

GFNZ GROUP LIMITED

AND ITS SUBSIDIARIES

Half Year Report

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

GFNZ GROUP LIMITED

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EXECUTIVE SUMMARY

Report from the Managing Director

GFNZ Group announced its results for the six months to 30 September 2014 on 3 December 2014. The unaudited interim result for the period was a profit of \$288k (2012: \$88k).

Business Performance:

During the period each of the group's trading entities reported profits before group overheads. The profit generated by the trading operations amounted to approximately \$900k with the parent cost structure incurring \$620k of costs resulting in a group profit of \$288k for the six months.

Geneva Financial Services (Geneva), which is responsible for the "new business lending" experienced good lending growth during the period and delivered a \$0.5m profit before group overheads.

Quest Insurance Group Limited's (Quest) produced a \$0.2m profit before group overheads.

Stellar Collections (Stellar) which holds the residual old ledgers and old business assets, produced a profit of \$200k before group overheads

Pacific Rise Limited (PRL) which holds an investment in regional medical property produced a \$35k profit before group overheads.

Rights Issue

The Group raised \$6.1m of new equity via a rights issue during May 2014. A total of \$0.6m of this was taken up by public shareholders with the remaining \$5.5m taken up by Federal Pacific Group (Fedpac), under their underwrite agreement with the company. Fedpac settled its share take up by converting their \$5m shareholders loan to equity with the balance being settled in cash. As a result Fedpac raised its shareholding in the company to 57.42%.

Funding:

The group has two components to its funding:

- a. Geneva (the new business model) has a \$30m securitisation facility which is currently drawn to \$21.6m.
- b. Stellar has a three year \$5.0m debt funding package which includes loans totaling \$1.8m from directors.

Standard and Poors Credit Rating:

As a result of exiting moratorium on 1 August 2013 the Company was no longer required to hold a credit rating and subsequently on 27 June 2014 the Company ceased its financial strength credit rating with Standard Poors.

Strategic Direction:

The Group is now well placed to expand its lending programs and this is now the primary focus of the Board. Insurance business premium sales are linked to the group's lending volumes and improvements in lending are expected to flow through to the insurance business results. Expansion of the debt collections operation will also be pursued in the coming year.

Summary and outlook:

The \$0.3m reported profit for the first 6 months of the year is a pleasing result following on from the \$4.2m loss reported at March 2013. There remain challenges ahead, but the Board are confident that the company is now in a position where profit improvements can be achieved and as a result shareholder value enhanced.



David O'Connell
Managing Director

GFNZ GROUP LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	<u>Note</u>	Group		
		30 Sep 14 6 months Unaudited \$000's	30 Sep 13 6 months Unaudited \$000's	31 Mar 14 12 months Audited \$000's
Interest income		3,020	2,815	5,582
Interest expense		1,531	1,474	3,089
Net interest income		1,489	1,341	2,493
Net premium revenue		759	671	1,295
Other revenue	(4)	613	2,411	2,771
Operating revenue (net of interest expense)		2,861	4,423	6,559
Net claims expense		162	196	337
Operating expenses		2,850	3,550	7,351
Operating profit / (loss)		(151)	677	(1,129)
Impaired asset (release) / charge		(439)	596	3,068
Net profit / (loss) before taxation		288	81	(4,197)
Taxation expense		-	-	4
Net profit / (loss) after taxation		288	81	(4,201)
Profit / (loss) per share				
Basic profit / (loss) per share (cents)	(7)	0.07	0.03	(1.50)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Group		
	30 Sep 14 6 months Unaudited \$000's	30 Sep 13 6 months Unaudited \$000's	31 Mar 14 12 months Audited \$000's
Net profit / (loss) after taxation	288	81	(4,201)
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Movement in property revaluation reserve	-	-	-
<i>Items may be subsequently reclassified to profit or loss</i>			
Movement in fair value of available for sale equity securities	-	-	142
Cash flow hedge, net of tax	(72)	32	77
	(72)	32	219
Other comprehensive income / (loss), net of tax	(72)	32	219
Total comprehensive income / (loss)	216	113	(3,982)

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

GFNZ GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

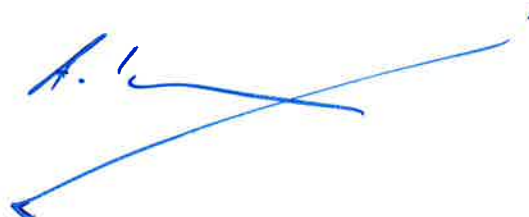
	Note	Group		
		30 Sep 14 6 months Unaudited \$000's	30 Sep 13 6 months Unaudited \$000's	31 Mar 14 12 months Audited \$000's
Assets				
Cash and cash equivalents		3,703	2,775	2,743
Available for sale equity securities	(8)	2,721	2,579	2,721
Prepayments and other debtors		232	285	257
Taxation receivable		23	11	23
Finance receivables	(5)	35,661	33,651	32,152
Deferred insurance contract acquisition costs		642	409	478
Financial assets at fair value through profit or loss	(8)	566	1,079	687
Derivative financial instruments		-	-	45
Intangible assets		105	217	155
Fixed assets		76	300	99
Total assets		43,729	41,306	39,360
Liabilities				
Accounts payable and accruals		793	1,528	950
Outstanding claims liability		234	119	133
Employee entitlements		181	125	208
Unearned premium liability		1,366	1,084	1,144
Derivative financial instruments		27	-	-
Term facilities	(9)	21,651	15,952	18,456
Other Borrowings	(10)	4,996	10,017	10,083
Professional investor facility	(12)	-	-	-
Total liabilities		29,248	28,825	30,974
Equity				
Share capital	(6)	50,764	44,885	44,885
Share option reserve		244	244	244
Property revaluation reserve		-	-	-
Retained earnings		(36,986)	(32,992)	(37,274)
Cash flow hedge		(27)	-	45
Available for sale equity reserve		486	344	486
Total equity		14,481	12,481	8,386
Total equity and liabilities		43,729	41,306	39,360

For and on behalf of the board, dated 28 January 2015

Director



Director



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

GFNZ GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

<u>Note</u>	Share Capital	Share option reserve	Property revaluation reserve	Group Retained earnings	Cash flow hedge	Available for sale equity reserve	Total equity
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 April 2013	44,885	244	752	(33,825)	(32)	344	12,368
Net profit for the period	-	-	-	81	-	-	81
Other comprehensive income							
Increase in property revaluation reserve	-	-	-	-	-	-	-
Increase in available for sale equity reserve	-	-	-	-	-	-	-
Change in cash flow hedge, net of tax	-	-	-	-	32	-	32
Total other comprehensive income	-	-	-	-	32	-	32
Total comprehensive income	-	-	-	81	32	-	113
Transfer of property revaluation reserve to retained earnings			(752)	752			-
Balance at 30 September 2013 (Unaudited)	44,885	244	-	(32,992)	-	344	12,481
Net profit for the period	-	-	-	(4,282)	-	-	(4,282)
Other comprehensive income							
Increase in property revaluation reserve	-	-	-	-	-	-	-
Increase in available for sale equity reserve	-	-	-	-	-	142	142
Change in cash flow hedge, net of tax	-	-	-	-	45	-	45
Total other comprehensive income	-	-	-	-	45	142	187
Total comprehensive income	-	-	-	(4,282)	45	142	(4,095)
Balance at 31 March 2014 (Audited)	44,885	244	-	(37,274)	45	486	8,386
Net profit for the period	-	-	-	288	-	-	288
Other comprehensive income							
Change in cash flow hedge, net of tax	-	-	-	-	(72)	-	(72)
Total other comprehensive income	-	-	-	-	(72)	-	(72)
Total comprehensive income	-	-	-	288	(72)	-	216
Transaction with owners							
Placement of new ordinary shares	6,065	-	-	-	-	-	6,065
Share issue cost relating to new ordinary shares issued as part of the Company's Non-Renounceable Rights Issue of Ordinary Shares	(186)	-	-	-	-	-	(186)
Total transactions with owners	5,879	-	-	-	-	-	5,879
Balance at 30 September 2014 (Unaudited)	50,764	244	-	(36,986)	(27)	486	14,481

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

GFNZ GROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Group		
	30 Sep 14 6 months Unaudited	30 Sep 13 6 months Unaudited	31 Mar 14 12 months Audited
Note	\$000's	\$000's	\$000's
Cash flow from operating activities:			
Cash was provided from:			
Interest received	2,838	2,707	5,302
Receipts from insurance policy sales, collections activities and other sources	1,499	2,989	4,056
Proceeds from collections made on purchased debt ledger	216	179	533
Proceeds from sale of government bonds	-	1,001	1,001
Net movement in finance receivables	-	2,123	1,324
	<u>4,553</u>	<u>8,999</u>	<u>12,216</u>
Cash was applied to:			
Net movement in finance receivables	(2,971)	-	-
Interest paid	(1,531)	(1,474)	(3,089)
Payments to suppliers and employees	(3,082)	(4,091)	(8,187)
Tax paid	-	-	(4)
	<u>(7,584)</u>	<u>(5,565)</u>	<u>(11,280)</u>
Net cash inflow from operating activities	(3,031)	3,434	936
Cash flows from investing activities:			
Cash was provided from:			
Proceeds from the sale of fixed assets	4	4,279	4,279
	<u>4</u>	<u>4,279</u>	<u>4,279</u>
Cash was applied to:			
Purchase of fixed assets and intangible assets	-	(10)	(48)
	<u>-</u>	<u>(10)</u>	<u>(48)</u>
Net cash outflow from investing activities	4	4,269	4,231
Cash flows from financing activities:			
Cash was provided from:			
Net movement of term facilities: Westpac	3,195	15,953	18,456
Net movement of other borrowings	-	10,017	10,083
Issue of new shares	6,065	-	-
	<u>9,260</u>	<u>25,970</u>	<u>28,539</u>
Cash was applied to:			
Net movement of term facilities: BOSI	-	(13,650)	(13,650)
Net movement of debentures	-	(15,381)	(15,446)
Net movement of professional investor facilities	-	(3,849)	(3,849)
Net movement of other borrowings	(5,087)	-	-
Payments relating to the issue of new shares	(186)	-	-
	<u>(5,273)</u>	<u>(32,880)</u>	<u>(32,945)</u>
Net cash outflow from financing activities	3,987	(6,910)	(4,406)
Net increase / (decrease) in cash and cash equivalents held	960	793	761
Add: Opening cash and cash equivalents balance	<u>2,743</u>	<u>1,982</u>	<u>1,982</u>
Cash on purchase of subsidiaries	-	-	-
Cash and cash equivalents at the end of the period	<u>3,703</u>	<u>2,775</u>	<u>2,743</u>
Represented by:			
Cash at bank	<u>3,703</u>	<u>2,775</u>	<u>2,743</u>
Cash and cash equivalents at the end of the period	<u>3,703</u>	<u>2,775</u>	<u>2,743</u>

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of GFNZ Group Limited (the Company) and its subsidiaries (the Group) for the six months ended 30 September 2014 have been prepared in accordance with NZ IAS 34: *Interim Financial Reporting*.

The Company is a for-profit entity incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993 and listed on the New Zealand Alternative Stock Exchange (NZAX) and is an issuer for the purpose of the Financial Reporting Act 1993.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2014 should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2014, which were prepared in accordance with New Zealand equivalents to International Financial Reporting Standards.

The accounting policies applied in these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2014. The same significant judgements, estimates and assumptions included in the notes to the Group's annual financial statements for the year ended 31 March 2014 have been used in these unaudited condensed consolidated interim financial statements.

2. STANDARDS AND INTERPRETATIONS

The same accounting policies and methods of computation are followed in the interim financial statements as with the most recent annual financial statements.

3. SEGMENT REPORTING

The Group's reportable operating segments are as follows:

- Corporate: The operations of this segment include the advancing loans to other operating segments within the Group.
- New Business: The operations of this segment include the lending of money to individuals, companies and other entities originating subsequent to 1 April 2008.
- Insurance: The operations of this segment include the issuing of temporary insurance contracts covering death, disablement and redundancy risks and short term motor vehicle contracts covering comprehensive, third party, mechanical breakdown risk and guaranteed asset protection.
- Old Business: The operations of this segment include the collection and management of money lent to individuals, companies and other entities originated prior to 1 April 2008, impaired loans acquired from the new business segment and external debt collection.
- Property: The operations of this segment include an available for sale investment in an unlisted medical property company.

Each Group operating segment is operated as a discrete business unit and transactions between segments are on normal commercial terms and conditions. The eliminations arise from transactions between the Group segments and are predominantly interest, commission/brokerage, marketing subsidy, debt collection and rent/lease charges

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

3. SEGMENT REPORTING (continued)

Group summary revenues and results for the period ended 30 September 2014 (Unaudited)

\$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
External revenues	-	3,262	848	245	37	-	4,392
Revenue - other segments	134	270	-	11	82	(497)	-
Total	134	3,532	848	256	119	(497)	4,392
Segment profit/(loss)	(1,053)	515	152	240	37	397	288
Taxation expense	-	-	-	-	-	-	-
Net profit/(loss) after taxation	(1,053)	515	152	240	37	397	288
Interest income	134	2,974	118	30	82	(318)	3,020
Interest expense	-	1,606	-	147	82	(304)	1,531
Depreciation	-	16	-	1	-	-	17
Amortisation	-	46	-	4	-	-	50
Other material non-cash items:							
Impaired assets expense	398	376	-	(815)	-	(398)	(439)

Group summary assets and liabilities as at 30 September 2014 (Unaudited)

\$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
Segment assets							
Total assets	23,350	36,521	7,793	7,928	3,995	(35,858)	43,729
Additions to non current assets	-	-	-	-	-	-	-
Segment liabilities							
Total liabilities	9,095	28,296	1,838	3,528	1,604	(15,113)	29,248

Group summary revenues and results for the year 31 March 2014 (Audited)

\$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
External revenues	1,045	6,149	1,524	511	418	-	9,647
Revenue - other segments	1,331	450	-	-	-	(1,780)	1
Total	2,376	6,599	1,524	511	418	(1,780)	9,648
Segment profit/(loss)	(4,513)	571	580	(5,500)	308	4,353	(4,201)
Taxation expense	-	-	-	-	-	-	-
Net profit/(loss) after taxation	(4,513)	571	580	(5,500)	308	4,353	(4,201)
Interest income	1,559	5,485	187	70	109	(1,828)	5,582
Interest expense	1,411	2,304	-	1,052	108	(1,786)	3,089
Depreciation	-	43	-	123	-	-	166
Amortisation	-	78	-	52	-	-	130
Other material non-cash items:							
Impaired assets expense	4,699	404	-	2,664	-	(4,699)	3,068
Share Option Expense	-	-	-	-	-	-	-

Group summary assets and liabilities as at 31 March 2014 (Audited)

\$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
Segment assets							
Total assets	16,473	27,946	7,159	7,727	4,030	(23,975)	39,360
Additions to non current assets	-	48	-	-	-	-	48
Segment liabilities							
Total liabilities	7,525	24,403	1,347	7,566	1,604	(11,471)	30,974

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

3. SEGMENT REPORTING (continued)

Group summary revenues and results for the period ended 30 September 2013 (Unaudited)

\$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
External revenues	1,045	3,229	1,151	437	34	-	5,897
Revenue - other segments	958	222	-	-	(1)	(1,179)	-
Total	2,003	3,451	1,151	437	33	(1,179)	5,897
Segment profit/(loss)	16	443	488	(1,641)	308	467	81
Taxation expense	-	-	-	-	-	-	-
Net profit/(loss) after taxation	16	443	488	(1,641)	308	467	81
Interest income	1,056	2,770	85	32	27	(1,155)	2,815
Interest expense	994	1,010	-	599	26	(1,155)	1,474
Depreciation	-	12	-	76	-	-	88
Amortisation	-	35	-	34	-	-	69
Other material non-cash items:							
Impaired assets expense	811	310	-	286	-	(811)	596
Share option Reserve	-	-	-	-	-	-	-

Group summary assets and liabilities as at 30 September 2013 (Unaudited)

\$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
Segment assets							
Total assets	14,889	23,433	7,053	12,272	3,893	(20,234)	41,306
Additions to non current assets	-	10	-	-	-	-	10
Segment liabilities							
Total liabilities	5,319	21,255	1,333	8,284	1,609	(8,975)	28,825

By geographical segment

The Group operated predominantly in New Zealand and all revenues are derived from New Zealand

4. SIGNIFICANT EVENTS AND TRANSACTIONS

On 1 August 2013 the Company discharged all secured debentures, repaid its banking facility with BOS International (Australia) Limited, repaid all professional investor schemes and exited moratorium that was entered into in November 2007. The Company then entered into a financing arrangement with Westpac New Zealand Limited as described in note 13 on 1 August 2013.

During the period ended 31 March 2014 the group recorded a non recurring, "one off" debt restructuring gain of \$1.2m.

The Company implemented the group restructure that was approved at the shareholders meetings in March 2011 and 31 July 2013 whereby the remaining receivables of the Company have been transferred to Geneva Financial Services Limited and Stellar Collections Limited. In addition all other assets of the Company were also transferred.

5. FINANCE RECEIVABLES

	30 Sep 14 6 months Unaudited	30 Sep 13 6 months Unaudited	31 Mar 14 12 months Audited
	\$000's	\$000's	\$000's
Gross finance receivables	37,365	40,277	37,859
Gross finance receivables (The Geneva Warehouse A Trust)	27,853	21,676	24,049
Gross finance receivables (Prime Asset Trust Limited)	940	-	1,078
Total gross finance receivables	66,158	61,953	62,986
Less: Unearned Interest	10	32	33
Deferred fee revenue and expenses	486	406	403
Less: Provision for credit impairment	30,001	27,864	30,398
Net finance receivables	35,661	33,651	32,152

The Company established a securitisation transaction on 1 August 2013, refer to note 13 for further information.

While the sale of the finance receivables to the Geneva Warehouse A Trust (the Trust) constitute a legally enforceable sale and purchase transaction, it does not meet the criteria for the derecognition of financial assets under NZ IAS 39 and thus at the time of the sale does not meet the Company's accounting policy for derecognition of a financial asset. NZ IAS 39 establishes specific guidance for the derecognition of financial assets, such that a financial asset can only de-recognised when substantially all of the risks and rewards of ownership is measured by the change in the variability of the cash flow arising from the financial assets before and after the transfer.

During the period ended 30 September 2014, finance receivables totalling approximately \$13.0m (30 September 2013: \$25.8m; 31 March 2014: \$35.6m) were sold to the Trust. As there has been no change in the management of the receivables and because there were no significant change in the cash flows before and after the sale, the sold receivables did not meet the derecognition criteria. Furthermore, as the sales constitute legally enforceable transfer of equitable interest in the transferred receivables, the carrying values of these receivables at reporting date of \$27.9m (30 September 2013: \$21.7m; 31 March 2014: \$24.0m) are subject to limitations on disposal.

6. SHARE CAPITAL

	30 Sep 14 6 months Unaudited	30 Sep 13 6 months Unaudited	31 Mar 14 12 months Audited
	000's	000's	000's
Number of ordinary shares			
Opening balance	280,872	280,872	280,872
Placement of new shares via rights issue	202,169	-	-
Total issued shares	483,041	280,872	280,872

	30 Sep 14 6 months Unaudited	30 Sep 13 6 months Unaudited	31 Mar 14 12 months Audited
	\$000's	\$000's	\$000's
Dollar value of ordinary shares			
Opening balance	44,885	44,885	44,885
Placement of new shares via rights issue	5,879	-	-
Total issued shares	50,764	44,885	44,885

6. SHARE CAPITAL (continued)

Placement of new shares via Rights Issue

On 4 April 2014 the Company registered a Simplified Disclosure Prospectus to which contained an offer for a pro rata Non-Renounceable Rights Issue to the Company's shareholders to acquire new ordinary shares in the Company on the following terms:

- * the Company will issue up to 202,168,512 new Shares at 3 cents per Share (payable in full in cash on application);
- * the Shareholders are offered 11 new Shares for every 18 Shares held at the Record Date (with fractions rounded down);
- * the Optionholders are offered 11 new Shares for every 18 Options held at the Record Date (with fractions rounded down);
- * the Rights Issue was subject to the approval of the Shareholders by ordinary resolution to be considered at a Shareholders' Meeting convened for 29 April 2014, which was duly obtained;
- * the Rights Issue was scheduled to open on 10 April 2014 and to close on 6 May 2014. The new Shares was issued on 13 May 2014;
- * the new Shares issued under the Rights Issue will rank equally in all respects, including as to dividends and voting, with the existing Shares;
- * Rights are non-renounceable, which means that Shareholders may not sell or transfer any of their Rights;
- * Shareholders and Optionholders can apply for more than their entitlement. In the event that more Shares are subscribed for than are available under the Rights Issue, the directors will scale applications, first, after allocating entitlements, and thereafter in a manner the directors determine is equitable.

On 29 April 2014, the following resolution were approved:

Approval of rights issue

"In accordance with Listing Rule 7.3.1, to approve the issue of up to 202,168,512 new ordinary shares at 3 cents per share pursuant to a non-renounceable rights issue and on the terms as more particularly described in the explanatory notes to, and Simplified Disclosure Prospectus accompanying, this notice of meeting (the Rights Issue)."

Approval of underwriting agreement with Federal Pacific Group Limited

"In accordance with Listing Rules 7.5 and 9.2.1 and Rule 7(d) of the Takeovers Code, to ratify, confirm and approve entry into, and performance of, the underwriting agreement dated 2 April 2014 between Federal Pacific Group Limited (FedPac) and Geneva in relation to the Rights Issue as described in the Simplified Disclosure Prospectus accompanying this notice of meeting and to approve the issue of shares to FedPac under the underwriting agreement."

This transaction is summarised as follows:

	Company
	\$'000
Issue of 19,354,134 shares in GFNZ Group Limited on 13 May 2014 @ 3 cents per share.	6,065
* Issue of 182,814,378 shares in GFNZ Group Limited on 13 May 2014 @ 3 cents per share.	-
	<u>6,065</u>
Payment received on 13 May 2014	(581)
** Payment received on 13 May 2014	(5,484)
	<u>(6,065)</u>
Balance recognised in profit or loss for the year ended 30 September 2014	<u>-</u>
* Shares taken up by Federal Pacific Group as per underwrite agreement.	
** Settlement received from Federal Pacific Rise Limited consisting of:	
Conversion of unsecured shareholders loan	5,000
Cash	484
	<u>5,484</u>

The Company incurred share issue costs totalling \$186k, this was recorded directly in equity against share capital.

6. SHARE CAPITAL (continued)
Share options

	30 Sep 14 6 months Unaudited	30 Sep 13 6 months Unaudited	31 Mar 14 12 months Audited
	000's	000's	000's
Number of options			
Opening Balance	49,949	49,949	49,949
Granted during the period	-	-	-
Forfeited during the period	(500)	-	-
Exercised during the period	-	-	-
Expired during the period	-	-	-
Number of options outstanding at the end of the period	49,449	49,949	49,949

7. EARNINGS PER SHARE

Basic profit per share

The calculation of basis profit per share was based on the profit attributable to ordinary shareholders and a weighted number of ordinary shares as follows.

	30 Sep 14 6 months Unaudited	30 Sep 13 6 months Unaudited	31 Mar 14 12 months Audited
	\$000's	\$000's	\$000's
Net profit / (loss) attributable to ordinary shares	288	81	(4,201)

Weighted number of shares

	30 Sep 14 6 months Unaudited	30 Sep 13 6 months Unaudited	31 Mar 14 12 months Audited
	000's	000's	000's
Issued shares 1 April	280,872	280,872	280,872
Placement of new shares via rights issue	155,769	-	-
	436,641	280,872	280,872

Basic profit per weighted average number of shares	\$0.0007	\$0.0003	-\$0.0150
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Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company only has share options. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number shares that would have been issued assuming the exercise of the share options.

No diluted earnings per share has been presented for as the average share price of the Company's shares over the reported periods was lower than the exercise price of the share options on issue.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

8. FAIR VALUE DISCLOSURES

As at 30 September 2014 the carrying value of cash and cash equivalents, other than receivables or payables approximated their fair values due to the short-term nature of the financial assets or liabilities. As at 30 September 2014 the carrying value of borrowings approximates its fair value as all borrowings are subject to floating or short-term interest rates.

Fair value of financials assets and liabilities carried at fair value are determined as follows:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable data.

30 September 2014 (Unaudited)	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Equity securities available for sale	-	-	2,721	2,721
Purchased debt	-	-	566	566
	-	-	3,287	3,287
30 September 2013 (Unaudited)	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Equity securities available for sale	-	-	2,579	2,579
Purchased debt	-	-	1,079	1,079
	-	-	3,658	3,658
31 March 2014 (Audited)	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Equity securities available for sale	-	-	2,721	2,721
Purchased debt	-	-	687	687
	-	-	3,408	3,408

Equity securities available for sale

This is an 11% investment in a unlisted medical property company and is held as an available for sale financial asset measured at fair value. The Directors have disclosed their intention to sell this investment. This equity security is not quoted in an active market. The fair value of this equity security is based on the Group's share of the entity's net assets at 31 March 2014 as reported in the entity's financial statements. The entity is a property investment company that is solely in the business of holding and leasing investment property under operating leases and is involved in the development of investment property. The majority of the entity's assets and liabilities are reported in their financial statements at either their fair value or their carrying value which approximates their fair value. Directors are satisfied that the 31 March 2014 values are appropriate for 30 September 2014.

Purchased debt

Purchased debt is typically past due and non-performing debt acquired by Stellar Collections Limited at a discount to face value. These debt instruments are not quoted in an active market. The fair value on the purchased debt is based on a valuation using discounted cash flow models as performed by external valuers, Northington Partners at 31 March 2014. Key assumptions and inputs in the valuation include, a discount rate of 27.5%, projected cash flows for four years based on historical collection rates of similar portfolios and collections costs. The purchased debt was designated at fair value through the profit and loss upon initial recognition. Directors are satisfied that the 31 March 2014 values are appropriate for 30 September 2014.

9. TERM FACILITIES

	30 Sep 14 6 months Unaudited \$'000's	30 Sep 13 6 months Unaudited \$'000's	31 Mar 14 12 months Audited \$'000's
Term facility: BOSI	-	-	-
Term facility: Westpac	22,054	17,154	19,054
Capitalised transaction costs: Westpac	(403)	(1,202)	(598)
	21,651	15,952	18,456

The BOS International (Australia) Limited (BOSI) term facility was set to mature on 31 March 2015. On 1 August 2013 the Company repaid the total amount owing to BOSI and entered into a financing arrangement with Westpac New Zealand Limited (Westpac) as described in note 13.

10. OTHER BORROWINGS

	30 Sep 14 6 months Unaudited \$000's	30 Sep 13 6 months Unaudited \$000's	31 Mar 14 12 months Audited \$000's
Secured *	5,000	5,000	5,000
Capitalised transaction costs	(4)	(8)	(6)
Unsecured	-	5,091	5,089
Capitalised transaction costs	-	(66)	-
	<u>4,996</u>	<u>10,017</u>	<u>10,083</u>

During the prior period the Company acquired \$3.4m funding from professional investors, which includes two directors (David Smale and Robin King), secured by assets held by Stellar Collections Limited and a further \$1.6m from professional investors secured by assets held by Pacific Rise Limited.

* Includes \$0.45m from David Smale and \$1.35m from Robin King.

During the period Federal Pacific Group Limited utilised their \$5m unsecured loan in settling their share take up as a result of the underwrite agreement entered into on 2 April 2014 and approved by shareholders on 29 April 2014 as described in note 6.

11. DEBT SECURITIES

	30 Sep 14 6 months Unaudited \$000's	30 Sep 13 6 months Unaudited \$000's	31 Mar 14 12 months Audited \$000's
Debentures *	-	16,957	15,379
Debentures subject to capital reconstruction plan	-	16,382	13,948
Other	-	687	1,497
Deferred issue costs	-	(112)	(66)
	<u>-</u>	<u>16,957</u>	<u>15,379</u>

* Debentures from related parties (included in totals above)

On 1 August 2013 the Company repaid the total amount owing to Debenture Holders (including debentures to related parties, David Smale and Robin King) as at that date and entered into a financing arrangement with Westpac New Zealand Limited as described in note 13. David Smale and Robin King reinvested their debenture repayment proceeds as described in note 10.

Moratorium

Under the Securities Act 1978 a moratorium proposal means an offer of any debt security that is, in substance, a variation of the terms or conditions of an existing debt security that extends the time for payment of the principal amount or any other returns, or reduces or cancels the principal amount or any other returns, that are due, or to become due, under that existing debt security. The company entered into Moratorium in November 2007 and on 1 August 2013 exited the Moratorium when it discharged all outstanding debentures at that date in full.

12. PROFESSIONAL INVESTOR FACILITIES

	30 Sep 14 6 months Unaudited \$000's	30 Sep 13 6 months Unaudited \$000's	31 Mar 14 12 months Audited \$000's
Prime Asset Trust Limited Schemes *	-	-	-

* Related party (included in totals above)

On 1 August 2013 the Company repaid the total amount owing to the professional investors who provided funding via the professional investor schemes in Prime Asset Trust Limited as at that date and entered into a financing arrangement with Westpac New Zealand Limited as described in note 13. This included repayments to Federal Pacific Group Nominees Limited (Fed Pac) and Directors, David Smale and Robin King. Fedpac, David Smale and Robin King reinvested their repayment proceeds as described in note 10.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

13. SECURITISATION

On 1 August 2013, Geneva Financial Services Limited (GFSL) a wholly owned subsidiary of the Company entered into a wholesale funding arrangement with Westpac New Zealand Limited (Westpac) under which it securitised loan receivables through The Geneva Warehouse A Trust (the Trust). Under the facility, Westpac provided funding to the Trust secured by loan receivables transferred to the Trust from GFSL. The facility was for an initial term of two years and for a maximum amount of \$30,000,000. The facility was extended to 30 June 2014 on 19 September 2014. The Trust is a special purpose entity set up solely for the purpose of receiving loans from GFSL with Westpac funding up to 80% of the purchase and the remainder being funded by a subordinated loan from the Company. The NZ Guardian Trust Limited, via NZGT (GF) Trustee Limited, has been appointed as Trustee for the Trust with GFSL as the sole beneficiary. Under NZ IAS 39, Financial Instruments: Recognition and Measurement and NZ IFRS 10: Consolidated Financial Statements, the Company controls the financing and operating activities of the Trust. As a result the Trust is required to be consolidated into the Group financial statements.

GFSL continues to administer the loans and collect loan instalments as they fall due. As GFSL retains all of the risks and rewards relating to the transferred loan receivables, the loan receivables do not qualify for derecognition under NZ IAS 39 and they continue to appear in the consolidated balance sheet of the Group.

During the six months ended 30 September 2013 GFSL transferred \$13.0m of loans receivables to the Trust (September 2013: \$23.8m, March 2014: \$35.9m). As at 30 September 2014 the carrying value of these assets was \$27.9m (September 2013: \$21.7m, March 2014: \$24.0m)

14. RELATED PARTIES**Loans and advances to related parties**

	30 Sep 14 6 months Unaudited \$000's	30 Sep 13 6 months Unaudited \$000's	31 Mar 14 12 months Audited \$000's
<i>Finance receivables</i>			
Loans receivables	273	273	273
Impairment provision	(273)	(273)	(273)
Net loans receivable	-	-	-

The loans carried an interest rate of 8% up to the 30 September 2007, from 1 October 2007 these loans are interest free. The loans were granted for a period of three to five years. The loans was advanced to purchase shares in Financial Investment Holdings Limited. The loans were fully provided for at 30 September 2013, 31 March 2013 and 30 September 2012.

Facilities from related parties

During the period the Company repaid the professional investor facilities as described in note 12. Federal Pacific Group Nominees Limited and Directors, David Smale and Robin King, reinvested their repayments as described in note 10 and 11.

Other

There were no other related party transactions

15. COMMITMENTS AND CONTINGENCIES

30 September 2014 On the 30 August 2011 the shareholders of the company approved adoption of an Executive Share Option Plan and the issue of options under that Plan on the following principal terms and such other terms and conditions as the Directors determine:

Options will be issued to senior management of the Company in such number and to such persons (including up to 9,000,000 options to the Managing Director David O'Connell) as the directors determine;

Each option will entitle the holder to subscribe for one ordinary share in the Company at an issue price of 5 cents per share;

Each option must be issued within 12 months after the date of passing this resolution and must be exercised not later than 3 years after the issue date;

The options (unless already exercised) will be forfeited if the employee ceases to be employed by the Company; and

As at 30 September 2012 and the date of the signing of those financial statements no options had been formally issued, nor any formal Executive Share Option Plan related documentation executed.

31 March 2014 None

16. SUBSEQUENT EVENTS

There are no subsequent events

Corporate directory

Directors

David W Smale (*Chairman*)
Appointed 12 November 2008

Peter E Francis (*Non-executive director*)
Resigned (22 November 2013)

Ronald R King (*Non- executive director*)
Appointed 13 June 2008

Alan L M Hutchison (*Non-executive director*)
Appointed 20 November 2013

David G O'Connell (*Executive director*)
Appointed 19 June 2007

Registered office and address for service

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PO Box 14923, Panmure, Auckland
Telephone: 0800 800 133
Facsimile: (09) 573 5597
Email: investments@genevafinance.co.nz
Web: www.genevafinance.co.nz

Auditor

Staples Rodway

Bankers

ANZ National Bank Limited
Westpac New Zealand Limited
Kiwibank Limited

Solicitor

Dermot Ross

Shareholder information

Company publications

The Company informs investors of the Company's business and operations by issuing an Annual Report, an Interim Report and regular NZX announcements

Financial calendar

Half year results announced	December
Half year report	January
End of financial year	31 March
Annual results announced	June
Annual report	June
Annual dividend payment	June

Enquiries

Shareholders with enquiries about transactions, change of address or dividend payments should contact Link Market Services on +64 9 375 5998. Other questions should be directed to the Company at the registered address.

Share registrar

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