



**INTERIM REPORT
FOR THE SIX MONTHS
TO 30 SEPTEMBER 2016**

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Director's Commentary**Interim result for the six months ended 30 September 2016**

Bethunes Investments Limited (BIL) reported a loss for the six months ended 30 September 2016 of \$111,962. The financial statements are attached with this announcement.

The Net Tangible Assets of BIL as at 30 September 2016 amounted to \$598,967, or \$0.005 per share.

Whilst required to present financial results from the prior comparable period, the only true comparative to the Company as at 30 September is the balance sheet as at 31 March 2016 as BIL disposed of all operating businesses in the year ended 31 March 2016.

The BIL Directors continued the process of winding up past operations and the previous trading subsidiary (BIL 2016 Limited) has all but settled one matter. We expect to conclude this favourably for the Company in the next few weeks.

Mossgreen continued to make instalments as part of the sales agreement with regard to Webb's. The undiscounted receivable totals \$360,000 as at 29 November 2016 – it should be noted that the receivable is discounted in the Company's accounts in line with financial reporting standard requirements.

Over the past six months the Directors have studied a number of value creating opportunities and potential new investment opportunities and are pleased to report they have identified two potential investments, which the Company would like to undertake or increase exposure to. While we cannot provide specifics at this point in time due to confidentiality obligations and the fact that the investments remain incomplete proposals – a general outline is provided below:

Investment A – is a consumer products company with iconic brands and no net debt, which BIL already holds an investment in. Should BIL increase its stake in this company it is the Director's intention to pass through this company's net dividend/s to BIL shareholders and thus make BIL a dividend-paying share as a result.

Investment B (at a less advanced stage) – is an agricultural based company, which BIL does not hold an investment in, where it is proposed BIL would be acquiring an equity interest at the Net Tangible Asset value based on market valuations. The assets include commercial real estate, a dairy farm, stock and associated equipment and dairy company shares. Based on information received to date this investment should be cash generative based on current forecasts and payout ratios, but more importantly will facilitate further investments into a part of the value chain that most investors cannot access at this point in time.

With these two investment options in front of BIL the Directors would like to signal it is BIL's intention to raise up to NZ\$ 12.5mln from shareholders before the end of Q2 2017. At this stage it is intended that this capital raise would be by way of a renounceable rights issue to give our existing shareholders the first opportunity to participate. However, we are aware that this capital raise will clearly require new shareholders to be found as well as the support of existing shareholders, and accordingly the Directors welcome preliminary expressions of interest.

We expect to be in a position to provide more details on these proposed investments in the capital raising documents to be prepared in connection with the intended capital raising.

Christopher Swasbrook
Chairman
chris.swasbrook@bethunesinvestments.com
29 November 2016

Bethunes Investments Limited
Consolidated Interim Statement of Comprehensive Income
for the period ended 30 September 2016

		Six Months Ended 30-Sep 2016 (Unaudited) \$	Six Months Ended 30-Sep 2015 (Unaudited) \$	Year Ended 31-Mar 2016 (Audited) \$
Revenue	Notes			
Sale of inventory		6,089	-	15,846
Creditor compromise income		-	-	23,487
Revaluation of financial assets to fair value		3,112	-	-
Interest income		28,462	453	12,681
Expenses				
Employee benefits and expense		-	(90,627)	(90,627)
Accounting fees - NZ	9	(12,845)	(46,674)	(63,018)
Accounting fees - Australia		(4,057)	-	(7,010)
Audit fees	2	(20,315)	(24,050)	(75,925)
Bad debts		(4,353)	-	-
Bank fees		(1,247)	(1,723)	(2,594)
Changes in inventory		(3,352)	-	(34,761)
Directors fees		(34,500)	(30,870)	(61,244)
Movement in provision for doubtful debts		5,096	-	(5,096)
FMA fees		(492)	(1,739)	(3,739)
Insurance		-	-	(6,440)
Investment analyst fees	9	(26,827)	-	(6,707)
Legal fees		(6,667)	(14,634)	(18,201)
Other expenses		(1,290)	(2,544)	(11,594)
Printing & stationery		(1,725)	(1,410)	(1,410)
Restructure costs		-	(18,150)	(18,150)
Share registry costs		(8,961)	(8,765)	(16,663)
Stock exchange fees		(13,437)	(12,000)	(27,996)
Telephone & internet costs		(803)	(1,798)	(1,818)
Interest expense		-	(7,897)	(9,401)
(Loss) before taxation from continuing operations		<u>(98,112)</u>	<u>(262,428)</u>	<u>(410,380)</u>
Taxation (expense)/benefit		-	-	-
(Loss) from continuing operations		<u>(98,112)</u>	<u>(262,428)</u>	<u>(410,380)</u>
Loss from discontinued operations	3	<u>(13,850)</u>	<u>(1,711,150)</u>	<u>(1,612,789)</u>
(Loss) for the year		<u>(111,962)</u>	<u>(1,973,578)</u>	<u>(2,023,169)</u>
Other comprehensive income				
<i>Items that may be reclassified to profit and loss</i>				
Movement in foreign currency translation reserve		-	137,318	137,318
Total comprehensive loss		<u>(111,962)</u>	<u>(1,836,260)</u>	<u>(1,885,851)</u>
Earnings per share				
Basic earnings per share (cents)		(0.10)	(15.59)	(3.17)
Diluted earnings per share (cents)		(0.10)	(15.59)	(3.17)

Bethunes Investments Limited
Consolidated Interim Statement of Changes in Equity
for the period ended 30 September 2016

		Share Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	Notes	\$	\$	\$	\$
Balance at 1 April 2015		6,617,309	(137,318)	(5,379,947)	1,100,044
Comprehensive income					
Net (loss) after taxation		-	-	(1,973,578)	(1,973,578)
Other comprehensive income					
Movement in foreign currency translation reserve		-	137,318	-	137,318
Total comprehensive income		-	137,318	(1,973,578)	(1,836,260)
Transactions with owners					
Capital raising costs	5	(34,580)	-	-	(34,580)
Total transactions with owners		(34,580)	-	-	(34,580)
Balance at 30 September 2015		<u>6,582,729</u>	<u>-</u>	<u>(7,353,525)</u>	<u>(770,796)</u>
Comprehensive income					
Net (loss) after taxation		-	-	(49,591)	(49,591)
Total comprehensive income		-	-	(49,591)	(49,591)
Transactions with owners					
Issue of share capital	5	1,534,664	-	-	1,534,664
Capital raising costs	5	(3,348)	-	-	(3,348)
Total transactions with owners		1,531,316	-	-	1,531,316
Balance at 31 March 2016		<u>8,114,045</u>	<u>-</u>	<u>(7,403,116)</u>	<u>710,929</u>
Comprehensive income					
Net (loss) after taxation		-	-	(111,962)	(111,962)
Total comprehensive income		-	-	(111,962)	(111,962)
Balance at 30 September 2016		<u>8,114,045</u>	<u>-</u>	<u>(7,515,078)</u>	<u>598,967</u>

Bethunes Investments Limited
Consolidated Interim Statement of Financial Position
as at 30 September 2016

		Six Months Ended 30-Sep 2016 (Unaudited) \$	Six Months Ended 30-Sep 2015 (Unaudited) \$	Year Ended 31-Mar 2016 (Audited) \$
EQUITY				
Share capital	5	8,114,045	6,582,729	8,114,045
Accumulated earnings		<u>(7,515,078)</u>	<u>(7,353,525)</u>	<u>(7,403,116)</u>
Total Equity		<u>598,967</u>	<u>(770,796)</u>	<u>710,929</u>
Represented by:				
CURRENT ASSETS				
Receivables		6,508	152,070	10,244
Prepayments		21,563	54,613	9,919
Cash & cash equivalents		172,626	2,811	371,627
Term deposit		75,000	75,000	75,000
Taxation receivable		2,589	-	-
Inventory		-	45,180	3,352
Receivable from Mossgreen	7	161,506	-	112,859
Listed company investments	8	56,723	-	-
Disposal group assets held for sale - Peter Webb Galleries		-	984,447	-
Total Current Assets		<u>496,515</u>	<u>1,314,121</u>	<u>583,001</u>
CURRENT LIABILITIES				
Bank overdraft		-	253,488	-
Trade creditors		59,223	676,109	71,700
Other payables & accruals		37,950	48,506	62,937
GST payable		14,318	18,514	15,451
Current portion of loan		-	855,000	-
Disposal group liabilities held for sale - Peter Webb Galleries		-	267,938	-
Total Current Liabilities		<u>111,491</u>	<u>2,119,555</u>	<u>150,088</u>
WORKING CAPITAL		<u>385,024</u>	<u>(805,434)</u>	<u>432,913</u>
NON-CURRENT ASSETS				
Taxation Receivable		34,616	34,638	35,741
Receivable from Mossgreen	7	<u>179,327</u>	-	<u>242,275</u>
Total Non-Current Assets		<u>213,943</u>	<u>34,638</u>	<u>278,016</u>
NET ASSETS		<u>598,967</u>	<u>(770,796)</u>	<u>710,929</u>
Net Tangible Asset Value per share (cents)		0.005	(0.011)	0.006

Bethunes Investments Limited
Consolidated Interim Statement of Cash Flows
for the period ended 30 September 2016

		Six Months Ended 30-Sep 2016 (Unaudited) \$	Six Months Ended 30-Sep 2015 (Unaudited) \$	Year Ended 31-Mar 2016 (Audited) \$
	Notes			
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from (applied to)				
Sale of goods and services		9,825	-	27,784
Interest received		2,763	453	3,172
Payments to suppliers		(182,636)	(220,811)	(463,316)
Payments to employees		-	(127,961)	(138,815)
Interest paid		(28)	(7,897)	(9,401)
Taxation (paid)/received		(1,464)	693	(369)
Net cash flow from continuing operating activities	4	<u>(171,540)</u>	<u>(355,523)</u>	<u>(580,945)</u>
Net cash flow from discontinued operating activities		<u>(13,850)</u>	<u>(98,372)</u>	<u>(525,691)</u>
Net cash flow from operating activities		<u>(185,390)</u>	<u>(453,895)</u>	<u>(1,106,636)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from (applied to)				
Sale of intangible assets		-	6,110	3,700
Disposal of subsidiaries (net of cash disposed of)		-	840,830	958,896
Cash disposed of with subsidiary		-	-	(80,994)
Short term deposit invested		-	(75,000)	(75,000)
Purchase of investments	8	(53,611)	-	-
Net cash flow from continuing investing activities		<u>(53,611)</u>	<u>771,940</u>	<u>806,602</u>
Net cash flow from discontinued investing activities		<u>40,000</u>	<u>(51,455)</u>	<u>311,073</u>
Net cash flow from investing activities		<u>(13,611)</u>	<u>720,485</u>	<u>1,117,675</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from (applied to)				
Share capital issued (net of costs)	5	-	(34,580)	1,366,504
Related party loans to discontinued operations		-	-	(1,183,219)
Loans received/(repaid)		-	(191,824)	-
Net cash flow from continuing financing activities		<u>-</u>	<u>(226,404)</u>	<u>183,285</u>
Net cash flow from discontinued financing activities		<u>-</u>	<u>180,000</u>	<u>648,166</u>
Net cash flow from financing activities		<u>-</u>	<u>(46,404)</u>	<u>831,451</u>
Net increase/(decrease) in cash held		(199,001)	220,186	842,490
Cash & cash equivalents at beginning of year		371,627	(470,863)	(470,863)
Cash & cash equivalents at end of year		<u>172,626</u>	<u>(250,677)</u>	<u>371,627</u>
Comprising:				
Cash at bank - New Zealand		172,626	2,811	371,627
Bank overdraft - New Zealand		-	(253,488)	-
		<u>172,626</u>	<u>(250,677)</u>	<u>371,627</u>

Bethunes Investments Limited
Notes to the Financial Statements
For the period ended 30 September 2016

1. Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 30 September 2016 has been prepared in accordance with Accounting Standard NZ IAS 34 Interim Financial Reporting.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the annual report for the year ended 31 March 2016.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except in the case of the asset classified as listed company investments. The accounting policy for this asset has been included in note 8.

In certain circumstances amount have been reclassified in prior periods to reflect changes in classification in the current interim period. This has not changed the reported comprehensive loss of net assets in the prior periods.

2. Remuneration of auditors

	Six Months Ended 30-Sep 2016 (Unaudited) \$	Six Months Ended 30-Sep 2015 (Unaudited) \$	Year Ended 31-Mar 2016 (Audited) \$
Audit of the financial statements paid to KPMG	20,315	20,000	69,000
Audit of the financial statements paid to Staples Rodway Auckland	-	4,050	6,925
Total Other Expenses	<u>20,315</u>	<u>24,050</u>	<u>75,925</u>

Fees paid to Staples Rodway Auckland in the year ended 31 March 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 and 2017 years.

3. Discontinued operations

	Six Months Ended 30-Sep 2016 (Unaudited) \$	Six Months Ended 30-Sep 2015 (Unaudited) \$	Year Ended 31-Mar 2016 (Audited) \$
Revenue	2,641	970,481	1,386,921
Expenses	(15,654)	(1,430,778)	(2,035,917)
Goodwill impairment	-	(1,082,990)	(1,082,990)
Creditor compromise income	-	-	364,947
Loss on sale of stamp, bank note, and coin business	-	(29,895)	(29,895)
Loss on sale of Peter Webb Galleries business	-	-	(77,887)
Net (loss) before taxation	<u>(13,013)</u>	<u>(1,573,182)</u>	<u>(1,474,821)</u>
Taxation (expense)/benefit	(837)	-	-
Foreign currency translation reserve transferred to profit and loss	-	(137,968)	(137,968)
Net (loss) after taxation	<u>(13,850)</u>	<u>(1,711,150)</u>	<u>(1,612,789)</u>

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.

Bethunes Investments Limited
Notes to the Financial Statements
For the period ended 30 September 2016

4. Net Cash Flow from Operating Activities

Reconciliation of income statement Continuing Surplus/(deficit) with net cash flow from continuing operating activities:

	Six Months Ended 30-Sep 2016 (Unaudited)	Six Months Ended 30-Sep 2015 (Unaudited)	Year Ended 31-Mar 2016 (Audited)
Surplus/(Deficit) from continuing operations	(98,112)	(262,428)	(410,380)
Non cash items:			
Foreign exchange (gain)/loss	-	650	-
Non-cash interest on Mossgreen (NZ) Limited receivable unwind	(25,699)	-	(9,509)
Non-cash fair value movement of listed company investments	(3,112)	-	-
Creditors settled by issuance of shares	-	-	21,238
Provision for doubtful debts	-	-	5,096
	<u>(28,811)</u>	<u>650</u>	<u>16,825</u>
Movements in working capital			
(Increase)/decrease in inventories	3,352	-	(3,352)
(Increase)/decrease in receivables & prepayments	(7,908)	(123,325)	3,979
Increase/(decrease) in payables	(12,477)	28,886	(66,417)
Increase/(decrease) in other payables & accruals	(26,120)	-	(121,231)
(Increase)/decrease in tax refundable	(1,464)	694	(369)
	<u>(44,617)</u>	<u>(93,745)</u>	<u>(187,390)</u>
Net cash inflow/(outflow) from continuing operating activities	<u>(171,540)</u>	<u>(355,523)</u>	<u>(580,945)</u>

5. Share Capital

	Six Months Ended 30-Sep 2016 (Unaudited)	Six Months Ended 30-Sep 2015 (Unaudited)	Year Ended 31-Mar 2016 (Audited)
	\$	\$	\$
Ordinary Shares – Authorised, issued and fully paid			
Balance at start of period	8,114,045	6,617,309	6,617,309
Shares issued during the period	-	-	1,534,664
Costs of raising new share capital	-	(34,580)	(37,928)
Share capital at end of year	<u>8,114,045</u>	<u>6,582,729</u>	<u>8,114,045</u>

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.

6. Segment Information

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

The Group has two main reportable segments, one continuing and one discontinued. As there is only one remaining reportable segment, there is no requirement for separate segmental reporting.

BIL 2016 segment – This represents the company that previously held the Peter Webb Galleries auction business. This segment has been disposed of.

All other segments – This segment included the head office costs of management, governance and compliance of the group. The revenues are derived from interest, inventory sales, 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. No geographical segment reporting is required as the continuing operations are based in New Zealand only.

Segment assets and liabilities

Segment assets and liabilities are reported as per the Statement of Financial Position.

Bethunes Investments Limited
Notes to the Financial Statements
For the period ended 30 September 2016

7. Mossgreen Receivable

	Six Months Ended 30-Sep 2016 (Unaudited)	Six Months Ended 30-Sep 2015 (Unaudited)	Year Ended 31-Mar 2016 (Audited)
	\$	\$	\$
Receivable from Mossgreen for sale of Peter Webb Galleries business	340,833	-	355,134
	<u>340,833</u>	<u>-</u>	<u>355,134</u>
Receivable as follows:			
Current	161,506	-	112,859
Non-Current	179,327	-	242,275
Total	<u>340,833</u>	<u>-</u>	<u>355,134</u>

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	<u>480,000</u>
	<u>800,000</u>

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 30 September 2016 is \$400,000. 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.

8. Listed Company Investments

	Six Months Ended 30-Sep 2016 (Unaudited)	Six Months Ended 30-Sep 2015 (Unaudited)	Year Ended 31-Mar 2016 (Audited)
	\$	\$	\$
Cost of listed company investments	53,611	-	-
Revaluation of listed company investments to fair value	3,112	-	-
	<u>56,723</u>	<u>-</u>	<u>-</u>

All listed company investments are held 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.

Bethunes Investments Limited
Notes to the Financial Statements
For the period ended 30 September 2016

9. Related Parties

Transactions with parties related to the Group are as follows:

	Six Months Ended 30-Sep 2016 (Unaudited) \$	Six Months Ended 30-Sep 2015 (Unaudited) \$	Year Ended 31-Mar 2016 (Audited) \$
Management Fee Expense			
Elevation Capital Management Limited - for services to BIL 2016 Limited	-	(60,000)	(60,000)
Accounting Fees and Restructure Costs			
BDO Wellington Limited - for services to Bethunes Investments Limited	(12,845)	(63,080)	(67,350)
BDO Wellington Limited - for services to BIL 2016 Limited	(1,693)	(10,490)	(23,945)
Investment Analyst Services			
Elevation Capital Management Limited - for services to Bethunes Investments Limited	(26,827)	-	(5,750)
Total transactions	<u>(41,365)</u>	<u>(133,570)</u>	<u>(157,045)</u>

All transactions between entities within the Group were conducted on an arm's length basis.

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 to Bethunes Investments Limited for the 2016 year and period ended 30 September 2016.

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.

10. 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.

11. Events Subsequent to Balance Date

There have been no material events subsequent to balance date.

Bethunes Investments Limited

Statutory Information

For the period ended 30 September 2016

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Duncan Cotterill, Wellington
Harmos Horton Lusk Limited, Auckland

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