Bethunes
Investment
Limited

2017 Annual Report

BETHUNES INVESTMENTS LIMITED
ANNUAL REPORT

2017

CONTENTS

DIRECTORS' REPORT

The Directors of Bethunes Investments Limited (BIL) report a loss of NZD222,249 for the year ending 31 March 2017 as the Company continues to embark on a new investment program.

The Company continued to receive payments from Mossgreen NZ inline with the sale and purchase agreement relating to the divestiture of Webb's in January 2016. The outstanding receivable amounts to NZD280,000 (at face value) as at the time of writing which is expected to be received quarterly until 31 December 2018.

Outside of the NZ Retail Property Group (NZRPG) Reverse Listing Transaction (announced to NZX on 9 March 2017 and discussed below), the Directors spent the past year investigating (with the assistance of Elevation Capital Management Limited) the following sectors for potential investment opportunities: Agriculture, Animal Health, Automotive, Beauty, Chemicals, Liquor, Professional Services, Real Estate and Tourism. (*Please note these are broad sector overviews. Clearly our focus was much more targeted but due to confidentiality agreements still in place we cannot be more specific.)

Only one investment has been made to date and as stated earlier, this investment is an ASX listed company that manufactures household consumer products and holds the rights (in perpetuity) to iconic New Zealand & Australian brands. The company has a sub AUD100million market capitalisation, no net debt and trades at a sizeable discount to global peer companies and reasonable estimates of intrinsic value. Additionally, it is forecast to pay a ~5% fully franked dividend yield in Australian Dollars. We believe this company is exactly the kind of public company BIL should look to acquire a more significant stake in (if pricing allows) and this provides a sound example of the kind of investments the Directors wish to make with an expanded capital base if shareholders permit them in future.

This investment which was initiated on 27 June 2016 and purchased over a period of time ending on 14 November 2016 delivered a total return (including dividends) of +13.9% in NZD terms (+12.4% in AUD terms). On an annualised basis (to 31 March 2017) this amounted to +25.9% in NZD terms (+23.0% in AUD terms).

Directors in the past have also spoken of BIL's ability to potentially access both public and non-public investments that shareholders could not readily replicate themselves. The Directors have had one such opportunity presented by Elevation Capital Management Limited that is currently under review. While it is difficult to talk of such opportunities publicly prior to them being undertaken, this investment idea would again provide shareholders of BIL an investment exposure they could not readily access themselves, nor which the wider investment community could access. Such investments exist in areas of the capital markets which are not researched or widely followed by market analysts. Once again, the Directors believe there exists opportunities for BIL to capitalise on such situations should shareholders permit BIL to expand its capital base.

The NZRPG reverse listing transaction is progressing smoothly with both parties in the midst of due diligence enquiries and completing formal legal documentation for the transaction. The outcome of the transaction for BIL shareholders is they would hold shares in two companies - NZRPG (i.e. existing BIL shares) and new shares in BIL's subsidiary, BIL (2016) Limited (New BIL) which will be distributed to shareholders by BIL. New BIL will hold the existing investments of BIL and will continue to pursue the BIL investment programme. The Directors continue to explore options for re-listing New BIL with NZX or looking at alternative share trading platforms. The Directors consider that reverse listing transactions, where the companies looking to list have high quality assets or underlying businesses (like NZRPG) are positive for generating shareholder value and, more broadly, adding depth to the New Zealand capital markets. The directors are therefore leaning towards pursuing a re-listing of

New BIL with NZX with a view to investigating further reverse listing transactions in the future while also pursuing the investment programme discussed above. The final recommendations from the directors on this point will be expressed at the time approvals for the NZRPG reverse listing transaction are sought.

Further details will be presented on the NZRPG transaction (including a more conclusive timetable), BIL's current investment, future investments (having regard to the necessary confidentialities that may be required) and the exact quantum of "New BIL's" capital raise post the completion of the NZRPG transaction at the Annual Shareholders Meeting which will be held at 3.00pm on the 8th June 2017 at The Holy Trinity Visitors Centre, cnr St Stephens Avenue & Parnell Road, 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 2017

	Notes	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
Revenue			
Sale of inventory		13,661	15,846
Creditor compromise income		-	23,487
Revaluation of financial assets to fair value		14,022	-
Interest income		51,537	12,681
Dividends received		4,128	-
Sundry income		2,541	-
Total revenue		85,889	52,014
Expenses			
Employee benefits and expense	1	-	(90,627)
Accounting fees - NZ	9c	(27,632)	(63,018)
Accounting fees - Australia		(4,057)	(7,010)
Art Inventory Purchases		(2,283)	-
Audit fees	3	(40,440)	(75,925)
Bad debts		(3,970)	-
Bank fees		(2,973)	(2,594)
Changes in inventory		(3,352)	(34,761)
Directors fees	9d	(60,000)	(61,244)
Movement in provision for doubtful debts		5,096	(5,096)
FMA fees		(2,492)	(3,739)
Foreign exchange losses		(282)	-
Insurance		(6,383)	(6,440)
Investment analyst fees	9c	(56,539)	(5,750)
Legal fees		(19,418)	(18,201)
Other expenses		(494)	(12,551)
Printing & stationery		(4,111)	(1,410)
Restructure costs	9c	-	(18,150)
Share registry costs		(14,714)	(16,663)
Stock exchange fees		(27,812)	(27,996)
Telephone & internet costs		(948)	(1,818)
Interest expense		(542)	(9,401)
Total expenses		(273,346)	(462,394)
(Loss) before taxation from continuing operations		(187,457)	(410,380)
Taxation (expense)/benefit	2	(34,792)	-
(Loss) from continuing operations		(222,249)	(410,380)
Loss from discontinued operations	10	-	(1,612,789)
(Loss) for the year		(222,249)	(2,023,169)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve		-	137,318
Total comprehensive loss		(222,249)	(1,885,851)
Earnings per share			
Basic earnings per share (cents)	11	(0.19)	(3.17)
Diluted earnings per share (cents)	11	(0.19)	(3.17)

Bethunes Investments Limited

Consolidated Statement of Changes in Equity

for the year ended 31 March 2017

	Notes	Share Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
		$	$	$	$
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	4	1,534,664	-	-	1,534,664
Capital raising costs	4	(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
Balance at 1 April 2016		8,114,045	-	(7,403,116)	710,929
Comprehensive income					
Net (loss) after taxation		-	-	(222,249)	(222,249)
Balance at 31 March 2017		8,114,045	-	(7,625,365)	488,680

KPMG

Bethunes Investments Limited

Consolidated Statement of Financial Position
as at 31 March 2017

	Notes	31-Mar 2017 $	31-Mar 2016 $
EQUITY			
Share capital	4	8,114,045	8,114,045
Retained earnings		(7,625,365)	(7,403,116)
Total Equity		488,680	710,929
Represented by:			
CURRENT ASSETS			
Cash & cash equivalents		183,630	371,627
Short term deposit	14	75,000	75,000
Receivables		9,136	10,244
Prepayments		23,037	9,919
Taxation receivable	2	2,350	-
Inventory	5	-	3,352
Listed company investments	8	120,210	-
Receivable from Mossgreen	7	130,764	112,859
Total Current Assets		544,127	583,001
CURRENT LIABILITIES			
Trade creditors		53,396	71,700
Other payables & accruals		66,835	62,937
Loan from Westgate	6	39,321	-
GST payable		7,406	15,451
Total Current Liabilities		166,958	150,088
NET CURRENT ASSETS/(LIABILITIES)		377,169	432,913
NON-CURRENT ASSETS			
Receivable from Mossgreen	7	111,511	242,275
Taxation receivable	2	-	35,741
Total Non-Current Assets		111,511	278,016
NET ASSETS		488,680	710,929
Net Tangible Asset Value per share (cents)		0.425	0.618

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

C Swasbrook - Chairman

A Titter - Director

28 April 2017

KPMG

Bethunes Investments Limited

Consolidated Statement of Cash Flows

for the year ended 31 March 2017

	Notes	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers		18,436	27,784
Interest received		4,396	3,172
Dividends received		4,128	-
Payments to suppliers		(306,147)	(463,316)
Payments to employees		-	(138,815)
Interest paid		(542)	(9,401)
Taxation (paid)/received		(1,401)	(369)
Net cash flow from continuing operating activities	13	(281,130)	(580,945)
Net cash flow from discontinued operating activities		-	(525,691)
Net cash flow from operating activities		(281,130)	(1,106,636)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to)			
Sale of intangible assets		-	3,700
Sale of subsidiary		-	958,896
Purchase of listed company investments	8	(106,188)	-
Funds received from Mossgreen		160,000	-
Cash disposed of with subsidiary		-	(80,994)
Short term deposit invested		-	(75,000)
Net cash flow from continuing investing activities		53,812	806,602
Net cash flow from discontinued investing activities		-	311,073
Net cash flows from investing activities		53,812	1,117,675
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from (applied to)			
Share capital issued (net of costs)		-	1,366,504
Loan from Westgate (net of transaction costs incurred)	6	39,321	-
Related party loans repaid to discontinued operations		-	(1,183,219)
Net cash flow from continuing financing activities		39,321	183,285
Net cash flow from discontinued financing activities		-	648,166
Net cash flow from financing activities		39,321	831,451
Net increase/(decrease) in cash & cash equivalents held		(187,997)	842,490
Cash & cash equivalents at beginning of year		371,627	(470,863)
Cash & cash equivalents at end of year		183,630	371,627
Comprising:			
Cash at bank - New Zealand		183,630	371,627
		183,630	371,627

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 subsidiary. 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.

Reporting Entity & Period

For the results for the year ended 31 March 2017 the Bethunes Investments Limited Group comprises the following entities:

> Bethunes Investments Limited - Parent
>
> BIL 2016 Limited - the business of Peter Webb Galleries has been treated as a discontinued operation following the sale to Mossgreen NZ Limited, this company now holds the majority of group assets in preparation for the reverse listing transaction discussed in note 15.

BIL 2016 Limited is 100% owned by Bethunes Investments Limited.

For the results for the year ended 31 March 2016 the Bethunes Investments Limited Group comprised the entities listed above as well as the following entities which were treated as discontinued operations:

> Mowbrays Australia Pty Limited (ceased activity on 30 September 2015 and has been removed from the Australian companies register)

BIL 2016 Limited was 100% directly owned by Bethunes Investments Limited for the 2016 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.

In addition to the reverse listing transaction discussed in note 15, the Company continues to investigate a number of potential investment opportunities. Should the reverse listing transaction complete these opportunities will transfer to the subsidiary, BIL 2016 Limited.

Comparative Information

There have been no changes to comparative information.

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 7).

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 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 7).

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) Consolidation of Subsidiaries

Subsidiaries are all 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.

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(b) 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.

Dividend Revenue

Dividend revenues are recognised when the group is entitled to receive the dividend.

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.

Creditor Compromise Income

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

(c) 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.

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.

(d) 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.

(e) 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.

Financial Assets at Fair Value Through Profit or Loss
Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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 Consolidated Financial Statements
For the year ended 31 March 2017

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
1. Employee Benefit Expense		
Included in Employee benefit expense are the following expenses:		
Wages & salaries	-	84,071
Defined contribution plan	-	6,556
	-	90,627

The Group has no employees. All employees transferred with businesses sold during the prior year.

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

Taxation (expense)/income comprises		
Current tax (expense) from continuing operations	-	-
Provision - non-current income tax receivable	(34,792)	-
Deferred (tax) relating to the origination and reversal of temporary differences from continuing operations	-	-
Total tax (expense) from continuing operations	(34,792)	-
Total tax expense relating to continuing operations	(34,792)	-
Total tax expense related to discontinued operations	-	-
Total tax (expense)	(34,792)	-
(Loss) from continuing operations	(187,457)	(410,380)
Taxation benefit calculated at 28%	52,488	114,906
Non-deductible expenses	(6,388)	(97,066)
Non-taxable income	3,926	-
Change in unrecognised differences	1,470	63,986
Provision - non-current income tax receivable	(34,792)	-
Deferred tax not recognised	(51,496)	(81,826)
Total tax (expense)/income relating to continuing operations	(34,792)	-

(b) Tax assets and liabilities		
Tax refund (receivable) - current	(2,350)	-
Tax refund (receivable) - non-current	-	(35,741)
	(2,350)	(35,741)

The tax refund balance relating to BIL 2016 Limited of $34,792 has been provided for in the 2017 financial statements as the directors cannot be certain of future taxable income to use this credit (2016: non-current balance of $35,741). The credit remains with the Inland Revenue Department and can be used should BIL 2016 Limited generate taxable income.

(c) Imputation credit account balances		
Imputation credits available for use in subsequent reporting periods	2,557	318
(d) Deferred tax balances		
Temporary differences	-	-

Taxable and deductible temporary differences arise from the following:

	CONSOLIDATED 2017		
	Opening balance $	Charged to income $	Closing balance $
Deferred tax assets:			
Income tax losses	(15,960)	1,470	(14,490)
Other expenses	15,960	(1,470)	14,490
	-	-	-

Bethunes Investments Limited

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

2. Taxation (cont.)

	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
	-	-	-

(e) Deferred tax balances not recognised

	CONSOLIDATED	
	Year Ended 31 March 2017	**Year Ended 31 March 2016**
	$	**$**
Deferred tax assets not recognised comprise:		
Income tax losses and unrecognised temporary differences	609,860	558,364

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.

3. Remuneration of Auditors

	CONSOLIDATED	
	Year Ended 31 March 2017	**Year Ended 31 March 2016**
	$	**$**
Audit of the financial statements paid to KPMG	40,440	69,000
Audit of the financial statements paid to Staples Rodway Auckland *	-	6,925
	40,440	75,925

* 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 2015 audit file by KPMG.

KPMG is auditor of Bethunes Investments Limited and Group for the 2017 and 2016 years. No other audit fees were paid in respect of any group entity.

4. Share Capital

	CONSOLIDATED			
	Year Ended 31 March 2017		**Year Ended 31 March 2016**	
	Number	**$**	**Number**	**$**
Group				
Ordinary Shares – Authorised, issued and fully paid				
Balance at beginning of year	115,060,279	8,114,045	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	115,060,279	8,114,045

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.

Bethunes Investments Limited

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

5. Inventory

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
Auction inventory held at net realisable value	-	3,352
Total Inventory	-	3,352

As noted in the accounting policies inventory was valued at the lower of cost or net realisable value. All inventory was disposed of prior to 31 March 2017.

6. Loan from Westgate

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
Loan received	75,000	-
Expenses incurred in relation to potential reverse takeover (note 15)	(35,679)	-
Total loan from Westgate	39,321	-

On 8 March 2017 Bethunes Investments Limited entered into a term sheet in respect of the reverse listing of New Zealand Retail Property Group (NZRPG) through the Bethunes Investments Limited corporate shell. This transaction is further disclosed in note 15. The transaction includes funds to be advanced by an associate of NZRPG (Westgate) for the purpose of meeting transaction costs.

The funds lent by Westgate become repayable if the Company's shareholders vote against the transaction, the Company terminates the transaction without cause, or the Company materially breaches the transaction documents. In this circumstance the terms of the loan from Westgate would be an unsecured interest free loan repayable over a 36 month term. If the transaction proceeds the amount remains a loan to Westgate which will be a subsidiary of Bethunes Investments Limited.

7. Mossgreen Receivable

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
Receivable from Mossgreen for sale of Peter Webb Galleries business	242,275	355,134
	242,275	355,134
Receivable as follows:		
Current	130,764	112,859
Non-Current	111,511	242,275
Total	242,275	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 (2015: 15.00%) 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 2017 is $280,000 (2016: $440,000). This balance is non-interest bearing (other than for the future timing of payments) and unsecured. Mossgreen (NZ) Limited had 15 months after acquisition date to make claims within the sale and purchase agreement, and none were received within this timeframe.

Bethunes Investments Limited

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

8. Listed Company Investments

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
Cost of listed company investments	106,188	-
Revaluation of listed company investments to fair value	14,022	-
	120,210	-

Listed company investments have been valued using quoted prices in active markets (Level 1 in the Fair Value Hierarchy).

9. 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 2017	Shareholding 2016
Mowbrays Australia 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 has been removed from the Australian companies register.

(c) Transactions

Transactions with parties related to the Group are as follows;

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
Management Fee Expense		
Elevation Capital Management Limited - for services to BIL 2016 Limited	-	(60,000)
Accounting Fees		
BDO Wellington Limited - for accounting services to Bethunes Investments Limited	(25,507)	(63,018)
BDO Wellington Limited - for restructuring services to Bethunes Investments Limited	-	(4,332)
BDO Wellington Limited - for services to BIL 2016 Limited (continuing operations)	(2,125)	-
BDO Wellington Limited - for services to BIL 2016 Limited (discontinued operations)	-	(23,945)
Investment Analyst Services		
Elevation Capital Management Limited	(56,539)	(5,750)
Total transactions	(84,171)	(157,045)

BIL 2016 Limited purchased shares in listed companies from Bethunes totalling $109,300 in January 2017. This was a common control transaction with the shares being purchased at their market value at that date. Aside from that there were no other purchases from subsidiaries.

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.

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 2016 financial year, as well as investment analyst services for the 2016 and 2017 years. 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 2017 and 2016 years.

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Bethunes Investments Limited

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

9. Related Parties (cont.)
(d) Directors Fees

Fees paid to directors during the year were as follows:

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
For Bethunes Investments Limited		
Murray Radford (previous Chairman)	-	18,301
Christopher Swasbrook (Chairman)	25,000	22,893
Ian Halsted	17,500	17,822
Aaron Titter	17,500	2,228
	60,000	61,244
For BIL 2016 Limited		
Ian Halsted (Director) - 2016 amount relates to a reversal of a 2015 accrual	-	(2,500)
Total for Group	60,000	58,744

10. Discontinued Operations

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
Revenue	-	1,386,921
Expenses	-	(2,035,917)
Goodwill impairment	-	(1,082,990)
Creditor compromise income	-	364,947
Loss on sale of stamp, bank note, and coin business	-	(29,895)
Loss on sale of Peter Webb Galleries business	-	(77,887)
Net (loss) before taxation	-	(1,474,821)
Taxation (expense)/benefit (Note 2(a))	-	-
Foreign currency translation reserve transferred to profit and loss	-	(137,968)
Net (loss) after taxation	-	(1,612,789)

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 loss on sale of the businesses 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 2016.

11. Earnings Per Share

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

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	Year Ended 31-Mar 2016 $
(Deficit) from continuing operations	(222,249)	(410,380)
(Deficit) from discontinuing operations	-	(1,612,789)
Weighted average number of ordinary shares	115,060,279	63,907,901
(Loss) per share (cents) (continuing operations)	(0.19)	(0.64)
(Loss) per share (cents) (discontinued operations)	-	(2.52)
(Loss) per share (cents)	(0.19)	(3.17)
Distributions to shareholders	-	-
Dividend per share (cents)	-	-

Basic earnings per share equals diluted earnings per share.

Bethunes Investments Limited

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

12. Segment Information

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

For 2017 the Group had one reportable segment (2016: two main reportable segments, one discontinued and one continuing):

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.

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.

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.

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.

13. Net Cash Flow from Continuing Operating Activities

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

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	**Year Ended 31-Mar 2016 $**
(Deficit) from continuing operations	(222,249)	(410,380)
Non cash items:		
Non-cash interest on Mossgreen (NZ) Limited receivable unwind	(47,141)	(9,509)
Fair value movement of held for sale financial instruments	(14,022)	-
Creditors settled by issuance of shares	-	21,238
Bad debts	3,970	-
Provision for doubtful debts	(5,096)	5,096
	(62,289)	16,825
Movements in working capital		
Decrease/(increase) in inventories	3,352	(3,352)
(Increase)/decrease in receivables & prepayments	(10,884)	3,979
(Decrease) in payables	(26,349)	(66,417)
Increase/(decrease) in other payables & accruals	3,898	(121,231)
Decrease/(increase) in tax refundable	33,391	(369)
	3,408	(187,390)
Net cash (outflow) from continuing operating activities	(281,130)	(580,945)

Bethunes Investments Limited

Notes to the Consolidated Financial Statements
For the year ended 31 March 2017

14. 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, recorded at observable market values, 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 is exposed to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from investing activities. The foreign exchange risk for 2016 related to 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. For 2017 the foreign exchange risk related to the investments in listed securities which are denominated in Australian dollars.

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.

	CONSOLIDATED	
	Year Ended 31-Mar 2017 $	**Year Ended 31-Mar 2016 $**
Profit or loss		
Strengthened by 10%	(7,868)	-
Weakened by 10%	9,617	-
Other comprehensive income		
Strengthened by 10%	(7,868)	-
Weakened by 10%	9,617	-

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 2017 $	**Year Ended 31-Mar 2016 $**
Profit or loss		
Market Interest Rates Decrease by 2%	(6,959)	8,082
Market Interest Rates Increase by 2%	6,959	(8,082)
Other comprehensive income		
Market Interest Rates Decrease by 2%	(6,959)	8,082
Market Interest Rates Increase by 2%	6,959	(8,082)

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.

14. Financial Instruments (cont.)

Liquidity risk (cont.)

	Statement of Financial Performance	Contractual Cash Flows	12 Months or Less	1 to 2 Years	2 Years +
	$	$	$	$	$
Consolidated for year ended 31 March 2017					
Trade creditors	53,396	53,396	53,396	-	-
	53,396	53,396	53,396	-	-

	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	-	-

Credit Risk

In the normal course of its business, the Group incurs credit risk from its counterparties which includes trade debtors, bankers, and Mossgreen (NZ) Limited. Of the total financial assets Mossgreen (NZ) Limited represents 36%, shares held in listed companies represents 18%, and cash at bank 27% respectively. The cash at bank is spread over three counterparties as follows:

ANZ Bank New Zealand Limited	14.2%
Westpac New Zealand Limited	84.3%
Public Trust	1.5%

Capital risk management

The main objective of capital risk management is to ensure the Group operates as a going concern, meeting debts as they fall due, maintaining the best possible capital structure and reducing the cost of capital. Group capital consists of share capital, and the deficit of retained earnings. Group capital totals $488,680 (2016: $710,929). 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.

15. Subsequent Events

On 8 March 2017 Bethunes Investments Limited signed a term sheet with New Zealand Retail Property Group (NZRPG) for NZRPG to use the listed shell of the Company to backdoor list on the NZX. The transaction provides for the Company to acquire the shares of NZRPG which, as at 31 March 2017, are valued at approximately $400m. Bethunes is valued at $1.1m for the purposes of the transaction.

Before the transaction is completed, all assets of Bethunes aside from $100,000 cash at bank, will be transferred to its subsidiary BIL 2016 Limited and the shares in BIL 2016 Limited will be distributed pro rata to Bethunes shareholders. The effect will be that existing Bethunes shareholders will hold one share in Bethunes and one share in BIL 2016 Limited.

There are no other material events subsequent to balance date.

16. Commitments for Capital Expenditure

There were no commitments for expenditure as at 31 March 2017 (2016: $Nil).

17. Contingent Liabilities and Assets

During the year ended 31 March 2017 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 2017 (2016: $Nil)

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Independent auditor's report

To the shareholders of Bethunes Investments Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Bethunes Investments Limited (the "Company") and its subsidiary (collectively, the "Group") on pages 4 to 20:

i. present fairly in all material respects the Group's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 31 March 2017;

— the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report.

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

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. Materiality for the consolidated financial statements as a whole was set at $20,000 determined with reference to a benchmark of Group net assets. We chose the benchmark because, in our view, this is a key measure of the Group's performance given limited operations in the current year.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Valuation of receivable from Mossgreen (NZ) Limited	
As at 31 March 2017, the Group has $242,275 receivable from Mossgreen (NZ) Limited ("Mossgreen"), representing 37% of total assets. The receivable relates to a Sale and Purchase Agreement dated 3 December 2015 for the sale of the Peter Webb Galleries Limited business to Mossgreen, the details of which are disclosed in note 7 to the consolidated financial statements. As with any debtor balance, there is a risk with respect to future payments. Both Mossgreen and Mossgreen Pty Limited (guarantor) are privately owned companies and, therefore, there is no publicly available financial information on either entity which can be used to assess the recoverability of the debtor balance.	Our audit procedures included: — obtaining and reviewing the Sale and Purchase Agreement; — obtaining confirmation of the receivable balance outstanding as at 31 March 2017 from Mossgreen; — agreeing receipts from Mossgreen during the year to bank statements; — assessing whether Mossgreen made all payments in accordance with the Agreement. — assessing the reasonableness of the discount rate used by the DIrectors; — recalculating the value of the receivable as at 31 March 2017 using the discounted cash flow model prepared by the Directors; and — recalculating the presentation of the current and non-current split of the receivable.
Going concern	
During the prior year, the Group disposed all of revenue generating operating components. For the year ended 31 March 2017, the Group made a loss of $222,249. As at 31 March 2017, the Group has working capital of $377,169 and net assets of $488,680. Other than income from investments, the Group has no other current sources of revenue.	Our audit procedures included: — inspecting the Directors' forecasted cash flows for the year ending 31 March 2018; — challenging the forecasted cash flows on a line by line basis, using our knowledge of the Group and consideration of the 2017 actual financial results; and — considering identifiable potential cash outflows arising from the reverse listing transaction as disclosed in note 15 to the consolidated financial statements.

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Other matter

The audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2016 included a disclaimer of opinion in respect of both the Statement of Comprehensive Income and Statement of Changes in Equity for the year ended 31 March 2016. Our audit opinion in respect of the year ended 31 March 2017 is not modified in respect of these matters.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Annual Report. Other information includes the Directors' report and disclosures relating to corporate governance, shareholder and statutory information. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent 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 shareholders as a body for our audit work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the group, 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;

— implementing necessary internal control to enable the preparation of consolidated financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx

This description forms part of our independent auditor's report.

KPMG

Kay Baldock

For and on behalf of

KPMG
Auckland

28 April 2017

Bethunes Investments Limited

Statutory and Shareholder Information
For the year ended 31 March 2017

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

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 April 2017.

Name	*Number of Voting Securities*
Cazna (2904) Limited <Douglas Goodfellow Charitable Trust>	11,666,667
Custodial Services Limited <4 A/C>	10,917,400
Elevation Capital Management Limited	10,000,000
Maryanne & Mark Owens	10,000,000
Sir Ronald Alfred Brierley	9,400,000

At 2 April 2017 the total issued voting securities was 115,060,279.

Largest Shareholders

The names of the 20 largest shareholders and their holdings as at 2 April 2017 were:

Name	*Number of Shares Held*	*Percentage of Issued Shares*
Cazna (2904) Limited <Douglas Goodfellow Charitable Trust>	11,666,667	10.14%
Custodial Services Limited <4 A/C>	10,917,400	9.49%
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	5,133,731	4.46%
Robert Famularo & Kerry Margaret Famularo & KM Trustee Services Limited <R & K Famularo Family A/C>	4,478,000	3.89%
Solar Capital Limited	3,333,333	2.90%
Gladeye Limited	2,660,000	2.31%
Ross Dix Harvey	2,200,000	1.91%
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%
Custodial Services Limited <3 A/C>	1,726,800	1.50%
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%
Craig Hamilton Stobo & Gillian Frances Stobo & Richard Anthony Johnston <Stobo Family A/C>	1,500,000	1.30%
Marcus Koppel Stone	1,500,000	1.30%
Total	96,224,373	83.63%

Bethunes Investments Limited

Statutory and Shareholder Information
For the year ended 31 March 2017

Spread of Shareholders

The spread of shareholders as at 2 April 2017 was:

Holding Range	*Holders*	*Total Shares*	*Percentage*
1 - 1,000	19	12,144	0.01%
1,001 - 5,000	123	247,164	0.21%
5,001 - 10,000	34	257,587	0.22%
10,001 - 100,000	64	2,144,094	1.86%
100,001 - 15,000,000	61	112,399,290	97.69%
Total	301	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:

	2017	**2016**
	No of Shares	**No of Shares**
C. Swasbrook		
Opening balance	12,000,000	-
Movements (Note 1)	-	12,000,000
Sale of shares	-	-
Closing balance	12,000,000	12,000,000
I. J. Halsted		
Opening balance	550,000	34,375
Movements (Note 2)	-	515,625
Sale of shares	-	-
Closing balance	550,000	550,000
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 2017

Directors' Remuneration

Directors' remuneration during the year was I. J. Halsted $17,500, C.G. Swasbrook $25,000, A.E. Titter $17,500.

Directors' and Officers' Composition

As at 31 March 2017 the gender composition of the directors and officers was:

Directors: three males and no females
Officers: nil

Employees' Remuneration

During the year no employees received remuneration of at least NZ$100,000.

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 2017, the Board comprised three directors two of whom are non-executive, one, Christopher Swasbrook is an 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, or sat on the NZRPG sub-committee:

Name	Board Meetings Attended	Audit and Risk Committee	NZRPG Transaction Subcommittee
Ian Jeffrey Halsted	12/12	Yes	Yes
Christopher Grant Swasbrook	12/12	No	Yes
Aaron Earl Titter	12/12	Yes	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.

During the year a sub-committee was formed in relation to the NZRPG transaction. Ian Halsted and Christopher Swasbrook formed this committee.

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*.