Bethunes
Investment
Limited

ANNUAL REPORT 2016

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DIRECTORS' REPORT

Introduction

This annual report and the financial statements for Bethunes Investments Limited ("Bethunes") are for the year ended 31 March 2016.

A Year of Significant Change for the Company

The financial year began with the sale of the Stamp, Bank Note, and Coin business to an entity associated with John Mowbray. This was a turning point for Bethunes (then Mowbray Collectables) as it not only disposed of the original assets that were listed on NZX in 2000, but also a part of the business that was determined to not be suitable for a listed company in today's regulatory environment.

Following this, the rights issue completed in October 2015 raised $1.367 million in cash (net of costs) left the company in a positive net cash position with no borrowings or contingent liabilities (including lease liabilities). It should also be noted a further $130,231 was raised by creditors swapping their debt for shares, which saved your company this cash outflow.

And finally, the sale of Webb's to Mossgreen was approved by an ordinary resolution at a Special Shareholders Meeting on 15 January 2016. The purchase price was $800,000, with $320,000 received on 31 January 2016 with the balance to be received in quarterly instalments of $40,000 over three years beginning on 31 March 2016. The sale along with the winding up of the Mowbray Australia shell leaves the company with no trading assets.

Your directors now operate the company with a positive net tangible asset balance (compared to a negative net tangible asset balance at 31 March 2015 and 30 September 2015), and with well-controlled costs and outgoings whilst we continue to explore new investment opportunities.

The Past Year

Following the year that significantly changed the company, the directors of Bethunes announce that the 2016 year ended with an audited total comprehensive loss of $1.885m compared with a loss of $2.986m in 2015.

As noted to the market in our announcement of 23 June 2016 the $1.885m loss for 2016 differed from that released to NZX on 30 May 2016 by $70,629, we comment on this further below.

The preliminary announcement indicated a loss for the year ended 31 March 2016 of $1.814m, and advised the market that discussions with KPMG were ongoing in respect to the following three matters:

- Mossgreen (NZ) Limited receivable
- The valuation of the residual art inventory
- The carryover effect of the 2015 disclaimer opinion issued by Staples Rodway (the Company's former auditors)

Following the release of the preliminary announcement the directors continued discussion with KPMG on these matters, the table below provides commentary on those discussions:

Matter	Commentary	Change to Financial Statements
Mossgreen Receivable	After further analysis and discussion, we made the decision to increase the discount rate required to reflect the unrated and private nature of Mossgreen. As a result the discount rate was increased to 15% which resulted in an increased loss on sale of the PWG business. This does not affect the contractual cash receipts which we expect to receive in full. From an accounting perspective, the use of a higher discount rate will result in higher interest income as the discount is unwound	($41,929)
Art Inventory	After further discussion, we considered it prudent to reduce the value of the inventory to an amount equivalent to known sales post balance date. Should further sales occur further cash will be generated for the group	($23,604)
Doubtful Debts	Following a review of trade receivable balances carried at 31 March 2016 the directors believe two amounts that have been sent to a collection agency may be impaired and have prudently taken a provision against those balances	($5,096)
Total		**($70,629)**

Audit Opinion

KPMG have issued a modified audit opinion in respect of the financial statements for the year ended 31 March 2016.

The opinion on the Statement of Financial Position and Statement of Cash Flows will be unmodified. As a result, we have received a "clean" opinion in respect of the 31 March 2016 Statement of Financial Position (balance sheet) and this achieves one of the aims that was set out when the restructure of the group was originally proposed.

KPMG have disclaimed their opinion on both the Statement of Comprehensive Income and on the Statement of Changes in Equity due to the carryover effect of the 2015 disclaimer of opinion in relation to disposal group assets and liabilities held for sale as at 31 March 2015. This particular matter will not impact any future years due to the "clean" opinion received on the 31 March 2016 Statement of Financial Position.

Directors

Following the sale of the Peter Webb Galleries business in February 2016 Murray Radford retired from the board. Murray was a foundation director of Bethunes (then Mowbray Collectables) from its listing in 2000. The board would like to thank Murray for his years of service.

Following Murray's retirement Aaron Titter joined the Board. The Board considers that Mr. Titter is an independent director within the NZX Main Board Listing Rules. In line with the constitution he will retire and stand for re-election at the Annual Shareholders Meeting.

The Future

BIL's vision as expressed at the last Annual Shareholders Meeting is *"to acquire a portfolio of assets over time that generate high free cashflow margins enabling the creation of attractive per share returns through disciplined capital allocation and operational excellence".*

A number of business opportunities have been subject to preliminary investigation. These have included both public and private entities, and with some ongoing investigations continue.

We will provide further information at the upcoming Annual Shareholders Meeting to be held on Friday 29 July 2016 at 11am at the Holy Trinity Cloisters, St Stephens Avenue, Parnell, Auckland.

For and on behalf of the Board,

Christopher Swasbrook
Chairman

Bethunes Investments Limited

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2016

	Notes	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Operating revenue	3	39,333	-
Employee benefits expense	5	(90,627)	(192,262)
Other expenses	4	(362,366)	(376,217)
(Loss) before taxation, discontinued operations, impairment, interest, depreciation and amortisation		(413,660)	(568,479)
Depreciation	13	-	-
Amortisation	14	-	-
(Loss) before taxation, discontinued operations, impairment, and interest		(413,660)	(568,479)
Interest income	3	12,681	9
Interest expense		(9,401)	(81,178)
(Loss) before taxation from continuing operations		(410,380)	(649,648)
Taxation (expense)/benefit	6	-	(92,880)
(Loss) from continuing operations		(410,380)	(742,528)
Loss from discontinued operations	17	(1,612,789)	(2,207,368)
(Loss) for the year		(2,023,169)	(2,949,896)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve		137,318	(36,589)
Total comprehensive loss		(1,885,851)	(2,986,485)
Earnings per share			
Basic earnings per share (cents)	18	(3.17)	(23.13)
Diluted earnings per share (cents)	18	(3.17)	(23.13)

Bethunes Investments Limited

Consolidated Statement of Changes in Equity

for the year ended 31 March 2016

	Notes	Share Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
		$	$	$	$
Balance at 1 April 2014		6,617,309	(100,729)	(2,430,051)	4,086,529
Comprehensive income					
Net (loss) after taxation		-	-	(2,949,896)	(2,949,896)
Other comprehensive income					
Movement in foreign currency translation reserve		-	(36,589)	-	(36,589)
Total comprehensive loss		-	(36,589)	(2,949,896)	(2,986,485)
Balance at 31 March 2015		6,617,309	(137,318)	(5,379,947)	1,100,044
Balance at 1 April 2015		6,617,309	(137,318)	(5,379,947)	1,100,044
Comprehensive income					
Net (loss) after taxation		-	-	(2,023,169)	(2,023,169)
Other comprehensive income					
Movement in foreign currency translation reserve		-	137,318	-	137,318
Total comprehensive loss		-	137,318	(2,023,169)	(1,885,851)
Transactions with owners					
Issue of share capital	8	1,534,664	-	-	1,534,664
Capital raising costs	8	(37,928)	-	-	(37,928)
Total transactions with owners		1,496,736	-	-	1,496,736
Balance at 31 March 2016		8,114,045	-	(7,403,116)	710,929

Bethunes Investments Limited

Consolidated Statement of Financial Position
as at 31 March 2016

	Notes	31-Mar 2016 $	31-Mar 2015 $
EQUITY			
Share capital	8	8,114,045	6,617,309
Retained earnings		(7,403,116)	(5,379,947)
Foreign currency translation reserve		-	(137,318)
Total Equity		710,929	1,100,044
Represented by:			
CURRENT ASSETS			
Receivables		10,244	116,438
Prepayments		9,919	100,127
Cash & cash equivalents		371,627	64,039
Short term deposit		75,000	-
Taxation receivable	6	-	35,331
Inventory	9	3,352	113,940
GST receivable		-	60,171
Receivable from Mossgreen	12	112,859	-
Disposal group assets held for sale - Stamp, Coin & Bank Note Business	1	-	1,329,627
Total Current Assets		583,001	1,819,673
CURRENT LIABILITIES			
Bank overdrafts		-	615,896
Trade creditors		71,700	357,296
Other payables & accruals	10	62,937	379,874
GST payable		15,451	-
Current portion of loan	11	-	117,963
Current portion of deferred lease incentive	26	-	19,231
Disposal group liabilities held for sale - Stamp, Coin & Bank Note Business	1	-	381,344
Total Current Liabilities		150,088	1,871,604
NET CURRENT ASSETS/(LIABILITIES)		432,913	(51,931)
NON-CURRENT ASSETS			
Property, plant & equipment	13	-	498,862
Intangible assets	14	-	123,805
Goodwill	15	-	1,493,593
Receivable from Mossgreen	12	242,275	-
Taxation receivable	6	35,741	-
Agency receivables	1	-	40,508
Total Non-Current Assets		278,016	2,156,768
NON-CURRENT LIABILITIES			
Non-current portion of loan	11	-	782,037
Non-current portion of deferred lease incentive	26	-	222,756
Total Non-Current Liabilities		-	1,004,793
NET ASSETS		710,929	1,100,044
Net Tangible Asset Value per share (cents)		0.006	(0.041)

Authorised for issue for and on behalf of Board of Directors:

C Swasbrook - Chairman

A Titter - Director

24 June 2016

The Statement of Accounting Policies and the Notes to the Financial Statements on pages 8 to 26 form an integral part of these Financial Statements.

Bethunes Investments Limited

Consolidated Statement of Cash Flows
for the year ended 31 March 2016

	Notes	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers		27,784	-
Interest received		3,172	9
Payments to suppliers		(463,316)	(282,211)
Payments to employees		(138,815)	(200,765)
Interest paid		(9,401)	(81,178)
Taxation (paid)/received		(369)	21,284
Net cash flow from continuing operating activities	21	(580,945)	(542,861)
Net cash flow from discontinued operating activities		(525,691)	(573,749)
Net cash flow from operating activities		(1,106,636)	(1,116,610)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to)			
Purchase of intangible assets		-	(538)
Sale of intangible assets		3,700	-
Sale of subsidiary		958,896	-
Cash disposed of with subsidiary		(80,994)	-
Short term deposit invested		(75,000)	-
Sale of investments		-	15,000
Net cash flow from continuing investing activities		806,602	14,462
Net cash flow from discontinued investing activities		311,073	105,662
Net cash flows from investing activities		1,117,675	120,124
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from (applied to)			
Share capital issued (net of costs)		1,366,504	-
Related party loans repaid to discontinued operations		(1,183,219)	-
Loans received/(repaid)		-	608,542
Net cash flow from continuing financing activities		183,285	608,542
Net cash flow from discontinued financing activities		648,166	(539,235)
Net cash flow from financing activities		831,451	69,307
Net increase/(decrease) in cash & cash equivalents held		842,490	(927,179)
Cash & cash equivalents at beginning of year		(470,863)	456,316
Cash & cash equivalents at end of year		371,627	(470,863)
Comprising:			
Cash at bank - New Zealand (including cash recognised in the Disposal group assets held for sale)		371,627	121,735
Bank overdrafts - New Zealand		-	(615,896)
Cash at bank - Australia (including cash recognised in the Disposal group assets held for sale)		-	23,298
		371,627	(470,863)

KPMG

Bethunes Investments Limited

Statement of Accounting Policies
For the year ended 31 March 2016

Statement of Compliance

Bethunes Investments Limited ("the Company") is a company that is listed on the main board of the NZX and a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The Company is incorporated and domiciled in New Zealand and is registered under the Companies Act 1993. The Company's registered address is Level 1, 50 Customhouse Quay, Wellington.

The consolidated financial statements for the 'Group' are for the economic entity comprising the Company and its subsidiaries. The Group is designated as a for-profit entity for financial reporting purposes.

The Financial Statements have been prepared in accordance with the Companies Act 1993 and the Financial Markets Conduct Act 2013 and Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with the New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards as appropriate for for-profit entities.

The financial statements of the Group also comply with International Financial Reporting Standards ('IFRS').

New standards and interpretations

Relevant standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

NZ IFRS 9 – Financial instruments specifies how an entity should classify and measure financial assets, including some hybrid contracts. This standard introduces additional changes to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment and includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. NZ IFRS 9 is intended to replace NZ IAS 39. NZ IFRS 9 is effective for accounting periods beginning on or after 1 January 2018 and the Group expects to adopt it for the accounting period beginning 1 April 2018. The standard is not expected to have a material impact on the Group.

NZ IFRS 15 - Revenue from Contracts with Customers specifies a single and comprehensive framework on revenue recognition. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments, or lease contracts which fall within the scope of other IFRSs. NZ IFRS 15 is intended to replace *NZ IAS 18 - Revenue* and other related standards. NZ IFRS 15 is effective for accounting periods beginning on or after 1 January 2018 and the Group expects to adopt it for the accounting period beginning 1 April 2018. The standard is not expected to have a material impact on the Group.

Reporting Entity & Period

For the results for the year ended 31 March 2016 the Bethunes Investments Limited Group comprises the following entities:

Bethunes Investments Limited - Parent (previously Mowbray Collectables Limited, name changed on 17 July 2015)
Mowbrays Australia Pty Limited (ceased activity on 30 September 2015 and in the process of being removed from the Australian companies register)

BIL 2016 Limited (previously Peter Webb Galleries Limited, name changed on 29 January 2016) - the business of Peter Webb Galleries has been treated as a discontinued operation following the sale to Mossgreen NZ Limited

These entities are all 100% owned by Bethunes Investments Limited.

For the results for the year ended 31 March 2015 the Bethunes Investments Limited Group comprised the entities listed above as well as the following entities which were treated as discontinued operations:

Mowbray Bethunes Limited (disposed of effective 1 April 2015)
Wildlife Philatelic Collections Pty Limited (disposed of effective 1 April 2015)

Mowbrays Australia Pty Limited and BIL 2016 Limited were 100% directly owned by Bethunes Investments Limited for the 2015 year.

Basis of Preparation

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.

Going Concern

The financial statements have been prepared on a going concern basis. It is the considered view of the directors that the Company has adequate cash resources to continue operations at existing levels for the next 12 months from the date of the approval of these financial statements.

As communicated to the market, the Company is currently investigating a number of potential investment opportunities. Should the Company decide to pursue these, and/or identify any other such opportunities, in order to fund these investments, the Company would be required to raise additional capital.

KPMG

Bethunes Investments Limited

Statement of Accounting Policies
For the year ended 31 March 2016

Comparative Information

In preparing the financial statements for the year ended 31 March 2016 the directors have deemed it necessary to reclassify some items within the 2015 comparative financial information. The reclassifications have not resulted in any change to the total comprehensive loss reported for 31 March 2015, nor the net asset position of the Group as at that date.

The changes were a result of items being classified as being a part of discontinued operations rather than a part of continuing operations. This reclassification had flow on effects to the consolidated statement of cash flows, note 3, and note 17.

Critical Judgements in applying the entity's accounting policies

In the application of NZ IFRS the Group is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period. If the revision affects current and future periods, it is reflected in those periods.

Receivable from Mossgreen (NZ) Limited

The directors have considered the receivable from Mossgreen (NZ) Limited (guaranteed by Mossgreen Pty Limited) and consider the carrying value of this asset reflects fair value (see note 12).

Key Sources of Estimation Uncertainty

Any judgements made by Bethunes Investments Limited in application of NZ IFRS that are considered to have significant effects on the financial statements and estimates with a significant risk of material adjustment in the year are disclosed, when applicable, in the relevant notes to the financial statements.

They are summarised here:

Receivable from Mossgreen (NZ) Limited

Given the agreed timing of the receipts of from Mossgreen (NZ) Limited, the directors have discounted the gross receivable balance to allow for the credit risk profile. The selection of a discount rate is a key management judgement (see note 12).

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Translation of Financial Statements of Foreign Operations

The consolidated financial statements are presented in New Zealand dollars, which is the Company and Group's functional and presentation currency. The financial statements are rounded to the nearest dollar.

Assets and liabilities of foreign operations are translated at the closing rate on 30 September 2015 being the final date of trading of Mowbray Australia Pty Limited. Revenue and expense items are translated at the average exchange rate for the six month period ended 30 September 2015, as a surrogate for the spot rates at transaction dates. Exchange differences arising are taken to the foreign currency translation reserve and recognised in other comprehensive income.

(b) Consolidation of Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an 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.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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 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.

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.

(c) Revenue Recognition

Sale of Goods

Income from the sale of goods is recognised when the Group has transferred to the buyer the significant risk and rewards of ownership of the goods.

Interest Revenue

Interest revenues are recognised as accrued, taking into account the effective yield of the financial asset.

Commission Income

Commission Income is recorded at the completion of an auction when the Group has completed the transaction and the buyer and seller have transferred ownership and payment of the goods.

Lease Exit Inducement

Lease exit inducement income is recognised when the Group's rights to receive the payments have been established.

Creditor Compromise Income

Creditor compromise income is recognised when the creditor has legally agreed to compromise the debt.

(d) Taxation

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

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(d) Taxation (cont.)

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and associates except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination, in which case the tax effect is included in the accounting for the business combination.

(e) Foreign Currency Transactions

Foreign currency transactions are recognised at the spot rate on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency 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.

(f) Financial Instruments

Financial assets
The Group classifies its cash and cash equivalents, term deposits, and receivables as loans and receivables. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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 on selling the receivable to another party. They are included in current assets, except for those with maturities greater than 12 months after balance date which are classified as non-current assets. These are classified as receivables and investments within the statement of financial position.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets are recognised net of impairment losses, which are recognised immediately in profit or loss. The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets are impaired. Financial assets with objective evidence of impairment, such as a deterioration in the credit worthiness of the counterparty, are tested for impairment by comparing the carrying value to the recoverable amount. Financial assets are derecognised when the right to receive cash flows has expired or has been transferred.

Financial liabilities
The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(g) Inventory

Inventory is valued at the lower of cost or net realisable value. Cost is determined by reference to the acquisition value, there are no other costs capitalised into the inventory cost amount.

Bethunes Investments Limited

Statement of Accounting Policies
For the year ended 31 March 2016

(h) Property, Plant & Equipment

Property, plant and equipment, leasehold improvements, and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributed to the acquisition of the item.

Depreciation has been calculated using the following rates:
Leasehold improvements 6% - 48% DV
Plant and equipment 10% - 80% DV
Furniture & fittings 12% - 40% DV
Computer equipment 40% - 60% DV
Motor vehicles 30% DV

Rates applied to assets have been applied consistently over the life of the assets.

Depreciation is calculated on a diminishing value basis so as to write off the cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(i) Intangible Assets

Intangible assets comprise software applications and websites which have a finite useful lives, and trademarks which have indefinite useful lives. They are recorded at cost less accumulated amortisation and impairment. The following rates have been applied consistently over the life of the assets.

Software 48% - 60% DV
Trademarks 0% DV
Websites 50% - 60% DV

(j) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is recognised as an asset and tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

(k) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use or with indefinite lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

(l) Goods and Services Tax

The financial statements were prepared on a GST exclusive basis up to 31 January 2016 when the business of Peter Webb Galleries was disposed of. Following that date, as the Group has no activity subject to GST the financial statements have been prepared on a GST inclusive basis. GST payable at balance date is included in current liabilities. Receivables and payables are disclosed inclusive of GST if applicable.

(m) Payables

These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payable are usually paid within 30 days, they are carried at face value.

KPMG

(n) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required.

Provisions made in respect of employee benefits expected to be wholly settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

The Group contributes to a defined contribution plan which is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the profit or loss in the period during which services are rendered to employees.

(o) Loans

Loans are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, loans are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate.

(p) Leased Assets

Operating lease payments (net of incentives received from lessors) are recognised as an expense on a straight-line basis over the lease term.

A deferred lease incentive is a payment received from a landlord to a Group entity to incentivise that group entity to enter into a lease with that landlord. Deferred lease incentives are recognised as income over the term of the lease (excluding any right of renewal periods).

(q) Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive income.

(r) Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operates
- is part of a single co-ordinated plan to dispose of separate major line of business or geographical are of operations; or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

(s) Share Capital

Ordinary shares are classified as capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction.

(t) Cash & Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less. For the purpose of the statement of cash flows bank overdrafts are considered cash and cash equivalents.

Bethunes Investments Limited

Notes to the Financial Statements
For the year ended 31 March 2016

1. Disposal of Mowbray Bethunes and Wildlife Philatelic Collections

In December 2014 the Directors announced their intention to instigate a formal sales process for the stamps, coins, and bank notes businesses operated by Mowbray Bethunes Limited and Wildlife Philatelic Pty Limited. The formal sales process eventuated in a sale to Philcoin Investments Limited, an entity associated with the then Executive Director, John Mowbray. In accordance with NZ IFRS 5, the assets and liabilities relating to Mowbray Bethunes Limited, Wildlife Philatelic Pty Limited, and specific Bethunes Investments Limited liabilities were separately disclosed in the 31 March 2015 Statement of Financial Position as Disposal Group Assets or Liabilities Held for Sale.

The purchase price was agreed between the non-interested directors and John Mowbray (Philcoin Investments Limited) based on net tangible asset value of Mowbray Bethunes Limited and Wildlife Philatelic Pty Limited as at 31 March 2015, being $950,000. Through further negotiations with John Mowbray the purchase price was increased, and Philcoin Investments Limited also acquired the agency receivable balance carried by the group at 31 March 2015.

The terms of the sale to Philcoin Investments Limited were as follows:

- Cash payment of $955,000
- Settlement on 30 June 2015, but with effective ownership taking place from 1 April 2015

The loss on disposal of the shares of Mowbray Bethunes Limited and Wildlife Philatelic Collections Pty Limited was determined as follows:

	$
Cash consideration received	955,000
Total consideration received	955,000
Net assets disposed of:	
Disposal group assets held for sale	1,329,627
Disposal group liabilities held for sale	(381,344)
Agency receivables	40,508
Group liabilities met by purchaser	(3,896)
	984,895
Loss on disposal (included in discontinued operations)	(29,895)

2. Disposal of Peter Webb Galleries Business

In October 2015 the Directors announced their intention to dispose of the business of Peter Webb Galleries following an approach from Mossgreen. The transaction concluded on 31 January 2016.

The purchase price was agreed between the directors and Mossgreen to be $800,000 with payments spread over 35 months. One payment of $320,000 received on 31 January 2016, and quarterly payments of $40,000 beginning on 31 March 2016 (the first payment of $40,000 was received on 31 March 2016 from Mossgreen (NZ) Limited).

The directors have determined a 15.00% per annum discount rate is appropriate to apply to the cash flows receivable from Mossgreen (due to the unrated position of the borrower and its guarantor), which generated a core disposal value of $705,625 and an outstanding receivable balance of $355,134.

The gain on disposal of the Peter Webb Galleries business was determined as follows:

	$
Cash consideration received	320,000
Receivable from Mossgreen	385,625
Total consideration received	705,625
Net assets disposed of:	
Property, plant & equipment (Note 13)	447,830
Identifiable intangible assets (Note 14)	151,040
Deferred lease incentive liability (Note 26)	(225,961)
Goodwill (Note 15)	410,603
	783,512
Loss on disposal (included in discontinued operations)	(77,887)

Bethunes Investments Limited

Notes to the Financial Statements
For the year ended 31 March 2016

	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $

3. Total Revenue

Sale of inventory	15,846	-
Creditor compromise income	23,487	-
Operating revenue	39,333	-
Interest income	12,681	9
	52,014	9

4. Other Expenses

Included in Other Expenses are the following expenses:

Audit fees paid to KPMG (Note 7)	69,000	-
Audit fees paid to Staples Rodway Auckland (Note 7)	6,925	122,000
Directors' fees (Note 16(d))	61,244	60,000
Doubtful debts	5,096	-
Cost of inventory sales	34,761	-
Legal fees	18,201	46,824
Restructure costs	18,150	50,000
Accounting & consulting fees	70,028	75,474
Sundry	78,961	21,919
	362,366	376,217

5. Employee Benefit Expense

Included in Employee benefit expense are the following expenses:

Wages & salaries	84,071	174,872
Defined contribution plan	6,556	17,390
	90,627	192,262

6. Taxation
(a) Taxation recognised in the statement of comprehensive income

Taxation (expense)/income comprises		
Current tax (expense)/income from continuing operations	-	-
Deferred (tax)/income relating to the origination and reversal of temporary differences from continuing operations	-	(92,880)
Total tax (expense)/income from continuing operations	-	(92,880)
Total tax expense relating to continuing operations	-	(92,880)
Total tax expense related to discontinued operations	-	(68,520)
Total tax (expense)/income	-	(161,400)
(Loss) from continuing operations	(410,380)	(649,648)
Taxation benefit calculated at 28%	114,906	181,901
Non-deductible expenses	(97,066)	(28,845)
Non-taxable income	-	4,985
Income recognised for income tax purposes	-	(4,748)
Prior year tax losses utilised	-	4,784
Change in unrecognised differences	63,986	-
Deferred tax not recognised	(81,826)	(121,136)
Deferred tax assets no longer recognised	-	(92,880)
Group loss offsets with discontinued operations	-	(36,941)
Total tax (expense)/income relating to continuing operations	-	(92,880)

	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
6. Taxation (cont.)		
(b) Tax assets and liabilities		
Tax refund (receivable) - current	-	(35,331)
Tax refund (receivable) - non-current	(35,741)	-
	(35,741)	(35,331)

The tax refund balance has been treated as non-current to reflect that it can only be used once the group is in a tax paying position which is not expected within the next 12 months.

(c) Imputation credit account balances		
Imputation credits available for use in subsequent reporting periods	318	163,709
(d) Deferred tax balances		
Temporary differences	-	-

Taxable and deductible temporary differences arise from the following:

	CONSOLIDATED 2016		
	Opening balance	Charged to income	Closing balance
Deferred tax assets:			
Income tax losses	-	(15,960)	(15,960)
Other expenses	-	15,960	15,960
	-	-	-

	CONSOLIDATED 2015			
	Opening balance	Charged to income	Exchange differences charged to other comprehensive income	Closing balance
Deferred tax assets:				
Employee entitlements	64,196	(64,196)	-	-
Income tax losses	65,927	(67,729)	1,802	-
Other expenses	29,408	(29,475)	67	-
	159,531	(161,400)	1,869	-

(e) Deferred tax balances not recognised

	CONSOLIDATED	
	Year Ended 31 March 2016 $	Year Ended 31 March 2015 $
Deferred tax assets not recognised comprise:		
Income tax losses and unrecognised temporary differences	612,846	595,006

The Directors have reviewed the deferred tax assets and based on the management forecasts are of the view that it is not probable that they are recoverable in the future, therefore all tax losses and temporary differences have been treated as deferred tax assets not recognised.

KPMG

7. Remuneration of Auditors

	CONSOLIDATED Year Ended 31 March 2016 $	Year Ended 31 March 2015 $
Audit of the financial statements paid to KPMG - 31 March 2016	69,000	-
Audit of the financial statements paid to Staples Rodway Auckland *	6,925	122,000
	75,925	122,000

* Fees paid to Staples Rodway Auckland in 2016 were for out of pocket costs for the 31 March 2015 audit and for the review of the prior year file by KPMG.

KPMG is auditor of Bethunes Investments Limited and Group for the 2016 year. The auditor for the 2015 year was Staples Rodway Auckland.
No other audit fees were paid in respect of any group entity.

8. Share Capital

	CONSOLIDATED Year Ended 31 March 2016		Year Ended 31 March 2015	
	Number	$	Number	$
Group				
Ordinary Shares – Authorised, issued and fully paid				
Balance at beginning of year	12,755,523	6,617,309	12,755,523	6,617,309
Shares issued during the year	102,304,756	1,534,664	-	-
Costs of raising new share capital	-	(37,928)	-	-
Share capital at end of year	115,060,279	8,114,045	12,755,523	6,617,309

On 3 October 2015, the Company issued 102,304,756 shares at $0.015 per share in order to raise capital to recapitalise the Group.
Of the total of $1,534,664 raised, $1,404,432 was received in cash and $130,232 was supplier payables settled in shares.
The Company has authorised shares totalling 115,060,279 and all shares are fully paid and have equal voting rights.
All shares participate equally in any dividend distribution or any surplus on the winding up of the Company.
The shares have no par value.

9. Inventory

	CONSOLIDATED Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Auction inventory held at net realisable value	3,352	113,940
Total Inventory	3,352	113,940

As noted in the accounting policies inventory is valued at the lower of cost or net realisable value.

10. Other Payables and Accruals

	CONSOLIDATED Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Other payables and accruals	62,937	287,676
Employee entitlements	-	42,198
Restructure provision	-	50,000
Total other payables and accruals	62,937	379,874

Bethunes Investments Limited

Notes to the Financial Statements
For the year ended 31 March 2016

11. Loans

	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Total loans owing:		
Loan from Bank of New Zealand	-	900,000
	-	900,000
Repayable as follows:		
Bank of New Zealand	-	117,963
Current	-	117,963
Bank of New Zealand	-	782,037
Non-Current	-	782,037
Total	-	900,000

During the year ended 31 March 2016, as a part of the recapitalisation that took place in early October 2015, lenders to the Group agreed to write off a total of $364,947 of outstanding debt. The income in relation to this write off has been included in income from discontinued operations in note 17.

12. Mossgreen Receivable

	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Receivable from Mossgreen for sale of Peter Webb Galleries business	355,134	-
	355,134	-
Receivable as follows:		
Current	112,859	-
Non-Current	242,275	-
Total	355,134	-

In accordance with the sale and purchase agreement dated 3 December 2015 between BIL 2016 Limited (previously Peter Webb Galleries Limited), and Mossgreen (NZ) Limited, the purchase price for the business of Peter Webb Galleries was $800,000 to be repaid as follows:

- On 31 January 2016 (settlement)	320,000
- 12 quarterly payments beginning on 31 March 2016	480,000
	800,000

The Directors have determined that a discount rate of 15.00% per annum is appropriate to reflect the risk attached to the cash flows. In considering this the directors have considered that Mossgreen (NZ) Limited and the guarantor are unrated by any debt rating agency, the companies are privately owned, and they are not able to access information as to the financial position of Mossgreen (NZ) limited or the guarantor.

The undiscounted receivable amount at 31 March 2016 is $440,000. This balance is non-interest bearing (other than for the future timing of payments) and unsecured. Mossgreen (NZ) Limited has 15 months after acquisition date to make claims within the sale and purchase agreement.

Bethunes Investments Limited

Notes to the Financial Statements
For the year ended 31 March 2016

13. Property, Plant & Equipment

	CONSOLIDATED				
	Leasehold Improvements	Office furniture and plant & equipment	Motor vehicles	Computer equipment	Total
	$	$	$	$	$
Gross carrying amount					
Balance at 1 April 2014	661,702	233,177	127,659	143,286	1,165,824
Additions	402,540	69,083	-	12,358	483,981
Transfer to disposal group assets held for sale	-	(99,694)	-	(32,360)	(132,054)
Disposals	(663,053)	(59,549)	(100,000)	(65,317)	(887,919)
Balance at 31 March 2015	401,189	143,017	27,659	57,967	629,832
Additions	17,196	13,779	-	3,196	34,171
Disposals to Mossgreen (NZ) Limited	(412,851)	(132,099)	(27,659)	(57,887)	(630,496)
Disposals to other parties	(5,534)	(24,697)	-	(3,276)	(33,507)
Balance at 31 March 2016	-	-	-	-	-
Accumulated depreciation					
Balance at 1 April 2014	528,534	176,028	100,454	116,969	921,985
Depreciation expense (included in discontinued operations)	12,538	11,312	4,386	9,164	37,400
Transfer to disposal group assets held for sale	-	(86,824)	-	(31,853)	(118,677)
Foreign exchange movement	-	(120)	-	-	(120)
Disposals to other parties	(524,866)	(46,079)	(87,415)	(51,258)	(709,618)
Balance at 31 March 2015	16,206	54,317	17,425	43,022	130,970
Depreciation expense (included in discontinued operations)	41,487	11,984	2,559	5,567	61,597
Disposals to Mossgreen (NZ) Limited	(56,060)	(59,579)	(19,984)	(47,043)	(182,666)
Disposals	(1,633)	(6,722)	-	(1,546)	(9,901)
Balance at 31 March 2016	-	-	-	-	-
Net book value					
As at 31 March 2015	384,983	88,700	10,234	14,945	498,862
As at 31 March 2016	-	-	-	-	-

These assets were all disposed of during the year ended 31 March 2016. These disposals are disclosed in note 2.

14. Intangible Assets

	CONSOLIDATED			
	Trademarks	Website	Software	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 April 2014	4,134	98,782	54,405	157,321
Additions	536	114,878	4,700	120,114
Disposal	-	(18,933)	(12,000)	(30,933)
Transfer to disposal group	-	-	(38,613)	(38,613)
Balance at 31 March 2015	4,670	194,727	8,492	207,889
Additions	-	21,106	10,000	31,106
Disposals to Mossgreen (NZ) Limited	(5,100)	(215,833)	(18,492)	(239,425)
Gain on Disposal of Trademarks	430	-	-	430
Balance at 31 March 2016	-	-	-	-
Accumulated amortisation				
Balance at 1 April 2014	-	93,174	50,989	144,163
Amortisation expense (included in discontinued operations)	-	2,740	3,064	5,804
Disposal	-	(18,717)	(11,976)	(30,693)
Transfer to disposal group	-	-	(35,190)	(35,190)
Balance at 31 March 2015	-	77,197	6,887	84,084
Amortisation expense (included in discontinued operations)	-	1,119	2,752	3,871
Disposals to Mossgreen (NZ) Limited	-	(78,316)	(9,639)	(87,955)
Balance at 31 March 2016	-	-	-	-
Net book value				
As at 31 March 2015	4,670	117,530	1,605	123,805
As at 31 March 2016	-	-	-	-

These assets were all disposed of during the year ended 31 March 2016. These disposals are disclosed in note 2.

KPMG

Bethunes Investments Limited

Notes to the Financial Statements
For the year ended 31 March 2016

15. Goodwill

	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Gross carrying amount		
Balance at beginning of year	2,815,065	2,815,065
Goodwill disposed of as a part of the sale of the Peter Webb Galleries business (Note 2)	(410,603)	-
Balance at end of year	2,404,462	2,815,065
Accumulated impairment losses		
Balance at beginning of year	1,321,472	-
Impairment losses for the year	1,082,990	1,321,472
Balance at end of year	2,404,462	1,321,472
Net book value		
As at 31 March 2015	1,493,593	2,815,065
As at 31 March 2016	-	1,493,593

Allocation of goodwill to cash-generating units

All goodwill was impaired or disposed of during the financial year.

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Peter Webb Galleries Limited	-	1,493,593
	-	1,493,593

30 September 2015 Impairment Calculations

At 30 September 2015, due to the impending sale of the Peter Webb Galleries business, the group impaired goodwill to the anticipated goodwill included in the sale.

Goodwill impairments for the year (recognised within the loss from discontinued operations in note 17) were as follows:

	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
JR Mowbray Philatelist	-	240,393
John Mowbray International	-	61,429
House of Stamps	-	63,550
Wildlife Philatelic Collections Pty Limited	-	314,070
World Wide Fund for Nature Stamp Program	-	17,030
Peter Webb Galleries Limited	1,082,990	625,000
	1,082,990	1,321,472

Bethunes Investments Limited

Notes to the Financial Statements
For the year ended 31 March 2016

16. Related Parties

(a) Parent Entities

The Parent entity in the consolidated group is Bethunes Investments Limited.

(b) Equity interests in related parties

Details of the percentage of ordinary shares is as follows:

	Country of Incorporation	Shareholding 2016	Shareholding 2015
Mowbray Bethunes Limited	New Zealand	0%	100%
Mowbrays Australia Pty Limited	Australia	100% *	100%
Wildlife Philatelic Collections Pty Limited	Australia	0%	100%
BIL 2016 Limited (previously Peter Webb Galleries Limited)	New Zealand	100%	100%

* This entity ceased activity on 30 September 2015 and is in the process of being removed from the Australian companies register.

(c) Transactions

Transactions with parties related to the Group are as follows;

	CONSOLIDATED Year Ended 31-Mar 2016 $	CONSOLIDATED Year Ended 31-Mar 2015 $
Management Fee Expense		
Barlow International Pty Limited - for services to Wildlife Philatelic Collections Pty Limited	-	(7,906)
Elevation Capital Management Limited - for services to BIL 2016 Limited	(60,000)	(100,000)
Fulfilment Service Expense		
Barlow International Pty Limited	-	(46,464)
Rent Expense		
Barlow International Pty Limited	-	(23,980)
J.R. Mowbray	-	(119,172)
Accounting Fees		
BDO Wellington Limited - for services to Bethunes Investments Limited	(67,350)	(75,474)
BDO Wellington Limited - for services to BIL 2016 Limited	(23,945)	(34,880)
Investment Analyst Services		
Elevation Capital Management Limited	(5,750)	-
Total transactions	(157,045)	(407,876)

The Parent purchased inventory from BIL 2016 Limited totalling $38,113 in November 2015. This was a common control transaction with inventory being purchased at book value. Aside from that there were no other purchases from subsidiaries.

There are instances when directors and companies within the Group buy and sell items from auctions held by Group companies.

Ian Halsted, a director of Bethunes Investments Limited, purchased items under auction where BIL 2016 Limited (Peter Webb Galleries Limited at the time) acted as agent. The purchases were valued at $330.

Christopher Swasbrook, a director of Bethunes Investments Limited, purchased and sold items under auction and private sale where BIL 2016 Limited (Peter Webb Galleries Limited at the time) acted as agent. The purchases were valued at $2,273 and sales at $9,170.

During the prior year the executive director at the time (JR Mowbray) received remuneration of $169,750.

Barlow International Pty Limited was a related party by virtue of common directorship with one of the group subsidiary entities that was disposed of effective 1 April 2015, Wildlife Philatelic Collections Pty Limited.

Elevation Capital Management Limited, a substantial shareholder in the Company (holding 10,000,000 shares), is controlled by Christopher Swasbrook. Elevation Capital Management Limited provided management services to BIL 2016 Limited during the 2015 and 2016 financial year, as well as investment analyst services for the 2016 year. The management services arrangement was effective from June 2014 and formally ratified by shareholders at the Special General Meeting of 24 June 2015. As a result of the Group recapitalisation plan proposed to shareholders in July 2015 the management services were terminated effective 31 July 2015.

Aaron Titter, a Director of Bethunes Investments Limited, is a Partner at BDO Wellington Limited. BDO Wellington Limited provided accounting and taxation services to the Group for both the 2016 and 2015 years.

16. Related Parties (cont.)

(c) Transactions (cont.)

The premises in Otaki that were used by the Group are owned by or leased from entities associated with Company director John Mowbray. Rent was set by an independent valuer. The lease ceased on 31 March 2015.

In December 2014 the Directors announced their intention to instigate a formal sales process for the stamps, coins, and bank notes businesses operated by Mowbray Bethunes Limited and Wildlife Philatelic Pty Limited. The formal sales process eventuated in a sale to the Executive Director, John Mowbray. This transaction had an effective date of 1 April 2015 and was settled on 30 June 2015. This has been disclosed further in notes 1 and 17.

(d) Directors Fees

Fees paid to directors during the year were as follows:	CONSOLIDATED Year Ended 31-Mar 2016 $	CONSOLIDATED Year Ended 31-Mar 2015 $
For Bethunes Investments Limited		
Murray Radford (previous Chairman)	18,301	27,000
Ian Halsted	17,822	18,000
Christopher Swasbrook (Chairman)	22,893	15,000
Aaron Titter	2,228	-
	61,244	60,000
For BIL 2016 Limited		
Ian Halsted (Director) - 2016 amount relates to a reversal of a 2015 accrual	(2,500)	15,000
Total for Group	58,744	75,000

17. Discontinued Operations

	CONSOLIDATED Year Ended 31-Mar 2016 $	CONSOLIDATED Year Ended 31-Mar 2015 $
Revenue	1,386,921	4,473,823
Expenses	(2,035,917)	(5,291,199)
Goodwill impairment (Note 15)	(1,082,990)	(1,321,472)
Creditor compromise income	364,947	-
Loss on sale of stamp, bank note, and coin business (Note 1)	(29,895)	-
Loss on sale of Peter Webb Galleries business (Note 2)	(77,887)	-
Net (loss) before taxation	(1,474,821)	(2,138,848)
Taxation (expense)/benefit (Note 6(a))	-	(68,520)
Foreign currency translation reserve transferred to profit and loss	(137,968)	-
Net (loss) after taxation	(1,612,789)	(2,207,368)

In December 2014 the Directors announced their intention to instigate a formal sales process for the stamps, coins, and bank notes businesses operated by Mowbray Bethunes Limited and Wildlife Philatelic Pty Limited. The formal sales process eventuated in a sale to the Executive Director, John Mowbray. In accordance with NZ IFRS 5, the 2015 year net profit after tax of Mowbray Bethunes Limited and Wildlife Philatelic Pty Limited was separately disclosed in the Statement of Comprehensive Income as discontinued operations.

On 31 January 2016 the Group disposed of the assets and undertakings of the Peter Webb Galleries business to Mossgreen (NZ) Limited. In accordance with NZ IFRS 5, the net profit after tax of BIL 2016 Limited (previously Peter Webb Galleries Limited) has been separately disclosed in the Statement of Comprehensive Income as discontinued operations for both 2015 and 2016.

18. Earnings Per Share

The earnings and weighted average number of ordinary shares are as follows:

	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Surplus/(deficit) from continuing operations	(410,380)	(742,528)
Surplus/(deficit) from discontinuing operations	(1,612,789)	(2,207,368)
Weighted average number of ordinary shares	63,907,901	12,755,523
Earnings/(loss) per share (cents) (continuing operations)	(0.64)	(5.82)
Earnings/(loss) per share (cents) (discontinued operations)	(2.52)	(17.31)
Total earning/(loss) per share (cents)	(3.17)	(23.13)
Distributions to shareholders	-	-
Dividend per share (cents)	-	-

Basic earnings per share equals diluted earnings per share.

19. Operating Leases

Future minimum lease payments	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Commitments in respect of non-cancellable operating leases in relation to property:		
Not later than one year	-	285,151
Later than one year and not later than two years	-	276,356
Later than two years and not later than five years	-	275,328
Greater than five years	-	2,649,406
	-	3,486,241

Amounts recognised in profit or loss	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Lease expense	269,715	347,262

The lease in relation to the Peter Webb Galleries premises was terminated as a part of the sale of the business on 31 January 2016.

20. Segment Information

Description of the types of products and services from which each reportable segment derives its revenues

The Group had two main reportable segments, one discontinued and one continuing:

Peter Webb Galleries segment (discontinued) – This represents the Peter Webb Galleries auction business which trades as Webb's which was sold on 31 January 2016.

All other segments (continuing) – This segment included the head office costs of management, governance and compliance of the group. The revenues are derived from interest, art sales, and historically, management fees and dividends.

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The board considers the business from both a product and service perspective. No geographical segment reporting is required as all continuing operations are based in New Zealand.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

20. Segment Information (cont.)

Measurement of operating segment profit or loss

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment.

No segment information or analysis has been provided as the Group now only has one continuing segment following the sale of the Peter Webb Galleries business. The information presented in the financial statements represents this one segment.

Segment assets and liabilities

As noted above, no segment information or analysis has been provided as the Group now only has one continuing segment following the sale of the Peter Webb Galleries business. The information presented in the financial statements represents this one segment.

21. Net Cash Flow from Continuing Operating Activities

Reconciliation of (deficit) with net cash flow from continuing operating activities:

	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Surplus/(Deficit) from continuing operations	(410,380)	(742,528)
Non cash items:		
Foreign exchange (gain)/loss	-	4,952
Non-cash interest on Mossgreen (NZ) Limited receivable unwind	(9,509)	-
Creditors settled by issurance of shares	21,238	-
Provision for doubtful debts	5,096	-
Deferred tax asset	-	92,880
	16,825	97,832
Movements in working capital		
(Increase)/decrease in inventories	(3,352)	-
(Increase)/decrease in receivables & prepayments	3,979	153,767
Increase/(decrease) in payables	(66,417)	-
Increase/(decrease) in other payables & accruals	(121,231)	(73,552)
(Increase)/decrease in tax refundable	(369)	21,620
	(187,390)	101,835
Net cash inflow/(outflow) from continuing operating activities	(580,945)	(542,861)

22. Financial Instruments

The Group is party to financial instrument arrangements as part of its everyday operations. These include instruments such as cash & cash equivalents, receivables and trade creditors.

Fair Values

As all financial instruments are either short term, carried at what the directors believe are market interest rates, or carried at cost (as it approximates fair value) as provided by the relevant accounting standard, the Directors are of the view that the fair value of all financial instruments is equivalent to their carrying value disclosed in the statement of financial position.

Currency Risk

The Group was exposed to foreign exchange risk as a result of offshore funding activities and transactions denominated in foreign currencies, arising from normal trading activities. The foreign exchange risk in relation to trading by the New Zealand group companies is immaterial, however transactions undertaken by Wildlife Philatelic Collections Pty Limited and Mowbrays Australia Pty Limited were denominated in Australian dollars. This has now ceased following the disposal of Wildlife Philatelic Collections Pty Limited and the cessation of Mowbrays Australia Pty Limited.

The following table shows the impact on post-tax profit and equity if the New Zealand dollar had weakened/strengthened by 10 per cent against the currencies with which the Group has foreign currency risk with all other variables held constant.

22. Financial Instruments (cont.)
Currency Risk (cont.)

	CONSOLIDATED	
	Year Ended 31-Mar 2016	Year Ended 31-Mar 2015
	$	$
Profit or loss		
Strengthened by 10%	-	6,687
Weakened by 10%	-	(8,173)
Other comprehensive income		
Strengthened by 10%	-	(10,604)
Weakened by 10%	-	13,004

The Directors do not consider it necessary to utilise financial derivatives to mitigate this risk.

Interest Rate Risk

The Group has no debt facilities, but do hold a significant portion of total assets as cash at bank. The Directors consider that they have mitigated their exposure to interest rate risk by holding funds in call accounts attracting floating interest rates. The Group does not have a specific policy in respect of the mix of fixed and floating interest rates.

The following table shows the impact on profit/(loss) for the year and equity of a movement in bank interest rates of 2.0% higher/lower with all other variables held constant.

	CONSOLIDATED	
	Year Ended 31-Mar 2016	Year Ended 31-Mar 2015
	$	$
Profit or loss		
Market Interest Rates Decrease by 2%	8,082	18,287
Market Interest Rates Increase by 2%	(8,082)	(18,287)
Other comprehensive income		
Market Interest Rates Decrease by 2%	8,082	18,287
Market Interest Rates Increase by 2%	(8,082)	(18,287)

Liquidity risk

Liquidity risk is the risk that assets held by the Group cannot readily be converted to cash to meet the Group's contracted cash flow obligations. Liquidity risk is monitored by the ongoing forecasting of cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining sufficient cash, or the availability of funding through an adequate amount of committed credit facilities.

The tables below analyse the Group's financial liabilities, into relevant maturity groupings based on the earliest possible contractual maturity date at the year end date. The amounts in the tables below are contractual undiscounted cash flows, which include interest through to maturity.

	Statement of Financial Performance	Contractual Cash Flows	12 Months or Less	1 to 2 Years	2 Years +
	$	$	$	$	$
Consolidated for year ended 31 March 2016					
Trade creditors	71,700	71,700	71,700	-	-
	71,700	71,700	71,700	-	-

	Statement of Financial Performance	Contractual Cash Flows	12 Months or Less	1 to 2 Years	2 Years +
	$	$	$	$	$
Consolidated for year ended 31 March 2015					
Trade creditors	357,296	357,296	357,296	-	-
Secured bank facilities	1,515,896	1,678,619	805,302	232,722	640,595
	1,873,192	2,035,915	1,162,598	232,722	640,595

Bethunes Investments Limited

Notes to the Financial Statements
For the year ended 31 March 2016

22. Financial Instruments (cont.)

Credit Risk

In the normal course of its business, the Group and Company incur credit risk from its counterparties which includes trade debtors, bankers, and Mossgreen (NZ) Limited. Of the total financial assets Mossgreen (NZ) Limited represents 41% and cash at bank 43% respectively. The cash at bank is spread over three counterparties as follows:

ANZ Bank New Zealand Limited	54.7%
Westpac New Zealand Limited	22.9%
Public Trust	22.4%

Capital risk management

The main objective of capital risk management is to ensure the Group and Company operates as a going concern, meeting debts as they fall due, maintaining the best possible capital structure and reducing the cost of capital. Group and Company capital consists of share capital, and the deficit of retained earnings. Group capital totals $710,929 (2015: $1,100,044). To maintain or alter the capital structure, the Group has the ability to review or cease dividends being paid to shareholders, return capital to shareholders, issue new shares, reduce or increase debt, or sell assets.

The Group has no externally imposed bank financial covenants but does have $75,000 on short term deposit with ANZ Bank New Zealand Limited to support a bond provided to NZX.

There have been no changes to capital management policies from the previous year.

23. Subsequent Events

There have been no material events subsequent to balance date.

24. Commitments for Capital Expenditure

There were no commitments for expenditure as at 31 March 2016 (2015: $Nil)

25. Contingent Liabilities and Assets

During the year ended 31 March 2016 the Group was party to guarantees with Westpac New Zealand Limited (with respect to BIL 2016 Limited), Bank of New Zealand (with respect to BIL 2016 Limited), and ANZ Bank New Zealand Limited (with respect to Mowbray Bethunes Limited). All of these guarantees have been released, however, as is common with guarantees, the respective banks retain the right use the guarantee for up to two years for amounts it may be required to repay under any law. The directors do not believe there will any call on these guarantees.

There were no other contingent liabilities or contingent assets at 31 March 2016 (2015: $Nil)

26. Deferred Lease Inducement

	CONSOLIDATED	
	Year Ended 31-Mar 2016 $	Year Ended 31-Mar 2015 $
Total lease inducement:		
Deferred lease inducement	-	241,987
	-	241,987
Realisable as follows:		
Current	-	19,231
Non-Current	-	222,756
Total	-	241,987

During the 2015 year Peter Webb Galleries Limited entered into a lease for premises in Falcon Street, Parnell. As a condition of the lease being accepted, the landlord contributed $250,000 towards the fit-out of the premises. This amount has been recognised as leasehold improvements within property, plant and equipment. The contribution from the landlord is recognised as a deferred lease inducement which is amortised over the term of the lease (excluding renewal periods). The assets and corresponding deferred lease incentive liability were disposed of with the disposal of the Peter Webb Galleries business as described in note 2).

KPMG

Independent auditor's report

To the shareholders of Bethunes Investments Limited

We have audited the accompanying consolidated financial statements of Bethunes Investments Limited and its subsidiaries (the "Group") on pages 4 to 26. The financial statements comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the 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 unmodified opinion on the financial position and cash flows of the Group.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on financial performance and on changes in equity.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Basis for disclaimer of opinion

The Statement of Comprehensive Income for the year ended 31 March 2016 includes a deficit from discontinued operations of $1,612,789. Included within this amount is a loss on disposal of Mowbray Bethunes Limited and Wildlife Philatelic Pty Limited. Components of the loss on disposal calculation include disposal group assets held for sale as at 31 March 2015 ($1,143,466 out of the total balance of $1,329,627) on which the predecessor auditor issued a disclaimer of opinion on key components of this balance. Given the prior year disclaimer, the possibility remains that there could be an error in the consolidated statement of comprehensive income for the year ended 31 March 2015, which would then have a flow on impact on the results for the year ended 31 March 2016. For this reason, we were unable to obtain sufficient appropriate audit evidence with respect to the reported deficit from discontinued operations totalling $1,612,789 for the year ended 31 March 2016, regarding to which period it relates, and consequently we were unable to determine whether any adjustments to these amounts were necessary.

Disclaimer of opinion on financial performance and changes in equity

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial performance and changes in equity for the year ended 31 March 2016 of the Group. Accordingly, we do not express an opinion on the consolidated statements of comprehensive income and changes in equity on pages 4 to 5, or on the related notes on pages 8 to 26 of the consolidated financial statements.

Opinion on financial position and cash flows

In our opinion the consolidated financial statements on pages 4 to 26 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2016 and its consolidated cash flows for the year then ended, in accordance with generally accepted accounting practice in New Zealand, the New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Other matter

The consolidated financial statements of the Group, for the year ended 31 March 2015, were audited by another auditor who disclaimed an opinion on those statements dated 30 June 2015.

KPMG

24 June 2016
Auckland

Bethunes Investments Limited

Statutory and Shareholder Information
For the year ended 31 March 2016

Incorporation

Bethunes Investments Limited was incorporated on 22 February 2000 under the Companies Act 1993 with company number WN1015212. The company changed its name from Mowbray Collectables Limited on 17 July 2015.

Directors

J. R. Mowbray was appointed a director on 22 February 2000 and resigned on 31 July 2015.
M. C. Radford was appointed a director on 9 March 2000 and resigned on 19 February 2016.
I. J. Halsted was appointed a director on 16 March 2000.
C. G. Swasbrook was appointed a director on 18 November 2013.
A. E. Titter was appointed a director on 19 February 2016.

Stock Exchange Listing

The Company's ordinary shares are listed on the New Zealand Stock Exchange under the security code "BIL".

Substantial Security Holders

The Company's register of substantial security holders, prepared in accordance with section 25 of the Securities Amendment Act 1988 recorded the following information as at 2 May 2016.

Name	*Number of Voting Securities*
Cazna (2904) Limited <Douglas Goodfellow Charitable Trust>	11,666,667
John Scott Stewart Richardson	11,625,000
New Zealand Central Securities Depository Limited	11,437,913
Elevation Capital Management Limited	10,000,000
Maryanne & Mark Owens	10,000,000
Sir Ronald Alfred Brierley	9,400,000

At 2 May 2016 the total issued voting securities was 115,060,279.

Largest Shareholders

The names of the 20 largest shareholders and their holdings as at 2 May 2016 were:

Name	*Shares Held*	*Issued Shares*
Cazna (2904) Limited <Douglas Goodfellow Charitable Trust>	11,666,667	10.14%
John Scott Stewart Richardson	11,625,000	10.10%
New Zealand Central Securities Depository Limited	11,437,913	9.94%
Elevation Capital Management Limited	10,000,000	8.69%
Maryanne & Mark Owens	10,000,000	8.69%
Sir Ronald Alfred Brierley	9,400,000	8.17%
Ballynagarrick Investments Limited	5,366,667	4.66%
John Reader Mowbray	5,083,131	4.42%
Solar Capital Limited	3,333,333	2.90%
Gladeye Limited	2,660,000	2.31%
Custodial Services Limited <3 A/C>	2,100,000	1.83%
Nigel Russell Fannin & Rosemary Anne O'Brien & Kevin Wayne Harborne <Fannin O'Brien Family A/C>	2,015,375	1.75%
Andrew William Harmos	2,000,000	1.74%
Horton Corporation Limited	2,000,000	1.74%
Pato Trading Limited	2,000,000	1.74%
Christopher Grant Swasbrook & Charlotte Swasbrook	2,000,000	1.74%
Bottom Drawer Limited	1,726,400	1.50%
Ronald Alfred Brierley	1,600,000	1.39%
Adrian Barkla	1,500,000	1.30%
Phillip Scott Lindberg	1,500,000	1.30%
Total	99,014,486	86.05%

Bethunes Investments Limited

Statutory and Shareholder Information
For the year ended 31 March 2016

Spread of Shareholders

The spread of shareholders as at 10 May 2016 was:

Holding Range	*Holders*	*Total Shares*	*Percentage*
1 - 1,000	20	12,644	0.01%
1,001 - 5,000	124	246,777	0.21%
5,001 - 10,000	34	259,029	0.23%
10,001 - 100,000	64	2,130,341	1.85%
100,001 - 15,000,000	44	112,411,488	97.70%
Total	286	115,060,279	100.00%

Directors' Relevant Interests

The equity securities in which each Director has a relevant interest at the balance date of the current financial year were:

	2016	**2015**
	No of Shares	**No of Shares**
C. Swasbrook		
Opening balance	-	-
Movements (Note 1)	12,000,000	-
Sale of shares	-	-
Closing balance	12,000,000	-
I. J. Halsted		
Opening balance	34,375	34,375
Movements (Note 2)	515,625	-
Sale of shares	-	-
Closing balance	550,000	34,375
A. E. Titter (Note 3)		
Opening balance	-	-
Movements	-	-
Sale of shares	-	-
Closing balance	-	-

Note 1 In the 2016 year, Christopher Swasbrook (jointly with Charlotte Swasbrook) purchased 2,000,000 shares as a part of the recapitalisation of the company.
In addition, Elevation Capital Management Limited, a company controlled by Christopher and Charlotte Swasbrook purchased 10,000,000 shares as a part of the recapitalisation of the company.

Note 2 In the 2016 year, Ian Halsted purchased 515,625 shares as a part of the recapitalisation of the company.
In addition he has a beneficial interest of 926,500 shares.

Note 3 Aaron Titter does not hold any shares.

Bethunes Investments Limited

Statutory and Shareholder Information
For the year ended 31 March 2016

Directors' Remuneration

Directors' remuneration during the year was M. C. Radford $18,301, I. J. Halsted $15,322 (being directors fees from Bethunes Investments Limited and a refund of fees to BIL 2016 Limited), C.G. Swasbrook $22,893, A.E. Titter $2,228.

J. R. Mowbray, as managing director (prior to the disposal of the stamp, note, and coin business), was not paid directors fees.

Directors' and Officers' Composition

As at 31 March 2016 the gender composition of the directors and officers was:

Directors: three males and no females
Officers: nil

Employees' Remuneration

During the year the following numbers of employees received remuneration of at least NZ$100,000.

	2016	2015
$100,001 - $110,000	-	1
$110,001 - $120,000	-	-
$140,001 - $150,000	-	1
$160,001 - $170,000	-	1
$190,001 - $200,000	-	1
Total	-	4

Annual Report – Statement of Corporate Governance

Corporate Governance Statement
The Board of Bethunes Investments Limited (**Company**) is committed to the values of integrity, respect and continuous improvement. The Board has adopted a Board Charter and Securities Trading Policy and Guidelines. The Board is of the opinion that its governance structures are consistent with the NZX Corporate Governance Best Practice Code and the Financial Markets Authority's Principles for Corporate Governance. All Company documents, including the constitution and charters, are available on the Company's website www.bethunesinvestments.com.

Ethical standards
The Board Charter and Code of Ethics (**Code**) establishes the standards of ethical behaviour expected of directors and staff. The Board expects staff to personally subscribe to these values and to utilise these materials to guide their decision-making. The Audit and Risk Committee has responsibility for evaluating management's procedures for monitoring compliance with the Code. The Chair of the Audit and Risk Committee will raise with the Board any concerns it has in this regard.

Directors are required to disclose any actual or potential conflicts. Where a conflict or potential conflict has been disclosed, the director will take no further part in receipt of information or participation in discussions on that matter. The Board maintains an interests' register and it is reviewed regularly. Should any member of staff have concerns regarding practices that may be in conflict with the Code they can raise the matter with the Chair of the Board (as appropriate) on a confidential basis.

Health and safety
The health and safety of employees, contractors and others associated with the Company is as important to the Board as managing financial and reputational risk. The Board is responsible for determining health and safety strategy and policies which management is required to implement.

Board composition and performance
The Board is responsible for the direction and control of the Company's activities and is the ultimate decision-making body of the Company. Its responsibilities include setting strategic direction, approval of significant expenditures, policy determination, stewardship of the Company's assets, identification of significant business risks, legal compliance and monitoring management performance.

As at 31 March 2016, the Board comprised three directors all of whom are non-executive. Two directors are considered by the Board to be independent under the NZSX Listing Rules. The Company's constitution prescribes a minimum of three directors.

The table below sets out the directors, the board meetings attended, and whether they sit on the Audit and Risk Committee:

Name	Board Meetings Attended	Audit and Risk Committee
Ian Jeffrey Halsted	13/13	Yes
Murray Charles Radford (retired 19 Feb 2016)	12/12	Yes
Christopher Grant Swasbrook	13/13	No
Aaron Earl Titter (appointed 19 Feb 2016)	1/1	Yes
John Reader Mowbray (resigned 31 July 2015)	4/4	No

Board Committee
The Board has appointed one standing committee: the Audit and Risk Committee. This committee has a Charter that sets out its scope of activities and authority.

Audit and Risk Committee
The Audit and Risk Committee is constituted to monitor the veracity of the financial data produced by the Company and ensure controls are in place to minimise the chances for fraud or for material error in Company accounts. A majority of the Committee's members must be independent directors. The members of the Committee are Ian Halsted (Chair), and Aaron Titter.

Nomination and Remuneration
Given the limited number of directors on the Board, the Board itself will approve appointments and terms of remuneration for any CEO or staff reporting directly to a CEO. It will also review any Company-wide incentive and share option schemes as required and recommends remuneration packages for directors to the shareholders.

The Directors remuneration pool has been set at $60,000 per annum. The fees paid are considered reasonable compensation for the work undertaken and are the only remuneration paid to directors.

Reporting and disclosure
The Audit and Risk Committee assists the Board in fulfilling its responsibilities relating to the Group's management systems, accounting and reporting, external and internal audit and risk management activities. The Audit and Risk Committee monitors the Company's accounting and reporting practices, reviews the financial information reported to shareholders, oversees the work undertaken by the external and internal auditors, and monitors risk generally.

Risk management
The Audit and Risk Committee has a clear line of communication with the independent external auditors and the finance team. The Committee meets at least twice a year and meets at least annually with the auditor. The Committee's responsibilities are set out in the Audit and Risk committee charter.

Directors are insured against liabilities to other parties that may arise from their positions as directors, excluding liabilities that may arise from criminal actions. All directors and senior executives are required to comply with the Company's *Securities Trading Policy and Guidelines*.