For the year ended 31 March 2017

Harmoney Corp Limited

Harmoney Corp Limited
Contents of financial statements
For the year ended 31 March 2017

Harmoney Corp Limited
Directors' responsibility statement

The directors are pleased to present the consolidated financial statements of Harmoney Corp Limited for the year ended 31 March 2017.

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Group as at 31 March 2017 and the financial performance and cash flows for the period ended on that date.

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

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Board of Directors of Harmoney Corp Limited authorised the financial statements set out on pages 4 -25 for issue on 18 July 2017.

For and on behalf of the Board

Director

Director

18 July 2017

Harmoney Corp Limited
Consolidated statement of comprehensive income

For the year ended 31 March 2017

	Notes	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
Revenue	4	14,020	8,647
Interest income		85	114
Other income		414	96
Marketing expenses		(6,955)	(8,051)
Employee benefits expense		(6,289)	(6,301)
Information technology expenses		(1,354)	(2,198)
Customer acceptance and retention expenses		(2,332)	(1,986)
Professional services fees		(1,051)	(1,839)
Contractor expenses		(575)	(728)
Directors' fees		(436)	(89)
Facility fee for liquidity services		(208)	(480)
Depreciation and amortisation expenses	6	(246)	(281)
Other expenses		(1,532)	(1,098)
Loss before tax		(6,459)	(14,194)
Income tax benefit/ (expense)	5	-	6
Loss for the year	6	(6,459)	(14,188)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(7)	(10)
Total comprehensive income / (loss) for the year		(6,466)	(14,198)

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

Harmoney Corp Limited
Consolidated statement of changes in equity
For the year ended 31 March 2017

	Note	Share capital $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Accumulated losses $'000	Total $'000
Balance at 31 March 2015		14,331	(2)	-	(6,255)	8,074
Loss for the year		-	-	-	(14,188)	(14,188)
Other comprehensive income / (loss) for the year, net of income tax		-	(10)	-	-	(10)
Total comprehensive loss for the year		-	(10)	-	(14,188)	(14,198)
Recognition of share based payments	18	-	-	366	-	366
Contributed capital	11	12,579	-	-	-	12,579
Balance at 31 March 2016		26,910	(12)	366	(20,443)	6,821
Loss for the year		-	-	-	(6,459)	(6,459)
Other comprehensive income / (loss) for the year, net of income tax		-	(7)	-	-	(7)
Total comprehensive loss for the year		-	(7)	-	(6,459)	(6,466)
Recognition of share based payments	18	-	-	318	-	318
Transfer to capital		622	-	(622)	-	-
Contributed capital	11	4,672	-	-	-	4,672
Balance at 31 March 2017		32,204	(19)	62	(26,902)	5,345

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

Harmoney Corp Limited
Consolidated statement of financial position
as at 31 March 2017

	Notes	31/03/2017 $'000	31/03/2016 $'000
ASSETS			
Current assets			
Cash and bank balances	17	8,170	8,026
Current tax assets		54	45
Trade and other assets	10	398	671
Total current assets		8,622	8,742
Non-current assets			
Plant and equipment	7	130	147
Intangible assets	8	271	469
Total non-current assets		401	616
Total assets		9,023	9,358
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	13	2,869	2,419
Rebate provision	14	225	-
Deferred income		471	118
Total current liabilities		3,565	2,537
Non-Current liabilities			
Rebate provision	14	113	-
Total non-current liabilities		113	-
Total liabilities		3,678	2,537
Capital and reserves			
Issued capital	11	32,204	26,910
Foreign currency translation reserve		(19)	(12)
Share based payment reserve	12	62	366
Accumulated losses		(26,902)	(20,443)
Total equity		5,345	6,821
Total equity and liabilities		9,023	9,358

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

Harmoney Corp Limited
Consolidated statement of cash flows
For the year ended 31 March 2017

	Notes	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
Cash flows from operating activities			
Fee revenue		14,980	8,305
Interest income		75	82
Operating expenses paid		(19,546)	(21,401)
Net cash (used in) / generated by operating activities		(4,491)	(13,014)
Cash flows from investing activities			
Payments for plant and equipment	7	(30)	(80)
Payments for intangibles	8	-	(11)
Net cash (used in) / generated by investing activities		(30)	(91)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		4,672	12,780
Payments for share issue costs		-	(40)
Net cash generated by financing activities		4,672	12,740
Cash and cash equivalents at the beginning of the year		8,026	8,401
Net increase / (decrease) in cash and cash equivalents		151	(365)
Loss on foreign currency bank accounts		(7)	(10)
Cash and cash equivalents at the end of the year	17	8,170	8,026

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

1. General information

Harmoney Corp Limited ("the Company") and its subsidiaries are Companies whose primary business is to provide peer to peer lending services. The Company is an FMC Reporting Entity as they are a licensed peer to peer lender.

Harmoney Corp Limited is a company incorporated in New Zealand and registered under the Companies Act 1993. The Company was incorporated on 1 May 2014.

2. Significant accounting policies

2.1 Statement of compliance and reporting framework

The Group has adopted External Reporting Board Standard A1 Accounting Standards Framework (For-profit Entities Update) (XRB A1). The Group qualifies for NZ IFRS (RDR) as it is an FMC Reporting Entity with lower public accountability and it is not a large for-profit public sector entity. The Group has elected to apply NZ IFRS (RDR) and has applied disclosure concessions.

2.2 Basis of preparation

The consolidated financial statements of Harmoney Corp Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP').

The consolidated financial statements have been prepared on the historical cost basis except for assets that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

The principal accounting policies are set out below.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

2.3 Basis of consolidation (continued)

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.4.1 Rendering of services

Platform fees are a brokerage fee charged to borrowers for arranging a loan between a borrower and a lender. The fee is recognised as revenue on loan contract date.

Note fees are charged to wholesale lenders for marketing to, and assessing, the borrower on behalf of the lender. The fee is earnt when a lender places a successful order and revenue is recognised on loan contract date.

Service and lender fees are charged to the lender for managing borrower repayments and administering the account on behalf of the lender. The fees are earnt when principal and interest repayments are made and is recognised as revenue at the time repayments are distributed to lenders.

Performance fees are earnt when a lender's portfolio achieves returns over an agreed percentage return.

Payment protect fees are charged to the lender for arranging a loan between the borrower and a lender with payment protect as an add on feature of the loan. The commission portion of the fee is earnt on loan contract date and is rebateable if a loan is rewritten (see note 14). The management portion is earnt over the life of the loan.

Other fees include charges to borrowers when repayments are dishonoured, overdue fees when a payment is not made in full and the account goes into arrears and the on charge of legal fees where enforcement action is required against the borrower. Revenue is recognised when these charges are paid by the borrower.

2.4.2 Interest income

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

2.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.5.1 The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.6 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and position of each group entity are expressed in NZD, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NZD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1 Current tax

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

2.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.7.3 Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.7.4 Goods and services tax

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

· where the amount of GST incurred is not recovered from the taxation authority, but is available for future recovery, it is recognised as an unrecoverable GST expense in the income statement pending the application of a recovery percentage once determined.

· for receivables and payables which are recognised inclusive of GST (the net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

2.8 Plant and equipment

Plant and equipment is carried at cost, less depreciation and any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:
Furniture and fixtures 1 – 8 years
Plant and equipment 5 – 15 years

2.9 Intangible assets

2.9.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.9.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

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

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

The following useful lives are used in the calculation of amortisation.
Loan Management System 4 years
Domain name 10 years

2.9.3 Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.10 Impairment of tangible and intangible assets
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Financial instruments
Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.12 Financial assets

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss' (FVTPL), ‘held-to-maturity' investments, ‘available-for-sale' (AFS) financial assets and ‘loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2.12.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2.12.2 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.12.3 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.13 Financial liabilities and equity instruments

2.13.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.13.2 Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.13.3 Other financial liabilities

Other financial liabilities (including trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.13.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.14 Cash
In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.15 Share based payments

Share-based compensation plan
The entity receives services from employees and directors as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:
- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statements, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares.

Equity settled services agreement
The entity receives marketing services from a supplier as consideration for shares in the company. The fair value of the services received in exchange for the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the services received as agreed in the services agreement.

The company issues new shares at intervals agreed in the services agreement.

2.16 Salaries and other staff expenses
Salaries are recognised over the period the employee renders the service to receive the benefit.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies
The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

3.1.1 Treatment of development costs incurred in the period

The Group has incurred and will continue to incur significant costs in developing its Loan Management System and on other projects. The directors believe that the costs fall within the definition of research and development within NZ IAS 38 Intangible Assets. These costs have been assessed against the recognition and measurement criteria in that standard. The costs have been recorded as Intangible Assets on the balance sheet where the Group believes that all the requirements of the recognition criteria outlined in our accounting policy (note 2.10.2) and expensed where they have not been met.

3.1.2 Recognition of share based payments

The Group measures the value of share-based payments at grant date, being the date at which the Group and the counterparty have a shared understanding of the terms and conditions of the arrangement which may differ to when all approvals have been obtained. Where key terms such as vesting conditions have not been communicated, the Group does not consider the grant date to have occurred nor the vesting period started. Accordingly no share based payments are recognised.

3.1.3 Option valuation for share based payments

The options granted under NZ IFRS 2 Share-based payments are required to be valued. The valuation exercise requires a high level of judgment in its assumptions. The assumptions are discussed in detail in note 18.

3.1.3 Deferred tax asset relating to tax losses not recognised as an asset

NZ IAS 12 Income Taxes allows the capitalisation of tax losses as deferred tax assets only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The directors do not believe that there is sufficient certainty to warrant the recognition of this asset, other than to offset existing deferred tax liabilities.

4. Revenue

	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
Platform fees	5,387	6,256
Note fees	3,623	491
Service and lender fees	2,645	900
Performance fees	1,467	798
Payment protect fees	505	184
Other fees	393	18
	14,020	8,647

5. Income taxes

5.1 Income tax recognised in profit or loss	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
Current tax		
In respect of the prior period	-	(6)
	-	(6)
Deferred tax		
In respect of the current year	(1,858)	3,855
Write-downs of deferred tax assets	1,858	(3,855)
	-	-
Total income tax expense recognised in the current year	-	(6)

The income tax expense for the year can be reconciled to the accounting profit as follows:	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
Loss before tax from continuing operations	(6,459)	(14,194)
Income tax benefit calculated at 28%	1,809	3,974
Effect of expenses that are not deductible in determining taxable profit	(2)	(129)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(1,807)	(3,845)
Prior period adjustment	-	(6)
Income tax expense recognised in profit or loss.	-	(6)

The tax rate used for the reconciliation above is the corporate tax rate of 28% payable by corporate entities in New Zealand on taxable profits under tax law in that jurisdiction.

5.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	31/03/2017 $'000	31/03/2016 $'000
Deferred tax assets	-	14
Deferred tax liabilities	-	(14)
	-	-

2017	Opening balance $'000	Recognised in profit or loss $'000	Acquisitions /disposals $'000	Closing balance $'000
Deferred tax (liabilities)/assets in relation to				
Accruals	41	37	-	78
Plant & equipment and intangibles	(55)	(23)	-	(78)
	(14)	14	-	-
Tax losses / (deferred tax assets not recognised)	14	(14)	-	-
Other	-	-	-	-
	14	(14)	-	-
	-	-	-	-

2016	Opening balance $'000	Recognised in profit or loss $'000	Acquisitions /disposals $'000	Closing balance $'000
Deferred tax (liabilities)/assets in relation to				
Accruals	10	31	-	41
Plant & equipment and intangibles	(29)	(26)	-	(55)
	(19)	5	-	(14)
Tax losses / (deferred tax assets not recognised)	19	(5)	-	14
Other	-	-	-	-
	19	(5)	-	14
	-	-	-	-

5.3 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	31/03/2017 $'000	31/03/2016 $'000
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- deductible temporary differences	263	-
- tax losses	7,227	5,666
	7,490	5,666

6. Loss for the year

Loss for the year includes the following items:

	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
6.1 Depreciation and amortisation expense		
Depreciation of plant and equipment	48	58
Amortisation of intangible assets	198	223
Total depreciation and amortisation expense	246	281

	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
6.3 Research and development costs expensed as incurred	1,958	1,286

	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
6.4 Fees paid to auditors		
Harmoney Corp Limited group financial statement audit *	66	80
Harmoney Australia Limited financial statement audit	25	8
Harmoney Corp Limited NTA agreed on procedures	3	2
Harmoney Australia Limited AFSL reporting	9	-
Custody controls assurance engagement **	43	72
Tax advisory services	22	-
Other advisory services	15	-
Total	184	162

* $25,000 of the 2016 cost relates to additional fees agreed in relation to the 2015 financial statement audit.
** $25,000 of the 2016 cost relates to the 2015 custody controls assurance engagement performed during the 2016 financial year.

7. Plant and equipment	31/03/2017 $'000	31/03/2016 $'000
Carrying amounts of:		
Furniture and Fixtures	63	63
IT Equipment	67	84
	130	147

Cost	Furniture and fixtures $'000	IT Equipment $'000	Total $'000
Balance at 31 March 2015	41	100	141
Additions	34	46	80
Balance at 31 March 2016	75	146	221
Additions	13	17	30
Balance at 31 March 2017	88	163	251

Accumulated depreciation and impairment	Furniture and fixtures $'000	IT Equipment $'000	Total $'000
Balance at 31 March 2015	4	12	16
Depreciation expense	8	50	58
Balance at 31 March 2016	12	62	74
Depreciation expense	13	35	48
Balance at 31 March 2017	25	97	122

8. Intangible assets

	31/03/2017 $'000	31/03/2016 $'000
Carrying amounts of:		
Loan Management System	256	447
Other intangibles	15	22
	271	469

	Loan Management System $'000	Other intangibles $'000	Total $'000
Cost			
Balance at 31 March 2015	839	14	853
Additions	-	11	11
Balance at 31 March 2016	839	25	864
Additions	-	-	-
Balance at 31 March 2017	839	25	864

	Loan Management System $'000	Other intangibles $'000	Total $'000
Accumulated amortisation			
Balance at 31 March 2015	171	1	172
Amortisation expense	221	2	223
Balance at 31 March 2016	392	3	395
Amortisation expense	191	7	198
Balance at 31 March 2017	583	10	593

9. Subsidiaries

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

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
		31/03/2017	31/03/2016
Harmoney Investor Trustee Limited	New Zealand	100%	100%
Harmoney Limited	New Zealand	100%	100%
Harmoney Platinum Limited	New Zealand	100%	100%
Harmoney Services Limited	New Zealand	100%	100%
Harmoney Systems Limited	New Zealand	100%	100%
Harmoney Wholesale Limited*	New Zealand	0%	0%
HM Incentive Scheme Trustees Limited	New Zealand	100%	100%
Harmoney Australia Limited	Australia	100%	100%
Harmoney Services Australia Pty Limited	Australia	100%	100%

* On 24 March 2016, the Harmoney Corp Limited group was restructured. On this date, Harmoney Wholesale Limited was amalgamated with Harmoney Services Limited which continued as the amalgamated company. Harmoney Services Limited (the amalgamated company) by law succeeded all property, rights, powers and privileges, and to all liabilities and obligations of Harmoney Wholesale Limited (the amalgamating company). Harmoney Wholesale Limited has been removed from the New Zealand register of companies.

10. Other assets

	31/03/2017 $'000	31/03/2016 $'000
Trade receivables	137	262
Prepayments	127	345
GST	82	12
Deposits	52	52
	398	671

11. Issued capital

Issued capital comprises:	31/03/2017 Number of shares	31/03/2017 Share capital $'000	31/03/2016 Number of shares	31/03/2016 Share capital $'000
Fully paid ordinary shares	133,357,629	7,121	130,690,962	6,868
Fully paid Series A shares	26,218,173	8,112	25,517,115	7,743
Fully paid Series B shares	33,768,253	16,971	24,581,931	12,299
	193,344,055	32,204	180,790,008	26,910

11.1 Fully paid shares	Ordinary shares	Series A	Series B
Balance at 31 March 2015	130,140,265	23,815,974	-
Shares issued	550,697	1,701,141	24,581,931
Balance at 31 March 2016	130,690,962	25,517,115	24,581,931
Shares issued	2,666,667	701,058	9,186,322
Balance at 31 March 2017	133,357,629	26,218,173	33,768,253

Fully paid ordinary shares carry one vote per share, carry a right to dividends and a pro rata share of net assets on wind up, subject to the Series B and A shares liquidation preference.

Of the fully paid ordinary shares 8,250,000 are held on trust by HM Incentive Scheme Trustees Limited for the benefit of employees at a value of $1. During the year 6,750,000 shares were transferred to employees (2016: nil).

Both Fully paid Series B and Series A shares carry one vote per share and a right to dividends.

On a liquidation event, the surplus assets of the Company remaining after payment of its liabilities shall be applied;
- first, in paying to each Series B shareholder an amount equivalent to the Series B issue price for each share (or a pro rata amount if the surplus assets are insufficient to pay the issue price in full),
- second, in paying to each Series A shareholder an amount equivalent to the Series A issue price for each share (or a pro rata amount if the surplus assets are insufficient to pay the issue price in full),
- third, in paying an amount on a per Share basis equal to the amount distributed above to the Ordinary Shareholders pro rata to the number of Ordinary Shares held by them (or a pro rata amount if the surplus assets are insufficient to pay such amount in full),
- fourth, in paying the balance (if any) to all Shareholders pro rata to the Shares held by each of them (treating the Series A and B shares as having been converted to Ordinary Shares.

Series B and A shareholders have the option of converting their shares to Ordinary shares and participating only as Ordinary Shareholders as set out above.

As a Standard Condition of the Group's Financial Markets Conduct Act 2013 services licence to provide Peer-to-peer lending services, the Group is required to maintain a positive Net Tangible Assets balance as defined in the Standard Conditions for Peer-to-peer lending service licensees. During the year ended 31 March 2017, the Group was in compliance with this requirement.

12. Accumulated losses and Reserves

Accumulated losses	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
Opening balance	(20,443)	(6,255)
Loss attributable to owners of the Company	(6,459)	(14,188)
Closing balance	(26,902)	(20,443)

Foreign Currency Translation Reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. NZD) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Share Based Payments Reserve

	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
Opening balance	366	-
Arising on equity settled Director benefits	253	-
Arising on equity settled services agreement	65	318
Arising on equity settled employee benefits	-	48
Transferred to share capital	(622)	-
Closing balance	62	366

The above equity settled reserve relates to share options granted by the Company under a Director's agreement, a services agreement with a supplier and an employee agreement. Further information is set out in note 18.

13. Trade and other payables

	31/03/2017 $'000	31/03/2016 $'000
Accruals	1,116	1,195
Employee benefits accrual	991	884
Trade payables	435	242
Other payables	327	98
	2,869	2,419

14. Rebate provision

	31/03/2017 $'000	31/03/2016 $'000
Current	225	-
Non-current	113	-
	338	-

The payment protect fees include a commission portion which is rebateable by Harmoney to the lender if a payment protect loan is rewritten. The rebate is proportional to the remaining term at the time the loan is rewritten, i.e. the rebateable amount decreases as the loan nears completion. The rebate provision represents an estimate of the commission which may be rebated as at 31 March 2017. The estimate has been made on the basis of historical rewrite trends across the existing loan portfolio and may vary. These amounts have not been discounted for the purposes of measuring the provision because the effect is not material.

15. Categories of financial instruments

	31/03/2017 $'000	31/03/2016 $'000
Financial assets at amortised cost		
Cash and bank balances	8,170	8,026
Other assets	189	314
	8,359	8,340
Financial liabilities at amortised cost		
Trade and other payables	1,878	1,536
	1,878	1,536

16. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

16.1 Trading transactions

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group:

	Purchases	
	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
Trade Me Limited:		
Advertising (note 18.2)	65	318
Lease expenses	-	41

The following balances were outstanding at the end of the year:

	Amounts owed to related parties	
	31/03/2017 $'000	31/03/2016 $'000
Trade Me Limited	-	-

Trade Me Limited is considered a related party as it is able to exert significant influence on the Group. The amounts outstanding are unsecured and have been reported within Trade Payables. No guarantees have been given or received. No expense has been recognised in the current period for bad or doubtful debts in respect of the amounts owed by related parties.

16.2 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was $1,550,685 (2016: $1,153,261).

17. Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	31/03/2017 $'000	31/03/2016 $'000
Cash on hand and demand deposits	1,426	7,726
Short term deposits	6,744	300
Cash and bank balances	8,170	8,026

18. Share Based Payments

18.1 Details of the equity settled Directors' agreement of the Group
The Group has entered in an agreement with a Director to issue Ordinary Shares in exchange for services provided. The number of shares granted is calculated in accordance with the performance criteria contained in the letter of appointment. The shares were granted, vested and exercised on 21 February 2017 at a nil exercise price. The expense for this share based payment is included and has been recognised in 'Directors' Fees' in profit or loss and disclosed in Note 12 above.

Given that the options have a nil exercise price the fair value of the option was calculated on the same basis as an ordinary share. The fair value at grant date was $253,333 based on a DCF valuation and discounted for impact of liquidity preference and lack of control and has been recognised.

The Group has allocated a further 3,750,000 share options to Directors as at 31 March 2017. These have not been recognised as at 31 March 2017 as the key terms, particularly in relation to the vesting conditions and settlement mechanism are still to be communicated and agreed.

18.2 Details of the equity settled services agreement of the Group
The Group has entered in an agreement with Trade Me to issue Series A Shares in exchange for marketing services at the end of every calendar year. The expense for this share based payment is included in 'Customer acceptance and retention expenses' in profit or loss and disclosed in Note 16.1 above.

The fair value of the series A shares is calculated by reference to the fair value of the service provided at the rates agreed in the services agreement, being $65,000 in the current year (2016: $318,000). The number of shares is calculated based on formulae in the services agreement. 701,058 shares have been issued in the current year in satisfaction of the agreement for the 2015 and 2016 calendar years.

18.3 Details of the equity settled employee share option plan of the Group
In 2016 the Group recorded its entry into an agreement to issue an employee 14,000,000 share options to be exercised within 10 years of grant date. The shares were granted and vested on 1 March 2014 at a nil exercise price. Each share option converts to one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The expense for this share based payment was included in 'employee benefits expense' in profit or loss in 2016. Given that the options have a nil exercise price the fair value of the option was calculated on the same basis as an ordinary share. The fair value at grant date was $48,000 being the mid point of share of net assets and share of capital in the Company.

No options were forfeited, exercised or expired during the year.

18.4 Details of the equity settled employee share plan of the Group

In 2015 the Group entered into employment agreements to transfer 12,000,000 shares to employees subject to tenure, with the shares being held in Trust by HM Incentive Scheme Trustees Limited for the employees' benefit (refer note 11) until vesting. 6,750,000 shares have vested and been transferred to the employees' as at year end. No employees' have left the Group and 5,250,000 shares have yet to vest. The fair value of these shares at grant date was $1 as the Group had no net assets at that time.

19. Non-cash transactions

During the current year, the Group did not enter into any non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows. (2016: Nil.)

20. Operating lease arrangements

20.1 Operating lease payments recognised as expense

	Year ended 31/03/2017 $'000	Year ended 31/03/2016 $'000
Total lease expense	267	172

20.2 Non-cancellable operating lease commitments

	31/03/2017 $'000	31/03/2016 $'000
Not later than 1 year	294	290
Later than 1 year and not later than 5 years	955	1,154
Later than 5 years	-	72
	1,249	1,516

21. Contingent liabilities

The Group was subject to potential legal proceedings as at 31 March 2017. The directors have assessed these potential proceedings and have concluded that based on the Group's position and taking into consideration external legal advice, these are not expected to have a material effect on the reported results for the Group for the year ended 31 March 2017. There are no other contingent liabilities as at 31 March 2017.

22. Events after the reporting period

CF Domecq resigned from the board of directors on 18 April 2017 and 1.25m shares were issued to her on 26 April 2017. R Dellabarca was appointed to the board on 3 May 2017. There were no other material events subsequent to period end.

Independent auditor's report

To the shareholders of Harmoney Corp Limited

Harmoney Corp Limited's consolidated financial statements comprise:

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

Our opinion

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

Basis for opinion

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

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of custody controls assurance engagement, tax compliance services, tax advisory services and other advisory services. The provision of these other services has not impaired our independence as auditor of the Group.

Information other than the financial statements and auditor's report

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/

Who we report to

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

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
18 July 2017

Auckland

Statutory Disclosures

Directors

The following persons respectively held office as directors of the Company and the Company's subsidiaries during the year ended 31 March 2017.

Harmoney Corp Limited

DM Flacks (Chair)
NG Roberts
TK Jones
S McLean (appointed 13 May 2016)
R Dellabarca (appointed 3 May 2017)
CF Domecq (resigned 18 April 2017)
JC Klouwens (resigned 12 May 2016)

Harmoney Australia Limited

DM Nesbitt
B Hagstrom
BS Taylor

Harmoney Services Australia Pty Ltd

B Hagstrom
BS Taylor

Harmoney Investor Trustee Limited

S Ward

Harmoney Limited

S Ward

Harmoney Platinum Limited

DM Flacks

Harmoney Services Limited

S Ward

Harmoney Systems Limited

S Ward

HM Incentive Scheme Trustees Limited

AS Cathie

Statutory Disclosures (continued)

Employee Remuneration

The Company and its subsidiary companies had employees who received remuneration, including non-cash benefits, in excess of $100,000 for the period ended 31 March 2017 as detailed below:

Remuneration $	Number of employees
100,000-109,999	1
120,000-129,999	3
130,000-139,999	4
160,000-169,999	1
180,000-189,999	2
190,000-199,999	2
200,000-209,999	2
210,000-219,999	3
220,000-229,999	1
250,000-259,999	1
330,000-349,999	1
410,000-419,999	1

Directors' Interests

The following are particulars of general disclosures of interest by Directors of Harmoney Corp Limited holding office at 31 March 2017, pursuant to section 140(2) of the Companies Act 1993. Where applicable, the disclosures also include directorships of subsidiaries of the relevant companies.

DM Flacks	
Vero Insurance New Zealand Limited	Director
Vero Liability Limited	Director
Flacks & Wong Limited	Director
Asteron Life Limited	Director
Zero Invasive Predators Limited	Director
NZ Markets Disciplinary Tribunal	Chair
Project Janszoon Trust Company	Director
Upside Biotechnologies Limited	Chair
AFT Pharmaceuticals Limited	Chair

TK Jones	
Tutanekai Investments Ltd	Director
Kepa Investments Ltd	Director
Sandat Consulting Ltd	Director
N'Godwi Trust	Trustee
New Plymouth PIF Guardians Ltd	Director
Jones Multi Familiy Office Partners Ltd	Director

R Dellabarca (appointed 3 May 2017)	
NZ Venture Investment Fund	CEO
NZ Rugby	Director
NZ Post	Director
R P Dellabarca Trust	Trustee
Wynyard Group	Director
Solvency II Solutions UK Ltd	Director

Statutory Disclosures (continued)

CF Domecq (resigned 18 April 2017)	
International Trading Cartel Limited	Chair
Foundry Innovations Limited (trading as Ora, Localist, The Market NZ, Urban Sherpa)	Director
Tourism Holdings Limited	Director
Umajin Limited	Director
Wild Logic Limited	Director
MexiKai Limited	Director

JC Klouwens (resigned 12 May 2016)	
Old Friends Limited	Director
Trade Me Limited	Director
TMG Trustee Limited	Director
Paystation Limited	Director
Trade Me Comparisons Limited	Director
MotorWeb Australia Pty Limited	Director
Kevin's Australian Investments Pty Limited	Director
Katy Klouwens Family Trust	Trustee
Jonathan Klouwens Family Trust	Trustee
Milky Trust	Trustee

NG Roberts	
Neil Roberts Trustee Company Ltd	Director
Roberts Business Trust	Trustee

S Ward	
Monde Five Ltd	Director

Indemnities and insurance

Pursuant to section 162 of the Companies Act 1993 and the Constitution, Harmoney Corp Limited has entered into insurance for the directors of the Group to indemnify them, against liabilities which they may incur in the performance of their duties as directors of any company within the Group.

Directors' fees and interests in Harmoney Corp Limited

	Directors' fees	**Interests in Harmoney Corp Ltd**	
	$	**# of options**	**# of shares**
NG Roberts	-	14,000,000	78,061,853
TK Jones	35,000	-	681,818
DM Flacks	125,000	-	454,545
S Ward	-	-	466,400
AS Cathie	-	-	3,320,000
BL Hagstrom	-	-	3,615,965
BS Taylor	-	-	3,048,339

CF Domecq resigned from the board of directors on 18 April 2017 and 1.25m shares were issued to her on 26 April 2017.

Donations

No donations were made in the current year.