

Energy Mad Limited

Condensed Interim Report

For The Six Months Ended 30 September 2016

(Unaudited)

CONTENTS

Results Overview.....	3
Commentary.....	3
Statement of Comprehensive Income.....	6
Statement of Changes in Equity.....	7
Statement of Financial Position.....	8
Statement of Cash Flows.....	9
Notes to the Financial Statements.....	10

Results Overview

Reporting period	6 months to 30 September 2016
Previous reporting period	6 months to 30 September 2015

	Amount (000s)	Percentage Change
Revenue from ordinary activities	\$NZ 3,669	45.05%
Profit / (loss) from continuing activities attributable to security holders	\$NZ (500)	-23.71%
Net profit / (loss) attributable to security holders	\$NZ (500)	-23.71%

Net tangible asset per security	30 September 2016	-4 cents
	30 September 2015	-2 cents

	Amount per Security	Imputed amount per Security
Interim Final Dividend		
No dividend is proposed	Not Applicable	Not Applicable
Record Date	Not Applicable	
Dividend Payable Date	Not Applicable	
Audit	The financial statements have not been audited	

Interim Results and Commentary

Interim Results

Energy saving light bulb company Energy Mad Limited has released its unaudited results for the six months ending 30 September 2016.

Energy Mad delivered operating revenues of \$3.7 million for the six months ending 30 September 2016, compared to \$2.5 million for the six months ending 30 September 2015.

Australian revenue grew to \$3.1 million for the six months ending 30 September 2016, compared to \$1.4 million for the six months ending 30 September 2015. This increase reflects the increased focus on the Australian Business to Business Market.

New Zealand revenue was \$0.5 million for the six months ending 30 September 2016, compared to \$1.1 million for the six months ending 30 September 2015. The New Zealand Direct to Consumer business was transferred to My Eco Limited from 1 June 2016, and the fall in revenue reflects the lower price point at which sales are made, in tandem with lower operating costs.

Administration and general expenses were \$1.2 million for the six months ending 30 September 2016, compared to \$1.1 million for the six months ending 30 September 2015. Selling and distribution expenses reduced to \$0.3 million for the six months ending 30 September 2016, down from \$0.5 million for the corresponding six months to September 2015, due to the transfer of the Direct to Consumer business to My Eco Limited.

The operating loss for the six months ending 30 September 2016 was \$0.2 million, a significant improvement to the operating loss of \$0.5 million for the six months ending 30 September 2015. The 2016 result includes an increase in the provision for inventory obsolescence of \$0.3 million compared with nil in the corresponding period last year.

Energy Mad Limited

Interim Report 30 September 2016

In June 2016, Energy Mad secured a \$1.0 million loan facility from SuperLife Limited, a major shareholder and supporter of Energy Mad. The loan has been used to fund a significant increase in inventory to support the growth in sales.

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.

Energy saving certificate targets were increased for all three schemes in 2015.

The Victorian Energy Efficiency Target Scheme runs through to December 2029, with the energy saving certificate targets increasing annually from 5.4 million certificates in 2015 to 6.5 million certificates in 2020. Subsequent targets will be set by regulation in 2020 and 2025.

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.

This includes Ecobulb LEDs for the new State Government residential energy saving scheme in New South Wales. These Ecobulb LEDs are currently undergoing independent laboratory testing, prior to being submitted for accreditation into this New South Wales scheme.

While Australian revenue for the six months ending 30 September 2016 was more than double that of the corresponding six months ending 30 September 2015, monthly revenue fell over the period.

The fall was due to the oversupply of Victorian Scheme energy saving certificates, causing the certificate price to halve during the first nine months of 2016. As a consequence Energy Mad's customers reduced their installation activities and sales of Ecobulb LEDs fell.

Energy Mad expects that the fall in installation activity, coupled with an increase in the efficiency target in 2017, will see a rebalancing of supply and demand for VEET certificates and a consequent recovery in the certificate price. This should flow through to a recovery in demand for Ecobulbs and a recovery in sales.

Transfer of New Zealand business

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

The associated one-off costs of this transfer to My Eco Limited resulted in Energy Mad's Direct to Consumer business registering a \$0.16 million operating loss during the six months ending 30 September 2016.

With these one-off transfer costs now complete, and additional cost savings through improved supply chain management, it is expected that ongoing sales to My Eco Limited will be profitable for Energy Mad.

Energy Mad Limited

Interim Report 30 September 2016

Energy Mad People

Energy Mad saw two senior people changes in the six months ending 30 September 2016.

In April 2016, CEO/CFO Paul Ravlich departed Energy Mad to pursue other opportunities after four and a half years' service with Energy Mad.

In late July 2016, Aidan Johnstone joined Energy Mad in the role of General Manager Finance and Operations. Aidan brings an extensive background in Finance, Supply Chain and General Management in international business and will be instrumental in improving business performance.

Thank You

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



Brent Wheeler
Chairman



Andrew Plympton
Director

Statement of Comprehensive Income

For The Six Months Ended 30 September 2016

		6 Months Unaudited September 2016	6 Months Unaudited September 2015	12 Months Audited March 2016
	Notes	NZ\$	NZ\$	NZ\$
Revenue	6	3,668,784	2,529,319	8,403,752
Cost of sales		(2,133,781)	(1,438,380)	(5,579,826)
Gross profit		1,535,002	1,090,939	2,823,926
Other income	6	8,999	12,301	28,792
Administration and general expenses	7	(1,227,488)	(1,105,790)	(2,456,113)
Selling and distribution expenses	7	(253,048)	(482,367)	(1,150,306)
Impairment of patents and designs	14	-	-	(141,257)
Provision for inventory obsolescence		(290,917)	-	-
Operating profit (loss)		(227,452)	(484,917)	(894,958)
Finance income	8	275	8,240	10,761
Finance costs	8	(273,151)	(179,123)	(378,648)
Net finance (costs) / income		(272,876)	(170,883)	(367,887)
Loss before taxation		(500,327)	(655,800)	(1,262,845)
Income tax benefit / (expense)	11	-	-	-
Loss for the year		(500,327)	(655,800)	(1,262,845)
Other comprehensive income				
Exchange gain / (loss) on translating foreign operations		(49,815)	(31,275)	(65,138)
Total other comprehensive income / (loss) for the year		(49,815)	(31,275)	(65,138)
Total comprehensive loss for the year		(550,142)	(687,075)	(1,327,983)
Earnings per share:	21			
Basic and diluted earnings per share				
Loss for the year		(0.01)	(0.01)	(0.02)
Total		(0.01)	(0.01)	(0.02)

Statement of Changes in Equity

For The Six Months Ended 30 September 2016

	Notes	Share capital NZ\$	Foreign exchange translation reserve NZ\$	Accumulated losses NZ\$	Total equity NZ\$
Group					
Balance at 1 April 2016		19,732,117	(153,164)	(20,963,186)	(1,384,233)
Loss for the period		-	-	(500,327)	(500,327)
Other comprehensive income		-	(49,815)	-	(49,815)
Total comprehensive income		-	(49,815)	(500,327)	(550,142)
Balance at 30 September 2016		19,732,117	(202,979)	(21,463,513)	(1,934,375)

	Notes	Share capital NZ\$	Foreign exchange translation reserve NZ\$	Accumulated losses NZ\$	Total equity NZ\$
Group					
Balance at 1 April 2015		19,732,117	(88,026)	(19,700,341)	(56,250)
Loss for the period		-	-	(655,800)	(655,800)
Other comprehensive income		-	(31,275)	-	(31,275)
Total comprehensive income		-	(31,275)	(655,800)	(687,075)
Balance at 30 September 2015		19,732,117	(119,301)	(20,356,141)	(743,325)

	Notes	Share capital NZ\$	Foreign exchange translation reserve NZ\$	Accumulated losses NZ\$	Total equity NZ\$
Group					
Balance at 1 April 2015		19,732,117	(88,026)	(19,700,341)	(56,250)
Loss for the period		-	-	(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)

Statement of Financial Position

As at 30 September 2016

		6 Months Unaudited September 2016	6 Months Unaudited September 2015	12 Months Audited March 2016
	Notes	NZ\$	NZ\$	NZ\$
Current assets				
Cash and cash equivalents		80,284	75,042	290,865
Trade and other receivables	12	1,201,410	929,328	2,402,089
Income tax receivable		11,663	5,134	5,206
Inventories		2,107,521	866,103	2,344,091
Total current assets		3,400,877	1,875,606	5,042,251
Non current assets				
Intangible assets	14	911,076	1,047,181	921,719
Property, plant and equipment	13	41,052	69,357	52,029
Loan to employees	25	-	149,665	-
Total non current assets		952,128	1,266,203	973,748
Total assets		4,353,005	3,141,809	6,015,999
Current liabilities				
Trade and other payables	16	1,617,853	928,812	3,316,844
Employee entitlements		72,003	77,772	83,768
Short term advance	17	556,971	275,975	1,102,896
Finance lease payable		6,552	12,022	11,799
Current portion term loan	19	1,000,000	-	-
Total current liabilities		3,253,379	1,294,582	4,515,307
Non current liabilities				
Finance lease payable		-	6,552	925
Convertible note (unsecured)	18	2,534,000	2,534,000	2,534,000
Term loan	19	500,000	50,000	350,000
Total non current liabilities		3,034,000	2,590,552	2,884,925
Total liabilities		6,287,379	3,885,134	7,400,232
Equity				
Share capital	20	19,732,117	19,732,117	19,732,117
Foreign exchange translation reserve		(202,978)	(119,301)	(153,164)
Accumulated losses		(21,463,513)	(20,356,141)	(20,963,186)
Total equity		(1,934,375)	(743,325)	(1,384,233)
Total equity and liabilities		4,353,005	3,141,809	6,015,999

The accompanying notes form part of these financial statements

Statement of Cash Flows

For The Six Months Ended 30 September 2016

		6 Months Unaudited September 2016	6 Months Unaudited September 2015	12 Months Audited March 2016
	Notes	NZ\$	NZ\$	NZ\$
Operating activities				
<i>Cash was received from:</i>				
Receipts from customers		4,878,462	2,412,429	6,830,593
Interest received		275	8,240	10,761
		4,878,737	2,420,669	6,841,354
<i>Cash was applied to:</i>				
Interest paid		259,244	178,688	375,907
Payments to suppliers and employees		5,254,308	3,258,133	8,212,635
Taxation paid		6,457	1,089	1,161
		5,520,009	3,437,910	8,589,703
Net cash inflow (outflow) from operating activities	23	(641,272)	(1,017,242)	(1,748,349)
Investing activities				
<i>Cash was applied to:</i>				
Purchase of property, plant & equipment		2,995	6,286	12,938
Purchase of intangible assets		120,577	215,499	354,973
		123,572	221,785	367,911
Net cash inflow (outflow) from investing activities		(123,572)	(221,785)	(367,911)
Financing activities				
<i>Cash was provided from:</i>				
Term loan	19	1,150,000	50,000	350,000
Short term advance	17	-	-	783,845
		1,150,000	50,000	1,133,845
<i>Cash was applied to:</i>				
Short term advance	17	545,925	43,076	-
		545,925	43,076	-
Net cash inflow (outflow) from financing activities		604,075	6,924	1,133,845
Net increase/(decrease) in cash and cash equivalents		(160,768)	(1,232,102)	(982,415)
Cash and cash equivalents, beginning of period		290,865	1,338,418	1,338,418
Effect of foreign exchange rates		(49,815)	(31,275)	(65,138)
Cash and cash equivalents, end of period		80,284	75,042	290,865
Cash and cash equivalents				
Cash at bank		80,284	75,042	290,865

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.

2 Statement of compliance

These general purpose financial statements for the six months ended 30 September 2016 have been prepared in accordance with NZ IAS 34, Interim Financial Reporting. In complying with NZ IAS 34, these consolidated financial statements also comply with IAS 34.

These consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements of Energy Mad Limited, the Group, for the year ended 31 March 2016 which have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

3 Use of estimates and judgements

3.1 Going concern

In the current reporting period the Group has produced a loss of \$500,327 and net cash outflow from operating activities of \$641,272. Although the Group has a negative net asset position of \$1,934,375, the current assets exceed current liabilities by \$147,498. The Directors have continued to adopt the going concern assumption in the preparation of these financial statements. This reflects forecast trading activity and ongoing financial support from our major shareholder.

3.2 Provision for inventory

The Group has reviewed inventory values for slow-moving and obsolete stock, and increased the balance sheet provision to \$625,000. This has resulted in a charge of \$290,917 (2015: nil) being recognised in the Statement of Comprehensive Income.

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 34 *Interim Financial Reporting*. 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 through more than half of the voting rights. 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 bases 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 presentational 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 presentational 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 presentational currency are translated into the presentational 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 General Manager 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 General Manager and, according to IFRS 8, are around the assessment of performance and the allocation of resources.

Energy Mad Limited

Interim Report 30 September 2016

The geographical areas 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

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 are now arranged through My Eco Limited, who took over the New Zealand direct to consumer business effective 1 June, 2016.

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.

Energy Mad Limited

Interim Report 30 September 2016

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

These 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 3 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.

Energy Mad Limited

Interim Report 30 September 2016

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 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 other long term payables. 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 are 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 (ie. 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 General Manager 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 General Manager 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, 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 General Manager for the purpose of resource allocation and assessment of segment performance.

Energy Mad Limited

Interim Report 30 September 2016

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

Group Six Months Ended 30 September 2016	NZ\$ New Zealand	NZ\$ Australia	NZ\$ Rest of World	NZ\$ Eliminations	NZ\$ Total
Revenue from external customers	534,577	3,134,207	-	-	3,668,784
Other income	8,999	-	-	-	8,999
Depreciation & amortisation	(143,579)	-	-	-	(143,579)
Segment net (loss)/profit before tax	(1,209,503)	766,424	(57,248)	-	(500,327)
Non-current asset additions	123,572	-	-	-	123,572
Segment assets	9,938,468	2,763,976	322,901	(8,672,340)	4,353,005
Segment liabilities	(9,968,002)	(1,697,118)	(115,845)	18,068,344	6,287,379

Reconciliation to loss after tax:

Segment net (loss)/profit before tax	(500,327)
Income tax expense	-
Loss after tax for the period	(500,327)

Group Six Months Ended 30 September 2015	New Zealand	Australia	Rest of World	Eliminations	Total
Revenue from external customers	1,103,174	1,423,985	2,160	-	2,529,319
Other income	12,301	-	-	-	12,301
Depreciation & amortisation	(130,834)	-	-	-	(130,834)
Segment net (loss)/profit before tax	(816,041)	219,162	(58,921)	-	(655,800)
Non-current asset additions	221,785	-	-	-	221,785
Segment assets	10,060,817	909,773	429,683	(8,258,464)	3,141,809
Segment liabilities	(8,503,632)	(615,617)	(109,856)	13,114,239	3,885,134

Reconciliation to loss after tax:

Segment net (loss)/profit before tax	(655,800)
Income tax expense	-
Loss after tax for the period	(655,800)

Group Year Ended 31 March 2016	New Zealand	Australia	Rest of World	Eliminations	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
Reconciliation 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)

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

Energy Mad Limited

Interim Report 30 September 2016

6 Revenue

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Revenue			
Sale of ecobulbs and energy efficient products	3,668,784	2,529,319	8,403,752
Revenue subtotal	3,668,784	2,529,319	8,403,752
Other income			
Sundry income	8,999	12,301	28,792
Other income subtotal	8,999	12,301	28,792
Total revenue and other income	3,677,783	2,541,620	8,432,544

7 Administration and general expenses / Selling and distribution expenses

	Note	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Administration and general expenses:				
Fees paid to auditors	10	39,375	44,205	70,980
Depreciation and amortisation	9	143,579	130,834	278,494
Directors fees		109,861	77,981	159,072
Donations		-	-	-
Employment expenses		461,285	450,274	984,232
Exchange (gains) / losses on trading		29,931	23,090	(77,799)
Lease and rental expenses		47,704	49,734	99,189
Office & administration		141,181	155,153	324,053
Research costs		-	1,189	5,772
Other expenses		254,573	173,330	612,120
Total administration and general expenses		1,227,488	1,105,790	2,456,113
Selling and distribution expenses:				
Lead generation costs		47,754	31,323	172,944
Sales commissions & external fees		148,625	370,641	801,652
Other selling and distribution expenses		56,669	80,403	175,710
Total selling and distribution expenses		253,048	482,367	1,150,306
Total operating expenses		1,480,536	1,588,157	3,606,419

Energy Mad Limited

Interim Report 30 September 2016

8 Finance Costs / (Income)

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Interest income on bank deposits & employee loans	(275)	(8,240)	(10,761)
Finance income	(275)	(8,240)	(10,761)
Interest expense of loans and borrowings	273,151	179,123	378,648
Finance costs	273,151	179,123	378,648
Total net finance costs / (income)	272,876	170,883	367,887

9 Depreciation and amortisation

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Depreciation			
Computer equipment	5,027	8,634	17,372
Office furniture and equipment	1,180	1,137	2,272
Motor vehicles	115	375	750
Laboratory Equipment	1,395	1,576	3,313
Plant and equipment	4,642	9,956	21,952
Total depreciation	12,359	21,678	45,659
Amortisation of trademarks, patents, designs and software	11,594	17,583	35,051
Amortisation of development costs	119,626	91,573	197,784
Total depreciation and amortisation	143,579	130,834	278,494

Energy Mad Limited

Interim Report 30 September 2016

10 Auditors' remuneration

Amounts paid to the auditors include:

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Audit of financial statements			
Audit of financial statements (1)	33,075	37,275	64,050
Other Services			
GST review	-	630	630
Share registry audit	6,300	6,300	6,300
Total other services	6,300	6,930	6,930
Total fees paid to auditor	39,375	44,205	70,980

Note:

1. The audit fee accrual for 6 months to September relating to the audit of the year-end financial statements (which includes a 5% service fee).

11 Income tax

The relationship between the expected tax expense based on the domestic effective tax rate of Energy Mad Limited at 28% (March 2016: 28%) and the reported tax expense in the Statement of Comprehensive Income can be reconciled as follows, also showing major components of tax expense.

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Loss before taxation	(500,327)	(655,800)	(1,262,845)
Domestic tax rate for Energy Mad Limited	28%	28%	28%
Expected tax benefit	(140,092)	(183,624)	(353,597)
Adjustment for non taxable income and expenses	114,952	25,640	94,932
Tax benefit not recognised in current year	25,140	157,984	258,665
Tax benefit derecognised during the year	-	-	-
Actual tax expense	-	-	-
Tax (expense) / benefit	-	-	-
Taxable profit / (loss)	(34,755)	(158,742)	(251,284)
Losses brought forward	(5,744,592)	(5,496,548)	(5,493,308)
Tax losses no longer claimable	-	-	-
Losses to carry forward	(5,779,347)	(5,655,290)	(5,744,592)

Energy Mad Limited

Interim Report 30 September 2016

The Directors have made a 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 Company. The tax losses no longer claimable relate to accumulated losses not able to be carried forward due to the Group falling below the 49% minimum continuity of shareholding threshold required to be met to retain these losses.

12 Trade and other receivables

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Trade receivables	1,059,362	660,151	2,195,997
Provision for doubtful debts	(60,549)	(3,596)	(20,300)
Goods & services tax refund	15,183	-	21,897
Prepayments	112,415	197,772	129,495
NZX bond	75,000	75,000	75,000
Total trade and other receivables	1,201,410	929,328	2,402,089

The trade receivables for Australia have been assigned to Scottish Pacific Business Finance (refer note 17).

Energy Mad Limited

Interim Report 30 September 2016

13 Property, plant and equipment

Group	Computer equipment NZ\$	Office furniture and equipment NZ\$	Plant & equipment NZ\$	Motor vehicles NZ\$	Laboratory equipment NZ\$	Total NZ\$
Cost						
Balance at 1 April 2016	201,277	56,225	93,214	6,541	39,631	396,888
Additions, separately acquired	2,995	-	-	-	-	2,995
Disposals	(2,408)	-	-	(5,217)	-	(7,625)
Balance at 30 September 2016	201,864	56,225	93,214	1,324	39,631	392,258

Accumulated depreciation						
Balance 1 April 2016	(180,118)	(47,933)	(79,356)	(4,795)	(32,657)	(344,859)
Depreciation	(5,027)	(1,180)	(4,642)	(115)	(1,395)	(12,359)
Disposals	2,202	-	-	3,810	-	6,012
Balance 30 September 2016	(182,943)	(49,113)	(83,998)	(1,100)	(34,052)	(351,206)
Carrying amount 30 September 2016	18,921	7,112	9,216	224	5,579	41,052

Group	Computer equipment NZ\$	Office furniture and equipment NZ\$	Plant & equipment NZ\$	Motor vehicles NZ\$	Laboratory equipment NZ\$	Total NZ\$
Cost						
Balance at 1 April 2015	285,306	54,487	88,173	6,541	37,225	471,732
Additions, separately acquired	1,246	-	5,040	-	-	6,286
Disposals	(87,783)	-	-	-	-	(87,783)
Balance at 30 September 2015	198,769	54,487	93,213	6,541	37,225	390,235

Accumulated depreciation and impairment						
Balance 1 April 2015	(248,996)	(45,661)	(57,404)	(4,045)	(29,344)	(385,450)
Depreciation	(8,634)	(1,137)	(9,956)	(375)	(1,576)	(21,678)
Disposals	86,250	-	-	-	-	86,250
Balance 30 September 2015	(171,380)	(46,798)	(67,360)	(4,420)	(30,920)	(320,878)
Carrying amount 30 September 2015	27,389	7,689	25,853	2,121	6,305	69,357

Group	Computer equipment NZ\$	Office furniture and equipment NZ\$	Plant & equipment NZ\$	Motor vehicles NZ\$	Laboratory equipment NZ\$	Total 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

Energy Mad Limited

Interim Report 30 September 2016

14 Intangible assets

Group	Development NZ\$	Trademarks and patents NZ\$	Software NZ\$	Total NZ\$
Cost				
Balance at 1 April 2016	4,059,185	372,672	113,779	4,545,636
Additions	113,479	7,098	-	120,577
Balance at 30 September 2016	4,172,664	379,770	113,779	4,666,213
Amortisation and impairment				
Balance at 1 April 2016	(3,243,774)	(287,168)	(92,975)	(3,623,917)
Amortisation	(119,626)	(6,531)	(5,063)	(131,220)
Balance at 30 September 2016	(3,363,400)	(293,699)	(98,038)	(3,755,137)
Carrying amount 30 September 2016	809,264	86,071	15,741	911,076

Group	Development NZ\$	Trademarks and patents NZ\$	Software NZ\$	Total NZ\$
Cost				
Balance at 1 April 2015	3,730,162	351,737	108,764	4,190,663
Additions	192,268	19,231	4,000	215,499
Balance at 30 September 2015	3,922,430	370,968	112,764	4,406,162
Amortisation and impairment				
Balance at 1 April 2015	(3,045,990)	(130,902)	(72,933)	(3,249,825)
Amortisation	(91,573)	(7,716)	(9,867)	(109,156)
Balance at 30 September 2015	(3,137,563)	(138,618)	(82,800)	(3,358,981)
Carrying amount 30 September 2015	784,867	232,350	29,964	1,047,181

Group	Development NZ\$	Trademarks and patents NZ\$	Software NZ\$	Total 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				
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

Energy Mad Limited

Interim Report 30 September 2016

15 Deferred tax assets

The Directors have made a 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 Company.

16 Trade and other payables

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Trade payables	1,463,782	769,625	2,095,908
Sundry accruals	129,102	102,330	1,087,679
Goods and services tax	24,967	56,857	133,257
Total trade and other payables	1,617,853	928,812	3,316,844

17 Short term advance

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Short term advance	556,971	275,975	1,102,896
Total short term advance	556,971	275,975	1,102,896

The Group has secured a A\$1,000,000 (2015: A\$450,000) factoring facility from global debtor finance provider Scottish Pacific Business Finance 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.

18 Convertible notes (unsecured)

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Convertible notes (unsecured)	2,534,000	2,534,000	2,534,000
Total convertible notes (unsecured)	2,534,000	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.

Energy Mad Limited

Interim Report 30 September 2016

- 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.

19 Term Loan (unsecured)

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Term loans (unsecured)	1,500,000	50,000	350,000
Total term loans(unsecured)	1,500,000	50,000	350,000

The Group secured a \$500,000 term loan facility from SuperLife Limited on 11 September 2015. This 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.

The Group secured a further \$1,000,000 term loan facility from SuperLife Limited on 1 June 2016. This loan facility is for a one year term at an interest rate of 15.75% per annum.

Both of these term loans were fully drawn down as at 30 September, 2016.

20 Contributed equity

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Shares issued and fully paid:			
Beginning of the year	19,732,117	19,732,117	19,732,117
Total shares authorised	19,732,117	19,732,117	19,732,117
Reconciliation of the Number of Shares:			
Opening shares on issue	77,560,859	77,560,859	77,560,859
Total number of shares	77,560,859	77,560,859	77,560,859

Energy Mad Limited

Interim Report 30 September 2016

21 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:

		6 Months Unaudited September 2016	6 Months Unaudited September 2015	12 Months Audited March 2016
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Weighted average number of ordinary shares	Basic	77,560,859	77,560,859	77,560,859
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Earnings per share:

Basic earnings per share

	NZ\$	NZ\$	NZ\$
Loss for the year	(500,327)	(655,800)	(1,262,845)
Total loss for the year	(500,327)	(655,800)	(1,262,845)

Basic earnings per share

Loss for the year	(0.01)	(0.01)	(0.02)
Total	(0.01)	(0.01)	(0.02)

22 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.

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Cash and cash equivalents	80,284	75,042	290,865
Loans and receivables			
Trade and other receivables	1,059,362	660,151	2,195,997
Total loans and receivables	1,059,362	660,151	2,195,997
	1,139,646	735,193	2,486,862
Other financial liabilities at amortised cost			
Trade and other payables	1,617,853	928,812	3,316,844
Finance lease payable	6,552	18,574	12,724
Convertible note (unsecured)	2,534,000	2,534,000	2,534,000
Term loan	1,500,000	50,000	350,000
Short term advance	556,971	275,975	1,102,896
	6,215,376	3,807,361	7,316,464

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.

23 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:

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Net profit / (loss) after tax from continuing operations	(500,327)	(655,800)	(1,262,845)
Adjustments for:			
Depreciation and amortisation	143,579	130,834	278,494
Provision for stock obsolescence	290,917	-	141,257
	(65,832)	(524,966)	(843,094)
Change in income tax receivable	(6,457)	(1,089)	(1,161)
Change in inventories	(54,346)	237,932	(1,240,056)
Change in trade & other receivables	1,200,679	(129,191)	(1,601,952)
Change in trade & other payables	(1,703,551)	(627,944)	1,757,625
Change in employee benefits	(11,765)	28,015	34,012
Change in loan to employees	-	-	146,277
Net cash outflow from operating activities	(641,272)	(1,017,242)	(1,748,349)

24 Capital commitments

There were no capital commitments at 30 September 2016 (31 March 2016: \$Nil, 30 September 2015: \$Nil).

25 Related parties

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

	Transaction value for half year September 2016 NZ\$	Transaction value for year March 2016 NZ\$	Balance outstanding September 2016 NZ\$	Balance outstanding March 2016 NZ\$
Paul Ravlich (Chief Executive Officer)	-	(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.

Energy Mad Limited

Interim Report 30 September 2016

The Board approved a bonus for the Chief Executive Officer for the last financial year as a result of his efforts in restructuring the business and substantially reducing the losses for the Company. This bonus was 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 18 and 19).

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 General Manager and his direct reports. The following table summarises remuneration paid to key management personnel.

	6 Months Unaudited September 2016 NZ\$	6 Months Unaudited September 2015 NZ\$	12 Months Audited March 2016 NZ\$
Short-term employee benefits	408,208	489,942	1,238,710

26 Subsequent events

In November, the Group secured a \$1.0 million term loan facility from Smartshares Limited. The facility is secured by way of a Specific Security Deed over inventory held by the Group. The loan facility is for a term of one year at an interest rate of 20.0% per annum.

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.