Instant Finance Limited
(formerly Instant Finance NZ Limited)

Financial Statements

For the year ended 31 March 2012

Instant Finance Limited (formerly Instant Finance NZ Limited)

Directors' Responsibility Statement

For the year ended 31 March 2012

In accordance with the resolution of the directors of Instant Finance Limited, in the opinion of the directors:

a) the accompanying financial statements of the company and group are drawn up so as to give a true and fair view of the results of the company and group for the year ended 31 March 2012, and the state of affairs of the company and group as at 31 March 2012.

b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

c) the accompanying financial statements have been compiled in accordance with applicable New Zealand Equivalents to International Financial Reporting Standards.

For and on behalf of the Board:

Director

Director

Dated: 19 June 2012

Instant Finance Limited (formerly Instant Finance NZ Limited)

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For the year ended 31 March 2012

Instant Finance Limited (formerly Instant Finance NZ Limited)

Statements of Comprehensive Income

For the year ended 31 March 2012

$'000	Notes	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Interest income	2	**22,571**	20,781	**22,564**	20,202
Interest expense	3	**(6,544)**	(6,441)	**(6,544)**	(6,441)
Net interest income		**16,027**	14,340	**16,020**	13,761
Other income	4	**13,032**	12,707	**12,288**	12,079
Total operating income		**29,059**	27,047	**28,308**	25,840
Operating expenses	5	**(18,549)**	(17,891)	**(17,951)**	(17,326)
Impaired asset expenses	6	**(1,228)**	(1,008)	**(1,205)**	(958)
Operating surplus		**9,282**	8,148	**9,152**	7,556
Share of associated company surplus	16	**29**	3	**-**	-
Profit before income tax		**9,311**	8,151	**9,152**	7,556
Income tax	7	**(2,987)**	(2,812)	**(2,908)**	(2,634)
Profit for the year from continuing operations		**6,324**	5,339	**6,244**	4,922
Profit for the year attributable to equity holders of the parent		**6,324**	5,339	**6,244**	4,922
Other comprehensive income for the year, net of tax		**-**	-	**-**	-
Total comprehensive income		**6,324**	5,339	**6,244**	4,922
Total comprehensive income for the year attributable to equity holders of the parent		**$6,324**	$5,339	**$6,244**	$4,922
Basic earnings per ordinary share		**$0.71**	$0.60	**$0.70**	$0.55

Instant Finance Limited (formerly Instant Finance NZ Limited)

Statements of Financial Position

As at 31 March 2012

$'000	Notes	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Equity					
Capital and reserves attributable to equity holders of the parent:					
Share capital	8	**11,407**	11,407	**11,407**	11,407
Retained earnings	9	**15,869**	12,624	**15,418**	12,253
Total equity		**$27,276**	$24,031	**$26,825**	$23,660

$'000	Notes	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Assets					
Cash and cash equivalents	10	**1,917**	3,723	**1,902**	3,705
Inventories	11	**834**	703	**-**	-
Other assets	12	**368**	199	**339**	197
Loan receivables	13	**77,937**	73,240	**77,598**	71,909
Due from associate and subsidiaries	26	**12**	1	**253**	893
Due from related party	25	**448**	507	**448**	507
Investments in subsidiary	15	**-**	-	**500**	500
Investments in associate	16	**85**	56	**18**	18
Other investments		**2**	2	**2**	2
Property, plant and equipment	17	**2,398**	2,129	**2,398**	2,129
Deferred tax assets	18	**1,174**	1,186	**1,220**	1,293
Tax losses		**44**	178	**-**	-
Intangible assets	19	**4,397**	4,529	**4,423**	4,555
Total assets		**89,616**	86,453	**89,101**	85,708
Liabilities					
Borrowings	20	**47,179**	46,735	**47,179**	46,735
Redeemable preference shares	20	**8,568**	8,513	**8,568**	8,513
Trade payables and other liabilities	21	**6,180**	6,526	**5,608**	6,135
Due to subsidiaries	26	**-**	-	**396**	-
Tax payable		**68**	311	**196**	328
Employee entitlements		**345**	337	**329**	337
Total liabilities		**62,340**	62,422	**62,276**	62,048
Net assets		**$27,276**	$24,031	**$26,825**	$23,660

The Board of Directors of Instant Finance Limited authorised these financial statements for issue on 19 June 2012.

Director

Director

The accompanying notes form part of and should be read in conjunction with these financial statements.

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Instant Finance Limited (formerly Instant Finance NZ Limited)

Statements of Changes in Equity

For the year ended 31 March 2012

Group

31 March 2012 **$'000**	Notes	**Share capital**	**Retained earnings**	**Total equity**
Balance as at 1 April 2011	8,9	11,407	12,624	24,031
Comprehensive income				
Profit for the year	9	-	6,324	6,324
Other comprehensive income		-	-	-
Total comprehensive income		-	6,324	6,324
Transaction with owners				
Issue of share capital	8	-	-	-
Dividends	9	-	(3,079)	(3,079)
Balance as at 31 March 2012		$11,407	$15,869	$27,276

31 March 2011 **$'000**	Notes	**Share capital**	**Retained earnings**	**Total equity**
Balance as at 1 April 2010	8,9	11,798	9,988	21,786
Comprehensive income				
Profit for the year	9	-	5,339	5,339
Other comprehensive income		-	-	-
Total comprehensive income		-	5,339	5,339
Transaction with owners				
Issue of share capital	8,9	(391)	(67)	(458)
Dividends	9	-	(2,636)	(2,636)
Balance as at 31 March 2011		$11,407	$12,624	$24,031

Parent

31 March 2012 **$'000**	Notes	**Share capital**	**Retained earnings**	**Total equity**
Balance as at 1 April 2011	8,9	11,407	12,253	23,660
Comprehensive income				
Profit for the year	9	-	6,244	6,244
Other comprehensive income		-	-	-
Total comprehensive income		-	6,244	6,244
Transactions with owners				
Issue of share capital	8	-	-	-
Dividends	9	-	(3,079)	(3,079)
Balance as at 31 March 2012		$11,407	$15,418	$26,825

31 March 2011 **$'000**	Notes	**Share capital**	**Retained earnings**	**Total equity**
Balance as at 1 April 2010	8,9	11,798	10,034	21,832
Comprehensive income				
Profit for the year	9	-	4,922	4,922
Other comprehensive income		-	-	-
Total comprehensive income		-	4,922	4,922
Transactions with owners				
Issue of share capital	8,9	(391)	(67)	(458)
Dividends	9	-	(2,636)	(2,636)
Balance as at 31 March 2011		$11,407	$12,253	$23,660

The accompanying notes form part of and should be read in conjunction with these financial statements.

Instant Finance Limited (formerly Instant Finance NZ Limited)

Statements of Cash Flows

For the year ended 31 March 2012

$'000	Notes	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Operating activities					
Cash was provided from:					
Loan receivables interest received		**22,521**	20,701	**22,514**	20,122
Bad debts recovered		**838**	983	**838**	983
Other interest received		**49**	41	**49**	41
Other income received		**13,704**	12,977	**13,690**	12,394
		37,112	34,702	**37,091**	33,540
Cash was applied to:					
Net advance of loan receivables		**(6,732)**	(10,912)	**(6,711)**	(14,285)
Interest paid: wholesale funding		**(4,942)**	(4,960)	**(4,942)**	(4,960)
Interest paid: redeemable preference shares		**(1,193)**	(1,197)	**(1,193)**	(1,197)
Establishment of funding facilities		**(100)**	-	**(100)**	-
Directors fees		**(276)**	(237)	**(276)**	(237)
Payment to suppliers and employees		**(17,177)**	(15,179)	**(17,179)**	(14,427)
Tax paid		**(4,544)**	(3,362)	**(4,519)**	(3,362)
		(34,964)	(35,847)	**(34,920)**	(38,468)
Net cash inflows /(outflows) from operating activities		**2,148**	(1,145)	**2,171**	(4,928)
Investing activities					
Cash was provided from / (applied to):					
Acquisition of property, plant and equipment		**(794)**	(429)	**(794)**	(429)
Acquisition of software		**(6)**	(152)	**(6)**	(152)
Net repayment from / (advances to) associate, subsidiary and related parties		**227**	32	**207**	3,842
Net cash (outflows) / inflows from investing activities		**(573)**	(549)	**(593)**	3,261
Financing activities					
Cash was provided from / (applied to):					
Net redemption of preference shares		**-**	(103)	**-**	(103)
Net proceeds / (repayment) of investor loans		**-**	2	**-**	2
Net repayment of shareholder advances		**790**	420	**790**	420
Purchase of shares		**-**	(457)	**-**	(457)
Net proceeds from wholesale funding		**(1,500)**	6,500	**(1,500)**	6,500
Dividends paid		**(2,671)**	(1,833)	**(2,671)**	(1,833)
Net cash (outflows) / inflows from financing activities		**(3,381)**	4,529	**(3,381)**	4,529
Net (decrease) / increase in cash held		**(1,806)**	2,835	**(1,803)**	2,862
Cash at beginning of year		**3,723**	888	**3,705**	843
Cash at end of year	10	**$1,917**	$3,723	**$1,902**	$3,705

The accompanying notes form part of and should be read in conjunction with these financial statements.

Instant Finance Limited (formerly Instant Finance NZ Limited)

Statements of Cash Flows

For the year ended 31 March 2012

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Reconciliation with operating surplus				
Reported profit after tax	**6,324**	5,339	**6,244**	4,922
Add / (deduct) non-cash items:				
Depreciation and amortisation expense	**534**	509	**534**	509
Loss on disposal of property, plant and equipment	**98**	11	**98**	11
Share of associated company (surplus)/deficit	**(29)**	(3)	**-**	-
Movement in deferred tax	**12**	(15)	**73**	(44)
Movement in tax losses	**134**	148	**-**	-
Impaired asset expenses	**2,069**	1,991	**2,046**	1,941
	2,818	2,641	**2,751**	2,417
Add / (deduct) movements in working capital items				
Net repayment / (advance) in loan receivables	**(6,732)**	(9,878)	**(6,711)**	(13,251)
Movement in other assets	**(17)**	(5)	**10**	(33)
Movement in trade payables and other liabilities	**(329)**	327	**(207)**	541
	(7,078)	(9,556)	**(6,908)**	(12,743)
Add / (deduct) movement in items classified as investing / financing activities				
Movement in administration fees accrual	**91**	296	**91**	341
Movement in accrued interest	**(7)**	135	**(7)**	135
	84	431	**84**	476
Net cash flow from operating activities	**$2,148**	$(1,145)	**$2,171**	$(4,928)

The accompanying notes form part of and should be read in conjunction with these financial statements.

1. Summary of significant accounting policies

(a) Entities reporting

The financial statements for the "parent" are for Instant Finance Limited (formerly Instant Finance NZ Limited) as a separate legal entity.

The consolidated financial statements for the "group" are for the economic entity comprising Instant Finance Limited (the "company" or the "parent"), its subsidiaries ED 2001 Limited and Easy Driver Limited and associate company MyHome NZ Limited (formerly IFone Limited).

The parent and all entities included in the group are profit oriented entities incorporated and domiciled in New Zealand. Instant Finance Limited is a company registered under the Companies Act 1993 (company number 1166132) and was prior to 5 August 2009 an issuer in terms of the Securities Act 1978. Instant Finance Limited is still deemed to be an issuer under s18 of the Financial Reporting Act 1993. The address of its registered office is Level One, Building B, 600 Great South Road, Greenlane, Auckland.

Instant Finance provides personal and business finance services, ED 2001 Limited is an investment holding company, Easy Driver Limited is a motor vehicle retailer and MyHome NZ Limited is a mobile phone, furniture and whiteware retailer. All entities operate in New Zealand.

These financial statements have been approved for issue by the Board of Directors on 19 June 2012.

The entity's owners do not have the power to amend these financial statements once issued.

(b) Basis of preparation

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), and other interpretations as appropriate for profit oriented entities. The financial statements also comply with International Financial Reporting Standards.

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Statutory base
The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Measurement base
The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain assets as identified in specific accounting policies below. These financial statements are presented in New Zealand dollars, which is the company's functional currency, rounded to units of one thousand ($'000).

Critical accounting estimates and judgements
The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Impairment losses on loans and advances - the group reviews its loan portfolio to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the statements of comprehensive income, the company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan portfolio. This evidence may include indications that there has been an adverse change in the payment status of borrowers in a group of loans with similar credit characteristics. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when assessing future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/- 1%, the provision would be estimated at $31,000 (March 2011: $29,000) higher/lower for the group.

1. Summary of significant accounting policies (continued)

- Estimated impairment of goodwill - the group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(n). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 19).
- The group is subject to income taxes. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

(c) Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statements of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Associates

Associates are entities in which the group has significant influence, but not control, over the operating and financial policies. Investments in associate are accounted for using the equity method of accounting and are initially recognised at cost. The group's share of the net surplus/deficit of associate is recognised separately in the statements of comprehensive income. Where the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associate are eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(d) Interest income and expense

Interest income and interest expense are recognised in the statements of comprehensive income for all financial assets and liabilities measured at amortised cost using the effective interest method. The effective interest method allocates interest income or interest expense over the life of the contract, or when appropriate, a shorter year, using the weighted average interest rate. The weighted average interest rate is the discount rate at which the present value of the future cash flows

1. Summary of significant accounting policies (continued)

equals the net carrying amount of the financial asset or liability. When calculating the weighted average interest rate the group estimates the future cash flows considering all the contractual terms of the contract but does not include future credit losses. The calculation of the weighted average interest rate includes all fees, transaction costs and all other premiums or discounts that are an integral part of the weighted average interest rate.

(e) Other income and expenses

Other income consists primarily of loan and credit related fee revenue including income earned on the sale of insurance.

Yield related fee revenue, together with the related direct cost, is amortised and recognised over the year of the customer loan on a weighted average interest rate basis. Fees not included in the weighted average interest calculation are recognised when the service is provided. Fees and interest charged to customer accounts in arrears are recognised at the time the fees and interest are charged.

Insurance commission receivable from insurers arising from the sale of loan insurance is immediately recognised in the statements of comprehensive income.

Sale of Motor Vehicles
Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Sales of goods are recognised when the company has delivered a product to the customer.

(f) Income tax

Income tax on the surplus for the year comprises current and deferred tax. Income tax is recognised in the statements 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 and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the tax rates expected to apply against the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

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.

(g) Financial assets

These include cash and cash equivalents, loan receivables, and receivables from associate. All financial assets are classified as loans and receivables, in accordance with NZ IAS 39.

Loan receivables include personal loans and business loans with fixed or determinable payments, that are not quoted in an active market and which are not classified as available for sale or designated at fair value through profit or loss. They arise when the company or group provides money or services directly to a customer and has no intention of trading the loan. Loan receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently recorded at amortised cost, using the effective interest method, adjusted for impairment losses, deferred income and unearned future income. Under the effective interest rate method, fee income and costs directly related to the origination of the loan are deferred over the expected life of the assets. Unearned future income represents interest not yet earned on the assets and is calculated using the effective interest method. Loan receivables are derecognised when the rights to receive cash flows have expired or the risks and rewards of ownership have been substantially transferred.

1. Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less and bank overdrafts repayable on demand.

(i) Inventories

Inventories comprise motor vehicles held for resale and are stated at the lower of cost and net realisable value. Net realisable value is defined as the estimated selling price in the ordinary course of business less any estimated costs to complete the sale.

(j) Impairment of financial assets

Assets carried at amortised cost
The company and group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has had an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company and group assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the directors about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- a concession granted to the borrower that the lender would not otherwise consider for economic or legal reasons relating to the borrower's financial difficulty;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group; including adverse changes in the payment status of borrowers in the group.

Impairment is assessed for assets that are individually significant (or on a portfolio basis for small value loans) and then on a collective basis for those exposures not individually known to be impaired.

If it is determined that no objective evidence exists for an individually assessed financial asset, whether significant or not, the assets are included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, or where the original effective interest rate is not available, at the asset's contractual interest rate. The amount of the impairment loss is recognised using a provision for impairment charge account and the amount of the loss is included in the statements of comprehensive income.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics based on the company and group's grading process, taking into account asset type, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

1. Summary of significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group.

Estimates of changes in future cash flows for groups of assets should reflect the changes in related observable data from year to year (for example, changes in payment status, or other factors indicative of changes in probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. When a loan is deemed to be uncollectible, it is written off against the statements of comprehensive income or against the related allowance for loan impairment where such an allowance had been recognised. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the provision for impairment charges. The amount of the reversal is recognised in the statements of comprehensive income.

(k) Asset quality

Other impaired assets
An impaired asset is an asset for which an impairment loss is required in accordance with NZ IAS 39 paragraphs 58 to 62, but is not a restructured asset.

Restructured assets
A restructured asset is an asset for which,

- the original terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulties in complying with the original terms; and
- the revised terms of the facility are not comparable with the terms of new facilities with comparable risk; and
- the yield on the asset following restructuring is equal to, or greater than, the group's average cost of funds, or that a loss is not otherwise expected to be incurred.

Past due assets
A past due asset is a financial asset on which a counterparty has failed to make a payment when contractually due and which is not a restructured asset or other impaired asset.

Assets acquired through the enforcement of security
Assets acquired through the enforcement of security are loan receivable contracts legally assigned to the company which satisfy part or full repayment of wholesale funding facilities. The company does not acquire assets through the enforcement of security on individual loan contracts. Where repossession of security occurs the assets remain owned by the borrower and any realisation proceeds are applied immediately to the outstanding debt.

(l) Goods and Services Tax (GST)

Financing transactions are a GST exempt supply, therefore GST incurred is not recoverable. As a result the financial statements have been prepared so that applicable components are stated inclusive of GST.

1. Summary of significant accounting policies (continued)

(m) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of comprehensive income during the financial year in which they are incurred. Depreciation is applied on a diminishing value basis at the following rates:

Motor vehicles	31%
Leasehold improvements	11% - 40%
Office equipment includes:	
Furniture and fittings	14% - 18%
Office equipment	26% - 50%
Computer equipment	33% - 48%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If an asset's carrying amount is greater than its estimated recoverable amount its carrying amount is written down immediately to its recoverable amount by recording an impairment loss in the statements of comprehensive income. Gains and losses on disposals are calculated by taking the difference between the net sale proceeds and the carrying amount at the time of disposal. These are included in the statements of comprehensive income.

(n) Intangible assets

Goodwill
The excess of consideration on acquisition over the estimated fair value of the net assets of the subsidiaries acquired is recognised as goodwill. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment by reviewing the carrying value of a cash-generating unit against its recoverable amount. The recoverable amount is determined using estimated future cash flows discounted to their present value using a pre-tax discount rate. An impairment loss is recognised in the statements of comprehensive income where the carrying value exceeds the recoverable amount. An impairment loss in respect of goodwill is not reversed in subsequent years.

Software
Software costs have a finite useful life. Software costs are capitalised and amortised using the diminishing value method with a rate of between 33-48%. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

(o) Impairment of non-financial assets

Assets that have indefinite useful lives or are not yet available for use are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1. Summary of significant accounting policies (continued)

(p) Leases

Operating leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognised as an expense in the statements of comprehensive income on a straight line basis over the year of the lease.

Finance leases
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 statements of comprehensive income over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. 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.

(q) Investments

Investments are stated at fair value through profit or loss as financial assets held for trading. Dividend income is recognised in the year it is entitled to be received.

(r) Investment in subsidiaries

Investments in subsidiaries are measured at cost, less any accumulated impairment costs.

(s) Statements of cash flows

The statements of cash flows has been prepared using the direct approach modified by the netting of the cash flows associated with customer loans, debenture stock, investor loan accounts, related party loan accounts and amounts due from associate. This method provides more meaningful disclosure as many of the cash flows are on behalf of the company's investors and customers, and do not reflect the activities of the company. Cash and cash equivalents consist of cash and liquid assets used in the day to day cash management of the company.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statements of comprehensive income over the year of the borrowings using the effective interest method.

(u) Employee entitlements

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, annual leave and sick leave accruing to employees and expected to be settled within 12 months of the reporting date are recognised and measured at the amounts expected to be paid when the liabilities are settled.

1. Summary of accounting policies (continued)

(u) Employee entitlements (continued)

Long service leave
Liabilities for long service leave, which are not expected to be settled within 12 months of the balance date are measured as the present value of estimated future cash outflows from the group in respect of services provided by employees up to balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service.

Defined contribution plans
Obligations for contributions to the defined contribution superannuation scheme are recognised as an expense in the statements of comprehensive income as incurred.

(v) Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares are recognised in equity in the year in which they are approved by the company's directors.

(w) Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting year but not distributed at balance date.

(x) Recognition and derecognition of financial assets and financial liabilities

A financial asset or liability is recognised on the statements of financial position when, and only when, the company and group become a party to the contractual provisions of the financial asset or liability. A financial asset is derecognised from the statements of financial position when, and only when, (i) the contractual rights to the cash flows from the financial asset expire, or (ii) the company and group have transferred all or substantially all of the risks and rewards of ownership of the financial asset and no longer control the financial asset. A financial liability is derecognised from the statements of financial position when, and only when, it is extinguished.

(y) Changes in accounting policies

There have been no significant changes in accounting policies during the year.

(z) Comparative information

When necessary, comparative information has been reclassified in order to provide a more appropriate basis for comparison.

(aa) New and amended standards adopted by the board

Certain new standards, amendments and interpretations to existing standards have been published and adopted by the group for this year:

NZ IAS 24 "Related party disclosures" - effective 1 January 2011. The objective of this standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties. The group has adopted NZ IAS 24 from 1 April 2011.

The adoption of the revised standard has not had a material impact on the group.

1. Summary of accounting policies (continued)

(ab) Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting years beginning on or after 1 April 2012 or later years but which the group has not early adopted:

NZ IFRS 9 'Financial instruments'- effective 1 January 2015. NZ IFRS 9 is the New Zealand equivalent of IFRS 9. The IASB intends that IFRS 9 will ultimately replace IAS 39 in its entirety. However, in response to requests from interested parties that the accounting for financial instruments should be improved quickly, the IASB divided its project to replace IAS 39 into three main phases. As the IASB completes each phase, as well as its separate project on the derecognition of financial instruments, it will delete the relevant portions of IAS 39 and create chapters in IFRS 9 that replace the requirements in IAS 39. The group will adopt NZ IFRS 9 from 1 April 2015. It is not expected to have a material impact on the group's financial statements.

NZ IFRS 10 'Consolidated financial statements' - effective 1 January 2013. NZ IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess NZ IFRS 10's full impact and intends to adopt NZ IFRS 10 no later than the accounting period beginning on or after 1 April 2013.

NZ IFRS 12 'Disclosures of interests in other entities' - effective 1 January 2013. NZ IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess NZ IFRS 12's full impact and intends to adopt NZ IFRS 12 no later than the accounting period beginning on or after 1 April 2013.

NZ IFRS 13 'Fair value measurement - effective 1 January 2013. NZ IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The group is yet to assess NZ IFRS 13's full impact and intends to adopt NZ IFRS 13 no later than the accounting period beginning on or after 1 April 2013.

2. Interest income

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Loan receivables:				
Not impaired	**21,203**	19,773	**21,067**	19,189
Impaired – individually	**1,318**	967	**1,309**	848
Advances to subsidiaries	**-**	-	**138**	124
Advances to associate	**1**	2	**1**	2
Other interest income	**49**	39	**49**	39
Total interest income	**$22,571**	$20,781	**$22,564**	$20,202

3. Interest expense

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Wholesale funding	**4,942**	4,960	**4,942**	4,960
Redeemable preference shares	**1,193**	1,197	**1,193**	1,197
Shareholder advances	**409**	284	**409**	284
Total interest expense	**$6,544**	$6,441	**$6,544**	$6,441

4. Other income

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Lending and administration fees	**7,955**	7,904	**7,948**	7,882
Credit recovery fees	**1,386**	1,304	**1,373**	1,267
Insurance commission	**2,862**	2,775	**2,870**	2,832
Other revenue	**358**	303	**97**	98
Motor vehicle sales – revenue	**3,327**	3,102	**-**	-
Motor vehicle sales – cost of sales	**(2,856)**	(2,681)	**-**	-
Total other income	**$13,032**	$12,707	**$12,288**	$12,079

5. Operating expenses

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Depreciation - motor vehicles	**68**	53	**68**	53
Depreciation - leasehold improvements	**181**	177	**181**	177
Depreciation - office equipment	**147**	130	**147**	130
Total depreciation	**396**	360	**396**	360
Software amortisation	**138**	149	**138**	149
Loss on sale of property, plant and equipment	**98**	11	**98**	11
Operating lease expenses	**1,599**	1,555	**1,540**	1,497
Employee benefits				
Wages and salaries	**7,965**	7,608	**7,615**	7,308
Superannuation	**222**	160	**222**	160
Governance expenses				
Directors' fees	**276**	236	**276**	236
Auditor's remuneration				
Audit services				
Year end statutory audit	**97**	89	**97**	89
Other assurance fees paid to auditors	**-**	9	**-**	9
Other operating expenses	**7,758**	7,714	**7,569**	7,507
Total operating expenses	**$18,549**	$17,891	**$17,951**	$17,326

6. Impaired asset expenses

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Bad debts written off	**1,884**	1,664	**1,828**	1,513
Bad debts recovered	**(838)**	(983)	**(838)**	(983)
Collectively assessed provisions charge/(release)	**(342)**	357	**(304)**	431
Individually assessed provisions charge/(release)	**524**	(30)	**519**	(3)
Total impaired asset expense	**$1,228**	$1,008	**$1,205**	$958

7. Income tax

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Income tax expense				
Current tax	**2,999**	2,827	**2,981**	2,678
Deferred tax	**(12)**	(15)	**(73)**	(44)
	2,987	2,812	**2,908**	2,634
Reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	**9,311**	8,151	**9,152**	7,556
Tax at the New Zealand tax rate of 28% (2011: 30%)	**2,607**	2,445	**2,563**	2,267
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Expenditure not deductible for tax	**345**	368	**345**	367
Share of associate (surplus) / deficit	**(11)**	(1)	-	-
Other temporary differences	**46**	-	-	-
	380	367	**345**	367
Income tax recognised in the statement of comprehensive income	**$2,987**	$2,812	**$2,908**	$2,634

The group has recognised tax losses of $44,000 at 31 March 2012 (March 2011: $178,000). The realisation of this income tax benefit is subject to the requirements of the income tax legislation being met.

During the year ended 31 March 2011 a change in the NZ corporate tax rate from 30% to 28% was enacted and has become effective from 1 April 2011.

8. Share capital

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Issued and paid up capital				
Ordinary shares				
Balance at beginning of the year	**11,407**	11,798	**11,407**	11,798
Share issue/(buyback) made during the year	-	(391)	-	(391)
Closing share capital	**$11,407**	$11,407	**$11,407**	$11,407

As at 31 March 2012 there were 8,888,783 fully paid shares on issue (March 2011: 8,888,783). All ordinary shares rank equally with one vote attached to each fully paid ordinary share. The shares have no par value.

9. Retained earnings

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Balance at beginning of the year	**12,624**	9,988	**12,253**	10,034
Profit for the year	**6,324**	5,339	**6,244**	4,922
Dividends to the owners	**(3,079)**	(2,636)	**(3,079)**	(2,636)
Loss on buyback of shares	-	(67)	-	(67)
Balance at the end of the year	**$15,869**	$12,624	**$15,418**	$12,253

The dividends were fully imputed. During the year ended 31 March 2012 the Board of Directors resolved to pay fully imputed dividends of 34.6 cents per ordinary share, totalling $3,079,000 (March 2011: $2,636,000).

10. Cash and cash equivalents

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Current				
Bank balances – on call	**1,917**	3,723	**1,902**	3,705
Total cash and cash equivalents	**$1,917**	$3,723	**$1,902**	$3,705

11. Inventories

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Current				
Motor vehicles held for resale	**834**	703	-	-
Total inventories	**$834**	$703	**$-**	$-

12. Other assets

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Current				
Sundry debtors	**277**	121	**248**	119
Non-current				
Sundry debtors	**91**	78	**91**	78
Total other assets	**$368**	$199	**$339**	$197

There are no past due or impaired assets within other assets.

13. Loan receivables

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Gross instalments receivable	**108,467**	101,481	**108,085**	99,887
Unearned revenue	**(27,418)**	(25,311)	**(27,395)**	(25,101)
Gross loan receivables	**81,049**	76,170	**80,690**	74,786
Provisions for impairment charges on loans	**(3,112)**	(2,930)	**(3,092)**	(2,877)
Net loan receivables	**$77,937**	$73,240	**$77,598**	$71,909

Loan receivables will be collected over the remaining term of the loan. Loans have a weighted average term remaining of 22.8 months (March 2011: 22.2 months).

(a) Current / non-current

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Loan receivables				
Current	**37,989**	37,660	**37,651**	36,977
Non current	**39,948**	35,580	**39,947**	34,932
Net loan receivables	**$77,937**	$73,240	**$77,598**	$71,909

(b) Impairment of loan receivables

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Not impaired				
Neither past due nor impaired	**41,459**	32,600	**41,473**	32,459
Past due but not impaired				
Less than 30 days in arrears	**29,996**	35,887	**29,910**	35,200
30 – 60 days in arrears	**3,421**	2,979	**3,416**	2,857
60 – 90 days in arrears	**1,244**	1,154	**1,231**	1,105
Individually impaired assets	**4,929**	3,550	**4,660**	3,165
Gross loan receivables	**81,049**	76,170	**80,690**	74,786
Provision for impairment charges on loans:				
Collectively assessed provision	**(1,539)**	(1,881)	**(1,637)**	(1,941)
Individually assessed provision	**(1,573)**	(1,049)	**(1,455)**	(936)
Net loan receivables	**$77,937**	$73,240	**$77,598**	$71,909

13. Loan receivables (continued)

(c) Movement in impaired receivables

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Individually impaired assets				
Balance at beginning of year	**2,501**	4,157	**2,229**	3,619
Amounts written off during the year	**(545)**	(1,035)	**(527)**	(884)
Net additions / (deletions)	**2,973**	428	**2,958**	430
Balance at end of year	**4,929**	3,550	**4,660**	3,165
Individually assessed provision	**(1,573)**	(1,049)	**(1,455)**	(936)
Net impaired receivables	**$3,356**	$2,501	**$3,205**	$2,229

(d) Restructured loans

Past due assets include restructured loans which are subject to extended payment arrangements, modification and/or deferral of payments. Following restructuring the calculation of days in arrears remains based on the original loan instalment schedule. In the event a payment arrangement is not adhered to the loan will revert to the impaired asset classification.

14. Provision for impairment charges on loans

Provision for impairment charges on loans

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Collectively assessed provision				
Opening balance	**1,881**	1,524	**1,941**	1,510
Amounts written off during the year	**(1,072)**	(629)	**(1,036)**	(629)
Increase / (decrease) in allowance	**730**	986	**732**	1,060
Balance at end of year	**1,539**	1,881	**1,637**	1,941
Individually assessed provision				
Opening balance	**1,049**	1,079	**936**	939
Amounts written off during the year	**(545)**	(1,035)	**(527)**	(884)
Increase / (decrease) in allowance	**1,069**	1,005	**1,046**	881
Balance at end of year	**1,573**	1,049	**1,455**	936
Total provision for impairment charges on loans	**$3,112**	$2,930	**$3,092**	$2,877

15. Investments in subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 1(c). ED 2001 Limited is a subsidiary of the parent whilst Easy Driver Limited is a subsidiary of ED 2001 Limited.

Interest Held	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
ED 2001 Limited	**100%**	100%	**100%**	100%
Easy Driver Limited	**100%**	100%	-	-

Each of these subsidiaries is incorporated in New Zealand and has a balance date of 31 March.

16. Investments in associate

(a) Details of associate

	Principal activities	Interest held 31 Mar-12	Interest held 31 Mar-11	Carrying amount 31 Mar-12	Carrying amount 31 Mar-11
Group					
MyHome NZ Limited	Mobile phone, home appliances, furniture sales	50%	50%	85	56
				$85	$56
Parent					
MyHome NZ Limited	Mobile phone, home appliances, furniture sales	50%	50%	18	18
				$18	$18

MyHome NZ Limited (formerly IFone Limited) is incorporated in New Zealand and has a balance date of 31 March.

(b) Results of associate

$'000	Group 31 Mar-12	Group 31 Mar-11
Share of surplus / (deficits) before income tax	40	4
Income tax	(11)	(1)
Total recognised revenues and expenses	$29	$3

(c) Interests in associate

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Carrying value				
At beginning of year	56	53	18	18
Increase in investment in associate	-	-	-	-
Share of total recognised revenues and expenses	29	3	-	-
Balance at end of year	$85	$56	$18	$18

(d) Summarised financial information of associate

$'000	31 Mar-12	31 Mar-11
Total assets	244	73
Total liabilities	121	8
Total revenue	884	370
Total net surplus / (loss) before income tax	$80	$8

17. Property, plant and equipment

31 March 2012		**Group**		
$'000	Motor Vehicles	Office Equipment	Leasehold Improvements	Total
At 1 April 2011				
Cost	**356**	**2,025**	**2,913**	**5,294**
Accumulated depreciation	(127)	(1,459)	(1,579)	(3,165)
Net book value	**$229**	**$566**	**$1,334**	**$2,129**
Year ended 31 March 2012				
Opening net book value	**229**	**566**	**1,334**	**2,129**
Additions	**126**	**204**	**468**	**798**
Disposals (cost)	**(60)**	**(188)**	**(254)**	**(502)**
Depreciation charge	**(68)**	**(147)**	**(181)**	**(396)**
Disposals (accumulated depreciation)	**32**	**165**	**172**	**369**
Closing net book value	**$259**	**$600**	**$1,539**	**$2,398**
At 31 March 2012				
Cost	**422**	**2,041**	**3,127**	**5,590**
Accumulated depreciation	**(163)**	**(1,441)**	**(1,588)**	**(3,192)**
Net book value	**$259**	**$600**	**$1,539**	**$2,398**

31 March 2012		**Parent**		
$'000	Motor Vehicles	Office Equipment	Leasehold Improvements	Total
At 1 April 2011				
Cost	**356**	**2,025**	**2,913**	**5,294**
Accumulated depreciation	(127)	(1,459)	(1,579)	(3,165)
Net book value	**$229**	**$566**	**$1,334**	**$2,129**
Year ended 31 March 2012				
Opening net book value	**229**	**566**	**1,334**	**2,129**
Additions	**126**	**204**	**468**	**798**
Disposals (cost)	**(60)**	**(188)**	**(254)**	**(502)**
Depreciation charge	**(68)**	**(147)**	**(181)**	**(396)**
Disposals (accumulated depreciation)	**32**	**165**	**172**	**369**
Closing net book value	**$259**	**$600**	**$1,539**	**$2,398**
31 March 2012				
Cost	**422**	**2,041**	**3,127**	**5,590**
Accumulated depreciation	**(163)**	**(1,441)**	**(1,588)**	**(3,192)**
Net book value	**$259**	**$600**	**$1,539**	**$2,398**

Office equipment is comprised of furniture and fittings, office equipment and computer equipment.

Leasehold improvements is comprised of additional fixtures to premises.

17. Property, plant and equipment (continued)

31 March 2011	Group			
$'000	Motor Vehicles	Office Equipment	Leasehold Improvements	Total
At 1 April 2010				
Cost	169	1,979	2,822	4,970
Accumulated depreciation	(100)	(1,397)	(1,402)	(2,899)
Net book value	$69	$582	$1,420	$2,071
Year ended 31 March 2011				
Opening net book value	69	582	1,420	2,071
Additions	221	124	91	436
Disposals (cost)	(34)	(78)	-	(112)
Depreciation charge	(53)	(130)	(177)	(360)
Disposals (accumulated depreciation)	26	68	-	94
Closing net book value	$229	$566	$1,334	$2,129
At 31 March 2011				
Cost	356	2,025	2,913	5,294
Accumulated depreciation	(127)	(1,459)	(1,579)	(3,165)
Net book value	$229	$566	$1,334	$2,129

31 March 2011	Parent			
$'000	Motor Vehicles	Office Equipment	Leasehold Improvements	Total
At 1 April 2010				
Cost	169	1,979	2,822	4,970
Accumulated depreciation	(100)	(1,397)	(1,402)	(2,899)
Net book value	$69	$582	$1,420	$2,071
Year ended 31 March 2011				
Opening net book value	69	582	1,420	2,071
Additions	221	124	91	436
Disposals (cost)	(34)	(78)	-	(112)
Depreciation charge	(53)	(130)	(177)	(360)
Disposals (accumulated depreciation)	26	68	-	94
Closing net book value	$229	$566	$1,334	$2,129
At 31 March 2011				
Cost	356	2,025	2,913	5,294
Accumulated depreciation	(127)	(1,459)	(1,579)	(3,165)
Net book value	$229	$566	$1,334	$2,129

Office equipment is comprised of furniture and fittings, office equipment and computer equipment.

Leasehold Improvements is comprised of additional fixtures to premises.

18. Deferred tax assets

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Deferred tax assets				
Balance at beginning of year	**1,186**	1,171	**1,293**	1,249
Recognised in the statement of comprehensive income	**(12)**	15	**(73)**	44
Balance at end of year	**$1,174**	$1,186	**$1,220**	$1,293
Deferred tax assets comprise the following temporary differences				
Employee entitlements	**248**	306	**239**	306
Provision for impairment charges on loans	**872**	880	**981**	987
Other temporary differences	**54**	-	-	-
Total deferred tax assets	**$1,174**	$1,186	**$1,220**	$1,293
Expected settlement:				
Within one year	**1,174**	1,186	**1,220**	1,293
Later than one year	-	-	-	-
	$1,174	$1,186	**$1,220**	$1,293

19. Intangible assets

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Goodwill				
Balance at beginning of year	**4,225**	4,225	**4,251**	4,251
Additions	-	-	-	-
Impairment charge recognised in statement of comprehensive income	-	-	-	-
Goodwill – carrying value	**$4,225**	$4,225	**$4,251**	$4,251
Domain name				
Balance at beginning of year	**28**	28	**28**	28
Additions	-	-	-	-
Impairment charge recognised in the statement of comprehensive income	-	-	-	-
Domain name – carrying value	**$28**	$28	**$28**	$28
Software				
Balance at beginning of year	**276**	273	**276**	273
Additions	**6**	152	**6**	152
Amortisation charge recognised in statement of comprehensive income	**(138)**	(149)	**(138)**	(149)
Software – carrying value	**$144**	$276	**$144**	$276
Total intangible assets	**$4,397**	$4,529	**$4,423**	$4,555

Goodwill and domain name have indefinite useful lives. They are not amortised but are tested annually for impairment. Goodwill is allocated to cash-generating units ("CGU's") identified according to business segment. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections

19. Intangible assets (continued)

covering a three year period. Management determines projected cash flows based on past performance and expected growth of 12% over the three year period. A discount rate of 15% is applied to reflect risk. During the year ended 31 March 2012, no impairment charge arose from this test as the recoverable amount calculated exceeded the book value of goodwill (March 2011: Nil).

Software costs have a finite useful life. Software costs are capitalised and amortised using the diminishing value method with a rate of between 33%-48%.

20. Borrowings

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Secured				
Wholesale funding	**43,906**	45,406	**43,906**	45,406
Capitalised transaction costs	-	(912)	-	(912)
Unsecured				
Shareholder advances	**3,273**	2,241	**3,273**	2,241
Class A Redeemable preference shares	**5,234**	5,234	**5,234**	5,234
Class B Redeemable preference shares	**3,371**	3,371	**3,371**	3,371
Capitalised transaction costs	(37)	(92)	(37)	(92)
Total borrowings	**$55,747**	$55,248	**$55,747**	$55,248

Wholesale funding is secured over the assets of the group under the terms of the financing arrangement with Fortress Credit Corporation (Australia) II Pty Limited ("Fortress"). As at 31 March 2012 the carrying value of assets pledged as security under this funding facility was $89,616,000 (March 2011: $86,453,000). Fortress is also a shareholder in the company and its transactions with the group as a related party have been disclosed in note 25.

On 9 May 2012, the group repaid the total amount owing to Fortress as at that date and entered into a financing agreement with Westpac New Zealand Limited ("Westpac"). As a result, Fortress released its charge over the group's assets. The terms of the financing arrangement with Westpac, including the assets pledged as security, is explained in note 31.

Shareholder advances are unsecured and repayable on demand.

On 19 November 2008 the company issued an investment statement and prospectus seeking to raise 5 million Class A Redeemable Preference Shares at an offer price of $1 per share. 4,734,169 shares were issued on 19 December 2008. A further 500,000 shares were issued on 31 July 2009. 1,948,000 of these shares were subscribed in cash with the remainder being transferred from existing debenture stock. Class A Redeemable Preference Shares have a maturity date of four years from the issue date but may be repaid at the end of three years from the issue date at the option of Instant Finance. On a winding up of the parent, all liabilities of the parent will rank ahead of any claims of the Class A Redeemable Preference Shareholders. Class A Redeemable Preference Shareholders have a right to be paid $1.00 per share and the accrued and unpaid dividends on the shares in priority to any other shareholders of the parent, including Class B preference shareholders and ordinary shareholders.

3,500,000 Class B Redeemable Preference Shares were issued to existing shareholders on 3 October 2008. $3.5 million was appropriated out of the retained earnings account of the company by way of dividend and applied in paying up the Class B Redeemable Preference Shares in full. On a winding up of the parent, all liabilities of the parent will rank ahead of any claims of the Class B Redeemable Preference Shareholders. Class B Redeemable Preference Shareholders have a right to be paid $1.00 per share and the accrued and unpaid dividends on the shares in priority to ordinary shareholders. During the year ended 31 March 2011 the company purchased 128,942 Class B Redeemable Preference Shares belonging to the Estate of RM Sims. These shares were subsequently cancelled.

All unsecured borrowings rank equally with other unsecured liabilities of the group. In the event that the parent is put into liquidation or ceases to trade, secured creditors and those creditors set out in the seventh schedule of The Companies Act 1993 would rank ahead of the claims of unsecured creditors.

20. Borrowings (continued)

Transaction costs relating to the issue of Class A Redeemable Preference Shares and the Fortress wholesale funding facility have been capitalised and will be amortised over the expected four year term of the Redeemable Preference Shares and the expected term of the wholesale funding facility.

(a) Current / non-current

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Borrowings				
Current	**55,784**	2,241	**55,784**	2,241
Non current	**-**	54,011	**-**	54,011
Total borrowings	**$55,784**	$56,252	**$55,784**	$56,252

(b) Financing arrangements

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Committed funding facilities				
Total facilities	**70,000**	70,000	**70,000**	70,000
Utilised at balance date	**(43,906)**	(45,406)	**(43,906)**	(45,406)
Unutilised at balance date	**$26,094**	$24,594	**$26,094**	$24,594

21. Trade payables and other liabilities

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Current				
Accounts payable	**2,936**	3,400	**2,401**	2,994
Other liabilities	**3,244**	3,126	**3,207**	3,141
Total trade payables and other liabilities	**$6,180**	$6,526	**$5,608**	$6,135

Trade payables are unsecured and rank equally with other unsecured liabilities of the group. In the event that the parent is put into liquidation or ceases to trade, secured creditors and those creditors set out in the seventh schedule of the Companies Act 1993 would rank ahead of the claims of unsecured creditors.

Finance lease liabilities

Included within other liabilities are finance lease liabilities as follows:

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Gross finance lease liabilities – minimum lease payment				
No later than 1 year	**130**	84	**130**	84
Later than 1 year and no later than 5 years	**82**	116	**82**	116
Later than 5 years	**-**	-	**-**	-
	212	200	**212**	200
Future finance charges on finance leases	**(25)**	(37)	**(25)**	(37)
Total finance lease liabilities	**$187**	$163	**$187**	$163

21. Trade payables and other liabilities (continued)

The present value of finance lease liabilities is as follows

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
No later than 1 year	**114**	75	**114**	75
Later than 1 year and no later than 5 years	**73**	88	**73**	88
Later than 5 years	**-**	-	**-**	-
Total finance lease liabilities	**$187**	$163	**$187**	$163

22. Imputation credit account

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Balance at beginning of the year	**7,199**	5,136	**7,189**	5,126
Tax payments net of refunds	**3,093**	3,362	**3,069**	3,362
Distributed	**(1,718)**	(1,299)	**(1,718)**	(1,299)
Balance at end of the year	**$8,574**	$7,199	**$8,540**	$7,189

23. Financial Risk Management

(a) Credit risk

Credit risk is defined as the risk that a loss will be incurred if a counter party to a transaction does not fulfil its financial obligations. The Board has elected an Audit and Risk Committee to oversee all aspects of credit risk assessment and management and delegate authority to perform lending within approved lending policies and guidelines. Credit risk is further mitigated by the large number of clients and relatively small size of individual credit exposures.

To control the level of credit risk taken each customer's credit risk is individually evaluated on a case by case basis and the amount of collateral taken on the provision of a financial facility is based on management's credit evaluation of the customer. The collateral taken varies, and as at 31 March 2012 was primarily in the form of household chattels and/or motor vehicles. Loan agreements provide that if an event of default occurs, collateral can be repossessed. In the event collateral is repossessed, the repossessed collateral is either held until overdue payments have been received or sold in the secondary market.

To facilitate effective management of accounts in arrears, loan receivables are grouped based on the number of days in arrears. Standard arrears letters are automatically generated and collection activity escalates as the arrears position deteriorates. Various management reports are produced to assist with daily monitoring and managing of arrears and to ensure transparency of the arrears position.

i) Concentration of credit risk exposure by region

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
Northland	**4,637**	4,938	**4,636**	4,938
Auckland	**58,615**	54,995	**58,257**	53,611
Waikato	**7,445**	7,912	**7,445**	7,912
Hawkes Bay	**899**	-	**899**	-
Wellington	**7,292**	7,340	**7,292**	7,340
South Island	**2,161**	985	**2,161**	985
Total loan receivables	**$81,049**	$76,170	**$80,690**	$74,786

The above amounts are gross of any allowances for impairment.

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23. Financial risk management (continued)

(ii) Concentration of credit risk exposure by sector

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Personal loans	**80,941**	75,283	**80,582**	73,899
Business finance	**108**	887	**108**	887
Total loan receivables	**$81,049**	$76,170	**$80,690**	$74,786

The above amounts are gross of any allowances for impairment.

(iii) Maximum credit risk exposure

As at 31 March 2012 the company had lending facilities approved but not drawn and available on demand of $80,000 (March 2011: $79,000). For on-balance sheet assets, the carrying value is net of the maximum possible credit loss prior to any realisation of collateral held or other credit enhancements. As at 31 March 2012 the maximum exposure to credit risk before collateral held or other credit enhancements for the group was $79,934,000 (March 2011: $77,043,000) and for the company $80,180,000 (March 2011: $76,294,000). The company and group do not have any exposure that is approved but not withdrawn and available on demand.

(iv) Concentration of credit risk to individual counterparties and groups of closely related counterparties

	Group 31 Mar-12	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
10 – 19%	-	-	-	-
20 – 29%	-	-	-	-
30 – 39%	-	-	-	-
40 – 49%	-	-	-	-
50 – 59%	-	-	-	-
60 – 69%	-	-	-	-
Total greater than 10%	-	-	-	-

The single largest exposure as at 31 March 2012 was 1.6% (March 2011: 2.0%) of the group's equity. This relates to a loan to RJ de Lautour, the parent company Chief Executive Officer, as part of the company's Executive Share Plan. As at 31 March 2012, the largest exposure accounted for 0.4% of the group's gross loan receivables (March 2011: 0.5%).

The single largest exposure as at 31 March 2012 was 2.1% (March 2011: 2.7%) of the parent's equity. This relates to the amount owing from Easy Driver Limited. As at 31 March 2012, the largest exposure accounted for 0.5% of parent's gross loan receivables (March 2011: 0.7%).

23. Financial risk management (continued)

The company and group deposited all its cash which constitutes 7.0% (March 2011: 15.0%) of the group's equity with one major trading bank, ANZ National Bank Limited. Non performance of obligations by the bank is not expected due to the credit rating of the counterparty concerned.

(v) Concentration of credit risk exposure by security

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Secured	**76,076**	72,364	**75,717**	70,980
Unsecured	**4,973**	3,806	**4,973**	3,806
Total loan receivables	**$81,049**	$76,170	**$80,690**	$74,786
Percentage of unsecured loan receivables	**6.1%**	5.0%	**6.2%**	5.1%

The above amounts are gross of any allowances for impairment. Security is primarily in the form of motor vehicles and/or household chattels other than the parent company's advance to a subsidiary which is a first charge over the assets of the subsidiary.

(b) Interest rate risk

Interest rate risk is defined as the risk of loss resulting from a change in interest rates. An exposure to interest rate movements may result in a change in interest expense greater than a corresponding change in interest income. The company lends at a fixed rate of interest over relatively short time years and actively matches maturity profiles. Due to the margin inherent in the lending portfolio there is no significant interest rate risk. The company does not use derivative products to reduce interest rate risk as short term fluctuations can be absorbed in margins currently being achieved and long term increases can be reflected in adjusted lending rates. Wholesale funding is repriced monthly which increases the group's exposure to interest rate fluctuations depending on the extent to which this funding is utilised.

23. Financial risk management (continued)

(i) Repricing analysis

The tables below summarise the company's and group's exposure to interest rate risk. It includes financial instruments at carrying amounts categorised by maturity date or next repricing date, whichever is earlier.

Group

31 March 2012	Weighted Average Interest Rate	0-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Total $'000
Financial assets						
Cash and cash equivalents	2.54%	1,917	-	-	-	1,917
Loan receivables	29.79%	19,309	18,680	27,699	12,249	77,937
Due from associate and related party	8.77%	12	448	-	-	460
Total	28.65%	21,238	19,128	27,699	12,249	80,314
Financial liabilities						
Wholesale funding	11.23%	43,906	-	-	-	43,906
Redeemable preference shares	13.82%	-	8,605	-	-	8,605
Finance lease liabilities	11.15%	1	14	90	82	187
Shareholder advances and investor loans	15.00%	3,273	-	-	-	3,273
Total	11.81%	47,180	8,619	90	82	55,971
Net weighted average interest rate gap	16.84%	$(25,942)	$10,509	$27,609	$12,167	$24,343

Group

31 March 2011	Weighted Average Interest Rate	0-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Total $'000
Financial assets						
Cash and cash equivalents	3.08%	3,723	-	-	-	3,723
Loan receivables	29.74%	19,900	17,760	25,630	9,950	73,240
Due from associate and related party	6.25%	-	508	-	-	508
Total	28.32%	23,623	18,268	25,630	9,950	77,471
Financial liabilities						
Wholesale funding	11.38%	45,406	-	-	-	45,406
Redeemable preference shares	13.82%	-	-	8,605	-	8,605
Finance lease liabilities	12.85%	-	-	27	136	163
Shareholder advances and investor loans	15.00%	2,241	-	-	-	2,241
Total	11.90%	47,647	-	8,632	136	56,415
Net weighted average interest rate gap	16.43%	$(24,024)	$18,268	$16,998	$9,814	$21,056

23. Financial risk management (continued)

Parent

31 March 2012	Weighted Average Interest Rate	0-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Total $'000
Financial assets						
Cash and cash equivalents	2.56%	1,902	-	-	-	1,902
Loan receivables	29.79%	18,971	18,680	27,699	12,248	77,598
Due from associate, subsidiary and related party	5.75%	65	636	-	-	701
Total	28.94%	20,938	19,316	27,699	12,248	80,201
Financial liabilities						
Wholesale funding	11.23%	43,906	-	-	-	43,906
Redeemable preference shares	13.82%	-	8,605	-	-	8,605
Finance lease liabilities	11.15%	1	14	90	82	187
Due to subsidiaries – non interest bearing	0.00%	-	396	-	-	396
Shareholder advances and investor loans	15.00%	3,273	-	-	-	3,273
Total	11.84%	47,180	9,015	90	82	56,367
Net weighted average interest rate gap	17.10%	$(26,242)	$10,301	$27,609	$12,166	$23,834

Parent

31 March 2011	Weighted Average Interest Rate	0-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Total $'000
Financial assets						
Cash and cash equivalents	3.10%	3,705	-	-	-	3,705
Loan receivables	29.74%	19,541	17,436	25,163	9,769	71,909
Due from associate, subsidiary and related party	7.45%	97	1,303	-	-	1,400
Total	28.07%	23,343	18,739	25,163	9,769	77,014
Financial liabilities						
Wholesale funding	11.38%	45,406	-	-	-	45,406
Redeemable preference shares	13.82%	-	-	8,605	-	8,605
Finance lease liabilities	12.85%	-	-	27	136	163
Shareholder advances and investor loans	15.00%	2,241	-	-	-	2,241
Total	11.90%	47,647	-	8,632	136	56,415
Net weighted average interest rate gap	16.17%	$(24,304)	$18,739	$16,531	$9,633	$20,599

23. Financial risk management (continued)

(ii) Summarised sensitivity analysis

The following tables summarise the sensitivity of the company's and group's financial assets and financial liabilities to interest rate risk. The analysis shows the annualised impact on the profit before tax and equity of a +/- 1% movement in interest rates with all other variables held constant. This is considered a reasonable movement given the current level of interest rate volatility observed on a historical basis.

Group		**Interest rate risk**			
31 March 2012	**Carrying Amount $'000**	**-1% Profit $'000**	**-1% Equity $'000**	**+1% Profit $'000**	**+1% Equity $'000**
Financial assets					
Cash and cash equivalents	**1,917**	**(19)**	**(14)**	**19**	**14**
Loan receivables	**77,937**	-	-	-	-
Due from associate and related party	**460**	**(5)**	**(3)**	**5**	**3**
Financial liabilities					
Wholesale funding	**43,906**	**439**	**316**	**(439)**	**(316)**
Redeemable preference shares	**8,605**	-	-	-	-
Finance lease liabilities	**187**	-	-	-	-
Shareholder advances and investor loans	**3,273**	-	-	-	-
Total increase / (decrease)		**$415**	**$299**	**$(415)**	**$(299)**

Group		Interest rate risk			
31 March 2011	Carrying Amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Financial assets					
Cash and cash equivalents	3,723	(37)	(26)	37	26
Loan receivables	73,240	-	-	-	-
Due from associate and related party	508	(5)	(4)	5	4
Financial liabilities					
Wholesale funding	45,406	454	318	(454)	(318)
Redeemable preference shares	8,605	-	-	-	-
Finance lease liabilities	163	-	-	-	-
Shareholder advances and investor loans	2,241	-	-	-	-
Total increase / (decrease)		$412	$288	$(412)	$(288)

23. Financial risk management (continued)

Parent

31 March 2012	Carrying Amount $'000	Interest rate risk -1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Financial assets					
Cash and cash equivalents	1,902	(19)	(14)	19	14
Loan receivables	77,598	-	-	-	-
Due from associate, subsidiary and related party.	701	(7)	(5)	7	5
Financial liabilities					
Wholesale funding	43,906	439	316	(439)	(316)
Redeemable preference shares	8,605	-	-	-	-
Finance lease liabilities	187	-	-	-	-
Shareholder advances and investor loans	3,273	-	-	-	-
Total increase / (decrease)		$413	$297	$(413)	$(297)

Parent

31 March 2011	Carrying Amount $'000	Interest rate risk -1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
Financial assets					
Cash and cash equivalents	3,705	(37)	(26)	37	26
Loan receivables	71,909	-	-	-	-
Due from associate, subsidiary and related party	1,400	(14)	(10)	14	10
Financial liabilities					
Wholesale funding	45,406	454	318	(454)	(318)
Redeemable preference shares	8,605	-	-	-	-
Finance lease liabilities	163	-	-	-	-
Shareholder advances and investor loans	2,241	-	-	-	-
Total increase / (decrease)		$403	$282	$(403)	$(282)

(c) Liquidity risk

Liquidity risk is defined as the risk that the company or group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Liquidity losses can arise from transactions made in illiquid markets, or from unmatched maturity of assets and liabilities. Management of the company reviews the company's and group's projected cash receipts and payments on a daily basis. Cash reserves and / or undrawn funding lines are maintained to ensure that obligations are able to be met when they fall due. The company has a long term funding arrangement in place which matures in 2012 and continually reviews funding options to ensure adequate liquidity is maintained. Any potential shortfall identified would result in management placing limits on the company's lending activity.

23. Financial risk management (continued)

(i) Maturity analysis

The maturity profile of the company and group is summarised in the tables below. The amounts disclosed are the contractual undiscounted cash flows which differ from the carrying amounts shown in the statement of financial position.

Group

31 March 2012	0-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Total $'000
Assets					
Cash and cash equivalents	1,917	-	-	-	1,917
Loan receivables	28,996	26,569	35,884	13,906	105,355
Due from associate and related party	-	500	-	-	500
Other monetary assets	216	-	-	-	216
Total monetary assets	$31,129	$27,069	$35,884	$13,906	$107,988
Liabilities					
Wholesale funding	44,433	-	-	-	44,433
Redeemable preference shares	596	8,866	-	-	9,462
Finance lease liabilities	71	59	71	11	212
Shareholder advances	3,273	-	-	-	3,273
Other monetary liabilities	5,993	-	-	-	5,993
Total monetary liabilities	$54,366	$8,925	$71	$11	$63,373

As at 31 March 2012 the group had committed wholesale funding facilities under which $26,094,000 remained undrawn.

Group

31 March 2011	0-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Total $'000
Assets					
Cash and cash equivalents	3,723	-	-	-	3,723
Loan receivables	29,971	24,815	32,776	11,203	98,765
Due from associate and related party	-	540	-	-	540
Other monetary assets	199	-	-	-	199
Total monetary assets	$33,893	$25,355	$32,776	$11,203	$103,227
Liabilities					
Wholesale funding	2,591	2,591	48,039	-	53,221
Redeemable preference shares	595	595	10,637	-	11,827
Finance lease liabilities	42	42	83	33	200
Shareholder advances	2,241	-	-	-	2,241
Other monetary liabilities	6,363	-	-	-	6,363
Total monetary liabilities	$11,832	$3,228	$58,759	$33	$73,852

As at 31 March 2011 the group had committed wholesale funding facilities under which $24,594,000 remained undrawn.

23. Financial risk management (continued)

Parent

31 March 2012	0-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Total $'000
Assets					
Cash and cash equivalents	1,902	-	-	-	1,902
Loan receivables	28,634	26,569	35,884	13,906	104,993
Due from associate, subsidiary and related party	-	741	-	-	741
Other monetary assets	187	-	-	-	187
Total monetary assets	$30,723	$27,310	$35,884	$13,906	$107,823
Liabilities					
Wholesale funding	44,433	-	-	-	44,433
Redeemable preference shares	596	8,866	-	-	9,462
Finance lease liabilities	71	59	71	11	212
Shareholder advances	3,273	-	-	-	3,273
Due to subsidiaries – non interest bearing	23	419	-	-	442
Other monetary liabilities	5,421	-	-	-	5,421
Total monetary liabilities	$53,817	$9,344	$71	$11	$63,243

As at 31 March 2012 the company had committed wholesale funding facilities under which $26,094,000 remained undrawn.

Parent

31 March 2011	0-6 Months $'000	6-12 Months $'000	1-2 Years $'000	2-5 Years $'000	Total $'000
Assets					
Cash and cash equivalents	3,705	-	-	-	3,705
Loan receivables	29,528	24,514	32,251	11,011	97,304
Due from associate, subsidiary and related party	-	1,504	-	-	1,504
Other monetary assets	197	-	-	-	197
Total monetary assets	$33,430	$26,018	$32,251	$11,011	$102,710
Liabilities					
Wholesale funding	2,591	2,591	48,039	-	53,221
Redeemable preference shares	595	595	10,637	-	11,827
Finance lease liabilities	42	42	83	33	200
Shareholder advances	2,241	-	-	-	2,241
Other monetary liabilities	5,972	-	-	-	5,972
Total monetary liabilities	$11,441	$3,228	$58,759	$33	$73,461

As at 31 March 2011 the company had committed wholesale funding facilities under which $24,594,000 remained undrawn.

23. Financial risk management (continued)

(ii) Concentrations of funding

$'000	Note	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Wholesale funding – Australia		**43,906**	45,406	**43,906**	45,406
Redeemable preference shares		**8,605**	8,605	**8,605**	8,605
Finance lease liabilities	21	**187**	163	**187**	163
Shareholder advances		**3,273**	2,241	**3,273**	2,241
Total borrowings		**$55,971**	$56,415	**$55,971**	$56,415

(d) Exchange rate risk

The company and group have no foreign currency dealings and therefore are not exposed to exchange rate risk.

(e) Equity and price risk

The company and group have no exposure to equity or other price risk.

23. Financial risk management (continued)

(f) Fair value of balance sheet items

The carrying amounts of assets and liabilities at the balance sheet date approximate their fair values. As financial assets and liabilities are not traded in an active market, fair values are estimated by discounting the future contractual cash flows using the current market interest rate at the balance sheet date applicable for an instrument with similar terms and conditions.

The following tables summarise the carrying value and fair value of financial assets and liabilities.

31 March 2012	**Group Fair Value $'000**	**Group Carrying Amount $'000**	**Parent Fair Value $'000**	**Parent Carrying Amount $'000**
Financial assets				
Cash and cash equivalents	**1,917**	**1,917**	**1,902**	**1,902**
Loan Receivables	**77,936**	**77,937**	**77,597**	**77,598**
Due from associate and related party	**460**	**460**	**701**	**701**
Other monetary assets	**216**	**216**	**187**	**187**
Total financial assets	**$80,529**	**$80,530**	**$80,387**	**$80,388**
Financial liabilities				
Wholesale funding	**43,913**	**43,906**	**43,913**	**43,906**
Redeemable preference shares	**8,605**	**8,605**	**8,605**	**8,605**
Shareholder advances and investor loans	**3,273**	**3,273**	**3,273**	**3,273**
Due to subsidiaries	**-**	**-**	**396**	**396**
Other monetary liabilities	**6,180**	**6,180**	**5,608**	**5,608**
Total financial liabilities	**$61,971**	**$61,964**	**$61,795**	**$61,788**

31 March 2011	Group Fair Value $'000	Group Carrying Amount $'000	Parent Fair Value $'000	Parent Carrying Amount $'000
Financial assets				
Cash and cash equivalents	3,723	3,723	3,705	3,705
Loan receivables	73,303	73,240	71,971	71,909
Due from associate and related party	508	508	1,400	1,400
Other monetary assets	199	199	197	197
Total financial assets	$77,733	$77,670	$77,273	$77,211
Financial liabilities				
Wholesale funding	45,208	45,406	45,208	45,406
Redeemable preference shares	8,605	8,605	8,605	8,605
Shareholder advances and investor loans	2,241	2,241	2,241	2,241
Other monetary liabilities	6,526	6,526	6,135	6,135
Total financial liabilities	$62,580	$62,778	$62,189	$62,387

23. Financial risk management (continued)

(g) Financial instruments by category

Group
31 March 2012

	Loans and receivables	Assets at fair value through the profit or loss	Derivatives used for hedging	Available for sale	Total
Assets as per statement of financial position					
Other assets	216	-	-	-	216
Due from associate and related party	460	-	-	-	460
Loan receivables	77,937	-	-	-	77,937
Cash and cash equivalents	1,917	-	-	-	1,917
Total	**$80,530**	**$-**	**$-**	**$-**	**$80,530**

	Liabilities at fair value through the profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per statement of financial position				
Borrowings	-	-	47,179	47,179
Redeemable preference shares	-	-	8,605	8,605
Trade and other payables	-	-	6,180	6,180
Total	**$-**	**$-**	**$61,964**	**$61,964**

Group
31 March 2011

	Loans and receivables	Assets at fair value through the profit or loss	Derivatives used for hedging	Available for sale	Total
Assets as per statement of financial position					
Other assets	199	-	-	-	199
Due from associate and related party	508	-	-	-	508
Loan receivables	73,240	-	-	-	73,240
Cash and cash equivalents	3,723	-	-	-	3,723
Total	$77,670	$-	$-	$-	$77,670

	Liabilities at fair value through the profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per statement of financial position				
Borrowings	-	-	47,647	47,647
Redeemable preference shares	-	-	8,605	8,605
Trade and other payables	-	-	6,526	6,526
Total	$-	$-	$62,778	$62,778

23. Financial risk management (continued)

Parent
31 March 2012

	Loans and receivables	Assets at fair value through the profit or loss	Derivatives used for hedging	Available for sale	Total
Assets as per statement of financial position					
Other assets	181	-	-	-	181
Due from associate, subsidiary and related party	701	-	-	-	701
Loan receivables	77,598	-	-	-	77,598
Cash and cash equivalents	1,902	-	-	-	1,902
Total	**$80,382**	**$-**	**$-**	**$-**	**$80,382**

	Liabilities at fair value through the profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per statement of financial position				
Borrowings	-	-	47,179	47,179
Redeemable preference shares	-	-	8,605	8,605
Due to subsidiaries	-	-	396	396
Trade and other payables	-	-	5,608	5,608
Total	**$-**	**$-**	**$61,788**	**$61,788**

Parent
31 March 2011

	Loans and receivables	Assets at fair value through the profit or loss	Derivatives used for hedging	Available for sale	Total
Assets as per statement of financial position					
Other assets	197	-	-	-	197
Due from associate, subsidiary and related party	1,400	-	-	-	1,400
Loan receivables	71,909	-	-	-	71,909
Cash and cash equivalents	3,705	-	-	-	3,705
Total	$77,211	$-	$-	$-	$77,211

	Liabilities at fair value through the profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per statement of financial position				
Borrowings	-	-	47,647	47,647
Redeemable preference shares	-	-	8,605	8,605
Trade and other payables	-	-	6,135	6,135
Total	$-	$-	$62,387	$62,387

(h) Other activities

The company and group are not involved in any managed funds, custodial or any other fiduciary activities.

24. Unrecognised assets and liabilities

The parent and group have not entered into any transactions which gave rise to off-balance sheet assets and liabilities.

25. Related party transactions

The aggregate amount payable to directors, key management, their spouses, dependants, trusts, or entities in which any of these persons have an interest of not less than 10.0%, as at 31 March 2012 was $6,519,000 (March 2011: $5,487,000). The amount payable consists of:

- $3,273,000 investor loan accounts and shareholder advances being made and conducted on an arms length basis in the normal course of business and on commercial terms and conditions (March 2011: $2,241,000). These advances are subject to interest at 15% (March 2011: 15.0%). During the year ended 31 March 2012 interest paid amounted to $409,000 (March 2011: $284,000). The investor loan accounts and shareholder advances are repayable on demand.
- $2,641,000 Class B Redeemable Preference Shares were held by related parties as at 31 March 2012 (March 2011: $2,641,000). Class B Redeemable Preference Shares are subject to dividends at 12%. During the year ended 31 March 2012 dividends paid amounted to $318,000 (March 2011: $337,000).
- $605,000 Class A Redeemable Preference Shares were held by related parties as at 31 March 2012 on the same terms as the Class A Redeemable Preference Shares (March 2011: $605,000). Class A Redeemable Preference Shares are subject to dividends at 15%. During the year ended 31 March 2012 dividends paid amounted to $91,000 (March 2011: $58,000).

On 1 April 2005, RJ de Lautour, the parent company Chief Executive Officer, purchased 172,400 ordinary shares in the company at $2.63 per share. The shares were issued at a discount to the fair value of $3.88 per share in accordance with the company's Executive Share Plan. The Executive Share Plan provides a long term incentive for the Chief Executive Officer to remain with the company. The shares were held in escrow and did not fully vest until 31 March 2008. The shares are fully paid and rank equally with existing shares. The company advanced $453,000 to RJ de Lautour at an interest rate of 7.62% to fund the purchase of the shares. The loan is due to be fully repaid on 31 March 2013. During the year ended 31 March 2012 interest charged was $26,000 (March 2011: $39,000). As at 31 March 2012 the balance outstanding on this loan was $448,000 (March 2011: $507,000). These shares were not in exchange for services rendered or performance, nor in lieu of salary; thus are not share based payments under NZ IFRS 2, Share Based Payments.

On 1 April 2006 Easy Driver Limited, a subsidiary of ED 2001 Limited, was provided with loan facilities totalling $600,000. This comprised a trading stock facility of $500,000 and a revolving credit facility of $100,000. The balances outstanding on the loans as at 31 March 2012 were $500,000 (March 2011: $470,000) and $100,000 (March 2011: $100,000) subject to 12.50% interest (March 2011: Nil). During the year ended 31 March 2012 Easy Driver Limited was charged interest of $65,000 (March 2011: Nil). The total balance is repayable on demand and secured by way of a floating charge over the assets of the company.

On 1 January 2010, Instant Finance sold $4,646,000 of loan receivables to ED 2001 Limited at book value, which was considered to be the estimated fair value. During the year ended 31 March 2012 interest charged on this advance was $63,000 (March 2011: $98,000). As at 31 March 2012 the balance outstanding on this advance was $Nil (March 2011: $545,000). This intercompany transaction has been eliminated on consolidation into the group.

As a result of the above sale of loans and the full repayment of the loan advanced to ED 2001 Limited, Instant Finance has collected cash on these loans on behalf of ED 2001 Limited which is reflected in the amount due to subsidiary.

On 1 January 2010, Instant Finance sold $488,000 of loan receivables to Easy Driver Limited at book value, which was considered to be the estimated fair value. During the year ended 31 March 2012 interest charged on this advance was $10,000 (March 2011: $26,000). As at 31 March 2012 the balance outstanding on this advance was $Nil (March 2011: $92,000). This intercompany transaction has been eliminated on consolidation into the group.

As a result of the above sale of loans and the full repayment of the loan advanced to Easy Driver Limited, Instant Finance has collected cash on these loans on behalf of ED 2001 Limited which is reflected in the amount due to subsidiary.

The parent company provides corporate support services to Easy Driver Limited for which a management fee is charged on a monthly basis. For the year ended 31 March 2012 the amount charged to Easy Driver Limited totalled $41,000 (March 2011: $Nil). As at 31 March 2012, the amount of outstanding management fees was $3,000 (March 2011: $Nil).

25. Related party transactions (continued)

Fortress owns 10.3% of the share capital of the company. Fortress is also the provider of a wholesale funding facility to the group (refer note 20). As at 31 March 2012, the balance outstanding under this facility was $43,906,000 (March 2011: $45,406,000). During the year ended 31 March 2012, the group paid interest of $4,942,000 (March 2011: $4,960,000) under the wholesale funding facility (refer note 3).

Key management personnel compensation for the year ended 31 March 2012 was $675,000 (March 2011: $515,000). The key management personnel are the two executives with the greatest authority for the strategic direction and management of the company.

26. Due to / from associate and subsidiaries

$'000	**Group 31 Mar-12**	Group 31 Mar-11	**Parent 31 Mar-12**	Parent 31 Mar-11
Associate				
MyHome NZ Limited	**12**	1	**12**	1
	$12	$1	**$12**	$1
Subsidiary				
Due from ED 2001 Limited	**-**	-	**-**	545
Due from Easy Driver Limited	**-**	-	**653**	760
Provision for impairment on advance to subsidiary	**-**	-	**(412)**	(412)
Total due from subsidiary	**$12**	$1	**$241**	$893
Due to ED 2001 Limited	**-**	-	**371**	-
Due to Easy Driver Limited	**-**	-	**25**	-
Total due to subsidiary	**$-**	$-	**$396**	$-

The parent company recharges a number of overheads on a monthly basis to Easy Driver Limited. During the year a total of $124,000 of such overheads were recharged (March 2011: $57,000). As at 31 March 2012 the amount of outstanding overheads was $8,000 (March 2011: $96,000).

The balance outstanding from MyHome NZ Limited (formerly IFone Limited), an associate, includes a revolving credit loan facility, which is subject to interest at 12.50% (March 2011: 12.5%). The balance outstanding as at 31 March 2012 was $Nil (March 2011: $2,000). During the year ended 31 March 2012 MyHome NZ Limited was charged interest of $518 (March 2011: $2,257). The total balance is repayable on demand and secured by way of a floating charge over the assets of the company. The parent company also recharges a number of overheads on a monthly basis to MyHome NZ Limited. During the year a total of $32,000 of such overheads were recharged. (March 2011: $17,000). As at 31 March 2012 the amount of outstanding overheads was $2,000 (March 2012: $1,000).

27. Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The group maintains a minimum capital of $16,798,000 and a maximum dividend payout ratio of 50% of net profit after tax. This ensures that adequate capital is always maintained. This policy is consistent with the 2011 financial year.

28. Lease commitments

Total future minimum lease payments under non-cancellable operating leases.

$'000	Group 31 Mar-12	Group 31 Mar-11	Parent 31 Mar-12	Parent 31 Mar-11
No later than one year	**1,384**	1,242	**1,384**	1,242
Later than one year and no later than five years	**4,324**	3,695	**4,324**	3,695
Later than five years	**2,927**	3,132	**2,927**	3,132
Total lease commitments	**$8,635**	$8,069	**$8,635**	$8,069

29. Capital expenditure commitments

The company and group have capital expenditure commitments totalling $204,000 outstanding at 31 March 2012 (March 2011: Nil). $75,000 of this expenditure relates to development of a data warehouse to improve management reporting and historical data analysis. The remaining $129,000 represents funds committed for the refurbishment of Glenfield branch.

30. Contingent assets and liabilities

The company and group have a contingent liability in respect of the shares issued to RJ de Lautour (refer note 25). As part of the arrangement, Instant Finance holds an option to reacquire the shares (or to require RJ de Lautour to sell the shares to a nominated third party) at a 25% discount to their fair value. Due to the uncertainty in relation to the components making up the fair value of the option, the value of the option cannot be reliably estimated. Accordingly, it has been disclosed as a contingent liability.

The company and group have no other contingent liabilities as at 31 March 2012 (March 2011: Nil).

31. Events occurring after balance date

The company changed its name from Instant Finance NZ Limited to Instant Finance Limited on 2 April 2012.

On 23 April 2012, Instant Finance incorporated a new subsidiary, Myfinance Limited. On 24 April 2012, Instant Finance acquired all the shares in Financeme Limited for a sum of $163.55 from Richard De Lautour, Chief Executive Officer. Both companies are non-trading, are 100% owned by Instant Finance Limited and have a balance date of 31 March.

On 9 May 2012, the company repaid the total amount owing to Fortress as at that date and entered into a financing arrangement with Westpac. As a result, Fortress released its charge over the group's assets. Under the terms of the financing arrangement with Westpac, the company securitises loan receivables through The Instant Finance Warehouse A Trust (The Trust). Under the facility, Westpac provides funding to The Trust secured by loan receivables sold to The Trust from Instant Finance. The facility is for a term of two years and for a maximum amount of $60,000,000. The Trust is a special purpose entity set up solely for the purpose of purchasing loans from Instant Finance.

Under NZ IAS 39: *Financial Instruments: Recognition and Measurement* and NZ SIC 12: *Consolidation – Special Purpose Entities* Instant Finance controls the financing and operating activities of The Trust and as a result The Trust is required to be consolidated into the group financial statements. Instant Finance continues to administer the loans and collect loan instalments as they fall due. Westpac provides 75% of the funding required to facilitate the purchase of receivables. The remaining 25% is funded by Instant Finance.

As Instant Finance retains substantially all of the risks and rewards relating to the loan receivables sold to The Trust, the loan receivables do not qualify for derecognition under NZ IAS 39 and they will continue to appear in the statement of financial position of Instant Finance.

There have been no other material subsequent events occurring after balance date.

Independent Auditors' Report

to the shareholders of Instant Finance Limited (formerly Instant Finance NZ Limited)

Report on the Financial Statements

We have audited the financial statements of Instant Finance Limited ("the Company") on pages 3 to 44, which comprise the statements of financial position as at 31 March 2012, the statements of comprehensive income and the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 March 2012 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

We have no relationship with, or interests in, Instant Finance Limited or any of its subsidiaries other than in our capacities as auditors and providers of other assurance services. These services have not impaired our independence as auditors of the Company and the Group.

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Independent Auditors' Report

Instant Finance Limited

Opinion

In our opinion, the financial statements on pages 3 to 44:

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 31 March 2012, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2012:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
19 June 2012

Auckland