GFNZ GROUP LIMITED

AND ITS SUBSIDIARIES

Half Year Report

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

GFNZ GROUP LIMITED

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EXECUTIVE SUMMARY

Report from the Managing Director

GFNZ Group Limited reported an after tax profit of $1.5m vs a profit of $0.3m in 2014.

Business Performance:
All trading entities reported profits before group overheads. The trading operations generated a before tax profit of $1.99m less group overheads of $0.98m resulting in a group before tax profit of $0.9m for the six months. A deferred tax asset of $0.5m was also recognized during the period, resulting in an after tax profit of $1.5m for the period.

The lending business, Geneva Financial Services (GFSL), delivered lending growth in excess of 40% above last year. Operating costs were controlled and Asset Quality was maintained, and as a consequence this business segment delivered a satisfying $1.2m (138% up on last year) profit before tax and group overheads.

Quest Insurance Group Limited (Quest): Total premiums sold by this operation were 42% up on last year. Operating costs were controlled and the outcome was a $0.3m profit (105% up on last year) before group overheads.

Stellar Collections (Stellar) continues to make steady progress. During the year the period Stellar initiated its distressed debt acquisition strategy. For the six months Stellar produced a profit of $0.4m (48% up on last year) before group overheads

Pacific Rise Limited (PRL) produced a $0.1m profit before group overheads.

Balance Sheet:
The group's total asset increased by 37% to $60m. This is largely attributable to the receivables ledger increasing as a result of higher lending during the period. The company's equity to total assets ratio amounts to 29.3%

Revenues:
The 31% increase in revenues was primarily attributable to the lending growth in the GFSL with the consequential impact on interest income, insurance sales and fee income.

Operating Costs:
In comparison the group's operating costs increased by 9% to 3.2m, a $0.3m increase. The largest portion of this increase being the direct costs associated with the 40%+ increase in lending volumes.

Funding:
The group has three components to its funding:

a. Geneva's receivables securitisation facility limit was increased to $35m during the period. The facility was drawn to $31m at period end, a $10m increase from prior period.
b. Stellar secured a $3.4m two year evergreen facility from one of the main trading banks, which assisted to lower its cost of funds.
c. During the period Stellar also settled it's $5m professional investor debt funding facility. The majority of these investors ($4.8m in value) reinvested with GFNZ Group Limited. These funds will be applied to capitalize the insurance operation (Quest) so it can exit the small insurer regime with the balance utilized to further expand the trading operations. This debt funding included loans from two directors.

Credit Rating:
The company does not currently have a financial credit rating but Quest Insurance Group Limited is in the process of obtaining a rating from AM Best to be in place by March 2016 financial year end. This in conjunction with the recapitalization of Quest, referred to below, will position this company to exit the small insurer regime and expand premium sales.

Strategic Direction:
The group remains committed to the core lending, insurance and debt collections operations. From the lending perspective the focus is on building on the momentum gained from the 40%+ growth on lending over the last six month. Insurance premium sales will benefit from further lending growth but there is also an opportunity to expand third party premium sales. The debt collection company has a solid base and good cash flows and is actively looking to expand. In addition now, the group has returned to profitability, the group with its conservative balance sheet, is able to actively look for acquisition opportunities.

Summary and outlook:
The $1.5m after tax profit is a satisfying result improving on the two prior periods reported results. All the business segments were profitable and the Group's equity ratio at 29% is conservative. The group is now actively looking for expansion opportunities and the board remains committed to further increasing shareholders wealth.

David O'Connell
Managing Director

GFNZ GROUP LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Group 30 Sep 15 6 months Unaudited $000's	30 Sep 14 6 months Unaudited $000's	31 Mar 15 12 months Audited $000's
Interest income		4,240	3,020	6,504
Interest expense		1,698	1,531	3,075
Net interest income		2,542	1,489	3,429
Net premium revenue		534	759	1,457
Other revenue	(4)	981	613	1,956
Operating revenue (net of interest expense)		4,058	2,861	6,842
Net claims expense		98	162	311
Operating expenses		3,185	2,850	5,838
Operating profit / (loss)		775	(151)	693
Impaired asset (release) / charge		(235)	(439)	(855)
Net profit / (loss) before taxation		1,010	288	1,548
Taxation expense		(497)	-	(646)
Net profit / (loss) after taxation		1,507	288	2,194
Profit / (loss) per share				
Basic profit / (loss) per share (cents)	(7)	0.31	0.07	0.48

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Group 30 Sep 15 6 months Unaudited $000's	30 Sep 14 6 months Unaudited $000's	31 Mar 15 12 months Audited $000's
Net profit / (loss) after taxation	1,507	288	2,194
Other comprehensive income:			
Items may be subsequently reclassified to profit or loss			
Movement in fair value of available for sale equity securities	73	-	(3)
Cash flow hedge, net of tax	(218)	(72)	(392)
	(145)	(72)	(395)
Other comprehensive income / (loss), net of tax	(145)	(72)	(395)
Total comprehensive income / (loss)	1,362	216	1,799

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 2015

	Note	Group		
		30 Sep 15 6 months Unaudited	30 Sep 14 6 months Unaudited	31 Mar 15 12 months Audited
		$000's	$000's	$000's
Assets				
Cash and cash equivalents		5,416	3,703	4,094
Available for sale equity securities	(8)	2,791	2,721	2,718
Prepayments and other debtors		239	232	163
Taxation receivable		15	23	15
Finance receivables	(5)	48,852	35,661	41,833
Deferred insurance contract acquisition costs		717	642	534
Financial assets at fair value through profit or loss	(8)	696	566	627
Deferred taxation		1,142	-	646
Intangible assets		65	105	77
Fixed assets		75	76	85
Total assets		60,008	43,729	50,792
Liabilities				
Accounts payable and accruals		900	793	918
Outstanding claims liability		143	234	196
Employee entitlements		181	181	181
Unearned premium liability		1,422	1,366	1,004
Derivative financial instruments		565	27	347
Term facilities	(9)	34,378	21,651	26,884
Other Borrowings	(10)	4,848	4,996	5,198
Total liabilities		42,437	29,248	34,728
Equity				
Share capital	(6)	50,764	50,764	50,764
Share option reserve		285	244	240
Retained earnings		(33,469)	(36,986)	(35,076)
Cash flow hedge		(565)	(27)	(347)
Available for sale equity reserve		556	486	483
Total equity		17,571	14,481	16,064
Total equity and liabilities		60,008	43,729	50,792

For and on behalf of the board, dated 7 December 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 2015

		Group						
	Note	Share Capital	Share option reserve	Property revaluation reserve	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 2014		**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		**50,764**	**244**	**-**	**(36,986)**	**(27)**	**486**	**14,481**
Net profit for the period		-	-	-	1,906	-	-	1,906
Other comprehensive income								
Increase in available for sale equity reserve		-	-	-	-	-	(3)	(3)
Change in cash flow hedge, net of tax		-	-	-	-	(320)	-	(320)
Total other comprehensive income		**-**	**-**	**-**	**-**	**(320)**	**(3)**	**(323)**
Total comprehensive income		**-**	**-**	**-**	**1,906**	**(320)**	**(3)**	**1,583**
Transaction with owners								
Share options issued to employees forfeited			(4)		4			
Placement of new ordinary shares								
Share issue costs								
Total transactions with owners		**-**	**(4)**	**-**	**4**	**-**	**-**	**-**
Balance at 31 March 2015 (Audited)		**50,764**	**240**	**-**	**(35,076)**	**(347)**	**483**	**16,064**
Net profit for the period		-	-	-	1,507	-	-	1,507
Other comprehensive income								
Change in cash flow hedge, net of tax		-	-	-	-	(218)	-	(218)
Increase in available for sale equity reserve		-	-	-	-	-	73	73
Total other comprehensive income		**-**	**-**	**-**	**-**	**(218)**	**73**	**(145)**
Total comprehensive income		**-**	**-**	**-**	**1,507**	**(218)**	**73**	**1,362**
Transaction with owners								
Share options issued to employees forfeited			(100)		100			-
Share Options Issued to Employees			145		-			145
Total transactions with owners		**-**	**45**	**-**	**100**	**-**	**-**	**145**
Balance at 30 September 2015 (Unaudited)		**50,764**	**285**	**-**	**(33,469)**	**(565)**	**556**	**17,571**

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 2015

	Note	Group 30 Sep 15 6 months Unaudited $000's	30 Sep 14 6 months Unaudited $000's	31 Mar 15 12 months Audited $000's
Cash flow from operating activities:				
Cash was provided from:				
Interest received		3,947	2,838	6,030
Receipts from insurance policy sales, collections activities and other sources		1,669	1,499	2,897
Proceeds from collections made on purchased debt ledger		205	216	429
		5,821	4,553	9,356
Cash was applied to:				
Net movement in finance receivables		(6,608)	(2,971)	(8,499)
Interest paid		(1,698)	(1,531)	(3,075)
Payments to suppliers and employees		(3,400)	(3,082)	(5,831)
		(11,706)	(7,584)	(17,405)
Net cash inflow from operating activities		(5,885)	(3,031)	(8,049)
Cash flows from investing activities:				
Cash was provided from:				
Proceeds from the sale of fixed assets		-	4	18
		-	4	18
Cash was applied to:				
Purchase of fixed assets and intangible assets		(15)	-	(40)
		(15)	-	(40)
Net cash outflow from investing activities		(15)	4	(22)
Cash flows from financing activities:				
Cash was provided from:				
Net movement of term facilities: Westpac		4,170	3,195	8,428
Net movement of term facilities: Kiwi Bank		3,400	-	-
Net movement of other borrowings		-	-	200
Issue of new shares		-	6,065	980
		7,570	9,260	9,608
Cash was applied to:				
Net movement of other borrowings		(348)	(5,087)	-
Payments relating to the issue of new shares		-	(186)	-
		(348)	(5,273)	(186)
Net cash outflow from financing activities		7,222	3,987	9,422
Net increase / (decrease) in cash and cash equivalents held		1,322	960	1,351
Add: Opening cash and cash equivalents balance		4,094	2,743	2,743
Cash and cash equivalents at the end of the period		**5,416**	**3,703**	**4,094**
Represented by:				
Cash at bank		5,416	3,703	4,094
Cash and cash equivalents at the end of the period		**5,416**	**3,703**	**4,094**

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 2015 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 2015 should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2015, 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 2015. The same significant judgements, estimates and assumptions included in the notes to the Group's annual financial statements for the year ended 31 March 2015 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 raising of debt and 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. On 1 August 2013 this segment entered into a wholesale funding arrangement with Westpac New Zealand Limited (Westpac) under which it securitised loan receivables.
- 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 originally originated by the Group and external debt collection.
- Property: The operations of this segment included a holding in a property investment and raising debt to advance to Corporate segment. The holding in the property investment was transferred to the insurance segment during the period and the segment debt was settled at the same juncture.

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.

3. SEGMENT REPORTING (continued)

Group summary revenues and results for the period ended 30 September 2015 (Unaudited)

$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
External revenues	6	4,690	768	177	115	-	5,756
Revenue - other segments	432	584	101	64	34	(1,216)	-
Total	438	5,275	869	240	150	(1,216)	5,756
Segment profit/(loss)	(979)	1,208	312	357	112	-	1,010
Taxation expense	497	-	-	-	-	-	497
Net profit/(loss) after taxation	(482)	1,208	312	357	112	-	1,507
Interest income	438	4,344	124	78	34	(778)	4,240
Interest expense	437	1,848	-	154	37	(778)	1,698
Depreciation	-	14	-	-	-	-	14
Amortisation	-	24	-	-	-	-	24
Other material non-cash items:							
Impaired assets expense	-	580	-	(815)	-	-	(235)

Group summary assets and liabilities as at 30 September 2015 (Unaudited)

$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
Segment assets							
Total assets	26,804	47,387	8,443	8,738	2,887	(34,224)	60,036
Additions to non current assets	-	15	-	-	-	-	15
Segment liabilities							
Total liabilities	13,006	41,005	1,787	3,599	-	(16,932)	42,465

Group summary revenues and results for the year 31 March 2015 (Audited)

$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
External revenues	-	7,068	1,985	584	280	-	9,917
Revenue - other segments	177	483	-	108	164	(932)	-
Total	177	7,551	1,985	692	444	(932)	9,917
Segment profit/(loss)	(716)	1,454	532	621	280	(623)	1,548
Taxation expense	646	-	-	-	-	-	646
Net profit/(loss) after taxation	(70)	1,454	532	621	280	(623)	2,194
Interest income	177	6,418	241	47	164	(543)	6,504
Interest expense	70	3,178	-	393	164	(730)	3,075
Depreciation	-	33	-	-	-	-	33
Amortisation	-	82	-	6	-	-	88
Other material non-cash items:							
Impaired assets expense	(623)	619	-	(1,474)	-	623	(855)
Share Option Expense	-	-	-	-	-	-	-

Group summary assets and liabilities as at 31 March 2015 (Audited)

$'000	Corporate	New Business	Insurance	Old Business	Property	Eliminations	Group
Segment assets							
Total assets	16,246	38,005	7,890	6,670	4,377	(22,396)	50,792
Additions to non current assets	-	40	-	-	-	-	40
Segment liabilities							
Total liabilities	2,181	32,613	1,546	1,888	1,602	(5,102)	34,728

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)
Share option Reserve	-	-	-	-	-	-	-

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

By geographical segment

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

4. SIGNIFICANT EVENTS AND TRANSACTIONS

On 15 June 2015 the Group secured a $3.4m facility with Kiwi Bank. At the same juncture professional investment facilities of $5.2m were settled, of these $3.29m reinvested and the Company also secured an additional $1.56m of professional investor debt.

5. FINANCE RECEIVABLES

	30 Sep 15 6 months Unaudited $000's	30 Sep 14 6 months Unaudited $000's	31 Mar 15 12 months Audited $000's
Gross finance receivables	39,900	37,365	36,793
Gross finance receivables (The Geneva Warehouse A Trust)	38,425	27,853	34,178
Gross finance receivables (Prime Asset Trust Limited)	642	940	1,057
Total gross finance receivables	78,967	66,158	72,028
Less: Unearned Interest	16	10	13
Deferred fee revenue and expenses	668	486	551
Less: Provision for credit impairment	29,431	30,001	29,631
Net finance receivables	48,852	35,661	41,833

The Company's securitisation facility was established 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 2015, finance receivables totalling approximately $16.0m (30 September 2014: $13m; 31 March 2015: $29.1m) 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 $38.4m (30 September 2015: $27.9m; 31 March 2015: $34.2m) are subject to limitations on disposal.

6. SHARE CAPITAL

Number of ordinary shares	30 Sep 15 6 months Unaudited 000's	30 Sep 14 6 months Unaudited 000's	31 Mar 15 12 months Audited 000's
Opening balance	483,041	280,872	280,872
Placement of new shares via rights issue	-	202,169	202,169
Total issued shares	**483,041**	**483,041**	**483,041**

Dollar value of ordinary shares	30 Sep 15 6 months Unaudited $000's	30 Sep 14 6 months Unaudited $000's	31 Mar 15 12 months Audited $000's
Opening balance	50,764	44,885	44,885
Placement of new shares via rights issue	-	5,879	5,879
Total issued shares	**50,764**	**50,764**	**50,764**

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 202,168,512 ordinary shares in GFNZ Group Limited on 13 May 2014 @ 3 cents per share.	6,065
	6,065
Consideration received on 13 May 2014	(6,065)
	(6,065)
Balance recognised in profit or loss for the year ended 31 March 2015	-

* 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
	5,484

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

6. SHARE CAPITAL (continued)

Share options

Number of options	30 Sep 15 6 months Unaudited	30 Sep 14 6 months Unaudited	31 Mar 15 12 months Audited
	000's	000's	000's
Opening Balance	49,449	49,949	49,949
Share Options Issued to Employees	10,000	-	-
Forfeited during the period	(11,000)	(500)	(500)
Exercised during the period	-	-	-
Expired during the period	-	-	-
Number of options outstanding at the end of the period	**48,449**	**49,449**	**49,449**

Share options issued to employees

During August 2015, 10m share options were granted to the managing director and senior management of the Company. The exercise price of the granted options is 3.8 cent per share. Options must be exercised not later than 30 March 2018 and the options will be forfeited if the employee ceases to be employed by the Company.

The weighted average fair value of the options granted during the period were determined using the Binomial Tree option pricing model was 1.45 cents per option. The significant inputs into the model were, share price of 3.2 cents at the grant date, exercise price shown above, volatility of 78.65% , an expected option life of 2.65 years , and an annual risk-free interest rate of 2.7%. The volatility measured at the standard deviation of changes in the Company's share price over the prior 12 month period. The share based payment for the period is $145k. No such share options were issued during the period ended 30 September 2014 and year ended 31 March 2015.

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 15 6 months Unaudited	30 Sep 14 6 months Unaudited	31 Mar 15 12 months Audited
	$000's	$000's	$000's
Net profit / (loss) attributable to ordinary shares	1,507	288	2,194

Weighted number of shares	30 Sep 15 6 months Unaudited	30 Sep 14 6 months Unaudited	31 Mar 15 12 months Audited
	000's	000's	000's
Issued shares 1 April	483,041	280,872	280,872
Placement of new shares via rights issue	-	155,769	178,906
	483,041	**436,641**	**459,778**
Basic profit per weighted average number of shares	$0.0031	$0.0007	$0.0048

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 he average share price of the Company's shares over the reported periods was lower than the exercise price of the share options on issue and staff options issued were forfeited. New executive share options were issued on 7 August 2015.

8. FAIR VALUE DISCLOSURES

As at 30 September 2015 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 2015 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 2015 (Unaudited)	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Equity securities available for sale	-	-	2,791	2,791
Purchased debt	-	-	696	696
Derivatives	(565)	-		(565)
	(565)	**-**	**3,487**	**2,922**

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
Derivatives	(27)	-	-	(27)
	(27)	**-**	**3,287**	**3,260**

31 March 2015 (Audited)	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Equity securities available for sale	-	-	2,718	2,718
Purchased debt	-	-	627	627
Derivatives	(347)	-	-	(347)
	(347)	**-**	**3,345**	**2,998**

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 2015 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 in 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 2015 values are appropriate for 30 September 2015.

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 2015. 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 2015 values are appropriate for 30 September 2015. During the period the Company aquired an additional $143k of purchase debt.

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair market value at each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

9. TERM FACILITIES

	30 Sep 15 6 months Unaudited $000's	30 Sep 14 6 months Unaudited $000's	31 Mar 15 12 months Audited $000's
Term facility: Westpac	31,054	22,054	27,054
Term facility: Kiwi Bank	3,400	-	-
Capitalised transaction costs: Westpac	(48)	(403)	(170)
Capitalised transaction costs: Kiwibank	(28)	-	-
	34,378	21,651	26,884

The Westpac facility annual review was carried out during June 2015 and the facility was extented to 31 July 2017.
Stellar Collections Limited secured a two year evergreen $3.4m facility with Kiwi Bank during June 2015 with an annual review.

10. OTHER BORROWINGS

	30 Sep 15 6 months Unaudited $000's	30 Sep 14 6 months Unaudited $000's	31 Mar 15 12 months Audited $000's
Secured *	4,850	5,000	5,000
Capitalised transaction costs	(2)	(4)	(2)
Unsecured	-	-	200
Capitalised transaction costs	-	-	-
	4,848	4,996	5,198

During the prior period the Company settled $5.2m of professional investors funding. At the same juncture $3.29m was reinvested and an additional $1.56m funding was raised. (These transactions incudes two Directors, David Smale and Robin King)

* $0.45m was repaid to David Smale and $0.4m was reinvested;
* $1.35m was repaid to Robin King,$1.35m was reinvested and an additional $0.65m was invested.

During the March 2015 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. SECURITISATION

Geneva Financial Services Limited (GFSL) a wholly owned subsidiary of the Company has 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 annual review was completed during June 2015 and was extended to 31 July 2017. The current facility is $35,000,000. The Trust is a special purpose entity set up solely for the purpose of receiving loans from GFSL with Westpac funding up to 82.5% 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 2015 GFSL transferred $16.0m of loans receivables to the Trust (September 2014: $13m, March 2015: $29.1m). As at 30 September 2015 the carrying value of these assets was $38.4m (September 2014: $27.9m, March 2015: $34.2m)

12. RELATED PARTIES

Loans and advances to related parties

	30 Sep 15 6 months Unaudited	30 Sep 14 6 months Unaudited	31 Mar 15 12 months Audited
Finance receivables	$000's	$000's	$000's
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 were advanced to purchase shares in Financial Investment Holdings Limited. The loans were fully provided for at 30 September 2015, 31 March 2015 and 30 September 2014.

Facilities from related parties

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

Other

There were no other related party transactions

13. COMMITMENTS AND CONTINGENCIES

30 September 2015 None

30 September 2014 None

31 March 2014 None

16. SUBSEQUENT EVENTS

There are no subsequent events

Corporate directory

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

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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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.

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