ANNUAL REPORT 2017

Syft Technologies Limited

Contents

Chairman's Report

The performance of Syft Technologies Limited in the 2016/17 Financial Year shows a real momentum shift.

The numbers by themselves are impressive.

A virtual doubling of the instruments sold, the fourth consecutive year of positive cash flow and yet another profit posted.

More significant is the sales runway that is being built and the growing visibility and impact of Syft in the target markets.

Pivotal to these achievements is the talent, capability and drive of the team.

They say that culture eats strategy for breakfast and full credit to our CEO Doug Hastie for assembling, inspiring and driving such a performance focussed culture.

Shareholders should make it their business to visit the plant at Craft Place.

There you will find a veritable United Nations in our workforce.
People with a high level of technical excellence, "thoroughbreds" as Doug describes them, drawn from all over the world combining to drive innovation, production and sales. The sense of purpose is palpable.

The Board is fully supportive of Doug's desire to ramp up the team numbers and this involved a substantial new allocation during the year to fund the increased head count. The equation of more investment in the team producing more revenue is becoming a proven proposition for Syft.

Such is the more mature state of the company that is has become time to layer in more senior management capability to support the CEO in the form of a Chief Operating Officer and a Human Resources professional. Doug is the key executive and to free him up to play to his investor, market and sales strengths is important.

The ability to execute against our business ambition is creating a real sense of confidence in our stock.

No longer a hand to mouth start-up, Syft presents as a growth company attractive to investors. We mean to capitalise on that position.

I want to thank my fellow directors, Michael Bushell and Richard Coleman for the active and constructive role they play in helping guide the company.

Michael chairs the Audit Committee and has very good visibility to how the business is travelling on a monthly basis. The quality of the audit process is a tribute not just to Michael's oversight, but to the work of our head of Finance Koji Kasai who had the distinction of securing his CA qualification during the year.

Richard heads the Human Resources Committee and brings great process and discipline to such an important component of our success. The recent appointment of a HR specialist to the team will ensure that the process of recruiting and retaining the best will be advanced.

Syft can now hold its head high and for all of us this is a transformation of which we can be proud.
Now to demonstrate that the company can leverage this hard won platform and start to show the business power long seen in this special technology.

In a first for the company, a full scale analyst's report conducted by Eastbourne Advisory Research observes that:
"As Syft's star rises it will be presented with a huge opportunity in what is a multi-billion industry".

New markets are opening up all the time and the size of the addressable market for Syft instruments is likely to grow significantly".

It is such a buzz to Chair a company of this promise.

Ruth Richardson
Chairman

Chief Executive Officers' Report

Syft has seen major change over the last 12 months as we start to ramp up growth. These changes include:

- Doubling of staff numbers to enhance our ability to sell and provide solutions for customers.
- Hiring of 31 summer interns and a steady stream of foreign interns to ensure we have a funnel of talent into the business.
- A massive increase in awareness of Syft and SIFT-MS through an aggressive marketing campaign that has produced many leads.
- Significant progress on new developments that increases the utility of our solution and therefore opens up more markets.
- Major progress on new applications that we have been developing in conjunction with large customers.
- Opening of European sales office.

This growth has caused us to make major changes to the structure of our business. Doubling staff numbers with an expectation to double numbers again this year and in following years has meant we have had to introduce more structure and process to our business. These changes involving a significant ramp up in the headcount have a negative profit impact in the short-term but are vital to enable us to achieve sustained growth.

Syft is building a world class team. At the time of writing we have 48 staff, 2/3 of whom are foreign born and include 20 different nationalities. Every day I am humbled by the quality and motivation of these talented people and as shareholders we should realise that this, and not the technology, are our greatest asset. As we grow quickly, the challenge for us is to maintain this very high people standard and to keep our winning culture, but we are confident of achieving this as we know how important this is to our success.

We have also made changes to the capital side of our business to support growth. In the last 12 months, we have:

- Introduced a minimum holding to clean up our shareholder register
- Completed a 20:1 share consolidation
- Listed on Unlisted to increase our exposure and to increase the liquidity or our stock

We are now looking to make a placement to large new and existing shareholders to support our growth strategy. (The Financial Market Authority rules limit who is eligible to participate.) The right type of shareholder is important to us and we are only looking for those that have similar values to our guiding principles i.e. long-term players of repute who can commit not just capital but value to the company. We expect the size of this placement to be around 10% of existing capital with the final amount dependant on price and demand.

Decisions to increase capital are not taken lightly – our focus is long-term earnings/share, not just earnings, and we feel a capital injection will increase the former and enable us to achieve it faster.

Finally, a thank you to shareholders, and your representatives, the Directors. Long-term success can only be achieved when there is complete alignment in the organisation and we feel we have this at Syft. Your support, through both the lows and now highs of our journey, are an important driver for our success.

We look forward to seeing you all at our AGM at Syft on the 22nd August.

Doug Hastie
Chief Executive Officer

pwc

Syft Highlights

Number of Instruments Sold	**28**	▲	**87%**
Operating Revenue	**$8.3M**	▲	**36%**
Investment in Sales & R&D	**$3.3M**	▲	**62%**
Full Time Employees	**46**	▲	**100%**
Summer Internship	**31**	▲	**417%**

Board of Directors

The Hon. Ruth Richardson LL.B (Hons)
Non Executive Director

After her time as an architect of major reforms to the New Zealand economy as Minister of Finance from 1990-1993, Ruth established her own strategic and economic policy advice consultancy helping many countries undertake reform initiatives. She now has considerable involvement in the local and international business community being the Chairman of Kiwi Innovation Network Limited, the Kula Fund and the New Zealand Merino Company Limited, and a Director of Ruth Richardson (NZ) Limited, Synlait Milk Limited, Synlait Milk Finance Limited and Bank of China (NZ) Limited.

Michael Bushell
Non Executive Director

Michael and his family are foundation Shareholders of Syft. Michael has worked in Corporate and Commercial banking and finance for 37 years, the last 13 as a partner in a private finance company specialising in working capital – Pacific Invoice Finance which supported Syft financially up until 31 March 2013.

Michael was part of an independent advisory board to Syft set up in April 2011 and has been involved regularly with Syft and its board on an on-going basis. As part of that role Michael travelled to Europe, USA and Asia initially to meet with Syft's key Staff, Distributors and Clients.

Richard Coleman
Non Executive Director

Richard is a partner at Koau Capital Partners Limited who specialise in sourcing, structuring, funding and managing assets within the Māori commercial sector. Prior to Koau, Richard spent 15 years working within the Ngai Tahu commercial group in a variety of roles including Group Investment Manager of Ngai Tahu Holdings (the group company to its property, seafood, tourism and private equity arms) and latterly Chief Executive of Ngai Tahu Seafood.

Corporate Governance

The Role of the Board
The Board has ultimate responsibility for the strategic direction of Syft and oversight of the management of Syft for the benefit of Shareholders. Specifically, the responsibilities of the Board include:

- working with management to establish the strategic direction of Syft;
- monitoring management and financial performance;
- monitoring compliance and risk management;
- establishing and monitoring the health and safety policies of Syft;
- establishing and ensuring implementation of succession plans for senior management; and
- ensuring effective disclosure policies and procedures.

In discharging their duties, Directors have direct access to and may rely upon Syft's senior management and external advisers. Directors have the right, with the approval of the Chairman or by resolution of the Board, to seek independent legal or financial advice at the expense of Syft for the proper performance of their duties.

The Board at balance date currently comprised three Directors including a non-executive Chairman. Board members have an appropriate range of proficiencies, experience and skills to ensure that all responsibilities are fulfilled and to achieve the best possible management of resources.

Directors Meetings
The Board met four times during the year including sessions to consider the strategic direction of Syft and Syft's forward-looking business plans.

Board Committees
The Board has two formally constituted committees of Directors, the Audit and Risk Management Committee and the Remuneration Committee.

The Audit and Risk Management Committee is responsible for overseeing the risk management (including treasury and financing policies), treasury, insurance, accounting and audit activities of Syft, and reviewing the adequacy and effectiveness of internal controls, meeting with and reviewing the performance of external auditors, reviewing the consolidated financial statements, and making recommendations on financial and accounting policies.

The members of the Audit and Risk Management Committee are Michael Bushell (Chairman) and Richard Coleman with Ruth Richardson attending ex officio.

The Remuneration Committee established during the year is responsible for setting the salary and performance reward regimes for the company recognising that attracting and retaining key talent is at the core of the company's success. The Committee works with the CEO to build the culture, that is so critical to Syft's ability, to produce and sell in a technically demanding market.

The Remuneration Committee is chaired by Richard Coleman, with Michael Bushell as the other member.

Directors' Report

The Directors are responsible for ensuring that the financial statements give a true and fair view of the balance sheet of the Company and the Group as at 31 March 2017 and their income statement and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company and the Group have been prepared using the appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act.

The Directors consider they have taken adequate steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Directors note there has not been any material change in the nature of the business undertaken by the Company and the Group in the past year.

The Directors have pleasure in presenting the financial statements set out in pages 8-37 of Syft Technologies Limited and subsidiaries for the year 1 April 2016 to 31 March 2017.

The Board of Directors of Syft Technologies Limited and subsidiaries authorised these financial statements for issue on 22nd June 2017.

Donations
No donations were made in the current year.

Auditor
It is proposed that the auditor, PricewaterhouseCoopers, is appointed in accordance with Section 196(1) of the Companies Act 1993.

Other Statutory Information
Additional information required by the Companies Act 1993 is set out in Shareholder Information.

On behalf of the Directors

Ruth Richardson
Chairman

Michael Bushell
Non-Executive Director

Financials

Income Statement

For the year ended 31 March 2017

	Note	Group 2017 ($'000)	Group 2016 ($'000)
Operating Revenue			
Sale of Goods		6,309	4,323
Rendering of Services		1,762	1,688
Rental Revenue		189	50
Total Operating Revenue		**8,260**	**6,061**
Cost of Sales		3,605	2,417
Gross Profit		**4,655**	**3,644**
Other Income			
Other Revenue	*4*	449	573
Total Other Income		**449**	**573**
Expenses			
Administration		537	432
Professional Services		91	64
Finance Costs	*6*	9	14
Sales & Development	*6*	3,271	2,018
Occupancy Costs		206	193
Employee Share Scheme	*6*	42	20
Other Expenses	*6*	202	114
Total Expenses		**4,358**	**2,855**
Profit before Income Tax		**746**	**1,362**
Income Tax Expense	*9*	(407)	-
Profit after Income Tax attributable to Equity holders of the Group		**1,153**	**1,362**

Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	Group 2017 ($'000)	Group 2016 ($'000)
Profit for the year		**1,153**	**1,362**
Other Comprehensive Income that may subsequently be recycled to the Income Statement			
Translation of foreign operations			
Gains / (Losses) arising during the year	*8*	1	(41)
Other Comprehensive Gain/loss, net of tax		**1**	**(41)**
Total Comprehensive Profit for the year, net of tax attributable to Equity holders of the Group		**1,154**	**1,321**

These statements should be read in conjunction with the attached notes to the Financial Statements.

Statement of Changes in Equity

For the year ended 31 March 2017

Group	*Note*	**Share Capital**	**Employee Equity Benefit Reserve**	**Foreign Currency Translation Reserve**	**Accumulated Losses**	**Total**
		($'000)	($'000)	($'000)	($'000)	($'000)
Balance at 31 March 2015		**29,837**	**623**	**506**	**(27,985)**	**2,981**
Profit for the year		-	-	-	1,362	1,362
Other comprehensive income	*8*	-	-	(41)	-	(41)
Total comprehensive income for the year		-	-	(41)	1,362	1,321
Share Based Payments	*18*	-	20	-	-	20
Balance at 31 March 2016		**29,837**	**643**	**465**	**(26,623)**	**4,322**
Profit for the year		-	-	-	1,153	1,153
Other comprehensive income	*8*	-	-	1	-	1
Total comprehensive income for the year			-	1		1,154
Shares Issued	*7*	14	-	-	-	14
Share Based Payments	*18*	-	42	-	-	42
Balance at 31 March 2017		**29,851**	**685**	**466**	**(25,470)**	**5,532**

These statements should be read in conjunction with the attached notes to the Financial Statements.

Balance Sheet

As at 31 March 2017

	Note	Group 2017 ($'000)	Group 2016 ($'000)
Current Assets			
Cash and Cash Equivalents	*12*	1,193	284
Derivative Asset	*2*	1	154
Trade and Other Receivables	*16*	2,258	3,276
Inventory	*13*	1,732	1,585
GST Receivable		23	40
Current Tax Assets	*9*	-	6
Total Current Assets		**5,207**	**5,345**
Non Current Assets			
Property, Plant and Equipment	*10*	1,128	318
Intangible Assets	*11*	132	32
Deferred Tax Asset	*9*	420	-
Total Non Current Assets		**1,680**	**350**
Total Assets		**6,887**	**5,695**
Current Liabilities			
Trade and Other Payables	*14*	1,355	1,295
Borrowings – Trade Finance Facility	*15*	-	78
Total Current Liabilities		**1,355**	**1,373**
Total Liabilities		**1,355**	**1,373**
Total Net Assets		**5,532**	**4,322**
Equity			
Capital and Other Equity Instruments	*7*	29,851	29,837
Accumulated Losses		(25,470)	(26,623)
Reserves	*8*	1,151	1,108
Total Equity attributable to Shareholders of the Group		**5,532**	**4,322**

On behalf of the board

R Richardson
Chairman
22nd June 2017

M Bushell
Non Executive Director
22nd June 2017

This statement should be read in conjunction with the attached notes to the Financial Statements.

Cash Flow Statement

For the year ended 31 March 2017

	Note	Group 2017	2016
		($'000)	($'000)
Cash flows from Operating Activities			
Receipts from Customers		9,668	4,864
Interest Received		27	32
Grant Received		247	202
Tax Receipts/(Payments)		(6)	7
Payments to Suppliers and Employees		(7,871)	(5,832)
Interest Paid		-	(3)
Net Cash flows used in operating activities	*23*	**2,065**	**(730)**
Cash flows from Investing Activities			
Purchase of Fixed Assets		(952)	(290)
Purchase of Intangible Assets		(140)	(34)
Net Cash flows from/(used in) investing activities		**(1,092)**	**(324)**
Cash flows from Financing Activities			
Payments of Borrowings		(78)	(242)
Proceeds from Shares Issued		14	-
Net Cash flows from financing activities		**(64)**	**(242)**
Net increase/(decrease) in cash and cash Equivalents		**909**	**(1,296)**
Cash and Cash Equivalents at Beginning of year		**284**	**1,580**
Cash and Cash Equivalents at End of year	*12*	**1,193**	**284**

This statement should be read in conjunction with the attached notes to the Financial Statements.

Summary of Significant Accounting Policies

For the year ended 31 March 2017

Reporting Entity

Syft Technologies Limited (the Company) is an unlisted issuer for the purpose of the Financial Markets Conduct Act. The Company is registered under the Companies Act 1993. The Company is a reporting entity for the purpose of the Financial Markets Conduct Act and its financial statements comply with that Act. The Company is incorporated in New Zealand. The address of its registered office and principal place of business is disclosed in the directory to the annual report. The Company and its subsidiary (the Group)'s principal activities include researching, developing and refining the selected ion-flow tubes technology, the marketing and sale of the applications and solutions using the selected ion-flow tubes technology.

1. Summary of significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993 and the Financial Markets Conduct Act. The financial statements have been prepared on a historical cost basis except for the fair value of certain balances.

The financial statements are presented in New Zealand dollars and all values rounded to the nearest thousand dollars ($'000) unless otherwise stated.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

b) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-orientated entities.

Compliance with NZ IFRS ensures that the consolidated financial statements comply with International Financial Reporting Standards (IFRS). The group entity financial statements also comply with IFRS.

The financial statements were authorised for issue by the directors on 22nd June 2017.

c) New accounting standards and interpretations

The following accounting standards and amendments to existing standards are not yet effective and have not been early adopted by the Group:

NZ IFRS 9 - Financial instruments (effective for annual periods beginning on or after 1 January 2018)

NZ IFRS 9, 'Financial instruments', was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the Group's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to a Group's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks.
NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. The Group will apply this standard from 1 April 2018. The Group is currently assessing NZ IFRS 9's full impact.

Summary of Significant Accounting Policies (continued)

For the year ended 31 March 2017

NZ IFRS 15 - Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction contracts and is applicable to all entities with revenue. It sets out a 5 step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is currently assessing NZ IFRS 15's full impact. The Group will apply this standard from 1 April 2018.

NZ IFRS 16: Leases (Effective date: periods beginning on or after 1 January 2019)

NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting for leases under NZ IFRS 16 is almost the same as NZ IAS 17. However, because the guidance on the definition of a lease has been updated (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers. The Group intends to adopt NZ IFRS 16 on its effective date and is currently assessing its full impact.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Syft Technologies Limited and its subsidiaries (the Group) as at 31 March each year.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the group company, using consistent accounting policies. A list of subsidiaries appears in note 17 to the financial statements.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

g) Employee benefits

A provision is recognised for benefits accruing to employees in respect of annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Summary of Significant Accounting Policies (continued)

For the year ended 31 March 2017

h) Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

i) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Syft Technologies Limited and its New Zealand subsidiary is New Zealand dollars ($). The United States subsidiary's functional currency is United States Dollars and they are translated to the presentational currency (see below).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated at the date when the fair value was determined.

Translation of Group Companies functional currency to presentation currency

The results of the foreign subsidiaries are translated into New Zealand Dollars using the average exchange rate for the year. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of the net investment in the foreign subsidiaries are taken to the foreign currency translation reserve. If the foreign subsidiaries were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the income statement.

j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

k) Government grants

Government grants are recognised when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income of the period in which it becomes receivable.

l) 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 impairment 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 with indefinite useful lives and intangible assets not yet available for use 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 estimate 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, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

m) Income tax

Current tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

m) Income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax or current tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

n) Intangible assets

Patents, trademarks and licenses
Patents, trademarks and licences are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful life of 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Research and development costs
Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Software costs
All externally purchased software is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a Diminishing Value basis at a rate of 48%. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

o) Inventory

Inventories including raw materials, manufactured parts, work in progress, and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials and Manufactured parts – purchase cost on a weighted average basis. The cost of purchase comprises the purchase price of raw materials and manufactured parts. Volume discounts and rebates are included in determining the cost of purchase.

Finished goods and Work-in-progress – cost of direct materials and labour. Costs are assigned on the basis of standard cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

p) Investments and other financial assets

Investments and financial assets in the scope of NZ IAS 39 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition

Purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

(ii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

q) Leased assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

r) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost, including costs directly attributable to bringing the asset to its working condition, less accumulated depreciation and any accumulated impairment losses.

s) Property, plant and equipment (continued)

Any expenditure that increases the economic benefits derived from an asset is capitalised. Expenditure on repairs and maintenance that does not increase the economic benefits is expensed in the period it occurs.

Depreciation

Depreciation is calculated on a Diminishing Value basis, apart from Demo Units which is a Straight Line basis, over the estimated useful life of the assets as follows:

Plant & Equipment	9.0 - 60.0%
Office Equipment	7.5 - 60.0%
Furniture & Fittings	11.4 - 21.6%
Leasehold Improvements	9.0 - 39.6%
Motor Vehicles	21.6%
Demo Units	14.3%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of property, plant and equipment is derecognised upon disposal, or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period the asset is derecognised.

t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of the Company's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

u) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue recognised when the significant risks and rewards or ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer based on the individual shipping terms such as ex-works, DDP and DAP.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date. Stage of completion is measured by reference to the period for which services have been performed for each contract.

Rental Revenue

Rental revenue is accounted for on a straight-line basis over the term of the agreement.

u) Revenue recognition (continued)

Interest Revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

v) Share-based payment transactions

Equity settled transaction:

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans the Chief Executive Share Scheme (CESS) and the Employee Share Option Scheme (ESOS).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of

(i) the grant date fair value of the award;
(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
(iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

w) Statement of Cash Flows

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the statement of cash flows;

- operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities;
- investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

x) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

y) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amount. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

2. Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, bank trade finance facilities, borrowings, cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, price risk and credit risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit and Risk Management Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

Risk exposures and responses

Foreign currency risk
As a result of operations in the United States of America, the Group's balance sheet can be affected by movements in the USD: NZD exchange rates.

The Group also has transactional currency exposures. Such exposures arise from sales or purchases by an operating entity in currencies other than the functional currency. The currencies which the Group primarily deals in are the United States Dollars, Great Britain Pound, Euros and Australian Dollars.

The Group entered into foreign currency forwards contracts.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at balance date are as follows (all balances in NZD):

	Group	
	2017	**2016**
	($'000)	($'000)
Assets		
Australian Dollars	56	87
Euro	776	117
Great Britain Pound	250	194
US Dollars	1,309	2,728
Canadian Dollars	-	5
Liabilities		
Australian Dollars	2	4
Euro	21	86
Great Britain Pound	-	13
US Dollars	85	71
Canadian Dollars	10	-

The following table details the Group's Profit and Loss sensitivity to a 10% decrease and a 5% increase in the NZD against the main currencies that the Group was exposed to at the end of each balance date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end rate for a 10% decrease and 5% increase in the currency rates.

Increase/(Decrease) in profit or loss and equity	**Group 2017**	**Group 2016**
	($'000)	($'000)
NZD:AUD		
10% decrease	6	9
5% increase	(3)	(4)
NZD:EUR		
10% decrease	84	3
5% increase	(36)	(1)
NZD:GBP		
10% decrease	28	20
5% increase	(12)	(9)
NZD:USD		
10% decrease	136	295
5% increase	(58)	(127)
NZD:CAD		
10% decrease	1	1
5% increase	-	-

Derivative Asset

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes. The group has the following derivative financial instruments:

	Group 2017	**Group 2016**
	($'000)	($'000)
Current Assets		
Forward foreign exchange contracts	1	154

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Groups derivatives have not been designated as cash flow hedges.

Fair value measurements recognised in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value use the following classification based on the degree to which the inputs to the fair value are observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Syft's Derivative Asset are classified under level 2 fair value measurements.

Price risk

The Group purchases raw materials and manufactured parts as part of the production of finished goods. As a result of these transactions exposures to fluctuations in commodity prices arise.

The portion of the raw materials and manufactured parts that are affected by commodity prices is small; as a result the Group's exposure to commodity price risk is minimal.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise Cash and Cash Equivalents and Trade and Other Receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group has a trade credit insurance policy with QBE to offset most of the credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Interest rate risk

The Group is exposed to interest rate risk as it borrows and deposits funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The floating borrowings are trade finance facilities only, which have a 30-45 day life span.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

At balance date the interest rate profile of the Group's interest bearing financial instruments was:

	Group	
	2017	**2016**
	($'000)	($'000)
Financial assets	668	300
Financial liabilities	-	78

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities and assets; the analysis is prepared assuming the exposure outstanding at 31 March 2017 was outstanding for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company and Group's:

- Profit for the year ended 31 March 2017 would decrease/increase by $3k (2016: decrease/increase by $1k). This is mainly attributable to the Group's exposure to interest rates on its cash deposits and trade finance facilities. No interest is earned on the cash in the US subsidiary.

Liquidity risk

The Group manages liquidity risk by the use of current bank facilities and the extension of trade payables terms with the approval of their suppliers in addition to continuously monitoring forecast and actual cash flows.

To manage liquidity at present the Directors have facilitated the following:

1) The Company has arranged for trade finance facilities whereby on shipment of an instrument the Company is able to finance 90% of the invoice value.

The Company has the financial liabilities as noted above only and their maturity analysis is highlighted at note 15 of the financial statements.

3. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires the Group to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. The Group continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Group bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The Group has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details on the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgments

Impairment of non-financial assets
The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined.

The directors have considered the indicators of impairment of non-financial assets and are satisfied that such indicators have not impacted the carrying value of fixed assets or inventory or intangibles and that those carrying values remain appropriate.

Taxation
The Group's accounting policy for taxation requires judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Deferred income tax assets are recognised for tax-loss carry forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has recognised a deferred income tax asset of $420,000 (2016:$0) in respect of accumulated tax losses amounting to $10,711,000 (2016: $11,312,000). Based on three years of consecutive profits and the budget for 2018, the Directors have concluded it is appropriate to recognise a deferred tax asset.

Significant accounting estimates and assumptions

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using the Black-Scholes model, with the assumptions detailed in note 18. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Warranty Provision
Warranty provision was estimated based on historical warranty claims.

R&D
We have not capitalised the research projects as it failed to meet the technical feasibility test.

4. Other Revenue

	Group	
	2017	2016
	($'000)	($'000)
Interest Revenue	27	32
Realised Foreign Exchange Gain	-	60
Unrealised Foreign Exchange Gain	-	154
Other Income	21	1
Callaghan Growth Grant	401	326
	449	**573**

5. Auditor Remuneration

The auditor of Syft Technologies Limited is PricewaterhouseCoopers (2016: PricewaterhouseCoopers).

	Group	
	2017	2016
	($'000)	($'000)
Amounts received or due and receivable by PricewaterhouseCoopers for:		
Audit of Financial Statements	35	30
Review of R&D Expenditure	5	6
Audit of Share Registry	-	2
	40	**38**

6. Expenses

	Group	
	2017	2016
	($'000)	($'000)
Other Expenses includes:		
Amortisation	39	14
Depreciation	142	85
Vehicle Cost	2	2
Equipment lease	7	6
Deductible Fixed Asset	12	7
	202	**114**
Inventory Costs		
Inventory Write-down (included in Cost of Sales)	95	6
Inventory Provision	-	(40)
	95	**(34)**
Sales & Development		
Salary Sales and Development	2,136	1,553
Contractor Development	94	101
Travel Sales and Development	379	227
Other	662	137
	3,271	**2,018**

Included with the Sales and Development expense above are Research and Development costs of $2,015k for the Group. (2016: $1,485k)

6. Expenses (continued)

	Group 2017 ($'000)	Group 2016 ($'000)
Finance Costs		
Bank Loans and Overdrafts	-	3
Other Finance Costs	9	10
	9	**13**
Lease Payments included in Income Statement		
Operating Leases	141	135
	141	**135**
Employee Benefits Expense		
Salaries and Wages	2,894	2,061
Employee Share Scheme	42	20
	2,936	**2,081**

7. Capital and Other Equity Instruments

	Group 2017 ($'000)	Group 2016 ('$000)
Fully Paid Ordinary Shares	29,851	29,837
	29,851	**29,837**

At balance date all the ordinary shares of Syft Technologies Limited have been fully paid. All shares have equal voting rights and share equally in dividends and surplus on winding up. Syft Technologies Inc is 100% owned by Syft Technologies Limited. On 2 February 2017 Syft Technologies Inc completed a 20:1 share consolidation.

Ordinary Shares

	Group 2017		Group 2016	
Movement in Ordinary Shares on issue	**Thousand**	**($'000)**	**Thousand**	**($'000)**
Balance at beginning of year	**1,281,804**	**29,837**	1,281,804	29,837
Allotment of Restricted Shares – April 2019	8,625	-	-	-
Allotment of Restricted Shares – July 2019	200	-	-	-
Issue of Shares	450	14	-	-
Consolidation of Shares	(1,226,525)	-	-	-
Balance at end of year	**64,554**	**29,851**	**1,281,804**	**29,837**

Capital Management
When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group is not subject to any externally imposed capital requirements.

8. Reserves

	Group 2017 ($'000)	Group 2016 ($'000)
Foreign Currency Translation Reserve	466	465
Employee Equity Benefit Reserve	685	643
	1,151	**1,108**

8. Reserves (continued)

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record differences arising from the translation of the financial statements of foreign subsidies

	Group	
	2017	**2016**
	($'000)	($'000)
Movements in Translation Reserves		
Balance at beginning of year	465	506
Translation of Foreign Operations	1	(41)
Balance at end of year	**466**	**465**

Employee Equity Benefit Reserve

	Group	
	2017	**2016**
	($'000)	($'000)
Movement in Employee Benefit Reserve		
Balance at beginning of year	643	623
Recognition of Share Based Payments	42	20
Balance at end of year	**685**	**643**

The Employee Equity Benefit Reserve arises on the grant of share options to employees under the Employee Share Option Scheme and the shares issued under the Chief Executive Share Scheme. Amounts are transferred into issued capital when the options are exercised.

9. Taxation

Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

	Group	
	2017	**2016**
	($'000)	($'000)
Accounting profit/(loss) before tax from continuing operations	746	1,362
At the Group's statutory income tax rate of 28%	209	381
Other permanent adjustments	(27)	(6)
Current year temporary differences not recognised	(7)	(13)
Prior period adjustment	-	38
Tax losses not recognised / (utilised)	(175)	(400)
Aggregate income tax expense	-	-
Tax losses available to carry forward	10,711	11,312
Opening balance on carried forward losses	3,167	3,524
Tax losses utilised	(175)	(357)
Closing balance of carried forward losses	2,992	3,167
Deferred tax asset recognised	(181)	-
Unrecognised losses carried forward	**2,811**	**3,167**

Due to changes in shareholders continuity some previous tax losses are unable to be carried forward, and has therefore been excluded from the tax losses.

Notes to the Financial Statements
For the year ended 31 March 2017 (continued)

9. Taxation (continued)

Deferred Tax Balances

	Group	
	2017	**2016**
Deferred Tax Asset	($'000)	($'000)
Provisions	58	-
Deferred research and development expenditure	181	-
Tax Losses	181	-
Total Deferred Tax Asset	**420**	-

Imputation Credit Account

	Group	
	2017	**2016**
	($'000)	($'000)
Balance at beginning of year	-	13
Prior period ICA adjustment	6	-
Income Tax Payemnts	-	5
Income Tax Refunds	(6)	(18)
Balance at end of year	**-**	-

10. Non-Current Assets – Property, Plant and Equipment
Reconciliation of carrying amounts at the beginning and end of the period

	Group						
	Plant and Equipment	**Office Equipment**	**Furniture and Fittings**	**Leasehold Improve-ments**	**Motor Vehicles**	**Demo Units**	**Total**
Gross Carrying Amount	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)	($'000)
Balance at 31 March 2015	**121**	**103**	**22**	**31**	**4**	**226**	**507**
Additions	88	20	12	85	-	85	**290**
Disposals	-	-	-	-	-	-	**-**
Balance at 31 March 2016	**209**	**123**	**34**	**116**	**4**	**311**	**797**
Additions	133	62	40	20	-	697	**952**
Disposals	-	-	-	-	-	-	**-**
Balance at 31 March 2017	**342**	**185**	**74**	**136**	**4**	**1,008**	**1,749**
Accumulated Depreciation							
Balance at 31 March 2015	**(97)**	**(67)**	**(13)**	**(20)**	**(3)**	**(194)**	**(394)**
Depreciation Charge	(11)	(22)	(2)	(10)	-	(40)	**(85)**
Disposals	-	-	-	-	-	-	**-**
Balance at 31 March 2016	**(108)**	**(89)**	**(15)**	**(30)**	**(3)**	**(234)**	**(479)**
Depreciation Charge	(38)	(31)	(5)	(13)	-	(55)	**(142)**
Disposals	-	-	-	-	-	-	**-**
Balance at 31 March 2017	**(146)**	**(120)**	**(20)**	**(43)**	**(3)**	**(289)**	**(621)**
Net Book Value							
As at 31 March 2016	**101**	**34**	**19**	**86**	**1**	**77**	**318**
As at 31 March 2017	**196**	**65**	**54**	**93**	**1**	**719**	**1,128**

11. Non-Current Assets – Intangible Assets
Reconciliation of carrying amounts at the beginning and end of the period

	Group			
	Software	**Patents**	**Trademarks**	**Total**
	($000)	**($000)**	**($000)**	**($000)**
Gross Carrying Amount				
Balance at 1 April 2015	**45**	**400**	**73**	**518**
Additions	32	-	-	**32**
Disposals	-	-	-	-
Balance at 31 March 2016	**77**	**400**	**73**	**550**
Additions	140	-	-	**140**
Disposals	-	-	-	-
Balance at 31 March 2017	**217**	**400**	**73**	**690**
Accumulated Amortisation				
Balance at 1 April 2015	**(33)**	**(400)**	**(73)**	**(506)**
Amortisation Expense	(13)	-	-	**(13)**
Disposals	-	-	-	-
Reclassification	-	-	-	-
Balance at 31 March 2016	**(46)**	**(400)**	**(73)**	**(519)**
Amortisation Expense	(39)	-	-	**(39)**
Disposals	-	-	-	-
Reclassification	-	-	-	-
Balance at 31 March 2017	**(85)**	**(400)**	**(73)**	**(558)**
Net Book Value				
As at 31 March 2016	**31**	**-**	**-**	**31**
As at 31 March 2017	**132**	**-**	**-**	**132**

Notes to the Financial Statements
For the year ended 31 March 2017 (continued)

12. Current Assets – Cash and Cash Equivalents

	Group	
	2017	**2016**
	($'000)	($'000)
Cash on hand (Current Asset)	1,193	284
	1,193	**284**

13. Current Assets – Inventory

Inventory at balance date comprised of the following:

	Group	
	2017	**2016**
	($'000)	($'000)
Raw Materials	1,101	875
Manufactured Parts	36	30
Finished Goods	595	680
Inventory Provision	-	-
Total Inventories at the lower of Cost and Net Realisable Value	**1,732**	**1,585**

14. Current Liabilities – Trade and Other Payables

Included in Trade and Other Payables at balance date are the following:

	Group	
	2017	**2016**
	($'000)	($'000)
Trade and Other Payables	451	287
Employee Entitlements	131	148
Deferred Income	725	794
Warranty Provision	48	66
	1,355	**1,295**

Fair value
Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

15. Current Liabilities – Borrowings

Included in Borrowings at balance date, and recorded in order of their maturity profile, are the following:

Group	**≤6 months**	**6-12 months**	**1-5 years**	**>5 years**	**Total**
	($'000)	($'000)	($'000)	($'000)	($'000)
Year ended 31 March 2016					
Trade Finance Facilities	78	-	-	-	78
Total Consolidated Borrowings	**78**	**-**	**-**	**-**	**78**
Year ended 31 March 2017					
Trade Finance Facilities	-	-	-	-	-
Total Consolidated Borrowings	**-**	**-**	**-**	**-**	**-**

Fair Value of Borrowings
The fair value of the trade finance facilities and on demand borrowings is approximately equal to their carrying amount.

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16. Current Assets – Trade and Other Receivables

Included in Trade and Other Receivables at balance date are the following:

	Group	
	2017	**2016**
	($'000)	($'000)
Trade Receivables	2,062	3,211
Other Receivables	196	65
	2,258	**3,276**

During the year no amounts in relation to trade receivables were written down as uncollectable (2016: Nil).

Fair value and credit risk
Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Aging
The aging of trade receivables at the balance date are the following:

	Group	
In New Zealand Dollars	**2017**	**2016**
	($'000)	($'000)
Past due 0–30 days	1,989	3,051
Past due 31-60 days	28	58
Past due 60-90 days	34	-
Past due 90 days +	11	102
	2,062	**3,211**

Past due and impaired
None of the trade receivable at the balance date was impaired.

Notes to the Financial Statements
For the year ended 31 March 2017 (continued)

17. Related Party Disclosure

Subsidiaries
The consolidated financial statements include the financial statements of Syft Technologies Limited and the subsidiary listed in the following table.

Name	Country of Incorporation	%Equity Interest 2017	2016	Advances to (from) 2017	2016
				($'000)	($'000)
Syft Technologies Inc	United States	100%	100%	120	72
				120	**72**

Total transactions between the entities was $607k and there was no outstanding accounts receivable balance for STI at year end.

Impairment
There was no impairment of the loan to Syft Technologies Inc (STI).

Transactions with Related Parties
Trade amounts owing between related parties are payable on demand. No related party debts have been written off or forgiven during the year.

Key Management Personnel
Key Management Personnel includes the Board of Directors, the CEO and all employees that report directly to the CEO. Details relating to key management personnel, including remuneration paid, are included below:

	Group 2017	2016
	($'000)	($'000)
Directors' Fees	85	66
Wages and Salaries	759	742
Share Based Payment	14	12
Total Compensation	**858**	**820**

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18. Employee Share Equity Schemes

Employee Share Option Scheme (ESOS)

All the information presented in this note have been updated to reflect the 20:1 share consolidation.

In 2014 the Board approved a share scheme for the key employees of the Company. The scheme has been set up to align the key employees' incentives with that of the Company and Shareholders, and will serve as a reward and retention scheme for the key employees. The scheme aims to reward the key employees with 0.3% ownership of the Company.

The Company has provided the key employees with a non-recourse loan to assist the key employees to participate in the share scheme. The principal terms of the scheme are noted below:

- Loan is non-recourse, interest free and does not have a fixed repayment date.
- If the Key employees sells any of the shares then the cash received must be first put towards repaying the loan.
- If the key employees sells shares at a current market price that is below the issue price, the relevant part of the loan relating to the difference between the issue price and the price achieved will effectively be forgiven.

The shares held by the key employees are restricted, and cannot be sold until the employee remain with Syft for a minimum of three years (with the parcels of shares having restrictions relating to FY15 to FY18).

In 2016 the Board approved another two share schemes for the key employees of the Company. The scheme' has been set up to align the key employees' incentives with that of the Company and Shareholders, and will serve as a reward and retention scheme for the key employees. The scheme aims to reward the key employees with 0.69% ownership of the Company.

This scheme is on the same term as the one above.

The shares held by the key employees are restricted, and cannot be sold until the employee remain with Syft for a minimum of three years (with the parcels of shares having restrictions relating to FY17 to FY20). Total number of shares issued and unpaid under the above schemes are 784,750.

Summary of Restricted (unpaid) Employee Shares:

Grant Date	Restricted Shares at Start of the Year	Granted During the Year	Vested During the Year	Restricted Shares at End of the Year	Exercise Price $
June 14	66,200	-	66,200	-	0.60
May 15	96,650	-	48,350	48,300	0.60
Apr 16	-	431,250	143,750	287,500	0.50
July 16	-	10,000	3,350	6,650	0.60
Total	**162,850**	**441,250**	**261,650**	**342,450**	

Summary of Vested (unpaid) Employee Shares:

Grant Date	Vested Shares at Start of the Year	Vested During the Year	Vested Shares at End of the Year	Exercise Price $
June 14	132,300	66,200	198,500	0.60
May 15	48,300	48,350	96,700	0.60
Apr 16	-	143,750	143,750	0.50
July 16	-	3,350	3,350	0.60
Total	**180,650**	**261,650**	**442,300**	

18. Employee Share Equity Schemes (continued)

The following table illustrates the number and fair value of the shares vested relating to the Employee Share Option Scheme during the year. The fair value has been recognised as an expense in the income statement during the year:

Grant Date	2017 Vested During the Year - Thousands	2017 Fair Value per Share $	2017 Fair Value ($'000)	2016 Vested During the Year - Thousands	2016 Fair Value per Share $	2016 Fair Value ($'000)
June 14	66,200	0.18	12	66,200	0.18	12
May 15	48,350	0.18	8	48,350	0.18	8
Apr 16	143,750	0.14	21	-	-	-
June 16	3,350	0.28	1	-	-	-
Total	**261,650**		**42**	**114,550**		**20**

Pricing Model
The Scheme are consistent with that of call options and has been valued according to the Black-Scholes option pricing model, using the following assumptions:

5 June 2014 granted shares

- The Share price as at 5 June was $0.60 on consolidation of shares.
- Total shares granted was 198,500.
- The level of volatility was 40% based on historical volatility and estimated future volatility of Syft share price.
- The risk free discount rate of 4.01% based on the NZ Government five year bond rate at the Grant Date.

5 May 2015 granted shares

- The Share price as at 5 May was $0.60 on consolidation of shares.
- Total shares granted was 145,000.
- The level of volatility was 40% based on historical volatility and estimated future volatility of Syft share price.
- The risk free discount rate of 3.15% based on the NZ Government five year bond rate at the Grant Date.

1 April 2016 granted shares

- The Share price as at 1 April was $0.50 on consolidation of shares.
- Total shares granted was 431,250.
- The level of volatility was 40% based on historical volatility and estimated future volatility of Syft share price.
- The risk free discount rate of 2.21% based on the NZ Government five year bond rate at the Grant Date.

1 July 2016 granted shares

- The Share price as at 1 July was $0.60 on consolidation of shares.
- Total shares granted was 10,000.
- The level of volatility was 40% based on historical volatility and estimated future volatility of Syft share price.
- The risk free discount rate of 2.02% based on the NZ Government five year bond rate at the Grant Date.

19. Commitments

Leasing Commitments

Operating lease commitments - Group as lessee
The Group has entered into commercial leases on certain office equipment and premises. These leases have an average life of between 1 and 3 years. There are no restrictions placed upon the lessee by entering into these leases.

The lease for 3 Craft Place has one remaining right of renewal; this is on 1 January 2017 for a term of 4 years.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	Group	
	2017	**2016**
	($'000)	($'000)
Within one year	138	94
After one year but not more than 5 years	410	2
After more than 5 years	-	-
Total Minimum lease payments	**548**	**96**

Property, plant and equipment commitments

The Group has no contractual obligations to purchase Property, Plant and Equipment (2016: Nil).

20. Contingencies

The Group has no contingencies at balance date. (2016: Nil)

21. Subsequent Events

There were no major subsequent events after balance date.

22. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Group		
31 March 2017	**FVTPL** ($'000)	**Loans and receivables** ($'000)	**Total** ($'000)
Assets per balance sheet			
Cash and Cash Equivalents	-	1,193	1,193
Trade and Other Receivables	-	2,218	2,218
Derivative Asset	1	-	1
Total	**1**	**3,411**	**3,412**
	FVTPL ($'000)	**Other Financial liabilities** ($'000)	**Total** ($'000)
Liabilities per balance sheet			
Trade and Other Payables	-	1,308	1,308
Borrowings	-	-	-
Total	**-**	**1,308**	**1,308**

22. Financial instruments by category (continued)

31 March 2016	Group		
	FVTPL ($'000)	**Loans and receivables** ($'000)	**Total** ($'000)
Assets per balance sheet			
Cash and Cash Equivalents	-	284	284
Trade and Other Receivables	-	3,211	3,211
Derivative Asset	154	-	154
Total	**154**	**3,495**	**3,649**

	FVTPL ($'000)	**Other Financial liabilities** ($'000)	**Total** ($'000)
Liabilities per balance sheet			
Trade and Other Payables	-	1,081	1,081
Borrowings	-	78	78
Intercompany Advances	-	-	-
Total	**-**	**1,159**	**1,159**

23. Reconciliation of Profit /(Loss) after taxation with net cash flows from operating activities:

	Group	
	2017	**2016**
	($'000)	($'000)
Net Profit/(Loss)	1,153	1,362
Adjustments for:		
Depreciation and Amortisation	181	100
Unrealised Foreign Exchange (gain)/loss – non group	1	(41)
Impairment of Intercompany Advances	-	-
Loss/(Gain) on Disposal of Fixed Assets	-	-
Share Based Payment Expense	42	20
(Increase)/decrease in Deferred Tax Asset	(420)	-
(Increase)/decrease in Derivative Asset	153	(154)
Adjusted Profit/(Loss)	1,110	1,287
Changes In Working Capital Items		
(Increase)/decrease in Trade and Other Receivables	1,018	(2,017)
(Increase)/decrease in Inventory	(146)	(564)
(Increase)/decrease in GST	17	(25)
(Increase)/decrease in Current Tax Asset	6	7
(Decrease)/increase in Trade and Other Payables	60	582
	955	(2,017)
Net Cash Flow (to) Operating Activities	**2,065**	**(730)**

24. Going Concern

The financial statements have been prepared on a going concern basis. Management have prepared a budget for the year ended 31 March 2018 which includes a forecast cash flow. Based on the forecast results and forecast cash flow generated for the year ended 31 March 2018 together with the positive cash balance at year end, the Directors consider the Company, is able to meet its obligations as they fall due for a period of 12 months from the date of the financial statements were signed.

Given this, the Directors consider it appropriate that the financial statements continue to be prepared on a going concern basis

Independent auditor's report

To the shareholders of Syft Technologies Limited

Syft Technologies Limited's consolidated financial statements comprise:

- the balance sheet as at 31 March 2017;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Syft Technologies Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2017, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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* (PES 1) 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.

Our firm carries out other assurance services for the Group in the areas of a share registry audit and a research and development grant review. The provision of these other services has not impaired our independence as auditor of the Group.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

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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 to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are 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 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 and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 the financial statements is located at the External Reporting Board's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page5.aspx

Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Robert Harris.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
27 June 2017

Christchurch

Shareholder Information

Directors' Interests

In accordance with Section 140(2) of the Companies Act 1993 and Section 19(U) of the Securities Markets Act 1988, the Directors named below have made a general disclosure of interest, by a general notice disclosed to the Board and entered in the Company's interests register. General notices were given by these Directors which remain current at 31 March 2017.

Hon. Ruth Richardson
Chairman & Director of
Kiwi Innovation Network Limited
Kula Fund II
NZ Merino Company Limited

Director of:
Ruth Richardson (NZ) Limited
Synlait Milk Limited
Synlait Milk Finance Limited
Bank of China (NZ) Limited

Richard Coleman
Director of:
Koau Capital Partners Limited
C5 Management Group Limited
C5 Investments Limited
Roimata Holdings Limited
Waitaha Rebuild General Partner Limited

Michael Bushell
Director of:
SVO Consulting Limited
TMB Management Limited
SF Holdings (2014) Limited
PFNZ Limited
Southern Financial Services Limited
Ski Time Villas Limited
Dot 6 Limited
Pacific Invoice Finance PTY Limited
Pacific Invoice Finance Limited

There were no notices from the Directors of the Company requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

Directors' Remuneration

Non-executive directors receive fees determined by the Board on the recommendation of the Remuneration Committee plus reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors.

The following people held office or ceased to hold office as a Director during the year and received the following remuneration including benefits and fees for work performed during the year:

Director	Category	Accrued	Paid during the year	Fees Capitalised Into Shares	Total Remuneration
Michael Bushell	Non-Executive	-	25,000	-	25,000
Richard Coleman	Non-Executive	-	25,000	-	25,000
Hon Ruth Richardson	Chairman	-	35,000	-	35,000

Directors' Shareholdings

Directors' shareholdings are shown as at balance date.

Name	31 March 2017
Michael Bushell	
shares held with non-beneficial interest	120,866
Richard Coleman	
shares held with non-beneficial interest	116,667
Hon. Ruth Richardson	
shares held with non-beneficial interest	428,110

Employees Remuneration

During the year the number of employees or former employees not being Directors of Syft Technologies Limited received remuneration including the value of other benefits in excess of $100,000 in the following bands:

Remuneration	Group
$100,001-$110,000	1
$130,001-$140,000	2
$390,001-$400,000	1

20 Largest Shareholders as at 31 March 2017

Name	Shareholding	%
DOUGLAS MACLEAN HASTIE	9,563,581	14.99%
ACCIDENT COMPENSATION CORPORATION	9,062,042	14.21%
DOUGLAS ZIFFEL & SMOOT (NEW YORK) LIMITED	7,258,834	11.38%
WHALE WATCH KAIKOURA LIMITED	6,500,000	10.19%
STEPHEN JOHN COLLINS & LYNNE SHARON COLLINS	3,329,005	5.22%
OPIHI INVESTMENTS LIMITED	1,882,447	2.95%
WING KAI LEUNG	1,734,000	2.72%
FNZ CUSTODIANS LIMITED	1,633,546	2.56%
ICONIC INVESTMENTS LIMITED	1,508,706	2.37%
MICHAEL NEIL HAWKINS	1,354,263	2.12%
FORSYTH BARR CUSTODIANS LIMITED	1,125,544	1.76%
PAUL BERNARD MCCORMACK	1,052,603	1.65%
POWERHOUSE VENTURES LIMITED	999,000	1.57%
MURRAY JAMES MCEWAN & RUTH MARION MCEWAN	708,990	1.11%
CANTERPRISE LIMITED	650,000	1.02%
SIMON JOHN NICHOLS	586,359	0.92%
ADRIAN WILLIAM VANCE & KERRY ANNE VANCE	500,000	0.78%
NORMAN LABOE	429,453	0.67%
RUTH RICHARDSON NZ LIMITED	428,110	0.67%
RANDALL ALEXANDER ALLARDYCE & JOAN NORMA ALLARDYCE	358,006	0.56%

Spread of Shareholders as at 31 March 2017

Size of Shareholding	Number of holders	%	Total Number held	%
1 - 49,999	426	82.40	4,962,896	7.69
50,000 - 99,999	37	7.16	2,478,788	3.84
100,000 - 499,999	37	7.16	7,663,418	11.87
500,000 - 999,999	5	0.96	3,444,349	5.34
1,000,000 +	12	2.32	46,004,571	71.26
Total	**517**	**100.00**	**64,554,022**	**100.00**

Included above are 784,750 unpaid shares issued under the Employee Share Option Scheme.

Directory

DIRECTORS

Hon. Ruth Richardson (Chairman)
Michael Bushell
Richard Coleman

REGISTERED OFFICE

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Christchurch

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