

# **Blackwell Global Holdings Limited**

## **Interim Financial Result**

**For the 6 months ended 30 September 2018**

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# CHAIRMAN'S REPORT

## BLACKWELL GLOBAL HOLDINGS LIMITED

For the six months ended 30 September 2018

Dear Shareholders

During the first six months of this financial year the Group's focus has been on:

- deployment of funds towards good quality, moderate margin loan receivables. To this end, the Group has to date:
  - funded ten separate loan facilities;
  - deployed total funds to date of \$7,375,770 with loans structured across a mix of capitalised interest arrangements and interest only loans. The loans have all been secured by first ranking mortgage securities over quality real estate assets. There have been no defaults of any description in terms of the loans deployed;
- development of a bespoke investment / funding structure whereby the Group can facilitate investment by third party investors into loan facilities procured and managed by the Group;
- the continued development of internal operational infrastructure to provide a platform for growth of its finance company operations; and
- continued investment in the progression of the development of a derivatives trading operation. The Group has been able to offset much of the costs associated with the development of the derivatives trading operation via the contribution towards those costs by the Group's major shareholder.

The Group's revenue comprises interest and fee income from mortgage lending activities.

During the last 6 months a new funding mechanism has been established by creating a Special Purpose Vehicle (SPV). In April 2018 Blackwell Global Funds Limited was incorporated as a wholly owned subsidiary to act as a custodian for an SPV loan origination and lending service. The subsidiary has raised \$2.9 million of borrowings through the SPV arrangement and holds the Group's interest in \$2.9 million of loan receivables. Blackwell Global Finance Limited manages all aspects of the loan. The Group derives interest and fee income from this arrangement with a corresponding interest expense. The SPV is a risk sharing mechanism which mitigates almost all of the Group's credit risk on the related loan receivables that were funded through the SPV arrangement.

The group is seeking additional SPV/Investor relationships as this method of funding has significant advantages for BGI and will allow expansion of lending activities into the non-bank sector, which is seen as a growth area given the main trading bank restrictive lending policies.

In addition to the SPV funding arrangement noted above, and to assist the Group with funding its ongoing working capital requirements and loan receivables, the Group has drawn down a further \$500,000 of secured bonds issued to the Group's major shareholder.

The ongoing challenge for the Group in respect of growing its finance company operation is the ability to continue to raise debt finance from third party investors which can then be deployed towards funding loan receivables, and generating a profit margin for the Group. The Group is continuing to explore innovative new initiatives to secure more funding with a view to aggressively growing the finance company operation in the future.

The loan book as at 30 September 2018 was \$5.7 million. All loans were secured by first mortgages over residential properties. The average lending to value ratio (LVR) was very low at an average of 58%. All loans are current with no past-due assets.

# **CHAIRMAN'S REPORT**

## **BLACKWELL GLOBAL HOLDINGS LIMITED**

**For the six months ended 30 September 2018**

### **Discontinuation of investment in derivative trading operation**

The Board of Blackwell has resolved to discontinue its ongoing investment in developing a derivatives trading operation through its wholly owned subsidiary, Blackwell Global Investments (NZ) Limited (BGINZ).

BGINZ has been in the process of preparing an application to the Financial Markets Authority for a derivatives trading licence. Following the Board's decision, this application will no longer proceed, and all employees associated with this operation will cease working for the business.

The Board expects that the discontinuation of the operations of BGINZ will be completed within two months.

The Board notes that:

- The regulatory landscape for derivative trading operations in New Zealand has become increasing complex and expensive to comply with;
- The sector appears to also be highly competitive and under some strain having regard to at least one high profile failure of a trans-Tasman derivatives operation recently;
- The quantum of investment required to launch the derivatives operation has increased significantly beyond that original forecast during the course of the last financial year;
- The timeframe for the derivatives operation to become cashflow positive were also anticipated to take longer than originally forecast.

The Board considers that the most appropriate direction for the Company to take is to concentrate on the ongoing development of its finance company operation.

The group has adequate cash reserves to meet ongoing needs for the foreseeable future, but lending growth is required to increase revenue, and this requires additional funding from the major shareholder and attracting new investors in the new SPV model.

With its renewed financial strength and operational capabilities, BGI is striving towards establishing its new commercial operations during the course of the current financial year.

The Board of BGI look forward to the further uptake of the new SPV model, enabling the Group to grow its loan book and achieve profitability.



**Sean Joyce**  
**Chairman**

14 December 2018

# Interim Consolidated Statement of Comprehensive Income

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

	Notes	6 mths ended 30 Sep 2018 (unaudited) \$	6 mths ended 30 Sep 2017 (unaudited) \$	12 mths ended 31 Mar 2018 (audited) \$
<b>Revenue</b>				
Interest and fee income	4	424,169	9,055	76,462
Other income	4	177,915	-	82,352
<b>Total Income</b>		<b>602,084</b>	<b>9,055</b>	<b>158,814</b>
<b>Expenses</b>				
Directors' fees	12	(146,625)	(129,044)	(284,481)
Employee expenses		(299,516)	(30,000)	(135,000)
Interest expense		(222,153)	(11,781)	(99,200)
Other operating expenses	5	(242,594)	(113,536)	(392,293)
<b>Total expenses</b>		<b>(910,888)</b>	<b>(284,361)</b>	<b>(910,974)</b>
<b>Loss before income tax</b>		<b>(308,804)</b>	<b>(275,306)</b>	<b>(752,160)</b>
Income tax benefit/(expense)		-	-	-
<b>Total comprehensive loss for the period</b>		<b>(308,804)</b>	<b>(275,306)</b>	<b>(752,160)</b>
<b>Attributable to:</b>				
Owners of the parent company		<b>(308,804)</b>	<b>(275,306)</b>	<b>(752,160)</b>
<b>Earnings/(loss) per share</b>	6			
Basic (loss) per share (cents per share):		<b>(0.07)</b>	(0.10)	(0.21)
Diluted (loss) per share (cents per share):		<b>(0.07)</b>	(0.10)	(0.21)

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

# Interim Statement of Changes in Equity

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

	Notes	Share Capital	Convertible Note Reserve	Contributed Capital	Accumulated Losses	Total Equity
		\$	\$	\$	\$	\$
<b>Balance at 1 April 2017 (audited)</b>		9,650,250	-	-	(10,041,222)	(390,972)
Loss for the period		-	-	-	(275,306)	(275,306)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(275,306)	(275,306)
Issue of ordinary shares, net of transaction costs		2,460,496	-	-	-	2,460,496
Equity component recognised in convertible note reserve	9	-	-	-	-	-
Contributed capital on the bond	9	-	-	-	-	-
<b>Balance at 30 September 2017 (unaudited)</b>		<b>12,110,746</b>	<b>-</b>	<b>-</b>	<b>(10,316,528)</b>	<b>1,794,218</b>
<b>Balance at 1 April 2017 (audited)</b>		9,650,250	-	-	(10,041,222)	(390,972)
Loss for the period		-	-	-	(752,160)	(752,160)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(752,160)	(752,160)
Issue of ordinary shares, net of transaction costs		2,460,496	-	-	-	2,460,496
Equity component recognised in convertible note reserve	9	-	114,716	-	-	114,716
Contributed capital on the bond	9	-	-	102,013	-	102,013
<b>Balance at 31 March 2018 (audited)</b>		<b>12,110,746</b>	<b>114,716</b>	<b>102,013</b>	<b>(10,793,382)</b>	<b>1,534,093</b>
<b>Balance at 1 April 2018 (audited)</b>		<b>12,110,746</b>	<b>114,716</b>	<b>102,013</b>	<b>(10,793,382)</b>	<b>1,534,093</b>
Loss for the period		-	-	-	(308,804)	(308,804)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(308,804)	(308,804)
Contributed capital on the bond	9	-	-	25,503	-	25,503
<b>Balance at 30 September 2018 (unaudited)</b>		<b>12,110,746</b>	<b>114,716</b>	<b>127,516</b>	<b>(11,102,186)</b>	<b>1,250,792</b>

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

# Interim Consolidated Statement of Financial Position

## Blackwell Global Holdings Limited

As at 30 September 2018

	Notes	30 Sep 2018 (unaudited) \$	30 Sep 2017 (unaudited) \$	31 Mar 2018 (audited) \$
<b>Current assets</b>				
Cash and cash equivalents		1,535,897	2,364,057	801,387
Prepayments and other receivables		5,693	-	9,648
Loan receivables	8	5,640,753	105,020	3,258,960
<b>Total current assets</b>		<b>7,182,343</b>	<b>2,469,077</b>	<b>4,069,995</b>
<b>Non-current assets</b>				
Prepayments and other receivables		75,000	-	75,000
Property and equipment		1,251	-	1,668
<b>Total non-current assets</b>		<b>76,251</b>	<b>-</b>	<b>76,668</b>
<b>Total assets</b>		<b>7,258,594</b>	<b>2,469,077</b>	<b>4,146,663</b>
<b>Current liabilities</b>				
Trade payables and other liabilities		234,017	174,859	270,892
Borrowings	9	2,900,000	-	-
<b>Total current liabilities</b>		<b>3,134,017</b>	<b>174,859</b>	<b>270,892</b>
<b>Non-current liabilities</b>				
Borrowings	9	2,873,785	500,000	2,341,678
<b>Total non-current liabilities</b>		<b>2,873,785</b>	<b>500,000</b>	<b>2,341,678</b>
<b>Total liabilities</b>		<b>6,007,802</b>	<b>674,859</b>	<b>2,612,570</b>
<b>Net assets</b>		<b>1,250,792</b>	<b>1,794,218</b>	<b>1,534,093</b>
<b>Equity</b>				
Share capital		12,110,746	12,110,746	12,110,746
Convertible note reserve		114,716	-	114,716
Contributed capital		127,516	-	102,013
Accumulated losses		(11,102,186)	(10,316,528)	(10,793,382)
<b>Total equity</b>		<b>1,250,792</b>	<b>1,794,218</b>	<b>1,534,093</b>

For and on behalf of the Board:



Director

Dated: 14 December 2018



Director

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

# Interim Consolidated Statement of Cash Flows

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

	Notes	6 mths ended 30 Sep 2018 (unaudited) \$	6 mths ended 30 Sep 2017 (unaudited) \$	12 mths ended 31 Mar 2018 (audited) \$
<b>Cash flows from operating activities</b>				
Interest received		233,829	9,055	23,613
Lending, credit fees and other income received		115,435	-	74,310
<b>Operating inflows</b>		<b>349,264</b>	<b>9,055</b>	<b>97,923</b>
Net advances in loan receivables		(2,306,889)	-	(3,280,421)
Payments to suppliers and employees		(534,370)	(524,232)	(774,150)
Interest paid		(145,208)	-	(25,015)
Repayment of GST liability		(28,287)	-	(93,516)
<b>Operating outflows</b>		<b>(3,014,754)</b>	<b>(524,232)</b>	<b>(4,173,102)</b>
<b>Net cash (used in)/generated by operating activities</b>		<b>(2,665,490)</b>	<b>(515,177)</b>	<b>(4,075,179)</b>
<b>Cash flows used in investing activities</b>				
Purchase of property, plant and equipment		-	-	(2,669)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>	<b>(2,669)</b>
<b>Cash flows from financing activities</b>				
Increase in funding from bonds	9	500,000	-	2,000,000
Proceeds from borrowings	9	2,900,000	-	-
Proceeds from convertible notes		-	500,000	500,000
Proceeds from issue of share capital		-	2,220,496	2,220,496
<b>Net cash flow from financing activities</b>		<b>3,400,000</b>	<b>2,720,496</b>	<b>4,720,496</b>
<b>Net increase/(decrease) in cash and cash</b>		<b>734,510</b>	<b>2,205,319</b>	<b>642,648</b>
Cash and cash equivalents at the beginning of the period		801,387	158,739	158,739
<b>Cash and cash equivalents at the end of the year</b>		<b>1,535,897</b>	<b>2,364,057</b>	<b>801,387</b>

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

# Reconciliation of Net Operating Cash Flows to Net Loss After Tax

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

	6 mths ended 30 Sep 2018 (unaudited) \$	6 mths ended 30 Sep 2017 (unaudited) \$	12 mths ended 31 Mar 2018 (audited) \$
Net loss for the period	(308,804)	(275,306)	(752,160)
<i>Adjustments for:</i>			
Depreciation	417	-	1,001
Capitalised interest expense	57,610	11,781	74,185
Capitalised interest income	-	-	(34,956)
	<b>(250,777)</b>	<b>(263,525)</b>	<b>(711,930)</b>
<i>Changes in net assets and liabilities:</i>			
(Increase) / decrease in loan receivables	(2,406,563)	-	(3,280,421)
(Increase) / decrease in prepayments & other receivables	3,955	(23,019)	(2,250)
Increase / (decrease) in trade payables & other liabilities	(36,876)	(228,633)	(136,995)
Increase / (decrease) in deferred revenue	24,771	-	56,417
<b>Net cash (used in)/generated by operating activities</b>	<b>(2,665,490)</b>	<b>(515,177)</b>	<b>(4,075,179)</b>

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.



# Condensed Notes to the Interim Financial Statements

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

### 1. General Information

These unaudited interim financial statements are for Blackwell Global Holdings Limited (the “Company”) and its subsidiaries (together the “Group”).

The Company and its subsidiaries are limited liability companies, domiciled and incorporated in New Zealand. The Company is listed by NZX Limited on the NZX Market (“NZX”).

The Company is profit oriented and is a Financial Markets Conduct reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

The Group operates a diversified financial services business focusing on mortgage lending and a start-up derivatives trading operation.

There are no seasonal or cyclical influences on these interim results.

### 2. Basis of Preparation

The unaudited interim financial statements for the six months ended 30 September 2018 have been prepared in accordance with NZ IAS 34: Interim Financial Reporting and with the requirements of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules. They also comply with the International Accounting Standard 34: Interim Financial Reporting. These unaudited interim financial statements do not include all the notes of the type normally included in an annual financial report, and should be read in conjunction with the financial statements published in the Annual Report for the year ended 31 March 2018 which have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and International Financial Reporting Standards (IFRS).

The financial statements are presented in New Zealand dollars.

The interim financial statements are unaudited.

### 3. Accounting Standards

Apart from the changes noted below, the unaudited interim financial statements have been prepared using the same accounting policies and methods of computation detailed in the company’s Annual Report for the year ended 31 March 2018.

#### *Application of new and revised standards, amendments and interpretations*

The Group has applied NZ IFRS 9: Financial Instruments and NZ IFRS 15: Revenue from Contracts with Customers for the first time in the current financial year. Details of the impact of the application of these new NZ IFRSs are described below.

#### *Application of NZ IFRS 9*

Under NZ IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group accounts for expected credit losses and changes in those expected credit losses. In assessing whether the credit risk of the loan receivables has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the domestic housing market and similar overseas markets, as well as economic expert reports, financial analysis and government data. The Group recognises any impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

No impairment losses have been recognised in these interim results, as there has been no significant change in the risk profile of the loan receivables.

#### *Application of NZ IFRS 15*

The financial statements provide disclosure about disaggregated revenue in accordance with the requirements of the new NZ IFRS (refer note 4).

# Condensed Notes to the Interim Financial Statements

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

### 4. Revenue

The Group recognises revenue from the following major sources:

- Interest from loan receivables
- Loan fee income
- Interest income from deposits and bank accounts

	<b>6 mths ended 30 Sep 2018 (unaudited)</b>	6 mths ended 30 Sep 2017 (unaudited)	12 mths ended 31 Mar 2018 (audited)
	\$	\$	\$
Interest income from loan receivables	<b>294,325</b>	-	34,956
Loan fee income	<b>129,332</b>	-	17,893
Interest income from term deposits and bank accounts	<b>512</b>	9,055	23,613
	<b>424,169</b>	9,055	76,462
 Sundry Income	 <b>177,915</b>	 -	 82,352
	<b>602,084</b>	9,055	158,814

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset, or a shorter period where appropriate, to the net carrying amount of the financial asset.

Loan fee revenue is recognised as each performance obligation is satisfied. Loan acceptance fees charged at the initiation of a loan are recognised as deferred income and amortised over the expected life of the loan. Fees for other services are recognised as the service is performed.

Sundry income represents the benefit received from Blackwell Global Investments Limited paying costs on behalf of the Group. It has been agreed that these costs will not be recovered from the Group. Refer to Note 12: Related Parties.

### 5. Other Operating Expenses

	<b>6 mths ended 30 Sep 2018 (unaudited)</b>	6 mths ended 30 Sep 2017 (unaudited)	12 mths ended 31 Mar 2018 (audited)
	\$	\$	\$
Audit fees	<b>70,250</b>	22,618	61,643
Accounting, consulting and legal	<b>69,016</b>	33,503	204,526
Other operating expenses	<b>103,328</b>	57,415	126,124
	<b>242,594</b>	113,536	392,293

# Condensed Notes to the Interim Financial Statements

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

### 6. Earnings Per Share

	6 mths ended 30 Sep 2018 (unaudited)	6 mths ended 30 Sep 2017 (unaudited)	12 mths ended 31 Mar 2018 (audited)
Basic earnings/(loss) per share (cents):	(0.07)	(0.10)	(0.21)
Diluted earnings/(loss) per share (cents):	(0.07)	(0.10)	(0.21)

The losses and weighted average number of ordinary shares used in the calculation of loss per share are as follows:

	6 mths ended 30 Sep 2018	6 mths ended 30 Sep 2017	12 mths ended 31 Mar 2018
Loss for the period attributable to owners of the parent company (\$)	(308,804)	(275,306)	(752,160)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	439,830,488	271,745,565	355,557,773

The weighted average number of shares has been calculated for the period to the date of approval of the consolidated financial statements.

At 30 September 2018, there were no financial instruments that carried any shareholder dilution rights that were considered to be dilutive (30 September 2017: none; 31 March 2018: none). Accordingly, basic and diluted earnings per share are identical for the accounting periods being reported on.

### 7. Net tangible asset backing

	30 Sep 2018 (unaudited)	30 Sep 2017 (unaudited)	31 Mar 2018 (audited)
Net tangible assets (\$)	1,250,792	1,794,218	1,534,093
Issued shares at balance date	439,830,488	439,830,488	439,830,488
Net tangible assets per share (cents)	0.28	0.41	0.35

### 8. Loan receivables

	30 Sep 2018 (unaudited) \$	30 Sep 2017 (unaudited) \$	31 Mar 2018 (audited) \$
Short term loan receivables	5,721,940	105,020	3,315,377
Deferred revenue	(81,187)	-	(56,417)
Credit provisioning for loan losses	-	-	-
Total loan receivables	5,640,753	105,020	3,258,960

\$2,900,000 of loan receivables have been lent through a special purpose funding arrangement that was established to facilitate the funding and borrowing of funds between a funder and two borrowers. The funder and borrowers are not related parties to the Group. Under this arrangement the Group provides loan

# Condensed Notes to the Interim Financial Statements

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

management and trustee services. The Group facilitates the payments of moneys and effects the security arrangements between the parties. Blackwell Global Funds Limited, as custodian of the loan agreements, holds mortgage securities over the loans. The funder has a general security agreement with Blackwell Global Funds Limited which provides them with the ability to enforce the mortgage securities on default by the borrowers. The funder carries the significant majority of the credit risk on this special purpose funding arrangement. The Group's exposure to credit risk is in relation to any unpaid fees or interest margin due to the Group. The Group has recognised a corresponding current borrowing liability of \$2,900,000 in relation to this funding arrangement.

### 9. Loans and Borrowings

	30 Sep 2018 (unaudited) \$	30 Sep 2017 (unaudited) \$	31 Mar 2018 (audited) \$
<b>Current borrowings</b>			
Short term loan (refer note 8)	2,900,000	-	-
<b>Non current borrowings</b>			
Bonds	2,449,380	-	1,942,536
Convertible notes	424,405	500,000	399,142
	<b>2,873,785</b>	<b>500,000</b>	<b>2,341,678</b>

#### Bonds

The Group issued a further \$500,000 bonds to Blackwell Global Group Limited on 27 April 2018 at a fixed interest rate of 6%. The interest is payable six monthly. The bonds mature three years from the issue date at their nominal value of \$500,000. The contributed capital component represents the difference in fair value between the current fixed interest rate and the estimated interest rate of a similar bond issued to a third party.

The value of the Bonds are recognised in the Interim Consolidated Statement of Financial Position is calculated as follows:

	6 mths ended 30 Sep 2018 (unaudited) \$	6 mths ended 30 Sep 2017 (unaudited) \$	12 mths ended 31 Mar 2018 (audited) \$
<b>Balance at beginning of period</b>	<b>1,942,536</b>	-	-
Value of bonds issued on 18 December 2017	-	-	2,000,000
Value of bonds issued on 27 April 2018	500,000	-	-
Contributed capital on the bonds	(25,503)	-	(102,013)
Interest accrual	12,986	-	33,863
Amortisation of the premium on the bonds	19,361	-	10,686
<b>Bond liability in non-current borrowings</b>	<b>2,449,380</b>	-	<b>1,942,536</b>

# Condensed Notes to the Interim Financial Statements

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

### Convertible Notes

No new convertible notes have been issued in the period. The value of the Convertible Notes are recognised in the Consolidated Statement of Financial Position is calculated as follows:

	6 mths ended 30 Sep 2018 (unaudited) \$	6 mths ended 30 Sep 2017 (unaudited) \$	12 mths ended 31 Mar 2018 (audited) \$
<b>Balance at beginning of period</b>	<b>399,142</b>	-	-
Value of convertible notes issued on 22 June 2017	-	500,000	500,000
Equity component recognised in Convertible Notes reserve	-	-	(114,716)
Interest accrual	<b>4,960</b>	-	4,355
Amortisation of premium	<b>20,303</b>	-	9,503
<b>Total convertible notes liability recognised as non-current borrowings</b>	<b>424,405</b>	500,000	399,142

### 10. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Proportion of interest and voting power held by the Group	
		30 Sept 2018	31 March 2018
Blackwell Global Finance Limited	Diversified financial services	100%	100%
Blackwell Global Investments (NZ) Limited	Diversified financial services	100%	100%
NZF Money Limited (in receivership)	In receivership	100%	100%
Blackwell Global Funds Limited	Special purpose vehicle established	100%	0%

The place of incorporation and operation for all subsidiaries is New Zealand. The balance date of all companies in the Group is 31 March.

Blackwell Global Funds Limited was incorporated on 4 April 2018. The company was established to act as a custodian of a new special purpose funding arrangement by the Group (refer note 8).

### 11. Fair Values

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets of liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 September 2018, 31 March 2018 and 30 September 2017, no assets or liabilities were recognised at fair value.

# Condensed Notes to the Interim Financial Statements

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

As at 30 September 2018, 31 March 2018 and 30 September 2017, cash and cash equivalents, trade and other receivables (excluding prepayments), trade and other payables and accruals approximated their fair value due to being short term.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of un-observable inputs.

The fair values of loan receivables are based on discounted cash flows using a current interest rates per the loan agreements. They are classified as level 3 fair values in the fair value hierarchy due to the use of un-observable inputs.

The fair value hierarchy of the Group's financial assets and liabilities not measured at fair value is presented below.

30 September 2018	Level 1	Level 2	Level 3	Total Fair Value
	\$	\$	\$	\$
Loan receivables	-	-	5,640,753	5,640,753
Cash and cash equivalents	1,535,897	-	-	1,535,897
Other receivables	81,944	-	-	81,944
<b>Total financial assets (unaudited)</b>	<b>1,617,841</b>	<b>-</b>	<b>5,640,753</b>	<b>7,258,594</b>

Borrowings	-	-	5,773,785	5,773,785
Trade and other payables	93,896	-	-	93,896
Accruals and other liabilities	140,121	-	-	140,121
<b>Total financial liabilities (unaudited)</b>	<b>234,017</b>	<b>-</b>	<b>5,773,785</b>	<b>6,007,802</b>

31 March 2018	Level 1	Level 2	Level 3	Total Fair Value
	\$	\$	\$	\$
Loan receivables	-	-	3,258,960	3,258,960
Cash and cash equivalents	801,387	-	-	801,387
Other receivables	210	-	-	210
<b>Total financial assets (audited)</b>	<b>801,597</b>	<b>-</b>	<b>3,258,960</b>	<b>4,060,557</b>

Borrowings	-	-	2,341,678	2,341,678
Trade and other payables	136,723	-	-	136,723
Accruals and other liabilities	127,523	-	-	127,523
<b>Total financial liabilities (audited)</b>	<b>264,246</b>	<b>-</b>	<b>2,341,678</b>	<b>2,605,924</b>

30 September 2017	Level 1	Level 2	Level 3	Total Fair Value
	\$	\$	\$	\$
Loan receivables	-	-	105,020	105,020
Cash and cash equivalents	2,364,057	-	-	2,364,057
Other receivables	-	-	-	-
<b>Total financial assets (unaudited)</b>	<b>2,364,057</b>	<b>-</b>	<b>105,020</b>	<b>2,469,077</b>

Borrowings	-	-	500,000	500,000
Trade and other payables	174,859	-	-	174,859
Accruals and other liabilities	-	-	-	-
<b>Total financial liabilities (unaudited)</b>	<b>174,859</b>	<b>-</b>	<b>500,000</b>	<b>674,859</b>

# Condensed Notes to the Interim Financial Statements

## Blackwell Global Holdings Limited

For the six months ended 30 September 2018

### 12. Related Parties

The Group is controlled by Blackwell Global Group Limited (incorporated in Singapore) which owns 56.61% of the Company's shares. The Group's ultimate controlling party is Mr Kaw Sing Chai, who also owns 12.7% of the Company's shares in his own name. The remaining 30.69% of the Company's shares are widely held.

#### Related party transactions

The following expenses were paid by Blackwell Global Investments Limited on behalf of the Group. It has been agreed that these costs will not be recovered from the Group.

	6 mths ended 30 Sep 2018 (unaudited) \$	6 mths ended 30 Sep 2017 (unaudited) \$
Employee expenses	177,915	-
<b>Total</b>	<b>177,915</b>	<b>-</b>

Blackwell Global Investments Limited also provided the Group with premises and paid the premises related costs at no charge to the Group. It has been agreed that these costs will not be recovered from the Group.

#### Other related party transactions

Invoices Issued By	Related Party	6 mths ended 30 Sep 2018 (unaudited)	6 mths ended 30 Sep 2017 (unaudited)	12 mths ended 31 Mar 2018 (audited)
Corporate Counsel	Sean Joyce	-	-	21,539
CM Partners Limited	Sean Joyce	11,600	-	-
Anthony Harper	Ewe Leong Lim	13,030	13,000	658

Anthony Harper, where director Ewe Leong Lim is also a director, provided legal services to the Group. CM Partners Limited, where director Sean Joyce is a director and shareholder, provided services to support the Group to access loan funding. During the year ended 31 March 2018, Corporate Counsel, where Sean Joyce is a partner, provided legal services to the Group.

#### Directors fees

	6 mths ended 30 Sep 2018 (unaudited) \$	6 mths ended 30 Sep 2017 (unaudited) \$	12 mths ended 31 Mar 2018 (audited) \$
Sean Joyce	43,125	43,015	86,140
Craig Alexander	25,875	34,390	60,265
Say Chan Law (James)	25,875	12,938	38,812
Ewe Leong Lim	25,875	12,938	38,812
Kaw Sing Chai (Michael)	25,875	4,313	3,900
Mark Thornton (resigned 7 July 2017)	-	21,452	21,452
<b>Total remuneration of directors</b>	<b>146,625</b>	<b>129,044</b>	<b>249,381</b>

# **Condensed Notes to the Interim Financial Statements**

## **Blackwell Global Holdings Limited**

**For the six months ended 30 September 2018**

### **13. Segment Reporting**

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is identified as the Board of Directors. The Group internally reported as a single operating segment to the chief decision-maker.

### **14. Capital Commitments**

There were no capital commitments at 30 September 2018 (31 March 2018: nil; 30 September 2017: nil).

### **15. Subsequent Events**

On 14 December 2018 the Board announced to the NZX Market that it had resolved to discontinue its investment in its derivatives trading operation. The financial statements for the six months to 30 September 2018 included sundry income of \$177,915 and employee expenses of \$177,915 that related to the development of the derivatives operation (refer notes 4 and 12). Redundancy costs and notice periods were in line with employment agreements. There were no other significant costs as a result of this decision.

There have been no other significant events after balance date.

### **16. Approval of Financial Statements**

The financial statements were approved by the directors and authorised for issue on 14 December 2018.



**COMPANY DIRECTORY**  
**As at 30 September 2018**

**Independent Directors**

Sean Joyce  
Craig Alexander

**Executive Directors**

Kaw Sing Chai  
Say Chan Law  
Ewe Leong Lim

**Registered Office**

Level 17, 191 Queen Street, Auckland  
Tel: 0800 379 9090

**Company Number**

1474151

**Incorporated**

22 January 2004

**Shares Issued**

439,830,488 Ordinary

**Share Registrar**

Link Market Services Limited  
Deloitte Centre, 80 Queen Street, Auckland  
Tel: 09 375 5998

**Solicitors**

Anthony Harper  
Chorus House, 66 Wyndham Street  
Auckland

**Bankers**

ASB Bank Limited  
ASB, North Wharf, 12 Jellicoe Street, Auckland

**Auditor**

PricewaterhouseCoopers  
PwC Tower  
188 Quay Street  
Auckland 1010