ENERGYMAD

"Saving enough electricity to power the whole of New Zealand for a year"

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH

2016

ENERGY MAD'S NEW ECOBULB LED'S

USE UP TO 90% LESS ELECTRICITY

THAN THE BULBS THEY REPLACE

ENERGY MAD ANNUAL REPORT 2016

CHAIRMAN'S, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR'S REPORT

Energy Mad Now Trading Profitably due to Australian Refocus

Energy saving light bulb company Energy Mad has released its preliminary results for the 12 months ending 31 March 2016 (FY2016).

In FY2016, Energy Mad grew operating revenues to $8.4 million, compared to $5.9 million for the 12 months ending 31 March 2015 (FY2015), which was a 42% increase in revenue. The operating loss reduced to $0.9 million for FY2016, compared to $2.9 million for FY2015.

The Australian revenue was $6.2 million for FY2016, compared to $3.4 million for FY2015.

The Australian revenue grew five-fold from $0.6 million in the first quarter of FY2016 to $2.8 million for the last quarter ending 31 March 2016. Quarter two FY2016 Australian revenue was $0.8 million and quarter three FY2016 Australian revenue was $2.0 million.

This Australian revenue growth came from new Ecobulb LEDs developed to target previously under-utilised opportunities in Australian State Government energy efficiency schemes, due to a lack of suitably performing and priced LEDs being available.

New Zealand "Direct to Consumer" revenue was $2.2 million for FY2016, compared to $2.2 million for FY2015.

Energy Mad's Administration and General Expenses fell to $2.5 million for FY2016, compared to $2.9 million for FY2015.

Energy Mad's Selling and Distribution Expenses fell to $1.2 million for FY2016 compared to $1.7 million for FY2015, despite the 42% increase in revenue over FY2016.

The loss for FY2016 reduced to $1.3 million, compared to $3.2 million for FY2015, which was a 60% improvement over the previous year.

In September 2015, Energy Mad secured a $0.5 million loan facility from SuperLife Limited, a major shareholder and supporter of Energy Mad.

$0.55 Million Trading Profit for the Last 3 Months

Over the three-month period from February to April 2016, Energy Mad delivered an unaudited operating profit (before non-core operating items of $210k, foreign exchange gain of $137k and depreciation and amortisation of $75k) totalling $0.55 million.

April's unaudited revenue was $1.0 million and operating profit was $0.25 million.

This three-month operating profit was achieved on $3.8 million operating revenues, of which Australian sales contributed $3.2 million in operating revenues.

Energy Mad expects the continuation of this operating profit through the FY2017 financial year.

This result represents the beginning of a turnaround for the company, a positive move for NZX's majority investor SuperLife and other shareholders.

Australian Energy Efficiency Schemes

Energy Mad sells energy saving LED and compact fluorescent Ecobulbs to customers through State Government energy efficiency schemes in Victoria, South Australia and the Australian Capital Territory.

Energy Saving certificates are delivered to Australian power companies by third party suppliers who engage in the sale and installation of energy saving products that are certified by the scheme administrators.

All three schemes were extended in 2015, with increased energy saving certificate targets set.

The Victorian Energy Efficiency Target Scheme has been extended to 2020, with the energy saving certificate targets increasing annually from 5.4 million certificates in 2015 to 6.5 million certificates in 2020.

The South Australian Retailer Energy Efficiency Scheme has set new energy efficiency targets that almost double the amount of energy required to be saved in 2017, compared with the energy required to be saved in 2015.

The ACT Energy Efficiency Incentive Scheme has been extended to 2020.

This has resulted in increased potential for Energy Mad in the three schemes, particularly for Ecobulb LEDs.

Energy Mad has developed a wider range of new Ecobulb LEDs, which target previously under-utilised opportunities in these schemes due to a lack of suitably performing and priced LEDs being available.

Transfer of New Zealand business

As detailed in the announcement made to the market on 12 May 2016, Energy Mad has tightened its focus to servicing the Australian and New Zealand Business to Business Markets, and is transferring its Direct to Consumer business in New Zealand to My Eco Limited.

Energy Mad People

Energy Mad has seen a number of senior people changes in FY2016.

In June 2015, Energy Mad co-founder and Technical Director Tom Mackenzie stepped down from the board and left Energy Mad to pursue a new business opportunity after eleven years' service with Energy Mad.

In July 2015, Rick Ramsay stepped down as Chairman of Energy Mad after four years' service with Energy Mad.

In April 2016, CEO/CFO Paul Ravlich departed Energy Mad having materially assisted with the turnaround in Energy Mad to pursue other opportunities and challenges after four and a half years' service with Energy Mad.

Energy Mad thanks Tom, Rick and Paul for their service over the years, and wishes them all the best for their future endeavors.

Rick's position as Chairman was filled by Dr Brent Wheeler, an experienced Chairman and Director in New Zealand and Asia.

In March 2016, Energy Mad co-founder and Managing Director Dr Chris Mardon stepped down from the Energy Mad board to focus on the Australian opportunity.

His place on the Energy Mad board was filled by David Jarman, an experienced Christchurch based Executive and Director.

Thank You

Energy Mad would like to take this opportunity to thank its team and shareholders for their ongoing efforts and support.

In particular, Energy Mad thanks NZX Limited, SuperLife Limited and Michael Chamberlain for their substantial financial support over the past few years, without which Energy Mad would not have been able to turn around its business and get to the position where it is now trading profitably.

Dr Brent Wheeler
Chairman

Paul Ravlich
Chief Executive Officer

Chris Mardon
Managing Director

STATEMENT OF COMPREHENSIVE INCOME

	Notes	March 2016 NZ$	March 2015 NZ$
Continuing Activities:			
Revenue	6	8,403,752	5,913,843
Cost of sales		(5,579,826)	(4,018,778)
Gross profit		2,823,926	1,895,065
Other income	6	28,792	34,905
Administration and general expenses	7	(2,456,113)	(2,917,835)
Selling and distribution expenses	7	(1,150,306)	(1,685,613)
Provision for inventory obsolescence	16	-	(228,577)
Impairment of patents and designs	19	(141,257)	-
Operating loss		**(894,958)**	**(2,902,055)**
Finance income	8	10,761	11,394
Finance costs	8	(378,648)	(281,725)
Net finance costs		(367,887)	(270,330)
Loss before taxation		**(1,262,845)**	**(3,172,386)**
Income tax benefit / (expense)	11	-	-
Loss for the year		**(1,262,845)**	**(3,172,386)**
Other comprehensive income (loss)			
Exchange gain / (loss) on translating foreign operations		(65,138)	(14,109)
Total other comprehensive loss for the year		(65,138)	(14,109)
Total comprehensive loss for the year		**(1,327,983)**	**(3,186,495)**
Earnings per share:	27		
Basic and diluted earnings per share			
Loss for the year		(0.02)	(0.07)
Total		**(0.02)**	**(0.07)**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital NZ$	Foreign exchange translation reserve NZ$	Accumulated losses NZ$	Total equity NZ$
Balance at 1 April 2015		19,732,117	(88,026)	(19,700,341)	(56,250)
Issue of share capital	**26**	-	-	-	-
Transaction costs	**26**	-	-	-	-
Transactions with owners		-	-	-	-
Loss for the year		-	-	(1,262,845)	(1,262,845)
Other comprehensive income		-	(65,138)	-	(65,138)
Total comprehensive income		-	(65,138)	(1,262,845)	(1,327,983)
Balance at 31 March 2016		**19,732,117**	**(153,164)**	**(20,963,186)**	**(1,384,233)**

	Notes	Share capital NZ$	Foreign exchange translation reserve NZ$	Accumulated losses NZ$	Total equity NZ$
Balance at 1 April 2014		17,659,600	(73,917)	(16,527,955)	1,057,728
Issue of share capital	**26**	2,240,646	-	-	2,240,646
Transaction costs	**26**	(168,129)	-	-	(168,129)
Transactions with owners		2,072,517	-	-	2,072,517
Loss for the year		-	-	(3,172,386)	(3,172,386)
Other comprehensive income		-	(14,109)	-	(14,109)
Total comprehensive income		-	(14,109)	(3,172,386)	(3,186,495)
Balance at 31 March 2015		**19,732,117**	**(88,026)**	**(19,700,341)**	**(56,250)**

STATEMENT OF FINANCIAL POSITION

	Notes	March 2016 NZ$	March 2015 NZ$
Current assets			
Cash and cash equivalents	14	290,865	1,338,418
Trade and other receivables	15	2,402,089	800,137
Income tax receivable		5,206	4,045
Inventories	16	2,344,091	1,104,035
Total current assets		**5,042,251**	**3,246,635**
Non current assets			
Intangible assets	19	921,719	940,838
Property, plant and equipment	18	52,029	86,282
Loan to employees	35	-	146,277
Total non current assets		**973,748**	**1,173,397**
Total assets		**6,015,999**	**4,420,032**
Current liabilities			
Trade and other payables	21	3,316,844	1,549,353
Employee entitlements	22	83,768	49,757
Short term advance	23	1,102,896	319,051
Finance lease payable	30	11,799	11,396
Total current liabilities		**4,515,307**	**1,929,558**
Non current liabilities			
Finance lease payable	30	925	12,724
Convertible note (unsecured)	24	2,534,000	2,534,000
Term loan (unsecured)	25	350,000	-
Total non current liabilities		**2,884,925**	**2,546,724**
Total liabilities		**7,400,232**	**4,476,282**
Equity			
Share capital	26	19,732,117	19,732,117
Foreign exchange translation reserve		(153,164)	(88,026)
Accumulated losses		(20,963,186)	(19,700,341)
Total equity		**(1,384,233)**	**(56,250)**
Total equity and liabilities		**6,015,999**	**4,420,032**

STATEMENT OF CASH FLOWS

	Notes	March 2016 NZ$	March 2015 NZ$
Operating activities			
Cash was received from:			
Receipts from customers		6,830,593	6,169,021
Interest received		10,761	11,394
		6,841,354	6,180,415
Cash was applied to:			
Interest paid		375,907	247,150
Payments to suppliers and employees		8,212,635	8,731,602
Taxation paid		1,161	(8,381)
		8,589,703	8,970,371
Net cash outflow from operating activities	**31**	**(1,748,349)**	**(2,789,955)**
Investing activities			
Cash was provided from:			
Proceeds from sale of fixed assets		-	1,000
		-	1,000
Cash was applied to:			
Purchase of property, plant & equipment		12,938	33,258
Purchase of intangible assets		354,973	468,742
		367,911	502,000
Net cash outflow from investing activities		**(367,911)**	**(501,000)**
Financing activities			
Cash was provided from:			
Issue of ordinary shares	**26**	-	2,240,646
Convertible Notes Issue	**24**	-	1,784,000
Term Loan	**25**	350,000	-
Short term advance	**23**	783,845	319,051
Loan funds advanced		-	150,000
Export Trade Facility HSBC		-	73,475
		1,133,845	4,567,172
Cash was applied to:			
Capital raising expenses		-	168,129
Convertible note issue costs		-	5,680
Loan funds repaid		-	150,000
Export Trade Facility HSBC		-	123,996
		-	447,805
Net cash inflow from financing activities		**1,133,845**	**4,119,367**
Net (decrease) / increase in cash and cash equivalents		(982,415)	828,412
Cash and cash equivalents, beginning of the year		1,338,418	524,115
Effect of foreign exchange rates		(65,138)	(14,109)
Cash and cash equivalents, end of the year		**290,865**	**1,338,418**
Cash and cash equivalents			
Cash at bank		**290,865**	**1,338,418**

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The reporting entity is Energy Mad Limited (the "Company"). It is a profit-oriented entity, incorporated and domiciled in New Zealand. The Group comprising the Company and its subsidiaries is a reporting entity for the purposes of the Financial Markets Conduct Act 2013 and its financial statements comply with that Act. The address of its registered office is Tavendale and Partners Limited, Level 3, 329 Durham Street, Christchurch, New Zealand. The Company is listed on the New Zealand Stock Exchange.

The Group's primary activity is the importation and distribution of energy efficient light bulbs and energy efficient products.

These financial statements have been approved for issue by the Board of Directors on 25 May 2016.

2 Statement of compliance

The consolidated financial statements for the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the requirements of the Companies Act 1993 and the Financial Reporting Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

There have been no new standards and amendments to standards adopted during the period that have a material impact on the Group.

The following new standards, interpretations and amendments may have an impact on the Group financial statements, but are not yet effective for the year ended 31 March 2016, and have not been applied in these financial statements:

NZ IFRS 15: *Revenue from contracts with customers* (Effective date: periods beginning on or after 1 January 2018)

NZ IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group intends to adopt NZ IFRS 15 on its effective date and is currently assessing its full impact. This standard is not expected to significantly impact the Group

NZ IFRS 9: *Financial Instruments* (Effective date: periods beginning on or after 1 January 2018)

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

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.

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 has yet to assess its full impact.

3 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgement has also been exercised in preparing these financial statements in relation to the following:

Going concern In the current financial year the Group has produced a loss of $1,262,845 and net cash outflow from operating activities of $1,748,349. The Group has a negative net asset position of $1,384,233, but the current assets exceed current liabilities by $526,944. The Directors have continued to adopt the going concern assumption in the preparation of the financial statements. This is based on the existing cash on hand and the budgeted trading activity for the 2017 financial year.

The budget for the 2017 financial year is based on a number of key assumptions as follows:

- Growth is expected in Group sales over 2016. This is based on the continuation of the energy saving reduction schemes predominantly in Australia which have now been extended to 2020, with a decline in CFL orders expected from existing customers more than offset with an increase in LED sales in Australia.

- The Board decision to enter into a Direct to Consumer Delivery Agreement with My Eco Limited, a company owned by Energy Mad's Direct Manager, who will now be responsible for continuing to deliver Ecobulb LED Direct to Consumer sales in New Zealand through the existing outsourced Agency Holder sales forces effective from June 1, 2016.

- The gross margin for Australian sales is expected to increase over 2016 with higher margin LED sales, and reducing CFL sales.

- Operating costs continue to be managed carefully and are expected to be below the 2016 levels ($2.3m compared to $3.6m despite an increase in revenue over last year).

The Directors have considered potential uncertainties in respect of the 2017 Budget and these are summarised below:

- Existing Australian customers continue to order LED products at higher than expected levels than in the 2016 year.

- New LED products launched into Australia do not achieve the sales demand expected.

- Inventory which is manufactured in China is able to be supplied when required and to the appropriate quality standards.

Whilst these factors are uncertain the Directors believe, based on the information available at the date of these financial statements that the budget provides a reasonable basis for continuing to adopt the going concern assumption.

Capitalised development costs The Group capitalises its development costs based on a proportion of employee costs and other directly attributable development costs. The development costs relate to the further development of eco-efficient bulbs. The Group regularly reviews the carrying value of capitalised development costs to ensure they are supported by the associated future economic benefits. The development costs are amortised over five years, being the expected useful life of the development costs (2015: five years). The Group has assessed the value in use of the development costs and as a result there is no impairment charge for the year (2015: Nil). Refer to Note 19.

Deferred tax asset Deferred tax asset benefits relating to certain carried forward tax losses and deductible temporary differences are recognised by the Group to the extent that it is probable that taxable profits will be available against which those temporary differences can be recognised.

The Group has made the decision not to recognise any deferred tax expense in the Financial Statements for this reporting period. This decision has no effect on the amount of losses that can be carried forward by the Group. Refer to Note 20.

Provision for doubtful debts The Group has assessed the recoverability of trade receivables with reference to historical bad debts and current debtor ageing. The provision has been assessed at $20,300 (2015: $16,400).

Provision for inventory The Group has assessed slow moving stock and obsolescence with reference to historical write offs and current ageing. The provision has been assessed as $369,719 (2015: $409,677), and no further amount has been recognised in the Statement of Comprehensive Income for the year (2015: $228,577).

4 Summary of accounting policies

4.1 Overall consideration

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. They are consistent with those used in the previous financial year.

The consolidated financial statements have been prepared using the measurement bases specified by NZ IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost.

4.3 Presentation of financial statements

The consolidated financial statements are presented in accordance with NZ IAS 1 Presentation of Financial Statements. The Group has elected to present the Statement of Comprehensive Income in one statement. The Statement of Comprehensive Income discloses the analysis of expenses using the function method.

4.4 Basis of consolidation

The consolidated financial statements of the Group comprise the Company and its subsidiaries. The subsidiaries are fully consolidated from the date on which control is transferred to the Company and de-consolidated from the date that control ceases. The Group obtains and exercises control as the basis for determining which entities are consolidated in the consolidated financial statements. All subsidiaries have a reporting date of 31 March.

In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised profits and losses arising within the consolidated entity are eliminated in full.

The Group uses the acquisition method of accounting for business combinations. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies. Acquisition costs are expensed as incurred.

4.5 Foreign currency translation

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

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position as presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

4.6 Segment reporting

In identifying its operating segments, the Chief Executive Officer generally follows three reporting segments based on the geographical locations of the operations and revenue streams. These segments have been determined based on the reports reviewed by the Chief Executive Officer and, according to IFRS 8, are around the assessment of performance and the allocation of resources.

The geographical areas are as follows:

Segment	Activity
New Zealand	Sale of energy efficient products within New Zealand
Australia	Sale of energy efficient products within Australia
Rest of World	Sale of energy efficient products to all other countries

Each of these operating segments is managed within the Group and each of these service lines requires different resources and marketing approaches. Going forward the Group is focusing on the New Zealand and Australian markets.

The measurement policies the Group uses for segment reporting under NZ IFRS 8 are the same as those used in its financial statements.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, returns, rebates and discounts and after eliminating sales within the Group.

Sale of goods (wholesale) The Group sells a range of ecobulbs in the wholesale market. Sales of goods are recognised when a Group entity has delivered products to the customer. Delivery does not occur until the products have been shipped to the specific location, and the risks of obsolescence and loss have been transferred to the customer. The ecobulb products are often sold with volume discounts. Sales are recorded based on the price specified in the sales contracts, net of estimated volume discounts and returns at the time of sale.

Sale of services The installation services to customers is now organised through the Agency Holders. This change took effect during 2015 and these services are provided on a time and material basis or as a fixed-price contract.

4.8 Finance income and expenses

Finance income Interest income is recognised as it accrues, using the effective interest method.

Finance expenses All finance expenses are recognised in profit and loss using the effective interest method.

4.9 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument being the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities held by the Group are measured initially at fair value plus/less transaction costs, except for financial assets carried at fair value through profits and loss where transaction costs are expensed in the Statement of Comprehensive Income.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets The Group's financial assets include cash and cash equivalents and trade and other receivables.

Loans and receivables Cash and cash equivalents and trade and other and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables are considered for impairment when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms of the receivables. Significant financial difficulties of the debtor or investee, probability that a debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

If there is objective evidence that impairment exists for individual loans and receivables, the impairment loss is calculated as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows using the original effective interest rate. Receivables with a short duration are not discounted.

The Group uses an allowance account to reduce the carrying amount of loans and receivables that are considered to be impaired (or in the case of a reversal of a write-down because of an event occurring after the impairment was recognised, an increase), unless there is no reasonable possibility of recovering any cash from the debtor or investee. In this case, the Group writes off the receivable directly (and transfers any impairment loss recognised in the allowance account directly to the receivable).

Other financial liabilities The Group's financial liabilities include loans and borrowings (including convertible notes), trade and other payables and finance lease payable.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

4.10 Statement of cash flows

The Statement of Cash Flows has been prepared using the direct method. Definitions are:

1) **Operating Activities**
Are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

2) **Investing Activities**
All transactions relating to the acquisition and disposal of long term assets and other investments not included in cash equivalents.

3) **Financing Activities**
Are activities that result in changes of the equity and debt capital structure of the reporting entity and the cost of servicing the equity capital.

4.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, investments in term deposits with maturities of less than three months, bank overdrafts and other highly liquid investments that are readily convertible to known amounts of cash as part of its day to day cash management and which are subject to an insignificant risk of changes in value.

4.12 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses.

Cost is based on the weighted average method and includes expenditure in acquiring the inventories and bringing them to their existing location and condition.

4.13 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and other financial assets except to the extent that the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax provided is determined by using tax rates and laws enacted or substantively enacted at reporting and expected to apply when the related deferred tax asset or liability is realised or settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.14 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Property plant and equipment is subject to impairment testing as described in Note 4.19.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "administration and general expenses" in the Statement of Comprehensive Income.

Depreciation is recognised in the Statement of Comprehensive Income to write off the cost of an item of property, plant and equipment, less any residual value, over its expected useful life, at the following rates:

• Computer equipment	14.4% - 60.0%	Diminishing value
• Office furniture and equipment	15.6% - 50.0%	Diminishing value
• Motor vehicles	30.0% - 36.0%	Diminishing value
• Laboratory equipment	40.0%	Diminishing value
• Plant and equipment	60.0% - 67.0%	Diminishing value

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

4.15 Intangible assets

Intangible assets include acquired and internally developed software used in administration, trademarks and patents acquired and internally developed designs and development. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.19. The following useful lives are applied:

• Software:	4 years
• Trademarks	7 – 11 years
• Patents	2.5 years
• Designs	1 – 20 years
• Development	3-5 years

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

Research and Development Expenditure Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Costs that are directly attributable to the development phase of new ecobulbs and energy efficient products are recognised as intangible assets provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on product development along with directly attributable overheads. Internally generated product development recognised as intangible assets are subject to the same subsequent measurement method as external product development costs. However, until completion of the development project, the assets are subject to impairment testing only as described below in Note 4.19.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset.

4.16 Short-term employee entitlements

Short-term employee entitlements, including holiday entitlement, are current liabilities included in employee entitlements, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Liabilities for accumulating short-term compensated absences are measured as the amount of unused entitlement accumulated at the pay period ending immediately prior to the reporting date.

4.17 Equity, reserves and dividend payments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Retained earnings include all current and prior period accumulated losses.

Foreign exchange translation reserve reflects foreign exchange gains and losses resulting from the translation of assets, liabilities, income and expenses of Group entities that have a functional currency different from the Group presentation currency.

All transactions with owners of the parent are recorded separately within equity.

4.18 Leased assets

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of a lease. The Group leases certain property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in non current liabilities. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

4.19 Impairment of non-financial assets

The carrying amounts of the Group's intangible assets and property plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss in respect of other assets (i.e. property, plant and equipment and intangible assets) is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.20 Goods and services tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

5 Segment reporting

The Chief Executive Officer currently identifies the Group's service lines as operating segments as further described in Note 4.6. These segments have been determined based on the reports reviewed by the Chief Executive Officer and, according to IFRS 8, are around the assessment of performance and the allocation of resources.

Segment profit / (loss) represents the profit / (loss) earned by each segment including allocation of some central administration costs and Director's salaries, available for sale financial assets, (shown as part of segment assets in prior year), investment revenue and finance costs of loans and borrowings. The segment profit represents the profit (loss) before tax. This is the measure reported to the Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

Segment information for the Group can be analysed as follows for the reporting periods under review:

Group Year Ended 31 March 2016	NZ$ New Zealand	NZ$ Australia	NZ$ Rest of World	NZ$ Eliminations	NZ$ Total
Revenue from external customers	2,248,484	6,153,108	2,160	-	8,403,752
Other income	28,792	-	-	-	28,792
Depreciation & amortisation	(278,494)	-	-	-	(278,494)
Segment net (loss)/profit before tax	(2,372,800)	1,230,027	(120,072)	-	(1,262,845)
Non-current asset additions	367,911	-	-	-	367,911
Segment assets	9,553,665	4,182,708	358,233	(8,078,606)	6,015,999
Segment liabilities	(8,858,152)	(3,908,508)	(87,199)	20,254,091	7,400,232
Reconcilation to loss after tax:					
Segment net (loss)/profit before tax					(1,262,845)
Income tax expense					-
Loss after tax for the year					**(1,262,845)**

Group Year Ended 31 March 2015	NZ$ New Zealand	NZ$ Australia	NZ$ United States	NZ$ Rest of World	NZ$ Eliminations	NZ$ Total
Revenue from external customers	2,225,519	3,448,709	239,614	-	-	5,913,843
Other income	30,515	2,910	-	1,480	-	34,905
Depreciation & amortisation	(217,572)	-	-	-	-	(217,572)
Segment net (loss)/profit before tax	(3,088,455)	420,595	(502,582)	(1,944)	-	(3,172,386)
Non-current asset additions	502,000	-	-	-	-	502,000
Segment assets	10,735,436	1,235,611	398,610	988	(7,950,614)	4,420,032
Segment liabilities	(8,961,363)	(1,267,410)	(122,734)	(745)	14,828,533	4,476,282
Reconcilation to loss after tax:						
Segment net (loss)/profit before tax						(3,172,386)
Income tax expense						-
Loss after tax for the year						**(3,172,386)**

Due to the change in focus, our segments for reporting are currently the Australian and New Zealand markets.

The number of customers that represent greater than 10% of continuing operations revenue is 1 (2015: 1). This customer is within the Australian segment. The total revenue represented by this customer is $1,207,454 (2015 $758,405).

6 Revenue and Other income

Revenue and Other income includes the following items:

	2016 NZ$	2015 NZ$
Revenue		
Sale of eco bulbs and energy efficient products	8,403,752	5,913,843
Revenue subtotal	8,403,752	5,913,843
Other income		
Sundry income	28,792	34,905
Other income subtotal	28,792	34,905
Total revenue and other income	**8,432,544**	**5,948,748**

7 Administration and general expenses / Selling and distribution expenses

Profit / (loss) before taxation from continuing operations includes the following expenses:

	Note	2016 NZ$	2015 NZ$
Administration and general expenses			
Audit fees	10	64,050	64,155
Depreciation and amortisation	9	278,494	217,572
Directors fees		159,072	145,467
Donations	36	-	-
Employment expenses		984,232	1,432,519
Exchange (gains) / losses on trading		(77,799)	79,173
Lease and rental expenses		99,189	105,843
Office & administration		324,053	334,688
Research costs		5,772	16,566
Other expenses		619,050	521,851
Total administration and general expenses		**2,456,113**	**2,917,835**
Selling and distribution expenses			
Lead generation costs		172,944	251,532
Sales commissions and external fees		801,652	1,185,858
Other selling and distribution expenses		175,710	248,223
Total selling and distribution expenses		**1,150,306**	**1,685,613**

8 Finance costs / (Income)

	2016 NZ$	2015 NZ$
Interest income on bank deposits & employee loans	(10,761)	(11,394)
Finance income	(10,761)	(11,394)
Interest expense of loans and borrowings	378,648	281,725
Finance costs	378,648	281,725
Total net finance costs / (income)	**367,887**	**270,330**

9 Depreciation and amortisation

	2016 NZ$	2015 NZ$
Depreciation		
Computer equipment	17,372	33,128
Office furniture and equipment	2,272	2,873
Motor vehicles	750	1,374
Laboratory Equipment	3,313	5,254
Plant and equipment	21,952	23,930
Total depreciation	45,659	66,559
Amortisation of trademarks, patents, designs and software	35,051	43,581
Amortisation of research and development	197,784	107,432
Total depreciation and amortisation	**278,494**	**217,572**

10 Auditors' remuneration

Amounts paid to the auditors include:

	2016 NZ$	2015 NZ$
Audit of financial statements		
Audit of financial statements (1)	55,650	57,750
Other Services		
Interim review (2)	8,400	6,405
Total other services	8,400	6,405
Total fees paid to auditor	**64,050**	**64,155**

Notes:

1. The audit fee relates to the audit of the year-end financial statements (which includes a 5% service fee).
2. Other services relates to the interim review procedures for the September review.

11 Income tax

The relationship between the expected tax expense based on the domestic effective tax rate of Energy Mad Limited at 28% (2015: 28%) and the reported tax expense in the Statement of Comprehensive Income can be reconciled as follows, also showing major components of tax expense.

	2016 NZ$	2015 NZ$
Loss before tax from continuing operations	(1,262,845)	(3,172,386)
Domestic tax rate for Energy Mad Limited	28%	28%
Expected tax benefit	(353,597)	(888,268)
Adjustment for non taxable income and expenses	94,932	94,082
Tax benefit not recognised in current year	258,665	794,186
Actual tax expense	**-**	**-**
Tax expense comprises:		
Current tax expense	-	-
Deferred tax expense	-	-
Tax (expense) / benefit	**-**	**-**
Taxable profit / (loss)	(251,284)	(808,404)
Losses brought forward	(5,493,308)	(12,594,833)
Tax losses no longer claimable	-	7,909,929
Losses to carry forward	**(5,744,592)**	**(5,493,308)**

The Directors have made a decision not to recognise any deferred tax asset in the Financial Statements for this reporting period.

In the prior year, an international shareholder, that has been a shareholder in the Company since pre-October 2011 IPO, had sold their remaining shares. A consequence of this is that the Group had lost approximately $7.9 million of accumulated gross tax losses in the prior year as a result of falling below the 49% minimum continuity of shareholding. The founding shareholders have maintained their shareholding since the October 2011 IPO and the Group still has approximately $5.7m of gross tax losses available.

12 Imputation credits

	2016	2015
Imputation Credits available for use in subsequent reporting	**(3,414)**	**(4,579)**

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for imputation credits that will arise from the payment of the amount of taxation payable, imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date, and imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

13 Dividends declared and paid

No dividends were declared or paid by the Group for the year ended 31 March 2016 (2015: $nil).

14 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2016 NZ$	2015 NZ$
Cash on deposit	-	33,471
Cash at bank and on hand	290,865	1,304,946
Total cash and cash equivalents	**290,865**	**1,338,418**

15 Trade and other receivables

	2016 NZ$	2015 NZ$
Trade receivables	2,195,997	577,380
Provision for doubtful debts	(20,300)	(16,400)
Goods & services tax refund	21,897	33,552
Prepayments	129,495	130,605
NZX bond	75,000	75,000
Total trade and other receivables	**2,402,089**	**800,137**

16 Inventories

	2016 NZ$	2015 NZ$
Ecobulbs	1,301,433	970,969
Inventory deposits	333,285	120,047
Inventory in transit	1,079,092	422,695
Provision for inventory obsolescence	(369,719)	(409,677)
Total inventories	**2,344,091**	**1,104,035**

The cost of inventories for the year is included in cost of sales in the Statement of Comprehensive Income.

The inventory obsolescence provision has been assessed at $369,719 (2015: $409,677) and no further amount has been recognised in the Statement of Comprehensive Income for the year ended 31 March 2016 (2015: $228,571).

17 Investment in subsidiaries

The Company's investment in the subsidiaries comprises shares at cost less impairment. All subsidiaries have a reporting date of 31 March and are incorporated in New Zealand with the exception of Energy Mad US LLC which is incorporated in the United States of America.

Subsidiaries	Principal activity	Shareholding 2016 %	Shareholding 2015 %
Energy Mad NZ Limited (Formerly Energy Mad Limited)	Energy efficiency	100	100
Intellectual Property Energy Mad Limited	Intellectual property	100	100
Energy Mad Build Limited	Investment	100	100
EcoSmartHomes Limited (business discontinued)	Energy efficiency	100	100
Energy Mad US LLC	Energy efficiency	100	100

18 Property, plant and equipment

Group	Computer equipment	Office furniture and equipment	Plant & equipment	Motor vehicles	Laboratory equipment	Total
	NZ$	NZ$	NZ$	NZ$	NZ$	NZ$
Cost						
Balance at 1 April 2015	285,306	54,487	88,173	6,541	37,225	471,732
Additions, separately acquired	3,753	1,738	5,041	-	2,406	12,938
Disposals	(87,782)	-	-	-	-	(87,782)
Balance at 31 March 2016	**201,277**	**56,225**	**93,214**	**6,541**	**39,631**	**396,888**
Accumulated depreciation						
Balance 1 April 2015	(248,996)	(45,661)	(57,404)	(4,045)	(29,344)	(385,450)
Depreciation	(17,372)	(2,272)	(21,952)	(750)	(3,313)	(45,659)
Disposals	86,250	-	-	-	-	86,250
Balance 31 March 2016	**(180,118)**	**(47,933)**	**(79,356)**	**(4,795)**	**(32,657)**	**(344,859)**
Carrying amount 31 March 2016	**21,159**	**8,292**	**13,858**	**1,746**	**6,974**	**52,029**

Group	Computer equipment	Office furniture and equipment	Plant & equipment	Motor vehicles	Laboratory equipment	Total
	NZ$	NZ$	NZ$	NZ$	NZ$	NZ$
Cost						
Balance at 1 April 2014	272,980	54,487	67,241	13,208	37,225	445,141
Additions, separately acquired	12,326	-	20,932	-	-	33,258
Disposals	-	-	-	(6,667)	-	(6,667)
Balance at 31 March 2015	**285,306**	**54,487**	**88,173**	**6,541**	**37,225**	**471,732**
Accumulated depreciation						
Balance 1 April 2014	(215,868)	(42,788)	(33,474)	(7,923)	(24,090)	(324,143)
Depreciation	(33,128)	(2,873)	(23,930)	(1,374)	(5,254)	(66,559)
Disposals	-	-	-	5,252	-	5,252
Balance 31 March 2015	**(248,996)**	**(45,661)**	**(57,404)**	**(4,045)**	**(29,344)**	**(385,450)**
Carrying amount 31 March 2015	**36,310**	**8,826**	**30,769**	**2,496**	**7,881**	**86,282**

There were no plant and equipment impairment losses for the Group for the year ending 31 March 2016 (2015: $nil).

Computer equipment includes the following amounts where the Group is a lessee under a finance lease:

	2016	2015
	NZ$	NZ$
Cost - capitalised finance lease	34,636	34,636
Accumulated depreciation	(28,435)	(19,134)
Net Book Amount	**6,201**	**15,502**

19 Intangible assets

The Group has reviewed the trademarks and patents held. Any trademarks or patents that were held for markets where the Group has no plans to enter have been identified and the carrying values have been written off. The Group has reviewed the development costs and trademarks and patents for impairment for the year ended 31 March 2016. As a result, there has been an impairment write-off of patents and designs for CFL technology for the year ended 31 March 2016 of $141,257 (2015: Nil).

Group	Development	Trademarks, patents and designs	Software	Total
	NZ$	NZ$	NZ$	NZ$
Cost				
Balance at 1 April 2015	3,730,162	351,737	108,764	4,190,663
Additions	329,023	20,935	5,015	354,973
Balance at 31 March 2016	**4,059,185**	**372,672**	**113,779**	**4,545,636**
Amortisation and impairment				
Balance at 1 April 2015	(3,045,990)	(130,902)	(72,933)	(3,249,825)
Amortisation	(197,784)	(15,009)	(20,042)	(232,835)
Impairment	-	(141,257)	-	(141,257)
Balance at 31 March 2016	**(3,243,774)**	**(287,168)**	**(92,975)**	**(3,623,917)**
Carrying amount 31 March 2016	**815,411**	**85,504**	**20,804**	**921,719**

Group	Development	Trademarks, patents and designs	Software	Total
	NZ$	NZ$	NZ$	NZ$
Cost				
Balance at 1 April 2014	3,313,391	323,164	85,366	3,721,921
Additions	416,771	28,573	23,398	468,742
Balance at 31 March 2015	**3,730,162**	**351,737**	**108,764**	**4,190,663**
Amortisation				
Balance at 1 April 2014	(2,938,558)	(112,211)	(48,043)	(3,098,812)
Amortisation	(107,432)	(18,691)	(24,890)	(151,013)
Balance at 31 March 2015	**(3,045,990)**	**(130,902)**	**(72,933)**	**(3,249,825)**
Carrying amount 31 March 2015	**684,172**	**220,835**	**35,831**	**940,838**

The impairment model used to determine the value in use is based on the Board approved forecasts. The key assumptions are the following:

- Overall revenue growth is assumed to substantially increase for the year ending 31 March 2017, and then more modest growth for the years ending 31 March 2018 and 2019 respectively.
- The growth is expected to come from a significant increase in our new LED range of Ecobulbs into Australia.
- In addition with the emission reduction programmes in Victoria and New South Wales continuing in their current quantities for the foreseeable future it is assumed that there will be future sales in Australia through the current customer base.
- Foreign currency rates, particularly the Australian dollar rate used is 0.9300.

In addition a pre-tax discount rate of 15% has been applied to the cash flow forecasts over five years and no terminal value has been included.

The balance of projects is still on-going and the amortisation periods are in line with note 3.

20 Deferred tax assets

A deferred tax asset associated with loss incurred in the year ended 31 March 2016 has not been recognised. In light of the recognition criteria within NZ IAS 12 Income Taxes, the Board had considered the appropriateness of continuing to recognise a deferred tax asset in 2014 and therefore decided on a full write-off of the deferred tax asset. Accordingly $1,950,863, being the full amount of the deferred tax asset, was derecognised with the corresponding expense reported within income tax in the Statement of Comprehensive Income for the year ending 31 March 2014 (refer note 11).

21 Trade and other payables

	2016 NZ$	2015 NZ$
Trade payables	2,095,908	1,008,442
Sundry accruals	1,087,679	523,205
Goods and services tax	133,257	17,706
Total trade and other payables	**3,316,844**	**1,549,353**

22 Employee entitlements

	2016 NZ$	2015 NZ$
Annual leave accruals	83,768	49,757
Total employee entitlements	**83,768**	**49,757**

23 Short term advance

	2016 NZ$	2015 NZ$
Short term advance	1,102,896	319,051
Total short term advance	**1,102,896**	**319,051**

The Group has secured a A$1,000,000 (2015: A$450,000) factoring facility from global debtor finance provider Scottish Pacific Business Finance (who purchased Bibby Financial Services during the year), through the assignment of its Australian accounts receivable. This facility relates to debtors less than 90 days old and is for a two year period from 22 February 2016 at an interest rate of 1% above Westpac Banking Corporation's Indicator Lending Rate (which was 8.48% at the commencement of the facility). This facility is secured by a General Security Agreement over the assets and undertaking of Energy Mad NZ Limited, which has a guarantee and indemnity from Energy Mad Limited.

24 Convertible notes (unsecured)

Convertible notes (unsecured) include the following liabilities:

	2016 NZ$	2015 NZ$
Convertible notes (unsecured)	2,534,000	2,534,000
Total convertible notes (unsecured)	**2,534,000**	**2,534,000**

The key factors of the Convertible Notes are:

- The interest rate on the amount drawn down is 12.5 % per annum (first convertible note 20th February, 2014) and 13.5% per annum (second convertible note 25th November, 2014) for the initial three year period, calculated on a quarterly basis.
- They can be drawn down as required by the Group.
- They have a term of three years with an option for the Group to extend it by one year.
- The Group can repay the drawdown amount of the convertible notes at any time prior to the three year term.

- The convertible notes cannot be called upon prior to the end of the term.
- Should SuperLife Limited elect to convert the convertible notes to ordinary shares in the Company at the end of the three year term, the conversion will be at the lower of:

  (a) $0.35 per share (first convertible note);

  (b) $0.13 per share (second convertible note); and

  (c) The average Energy Mad share price over the five days prior to conversion to shares, for both convertible notes.

25 Term loan (unsecured)

Term loan (unsecured) include the following liabilities:

	2016 NZ$	2015 NZ$
Term Loan (unsecured)	350,000	-
Total term loan (unsecured)	**350,000**	**-**

The Group secured a $500,000 term loan facility from SuperLife Limited on 11 September 2015. As at 31 March the Group has drawn down $350,000 of this facility leaving an undrawn balance of $150,000 available. The loan facility is for a term of two years with a right of renewal for a further one year at an interest rate of 14% per annum for the first two years and 15% per annum for the third year.

26 Contributed equity

All ordinary shares have an equal right to vote, to dividends and to any surplus on winding up.

	2016 NZ$	2015 NZ$
Shares issued and fully paid:		
Beginning of the year	19,732,117	17,659,600
Share issue	-	2,240,646
Share issue costs	-	(168,129)
Total shares authorised	**19,732,117**	**19,732,117**
Reconciliation of the Number of Shares		
Opening shares on issue	77,560,859	43,089,376
Shares issued, Fully Paid at $0.065 per Share	-	34,326,111
Shares issued, Not Paid at Balance date @ $0.065 per Share	-	145,372
Total number of shares	**77,560,859**	**77,560,859**

The direct costs of the share placement in previous year include legal, accounting, tax due diligence and advice and other expenses. The direct costs have been allocated and accounted for as a reduction in equity as follows:

	2016 NZ$	2015 NZ$
Reduction in equity	**-**	**(168,129)**

27 Earnings per share

The basic earnings per share have been calculated using the profit / (loss) for the year from continuing operations attributable to shareholders of the Company. No options to subscribe for securities have been or are granted in respect of the Company.

The weighted number of shares used is as follows:

		2016	2015
Weighted average number of ordinary shares	Basic	77,560,859	43,183,818
		NZ$	NZ$
Loss for the year		(1,262,845)	(3,172,386)
Total loss for the year		**(1,262,845)**	**(3,172,386)**
Basic earnings per share			
Loss for the year		(0.02)	(0.07)
Total		**(0.02)**	**(0.07)**

There are convertible notes held (see note 24) which are convertible to a variable number of shares. As the instruments are anti-dilutive, the disclosure requirements of IAS 33 are not required in the current period. The number of basic and diluted shares is the same.

28 Financial instruments by category

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

	2016 NZ$	2015 NZ$
Cash and cash equivalents	290,865	1,338,418
Loans and receivables		
Trade and other receivables	2,195,997	577,380
Total loans and receivables	2,195,997	577,380
	2,486,862	**1,915,798**
Other financial liabilities at amortised cost		
Trade and other payables	3,316,844	1,549,353
Finance lease payable	12,724	24,120
Convertible note (unsecured)	2,534,000	2,534,000
Term loan (unsecured)	350,000	-
Short term advance	1,102,896	319,051
	7,316,464	**4,426,524**

All financial instruments have been recognised according with the accounting policy in Note 4.9.

The fair value of all financial instruments is equal to their carrying value.

29 Financial instrument risks

Financial risk comprises market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any adverse effects on the financial performance of the Group.

29.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from the fluctuations on interest received relating to cash balances. The risk is managed by the Group by monitoring market interest rates and reviewing the impact of these on interest rate exposure. Fixed rates will be used if analysis determines that interest rates are likely to continue increasing.

The following table summarises the Group's exposure to interest rate risk:

Exposure to interest rate risk 2016	Weighted average effective interest rate	Variable interest rate NZ$	Fixed interest rate NZ$	Non-interest bearing NZ$	Total NZ$
Group					
Financial assets					
Cash and cash equivalents	3.00%	18,580	-	272,285	290,865
Trade and other receivables	N/A	-	-	2,195,997	2,195,997
		18,580	**-**	**2,468,282**	**2,486,862**
Financial liabilities					
Trade and other payables	N/A	-	-	3,316,844	3,316,844
Finance lease payable	10.75%	12,724	-	-	12,724
Convertible note (unsecured)	12.60%	-	2,534,000	-	2,534,000
Term loan (unsecured)	14.00%	-	350,000	-	350,000
Short term advance	9.48%	1,102,896	-	-	1,102,896
		1,115,620	**2,884,000**	**3,316,844**	**7,316,464**

Exposure to interest rate risk 2015	Weighted average effective interest rate	Variable interest rate NZ$	Fixed interest rate NZ$	Non-interest bearing NZ$	Total NZ$
Group					
Financial assets					
Cash and cash equivalents	2.30%	33,471	-	1,304,947	1,338,418
Trade and other receivables	N/A	-	-	577,380	577,380
		33,471	**-**	**1,882,327**	**1,915,798**
Financial liabilities					
Trade and other payables	N/A	-	-	1,549,353	1,549,353
Finance lease payable	10.75%	24,120	-	-	24,120
Convertible note (unsecured)	12.60%	-	2,534,000	-	2,534,000
Short term advance	9.98%	319,051	-	-	319,051
		343,171	**2,534,000**	**1,549,353**	**4,426,524**

29.2 Sensitivity analysis

In managing interest rate risks, the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Over the longer term, however, changes in interest rates will affect reported profits.

The following tables summarises the impact of a 1% change in interest rates:

	Effect on equity		Effect on net profit / (loss)	
	2016	**2015**	**2016**	**2015**
	NZ$	**NZ$**	**NZ$**	**NZ$**
1% increase in interest rates	37,643	22,304	37,643	22,304
1% decrease in interest rates	(37,643)	(22,304)	(37,643)	(22,304)

29.3 Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures being the United States Dollar (USD), Australian Dollar (AUD) and the European Community Euro (EUR). The Group is exposed to currency risk on the conversion of the trading results from subsidiaries operating in the United States of American and from doing business in Australia and Europe. The Group does not have a current hedging policy. Exposures to currency exchange rates arise from the Group's overseas sale and purchase commitments, which are primarily denominated in USD, AUD and EUR. The Company buys product in USD and sells in AUD and NZD.

The following table details the Group's sensitivity to a 10% increase and decrease in the New Zealand dollar against the USD, AUD and EUR:

	Effect on Equity		Effect on net profit / (loss)	
	2016	**2015**	**2016**	**2015**
	NZ$	**NZ$**	**NZ$**	**NZ$**
10% increase in value of NZD Vs USD, AUD and EUR	60,512	50,414	60,512	50,414
10% decrease in value of NZD Vs USD, AUD and EUR	(73,959)	(61,617)	(73,959)	(61,617)

29.4 Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents and trade and other receivables. The Group manages its exposure to credit risk by monitoring the credit quality of the financial institutions that hold its cash balances. The nature of the customer base is such that there is no individual customer concentration of credit risk.

The following tables summarise the Group's credit risk exposure to trade receivables:

Credit risk aging of receivables

	2016	**2015**
	NZ$	**NZ$**
Neither past due/impaired	1,086,922	187,418
Past due 0-30 days	809,054	232,116
Past due 31-60 days	175,890	57,787
Past due 61-90 days	46,825	36,944
Past due more than 90 days	77,306	63,115
	2,195,997	**577,380**
Gross trade receivables	2,195,997	577,380
	2,195,997	**577,380**

The Group has made a provision for doubtful debts of $20,300 at year end on its assessment of any uncollectible debts.

29.5 Liquidity risk

Liquidity risk is the risk arising from the Group not being able to meet its obligations.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves and convertible note facilities by continuously monitoring forecast and actual cash flows and matching this with the maturity profiles of financial liabilities.

29.6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group considers only equity as capital.

2016	Balance sheet NZ$	Total contractual cash flows NZ$	Less than 1 year NZ$	1-2 years NZ$	2-5 years NZ$	5 years + NZ$
Financial assets						
Cash and cash equivalents	290,865	290,865	290,865	-	-	-
Trade and other receivables	2,195,997	2,195,997	2,195,997	-	-	-
	2,486,862	**2,486,862**	**2,486,862**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	3,316,844	3,316,844	3,316,844	-	-	-
Finance lease payable	12,724	12,724	11,799	925	-	-
Convertible notes	2,534,000	2,534,000	-	2,534,000	-	-
Term Loan	350,000	350,000	-	350,000	-	-
Short term advance	1,102,896	1,102,896	-	1,102,896	-	-
	7,316,464	**7,316,464**	**3,328,643**	**3,987,821**	**-**	**-**

2015	Balance sheet NZ$	Total contractual cash flows NZ$	Less than 1 year NZ$	1-2 years NZ$	2-5 years NZ$	5 years + NZ$
Financial assets						
Cash and cash equivalents	1,338,418	1,338,418	1,338,418	-	-	-
Trade and other receivables	577,380	577,380	577,380	-	-	-
	1,915,798	**1,915,798**	**1,915,798**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	1,549,353	1,549,353	1,549,353	-	-	-
Finance lease payable	24,120	24,120	11,396	12,724	-	-
Convertible notes	2,534,000	2,534,000	-	2,250,000	284,000	-
Short term advance	319,051	319,051	-	319,051	-	-
	4,426,524	**4,426,524**	**1,560,749**	**2,581,775**	**284,000**	**-**

30 Lease Commitments

Operating lease commitments

At 31 March 2016, the Group had operating lease commitments in respect of property. At 31 March 2016, total future minimum payments under non-cancellable operating leases are payable as follows:

	2016		2015	
	Total future minimum payments	Property & equipment	Total future minimum payments	Property & equipment
	NZ$	NZ$	NZ$	NZ$
Less than one year	112,890	112,890	125,514	125,514
Between one and five years	36,563	36,563	177,857	177,857
More than five years	-	-	-	-
	149,453	**149,453**	**303,371**	**303,371**

Finance lease commitments

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2016 NZ$	2015 NZ$
Gross finance lease liabilities - minimum lease payments		
Less than one year	12,554	13,438
Between one and five years	946	13,500
More than five years	-	-
	13,500	26,938
Future finance charges on finance lease liabilities	(776)	(2,818)
Present value of finance lease liabilities	**12,724**	**24,120**
The present value of finance lease liabilities is as follows:		
Less than one year	11,799	11,396
Between one and five years	925	12,724
More than five years	-	-
Total	**12,724**	**24,120**

31 Statement of cash flows

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Statement of Financial Position as follows:

Reconciliation of profit for the period to net operating cash flows:

	March 2016 NZ$	March 2015 NZ$
Net loss after tax from continuing operations	(1,262,845)	(3,172,386)
Adjustments for:		
Depreciation and amortisation	278,494	217,572
Impairment of patents and designs	141,257	-
Provision for stock obsolescence	-	228,577
	(843,094)	(2,726,237)
Change in income tax receivable	(1,161)	8,381
Change in inventories	(1,240,056)	(100,297)
Change in trade & other receivables	(1,601,952)	490,700
Change in trade & other payables	1,757,625	(409,224)
Change in employee benefits	34,012	(53,279)
Change in loan to employees	146,277	-
Net cash outflow from operating activities	**(1,748,349)**	**(2,789,955)**

32 Capital commitments

There were no capital commitments at 31 March 2016 (2015: $nil).

33 Contingent assets and liabilities

There were no contingent assets and liabilities at 31 March 2016 (2015: $106,709 contingent liability).

34 Verified voluntary carbon units

The Company generated 73,173 Verified Voluntary Carbon Units (VCU's) from New Zealand Household Energy Efficient Lighting Projects. VCU's are held at the lower of cost or net realisable value. As no cost was incurred in obtaining the VCU's they are left at nil on the Statement of Financial Position. The VCU's created were audited by Det Norske Veritas on the 13th November 2008. A summary of the number of carbon credit units sold since 13th November 2008 is listed below.

		Units		Sales Value $
Verified carbon credits	13 November 2008	73,173		
Less sold		(8,427)	$6.00	(50,562)
Closing balance	31 March 2009	64,746		
Less sold		(11,444)	$6.00	(68,664)
Closing balance	31 March 2010	53,302		
Less sold		(5,920)	$6.00	(35,520)
Closing balance	31 March 2011	47,382		
Less sold		(4,329)	$6.00	(25,974)
Closing balance	31 March 2012	43,053		
Less sold		(4,307)	$6.00	(25,842)
Closing balance	31 March 2013	38,746		
Less sold		(3,146)	$6.00	(18,876)
Closing balance	31 March 2014	35,600		
Less sold		(3,864)	$6.00	(23,184)
Closing balance	31 March 2015	31,736		
Less sold		(1,777)	$6.00	(10,662)
Closing balance	**31 March 2016**	**29,959**		

The Group has a further 328,839 projected carbon credits relating to pre 2008, which have not been audited.

35 Related parties

The Group entered into the following transactions and had balances payable/receivable with the following related parties:

	Transaction value for year 2016 NZ$	Transaction value for year 2015 NZ$	Balance outstanding 2016 NZ$	Balance outstanding 2015 NZ$
Paul Ravlich (Chief Executive Officer)	**(146,277)**	**6,415**	**-**	**146,277**

A loan was advanced to the Chief Executive Officer in June 2013 to acquire shares in the Company. The loan was for $33,750 and was for a term of three years payable by way of cash payment or from future bonuses. The loan attracts an FBT prescribed rate of interest of 5.9% per annum.

A further loan was advanced to the Chief Executive Officer in August 2013 to acquire shares in the Company. The loan was for $102,546 and was for a term of three years payable by way of cash payment or from future bonuses. The loan attracts an FBT prescribed rate of interest of 5.9% per annum. The Chief Executive Officer has been embargoed for two years from selling the shares.

The Board approved a bonus for the Chief Executive Officer for this year as a result of his efforts in restructuring the business and substantially reducing the losses for the Company. This bonus has been applied to fully extinguish his loan account.

The Group also has a convertible note and a term loan facility from a related party (refer to notes 24 and 25).

Key management personnel remuneration

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and include the Chief Executive Officer and his direct reports. The following table summarises remuneration paid to key management personnel.

	2016 NZ$	2015 NZ$
Short-term employee benefits	**1,238,710**	**1,315,605**

36 Donations

Under section 211(1)(h) of the Companies Act 1993 the Group must disclose any donations made. The Group did not make any donations in the period (2015: Nil).

37 Subsequent events

The Board decided to enter into a Direct to Consumer Delivery Agreement with My Eco Limited, a company owned by Energy Mad's Direct Manager, who will now be responsible for continuing to deliver Ecobulb LED Direct to Consumer sales in New Zealand through the existing outsourced Agency Holder sales forces effective from June 1 2016.

The Directors are not aware of any other material matters or circumstances since the end of the reporting period, not otherwise dealt with in the financial statements that have significantly or may significantly affect the operations of the Group.

pwc

Independent Auditors' Report
to the shareholders of Energy Mad Limited

Report on the Consolidated Financial Statements
We have audited the consolidated financial statements of Energy Mad Limited ("the Company") on pages 4 to 30, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 31 March 2016 or from time to time during the financial year.

Directors' Responsibility for the Consolidated Financial Statements
The Directors are responsible on behalf of the Company for the preparation and fair presentation of these consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Group. Other than in our capacity as auditors we have no relationship with, or interests in, the Group.

pwc

Independent Auditors' Report

Energy Mad Limited

Opinion

In our opinion, the consolidated financial statements on pages 4 to 30 present fairly, in all material respects, the financial position of the Group as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Emphasis of Matter – Fundamental Uncertainty in relation to Going Concern

Without modifying our opinion, we draw attention to the disclosures made in Note 3 in the financial statements which indicates that the ability of the Group to continue in operational existence is dependent upon their ability to generate positive cash flows from operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Restriction on Use of our Report

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' 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.

PricewaterhouseCoopers

Chartered Accountants Christchurch

25 May 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

The Financial Reporting Act 2013 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of the financial performance and cash flows for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1993. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have pleasure in presenting the following financial statements for the year ended 31 March 2016.

The Board of Directors of the Group authorised these financial statements for issue on 25 May 2016.

For and on behalf of the Directors

Dr Brent Wheeler
Chairman
25 May 2016

Andrew Plymptom
Director
25 May 2016

CORPORATE GOVERNANCE

The role of the Board

The Board of Directors is elected by shareholders to govern Energy Mad Limited (the Group) in their interests. The Board is responsible for setting the strategic objectives of the Group and for supervising the Group's management for the benefit of the shareholders. The specific responsibilities of the board including:

- Ensuring the Group complies with all the legal and regulatory requirements including compliance with NZX Listing Rules;
- Working with management to set the strategic objectives and direction of the Group;
- Supervising and monitoring the management of the Group to achieve the strategic objectives, and to direct the business and financial performance of the Group; and
- Establishing and overseeing succession plans for the Group's key executive positions.

The Board is responsible for ensuring the Group is properly managed in order to protect and enhance Shareholders' interests. The Directors take this responsibility seriously and, to this end, the Board has adopted a Board charter which sets out to enhance investor confidence through corporate governance and accountability. The Board has also established a Code of Ethics including provisions relating to conflicts of interest, corporate information and property, compliance with laws, regulations and policies and Directors' obligations.

Delegation of Authority to the Chief Executive Officer

The formulation and implementation of policies and reporting procedures for management has been delegated to the Chief Executive Officer as formal delegation terms. The Board's delegation of the conduct of the day to day affairs of the Group to the Chief Executive Officer is made within these terms. The Board monitors those delegations. The Chief Executive Officer in turn implements a Delegation of Authority Policy which sets limits on certain decision making and achieves individual accountability.

Membership size and composition

The Board comprises four Directors, being a non–executive Chairman, and three non– executive Directors. The Board has a broad range of energy, financial, sales, business and other skills and expertise necessary to meet its objectives.

Selection and role of Chairman

The Chairman is elected by the Board from the non–executive Directors. The Board supports the separation of the role of Chairman and Chief Executive Officer. The Chairman's role is to manage the Board effectively, to provide leadership to the Board and to facilitate the Board's interface with the Chief Executive Officer.

Director independence

The Board Charter requires that at a minimum of two Directors be “independent”. The Board has also agreed that the Chairperson shall be independent and cannot also be the Chief Executive Officer. At least two of the Directors shall be ordinarily resident in New Zealand.

As required by the NZSX Main Board, the Group’s approach to Director independence is to have regard for relationships that could (or could be perceived to) materially interfere with the independent judgement of a Director. The NZSX Main Board provide guidance as to the types of relationship that constitute “material relationships affecting independence or the perception of independence.

The Board will review a Director’s independence in light of information that indicates the Director may have a material relationship with the Group. For this reason the Directors are required to advise the Board of any new or changed relationships.

The Board considers that Dr Brent Wheeler, Andrew Meehan, Andrew Plympton and David Jarman to be independent.

Conflicts of interest

The Board Charter outlines the Board’s policy on conflicts of interest. Where conflicts of interest do exist at law, Directors excuse themselves from discussions and do not receive the relevant paper in respect of those interests. In accordance with the relevant stock exchange listing rules, they will not exercise their right to vote in respect of such matters.

Nominations and appointment

From time to time the Board will review the composition of the Board and the Board will have the opportunity to consider candidates for appointment. To be eligible for selection the candidates must demonstrate appropriate qualities and experience. Directors will be selected based on a range of factors including the perceived needs of the Board at the time.

Board Committees

Board Committees may be established in order to facilitate effective decision making. Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.

The current Committees of the Board are the Audit and Risk Management Committee and the Remuneration and Nomination Committee. An individual charter exists for each Committee. Other Committees may be created from time to time to examine or have the delegated authority to deal with specific issues on behalf of the Board.

All Committee members and the Chairperson of the Committee are appointed by the Board.

The Audit and Risk Management Committee comprises the following members;

Andrew Plympton (Chair)
Dr Brent Wheeler
Andrew Meehan

The Remuneration and Nomination Committee comprises the following members;

Andrew Meehan (Chair)
Dr Brent Wheeler
Andrew Plympton

Director remuneration

The Directors’ remuneration is paid in the form of Directors’ fees. The Board may determine that additional allowances be paid to a Director, as appropriate, to reflect additional services provided to the Group by that Director. The total fees available to be paid to Directors are subject to shareholder approval. The Remuneration and Nominations Committee reviews the remuneration of Directors based on criteria developed by that Committee.

Board access to information and advice

A Committee or individual Director may retain and consult with external advisers at the Company’s expense where the Committee or individual deems it necessary to carry out its, his or her functions, with the approval of the Chairperson of the Board.

Non-executive Directors are not employees of the Group. Non-executive Directors are entitled to rely on the Group’s executives, in relation to matters within their responsibility and area of expertise and may assume the accuracy of information provided by such persons, so long as the Director is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

The Board may rely upon information provided by Board Committees and their members in relation to matters within that Board Committee’s delegated responsibility, provided that the Board has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

Director education

The Board seeks to ensure that any new Directors are introduced to management and the business and acquainted with relevant industry knowledge and receive copies of appropriate Group documents to enable them to perform their role.

All Directors are expected to remain current on how to best discharge their responsibilities as Directors including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

Directors' shares' ownership

All non-executive Directors are encouraged to hold shares in Energy Mad Limited.

Directors are subject to limitations on their ability to buy and sell Energy Mad Limited shares by the Group's Insider Trading Policy and the Financial Markets Conduct Act 2013. Directors cannot buy and sell Energy Mad Limited shares during the black-out periods from 1 February to the announcement of the Group's half-year results and from 1 September to the announcement of the Group's full year results. All trading is subject to prior approval of the Chairperson (or in the Chairperson's case by the Chairperson of the Audit and Risk Management Committee). All changes in the shareholdings of Directors are reported to the Board and the NZX.

Board meetings

To enable appropriate review of Board materials, Directors receive materials approximately five days in advance of meetings for items to be acted upon, except in the case of special meetings for which the time period may be shorter due to the urgency of the matter under consideration.

The Board normally meets at least eight times per year.

The Board encourages the Chief Executive Officer to bring employees to Board meetings who can provide additional insight into the items being discussed because of their involvement in those matters. All Directors have access to employees to discuss issues or obtain further information on specific matters as they feel appropriate.

The Board meets regularly in executive session without management present.

Audit independence

One of the main purposes of the Audit and Risk Management Committee is to ensure the quality and independence of the audit process. The Chairman of the Committee and Chief Financial Officer work with the external auditors to plan the audit approach. All aspects of the audit are reported back to the Committee and the auditors are given the opportunity at Committee meetings to meet in executive session with the Board.

Ethics

This Code outlines the Company's expectations for all Group Directors and employees in professional behaviour, and includes the conflicts of interest, code of conduct, gifts, confidentiality, corporate opportunity and use of the Group's assets and information policies.

Diversity

A breakdown of the gender composition of Directors and officers as at the Group's balance date, including comparative figures, is shown below:

	2016		2015	
	Female	**Male**	**Female**	**Male**
Directors	-	4	-	5
Officers	-	5	-	5

The Company does not have a formal Diversity policy.

DISCLOSURES

Entries Recorded In The Interests Register

The following are particulars of entries made in the Interests Register for the period 1 April 2014 – 31 March 2016.

Directors' interests Directors disclosed interests, or cessations of interest, in the following entities pursuant to section 140 of the Companies Act 1993 during the year ended 31 March 2016.

The Directors disclose, pursuant to section 148 of the Companies Act 1993, the following acquisitions and disposals of relevant interests in Energy Mad Limited shares during the year ended 31 March 2016.

Interest Register

Christopher Mardon

13,481,000 shares in Energy Mad Limited through Mardon Family Holdings Limited	Director / Shareholder
Legal owner of 139,050 shares in Energy Mad Limited.	Shareholder

Chris Mardon resigned as a Director on 31 March 2016.

Thomas Mackenzie

8,790,280 shares in Energy Mad Limited through Mackers Family Holdings Limited	Shareholder
Legal owner of 50 shares in Energy Mad Limited.	Shareholder
Mackenzie Clan Investments Limited.	Director

Tom Mackenzie resigned as a Director on 24 June 2015.

Andrew Plympton

Shoply Limited	Chairman
Australian Sports Commission	Commissioner
Australian Olympic Committee Inc	Executive Member
Australian Olympic Foundation Limited	Director
Aon Risk Services Australia Limited	Advisory Director
XPD Soccer Gear Limited	Director
Bitcoin Australia Limited	Chairman
Legal owner of 37,000 shares in Energy Mad Limited.	Shareholder

Andrew Meehan

Petrel Management Pty Ltd	Director
Petrel Securities Pty Ltd	Director
Nicholas Lynch Pty Ltd	Director
Nicholas Lynch Rentals Pty Ltd	Director
Mornington Development Properties Pty Ltd	Director

Richard Ramsay

32,000 shares in Energy Mad Limited jointly held with Vicky Alison Mathias.	Shareholder
Legal owner of 25,000 shares in Energy Mad Limited.	Shareholder

Richard Ramsay resigned as a Director on 22 July 2015.

Dr Brent Wheeler

The Boardroom Practice Limited	Chairman
Fertco Limited	Chairman
Go Rentals Limited	Director
Mike Pero Real Estate Limited	Chairman
MPRE Limited	Chairman

Dr Brent Wheeler was appointed as Chairman on 22 July 2015.

David Jarman

Castlebrade Limited	Chairman
Leighs Cockram JV Limited	Director
Tasman Pacific Insurance Limited	Director
Munich Capital Limited	Director
East Bay Finance Limited	Director
Flexi Credit Limited	Director
Flexi Credit (NZ) Limited	Director
Flexi Credit (GP) Limited	Director
NZ Credit & Loans Limited	Director
Humphrey Eight Limited	Director
Whyte Knight Group Limited	Director
Whyte Knight Management Limited	Director
The Composite Group Limited	Director
The Composite Group GP Limited	Director
Cresta Composites Limited	Director
Crestacraft Limited	Director
Sunbubble Limited	Director
Bermuda Pools Limited	Director

David Jarman was appointed as a Director on 31 March 2016.

Share dealings of Directors

The Directors disclose, pursuant to section 148 of the Companies Act 1993, the following acquisitions and disposals of relevant interests in Energy Mad Limited shares during the year ended 31 March 2016.

Share dealings of Directors	Date of acquisition / disposal	Consideration per share	Number of shares acquired/(disposed)
Mackers Family Holdings Limited (Thomas Mackenzie)	9/02/2016	$ 0.04	(820,613)
Mackers Family Holdings Limited (Thomas Mackenzie)	31/03/2016	$ 0.04	(249,950)

Shareholdings of Directors as at 31 March 2016	Shares
Christopher Mardon (via Mardon Family Holdings Limited)	13,481,000
Christopher Mardon	139,050
Andrew Plympton	37,000

Chris Mardon resigned as a Director on 31 March 2016.

Remuneration of Directors

Details of remuneration and the value of other benefits received by each Director of the Group during the financial year ended 31 March 2016 are as follows:

	Fees	Additional Benefits	Salary
Richard Ramsay	17,307	-	-
Andrew Plympton	49,452	-	-
Brent Wheeler	42,710	-	-
Andrew Meehan	50,000	-	-
David Jarman	-	-	-
Thomas Mackenzie	3,562	-	39,461
Christopher Mardon	-	-	180,703
Total Director fees and salary	**163,031**	**-**	**220,164**

Employee remuneration

The following table shows the number of employees (including employees holding office of Directors of subsidiaries) whose remuneration and benefits for the year ended 31 March 2016 are within the specified bands above $100,000. The remuneration figures shown in the table include all monetary payments actually paid during the course of the year ended 31 March 2016.

Number of employees	2016	2015
$100,000 - $109,999	1	-
$110,000 - $119,999	-	2
$120,000 - $129,999	1	-
$130,000 - $139,999	-	1
$140,000 - $149,999	-	1
$160,000 - $169,999	1	-
$180,000 - $189,999	1	-
$190,000 - $199,999	-	1
$250,000 - $259,999	-	1
$300,000 - $309,999	1	-

Analysis of shareholding as at 13 May 2016	Number of holders	Number of shares	% of issued capital
1 to 1000	70	62,639	0.08
1,001 to 5,000	283	893,440	1.15
5,001 to 10,000	142	1,255,671	1.62
10,001 to 50,000	197	4,838,104	6.24
50,001 to 100,000	40	3,045,114	3.93
100,001 and over	36	67,465,891	86.98
Total	**768**	**77,560,859**	**100.00**

Twenty largest shareholders as at 13 May 2016

Rank	Shareholder rank and name	Holding	% of issued capital
1	SuperLife Trustee Nominees Limited	35,090,154	45.24
2	Mardon Family Holdings Limited (Christopher Mardon)	13,481,000	17.38
3	Mackers Family Holdings Limited (Thomas Mackenzie)	8,350,280	10.77
4	Roa Investments Limited	2,483,600	3.20
5	Ravlich Trustee Limited	975,000	1.26
6	Colin Bruce Spence	650,000	0.84
7	Roger John Williams	590,000	0.76
8	Bruce George Plested	500,000	0.64
9	Caiyun Xie	400,000	0.52
10	Ronald Joseph Gillatt	315,000	0.41
11	Greenfleece Holdings Pty Limited	307,825	0.40
12	Doug Nishijo Strachan & Maho Strachan	304,308	0.39
13	Fraser Wright Maddigan	270,000	0.35
14	John David Culverhouse	234,186	0.30
15	FNZ Custodians Limited	212,304	0.27
16	Neil Antony Brown and Judy Brown & Lindsay Dick	203,040	0.26
17	Ra'Ed Haddad	200,000	0.26
17	David Peter Sullivan	200,000	0.26
17	Ross Andrew Upton & Clare Upton	200,000	0.26
18	John Robert Maclennan	199,800	0.26
19	Karen Angela Connolly	187,280	0.24
20	SuperLife Trustees Nominees Limited	183,600	0.24

Substantial security holders

According to notices given under the Financial Markets Conduct Act 2013 the following persons were Substantial security holders in Energy Mad Limited as at 13 May 2016 in respect of the number of voting securities set opposite their name:

Substantial security holders as at 13 May 2016	Number of shares
SuperLife Trustee Nominees Limited	35,403,754
Mardon Family Holdings Limited (Christopher Mardon)	13,620,050
Mackers Family Holdings Limited (Thomas Mackenzie)	8,350,330

NZX Waivers

Energy Mad Limited had no NZX waivers granted or published by the NZX within or relied upon in the 12 months ending 31 March 2016.

Summary of approved allotment package terms

On 25 February 2015, the shareholders of Energy Mad Limited (Energy Mad) resolved to issue:

(a) up to 225,000,000 ordinary shares (such shares ranking equally with all other shares on issue) as may be required to convert the $2.25 million of convertible notes issued pursuant to the convertible note agreement between Energy Mad and SuperLife Limited (SuperLife) dated 20 February 2014 (the February Agreement);

(b) up to 28,400,000 ordinary shares (such shares ranking equally with all other shares on issue) as may be required to convert the $284,000 of convertible notes issued pursuant to the convertible note agreement between Energy Mad and SuperLife dated 25 November 2014 (the November Agreement); and

(c) up to 27,692,307 ordinary shares (such shares ranking equally with all other shares on issue) to SuperLife Trustee Nominees Limited (STNL) for cash consideration of $0.065 per share (payable immediately prior to issue) in accordance with a proposed rights issue by Energy Mad and the underwriting agreement relating to the proposed rights issue between Energy Mad and SuperLife dated 19 December 2014 (the Underwriting Agreement),

to raise capital for the business operations of Energy Mad, including increasing the numbers of, and providing assistance to, Energy Mad's third party sales forces in New Zealand.

February Agreement

Unsecured convertible notes with a face value of $2,250,000 were issued to SuperLife pursuant to the February Agreement in a series of drawdowns during the 2014 calendar year. SuperLife Limited is able to transfer these convertible notes with the prior written consent of the Energy Mad.

The convertible notes issued pursuant to the February Agreement will convert on the third anniversary (or the fourth anniversary if Energy Mad so elects at its discretion) of the date of the February Agreement. The convertible notes may be converted into shares at a price that is the lower of the average closing market price of the other shares on issue by Energy Mad over the five business days prior to conversion (Market Price) or $0.35 per share.

A maximum of 225,000,000 shares may, therefore, be issued to STNL as SuperLife's nominee under the February Agreement (this figure is based on a Market Price of $0.01 per share, which is the limit approved by shareholders). The minimum number of shares that may be issued to STNL under the February Agreement is 6,428,571 shares.

November Agreement

Unsecured convertible notes with a face value of $284,000 were issued to SuperLife pursuant to the November Agreement on the signing of that agreement. SuperLife Limited may transfer these convertible notes with the prior written consent of the Energy Mad.

The convertible notes issued pursuant to the November Agreement will convert on the third anniversary (or the fourth anniversary if Energy Mad so elects at its discretion) of the date of the November Agreement. The convertible notes may be converted into shares at a price that is the lower of the Market Price or $0.13 per share.

A maximum of 28,400,000 shares may, therefore, be issued to STNL as SuperLife's nominee under the November Agreement (this figure is based on a Market Price of $0.01 per share, which is the limit approved by shareholders). The minimum number of shares that may be issued to STNL under the November Agreement is 2,184,615 shares.

Underwriting Agreement

Under the Underwriting Agreement, SuperLife agreed to underwrite a proposed rights issue by Energy Mad, with a total underwritten amount of $1.8 million. The rights issue was an offer on a "4 for 5 basis" to Energy Mad's New Zealand resident shareholders on the register as at 5pm on Tuesday, 10 March 2015.

Pursuant to an offer document dated 27 February 2015, 34,471,483 ordinary shares (ranking equally with all other shares on issue) were issued on 31 March 2015 at an issue price of $0.065 per share. The rights issue resulted in Energy Mad raising $2,240,646 in new capital. The number of ordinary shares issued included under-subscriptions of 20,439,296 shares which were issued to STNL pursuant to the Underwriting Agreement.

Particular Information relating to the approved allotment package

The information below relates to the financial year ending on 31 March 2016, which is the financial year that this annual report relates to (FY 2016).

Number of securities allotted under the package

As at the end of FY 2016, Energy Mad has already allotted the following securities:

(a) zero shares under the February Agreement;

(b) zero shares under the November Agreement; and

(c) 20,439,296 shares.

Number of securities on issue held or controlled by STNL

As at the end of FY 2016, STNL held 35,273,754 of Energy Mad's ordinary shares. This represents 45.479% of all securities on issue by Energy Mad.

Aggregate percentage of securities held by STNL and associates

As at the end of FY 2016, STNL, SuperLife Limited, MCA NZ Limited and Ballynagarrick Investments Limited (who Energy Mad considers to be associates of STNL) hold 35,403,754 of Energy Mad's ordinary shares (being 45.646% of all securities on issue by Energy Mad).

Maximum percentage of all securities that could be held by STNL

The maximum percentage of all securities that STNL could hold once all of the allotments are complete is 87.223%.

Maximum aggregate percentage of all securities that could be held by STNL and associates

The maximum aggregate percentage of all securities that STNL and associates could hold once all of the allotments are complete is 87.262%.

Assumptions

The numbers and percentages contained in this section are calculated as at 31 March 2016 and are based on the following assumptions:

(a) apart from the shares issued on conversion of the convertible notes issued pursuant to the November Agreement and the February Agreement, no other voting securities are issued by Energy Mad between the calculation date and the date on which the last of the convertible notes convert; and

(b) as approved by shareholders, a Market Price of $0.01 per share is the practical limit in respect of the conversion of the convertible notes issued pursuant to the November Agreement and the February Agreement.

Subsidiary Company Directors

The following held office as at 31 March 2016:

Energy Mad NZ Limited – Christopher Mardon

Intellectual Property Energy Mad Limited - Christopher Mardon

Energy Mad Build Limited – Christopher Mardon

Energy Mad LLC – Christopher Mardon

EcoSmartHome Limited – Christopher Mardon

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OCCURRED ON 15TH OF MAY 2015

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CHAIRMAN
DAVID JARMAN
ANDREW MEEHAN
ANDREW PLYMPTON

MANAGEMENT:
PAUL RAVLICH
CHIEF EXECUTIVE OFFICER
CHIEF FINANCIAL OFFICER

CHRISTOPHER MARDON
MANAGING DIRECTOR
CO – FOUNDER

LAWRENCE GRANT
THIRD PARTY SALES MANAGER

CHRISTOPHER YOUNG
GROUP FINANCE MANAGER

ALIREZA MILANI
TECHNICAL DEVELOPMENT ENGINEER

MIKE COKER
DIGITAL STRATEGY &
MARKETING MANAGER

AUDITOR:
PRICEWATERHOUSECOOPERS

LEGAL ADVISOR:
BELL GULLY

COMPANY SECRETARY:
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