BANCORP

ANNUAL REPORT **2016**

Bancorp Wealth Management New Zealand Limited

For the financial year ended 30 June 2016

INDEX TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

COMPANY DIRECTORY

Company Number:	2199093
Nature of Business:	Private banking, investment and fund management
Issued Capital:	9,999,599 ordinary shares (fully paid)
Directors:	Craig Bernard Brownie Nigel David Parker Spratt Peter Murray Kirk
Registered Office:	Level 11, 191 Queen Street, Auckland, 1140, New Zealand
Address for Service:	Level 11, 191 Queen Street, Auckland, 1140, New Zealand
Auditors:	Staples Rodway Level 9, 45 Queen Street Auckland, 1010, New Zealand
Banker:	Westpac Banking Corporation Level 6, 16 Takutai Square Auckland, 1010, New Zealand
Solicitors:	Buddle Findlay, Auckland PwC Tower, 188 Quay Street Auckland, 1010, New Zealand
Listing:	ISIN: NZBWME0001S2 / WKN: A1KCZL Ticker symbol: BW6
Website:	www.bancorp.co.nz

COMPANY OVERVIEW

OVERVIEW

Bancorp's consolidated financial highlights are set out below.

- Total Revenue circa $25.46 million
- Total Assets circa $106.5 million
- Shareholders' total equity circa $18.9 million
- Consolidated Net Loss After Tax attributable to parent of circa $3.4 million

INTRODUCTORY REMARKS FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

2016 has been a challenging year but we have set things on track to provide shareholders with liquidity and access to the group's assets.

The Boston Mark's consolidated return was significantly negative in 2016 and coupled with additional provisioning and FX adjustments, this lead to a consolidated loss of around $3.4 million.

This is not sustainable and in line with our objective to increase liquidity for shareholders, we will be restructuring the Bancorp group in 2017. We have been unable to raise capital and increase liquidity on the basis of the current group structure, as we have several businesses, each of which can be valued differently.

The directors have put in place a restructuring plan which will see the group reorganised and split up in 2017 to recognise the different values of each business operation. That reorganisation will take place in two steps:

- The first step by the end of the first calendar quarter of 2017 should see a distribution to shareholders of our investment in specific subsidiaries in a form that will be freely tradable
- The second will take place around the end of the 2nd calendar quarter of 2017 which should see liquidity provided to shareholders for their remaining shares in Bancorp.

The proposed restructure may take the form of some or all of the shares in various businesses being listed in New Zealand and/or Australia.

The Board's strategy is to maximise the return to shareholders and provide as much liquidity to their investments as possible.

We will look to provide shareholders with a full updates on the two stages as they progress in 2017.

Yours Sincerely,

Craig Brownie

The business operations now comprise two key areas – aviation and private banking. We discuss each in turn below.

AVIATION

Boston Marks group performed poorly in 2016 on a consolidated basis. However, its core business, which is also the largest part of that group is very profitable, stable and well established. Boston Marks efforts to grow significantly and internationally in a short amount of time have resulted in a negative impact on what is otherwise a very profitable group.

Restructuring of Boston Marks will see the loss making elements removed and the profitable core business returned to a well capitalised and dividend paying business in 2017.

Salus Aviation

Aviation Capital Limited has changed its name to Salus Aviation Limited – "Salus" is the Latin for Safe - to reflect its growing broader involvement in general aviation. We have moved away from "lease to buy" financing of aircraft and now undertake other activities, including:

- full ownership with long term operating leases fixed wing aircraft
- full services leasing, i.e. a maintenance and financing package for operators
- full services helicopter operating and maintenance leasing; and
- aircraft trading

In conjunction with Oceania Aviation, we expect to add aircraft operations and engineering to the services Salus Aviation offers[1].

1Left to right: Bell 212 sold as part of the trading activities; PAC 750 on lease; BK-117 full service operating lease

MANAGING DIRECTOR'S REPORT

PRIVATE BANKING

BANCORP WEALTH MANAGEMENT

Private banking continues to be a more complex and highly regulated industry globally. We have managed all the additional regulations very well and are proud to offer our clients a strong customer focused offering.

New Zealand remains a "clean" and attractive offshore investment destination for many international investors.

Bancorp offers credibility to its private banking customers and has an offshore client focus. Having been operating in New Zealand for such a long time we are considered a local expert for foreign investors.

Bancorp Wealth Management has a client first attitude.

The interest rates in New Zealand look to remain positive as the economy continues to grow which will increase New Zealand's appeal to investors.

We now have two full time Japanese staff working in the private banking divisions making access to and explanation of our products to Japanese clients much easier.

Other investments in the securitisation and on lending areas performed in accordance with expectations.

DIVIDENDS

Although the net profit for 2016 was adversely affected by a poor result from the Boston Marks consolidation, the Board considered it could pay a final dividend based on the profitable operations of other business units.

The Company will pay a final dividend in December 2016 making the total dividend for the year approximately 4.6cps tax paid.

FINANCIAL RESULTS

FINANCIAL RESULTS

The financial year to 30 June 2016 has seen Bancorp achieve a consolidated group net loss of around (NZ$3.4 million).

However, the group's consolidated assets increased to $106.5 million and consolidated revenue by around $2 million.

We are growing our profitable asset base but continue to be let down by some of our investment activities. 2017 will see a change to the financial position of the group as we plan to restructure the net profitable invested asset in a way that provides shareholders with direct access to those profitable assets in a way which and gives them liquidity as well.

We are beginning with a restructure of the Boston Marks group. The objective is to provide shareholders with a well capitalised company that will be debt free, have capital for investment and liquidity for shareholders.

The financial summary for the year compared with 2015 is set out below.

Consolidated	2015 NZ$' million	2016 NZ$' million
Total Assets	77.5	106.5
Total Revenue	23.4	25.4
NPAT	$0.61m	($3.4m)
Dividends	5.0 cps	4.65cps
Shareholder equity	21.4	18.9

The group's cash and cash equivalents on hand at 30 June were $14.3 million

INVESTOR RELATIONS

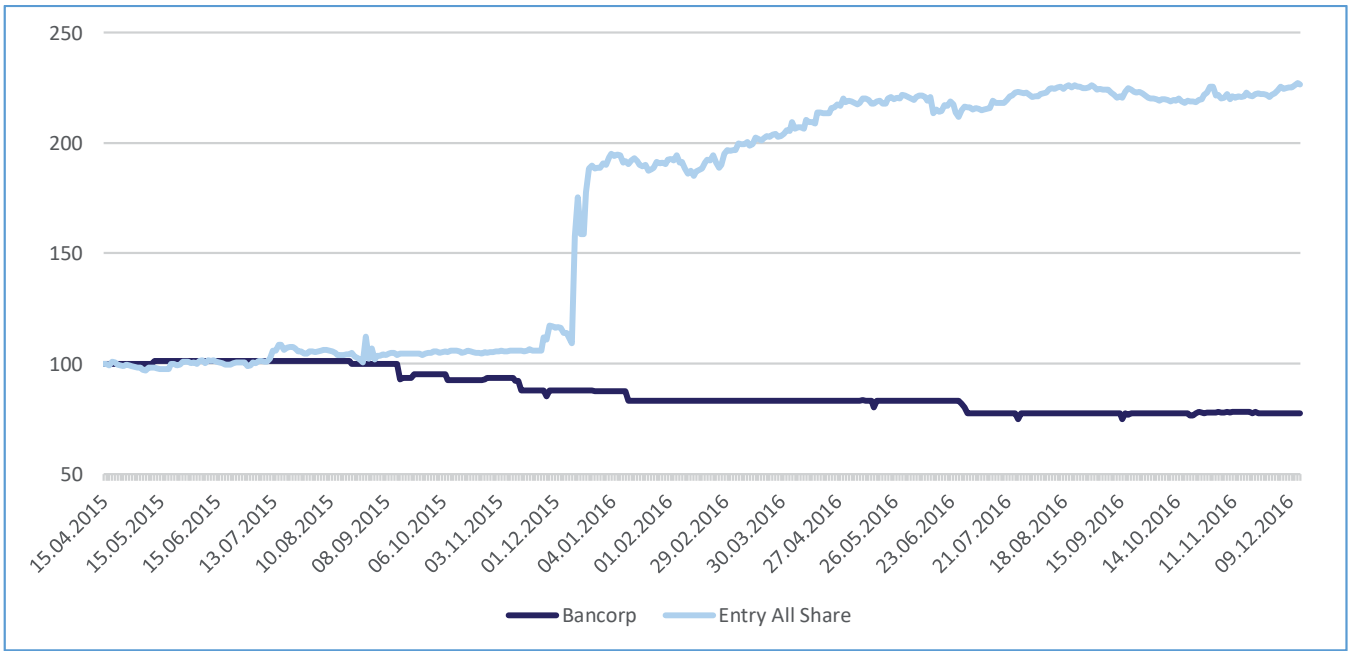
GENERAL DEVELOPMENT OF THE CAPITAL MARKETS

During the first half of 2016, international stock markets experienced some significant declines with intermittent high volatility. The DAX ended the first half-year of 2016 (30/6/2016) at 9,680 points, or 10 percent below its year-end close in 2015. This decline was not only the result of geopolitical events such as the crisis in the Middle East but also weaker global economic forecasts, particularly for Asia and Latin America, as well as commodity and oil market developments and weaker corporate earnings. Uncertainties arising from Great Britain's decision to leave the EU also caused increased volatility on the capital markets. After the 30 June 2016 reporting date, the major leading indices were initially positive and then mixed, fluctuating between 10,300 and 10,700 points. In December, the DAX jumped to a new high for the year of over 11,300 points.

While much of the attention was aimed at large DAX-listed companies, smaller companies, or small caps, saw their trading volumes continue to decline. The Entry All Share Index, however, which shows the price performance of listed small- and mid-caps such as Bancorp Wealth Management, managed to keep pace with the DAX and exceeded the 2,130-point threshold in mid-December.

THE BANCORP SHARE

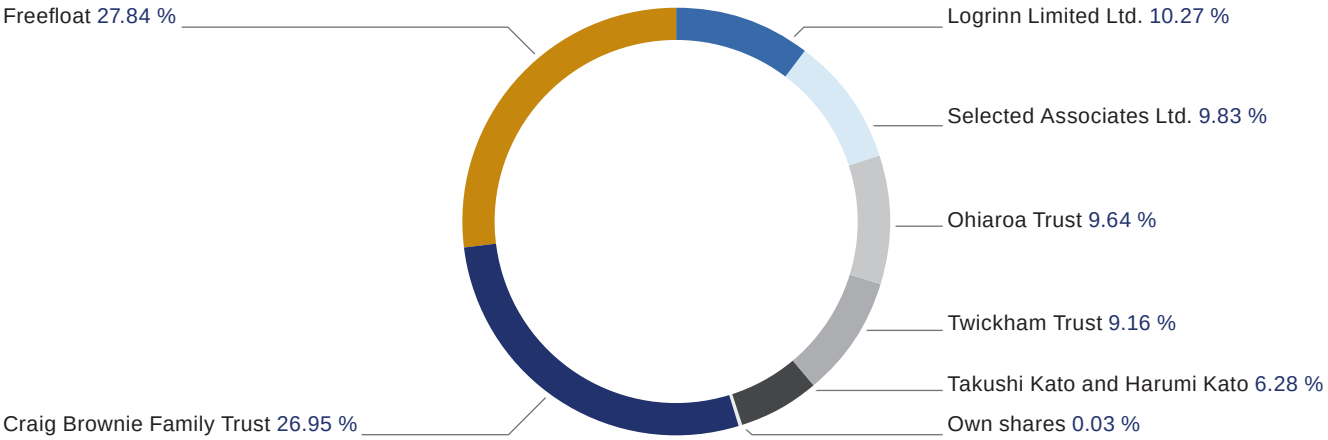
The shares of Bancorp Wealth Management New Zealand have been listed in the Entry Standard segment of the Frankfurt Stock Exchange since 16 April 2014. A total of 9,999,599 registered shares has been admitted for trading. With an issue price of EUR 4.20, the market capitalisation at the time of the initial public offering was roughly EUR 42 million. The shares' trading volume has been low since the shares were issued and continues to be low today. As a result, the Bancorp share price continues to trail behind expectations. At the time of this report's preparation at the end of the 2016 financial year, the share price was EUR 2.88, which is equivalent to a market capitalisation of around EUR 29 million. In 2017, in addition to managing the business operations, management plans to pursue other activities, especially those aimed at improving the stock's liquidity.



INVESTOR RELATIONS

SHAREHOLDER STRUCTURE

With a stake of approximately 27 percent held by the Craig Brownie Family Trust, the shareholder structure of Bancorp Wealth Management New Zealand is largely owner-dominated. The company's treasury stock amounts to 0.03 percent. Some 45 percent of the shares are held by financial and strategic investors with a long-term orientation. The free float amounts to approximately 28 percent.



DIVIDENDS

For the 2015/16 financial year, Bancorp Wealth Management New Zealand paid shareholders a dividend totalling NZD 4.6 cents, which was almost unchanged from the previous year. One tranche of the dividend was paid in March 2016 with the second tranche to be paid in December 2016.

Bancorp has paid its shareholders a dividend every year since its initial listing and plans to ensure that shareholders continue to participate in the company's future success.

CAPITAL MARKET ACTIVITIES

The dividend payment, among others, will be used as a gauge for the Bancorp share in order to strengthen the New Zealand group's capital market presence and raise the awareness of investors and other interested parties.

Prospective investors and other interest parties can obtain comprehensive information on the Company, the shares and other capital market-related information at the Company's website www.bancorp.co.nz. under the Investor Relations section. The Investor Relations department can assist investors in both English and German.

INVESTOR RELATIONS

SHARE INFORMATION

ISIN	NZBWME0001S2
Number of shares	9,999,599
Share Capital	19,888,777
First day / price	16 April 2014 / EUR 4.20

Specialist	Renell Wertpapierhandelsbank AG
Designated Sponsor	Renell Wertpapierhandelsbank AG
Listing Partner	GFEI Aktiengesellschaft
Market segment	Open Market / Entry Standard

NEW ZEALAND MARKET

The New Zealand economy remained robust in 2016. It would be fair to say, Bancorp's businesses did not negatively suffer due to any economic issue. Commodity prices, in particular for milk solids, were lower resulting in reduced farmer payout. However, the payout may well increase in 2017 depending on a number of factors remaining on track.

The New Zealand economy is susceptible to global shocks and we will have to wait to see what impacts the Brexit vote and the Trump election will have on New Zealand. The next general election in New Zealand will be held in 2017.

The benefits of the Christchurch rebuild continue to flow through in the building sector but further earthquake damage in Kaikoura and Wellington will no doubt create a drain on Government funds counter balanced by the financial benefit of funds flowing into the economy through rebuilding.

The NZD on average in 2016 and projections for 2017 seems to remain strong compared with its long term average versus its major trading partners.

THE BANCORP SHARES

We have summarised the work being undertaken to increase the liquidity in Bancorp shares. 2017 will see significant changes to the way things are structured now.

The Board has summarised the restructure plan which will be underway in the 2017 financial year. Work has already begun and advisers put in place to assist with the restructure which we will be working extremely hard on to achieve the timeframes for the 2 stages of liquidity.

The shareholding structure and liquidity of Bancorp will be considerably different by the end of the next financial year with the focus of the restructure being to benefit shareholders.

FINANCIAL STATEMENTS

The Directors are pleased to present the financial statements for the 30 June 2016 year.

Bancorp Wealth Management New Zealand Limited.

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
DIRECTORS' ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Directors remuneration:
Directors remuneration paid during the year or due and payable as follows:

	2016	2015
Craig Brownie - salary	$300,000	$300,000
Nigel Spratt - directors fees	$146,100	$146,050
Craig Brownie - directors fees	$76,500	$38,500

Executive employee remuneration:
The number of employees, who are not directors, whose remuneration and benefits exceeded $100,000 were as follows:

Remuneration band	Group	
	2016	2015
$100,001 - $110,000	7	5
$110,001 - $120,000	1	1
$120,001 - $130,000	4	4
$130,001 - $140,000	1	0
$140,001 - $150,000	2	3
$150,001 - $160,000	3	1
$160,001 - $170,000	2	1
$170,001 - $180,000	2	3
$180,001 - $190,000	4	2
$200,001 - $210,000	0	2
$210,001 - $220,000	1	0
$240,001 - $250,000	1	1
$290,001 - $300,000	0	1
$300,001 - $310,000	0	2
$310,001 - $320,000	4	0
$320,001 - $340,000	2	0
$340,001 - $370,000	1	0
$370,001 - $390,000	1	0
$390,001 - $570,000	0	0
$570,001 - $580,000	1	0

Donations:
There were no donations made to charitable organisations during the year (2015: $Nil).

Auditors:

The following amounts were paid to the auditors of the Company during the year in respect of audit fees and tax fees, no other amounts were payable to the auditors:

	2016	2015
Staples Rodway, Auckland	$278,388	$275,121
Subsidiary Auditors	$225,621	$147,565

Insurance:
During the year the Company paid insurance premiums on contracts insuring all Directors of the Company for liability and costs permitted to be insured against in accordance with s162 of the Companies Act 1993 and the Company's constitution.

General:
There has been no change in the principal activities of the Company during the period under review. In the directors opinion the results for the year ended 30 June 2016 and the state of the Company's affairs are considered satisfactory.

The Directors approve and issue the Annual Report and Financial Statements of Bancorp Wealth Management New Zealand Limited and it's Subsidiaries for the year ended 30 June 2016.

For and on behalf of the Board of Directors, dated 21 December 2016.

Director
Craig B. Brownie

Director
Nigel D.P. Spratt

Level 9
45 Queen Street
Auckland 1010
New Zealand

PO Box 3899
Auckland 1140
New Zealand

Telephone 64 9 309 0463
Facsimile 64 9 309 4544
enquiries@staplesrodway.com
www.staplesrodway.com

staplesrodway
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANCORP WEALTH MANAGEMENT NZ LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bancorp Wealth Management NZ Limited and its subsidiaries (together the 'Group') on pages 6 to 63, which comprise the consolidated statement of financial position of the Group as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' 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.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 the internal controls relevant to the Group's preparation and fair presentation of the consolidated 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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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, our firm carries out other assignments for the Group in the area of taxation advice. The provision of these services has not impaired our independence. In addition to this, principals and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of Group. The firm has no other relationship with, or interests in, the Group.

staplesrodway
CHARTERED ACCOUNTANTS

Opinion

In our opinion, the consolidated financial statements on pages 6 to 63 present fairly, in all material respects, the financial position of the Group as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which indicates that the validity of the going concern assumption is dependent on the Group continuing to receive financial support from its significant investors and external funding providers. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. If the Group were unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position and that the Group may have to provide for further liabilities that might arise and reclassify non-current liabilities as current liabilities. Our opinion is not qualified in respect to this matter.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Bancorp Wealth Management NZ Limited and its subsidiaries for the year ended 30 June 2016 included on Bancorp Wealth Management NZ Limited's website. The Group's Board of Directors is responsible for the maintenance and integrity of Bancorp Wealth Management NZ Limited's website. We have not been engaged to report on the integrity of Bancorp Wealth Management NZ Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to / from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 20 December 2016 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Staples Rodway

STAPLES RODWAY AUCKLAND
AUCKLAND

21 December 2016

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
Continuing operations			
Revenue			
Finance income	(5)	6,625,348	2,811,424
Fee income	(5)	5,332	31,658
Brokerage income	(5)	15,342,831	13,926,860
Sale of goods - aircraft	(5)	2,606,228	-
Other income	(6)	942,681	6,707,561
Total revenue		25,522,420	23,477,503
Expenses			
Finance expenses	(7)	(2,900,575)	(2,319,554)
Fee expenses	(7)	(737,873)	(1,038,170)
Cost of sales - aircraft	(7)	(2,708,844)	-
Administrative expenses	(8)	(21,590,425)	(19,351,366)
Other expenses	(9)	(934,715)	(37,541)
Total expenses		(28,872,432)	(22,746,631)
Operating profit before share of profit in associates		**(3,350,012)**	**730,872**
Share of profit in associates	(22)	160,756	199,492
Net profit/(loss) after share of profit in associates and before income taxation expense		**(3,189,256)**	**930,364**
Taxation (expense)/benefit	(10)	(212,330)	(154,989)
Net profit/(loss) after taxation expense for the year from continuing operations		**(3,401,586)**	**775,375**
Discontinued operations			
Profit/(loss) for the year from discontinued operations (attributable to owners of the parent)	(37)	(7,951)	(157,112)
Profit/(loss) for the year		**(3,409,537)**	**618,264**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Movement in foreign currency translation reserve	(13)	71,155	185,392
Total other comprehensive income for the year		71,155	185,392
Total comprehensive (loss)/income for the year		**($3,338,382)**	**$803,656**
Net profit/(loss) after income taxation expense attributable to:			
- Owners of the parent		(3,247,694)	2,932,689
- Non-controlling interest		(161,844)	(2,314,425)
		(3,409,537)	**$618,264**
Total comprehensive income attributable to:			
- Owners of the parent		(3,176,538)	3,118,081
- Non-controlling interest		(161,844)	(2,314,425)
		(3,338,382)	**$803,656**
Total comprehensive income for the year attributable to equity shareholders arises from:			
- Continuing operations		(3,330,430)	960,767
- Discontinued operations	(37)	(7,951)	(157,112)
		($3,338,382)	**$803,656**
Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year:			
Basic and diluted (loss)/earnings per share			
From continuing operations	(11)	($0.34)	$0.08
From discontinued operations	(11)	($0.00)	($0.02)
Total		($0.34)	$0.06

The attached notes form an integral part of and are to be read in conjunction with these financial statements.

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

		Attributable to owners of the parent					
	Note	Share Capital	Retained Earnings	Foreign currency translation Reserves	Total	Non-controlling Interest	Total Equity
Balance at 1 July 2014		19,996,972	(4,416,739)	(583,805)	14,996,428	6,029,911	21,026,339
Comprehensive income							
Net profit/(loss) for the year		-	2,932,689	-	2,932,689	(2,314,425)	618,264
Other comprehensive income							
Movement in foreign currency translation reserve		-	-	185,392	185,392	-	185,392
Total comprehensive income		-	2,932,689	185,392	3,118,081	(2,314,425)	803,656
Transactions with owners							
Issue of share capital - non-controlling interest	(14)	-	-	-	-	3,992,298	3,992,298
Share repurchase	(12)	(1,481,162)	-	-	(1,481,162)	-	(1,481,162)
Movement in non-controlling interest	(14)	-	(3,858,888)	-	(3,858,888)	1,837,622	(2,021,266)
Dividend paid - shareholders	(12)	-	(747,806)	-	(747,806)	-	(747,806)
Dividend paid - non-controlling interest	(14)	-	-	-	-	(124,000)	(124,000)
Total transactions with owners		(1,481,162)	(4,606,694)	-	(6,087,856)	5,705,920	(381,936)
Balance at 30 June 2015		**$18,515,810**	**($6,090,744)**	**($398,413)**	**$12,026,653**	**$9,421,406**	**$21,448,059**

	Attributable to owners of the parent					
	Share Capital	Retained Earnings	Foreign currency translation Reserve	Total	Non-controlling Interest	Total Equity
Balance at 1 July 2015	18,515,810	(6,090,744)	(398,413)	$12,026,653	$9,421,406	$21,448,059
Comprehensive income						
Net profit/(loss) for the year	-	(3,247,694)	-	(3,247,694)	(161,844)	(3,409,538)
Other comprehensive income						
Movement in foreign currency translation reserve	-	-	71,155	71,155	-	71,155
Total comprehensive income	-	(3,247,694)	71,155	(3,176,539)	(161,844)	(3,338,383)
Transactions with owners						
Issue of share capital - non-controlling interest (14)	-	-	-	-	1,810,855	1,810,855
Share repurchase (12)	(20,211)	-	-	(20,211)	-	(20,211)
Movement in non-controlling interest (14)	-	1,146,046	-	1,146,046	(1,146,046)	-
Dividend paid - shareholders (12)	-	(494,019)	-	(494,019)	-	(494,019)
Dividend paid - non-controlling interest (14)	-	-	-	-	(424,665)	(424,665)
Total transactions with owners	(20,211)	652,027	-	631,816	240,144	871,960
Balance at 30 June 2016	**$18,495,599**	**(8,686,411)**	**($327,258)**	**$9,481,930**	**$9,499,706**	**$18,981,637**

The attached notes form an integral part of and are to be read in conjunction with these financial statements.

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016	2015
Shareholders equity			
Share capital	(12)	18,495,599	18,515,810
Retained earnings		(8,686,411)	(6,090,744)
Other reserves	(13)	(327,258)	(398,413)
Non-controlling interests	(14)	9,499,706	9,421,406
Total shareholders equity		**$18,981,637**	**$21,448,059**
Assets			
Cash and cash equivalents	(15)	14,329,805	13,984,962
Trade, other receivables and prepayments	(16)	9,844,925	9,053,120
Other financial assets	(17)	30,992	32,836
Inventory	(18)	2,909,899	-
Finance receivables	(19)	53,514,090	34,988,677
Related party receivables	(28)	3,535,787	637,603
Plant and equipment	(20)	104,075	140,019
Deferred tax asset	(10)	209,097	-
Intangible assets and goodwill	(21)	16,284,443	16,777,033
Investments in associates	(22)	1,253,131	1,894,217
Total assets		**$102,016,244**	**$77,508,467**
Liabilities			
Trade, other payables and accruals	(24)	3,141,826	6,589,660
Taxation payable		585,605	812,071
Related party payables	(28)	714,063	1,809,108
Investor deposits	(26)	29,829,031	27,018,096
Deferred tax liability	(10)	-	101,035
Borrowings	(27)	48,764,082	19,730,438
Total liabilities		**83,034,607**	**56,060,408**
Total net assets		**$18,981,637**	**$21,448,059**

For and on behalf of the Board of Directors, dated 21 December 2016

Director

Director

The attached notes form an integral part of and are to be read in conjunction with these financial statements.

BANCORP WEALTH MANAGEMENT NEW ZEALAND LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
Cashflows from operating activities			
Cash was provided from:			
Cash receipts from customers		17,353,718	15,178,456
Interest received		6,625,348	2,811,425
Other cash receipts		823,334	3,769,848
Cash was applied to:			
Cash payments to suppliers and employees		(29,741,364)	(18,604,897)
Interest paid		(2,900,575)	(2,376,855)
Net movement in finance receivables		(20,369,394)	(18,114,465)
Taxation paid		(758,805)	(404,376)
Net cashflows from operating activities	(30)	**(28,967,737)**	**(17,740,864)**
Cashflows from investing activities			
Cash was provided from:			
Disposal of other financial assets		1,844	990
Disposal of Auckland Airbus Business		-	18,274,125
Cash was applied to:			
Purchase of property, plant and equipment		(50,936)	(53,083)
Acquisition of non-controlling interests	(14)	-	(2,021,267)
Purchase of intangible assets	(21)	(11,961)	(3,450)
Net cash flows from investing activities		**(61,054)**	**16,197,315**
Cashflows from financing activities			
Cash was provided from:			
Net movement in borrowings		29,033,644	4,838,779
Proceeds from the issue of share capital - non controlling interest	(14)	1,463,809	3,992,298
Dividend received		169,118	199,109
Net movement in investor deposits		2,810,935	3,519,435
Cash was applied to:			
Payment of dividend - controlling interest	(12)	(494,019)	(747,806)
Payment of dividend - non controlling interest	(14)	(237,500)	(124,000)
Share repurchase - treasury stock	(12)	(20,211)	(1,481,162)
Net proceeds to related parties borrowings		(3,352,142)	(150,213)
Net cashflows from financing activities		**$ 29,373,634**	**10,046,440**
Net cash flows		344,843	8,502,891
Cash and cash equivalents at the beginning of the period		13,984,962	5,482,070
Cash and cash equivalents at the end of the period	(15)	**$14,329,805**	**$13,984,962**

The attached notes form an integral part of and are to be read in conjunction with these financial statements.

1 REPORTING ENTITY

Bancorp Wealth Management New Zealand Limited ('the Company') is incorporated and domiciled in New Zealand, and registered under the Companies Act 1993.

Bancorp Wealth Management New Zealand Limited is a reporting entity for the purposes of the Financial Reporting Act 2013.

The financial statements of Bancorp Wealth Management New Zealand Limited ('the Company') and Subsidiaries (collectively referred to as 'the Group') have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 2013.

For the purpose of complying with generally accepted accounting practice in New Zealand, the Group is a for-profit entity.

The principal activity of the Group is that of private banking, investment and fund management.

The financial statements were authorised for issue by the directors on xxx 2016.

2 BASIS OF PREPARATION OF THE FINANCIAL REPORT

Compliance with IFRS

These financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS'). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) as appropriate for profit-oriented entities.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

Reliance on investors and external funding providors

The Group made a loss from its ordinary activities of $3,409,538 (2015: profit of $618,264) and negative operating cash flows of $8,806,132 (2015: positive cash flows of $572,710) for the year ended 30 June 2016. As at 30 June 2016 the Group has reported net assets of $18,981,637 (2015: $21,448,059).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

The considered view of the Board of Directors of the Group is that, after making enquiries, we have reasonable expectation that Bancorp Wealth Management New Zealand Limited (the Company) and Group have access to adequate resources to continue operations for the foreseeable future. For this reason, the Board of Directors considers the adoption of the going concern assumption in preparing the financial statements for the year ended 30 June 2016 to be appropriate.

The Board of Directors has reached this conclusion having regard to circumstances which it considers likely to affect the Company and Group during the period of at least one year from December 2016, and to circumstances which it considers will occur after that date which will affect the validity of the going concern assumption. They key considerations are set out below:

> Maintenance of historical investor redeposit rates;
> Continued availability of sufficient funding from existing funding providers, and
> Continued success of on-going cost management initiates.

2 BASIS OF PREPARATION OF THE FINANCIAL REPORT *- continuted*

Reliance on investors and external funding providors *- continued*

The Board of Directors has reviewed the performance and cash flow forecasts prepared by management that cover a period of at least one year from December 2016. The Board of Directors have obtained sufficient satisfaction to believe that during this period there will be adequate cash flows generated from operating activities and/or sufficient cash from injections of further funds or borrowings facilities available to meet the cash flow requirements of the Company and Group.

The Board of Directors are aware from their review of the forecast performance and cash flows that there is a need to retain continued support of significant investors and external funding providers. The Board of Directors believes the plans they have in place and intentions to execute these plans to meet this need are sufficient to prepare the financial statements using the going concern assumption. These plans include:
- closely monitoring the performance of the Group on a monthly basis;
- managing the variable costs of the Group's operations;
- closely monitoring the cash flows of the Group to ensure adequate cash is on hand to discharge its liabilities in the ordinary course of business; and
- reporting on the outcome of the above actions to the significant investors and external funding providers on a regular basis.

The outcome of these plans and impact on underlying performance and cash flow forecasts are materially uncertain.

Should the Group not continue to receive financial support from its significant investors and external funding providers, this would give rise to a material uncertainty in relation to the Group's ability to continue as a going concern. If the Group were unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that may arise, and to reclassify long-term liabilities as current liabilities in the Statement of Financial Position.

Presentation

All assets and liabilities in the Statement of Financial Position have been presented based on liquidity as it is deemed more relevant in understanding the Group's financial position.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis for consolidation

(i) Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls the entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(a) Basis for consolidation - *continued*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If there is a deficit (i.e. a bargain purchase), the deficit is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Business combinations of commonly controlled entities

Business combinations involving entities or businesses under common control are those in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination.

Assets and liabilities assumed in business combinations of commonly controlled entities are measured initially at acquisition date at the book values of the acquired assets and liabilities. Any difference between the cost of acquisition and the book values of the assets and liabilities acquired is recorded directly in equity against retained earnings.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(a) Basis for consolidation - *continued*

(v) Associates and joint ventures

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint control is the contractually agreed sharing of control over an entity or economic activity, and exists only when the strategic financial and operating decisions relating to the entity or economic activity require the unanimous consent of the shareholders (in the case of an entity) or the parties sharing control (in the case of an economic activity). Investments in associates and joint arrangements are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates/joint arrangements includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate/joint arrangements.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate/joint arrangements in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate/joint arrangements are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates/joint arrangements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates/joint arrangements have been changed where necessary to ensure consistency with the policies adopted by the group.

Any dilution gains and losses arising in investments in associates/joint arrangements are recognised in the statement of comprehensive income.

(vi) Non-controlling interest

Where the losses applicable to a non-controlling interest exceed the non-controlling interest in the subsidiary's equity, the excess and any further losses applicable to the non-controlling interest, are allocated against the majority interest except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the non-controlling interest's share of losses previously absorbed by the majority has been recovered.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(b) New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(i) New and amended standards adopted by the Group

No new standards, amendments and interpretations to existing standards mandatory for the first time for the financial year beginning 1 July 2015 have been adopted by the Group in preparing these financial statements.

***(ii)* New and amended standards, and interpretations mandatory for first time adoption for the financial year beginning 1 July 2015 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)**

There are a number of new and amended standards, and interpretations mandatory for first time adoption for the financial year beginning 1 July 2015 but not currently relevant to the Group in preparing these financial statements. These new and amended standards and interpretations are not expected to have an impact on the Group's financial statements.

(iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2015 and not early adopted by the Group

The following are new standards, amendments and interpretations issued but not effective for the Group's accounting period beginning 1 July 2015, and the Group has not early adopted them:

NZ IFRS 9 Financial Instruments

- NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in NZ IAS 39, 'Financial Instruments: Recognition and Measurement', that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ('OCI') and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. The standard has a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The group is yet to assess NZ IFRS 9's full impact and intends to adopt NZ IFRS 9 no later than the accounting period beginning on or after 1 June 2018.

NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15 introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price
- Step 5: Recognise revenue when a performance obligation is satisfied

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(b) New and amended standards and interpretations - *continued*

(iii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2014 and not early adopted by the Group - *continued*

NZ IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The impact of NZ IFRS 15 has not yet been quantified. The Company is yet to assess NZ IFRS 15's full impact and intends to adopt NZ IFRS 15 no later than the accounting period beginning on or after 1 June 2018.

NZIFRS 16 Leases

NZ IFRS 16 will replace NZ IAS 17 Leases. NZ IFRS 16 eliminates the distinction between operating and finance leases for lessees and will result in lessees bringing most leases onto their Statements of Financial Position.

The main changes affect lessee accounting only – lessor accounting is mostly unchanged from NZ IAS 17.

NZ IFRS 16 introduces the following:

• Use of a control model for the identification of leases:
This model distinguishes between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.

• Distinction between operating and finance leases removed:
Assets (a right-of-use asset) and liabilities (a lease liability reflecting future lease payments) will now be recognised in respect of all leases, with the exception of certain shortterm leases and leases of low value assets.

The impact of NZ IFRS 16 has not yet been quantified. The Company is yet to assess NZ IFRS 16's full impact and intends to adopt NZ IFRS 16 no later than the accounting period beginning on or after 1 April 2019.

There are a number of other new standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2015 and not early adopted by the Group in preparing these financial statements. These other new standards, amendments and interpretations are not expected to have an impact on the Group's financial statements.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in New Zealand dollars (NZD), which is the Group's presentation currency. All financial information has been rounded to the nearest dollar.

(d) Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(d) Foreign currency - *continued*

The results and financial position of the Group entity that has a functional currency different from the presentation currency is translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position item presented are translated at the closing rate at the date of the statement of financial position;

- Income and expenses for each statement of comprehensive income item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity.

(e) Goods and services tax (GST)

All revenue and expense transactions and cashflows are recorded exclusive of GST and other value added taxes. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated with GST included.

(f) Revenue

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*

  Interest income recognised in profit or loss as it accrues, using the effective interest method (also refer significant accounting policy (h) below).

- *Brokerage and establishment fees*

  Brokerage and establishment fees are recognised over the term of the financial asset to which they relate.

  Revenue from the brokerage of insurance coverage are recognised when it is probable that the Group will be compensated for services rendered and the amount of consideration for such services can be reliably measured. This is deemed to be the renewal date of the underlying insurance.

  An allowance is made for anticipated lapses and cancellations based on historical lapses and cancellations

  Unearned revenue is recorded on the statement of financial position as deferred income and subsequently recognised through profit or loss when the services are rendered.

- *Revenue from sale of goods*

  Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

3 SIGNIFICANT ACCOUNTING POLICIES *- continued*

(f) Revenue *- continued*

- *Rental revenue*

  Rental revenue in relation of operating leases on the Group's investment properties is recognised in profit or loss in the statement of comprehensive income on a straight-line basis over the term of the lease.

- *Dividend revenue*

  Dividend revenue is recognised when the right to receive a dividend has been established.

- *Auckland Airbus revenue*

  Auckland Airbus revenue comprises cash sales revenue and advertising revenue.

  Cash sales revenue represents amounts charged for the carriage of persons and is recognised at the time of sale.

  Advertising revenue is recognised on a straight line basis over the term of the contract.

(g) Expenses

Expenses are recognised as incurred in profit or loss on an accrual basis. The following specific recognition criteria must also be met before expenses are recognised:

- *Interest expense and borrowing costs*

  Interest expense and borrowing costs are recognised in profit or loss as they accrue, using the effective interest method (also refer significant accounting policy (h) below).

- *Brokerage and establishment fees*

  Brokerage and establishment fees are recognised over the term of the financial liability to which they relate.

(h) Interest income and interest expense

Interest income and interest expense are recognised in profit or loss as they accrue, using the effective interest method.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability. The application of the method has the effect of recognising income and expense on the financial asset or liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

For acquired finance receivables, the effective interest rate allocates the difference between the purchase price of the portfolio and the future cashflows expected to be derived from the portfolio over the expected life of the acquired finance receivables on a yield to maturity basis.

3 SIGNIFICANT ACCOUNTING POLICIES *- continued*

(i) Income tax

Income tax on net profit for the period comprises current and deferred tax. Income tax is recognised in profit or loss except when it relates to items recognised outside profit or loss (equity or other comprehensive income), in which case it is also recognised outside profit or loss.

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

(j) Financial instruments

Basis of recognition and measurement

The Group classifies financial instruments into one of the following categories at initial recognition: financial assets or liabilities at fair value through profit or loss, available for sale, loans and receivables, held to maturity, and financial liabilities measured at amortised cost.

Some of these categories require measurement at fair value. Where available, quoted market prices are used as a measure of fair value. Where quoted market prices do not exist, fair values are estimated using present value or other market accepted valuation techniques, using methods and assumptions that are based on market conditions and risks existing as at balance date.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Group's contractual rights to the cash flows expire or if the Group transfers them without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognised if the company's obligations specified in the contract are extinguished.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(j) Financial instruments - *continued*

Financial assets - *continued*

Purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. For aquired finance receivables, the transaction price is deemed to be fair value unless fair value can be demonstrated by reference to a quoted price in an active market or it is based on a valuation technique that uses only market observable data. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income, except for foreign exchange movements on monetary assets, which are recognised in profit or loss. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired.

If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the financial asset acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss

(i) Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

The Group has not classified any financial assets in this category.

(ii) Available for sale financial assets

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss. Certain shares held by the Group are classified as available for sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available for sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available for sale revaluation reserve is included in the profit or loss for the period.

The Group has not classified any financial assets in this category.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable.

Assets in this category are measured at amortised cost using the effective interest method less any impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES *- continued*

Financial assets *- continued*

(iii) Loans and receivables *- continued*

The Group's loans and receivables comprise cash and cash equivalents, trade and other receivables, related party receivables and finance receivables.

(iv) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

The Group has not classified any financial assets in this category.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. When a financial asset carried at amortised cost is uncollectible, it is written off against the allowance account. A financial asset carried at amortised cost is deemed to be uncollectible upon notification of insolvency of the debtor or upon receipt of similar evidence that the Group will be unable to collect the trade receivable. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed. Subsequent recoveries of financial asset carried at amortised cost previously written off are credited against the allowance account.

Financial liabilities

(i) Financial liabilities at fair value through profit or loss

This category has two sub categories: financial liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial liability is classified in this category if acquired principally for the purpose of paying in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Liabilities in this category are classified as current liabilities if they are either held for trading or are expected to be realised within 12 months of the balance date.

The Group has not classified any financial liabilities in this category.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial liabilities - *continued*

(ii) Financial liabilities

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the other financial liabilities using the effective interest method.

The Group's financial liabilities comprise trade and other payables, related party balances, investor deposits and borrowings.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown in current liabilities on the statement of financial position. Investments that qualify as a cash equivalent are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

(l) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective evidence of impairment.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss against the allowance account.

Subsequent recoveries of amounts written off are recognised in profit or loss.

(m) Finance receivables

Finance receivables are initially recognised at fair value including transaction costs that are directly attributable to the issue of the advance. They are subsequently measured at amortised cost using the effective interest method, less any impairment loss.

Past due assets: A financial asset on which a counterparty has failed to make a payment when contractually due and is not a restructured asset or impaired asset.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(m) Finance receivables - *continued*

The classes of impaired assets are:

- Restructured assets: A restructured asset is any asset for which the original terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulties in complying with the original terms, the revised terms of the facility are not comparable with the terms of new facilities with comparable risks; and the yield on the asset following restructuring is equal to, or greater than, the institution's average cost of funds, or a loss is not otherwise expected to be incurred.
- Financial assets acquired through the enforcement of security: The Group does not acquire assets through the enforcement of security. Where repossession of security occurs the assets remain owned by the borrower and any realisation proceeds are applied immediately to the outstanding debt.
- Other impaired assets: An impaired asset is an asset for which an impairment loss has been recognised, but is not a restructured asset or a financial asset acquired through the enforcement of security.

Impairment of finance receivables:

- Finance receivables are regularly reviewed for impairment loss. Credit impairment provisions are raised for receivables that are known to be impaired. Finance receivables are impaired and impairment losses incurred if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the loan and that loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the individual finance receivable or the collective portfolio of finance receivables.
- The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:
  - delinquency in contractual payments of principal or interest;
  - initiation of bankruptcy proceedings; and
  - deterioration in the value of collateral.
- Impairment is assessed initially for assets that are individually significant. Impairment is then collectively assessed for assets that are not individually significant.

  Where an asset is determined to not be individually impaired, is included in a group of assets with similar risk characteristics and collectively tested with that group for impairment. The amount of impairment recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

  The provision for credit impairment is deducted from finance receivables in the statement of financial position and the movement in the provision for the reporting period is reflected in profit or loss as an impaired asset expense.

  When a finance receivable is uncollectible, it is written off against the related provision for finance receivable impairment. Subsequent recoveries of amounts previously written off are taken through profit or loss.

Where impairment losses recognised in previous periods are subsequently decreased or no longer exist, such impairments are reversed through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES *- continued*

(n) Investments in equity securities

Investments in equity instruments (other than investments in subsidiaries) are valued at their fair value. Where investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

(o) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

(p) Borrowings and investor deposits

Borrowings and investor deposits are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings or deposits using the effective interest method.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the 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 reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Employee benefits

Liabilities for employee entitlements are carried at the present value of the estimated future cash flows.

Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, statutory days in lieu, annual leave and sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Superannuation plans
The Group pays contributions to superannuation plans, such as Kiwisaver. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3 SIGNIFICANT ACCOUNTING POLICIES *- continued*

(s) Plant and equipment

Initial recognition
Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs
Subsequent costs are added to the carrying amount of an item of plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The depreciation rates used for each class of assets are:

Class of plant and equipment	*Depreciation Rate*	*Depreciation Basis*
Furniture & fittings	15.00%	Diminishing Value
Leasehold improvements	20.00%	Diminishing Value
Office equipment	12.5%-60.0%	Diminishing Value
Coaches	5.50%	Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(t) Intangible assets

Goodwill
Goodwill arises on the acquisition of subsidiaries, associates and joint arrangements and represents the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the Group's interest in net identifiable assets acquired, liabilities assumed and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives of 3 to 5 years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

Customer related intangible assets
Contract related intangible assets are initially recorded at their purchase price and amortised on a straight line basis over their contractual life, taking into account any residual values. Customer relationship related intangible assets are initially recorded at their purchase price and as their useful life cannot be reliably estimated, are subject to an annual impairment test. All customer related intangible assets balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer written off.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(t) Intangible assets - *continued*

The Group's customer related intangible assets include purchased contracts and non-contractual customer relationships.

(u) Impairment of non-financial assets

Intangible and tangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets not yet available for use are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(v) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

(i) Operating leases where the Group is the lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged through profit and loss on a straight-line basis over the period of the lease.

(ii) Operating leases where the Group is the lessor
Property leased out under operating leases is included in investment property in the statement of financial position. Lease income is recognised over the term of the lease on a straight-line basis.

Finance Leases
Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

When the leased asset is subject to a sale and lease back arrangement and the lease meets the definition of a finance lease, in substance the arrangement is a loan secured over the leased asset. In this situation the arrangement is classified as a loan and is included within finance receivables.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(w) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets (or disposal group) in available for immediate sale in its present condition, and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

(x) Share capital

Share capital is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(y) Distributions

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

(z) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach.

Cash and cash equivalents includes cash on hand, cash held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows from finance receivables, related party receivables and payables, investor deposits and borrowings have been netted to provide meaningful disclosure to better reflect the activities of the Group. For cash flows relating to finance receivables and investor deposits to reflect the activities of the borrower or depositor, respectively. For related party receivables and payables and borrowings to reflect the activities of party providing the funding.

The following are the definitions of the terms used in the statement of cash flows:

Operating activities
Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities
Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangible assets, finance receivables and of investments. Investments can include securities not falling within the definition of cash.

Financing activities
Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid (if any) in relation to the capital structure are included in financing activities.

3 SIGNIFICANT ACCOUNTING POLICIES - *continued*

(aa) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors, as they make all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure) and assess the performance of the operating segments of the Group.

(ab) Changes in accounting policies

Other than the adoption of new and amended standards and interpretations as outlined in 'basis of preparation of financial report' of Note 3 (b), there were no other changes in accounting policies.

(ac) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(ad) Inventories

Inventories are measured at the lowest of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4 CRITICAL ACCOUNTING ESTIMATES/JUDGEMENTS

These financial statements comply with NZ GAAP and International Financial Reporting Standards In the application of NZ IFRS, the Board of Directors and management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from the estimates, judgments and assumptions made by the Board of Directors and management.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

In particular, information about significant areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is outlined below:

(i) Current and deferred income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Refer also note 10.

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 can be deducted. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. Refer also note 10.

(ii) Impairment of trade, finance and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables, financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics and adjusted as necessary on the basis of current observable data to reflect the effect of current conditions. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. Refer also notes 16 and 19.

4 CRITICAL ACCOUNTING ESTIMATES/JUDGEMENTS - *continued*

(iv) Impairment of goodwill and indefinite life intangible assets

The recoverability of the carrying value of goodwill and indefinite life intangible assets is assessed at least annually to ensure that it is not impaired. With respect to goodwill, this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash-generating unit (CGU), which entails making judgements, including the determination of the CGU's themselves, the expected rate of growth of revenues, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows. Refer also note 21. With respect to other indefinite life intangible assets, this assessment requires management to compare current year trading volumes for those customers with those trading volumes on acquisition dates. Any non-temporary reduction in trading volumes will result in an impairment of the carrying value of the intangible relating to that particular customer. Refer also note 21.

(v) Classification of Boston Marks Holdings Limited as a subsidiary

The Group has classified Boston Marks Holdings Limited (‘BMHL’) as a Group subsidiary. BMHL has been consolidated into the group as the control of the company lies with the Group, despite only holding 49.91% (2015: 49.91%) of the shares at balance date (refer note 14 and 28).

With effect from 1 July 2012 PM Equities Limited (who hold the remaining 51.08% (2015: 51.08%) ownership interest in BMHL) issued BMG Management Limited ('BML') with an option to acquire a further 35% of the issued capital of BMHL at any time for the fair value of those shares. The option had a term of 18 months, meaning the option was to expire on 31 December 2013 if not exercised before that date. Subsequent to this, the option was rolled over twice for a further 12 months. The new expiry date is 31 December 2016 (2015: 31 December 2015).

Accordingly, BML's 49.91% (2015: 49.91%) holding of BMHL shares and BML's option to acquire a further 35% holding of BMHL's shares gives BML the current and potential voting rights equal to 75%. 75% is the percentage required for significant decisions requiring shareholder approval included in the BMH shareholder agreement. As the current and potential voting rights that BML has in BMHL enables BML to unilaterally direct the relevant activities of BMHL, BML has control over BMHL.

5 OPERATING REVENUE

	Note	2016	2015
Interest income			
- Interest income - bank		322,090	648,733
- Interest income - finance receivables		1,994,864	2,162,691
- Interest income - MRO		4,308,394	-
		6,625,348	2,811,424
Other fee income		5,332	31,658
Insurance brokerage income		15,342,831	13,926,860
Sale of goods - aircraft		2,606,228	-
Total operating revenue		**$24,579,740**	**$16,769,942**

6 OTHER REVENUE

	Note	2016	2015
Foreign exchange fee income		28,108	25,954
Foreign exchange gains		1,097	1,806,932
Dividend income		345	335
Gain on disposal of Airbus Express Business Operation	(29)	-	3,774,125
Insurance proceeds		-	420,381
Other non-operating revenue		913,130	679,834
Total other revenue		**$942,681**	**$6,707,561**

7 OPERATING EXPENSES

	Note	2016	2015
Interest expense			
- Interest expense - bank		1,349,987	956,601
- Interest expense - other		1,550,587	1,356,263
- Interest expense - related party		-	6,690
		2,900,575	2,319,554
Brokerage and establishment fee expense		457,151	1,004,410
Cost of sales - aircraft		2,708,844	-
Other fees charged		280,722	33,760
Total operating expenses		**$6,347,292**	**$3,357,724**

8 ADMINISTRATIVE EXPENSES

	Note	2016	2015
Auditors remuneration:			
Staples Rodway, Auckland New Zealand - Audit of financial statements		257,160	270,981
Staples Rodway, Auckland New Zealand - Tax compliance services		15,363	4,140
Staples Rodway, Auckland New Zealand - Other services		5,865	-
Fees paid to other auditors of Group			
BDO, Wellington, New Zealand - Audit of financial statements		56,591	21,855
BDO, Sunshine Coast, Australia - Audit of financial statements		57,307	39,631
Moore Stephens LLP, London, UK - Audit of financial statements		69,432	41,314
Castellon & Company, PL, Florida, USA - Audit of financial statements		37,459	40,637
Barrett & Partners, Port Vila, Vanuatu - Audit of financial statements		4,832	4,128
Total auditors remuneration		**$504,009**	**$422,686**
Depreciation expense on plant & equipment:			
- Furniture and fittings	(20)	751	311
- Leasehold Improvements	(20)	26,659	30,942
- Office equipment	(20)	59,471	68,365
Total depreciation expense on plant & equipment		**$86,880**	**$99,618**
Amortisation and impairment expense:			
- Computer software	(21)	1,827	998
- Customer related intangible assets - Boston Marks	(21)	502,725	98,190
- Goodwill Impairment - Boston Marks	(21)	-	467,600
Total amortisation and impairment expense		**$504,551**	**$566,788**
Rental and lease expense:			
- Rent expense		1,066,694	1,016,656
Total rental and lease expense		**$1,066,694**	**$1,016,656**
Directors fees			
- Directors fees	(28)	309,600	272,126
Total directors fees		**$309,600**	**$272,126**
Impairment and bad debts expense:			
- Finance receivables bad debts		1,104,312	-
- Trade receivables bad debts		109,556	278,858
- Movement in finance receivables impairment provision	(19)	630,112	(415,072)
Total impairment and bad debts expense		**$1,843,980**	**($136,214)**
Employee benefits expense:			
- Salaries and wages		10,936,823	10,041,196
- Other employee benefits		601,632	626,484
Total employee benefits expense		**$11,538,455**	**$10,667,680**

9 OTHER EXPENSES

	Note	2016	2015
Foreign exchange loss		934,715	37,541
Total other expenses		**$934,715**	**$37,541**

10 TAXATION

(a) Income tax

	Note	2016	2015
Net profit/(loss) for the year before tax from continuing operations		(3,189,256)	930,365
Net profit/(loss) for the year before tax from discontinued operations		1,924	4,868
Total net profit/(loss) for the year before tax		(3,187,331)	935,233
Income taxation at prevailing tax rates		(973,351)	523,840
Prior period adjustments		-	(48,094)
Non-deductible expenses		804,149	280,685
Non-assessable income		(234)	(1,097,512)
Temporary differences not recognised		543,429	453,160
Utilisation of prior period unrecognised tax losses		(617,227)	(215,578)
Overseas tax losses not recognised		271,823	684,920
Group tax loss offset		193,616	(264,452)
		222,206	**$316,969**
Tax expense relating to discontinued operations	(37)	9,876	161,979
Tax expense relating to continuing operations		212,330	154,989
Current tax expense		**$222,206**	**$316,969**
Deferred tax expense:			
- Origination and reversal of temporary differences		1,133,915	913,347
- Recognition of tax losses		(911,708)	(596,378)
Taxation expense per the statement of comprehensive income		**$222,206**	**$316,969**

(b) Deferred tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group did not recognise a deferred income tax asset in the current year (2015: $Nil) in respect of losses (2015: $Nil) that can be carried forward against future taxable income. The ability to utilise these tax losses depends on the generation of sufficient assessable income, and the statutory requirements for shareholder continuity being met.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority.

10 TAXATION - *continued*

(b) Deferred tax - *continued*

	Note	2016	2015
Deferred tax assets:			
To be recovered within 12 months		1,007,041	734,972
To be recovered after more than 12 months		-	-
		1,007,041	734,972
Deferred tax liabilities:			
To be recovered within 12 months		(797,944)	(836,007)
To be recovered after more than 12 months		-	-
		(797,944)	(836,007)
Net deferred tax asset/(liability)		**$209,097**	**($101,035)**

The gross movement on the deferred income tax account is as follows:

Group	Accelerated Depreciation	Accelerated Amortisation	Receivables Impairment Provisions	Other Provisions	Tax Losses	Total
Balance at 1 July 2014	(22,436)	(120,552)	(411,611)	69,077	378,322	(107,200)
Charged to profit and loss	19,602	73,600	(374,610)	69,517	218,056	6,165
Balance at 30 June 2015	**(2,834)**	**(46,952)**	**(786,221)**	**138,594**	**596,378**	**($101,035)**
Charged to profit and loss	1,405	(88,309)	124,967	(43,261)	315,330	310,132
Balance at 30 June 2016	**($1,429)**	**($135,261)**	**($661,254)**	**$95,333**	**$911,708**	**$209,097**

(c) Imputation credit account

	2016	2015
Balance at the beginning of the year	718,013	449,411
New Zealand tax payments	58,406	332,106
New Zealand tax refunds	(46,144)	(33,958)
RWT paid	54,927	111,445
Imputation Credits attached to Dividends paid	(293,529)	(145,304)
Transfers in	30,244	-
Other credits	(1,662)	-
Other debits	870	4,312
	$521,125	**$718,013**

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit /(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is equal to basic earnings per share as there are no outstanding convertible instruments, share options or warrants on issue. The earnings per share for profit /(loss) attributable to the equity holders of the Company and Group for the year is as follows:

	2016	2015
Profit after tax attributable to the equity holders from continuing operations	(3,401,586)	775,376
Profit/(loss) after tax attributable to the equity holders from discontinued operations	(7,951)	(157,112)
Weighted average number of ordinary shares on issue	9,999,599	9,999,599
Basic and diluted earnings per share from continuing operations ($ per share)	(0.34)	0.08
Basic and diluted earnings per share from discontinued operations ($ per share)	(0.00)	(0.02)
From Profit after tax for the year	**(0.34)**	**0.06**

12 EQUITY

	Notes	Number of Ordinary Shares	Value $
Share capital			
On issue at 1 July 2015		9,999,599	19,996,972
On issue 30 June 2016		**9,999,599**	**19,996,972**
Treasury Stock			
On issue 1 July 2015		(238,854)	(1,481,162)
Share re-purchase	(i)	(4,000)	(20,211)
		(242,854)	**($1,501,373)**
Total share capital 30 June 2016		**9,756,745**	**$18,495,599**

All ordinary shares issued are authorised, fully paid, have no par value and have equal voting rights. The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regards to the Company's residual assets. There are no unissued authorised ordinary shares on issue.
Movements in share capital:

(i) On 12 May 2016 the company undertook to repurchase 2,000 of its own shares for a consideration of $10,707.

(i) On 28 June 2016 the company undertook to repurchase 2,000 of its own shares for a consideration of $9,505.

	2016		2015	
	Price per share	**Value**	**Price per share**	**Value**
Interim dividend	0.25	250,000	0.20	249,990
Final dividend	0.25	244,019	0.25	497,816
		$494,019		**$747,806**

13 OTHER RESERVES

Other reserves consist of:	2016	2015
Foreign currency translation reserve	(327,258)	(398,413)
	($327,258)	**($398,413)**

Foreign currency translation reserve:

Balance at the beginning of the year	(398,413)	(583,805)
Movement during the year	71,155	185,392
Balance at the end of the year	**($327,258)**	**($398,413)**

14 NON-CONTROLLING INTERESTS

Non-controlling interests within the Group arise from situations where the Group controls a subsidiary, but does not hold 100% of the issued share capital of these subsidiaries. At reporting date, the Group's investments in the following subsidiaries gave rise to non-controlling interests.

Non-controlling interests consist of:	**2016**	**2015**
Aviation Capital Limited	868,762	824,964
BMG Management Limited	(224,734)	(224,734)
Boston Marks Holdings Limited	8,998,714	8,777,737
Castlerock First Capital Limited	(141,107)	43,438
Co-Ownership Housing Limited	(1,929)	-
	$9,499,706	**$9,421,406**

Aviation Capital Limited

Balance at the beginning of the year	824,964	417,165
Share of dividend paid	-	(124,000)
Share of movements through profit and loss	43,798	531,799
	$868,762	**$824,964**

Non-controlling interests hold 25% (2015:25%) ownership in Aviation Capital Limited as such the Group holds 75% (2015:75%) ownership in Aviation Capital Limited. These non-controlling interests are held by Trusts controlled by the Directors of the Company, as described in notes 23 and 28. The consideration paid by these Trusts to acquire these non-controlling interests totalled $25 (2015:$25).

BMG Management Limited

Balance at the beginning of the year	(224,734)	5,276
Share of movements through profit and loss	-	(230,010)
	($224,734)	**($224,734)**

Non-controlling interests hold 25% (2015:25%) ownership in BMG Management Limited as such the Group holds 75% (2015:75%) ownership in BMG Management Limited. These non-controlling interests are held by Trusts controlled by the Directors of the Company, as described in notes 23 and 28. The consideration paid by these Trusts to acquire these non-controlling interests totalled $25 (2015:$25).

Boston Marks Holdings Limited

	Notes		
Balance at the beginning of the year		8,777,738	5,607,470
Issue of ordinary share capital in Boston Marks Holdings Limited to non-controlling interests		1,810,807	3,961,523
Share of dividends/distributions for the year		(187,165)	-
Share of movements through profit and loss		(256,620)	(2,628,877)
Movement in non-controlling interest	(23) (i)	(1,146,046)	1,837,622
		$8,998,714	**$8,777,738**

Non-controlling interests hold 50.09% (2015: 50.09%) of the issued capital of Boston Marks Holdings Limited and as such the Group holds 49.91% (2015: 49.91%) of the issued capital of Boston Marks Holdings Limited. Boston Marks Holdings Limited has been consolidated into the Group as the control of the company lies with the Group, despite only holding 49.91% (2015: 49.91%) of the shares at balance date (refer note 23).

14 NON-CONTROLLING INTERESTS - *continued*

During the current year, Boston Marks Holdings Limited issued additional 2,922,391 ordinary shares for total consideration of $2,918,834. BMG Management Limited purchased 1,533,398 shares for $1,455,000 and the non-controlling interest purchased the remaining 1,388,993 shares for $1,463,834 (refer note 23). (2015: 8,324,712 for total consideration of $7,908,477. BMG Management Limited purchased 4,154,867 shares for $3,946,954 and the non-controlling interest purchased the remaining 4,169,845 shares for $3,961,523.) These share purchases did not result in a shareholding percentage change, as the shares issued were in proportion to current shareholding.

Castlerock First Capital Limited

	2016	2015
Balance at the beginning of the year	43,438	-
Issue of share capital	-	30,775
Share of dividends /distributions for the year	(237,500)	-
Share of movements through profit and loss	52,955	12,663
	($141,107)	**$43,438**

Non-controlling interests hold 25% (2015: 25%) of the issued capital of Castlerock First Capital Limited and as such the Group holds 75% (2015: 75%) of the issued capital of Castlerock First Capital Limited. These non-controlling interests are held by Trusts controlled by the Directors of the Company, as described in notes 23 and 28. The consideration paid by these Trusts to acquire these non-controlling interests totalled $30,775 (2015:$30,775).

Co-Ownership Housing Limited

	2016	2015
Balance at the beginning of the year	-	-
Issue of share capital	48	-
Share of movements through profit and loss	(1,977)	-
	($1,929)	**$0**

Non-controlling interests hold 48% (2015: Nil) of the issued capital of Co-Ownership Housing Limited and as such the Group holds 52% (2015: 100%) of the issued capital of Co-Ownership Housing Limited. These non-controlling interests are held by Trusts controlled by the Directors of the Company, as described in notes 23 and 28. The consideration paid by these Trusts to acquire these non-controlling interests totalled $48 (2015:$Nil).

15 CASH AND CASH EQUIVALENTS

	2016	2015
Cash on hand- on call	11,052,107	8,343,277
Cash on hand- on deposit	3,277,698	5,641,685
	$14,329,805	**$13,984,962**

The effective interest rates on short term bank deposits were between 0% - 3.66% (2015: 0% - 4.65%).

16 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2016	2015
Trade receivables	1,827,411	595,341
Commissions receivable	7,082,235	7,351,338
Total trade receivables	8,909,645	7,946,679
Other receivables	693,518	514,858
Prepayments	233,083	478,224
Accrued Income	8,680	113,359
Total current trade and other receivables and prepayments	**$9,844,925**	**$9,053,120**

All trade and other receivables are not secured by any collateral or credit enhancement.

17 OTHER FINANCIAL ASSETS

	2016	2015
Available for sale equity instruments:		
Other	30,992	33,826
	$30,992	**$33,826**

The group holds small parcels of shares in companies listed on the Australian stock exchange.

18 INVENTORY

	2016	2015
Aircrafts	2,909,899	-
	$2,909,899	**-**

19 FINANCE RECEIVABLES

	2016	2015
Acquired		
Mortgages	2,405,030	3,830,304
Telcommunications financing	39,228,871	11,718,661
Originated		
Mortgages	4,933,182	4,247,337
Restructured mortgages	5,526,242	9,235,572
Vendor financing	1,305,644	1,712,599
Sale and lease back arrangement, where the lease meets the definition of a finance lease	1,997,097	4,907,965
Gross finance receivables	55,396,066	35,652,438
Provision for impairment	(1,881,976)	(2,465,375)
Net finance receivables	**$53,514,090**	**$33,187,062**

Acquired finance receivables: These are finance receivables purchased by the Group at a discount to face value. The Group manages these finance receivables with an objective of collecting contractual cash flows from such receivables.

Originated finance receivables: These finance receivables are funded by the Group. The Group manages these finance receivables with an objective of collecting contractual cash flows from such receivables.

Mortgages: These are mortgage finance receivables that bear interest ranging from 6.75% per annum to 9.75% per annum (2015: 6.75% per annum to 10.45% per annum). These finance receivables are either: interest only loans with interest repayable monthly and principal repayable on maturity; or principal and interest loans with monthly and principal and interest repayable until maturity. These finance receivables are secured by first ranking registered mortgages, with varying repayment dates due within 36 months of reporting date.

During the prior year the Group acquired a portfolio of mortgage finance receivables with a carrying value of $4.9m for $4.2m. As there is no active market for assets of this nature, the $0.7m gain arising upon acquisition was deferred on acquisition date and subsequently recognised through profit and loss over the weighted average expected term to maturity of the portfolio of mortgage finance receivables acquired on a straight-line basis. At 30 June 2016, the unamortised deferred gain was $148,473 (2015: $0.6m).

Restructured mortgages: There are mortgage finance receivables that bear interest at inception at 0.0% to 15% per annum (2015: 10.5% to 15%). These finance receivables are capitalised interest loans with interest and principal repayable upon maturity. There are three (2015: three) loans included within this balance. These finance receivables are secured by first ranking registered mortgages, with repayment due within 6 to 24 months of reporting date.

Telecommunications financing: During the prior year the Group entered into a finance receivable funding arrangement with a telecommunications company in respect of mobile devices purchased by the telecommunications company's customers under an interest free financing arrangement offered by the telecommunications company. These finance receivables bear interest ranging from 10.3% per annum to 22.5% per annum, (2015: 9.39%) with principal and interest instalments repayable monthly until maturity. This loan book acts as security for the Westpac Bank (CFCL) borrowing facility described in Note 27.

Vendor financing: This vendor financing finance receivable was provided to the purchaser of East & Partners Pty Ltd (previously a Group subsidiary) by the Group. This finance receivable is interest free. This finance receivable is secured by first ranking registered security over the shares in East & Partners Pty Ltd, with monthly principal repayable until maturity, due within 12 months of reporting date.

19 FINANCE RECEIVABLES *- continued*

Sales and lease back arrangements: These are sale and lease back arrangement finance receivables where the leases entered into by the Group met the definition of a finance lease. There is one (2015: three) sale and lease back arrangement finance receivable within this balance. This finance lease bears interest at 22% per annum (2015: ranging from 20% per annum to 30% per annum). This finance receivable constitutes principal and interest. The finance receivable is secured by first ranking registered security over the leased asset, with repayment due within 6 months of reporting date.

Gross finance receivables for which impairment has been recognised:

	Note	Individually Impaired		Collectively Impaired	
		2016	2015	2016	2015
Gross finance receivables:					
Balance at the beginning of the year		10,948,172	10,810,836	-	-
Additions/(deletions) during the year		(4,116,285)	137,336	39,228,871	-
Balance at the end of the year		**$6,831,887**	**$10,948,172**	**39,228,871**	**-**

		Individual Impairment		Collective Impairment	
		2016	2015	2016	2015
Provision for impairment:					
Balance at the beginning of the year		(2,465,375)	(2,880,447)	-	-
Write-offs during the year		1,213,511	-	-	-
Decrease/(increase) through profit or loss during the year	(8)	(461,422)	415,072	(168,690)	-
Balance at the end of the year		**($1,713,286)**	**($2,465,375)**	**($168,690)**	**-**

Gross finance receivables for which impairment has been recognised relate to the restructured finance receivables, mortage finance receivables,telecommunications finance receivables and vendor financing receivables only. All other financial receivables are not impaired.

20 PLANT AND EQUIPMENT

(a) Carrying values of property, plant and equipment

	Cost	Accumulated Depreciation	Carrying Value	Depreciation Expense
2016				
Furniture and fittings	4,750	(1,757)	2,993	751
Leasehold improvements	152,072	(146,734)	5,337	26,659
Office equipment	585,931	(490,185)	95,745	59,471
	$742,752	**($638,677)**	**$104,075**	**$86,880**
2015				
Furniture and fittings	3,916	(1,007)	2,909	311
Leasehold improvements	182,048	(154,741)	27,308	30,942
Office equipment	593,707	(483,905)	109,802	68,365
	$779,671	**($639,652)**	**$140,019**	**$99,618**

(b) Movements in the carrying values of plant and equipment

	Note	Furniture and fittings	Office equipment	Leasehold Improvements	Total
Balance at 1 July 2014		1,765	132,191	52,599	186,554
Additions/(Disposals)		1,455	45,976	5,651	53,082
Depreciation		(311)	(68,365)	(30,942)	(99,618)
Balance at 30 June 2015		**$2,909**	**$109,802**	**$27,308**	**$140,019**
Additions/(Disposals)		834	44,282	5,821	50,937
Depreciation		(751)	(59,471)	(26,659)	(86,880)
Balance at 30 June 2016		**$2,993**	**$94,613**	**$6,469**	**$104,075**

21 INTANGIBLE ASSETS AND GOODWILL

(a) Carrying values of intangible assets

2016	Cost	Accumulated Amortisation	Accumulated Impairment	Carrying Value	Amortisation /Impairment Expense
Computer software	65,856	(51,990)	-	13,866	1,827
Customer related intangible assets	1,810,012	-	(1,035,779)	774,233	502,725
Goodwill	15,963,944	-	(467,600)	15,496,344	-
	$17,839,812	**($51,990)**	**($1,503,379)**	**$16,284,443**	**$504,551**
2015					
Computer software	53,895	(50,164)	-	3,731	998
Customer related intangible assets	1,810,012	-	(533,054)	1,276,958	98,190
Goodwill	15,963,944	-	(467,600)	15,496,344	467,600
	$17,827,851	**($50,164)**	**($1,000,654)**	**$16,777,033**	**$566,788**

(b) Movements in the carrying values of intangible assets

	Note	Computer software	Goodwill	Customer related intangible assets	Total
Balance at 1 July 2014		1,280	15,963,944	1,375,148	17,340,372
Acquisition of Argos Financial Database		3,450	-	-	3,450
Amortisation	(8)	(998)	-	-	(998)
Impairment	(8)	-	(467,600)	(98,190)	(565,790)
Balance at 30 June 2015		**$3,731**	**$15,496,344**	**$1,276,958**	**$16,777,033**
Balance at 1 July 2015		3,731	15,496,344	1,276,958	16,777,033
Acquisition of Software		11,961	-	-	11,961
Amortisation	(8)	(1,827)	-	-	(1,827)
Impairment	(8)	-	-	(502,725)	(502,725)
Balance at 30 June 2016		**$13,865**	**$15,496,344**	**$774,233**	**$16,284,443**

Customer related intangible assets

Customer related intangible assets relate to aviation broking business customers and is tested for impairment annually with reference to the revenues generated in the current year by those customers relative to those revenues on the date of acquisition. Where there is a reduction in these revenues an impairment is recognised. During the year ended 30 June 2016, the customer related intangible assets has been impaired by $502,725 (2015: $98,190).

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following individual cash-generating units:

	2016	2015
Aviation insurance brokerage services	15,496,344	15,496,344
	$15,496,344	**$15,963,944**

Aviation insurance brokerage services

Goodwill allocated to aviation insurance brokerage services arose as a result of the Group's acquisition of the Boston Marks business operations, a group of entities providing aviation insurance brokerage services. The aviation insurance brokerage services cash generating unit is part of the asset management operating segment.

The recoverable amount of goodwill as at reporting date is determined based on fair value less cost of disposal calculations using market revenue and EBIT multiples. The calculation uses the aggregate forecast revenue and forecast EBIT of the cash generating unit to establish an estimated fair value for the cash generating unit for both multiples. The estimated fair value for both multiples is then averaged to derive the recoverable amount. The fair value measurement of the cash-generating unit is categorised as a level 3 measurement of the fair value hierarchy.

The market multiples have been determined with reference to publicly available information on entities in the same industry of a comparable size. Appropriate discounts to these market multiples are applied to reflect the cash generating unit's non-listed status and its limited diversification in product offering. The revenue and EBIT forecasts used in the calculations are based on estimates for the 2017 (2015: 2016) year.

	2016	2015
Multiple		
- Revenue (times)	2	2
- EBIT (times)	6	6

During the year ended 30 June 2016, the goodwill allocated to aviation insurance brokerage services has been impaired by $Nil. (2015: $467,600). The impairment has resulted from a reduction in the performance of the aviation insurance business.

The recoverable amount of the aviation insurance brokerage services cash-generating unit, based on its fair value less cost to sell, is $23,824,273 at reporting date (2015: $20,869,332). Management believes that there are no reasonably possible changes in any of the above key assumptions that would cause the carrying value of the goodwill to be higher than its recoverable amount.

22 INVESTMENTS IN ASSOCIATES

	2016	2015
The following amounts represent the Group's investment in associates:		
Balance at the beginning of the year	1,894,217	2,018,433
Foreign currency translation movement attributed to BMG Aviation Limited Investment	(103,310)	(124,599)
Impairment on Investment in Avro Insurance Managers Limited	(569,414)	-
BMG Aviation Limited dividend received during the year	(169,118)	(199,109)
Investment in Concordia Underwriting Agency Limited Parntership	30,000	-
Investment in Oceania Aviation Finance & Leasing Limited	10,000	-
Share of associate profit/(loss) for the year	160,756	199,492
Balance at the end of the year	**$1,253,131**	**$1,894,217**

The Group's share of the results of its principal investments in associates, and its aggregated assets (including goodwill) and liabilities, are as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/ (Loss)	% interest held
2016						
Avro Insurance Managers Limited	New Zealand	1,473,655	288,301	323,744	(165,574)	50%
BMG Aviation Limited	Canada	6,664,705	3,319,621	2,789,454	507,353	33%
Concordia Underwriting Agency Limited Partnership	New Zealand	198,735	157,481	545,094	81,254	50%
Oceania Aviation Finance & Leasing Limited	New Zealand	3,013,892	2,926,298	569,833	67,597	50%
		$11,350,987	**$6,691,701**	**$4,228,125**	**$490,630**	
2015						
Avro Insurance Managers Limited	New Zealand	816,436	171,098	215,124	766	50%
BMG Aviation Limited	Canada	4,007,322	521,154	1,305,714	597,327	33%
		$4,823,759	**$692,252**	**$1,520,838**	**$598,093**	

Avro Insurance Managers Limited ('AIML') investment

On 1 July 2012, as a result of BML acquiring control of BMHL (refer above), the Group acquired BMHL's ultimate associate company, Avro Insurance Managers Limited ('AIML'). The balance date of AIML is 31 May.

The company provides aviation insurance broking services.

BMG Aviation Limited ('BAL') investment

On 1 July 2012, as a result of BML acquiring control of BMHL (refer above), the Group acquired BMHL's ultimate associate company, BMG Aviation Limited ('BAL'). The balance date of BAL is 30 June.

The company provides aviation insurance broking services.

Concordia Underwriting Agency Limited Partnership investment

On 29 September 2015, Aviation and Marine Underwriting Agency Limited ('the General Partner') formed a Limited Partnership with All Churches Insurance Bureau Limited ("ACIB", 'the Limited Partner') for the purpose of providing insurance related administrative and underwriting services to churches who are members of ACIB and their related institutions; and to such other NZ churches and NZ registered charities as approved by the Limited Partnership. The balance date of CUALP is 30 June.

The Limited Partnership provides insurance broking services.

Oceania Aviation Finance & Leasing Limited

On 14 August 2015 Aviation Capital Limited incorporated the company Oceania Aviation Finance & Leasing Limited with Oceania Aviation Limited. Aviation Capital Limited owns 50.01% of the shares, but does not have ultimate control of the company. Its main purpose is to provide finance or leasing options for aircraft predominately in New Zealand.

23 INVESTMENT IN UNLISTED SUBSIDIARIES

	Note	Nature of Business	2016 Effective Ownership %	2015 Effective Ownership %
The subsidiary companies of Bancorp Wealth Management New Zealand Limited are:				
Bancorp Wealth Management Limited		Finance	100%	100%
Bancorp Capital Limited		Finance	100%	100%
The subsidiary companies of Bancorp Wealth Management Limited are:				
Bancorp Credit Cards Limited (BCCL)		Credit Card Services	100%	100%
Bancorp Fixed Income Limited (BFIL)		Non-trading	100%	100%
Bancorp Income Choice Limited (BICL)		Finance	100%	100%
Bancorp New Zealand Nominees Limited (BNZNL)		Finance	100%	100%
Select Associates Limited (SAL)		Trustee Services	100%	100%
Ban Corp Holdings PLC (BCHPLC)		Non-trading	100%	100%
The subsidiary companies of Bancorp Capital Limited are:				
Auckland Airbus Holdings Limited (AAHL)		Transport	100%	100%
Aviation Capital Limited (ACL)		Investment	75%	75%
Co-Ownership Housing Limited (Co-OHL)		Non-trading	52%	75%
BMG Management Limited (BML)		Administration Services	75%	75%
Castlerock First Capital Limited (CFCL)		Finance	75%	75%
Boston Marks Holdings Limited (BMHL)		Insurance broking	49.91%	49.91%
The subsidiary companies of Boston Marks Holdings Limited are:				
- Boston Marks Swiss Holdings Limited (BMSHL)		Non-trading holding	100%	100%
- Boston Marks International Limited (BMIL) (formerly M & R Holdings Limited)	(i)	Non-trading holding	94%	94%
- Boston Marks Insurance Brokers NZ Limited (BMIBNZL)	(i)	Insurance broking	94%	94%
- Boston Marks Australia Pty Limited (BMAPTYL)	(i)	Non-trading holding	94%	94%
BMG Trust		Insurance broking	60%	60%
- Boston Marks Insurance Co Limited (BMICL)		Insurance broking	94%	94%
- BM Canada Holdings Limited (BMCHL)	(i)	Non-trading holding	94%	94%
- BMG Aviation Pty Limited (BMGAPTYL)	(i)	Non-trading holding	82%	82%
- Boston Marks Group Limited (BMGL)	(i)	Insurance broking	94%	94%
- Boston Marks (UK) Ltd (Previously Norman Butcher and Jones Investments Ltd)	(i)	Non-trading holding	94%	94%
- Boston Marks Insurance Brokers (London) Limited	(i)	Insurance broking	94%	94%
- Boston Marks Insurance LLC (BMILLC)	(i)	Insurance broking	94%	94%
- Combo Holdings Ltd (CHL)		Non-trading holding	0%	80%
- Co Insurance Ltd (CIL)		Non-trading holding	0%	64%
- Aviation and Marine Underwriting Agency Limited (Previously Aviation Co-Operating Underwriters Pacific Ltd)		Non-trading holding	84%	45%
- Vancouver Aviation Cooperating Underwriters Ltd (VACOUL)		Non-trading holding	42%	22%
- Aurora Marine Insurance Underwriting Agency Limited (Previously Pan Pacific Premium Funds)		Non-trading holding	84%	45%
- Norman Butcher and Jones Holdings (NZ) Limited (NBJNZL)		Non-trading holding	100%	100%
- Wholesale Insurance Services Limited		Non-trading holding	42%	23%

The abbreviations used for the Companies above are used in subsequent notes to refer to the transactions and balances of the Companies they relate to.

23 INVESTMENT IN UNLISTED SUBSIDIARIES *- continued*

Details of the movements in Group unlisted subsidiaries:

(i) On 1 July 2014, Group companies under Boston Marks Holdings Limited were restructured, which resulted in changes in ownership percentages of Boston Marks Holdings Limited's subsidiary entities.

Below is a summary of the transactions that occurred on 1 July 2014:

- Boston Marks International Limited acquired a 23% shareholding in BMG Aviation Pty Limited from non-controlling interests for AUD $1,196,835 increasing the Group's shareholding to 87.0%.
- The 64.0% ownership interest in BMG Aviation Pty Limited was transferred from Boston Marks Australia Pty Limited for AUD $1,956,351.
- The 100.0% ownership interest in Boston Marks Insurance LLC was transferred from Boston Marks Group Limited to Boston Marks International Limited for no consideration.
- Non-controlling interests in Boston Marks Group Limited of 20.0% were acquired by Boston Marks International Limited through an issue of 4.2% non-controlling interest in Boston Marks International Limited.
- Other non-controlling interests of 29.0% in Boston Marks Group Limited were acquired by Boston Marks International Limited for no consideration.
- The remaining 51.0% interest in Boston Marks Group Limited held by Boston Marks Swiss Holdings Limited was transferred to Boston Marks International Limited for no consideration.
- Non-controlling interests of 8.8% in Boston Marks Swiss Holdings Limited was acquired by Boston Marks Holdings Limited through an issue of 1.0% non-controlling interest in Boston Marks International Limited.
- The 5.3% ownership interest in Boston Marks Swiss Holdings Limited held by Aviation and Marine Underwriting Agency Limited was acquired by Boston Marks Holdings Limited by issuing 0.6% ownership in Boston Marks International Limited to Aviation and Marine Underwriting Agency Limited.
- The non-controlling interest of 5.0% in Norman Butcher and Jones Ltd was acquired for GBP 5,000 by Boston Marks Group Limited.

The result of the above transactions is an effective ownership interest in Boston Marks International Ltd by Boston Marks Holdings Limited of 94.2%.
The movements in non-controlling interests described above have resulted in a $1,837,622 loss transfer from non-controlling interests to retained earnings.

Below is a summary of transactions that occurred during the 2016 financial year:

- On 31 December 2015 it was resolved to issue 3,072,457 ordinary shares at a price of $0.95 a share to the shareholders. These were apportioned 1,533,398 shares issued to BMG Management Limited, and 1,539,059 shares issued to PM Equities Limited.
- On 1 July 2015, it was resolved to increase the share capital of Aviation and Marine Underwriting Agency Limited by 200,000 ordinary shares for an issue price of $1.00 each. From this issue, Boston Marks acquired 42% ownership.
- On 1 July 2015, Boston Marks Holdings Limited acquired a 40% shareholding in Aviation and Marine Underwriting Agency Limited from non-controlling interests for NZD $348,586 increasing the shareholding to 82%.
- On 31 March 2016, Boston Marks Holdings Limited acquired a 2% shareholding in Aviation and Marine Underwriting Agency Limited from non-controlling interests for NZD $53,317 increasing the shareholding to 84%.

All subsidiaries have a balance date of 30 June, except for Boston Marks Canada Holdings Limited, which has a balance date of 31 December.

All subsidiaries are incorporated in New Zealand with the exception of the following:

- Boston Marks Australia Pty Limited, BMG Unit Trust and BMG Aviation Pty Limited which are incorporated and domiciled in Australia;
- Boston Marks Canada Holdings Limited, BMG Aviation Limited, Vancouver Aviation Cooperating Underwriters Ltd and Avro Insurance Managers Limited which are incorporated and domiciled in Canada;
- Boston Marks Insurance Limited, which is incorporated and domiciled in Vanuatu;
- Norman Butcher and Jones Investments Limited and Boston Marks Insurance Brokers (London) Limited which are incorporated and domiciled in the United Kingdom;
- Boston Marks Insurance LLC which is incorporated and domiciled in the United States of America.

The above Group companies transact with one another. Transactions entered into include funding, the receipt and/or payment of interest, brokerage and establishment fees, management fees, other fees, expense re-charges and the utilisation of Group tax losses. These transactions eliminate upon consolidation of the Group.

24 TRADE, OTHER PAYABLES AND ACCRUALS

	Note	2016	2015
Trade payables		625,957	623,714
Accruals		1,224,899	3,202,601
Employee benefits	(25)	49,921	20,330
Other payables		1,241,049	2,743,015
		$3,141,826	**$6,589,660**

25 EMPLOYEE BENEFITS

	Note	2016	2015
Leave provision	(24)	49,921	20,330
		$49,921	**$20,330**

26 INVESTOR DEPOSITS

	2016	2015
Deposits	29,829,031	27,018,096
	$29,829,031	**$27,018,096**

Deposits
Individual investor deposits incur interest at rates ranging from 1.25% per annum to 5.55% per annum (2015:1.25% per annum to 5.5% per annum) and are unsecured with varying maturity dates due within 0 to 24 months (2015: 0 to 24 months) of reporting date.
Investors deposits include $9,245,168 (2015:$9,051,801) from investors who are shareholders of the Group.

Maturity Profile:
The following maturity profile of investor deposits is based on their contractual maturity. For the maturity profile of investor deposits as at the end of the reporting period based on contractual undiscounted cashflows (including interest payment computed using contractual rates or, if floating based on the rate at the end of the reporting period) refer to note 32 (iii).

2016	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Deposits	16,301,466	9,936,887	3,590,678	-	29,829,031
	$16,301,466	**$9,936,887**	**$3,590,678**	**-**	**$29,829,031**

2015	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Deposits	16,831,484	8,226,784	1,437,403	522,425	27,018,096
	$16,831,484	**$8,226,784**	**$1,437,403**	**$522,425**	**$27,018,096**

27 BORROWINGS

		2016	2015
Bank of New Zealand Term loan (AVCOOP)	(i)	-	79,861
Bank of New Zealand Term loan (BMIBNZL)	(i)	-	4,388,050
Bank of New Zealand Term loan (BMIBNZL)	(i)	-	1,713,749
Bank of New Zealand Term loan (BMGL)	(i)	-	1,823,993
Bank of New Zealand OD facility (BMIBNZL)	(ii)	4,970	190,779
Bank of New Zealand Term loan (ACFL)	(iii)	1,912,855	-
Bank of New Zealand Term loan (AVCOOP)	(iv)	344,445	-
Bank of New Zealand Term loan (BMHL)	(v)	7,331,683	-
Arden and Renae Hill Vendor loan (BMCHL)	(vi)	115,497	262,006
Westpac Bank facility (CFCL)	(vii)	39,054,631	11,272,000
		$48,764,082	**$19,730,438**

27 BORROWINGS - *continued*

The loan advances from Bank of New Zealand comprise the following facilities:

(i) The first four facilities were fully repaid during the 2016 financial year.

(ii) The fifth facility is an overdraft facility. This facility incurs interest at 7.33% per annum (2015: 6.4% per annum) and has a limit of $200,000. The facility is unsecured and repayable on demand.

(iii) The sixth facility is a term loan secured by a General Security Agreement over Aviation Capital Finance Limited. This loan incurrs interest at 5.93% per annum and has a repayment date of 23 December 2018. The loan shall be repaid by way of monthy principal and interest instalments. Monthly instalments total $130,472

(iv) The Aviation Co-operating Underwriters Pacific Limited facility is a term loan for the purchase of shareholding in NBJ Investments Limited and the purchase of Avro Insurance Managers Limited. The facility is secured by way of personal guarantees by shareholders and over all present and after acquired property of Aviation Co-operating Underwriters Pacific Limited. This loan incurs interest at between 7.41% - 7.92% per annum, has a repayment date of 25 October 2016 and has a limit of $575,000. The loan shall be repaid by way of monthly principal and interest instalments. Monthly principal instalment total $15,972. The loan was fully repaid after balance date.

(v) The expiring date for the Boston Marks Holdings Limited bank facility is 31 October 2019. The interest rate for the NZ bank facility is 5.74% - 6.45%. Interest Rate on foreign currency loans is 2% above BNZ CCAF prime rate. Principal repayments are $295,000 per quarter. The Group is required to repay each drawing on the last day of the interest period. The Group is also required to comply with several financial covenants.
The loans are split as:

NZD Loan	$	4,950,000
USD Loan	$	480,000
GPB Loan	$	275,351

The security for the bank facility is as follows:

1 First-ranking and only composite general security deed and cross guarantee from each NZ Obligor in favour of the Lender.
2 First-ranking general security deed from Boston Marks (Australia) Pty. Ltd. in favour of the Lender.
3 First ranking general security deed from BMG Aviation Pty. Ltd. (in its own capacity as BMG Trustee) in favour of the Lender.

4 Specific Security Deed in relation to 100% of the shares in Boston Marks Holdings Limited granted by PM Equities Limited and BMG Management Limited in favour of the Lender.
5 Share Charge in relation to 100% of the shares in Boston Marks (Australia) Pty. Ltd. granted by Damian Hooper, Boston Marks Group Limited and EHL Pty. Ltd. in favour of the Lender.
6 Cross guarantee from the Australian Obligors in favour of the Lender.

Security is a first ranking General Security Agreement of Boston Marks Group Ltd and unlimited inter-company Guarantee between:

- Boston Marks Insurance Brokers NZ Ltd
- Boston Marks Holdings Ltd
- Boston Marks International Ltd
- Boston Marks Group Ltd
- Boston Marks Swiss Holdings Ltd
- Norman Butcher and Jones Investments Ltd
- Norman Butcher and Jones Holdings (NZ) Ltd
- Boston Marks Insurance Brokers Limited
- Boston Marks LLC

Guarantee is supported by:

- New perfected first ranking General Security Agreement granting the Bank a security interest in all present and after acquired property of Boston Marks Swiss Holdings Ltd, Boston Marks Group Ltd and Norman Butcher Jones Holdings (NZ) Ltd

- Existing perfected first ranking General Security Agreement granting the Bank a security interest all present and after acquired property of Boston Marks Insurance Brokers NZ Ltd, Boston Marks Holdings Limited and Boston Marks International Ltd.

- New negative pledge from Norman Butcher & Jones Investments Ltd, Boston Marks Insurance Brokers Ltd and Boston Marks LLC.

(vi) The vendor loan from Arden & Renae Hill is unsecured and repayable by Boston Marks Canada Holdings Limited from 25% of insurance commissions received by Boston Marks Canada Holdings Limited, on behalf of the Group. The loan is interest free and repayble on demand.

27 BORROWINGS - *continued*

(vii) The Westpac facility is an asset finance term loan and is secured by a General Security Agreement over Castlerock First Capital Limited (refer note 18 which describes the finance receivables portfolio acquired by Castlerock First Capital Limited in the current year). This loan incurs interest at 3.46% per annum (2015: 5.71% per annum) and has a repayment date of 15 April 2017. The loan shall be repaid by way of monthly principal and interest instalments. Monthly principal instalment total $574,230.

During the current and prior year the Group complied with all externally imposed capital and financial requirements to which it is subject as a result of entering into the above borrowings.

There were no defaults under any of the above noted borrowings.

Some of the above borrowings require the Group to adhere to financial, operational and reporting covenants. During the year there were no breaches of the requirements of these covenants.

Maturity profile:
The following maturity profile of borrowings is based on their contractual maturity. For the maturity profile of borrowings as at the end of the reporting period based on contractual undiscounted cashflows (including interest payment computed using contractual rates or, if floating based on the rate at the end of the reporting period) refer to note 32 (iii).

2016

	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Bank of New Zealand OD facility (BMIBNZL)	4,970				4,970
Bank of New Zealand Term loan (ACFL)	205,522	212,298	442,909	1,052,126	1,912,855
Bank of New Zealand Term loan (AVCOOP)	344,445	-	-	-	344,445
Bank of New Zealand Term loan NZD (BMHL)	590,000	590,000	1,180,000	4,971,685	7,331,685
Arden and Renae Hill Vendor loan (BMCHL)	115,497	-	-	-	115,497
Westpac Bank facility (CFCL)	14,540,024	14,395,111	10,119,496	-	39,054,631
	$15,800,458	**$15,197,409**	**$11,742,405**	**$6,023,811**	**$48,764,083**

2015

	0-6 Months	7-12 Months	13-24 Months	25-60 Months	Total
Bank of New Zealand Term loan (AVCOOP)	79,861	-	-	-	79,861
Bank of New Zealand Term loan (BMIBNZL)	590,000	590,000	1,180,000	2,028,050	4,388,050
Bank of New Zealand Term loan (BMIBNZL)	200,464	200,464	400,928	911,893	1,713,749
Bank of New Zealand Term loan (BMGL)	190,779	-	-	-	190,779
Bank of New Zealand OD facility (BMIBNZL)	1,823,993	-	-	-	1,823,993
Arden and Renae Hill Vendor loan (BMCHL)	262,006	-	-	-	262,006
Westpac Bank (CFCL)	3,676,512	3,445,378	4,150,110	-	11,272,000
	$6,823,615	**$4,235,842**	**$5,731,038**	**$2,939,943**	**$19,730,438**

28 RELATED PARTY BALANCES, TRANSACTIONS AND DISCLOSURES

Ultimate controlling party/parties:

As at 30 June 2016, there were a large number of New Zealand and overseas domiciled shareholders meaning the Group has no ultimate controlling party. (2015: no ultimate controlling parties.)

Related party balances and transactions:

	Note	2016	2015
Receivables:			
BMG Aviation Limited - Canada		294,254	279,541
PM Equities Limited	(xv)	-	116,166
Bancorp New Zealand Limited	(iii)	-	62
Reinaldo Irrigaro	(xxiv)	420,521	211,059
Spratt Family Trust		-	6,155
Cory Brownie Family Trust		-	24,620
Oceania Aviation Finance & Leasing Limited		2,821,012	-
		$3,535,787	**$637,603**

28 RELATED PARTY BALANCES, TRANSACTIONS AND DISCLOSURES - *continued*

	Note	2016	2015
Payables:			
Atawhai Trust	(xiv)	-	(257,865)
PJ McLaughlan	(xv)	-	(119,736)
Bill Beard	(xvi)	-	(142,337)
Fraser and Sonia MacAndrew	(xvii)	-	(142,337)
BUT EHL Pty Limited	(xviii)	-	(136,390)
Bancorp New Zealand Limited	(iii)	(42)	-
Bancorp Corporate Finance Limited	(ii)	(48,319)	(40,764)
Bancorp Treasury Services Limited	(iv)	(3,417)	(1,505)
Howard Murray Vendor Loan	(xxiii)	(455,560)	(412,091)
Harper Trust		-	(40,579)
Damien Hooper	(i)	-	(515,504)
Spratt Family Trust		(41,345)	-
Cory Brownie Family Trust		(165,380)	-
		(714,063)	**($1,809,108)**

No related party balances were impaired, written off or forgiven during the year. (2015: None)

	Note	2016	2015
Non-controlling interest balances:			
Attributable to the Cory Brownie Trust, controlled by Craig Brownie:			
Aviation Capital Limited	(viii)	695,034	659,972
BMG Management Limited	(ix)	(179,787)	(179,787)
Castlerock First Capital Limited	(x)	(112,886)	34,751
Co-Ownership Housing Limited	(xiii)	(643)	-
Attributable to the Spratt Family Trust, controlled by Nigel Spratt:			
Aviation Capital Limited	(viii)	173,758	164,993
BMG Management Limited	(ix)	(44,947)	(44,947)
Castlerock First Capital Limited	(x)	(28,221)	8,688
Co-Ownership Housing Limited	(xiii)	(1,286)	-
		$501,022	**$643,670**

	Note	2016	2015
Transactions:			
Service charges:			
Bancorp New Zealand Limited	(iii)	445	310
Bancorp Corporate Finance Limited	(ii)	593,030	770,740
Bancorp Treasury Services Limited	(iv)	15,674	13,730
PM Equities Limited - management fees paid	(xii)	(444,000)	(444,000)
PM Equities Limited - interest	(xii)	-	(28,197)
Directors remuneration and fees:			
Craig Brownie - salary (BWML)	(v)	300,000	300,000
Nigel Spratt - directors fees (BWML)	(vi)	86,100	82,800
Kerry Waddell - directors fees (AAHL)	(vii)	-	10,000
Patrick McLaughlan – directors fees (BMIL)	(xi)	-	576
Ian Duff - consulting fees (BMIL)	(xxvii)	200,000	293,819
Peter Kirk - directors fees (BWMNZL)	(xix)	12,000	12,000
David Harrison - directors fees (AVCOOP)	(xx)	36,000	36,000
Brian McDonald - directors fees (AVCOOP)	(xxi)	19,500	19,500
Neil Kain - directors fees (AVCOOP)	(xxii)	19,500	19,500
Craig Brownie - director fees (BMHL)	(xxv)	76,500	38,500
Nigel Spratt - director fees (BMHL)	(xxvi)	60,000	63,250

28 RELATED PARTY BALANCES, TRANSACTIONS AND DISCLOSURES *- continued*

Share of non-controlling interest profit/(loss):

Attributable to the Cory Brownie Trust, controlled by Craig Brownie:			
- Aviation Capital Limited	(viii)	35,038	425,439
- BMG Management Limited	(ix)	-	(184,008)
- Castlerock First Capital Limited	(x)	42,364	10,131
Attributable to the Spratt Family Trust, controlled by Nigel Spratt:			
- Aviation Capital Limited	(viii)	8,760	106,360
- BMG Management Limited	(ix)	-	(46,002)
- Castlerock First Capital Limited	(x)	10,591	2,533

Details of related party balances and transactions:

(i) Damien Hooper was a shareholder of BMG Aviation Limited. Balances are unsecured and repayable on demand. The loan is interest free.

(ii) Bancorp Corporate Finance Limited is a related party by virtue of common directorship. Balances are unsecured, non-interest bearing and repayable on demand. Transactions during the year related to corporate finance charges for work performed.

(iii) Bancorp New Zealand Limited is a related party by virtue of common directorship. Balances are unsecured, non-interest bearing and repayable on demand. Transactions during the year related to on-charges of office costs.

(iv) Bancorp Treasury Services Limited is a related party by virtue of common directorship. Balances are unsecured, non-interest bearing and repayable on demand. Transactions during the year related to treasury services charges for work performed.

(v) Craig Brownie is a director of the Companies. Craig was paid a $300,000 (2015: $300,000) salary during the year as the sole key management personnel for the Company.

(vi) Nigel Spratt was paid $86,100 (2015: $82,800) in directors fees during the year from Bancorp Wealth Management Limited.

(vii) Kerry Waddell was a director of a company within the Group. She resigned on 20 August 2014. She was paid $Nil (2015: $10,000) in directors fees.

(viii) As at 30 June 2016 and 30 June 2015, 25% ownership in Aviation Capital Limited is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer Note 14 and 23). Related party non-controlling interests are made up as follows: 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $20 and $5, respectively. There are no other terms and conditions attached to these transactions and balances.

(ix) As at 30 June 2016 and 30 June 2015, 25% ownership in BMG Management Limited is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer note 14 and 23). Related party non-controlling interests are made up as follows: 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $20 and $5, respectively. There are no other terms and conditions attached to these transactions and balances.

(x) As at 30 June 2016 and 30 June 2015, 25% ownership of Castlerock First Capital Limited is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer note 14 and 23). Related party non-controlling interests are made up as follows: 20% ownership held by a Trust controlled by Craig Brownie and 5% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $24,620 and $6,155, respectively. There are no other terms and conditions attached to these transactions and balances.

(xi) Patrick McLaughlan was paid $Nil (2015: $576) in directors fees during the year.

(xii) PM Equities Limited is a shareholder of a company within the Group. Balances are unsecured and repayable on demand. There was no interest charged during the 2016 year (2015: Interest was charged at a rate of 4% per annum).

(xiii) As at 30 June 2016, 48% ownership of Co-Ownership Housing Limited is held by Trusts controlled by Craig Brownie and Nigel Spratt, the Directors of the Company (refer note 14 and 23). Related party non-controlling interests are made up as follows: 16% ownership held by a Trust controlled by Craig Brownie and 32% ownership held by a Trust controlled by Nigel Spratt. The consideration paid by these Trusts for their share of ownership was $16 and $32, respectively. There are no other terms and conditions attached to these transactions and balances.

(xiv) Atawhai Trust is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand.

(xv) Patrick McLaughlan is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand. Insurance Premium Finance Limited and PM Equities Limited are companies ultimately owned and controlled by Patrick McLaughlan. The short term loan from Insurance Premium Finance Limited has a 14.15% per annum interest rate and is repayable on demand. This facility is unsecured.

28 RELATED PARTY BALANCES, TRANSACTIONS AND DISCLOSURES - *continued*

(xvi) Bill Beard is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand.

(xvii) Fraser and Sonia MacAndrew are shareholders of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand.

(xviii) BUT EHL Pty Limited is a shareholder of a company within the Group. Balances are unsecured, non-interest bearing and repayable on demand.

(xix) Peter Kirk is a director of a company within the Group and was paid $12,000 (2015: $12,000) in directors fees.

(xx) David Harrison is a director of a company within the Group and was paid $36,000 (2015: $36,000) in directors fees.

(xxi) Brian McDonald is a director of a company within the Group and was paid $19,500 (2015: $19,500) in directors fees.

(xxii) Neil Kain is a director of a company within the Group and was paid $19,500 (2015: $19,500) in directors fees.

(xxiii) The vendor loan from Howard Murray is non-interest bearing, repayable on demand and unsecured.

(xxiv) Reinaldo Irrigaro is a shareholder of a company within the Group. The loan to Reinaldo Irrigaro will accrue interest at 3% per annum on the advances. Any advances advanced to Reinaldo Irrigaro together with all the accrued interest shall be repayable on 30 September 2018.

(xxv) Craig Brownie is a director of a company within the Group and was paid $86,500 (2015:$38,500) in directors fees.

(xxvi) Nigel Spratt is a director of a company within the Group and was paid $60,000 (2015:$63,250) in directors fees.

(xxvii) Ian Duff is a director of a company within the Group and was paid $200,000 (2015:$293,819) in consulting fees.

No provisions are held against receivables that are from related parties (2015: $nil)

Group companies transact with one another. Transactions entered into include funding, the receipt and/or payment of interest, brokerage and establishment fees, management fees, other fees, expense re-charges and the utilisation of Group tax losses. These transactions eliminate on consolidation of the Group.

Other related party disclosures:

Key management personnel

Key management includes directors of the Company and Group companies. The compensation paid or payable to key management for employee services is shown below:

	Group	
	2016	**2015**
Salaries and short-term employee benefits	300,000	300,000
Directors Fees	173,100	180,376
Total	**$473,100**	**$480,376**

29 DISPOSAL OF BUSINESS

On 20 June 2014, Auckland Airbus Limited ('AAL') sold the Airbus Express business operation, plant and equipment and intangible assets for $14,500,000 cash ($13,500,000 payable upon settlement and $1,000,000 by 5 December 2014) and $4,000,000 contingent on the purchaser obtaining regulatory approval. (Refer notes 16 and 37)

Consideration as at 30 June 2014:	$18,500,000
Recognised amounts of identifiable assets sold:	
Furniture, Fittings & Coaches	1,386,584
Intangible Assets - Contracts	263,011
Goodwill on consideration	16,850,405
	$18,500,000

Analysis of assets sold

	Carrying Value	Consideration	Gain/(Loss) on disposal
Furniture, Fittings & Coaches	1,872,976	1,386,584	(486,392)
Intangible Assets - Contracts	263,011	263,011	-
Goodwill	9,332,986	16,850,405	7,517,419
	11,468,973	18,500,000	
Less: Contingent Asset			(4,000,000)
Gain on Sale			**$3,517,419**

Consideration received during Year Ended 30 June 2015

As described above the final settlement consideration was contingent on the purchaser obtaining regulatory approval to operate the Airbus Express business. The required regulatory approval was obtained by the purchaser on 5 August 2014, at which point the final settlement amount became due and payable on 17 November 2014. The group recovered cash settlement of $4,000,000 net of settlement adjustments of $225,875.

Analysis of Settlement	Note	
Contingent Asset		4,000,000
Less: Settlement Adjustment		(225,875)
Gain on Sale	(6)	**$3,774,125**

30 RECONCILIATION OF NET PROFIT / (LOSS) AFTER TAXATION TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2016	2015
Profit / (loss) after tax		(3,409,537)	618,264
Add/(less) non-cash items:			
Depreciation	(8)	86,880	99,618
Amortisation	(8)	504,551	566,788
Bad debts	(8)	1,213,868	278,858
Net movement in finance receivables impairment provision	(8)	630,112	(415,072)
Share of profit associates	(22)	(160,756)	(199,492)
Movement in foreign currency translation reserve	(13)	71,155	185,392
Gain on disposal of Airbus Express operation	(29)	-	(3,774,125)
Add / (less) movements in working capital items:			
Decrease / (increase) in trade receivables and other receivables		(791,805)	1,028,773
(Decrease) / increase in taxation		(536,598)	(87,408)
(Decrease) / increase in trade and other payables and accruals		(3,296,314)	2,072,005
Decrease / (increase) in inventory		(2,909,899)	-
Decrease / (increase) in finance receivables		(20,369,394)	(18,114,464)
Net cashflows from operating activities		**($28,967,737)**	**($17,740,864)**

31 FINANCIAL ASSETS AND LIABILITIES

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 3 (j) to the financial statements.

Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities:

	2016	2015
Financial assets:		
Available for sale financial assets:		
- Other financial assets	30,992	32,836
Loans and receivables:		
- Cash and cash equivalents	14,329,805	13,984,962
- Trade receivables and other receivables	9,603,163	8,461,537
- Related party receivables	3,535,787	637,603
- Finance receivables	53,514,090	34,988,677
	$81,013,836	**$58,105,615**
Financial liabilities:		
Financial liabilities at amortised cost:		
- Trade payables and other payables	1,916,928	3,387,058
- Related party payables	714,063	1,809,108
- Investor deposits	29,829,031	27,018,096
- Borrowings	48,764,082	19,730,438
	$81,224,103	**$51,944,700**

32 FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks. The financial risks arise from the business activities of the Group. The specific financial risks that the Group is exposed to are discussed below.

(i) Market risk

Foreign currency risk

Foreign currency risk is the risk to earnings arising from movements in foreign exchange rates. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's net exposures to foreign currencies in New Zealand dollars at reporting date are as follows:

	2016	2015
United States dollar (USD)	(27,881)	170,012
Japanese yen (JPY)	82	185
Australian dollar (AUD)	279,123	467,912
Great British pound (GBP)	180,328	422,867
Vanuatuan vatu (VUV)	-	91,252
Hong Kong dollar (HKD)	-	183
Euro (EURO)	-	139
	$431,654	**$1,152,550**

Sensitivity analysis

A 1% strengthening/weakening of the New Zealand dollar against the United States dollar, Japanese yen, Australian dollar, the United Kingdom pound, the Vanuatuan vatu, the Hong Kong dollar and the Euro as at reporting date would have the following impact on profit/(loss) and equity. This assumes that all other variables remain constant.

	Profit or loss		Equity	
2016	**1% decrease**	**1% increase**	**1% decrease**	**1% increase**
United States dollar (USD)	279	(279)	201	(201)
Japanese yen (JPY)	(1)	1	(1)	1
Australian dollar (AUD)	(2,791)	2,791	(2,010)	2,010
Great British pound (GBP)	(1,803)	1,803	(1,298)	1,298
	($4,317)	**$4,317**	**(3,108)**	**$3,108**
2015				
United States dollar (USD)	(1,700)	1,700	(1,224)	1,224
Japanese yen (JPY)	(2)	2	(1)	1
Australian dollar (AUD)	(4,679)	4,679	(3,369)	3,369
Great British pound (GBP)	(4,229)	4,229	(3,044)	3,044
Vanuatuan vatu (VUV)	(913)	913	(657)	657
Hong Kong dollar (HKD)	(2)	2	(1)	1
Euro (EURO)	(1)	1	(1)	1
	($11,526)	**$11,526**	**($8,297)**	**$8,297**

32 FINANCIAL RISK MANAGEMENT - *continued*

(i) Market risk - *continued*

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing borrowings. The Group's policy is to obtain the most favourable interest rate available. Interest rates on finance receivables and investor deposits are fixed for their term at the time they were issued.

The Group's interest rate exposures at reporting date are as follows:

	Weighted average interest rate	Interest bearing	Non-Interest bearing	Total
2016				
Financial assets:				
Cash and cash equivalents	2.33%	14,329,805	-	14,329,805
Trade, other receivables	n/a	-	9,603,163	9,603,163
Related party receivables	7.00%	420,521	3,115,265	3,535,787
Financial receivables	10.19%	55,396,066	-	55,396,066
		$70,146,392	**$12,718,428**	**$82,864,821**
Financial liabilities:				
Trade and other payables	n/a	-	1,916,928	1,916,928
Investor deposits	5.10%	29,829,031	-	29,829,031
Related party payables	n/a	-	714,063	714,063
Borrowings	5.57%	48,764,082	-	48,764,082
		$78,593,113	**$2,630,990**	**$81,224,103**
2015				
Financial assets:				
Cash and cash equivalents	2.33%	13,984,962	-	13,984,962
Trade, other receivables	n/a	-	8,461,537	8,461,537
Related party receivables	7.00%	327,225	310,378	637,603
Finance receivables	10.19%	37,454,052	-	37,454,052
		$51,766,239	**$8,771,915**	**$60,538,154**
Financial liabilities:				
Trade and other payables	n/a	-	3,387,058	3,387,058
Investor deposits	5.10%	27,018,096	-	27,018,096
Related party payables	n/a	-	1,809,108	1,809,108
Borrowings	5.57%	19,730,438	-	19,730,438
		$46,748,534	**$5,196,166**	**$51,944,700**

Sensitivity analysis

A 1% strengthening/weakening of interest rates as at reporting date would have following impact on profit/(loss) and equity. This assumes that all other variables remain constant.

32 FINANCIAL RISK MANAGEMENT *- continued*

(i) Market risk *- continued*

Interest rate risk *- continued*

	Profit or loss		Equity	
	1% decrease	1% increase	1% decrease	1% increase
2016				
Financial assets:				
Cash and cash equivalents	(143,298)	143,298	(100,309)	100,309
Related party receivables	(4,205)	4,205	(2,944)	2,944
Finance receivables	(553,961)	553,961	(387,772)	387,772
	(701,464)	**$701,464**	**($491,025)**	**$491,025**
Financial liabilities:				
Investor deposits	298,290	(298,290)	208,803	(208,803)
Borrowings	487,641	(487,641)	341,349	(341,349)
	$785,931	**($785,931)**	**$550,152**	**($550,152)**
Net Impact	**$84,467**	**($84,467)**	**$59,127**	**($59,127)**
2015				
Financial assets:				
Cash and cash equivalents	(139,850)	139,850	(97,895)	97,895
Related party receivable	(3,272)	3,272	(2,291)	2,291
Finance receivables	(374,541)	374,541	(262,178)	262,178
	($517,663)	**$517,663**	**($362,364)**	**$362,364**
Financial liabilities:				
Investor deposits	270,181	(270,181)	189,127	(189,127)
Borrowings	197,304	(197,304)	138,113	(138,113)
	$467,485	**($467,485)**	**$327,240**	**($327,240)**
Net Impact	**($50,178)**	**$50,178**	**($35,124)**	**$35,124**

32 FINANCIAL RISK MANAGEMENT *- continued*

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting arises mainly from cash at bank, trade and other receivables, finance receivables and related party receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of finance, trade and other receivables and related party receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

The Group's maximum gross credit exposures at reporting date are as follows:

	2016	2015
Cash at bank	14,329,805	13,984,962
Trade and other receivables	9,603,163	8,461,537
Finance receivables	55,396,066	37,454,052
Related party receivables	3,535,787	637,603
	$82,864,821	**$60,538,154**

Analysis of credit exposures and impairment

The analysis of the Group's credit exposures and impairment as at reporting date is as follows:

2016	Gross amount	Individual impairment	Collective impairment	Carrying value
Trade and other receivables	9,603,163	-	-	9,603,163
Finance receivables	55,396,066	(1,713,286)	(168,690)	53,514,090
Related party receivables	3,535,787	-	-	3,535,787
	$68,535,015	**($1,713,286)**	**- 168,690.00**	**$66,653,039**

2015	Gross amount	Individual impairment	Collective impairment	Carrying value
Trade and other receivables	8,461,537	-	-	8,461,537
Finance receivables	37,454,052	(2,465,375)	-	34,988,677
Related party receivables	637,603	-	-	637,603
	$46,553,193	**($2,465,375)**	**-**	**$44,087,818**

Trade receivables are not secured by any collateral or credit enhancement. At reporting date, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments (refer also note 16).

A portion of other receivables are not secured by any collateral or credit enhancement. At reporting date, no other receivables were impaired. Refer to note 16 for information on the securities held against the portion of the other receivables that are secured.

Finance receivables are secured by way of first registered mortgages over the financed property, or under a sale and lease back arrangement whereby ownership of the leased asset reverts to the Group on the event of default of the party of the lease. Telecommuncations finance receivables relates to the provision of retail funding for the purchase of mobile devices, and are secured over the devices themselves. At reporting date, finance receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments (refer also note 18).

Related party receivables are not secured by any collateral or credit enhancement (refer also note 27). At reporting date, no related party receivables were impaired.

Ageing analysis

2016	Neither past due nor impaired	1-30 days	30-60 days	60-90 days	Over 90 days	Total
Trade receivables	-	2,417,597	590,186	590,186	5,311,676	8,909,645
Other receivables	693,518	-	-	-	-	693,518
Finance receivables	35,464,200	12,167,124	733,665	30,501	5,118,600	53,514,091
Related party receivables	3,535,787	-	-	-	-	3,535,787
	$39,693,504	**$14,584,721**	**$1,323,851**	**$620,687**	**$10,430,276**	**$66,653,040**
2015						
Trade receivables	-	674,601	644,587	612,612	6,014,880	7,946,679
Other receivables	514,858	-	-	-	-	514,858
Finance receivables	26,489,158	-	-	-	8,499,519	34,988,677
Related party receivables	637,603	-	-	-	-	637,603
	$27,641,619	**$674,601**	**$644,587**	**612,612**	**14,514,399**	**$44,087,818**

32 FINANCIAL RISK MANAGEMENT *- continued*

(iii) Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations as they fall due. Liquidity risk arises mainly from general funding and business activities. The Group monitors its liquidity position on a continuous basis and plans its operating activities to ensure a balanced liquidity position. The Group practices prudent risk management by maintaining sufficient cash balances and if required, securing funding facilities secured over the assets of the Group as and when required. If necessary the Group will build up cash reserves to meet longer term liabilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):

	Carrying amount	Total	0-6 Months	7-12 Months	13-24 Months	25-60 Months
2016						
Trade payables	625,957	625,957	625,957	-	-	-
Other payables	1,290,971	1,390,084	1,390,084	-	-	-
Investor deposits	29,829,031	30,349,564	16,500,633	10,173,624	3,675,308	-
Borrowings	48,764,082	51,190,141	16,303,424	15,665,402	12,487,046	6,734,269
Related party payables	714,063	714,063	714,063	-	-	-
	$81,224,103	**$84,269,809**	**$35,534,161**	**$25,839,026**	**$16,162,354**	**$6,734,269**
2015						
Trade payables	623,714	623,714	623,714	-	-	-
Other payables	2,743,015	2,743,015	2,743,015	-	-	-
Investor deposits	27,018,096	27,018,096	17,314,538	7,695,943	1,485,835	521,780
Borrowings	19,730,438	20,739,143	6,997,488	4,358,079	6,024,000	3,359,577
Related party payables	1,809,108	1,809,108	1,809,108	-	-	-
	$51,924,371	**$52,933,076**	**$29,487,863**	**$12,054,022**	**$7,509,835**	**$3,881,357**

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on expected undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rate at the end of the reporting period):

	Carrying amount	Total	0-6 Months	7-12 Months	13-24 Months	25-60 Months
2016						
Trade payables	625,957	625,957	625,957	-	-	-
Other payables	1,290,971	1,390,084	1,390,084	-	-	-
Investor deposits	29,829,031	30,379,007	14,198,508	12,505,191	3,675,308	-
Borrowings	48,764,082	51,190,141	16,303,424	15,665,402	12,487,046	6,734,269
Related party payables	714,063	714,063	714,063	-	-	-
	$81,224,103	**$84,299,252**	**$33,232,036**	**$28,170,593**	**$16,162,354**	**$6,734,269**
2015						
Trade payables	623,714	623,714	623,714	-	-	-
Other payables	2,743,015	2,743,015	2,743,015	-	-	-
Investor deposits	27,018,096	28,427,037	746,154	746,154	24,967,899	1,966,830
Borrowings	19,730,438	20,739,144	6,997,488	4,358,079	6,024,000	3,359,577
Related party payables	1,809,108	1,809,108	1,809,108	-	-	-
	$51,924,371	**$54,342,018**	**$12,919,479**	**$5,104,233**	**$30,991,899**	**$5,326,408**

33 FAIR VALUE DISCLOSURES

The estimated fair value of the Group's financial assets and liabilities are noted below.

Fair value estimates

The carrying value of all financial assets and liabilities not measured at fair value approximates their fair values as they are either short term in nature or rate insensitive.

Cash and cash equivalents
- These assets are short term in nature and the carrying value is equivalent to their fair value.

Trade, related party and other receivables
- These assets are short term in nature and are reviewed for impairment; the carrying value approximates their fair value.

Finance receivables
- These assets have fixed interest rates. Fair value is estimated using a discounted cashflow model, based on the orginial effective interest rate after making allowances for impairment, the carrying value approximates their fair value.

Trade, related party and other payables
- These liabilities are short term in nature; the carrying value approximates their fair value.

Investor deposits
- Investor deposits have fixed interest rates. Fair value is estimated using a discounted cash flow model based on a current market interest rate for similar products; the carrying value approximates their fair value.

Borrowings
- Borrowings have fixed and floating interest rates. Fair value is estimated using a discounted cash flow model based on a current market interest rate for similar products; the carrying value approximates their fair value.

	Carrying value	Fair value
2016		
Financial assets:		
Available for sale financial assets:		
- Other financial assets	30,992	30,992
Loans and receivables:		
- Cash and cash equivalents	14,329,805	14,329,805
- Trade, other receivables	9,603,163	9,603,163
- Related party receivables	3,535,787	3,535,787
- Finance receivables	53,514,090	57,200,247
	$81,013,836	**$84,699,994**
Financial liabilities:		
Financial liabilities at amortised cost:		
- Trade and other payables	1,916,928	1,916,928
- Related party payables	714,063	714,063
- Investor deposits	29,829,031	29,829,031
- Borrowings	48,764,082	48,764,082
	$81,224,103	**$81,224,103**
2015		
Financial assets:		
Available for sale financial assets:		
- Other financial assets	32,836	32,836
Loans and receivables:		
- Cash and cash equivalents	13,984,962	13,984,962
- Trade, other receivables	8,461,537	8,461,537
- Related party receivables	637,603	637,603
- Finance receivables	34,988,677	34,988,677
	$58,105,615	**$58,105,615**

33 FAIR VALUE DISCLOSURES *- continued*

	Carrying value	Fair value
Financial liabilities:		
Financial liabilities at amortised cost:		
- Trade and other payables	3,387,058	3,387,058
- Related party payables	1,809,108	1,809,108
- Investor deposits	27,018,096	27,018,096
- Borrowings	19,730,438	19,730,438
	$51,944,700	**$51,944,700**

Fair value hierarchy

NZ IFRS 13 specifies a hierarchy of valuation measurements based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, New Zealand Stock Exchange) and exchanges traded derivatives like futures (for example, Nasdaq, S&P 500).

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of over the counter derivative contracts, traded loans and issued structured debt. The sources of input parameters for yield curves or counterparty credit risk are Bloomberg or Reuters.

Level 3: Inputs for asset and liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Available for sale financial assets:	30,992	-	-	30,992
- Other	**$30,992**	**-**	**-**	**$30,992**

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Available for sale financial assets:	32,836	-	-	32,836
- Other	**$32,836**	**-**	**-**	**$32,836**

34 CAPITAL RISK MANAGEMENT

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings.

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Directors will balance the overall capital structure through the issue of new debt or the redemption of existing debt.

During the current and prior year the Group complied with all externally imposed capital requirements to which it is subject to, which are required by certain Group companies.

The Group's overall strategy remains unchanged from that of the prior year.

35 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors, as they make all key strategic resource allocation decisions (such as those concerning acquisition, divestment and significant capital expenditure).

The Group is organised into three reportable operating segments.

- Corporate
  The operations of this segment include provision of administration function services and the issuing of funding to other operating segments.
- Private banking
  The operations of this segment include the provision of private banking, trustee services and funds management services to external investors. This segment also invests funds in the asset management operating segment for the purposes of generating returns.
- Asset management
  The operations of this segment include investing funds in finance receivables, equity securities, investment properties and business operations for the purposes of generating returns.

Each Group operating segment is operated as a discrete business unit and transactions between segments. The eliminations arise from transactions between the Group segments and are predominantly interest income and expense, commission/brokerage income and expense and administration and operating expense charges.

35 OPERATING SEGMENTS *- continued*

Segment analysis

2016	Corporate	Private banking	Asset management	Eliminations	Total
External revenue from continuing operations	105,142	1,665,211	23,752,698	-	25,523,050
External revenue from discontinued operations	-	-	(630)	-	(630)
Total external revenue	105,142	1,665,211	23,752,068	-	25,522,420
Inter-segment revenue	4,320,000	856,397	4,831,361	(10,007,759)	-
Total	**$4,425,142**	**$2,521,608**	**$28,583,429**	**($10,007,759)**	**$25,522,420**
Net segment profit/(loss) before taxation from continuing operations	4,187,020	310,955	(551,722)	(7,133,585)	(3,187,331)
Net segment profit/(loss) before tax from discontinued operations	-	-	(1,924)	-	(1,924)
Total net segment profit/(loss)	4,187,020	310,955	(553,646)	(7,133,585)	(3,189,256)
Tax (expense)/benefit from continuing operations	-	(108,878)	(113,329)	-	(222,207)
Tax (expense)benefit from discontinued operations	-	-	9,876	-	9,876
Total tax expense	-	(108,878)	(103,453)	-	(212,330)
Net profit/(loss) after taxation	**$4,187,020**	**$202,077**	**($665,050)**	**($7,133,585)**	**($3,409,537)**
Interest income	105,142	1,756,855	5,863,525	(1,100,174)	6,625,348
Interest expense	-	(938,655)	(3,062,094)	1,100,174	(2,900,575)
Depreciation	-	(2,700)	(84,180)	-	(86,880)
Amortisation and impairment expense	-	(1,827)	(502,725)	-	(504,551)
Other material non-cash items:					
- Bad debts expense - finance receivables	-	-	(1,104,312)	-	(1,104,312)
- Bad debts expense - trade receivables	-	-	(109,556)	-	(109,556)
- Impairment provision - finance receivables	-	(64,588)	(565,524)	-	(630,112)
Assets					
Total segment assets	16,976,132	16,571,368	99,966,739	(31,497,995)	102,016,244
Additions to non-current assets other than financial instruments:					
- Property, plant and equipment	-	-	68,297	-	68,297
- Intangible assets	-	-	11,961	-	11,961
Liabilities					
Total segment liabilities	(16,699)	(22,420,367)	(60,647,352)	49,811	(83,034,607)

35 OPERATING SEGMENTS *- continued*

Segment analysis

2015	**Corporate**	**Private banking**	**Asset management**	**Eliminations**	**Total**
External revenue from continuing operations	78,415	1,514,249	22,764,566	-	24,357,230
External revenue from discontinued operations	-	-	(879,727)	-	(879,727)
Total external revenue	78,415	1,514,249	21,884,839	-	23,477,503
Inter-segment revenue	10,482,000	229,448	11,686,356	(22,397,803)	-
Total	**$10,560,415**	**$1,743,697**	**$33,571,195**	**($22,397,803)**	**$23,477,503**
Net segment profit/(loss) before taxation from continuing operations	10,328,394	145,177	11,577,661	(21,115,999)	935,232
Net segment profit/(loss) before taxation from discontinued operations	-	-	(4,868)	-	(4,868)
Total net segment profit/(loss)	10,328,394	145,177	11,572,793	(21,115,999)	930,364
Taxation expense/(benefit) from continuing operations	-	-	(316,968)	-	(316,968)
Taxation expense/(benefit from discontinued operations	-	-	161,979	-	161,979
Total tax expense	-	-	(154,989)	-	(154,989)
Net profit/(loss) after taxation	**$10,328,394**	**$145,177**	**$11,260,692**	**($21,115,999)**	**$618,264**
Interest income	78,415	1,505,399	2,399,415	(1,171,804)	2,811,425
Interest expense	-	(809,422)	(2,739,237)	1,171,804	(2,376,855)
Depreciation	-	(2,163)	(97,455)	-	(99,618)
Amortisation	-	(998)	(565,790)	-	(566,788)
Other material non-cash items:					
- Bad debts expense - finance receivables	-	-	(278,858)	-	(278,858)
- Bad debts expense - trade receivables	-	-	-	-	-
- Impairment provision - finance receivables	-	(11,625)	-	-	(11,625)
Assets					
Total segment assets	19,336,735	17,346,078	74,008,497	(33,182,843)	77,508,468
Additions to non-current assets other than financial instruments:					
- Property, plant and equipment	-	-	53,082	-	53,082
- Intangible assets	-	-	-	-	-
Liabilities					
Total segment liabilities	(11,500)	(20,049,487)	(35,999,321)	(100)	(56,060,409)

35 OPERATING SEGMENTS *- continued*

2016

Segment analysis

	New Zealand	Australia	United Kingdom	North America	Total
Revenue from continuing operations	13,796,122	4,342,490	6,422,988	961,450	25,523,050
Reveune from discontinued operations	(630)	-	-	-	(630)
Total revenue	13,795,492	4,342,490	6,422,988	961,450	25,522,420
Net segment profit/(loss) before taxation from continuing operations	(2,265,553)	1,356,557	(1,295,846)	(982,489)	(3,187,331)
Net segment profit/(loss) before taxation from discontinued operations	(1,924)	-	-	-	(1,924)
Total net segment profit/(loss)	(2,267,477)	1,356,557	(1,295,846)	(982,489)	(3,189,256)
Tax (expense)/benefit from continuing operations	(284,201)	(366,375)	-	428,369	(222,207)
Tax (expense)/benefit from discontinued operations	9,876	-	-	-	9,876
Total tax expense	(274,325)	(366,375)	-	428,369	(212,330)
Net profit/(loss) after taxation	**($2,549,754)**	**$990,182**	**($1,295,846)**	**($554,120)**	**(3,409,537)**
Interest income	6,573,650	28,890	22,808	-	6,625,348
Interest expense	(2,605,939)	(8,201)	(176,660)	(109,773)	(2,900,575)
Depreciation	(20,917)	(8,069)	(50,950)	(6,944)	(86,880)
Amortisation	(504,551)	-	-	-	(504,551)
Other material non-cash items:					
- Bad debts expense - finance receivables	-	-	-	-	-
- Bad debts expense - trade receivables	-	-	(109,556)	-	(109,556)
- Impairment provision - finance receivables	(630,112)	-	-	-	(630,112)
Assets					
Total segment assets	89,437,957	5,665,427	1,874,561	5,038,298	102,016,244
Additions to non-current assets other than financial instruments:					
- Property, plant and equipment	34,296	8,939	25,062	-	68,297
- Intangible assets	-	11,961	-	-	11,961
Liabilities					
Total segment liabilities	81,415,569	1,556,781	441,763	(379,506)	83,034,607

35 OPERATING SEGMENTS *- continued*

2015

Segment analysis

	New Zealand	Australia	United Kingdom	North America	Total
Revenue from continuing operations	14,019,957	4,290,849	5,007,578	1,038,846	24,357,230
Revenue from discontinued operations	(879,727)	-	-	-	(879,727)
Total revenue	13,140,230	4,290,849	5,007,578	1,038,846	23,477,503
Net segment profit/(loss) before taxation from continuing operations	4,344,787	589,039	(3,259,376)	(739,218)	935,232
Net segment profit/(loss) before taxation from discontinued operations	(4,868)	-	-	-	(4,868)
Total net segment profit/(loss)	4,339,919	589,039	(3,259,376)	(739,218)	930,364
Taxation expense/(benefit) from continuing operations	(333,975)	(267,677)	(188,120)	472,804	(316,968)
Taxation expense/(benefit) from discontinued operations	161,979	-	-	-	161,979
	(171,996)	(267,677)	(188,120)	472,804	(154,989)
Net profit/(loss) after taxation	**$4,010,812**	**$321,362**	**($3,447,496)**	**($266,414)**	**$618,264**
Interest income	2,770,571	56,923	15,588	-	2,843,083
Interest expense	(2,141,584)	(218,078)	(17,193)	-	(2,376,855)
Depreciation	(26,206)	(6,232)	(60,996)	(6,184)	(99,618)
Amortisation	(99,188)			(467,600)	(566,788)
Other material non-cash items:					
- Bad debts expense - finance receivables	-	-	-	-	-
- Bad debts expense - trade receivables	-	-	(278,858)	-	(278,858)
- Impairment provision - finance receivables	415,072	-	-	-	415,072
Assets					
Total segment assets	62,782,598	6,794,855	2,196,723	5,734,292	77,508,468
Additions to non-current assets other than					
- Property, plant and equipment	47,431		5,651		53,082
- Intangible assets	-	-	-	-	-
Liabilities					
Total segment liabilities	(52,286,179)	(2,584,794)	(1,054,515)	(134,921)	(56,060,409)

Information about major customers

None of the Group's operating segments place any reliance on a single major customer amounting to 10% or more of the applicable segments revenue.

36 COMMITMENTS

Operating Leases

The group leases property, plant & equipment under operating lease contracts. The term of these contracts varies between 1 and 5 years.

Minimum lease payments due under operating leases are as follows:

	2016	2015
Payable		
- Less than one year	601,748	919,341
- Between one and five years	1,700,991	2,124,412
	$2,302,739	**$3,043,753**

37 DISCONTINUED OPERATIONS

The Airbus Express Business Operations was sold on 20 June 2014 (refer note 29). Below is an analysis of the result of this discontinued operation.

	Note	2016	2015
Revenue		630	879,727
Expenses		1,294	(874,859)
Profit before tax of discontinued operations		1,924	4,868
Income tax expense	(10)	(9,876)	(161,979)
Profit/(Loss) for the year after tax of discontinued operations		**($7,951)**	**(157,112)**

38 CONTINGENCIES

There are no material contingent liabilities at reporting date (2015: Nil).

39 SUBSEQUENT EVENTS

There are no material subsequent events that require disclosure at reporting date.

Financial calendar

31 March 2017	Interim results released
30 June 2017	Financial year end

Bancorp Wealth Management
New Zealand Limited
Level 11, 191 Queen Street
Auckland 1010
New Zealand

PO Box 4270
Auckland 1140
New Zealand

Telephone: +64 9 309 8270
Fax: +64 9 309 8367