

NZF GROUP LIMITED
UNAUDITED INTERIM FINANCIAL RESULT
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2016

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**NZF GROUP LIMITED
CHAIRMAN'S REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

Dear Shareholders,

Since the Company was restructured and new capital raised during the financial year ended 31 March 2016, the Directors have been actively pursuing an appropriate commercial transaction for the Company to investigate, and where appropriate, implement.

On 15 November 2016, the Company announced that it had entered into a conditional Implementation Deed with Blackwell Global Group Limited ("Blackwell"), a company associated with Kaw Sing Chai, who earlier in the year subscribed for new shares in the Company pursuant to a private placement.

The purpose of the Implementation Deed is to regulate the manner in which NZF and Blackwell propose to implement an operational and capital restructure of the Company, subject to the prior approval of the Company's shareholders.

Objectives of the Capital and Operational Restructure of the Company ("Restructure")

The principal objectives of the Restructure are to reorganise the capital and organisational structure of the Company as follows:

1. The issue of 313,872,866 new ordinary fully paid shares by the Company to Blackwell and other investors introduced by Blackwell (and/or their respective nominees). The issue price per new share shall be \$0.008 per share. The aggregate subscription price will be \$2,510,982.93;
2. The issue of up to 3,000,000 convertible notes ("Notes") by the Company to Blackwell and/or its nominee(s). The Notes shall have an aggregate face value of \$3,000,000. The Notes shall accrue interest and shall be convertible into ordinary shares in NZF, at the option of the Noteholder, at a conversion price of \$0.008 per share;
3. The appointment of new Directors to the board of directors of the Company ("Board") post completion of the Restructure;
4. The introduction of additional human resources into the Company to fulfil the executive roles required to achieve the implementation of the Restructure, in addition to the resource already retained by the Company;
5. The launch of a new finance company operation;
6. The launch of a new derivative trading operation, in conjunction with the purchase of certain derivative trading assets from Blackwell;
7. The obtaining of all requisite FMA and statutory licences and registrations required in connection with the Restructure and by the Company to undertake the Finance Company Operations and the Derivative Trading Operations;
8. The issue of up to \$6,000,000 of secured bonds ("Bonds") to Blackwell and/or third party investors introduced by Blackwell to assist in funding the growth of the Company's finance company operations, and the acquisition of the Derivative Business Assets by the Company.

Conditions

Completion of the Restructure is subject to, and conditional upon, (amongst other matters) the satisfaction of the necessary regulatory approvals and sign offs, and the Shareholders of the Company approving all of the resolutions required to be passed to implement the Restructure.

The Board anticipates that the Special Meeting of Shareholders to consider the Restructure will be held during the course of February 2017, and should the Shareholders approve the Restructure, the Restructure will complete shortly thereafter.

The Board is excited by the commercial opportunity that the Restructure presents.

**NZF GROUP LIMITED
CHAIRMAN'S REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

Subject to the approval of the Restructure, and the successful implementation of the Restructure, the Restructure potentially offers the existing stakeholders in the Company an opportunity to receive an appreciation in the value of their current investment in the Company, and an ability in the future to realise their investment.

GOING CONCERN NOTE – SEPTEMBER 2016

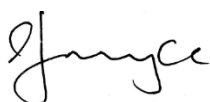
These financial statements have been prepared on a going concern basis. The adoption of the going concern basis is subject to a number of material uncertainties, as documented below:

- During the previous financial year ended 31 March 2016 the Company divested its remaining investments in subsidiary undertakings and joint operations. As such the Company no longer has any ongoing trading activities and accordingly is reliant on existing cash reserves to provide funding for future operating expenses;
- The cash funds available are limited and there is a need for future cash inflows to be generated for the Company to continue as a going concern. The current cash reserves, together with the commitments from certain major shareholders and directors to provide limited financial support to the Company are considered to be sufficient to enable the Company to continue as a going concern for a period in excess of 12 months from the date of the financial statements based on the current level of operating expenditure;
- The Company incurred an operating loss of \$156,000 for the six months ended 30 September 2016. Included in this loss are the unpaid Directors fees of \$108,000 which continue to accrue, but which will only be paid if the Company has sufficient available funds to pay those amounts due. Currently the Company does not have the financial resources to pay those directors fees.

CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets at 30 September 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 and negotiations are not yet complete but the Company expects that it is likely that this will result in an obligation of the Company to repay previously claimed GST to a quantum of circa \$200,000. The Board is hopeful that a payment arrangement will be able to be entered into with the IRD which will enable the Company to repay this prospective liability over a period of time so as to not put pressure on the Company's limited cash resources.



**Sean Joyce
Chairman**

24 November 2016

NZF GROUP LIMITED
UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Unaudited 6 months ended 30 September 2016 \$'000	Unaudited 6 months ended 30 September 2015 \$'000	Audited 12 months ended 31 March 2016 \$'000
Note			
Interest income	-	4	4
Other income	-	29	-
Total income	-	33	4
Operating expenses and staff costs	(156)	(44)	(207)
Profit/(Loss) before income tax	(156)	(11)	(203)
Income tax benefit/(expense)	-	-	-
Profit/(loss) for the period attributable to shareholders of the company	(156)	(11)	(203)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive profit/(loss) for the period, net of tax	(156)	(11)	(203)
Attributable to:			
Equity holders of the Company	(156)	(11)	(203)
Earnings/(loss) per share Basic and Diluted (cents)	(0.12)	(0.01)	(0.18)

The notes on the attached pages form part of and are to be read in conjunction with these financial statements.

NZF GROUP LIMITED
UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Attributable to Equity holders of the Company		
	Share Capital \$'000	Accumulated Deficit \$'000	Total Equity \$'000
Balance at 1 April 2015	9,525	(9,441)	84
Total comprehensive income/(loss)	-	(11)	(11)
Balance at 30 September 2015	<u>9,525</u>	<u>(9,452)</u>	<u>73</u>
Balance at 1 April 2015	9,525	(9,441)	84
Total comprehensive income/(loss)	-	(203)	(203)
<i>Transactions with owners, recorded directly in equity</i>			
Issue of ordinary shares	125	-	125
Balance at 31 March 2016	<u>9,650</u>	<u>(9,644)</u>	<u>6</u>
Balance at 1 April 2016	9,650	(9,644)	6
Total comprehensive income/(loss)	-	(156)	(156)
Balance at 30 September 2016	<u>9,650</u>	<u>(9,800)</u>	<u>(150)</u>

The notes on the attached pages form part of and are to be read in conjunction with these financial statements.

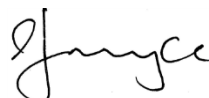
NZF GROUP LIMITED
UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Unaudited 6 months ended 30 September 2016 \$'000	Unaudited 6 months ended 30 September 2015 \$'000	Audited 12 months ended 31 March 2016 \$'000
Assets			
Cash and cash equivalents	44	22	124
Other assets	97	75	75
Total assets	<u>141</u>	<u>97</u>	<u>199</u>
Liabilities			
Trade and other payables	291	24	193
Total liabilities	<u>291</u>	<u>24</u>	<u>193</u>
Net assets/(liabilities)	<u>(150)</u>	<u>73</u>	<u>6</u>
Equity			
Share capital	9,650	9,525	9,650
Retained earnings/(Accumulated deficit)	(9,800)	(9,452)	(9,644)
Total equity attributable to equity holders of the company	<u>(150)</u>	<u>73</u>	<u>6</u>

For and on behalf of the Board:



 Director



 Director

Dated: 24 November 2016

The notes on the attached pages form part of and are to be read in conjunction with these financial statements.

NZF GROUP LIMITED
UNAUDITED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Unaudited	Unaudited	Audited
	6 months ended	6 months ended	12 months
	30 September	30 September	ended
	2016	2015	31 March
	\$'000	\$'000	2016
			\$'000
Cash Flows from Operating Activities			
Interest received	-	4	4
Payments to suppliers and employees	(80)	(455)	(528)
Net Cash Flow from Operating Activities	(80)	(451)	(524)
Cash Flows used in Investing Activities			
Net Cash Flow from Investing Activities	-	-	-
Cash Flows from Financing Activities			
Repayment of borrowings	-	(2,288)	(2,238)
Shares issued	-	-	125
Net Cash Flow from Financing Activities	-	(2,288)	(2,113)
Net (decrease)/increase in cash held	(80)	(2,739)	(2,637)
Cash balance at start of the year	124	2,761	2,761
Cash balance at end of the year	44	22	124
Comprising the following:			
Cash and cash equivalents	44	22	124

The notes on the attached pages form part of and are to be read in conjunction with these financial statements.

NZF GROUP LIMITED
UNAUDITED RECONCILIATION OF NET LOSS WITH CASH FLOWS FROM OPERATING ACTIVITIES
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Unaudited 6 months ended 30 September 2016 \$'000	Unaudited 6 months ended 30 September 2015 \$'000	Audited 12 months ended 31 March 2016 \$'000
Total comprehensive profit/(loss) for the period, net of tax	(156)	(11)	(203)
Add/(less):			
Loss/(gain) from realisation value adjustment of capital notes on issue	-	50	-
Add/(less) movements in working capital			
Accounts receivable and other assets	(22)	7	7
Accounts payable and other liabilities	98	(497)	(328)
Net Cash Flow from Operating Activities	(80)	(451)	(524)

The notes on the attached pages form part of and are to be read in conjunction with these financial statements.

NZF GROUP LIMITED
UNAUDITED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

1. CORPORATE INFORMATION

NZF Group Limited is a limited liability Company (the "Company") domiciled and incorporated in New Zealand and registered under the New Zealand Companies Act 1993. The Company was listed by NZX Limited and has its shares quoted on the NZX Market ("NZX").

The unaudited interim financial statements presented are for NZF Group Limited for the six months ended 30 September 2016.

These statements were approved by the Board of Directors on 24th November 2016.

2. BASIS OF PREPARATION

These interim financial statements for the six months ended 30 September 2016 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and NZ IAS 34, Interim Financial Reporting. In complying with NZ IAS 34, these interim financial statements also comply with IAS 34 Interim Financial Reporting.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements of NZF Group Limited for the year ended 31 March 2016 which have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

The company is designated as profit-oriented entity and is an FMC Reporting Entity under part 7 of the Financial Markets Conduct Act 2013.

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of NZF Group Limited for the year ended 31 March 2016.

The financial statements are presented in New Zealand dollars.

3. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period and there are no related party balances at 30 September 2016.

4. CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2016 (30 September 2015: nil; 31 March 2016: nil).

5. SEGMENT REPORTING

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.

6. SUBSEQUENT EVENTS

There have been no other significant events after balance date.

7. MATERIAL UNCERTAINTIES AFFECTING GOING CONCERN

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- The cash funds available are limited and there is a need for future cash inflows to be generated for the Company to continue as a going concern. The current cash reserves, together with the commitments from certain major shareholders and directors to provide limited financial support to the Company are considered to

NZF GROUP LIMITED
UNAUDITED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

be sufficient to enable the Company to continue as a going concern for a period in excess of 12 months from the date of the financial statements based on the current level of operating expenditure;

- The Company incurred an operating loss of \$156,000 for the six months ended 30 September 2016. Included in this loss are the unpaid Directors fees of \$108,000 which continue to accrue, but which will only be paid if the Company has sufficient available funds to pay those amounts due. Currently the Company does not have the financial resources to pay those directors fees.

**COMPANY DIRECTORY
AS AT 30 SEPTEMBER 2016**

Independent Directors

Sean Robert Joyce
Apartment 506, 83 Halsey Street, 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

106 Hillcrest Road, Hatfields Beach, Orewa
Tel: 0800 379 9090

Auditor

William Buck Christmas Gouwland
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