham & Mark Hume Thornton	9,095,514	7.22%
Barbara Charlotte Thornton & SW Trust Services Limited	7,834,488	6.22%
Best Investments Limited	5,768,622	4.58%
FNZ Custodians Limited	4,769,195	3.79%
David Burton Gibson	3,959,040	3.14%
PKB Trustees Limited	3,001,596	2.38%
W Custodians Limited	2,642,622	2.10%
Walter Mick George Yovich & Jeanette Julia Yovich	2,193,409	1.74%
Fiona Patrica Lyons & Kim Nigel Lyons & Wyndham Trustees Limited	2,131,915	1.69%
Ted Burak	1,890,000	1.50%
Land Securities Limited	1,689,752	1.34%
Gadbrook Limited	1,455,738	1.16%
John Alexander Mckenzie	1,165,000	0.92%
Peter Karl Christopher Huljich	1,007,667	0.80%
Lee Athol Wilson & Shirley Ann Wilson <L & S Wilson A/C>	1,000,000	0.79%
Ian Leonardo Hobbs	983,606	0.78%
John Michael Torney Greene	819,672	0.65%
	<b>101,404,556</b>	<b>80.51%</b>

**12. DISTRIBUTION OF EQUITY SECURITIES**

Size of holding	Number of security holders		Number of securities	
	Number	%	Shares held	%
1 - 1,000	9	2.09%	2,275	0.00%
1,001 - 5,000	142	32.95%	449,809	0.36%
5,001 - 10,000	68	15.78%	563,651	0.45%
10,001 - 50,000	101	23.43%	2,304,509	1.83%
50,001 - 100,000	33	7.66%	2,493,965	1.98%
100,001 or more	78	18.10%	120,143,413	95.38%
	<b>431</b>	<b>100.00%</b>	<b>125,957,622</b>	<b>100.00%</b>

**NZF GROUP LIMITED  
ADDITIONAL INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2016**

**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 10 May 2016:

	<b>Number of shares</b>	<b>Disclosure Date</b>
Chai Kaw Sing	16,000,000	21 April 2016

The total number of shares on issue at 31 March 2016 was 125,957,622 (2015: 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. Notification must be in writing. Questions relating to shareholdings should also be addressed to Link Market Services Limited. For information about the Company please contact the Company at the Registered Office by sending an e-mail to [info@nzf.co.nz](mailto:info@nzf.co.nz) or visit the website [www.nzf.co.nz](http://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](mailto:registry@nzf.co.nz) and advise us of your preferred e-mail address. Your e-mail details will be kept confidential.

**16. WAIVERS**

During the course of the financial year ended 31 March 2016 the Company obtained no waivers from NZX Limited.



## **NZF GROUP LIMITED**

### **COMPANY DIRECTORY AS AT 31 MARCH 2016**

#### **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**

125,957,622 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