Energy Mad Limited

31 March 2018

Consolidated Financial Statements

Energy Mad Consolidated Financial Statements 2018

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Chairman's Report

The Directors continue to pursue an orderly wind down and sale of Energy Mad's residual assets. Two proposals, if approved by shareholders, will see the company radically restructured, and focused on an entirely new area of business.

Proposed Acquisition Transaction with PaySauce Limited

The Directors have executed a non-binding indicative terms sheet with PaySauce Limited, a provider of cloud-based software, for the acquisition of PaySauce through the issue of shares in Energy Mad Limited. The terms sheet is subject to due diligence being undertaken by both parties, the completion of legally binding transaction documents, approval by shareholders and regulatory approval.

The effect of the proposed transaction on current Energy Mad shareholders is that:

a) They will retain their current shares, which based on estimated values, will represent approximately 3% of the issued capital post transaction;
b) The assets of the Energy Mad Group will be transferred to a wholly owned subsidiary, with current shareholders receiving shares in this subsidiary pro rata for zero consideration, thereby retaining their existing interest in Energy Mad assets.
c) On completion of collection of outstanding receivables and disposition of inventory, the subsidiary will be liquidated and the proceeds (less costs) will be distributed to shareholders and bondholders as applicable.

Agreement with Ecobulb Limited

The Agreement with Ecobulb Limited for the proposed sale and purchase of assets of Energy Mad, announced last year, remains in place. The proposed settlement date has been extended to 31 July 2018 by agreement with Ecobulb Limited, to enable one shareholder meeting to consider this proposal and the PaySauce proposal in tandem.

Operating performance

This year's operating results reflecting the ongoing liquidation of stock, realisation of receivables and the reduction of payables to unrelated parties.

Energy Mad Limited incurred a loss for the year ended 31 March 2018 of $993,000 on revenue of $663,000. The substantial decrease in revenue from $5.3 million for the prior year, reflects the disposal of inventory without replenishment.

Gross profit was a loss of $82,000 for the year ended 31 March 2018 compared with a profit of $1.9 million for the prior year. Inventory is being liquidated in a difficult market, with realisations net of holding costs less than those estimated as at 31 March 2017.

Administration and general expenses of $236,000 for the year ended 31 March 2018 (2017: $2.2 million) are after the utilisation of $250,000 in exit costs provided for in the prior year. There are no remaining staff, with resources contracted on an as required basis, and the group's offices have now been closed.

Selling and distribution expenses were $223,000 for the year ended 31 March 2018 (2017: $264,000), being agency fees paid to Ecobulb Limited as part of the agreement entered into on 8 May 2017.

Net finance costs are $471,000 for the year ended 31 March 2018 compared to $604,000 for the prior period. The reduction is due to the conversion of interest bearing convertible notes to shares in the previous year.

There was a net cash inflow from operating activities of $324,000 compared to an outflow of $1.4 million the previous year. Cash generated from the sale of inventory and the realisation of receivables was used to reduce outstanding payables and debtor factoring facilities.

The Group's assets have decreased by $1.3 million from $1.7 million to $391,000. The reduction reflects:

- Lower receivables due to ongoing collection and the decrease in revenue.
- The sale of inventory without replenishment.
- An increase in balance date cash holdings.

The Group's liabilities have decreased by $357,000 from $4.9 million to $4.6 million. The decrease reflects:

- A reduction in trade and other payables, employee entitlements, short term advances (debtor factoring facilities) and provisions
- An increase in borrowings (term loans and convertible notes), due to interest accrued but unpaid.
- Borrowings also include a $100,000 short term loan to fund transaction costs associated with the proposed acquisition of PaySauce Limited.

Thank You

While progress has been painfully slow at times, the Directors remain focused on delivering the best possible outcome for shareholders. I wish to record my thanks to my fellow Directors and to all Energy Mad shareholders for their ongoing patience and support.

I also wish to thank SuperLife Limited and Smartshares Limited for the continued support that has allowed the Directors to pursue an orderly wind down of Energy Mad's operations.

P.B. Wheeler

Dr Brent Wheeler
Chairman

Statement of Comprehensive Income

	Notes	March 2018 NZ$	March 2017 NZ$
Revenue	6	663,069	5,327,270
Cost of sales		(745,172)	(3,461,315)
Gross profit		(82,104)	1,865,955
Other income	6	18,520	17,765
Administration and general expenses	7	(235,888)	(2,183,405)
Selling and distribution expenses	7	(222,620)	(263,694)
Provision for inventory obsolescence	3,16	-	(1,657,678)
Provision for exit costs associated with winding down operations	3	-	(250,000)
Impairment of fixed and intangible assets	3,18,19	-	(923,636)
Operating loss		**(522,092)**	**(3,394,693)**
Finance income	8	631	532
Finance costs	8	(471,333)	(605,012)
Net finance costs		(470,702)	(604,480)
Loss before taxation		**(992,793)**	**(3,999,172)**
Income tax benefit / (expense)	11	-	-
Loss for the year		**(992,793)**	**(3,999,172)**
Other comprehensive income (loss)			
Exchange gain / (loss) on translating foreign operations		(7,161)	(30,468)
Total other comprehensive loss for the year		(7,161)	(30,468)
Total comprehensive loss for the year		**(999,954)**	**(4,029,641)**
Earnings per share:	26		
Basic and diluted earnings per share			
Loss for the year		(0.01)	(0.05)
Total		**(0.01)**	**(0.05)**

Statement of Changes in Equity

	Notes	Share capital NZ$	Foreign exchange translation reserve NZ$	Accumulated losses NZ$	Total equity NZ$
Balance at 1 April 2017		21,982,117	(183,632)	(24,962,359)	(3,163,874)
Issue of share capital	**25**	-	-	-	-
Transactions with owners		-	-	-	-
Loss for the year		-	-	(992,793)	(992,793)
Other comprehensive income		-	(7,161)	-	(7,161)
Total comprehensive income		-	(7,161)	(992,793)	(999,954)
Balance at 31 March 2018		**21,982,117**	**(190,793)**	**(25,955,152)**	**(4,163,828)**

	Notes	Share capital NZ$	Foreign exchange translation reserve NZ$	Accumulated losses NZ$	Total equity NZ$
Balance at 1 April 2016		19,732,117	(153,164)	(20,963,186)	(1,384,233)
Issue of share capital	**25**	2,250,000	-	-	2,250,000
Transactions with owners		2,250,000	-	-	2,250,000
Loss for the year		-	-	(3,999,172)	(3,999,172)
Other comprehensive income		-	(30,468)	-	(30,468)
Total comprehensive income		-	(30,468)	(3,999,172)	(4,029,641)
Balance at 31 March 2017		**21,982,117**	**(183,632)**	**(24,962,359)**	**(3,163,874)**

Statement of Financial Position

	Notes	NZ$	NZ$
Current assets			
Cash and cash equivalents		121,367	57,195
Trade and other receivables	15	216,115	1,048,101
Income tax receivable		10,004	11,740
Inventories	16	43,313	630,732
Total current assets		**390,798**	**1,747,768**
Non current assets			
Intangible assets	19	-	-
Property, plant and equipment	18	-	-
Total non current assets		**-**	**-**
Total assets		**390,798**	**1,747,768**
Current liabilities			
Trade and other payables	20	923,142	1,140,738
Employee entitlements	21	-	100,698
Short term advance	22	1,934	354,773
Provisions	3	-	250,000
Finance lease payable		-	925
Convertible notes	23	406,334	369,288
Loans	24	3,223,216	2,695,219
Total current liabilities		**4,554,626**	**4,911,642**
Non current liabilities			
Convertible notes	23	-	-
Loans	24	-	-
Total non current liabilities		**-**	**-**
Total liabilities		**4,554,626**	**4,911,642**
Equity			
Share capital	25	21,982,117	21,982,117
Foreign exchange translation reserve		(190,793)	(183,632)
Accumulated losses		(25,955,152)	(24,962,359)
Total equity		**(4,163,828)**	**(3,163,874)**
Total equity and liabilities		**390,798**	**1,747,768**

Statement of Cash Flows

	Notes	March 2018 NZ$	March 2017 NZ$
Operating activities			
Cash was received from:			
Receipts from customers		1,513,575	6,699,023
Interest received		631	532
		1,514,206	6,699,555
Cash was applied to:			
Interest paid		6,290	361,820
Payments to suppliers and employees		1,185,480	7,682,729
Taxation paid		(1,736)	6,534
		1,190,035	8,051,083
Net cash inflow (outflow) from operating activities	**30**	**324,171**	**(1,351,528)**
Investing activities			
Cash was applied to:			
Purchase of property, plant & equipment		-	2,995
Purchase of intangible assets		-	250,555
		-	253,550
Net cash outflow from investing activities		**-**	**(253,550)**
Financing activities			
Cash was provided from:			
Term Loan	**24**	100,000	2,150,000
Cash was applied to:			
Short term advances repaid	**22**	352,839	748,123
		352,839	748,123
Net cash inflow (outflow) from financing activities		**(252,839)**	**1,401,878**
Net (decrease) / increase in cash and cash equivalents		71,332	(203,201)
Cash and cash equivalents, beginning of the year		57,195	290,865
Effect of foreign exchange rates		(7,161)	(30,468)
Cash and cash equivalents, end of the year	**14**	**121,367**	**57,196**

The accompanying notes form part of these financial statements

Notes to the Financial Statements

1 General information

The reporting entity is Energy Mad Limited (the "Company"). It is a for-profit entity, incorporated and domiciled in New Zealand. The Group comprising the Company and its subsidiaries is a reporting entity for the purposes of the Financial Markets Conduct Act 2013 and its financial statements comply with that Act. The address of its registered office is Grant Thornton New Zealand Ltd, L3, 2 Hazeldean Road, Addington, Christchurch, New Zealand. The Company is listed on the New Zealand Stock Exchange.

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

These financial statements have been approved for issue by the Board of Directors on 28 June 2018.

2 Statement of compliance

The consolidated financial statements for the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the requirements of the Financial Markets Conduct Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable New Zealand accounting standards and authoritative notices that are appropriate to for-profit entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards (IFRS).

The going concern assumption has not been applied in the preparation of the consolidated financial statements. Refer note 3.

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

The following new standards, interpretations and amendments may have an impact on the Group financial statements, but are not yet effective for the year ended 31 March 2018, and have not been applied in these financial statements:

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

NZ IFRS 9: Financial Instruments (Effective date: periods beginning on or after 1 January 2018)
NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

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

NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group intends to adopt NZ IFRS 9 on its effective date but does not expect this standard to significantly impact the Energy Mad Group due to the realisation basis and wind down of operations.

NZ IFRS 16: Leases (Effective date: periods beginning on or after 1 January 2019)
NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers.

The Group intends to adopt NZ IFRS 16 on its effective date but does not expect this standard to significantly impact the Energy Mad Group due to the realisation basis and wind down of operations.

3 Use of estimates and judgements

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

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

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

Going concern / expected net realisation

The Directors are of the view that a recovery in performance in the near term is no longer possible, and have therefore pursued an orderly wind down of the business and sale of the Group's residual assets.

The accounts have therefore been prepared on an expected net realisation basis where assets are carried at the amount of cash or cash equivalents that are expected to be attained under the orderly wind down and sale, net of provisions for estimated realisation costs through to the expected settlement date.

Reclassification of all non-current assets and liabilities

The Group expects to realise all of its assets within 12 months of the date of the statement of financial position. The external liabilities of the Group are expected to be settled within its normal operating cycle as a result of the realisation of assets, and as a consequence of the acquisition transaction with PaySauce Limited (refer note 35).

Provision for inventory

The Group has assessed the expected net realisable value of all inventory with reference to current market realisation, age of stock and expected costs of disposal including warehousing and distribution costs and agency commissions. A provision for inventory obsolescence of $1,657,678 was recognised in the Statement of Comprehensive Income for the 2017 year within the New Zealand and Australia segments, with $789,917 utilised in the 2018 year.

Provision for exit costs associated with winding down operations

The Group estimated the costs of winding down operations and proceeding through to a sale of the Group's residual assets at $250,000. This included the cost of office leases through to termination, staffing costs, expected legal and advisory fees and other overheads. The provision was recognised in the year ended 31 March 2017 within the New Zealand segment and has been fully utilised in the year ended 31 March 2018.

Impairment of fixed and intangible assets

The Group expected to get little or no recovery for fixed and intangible assets and therefore fully impaired these classes of assets, recognising an impairment charge of $923,636 in the year ended 31 May 2017, within the New Zealand segment.

Deferred tax asset

The Directors consider it is unlikely that future taxable profits will be generated to offset available tax losses, and accordingly deferred tax assets of $588,697 associated with those tax losses have not been recognised.

Provision for doubtful debts

The Group has assessed the recoverability of trade receivables with reference to historical bad debts, current debtor ageing, and potential recoveries through trade credit insurance. The provision has been assessed at $72,303 (2017: $60,549)

4 Summary of accounting policies

4.1 Overall consideration

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

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

4.2 Basis of preparation

These accounts are not prepared on a going concern basis. The financial statements have been prepared on a realisation amount basis. Refer to Note 3 for further information.

4.3 Presentation of financial statements

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

4.4 Basis of consolidation

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

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

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

4.5 Foreign currency translation

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

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

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

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

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

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

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

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

4.6 Segment reporting

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

The geographical areas are as follows:

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

Each of these operating segments is managed within the Group and each of these service lines requires different resources and marketing approaches.

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

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

4.7 Revenue

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

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

Sale of goods

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

4.8 Finance income and expenses

Finance income

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

Finance expenses

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

4.9 Financial instruments

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

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

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

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

Financial assets

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

Loans and receivables

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

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

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

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

Other financial liabilities

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

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

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

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

4.10 Statement of Cash Flows

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

1) Operating Activities

Are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

2) Investing Activities

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

3) Financing Activities

Are activities that result in changes of the equity and debt capital structure of the reporting entity and the cost of servicing the equity capital.

4.11 Cash and cash equivalents

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

4.12 Inventories

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

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

4.13 Income tax

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

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

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

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

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

4.14 Property, plant and equipment

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

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

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

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

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

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

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

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

4.15 Intangible assets

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

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

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

Research and Development Expenditure

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Costs that are directly attributable to the development phase of new ecobulbs and energy efficient products are recognised as intangible assets provided they meet the following recognition requirements:

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

- the expenditure attributable to the intangible asset during its development can be measured reliably.

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

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

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

4.16 Short-term employee entitlements

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

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

4.17 Equity, reserves and dividend payments

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

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

Retained earnings include all current and prior period accumulated losses.

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

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

4.18 Leased assets

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

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

4.19 Impairment of non-financial assets

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

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

4.20 Goods and services tax

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

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

5 Segment reporting

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

Segment profit / (loss) represents the profit / (loss) earned by each segment including allocation of some central administration costs and finance costs of short term advances. The segment profit represents the profit (loss) before tax. This is the measure reported to the Directors for the purpose of resource allocation and assessment of segment performance.

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

Year Ended 31 March 2018	NZ$ New Zealand	NZ$ Australia	NZ$ Rest of World	NZ$ Eliminations	NZ$ Total
Revenue from external customers	129,191	533,877	-	-	663,069
Other income	18,520	-	-	-	18,520
Depreciation & amortisation	-	-	-	-	-
Provision for stock obsolescence	-	-	-	-	-
Provision for exit costs associated with winding down operations	-	-	-	-	-
Impairment of assets	-	-	-	-	-
Segment net (loss)/profit before tax	(589,253)	(404,097)	557	-	(992,793)
Non-current asset additions					-
Segment assets	2,584,881	14,382	-	(2,208,465)	390,798
Segment liabilities	(3,966,541)	(371,176)	(2,187,964)	1,971,055	(4,554,626)
Reconcilation to loss after tax:					
Segment net (loss)/profit before tax					(992,793)
Income tax expense					-
Loss after tax for the year					**(992,793)**

Year Ended 31 March 2017	NZ$ New Zealand	NZ$ Australia	NZ$ Rest of World	NZ$ Eliminations	NZ$ Total
Revenue from external customers	633,719	4,693,551	-	-	5,327,270
Other income	17,765	-	-	-	17,765
Depreciation & amortisation	(303,662)	-	-	-	(303,662)
Provision for stock obsolescence	(266,127)	(1,391,551)	-	-	(1,657,678)
Provision for exit costs associated with winding down operations	(250,000)	-	-	-	(250,000)
Impairment of assets	(923,636)	-	-	-	(923,636)
Segment net (loss)/profit before tax	(3,749,965)	(240,986)	(8,222)	-	(3,999,172)
Non-current asset additions					-
Segment assets	3,088,855	1,436,508	690	(2,778,285)	1,747,768
Segment liabilities	(3,685,376)	(1,677,222)	(2,254,808)	2,705,765	(4,911,642)
Reconcilation to loss after tax:					
Segment net (loss)/profit before tax					(3,999,172)
Income tax expense					-
Loss after tax for the year					**(3,999,172)**

The number of customers that represented greater than 10% of revenue was 3 (2017: 2). Two of these customers are within the Australian segment, with one in New Zealand. The total revenue represented by these customers was $331,841 (2017: $2,063,863). The largest Australian customer by revenue in 2016 withdrew from the market at the end of December 2016.

6 Revenue and other income

Revenue and other income includes the following items:

	March 2018 NZ$	March 2017 NZ$
Revenue		
Sale of eco bulbs and energy efficient products	663,069	5,327,270
Revenue subtotal	663,069	5,327,270
Other income		
Sundry income	18,520	17,765
Other income subtotal	18,520	17,765
Total revenue and other income	**681,589**	**5,345,035**

7 Administration and general expenses / selling and distribution expenses

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

	Note	March 2018 NZ$	March 2017 NZ$
Administration and general expenses:			
Audit fees	**10**	70,000	60,000
Depreciation and amortisation	**9**	-	303,662
Directors fees and expenses		45,999	219,668
Donations		-	-
Employment expenses	**21**	(30,748)	786,246
Exchange (gains) / losses on trading		4,414	35,438
Lease and rental expenses		-	96,144
Office & administration		59,190	247,253
Research costs		-	(2,275)
Other expenses		87,033	437,270
Total administration and general expenses		**235,888**	**2,183,405**
Selling and distribution expenses:			
Lead generation costs		-	47,754
Sales commissions and external fees		222,620	150,382
Other selling and distribution expenses		-	65,558
Total selling and distribution expenses		**222,620**	**263,694**
Total expenses		**458,508**	**2,447,098**

8 Finance costs / (income)

	March 2018 NZ$	March 2017 NZ$
Interest income on bank deposits and employee loans	(631)	(532)
Finance income	**(631)**	**(532)**
Interest expense on loans and borrowings	471,333	605,012
Total selling and distribution expenses	**471,333**	**605,012**
Total expenses	**470,702**	**604,480**

9 Depreciation and amortisation

	March 2018 NZ$	March 2017 NZ$
Depreciation		
Computer equipment	-	10,429
Office furniture and equipment	-	2,353
Plant and equipment	-	9,285
Motor vehicles	-	1,746
Laboratory Equipment	-	2,790
Total depreciation	-	26,603
Amortisation of trademarks, patents, designs and software	-	26,517
Amortisation of research and development	-	250,542
Total depreciation and amortisation	**-**	**303,662**

10 Auditors' remuneration

Amounts paid to the auditors include:

	March 2018 NZ$	March 2017 NZ$
Audit of financial statements	70,000	60,000
Other Services	-	-
Total fees paid to auditor	**70,000**	**60,000**

11 Income tax

The relationship between the expected tax expense based on the domestic effective tax rate of Energy Mad Limited at 28% (2017: 28%) and the reported tax expense in the Statement of Comprehensive Income can be reconciled as follows, also showing major components of tax expense.

	March 2018 NZ$	March 2017 NZ$
Loss before tax from operations	(992,793)	(3,999,172)
Loss before tax from discontinuing operations	-	-
Profit / (loss) before taxation	(992,793)	(3,999,172)
Domestic tax rate for Energy Mad Limited	28%	28%
Expected tax benefit	(277,982)	(1,119,768)
Adjustment for non taxable income and expenses	(28,115)	776,896
Adjustment in respect of previous years	-	(289,799)
Tax benefit not recognised in current year	306,098	632,671
Tax (expense) / benefit	**-**	**-**
Taxable profit / (loss)	(1,093,205)	(1,224,543)
Losses brought forward	(8,004,130)	(5,744,592)
Adjustment in respect of previous years	0	(1,034,995)
Tax losses no longer claimable	6,994,848	-
Losses to carry forward	**(2,102,488)**	**(8,004,130)**

The issue of shares on 22 February 2017 (refer notes 23 and 25) resulted in a breach of shareholder continuity, resulting in the forfeiture of tax losses incurred prior to 16 September 2015. All tax losses through to 31 March 2016 have been written off.

The Directors consider it is unlikely that future taxable profits of $2,102,488 will be generated to offset available tax losses, and accordingly deferred tax assets associated with those tax losses have not been recognised.

12 Imputation credits

	2018	2017
Imputation Credits available for use in subsequent reporting	**-**	**(6,049)**

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

13 Dividends declared and paid

No dividends were declared or paid by the Group for the year ended 31 March 2018 (2017: $ Nil).

14 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2018 NZ$	2017 NZ$
Cash at bank and on hand	121,367	57,195
Total cash and cash equivalents	**121,367**	**57,195**

15 Trade and other receivables

	2018 NZ$	2017 NZ$
Trade receivables	173,781	978,494
Provision for doubtful debts	(72,303)	(60,549)
Goods & services tax refund	8,543	-
Prepayments	31,094	55,156
NZX bond	75,000	75,000
Total trade and other receivables	**216,115**	**1,048,101**

16 Inventories

	March 2018 NZ$	March 2017 NZ$
Ecobulbs	1,194,932	2,492,470
Inventory deposits	-	79,797
Provision for inventory obsolescence	(1,151,619)	(1,941,536)
Total inventories	**43,313**	**630,732**

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

The inventory obsolescence provision has been assessed at $1,151,619 (2017: $1,941,536).

17 Investment in subsidiaries

All subsidiaries have a reporting date of 31 March and are incorporated in New Zealand with the exception of Energy Mad US LLC which is incorporated in the United States of America.

Subsidiaries	Principal activity	Shareholding 2018 %	Shareholding 2017 %
Energy Mad NZ Limited	Energy efficiency	100	100
Intellectual Property Energy Mad Limited	Intellectual property	100	100
Energy Mad Build Limited	Investment	100	100
EcoSmartHomes Limited (business discontinued)	Energy efficiency	100	100
Energy Mad US LLC (business discontinued)	Energy efficiency	100	100

18 Property, plant and equipment

	Computer equipment NZ$	Office furniture and equipment NZ$	Plant & equipment NZ$	Motor vehicles NZ$	Laboratory equipment NZ$	Total NZ$
Cost						
Balance at 1 April 2017	201,865	56,225	93,214	1,323	39,631	392,258
Additions, separately acquired	-	-	-	-	-	-
Disposals	(179,850)	(56,225)	-	(613)	-	(236,688)
Balance at 31 March 2018	**22,015**	**-**	**93,214**	**710**	**39,631**	**155,570**
Accumulated depreciation						
Balance 1 April 2017	(188,141)	(50,286)	(88,641)	(1,323)	(35,447)	(363,838)
Depreciation	-	-	-	-	-	-
Disposals	169,233	50,286	-	613	-	220,132
Balance at 31 March 2018	**(18,908)**	**-**	**(88,641)**	**(710)**	**(35,447)**	**(143,706)**
Impairment as at 31 March 2018	**(3,107)**	**-**	**(4,573)**	**-**	**(4,184)**	**(11,864)**
Carrying amount 31 March 2018	**-**	**-**	**-**	**-**	**-**	**-**

	Computer equipment NZ$	Office furniture and equipment NZ$	Plant & equipment NZ$	Motor vehicles NZ$	Laboratory equipment NZ$	Total NZ$
Cost						
Balance at 1 April 2016	201,277	56,225	93,214	6,541	39,631	396,888
Additions, separately acquired	2,994	-	-	-	-	2,994
Disposals	(2,406)	-	-	(5,218)	-	(7,624)
Balance at 31 March 2017	**201,865**	**56,225**	**93,214**	**1,323**	**39,631**	**392,258**
Accumulated depreciation						
Balance 1 April 2016	(180,118)	(47,933)	(79,356)	(4,795)	(32,657)	(344,859)
Depreciation	(10,429)	(2,353)	(9,285)	(1,746)	(2,790)	(26,603)
Disposals	2,406	-	-	5,218	-	7,624
Balance 31 March 2017	**(188,141)**	**(50,286)**	**(88,641)**	**(1,323)**	**(35,447)**	**(363,838)**
Impairment as at 31 March 2017	**(13,724)**	**(5,939)**	**(4,573)**	**-**	**(4,184)**	**(28,420)**
Carrying amount 31 March 2017	**-**	**-**	**-**	**-**	**-**	**-**

The Group has provided $Nil for the year ending 31 March 2018 for impairment of plant and equipment (2017: $28,420).

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

	2018 NZ$	2017 NZ$
Cost - capitalised finance lease	-	34,636
Accumulated depreciation	-	(32,156)
Impairment	-	(2,480)
Net Book Amount	**-**	**-**

19 Intangible assets

Following the decision in 2017 to wind down operations, the Group reviewed the carrying value of all intangibles and determined that there was unlikely to be any material recovery given the nature of the asset, and the Group's failure to generate future profits from its development expenditure. The Group wrote down the value to nil, by recognising an impairment loss of $895,216. Given an opening value of nil, there was no further impairment loss in 2018.

	Development NZ$	Trademarks, patents and designs NZ$	Software NZ$	Total NZ$
Cost				
Balance at 1 April 2017	4,292,765	389,648	113,779	4,796,192
Additions	-	-	-	-
Disposals	-	-	(70,090)	(70,090)
Balance at 31 March 2018	**4,292,765**	**389,648**	**43,689**	**4,726,102**
Amortisation and impairment				
Balance at 1 April 2017	(4,292,765)	(389,648)	(113,779)	(4,796,192)
Amortisation	-	-	-	-
Disposals	-	-	70,090	70,090
Impairment	-	-	-	-
Balance at 31 March 2018	**(4,292,765)**	**(389,648)**	**(43,689)**	**(4,726,102)**
Carrying amount 31 March 2018	**-**	**-**	**-**	**-**

	Development NZ$	Trademarks, patents and designs NZ$	Software NZ$	Total NZ$
Cost				
Balance at 1 April 2016	4,059,185	372,672	113,779	4,545,636
Additions	233,580	16,976	-	250,556
Balance at 31 March 2017	**4,292,765**	**389,648**	**113,779**	**4,796,192**
Amortisation and impairment				
Balance at 1 April 2016	(3,243,774)	(287,168)	(92,975)	(3,623,917)
Amortisation	(250,542)	(16,412)	(10,105)	(277,059)
Impairment	(798,449)	(86,068)	(10,699)	(895,216)
Balance at 31 March 2017	**(4,292,765)**	**(389,648)**	**(113,779)**	**(4,796,192)**
Carrying amount 31 March 2017	**-**	**-**	**-**	**-**

20 Trade and other payables

	March 2018 NZ$	March 2017 NZ$
Trade payables	868,142	1,084,464
Sundry accruals	55,000	53,612
Goods and services tax	-	2,661
Total trade and other payables	**923,142**	**1,140,738**

21 Employee entitlements

	2018 NZ$	2017 NZ$
Annual leave accruals	-	32,937
Bonus accruals	-	67,761
Total employee entitlements	**-**	**100,698**

The last remaining employees left the Group in May 2017. $97,354 in accrued entitlements were written back as a result of the Ecobulb transaction (refer note 34), with all remaining employee benefits settled in accordance with the relevant agreements. The Group has no remaining employment related obligations.

22 Short term advance

	2018 NZ$	2017 NZ$
Short term advance	1,934	354,773
Total short term advance	**1,934**	**354,773**

The Group had a A$1,000,000 (2017: A$1,000,000) factoring facility from global debtor finance provider Scottish Pacific Business Finance, through the assignment of its Australian accounts receivable. This facility related to debtors less than 90 days old and was for a two year period from 22 February 2016 at an interest rate of 1% above Westpac Banking Corporation's Indicator Lending Rate (8.40% as at 31 March 2018). This facility is secured by a General Security Agreement over the assets and undertaking of Energy Mad NZ Limited, which has a guarantee and indemnity from Energy Mad Limited. The facility has now expired, and the security will be released when the outstanding receivables are settled and the outstanding advance repaid.

23 Convertible notes (unsecured)

Convertible notes (unsecured) include the following liabilities:

	2018 NZ$	2017 NZ$
Convertible notes (unsecured)	284,000	284,000
Overdue and accrued interest	122,334	85,288
Total convertible notes (unsecured)	**406,334**	**369,288**

Convertible notes to the value of $2,250,000 converted to shares on 20 February 2017. The issue price was $0.0322 per share, being the average Energy Mad share price over the five days prior to conversion, resulting in the issue of 69,875,776 shares (refer also note 25).

The remaining convertible notes were issued on 25 November 2014, have a term of three years with an option for the Group to extend for a further year, and bear an interest rate of 13.5% per annum, calculated on a quarterly basis. The Group can repay the balance of the convertible notes at any time.

The remaining convertible notes to the value of $284,000 were converted to shares on 22 May 2018 (subsequent to balance date). The issue price was $0.01 per share, higher than the average Energy Mad share price over the five days prior to conversion, but the lowest price approved by Energy Mad shareholders. This resulted in the issue of 28,400,000 shares (refer also note 35).

24 Loans

Loans include the following liabilities:

	March 2018 NZ$	March 2017 NZ$
Term Loan (unsecured)	1,500,000	1,500,000
Term Loan (secured)	1,000,000	1,000,000
Short Term Loan	100,000	-
Overdue and accrued interest	623,216	195,219
Total loans	**3,223,216**	**2,695,219**

The Group obtained a $500,000 term loan facility from SuperLife Limited on 11 September 2015. The loan facility was for a term of two years with a right of renewal for a further one year at an interest rate of 14% per annum for the first two years and 15% per annum for the third year. The loan is unsecured.

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

The Group obtained a further $1,000,000 term loan facility from Smartshares Limited on 21 November 2016. The loan facility was for a one year term at an interest rate of 20% per annum, and is secured by way of a Specific Security Deed over inventory held by the Group.

The Group has been advanced $100,000 to cover initial costs associated with the acquisition transaction with PaySauce Limited (refer note 35). The loan is repayable in the event that Energy Mad's shareholders vote against the transaction, the Group terminates the transaction without cause or the Group materially breaches the transaction documents.

All facilities remain fully drawn down at balance date.

25 Contributed equity

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

	2018 NZ$	2017 NZ$
Shares issued and fully paid:		
Beginning of the year	21,982,117	19,732,117
Share issue	0	2,250,000
Total shares authorised	**21,982,117**	**21,982,117**
Reconciliation of the Number of Shares:		
Opening shares on issue	147,436,635	77,560,859
Shares Issued, Fully Paid at $0.0322 Per Share	-	69,875,776
Total number of shares	**147,436,635**	**147,436,635**

69,875,776 shares were issued on 20 February 2017, on conversion of convertible notes to the value of $2,250,000. The issue price was $0.0322 per share, being the average Energy Mad share price over the five days prior to conversion (refer also note 23).

26 Earnings per share

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

The weighted number of shares used is as follows:

		March 2018	March 2017
Weighted average number of ordinary shares	Basic	147,436,635	85,218,478
		NZ$	**NZ$**
Loss for the year		(992,793)	(3,999,172)
Total loss for the year		(992,793)	(3,999,172)
Earnings per share:			
Basic earnings per share			
Loss for the year		(0.01)	(0.05)
Total		(0.01)	(0.05)

There are convertible notes held (see note 23) which are convertible to a variable number of shares. As the instruments are anti-dilutive, the disclosure requirements of NZ IAS 33 are not required in the current period. The number of basic and diluted shares is the same.

27 Financial instruments by category

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

	March 2018 NZ$	March 2017 NZ$
Cash and cash equivalents	121,367	57,195
Loans and receivables		
Trade receivables	173,781	978,494
Total loans and receivables	173,781	978,494
	295,148	**1,035,689**
Other financial liabilities at amortised cost		
Trade and other payables	923,142	1,140,738
Finance lease payable	-	925
Convertible note (unsecured)	406,334	369,288
Loans	3,223,216	2,695,219
Short term advance	1,934	354,773
	4,554,626	**4,560,943**

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

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

28 Financial instrument risks

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

28.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from movements in interest rates reflected in the Westpac Banking Corporation's Indicator Lending Rate, which underpins the interest rate charged on short term advances (refer Note 24). The interest rates on all other borrowings (convertible notes, term loans and finance leases) are fixed.

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

Exposure to interest rate risk **2018**	Weighted average effective interest rate	Variable interest rate NZ$	Fixed interest rate NZ$	Non-interest bearing NZ$	Total NZ$
Group					
Financial assets:					
Cash and cash equivalents	0.52%	19,267	-	102,099	121,367
Trade and other receivables	N/A	-	-	216,115	216,115
		19,267	**-**	**318,214**	**337,481**
Financial liabilities:					
Trade and other payables	N/A	-	-	923,142	923,142
Short term advance	9.40%	1,934	-	-	1,934
Finance lease payable	10.75%	-	-	-	-
Convertible note (unsecured)	9.44%	-	284,000	122,334	406,334
Loans	12.93%	-	2,500,000	723,216	3,223,216
		1,934	**2,784,000**	**1,768,692**	**4,554,626**

Exposure to interest rate risk **2017**	Weighted average effective interest rate	Variable interest rate NZ$	Fixed interest rate NZ$	Non-interest bearing NZ$	Total NZ$
Group					
Financial assets:					
Cash and cash equivalents	0.91%	18,933	-	38,262	57,195
Trade and other receivables	N/A	-	-	1,048,101	1,048,101
		18,933	**-**	**1,086,363**	**1,105,296**
Financial liabilities:					
Trade and other payables	N/A	-	-	1,140,738	1,140,738
Short term advance	9.32%	354,773	-	-	354,773
Finance lease payable	10.75%	925	-	-	925
Convertible note (unsecured)	10.38%	-	284,000	85,288	369,288
Loans	15.47%	-	2,500,000	195,219	2,695,219
		355,698	**2,784,000**	**1,421,246**	**4,560,943**

28.2 Sensitivity analysis

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

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

	Effect on equity		Effect on net profit / (loss)	
	2018	2017	2018	2017
	NZ$	NZ$	NZ$	NZ$
1% increase in interest rates	(46,162)	(46,233)	(46,162)	(46,233)
1% decrease in interest rates	46,162	46,233	46,162	46,233

28.3 Foreign exchange risk

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

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

	Effect on Equity		Effect on net profit / (loss)	
	2018	2017	2018	2017
	NZ$	NZ$	NZ$	NZ$
10% increase in value of NZD Vs USD, AUD and EUR	(9,141)	(62,028)	(9,141)	(62,028)
10% decrease in value of NZD Vs USD, AUD and EUR	11,172	75,812	11,172	75,812

28.4 Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents and trade and other receivables. The Group manages its exposure to credit risk by minimising cash holdings, obtaining trade credit reports on new credit customers, regularly reviewing credit limits and payment history for existing customers, and by taking out credit insurance covering major credit customers. The following table summarises the Group's credit risk exposure to trade receivables:

		2018	2017
		NZ$	NZ$
Neither past due/impaired		4,250	449,072
Past due 0-30 days		25,259	151,528
Past due 31-60 days		80	132,700
Past due 61-90 days	-	70	57,530
Past due more than 90 days		144,262	187,663
Gross trade receivables		**173,781**	**978,494**

The Group has made a provision for doubtful debts of $72,303 at year end (2017: $60,549) on its assessment of any uncollectable debts.

28.5 Liquidity risk

Liquidity risk is the risk arising from the Group not being able to meet its obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. As a result of the decision to wind down operations, the liquidity risk management framework is focused on the Group's short term funding and liquidity management requirements.

In order to manage liquidity risk, the Group has forecast cash flows from the realisation of the assets with reference to funding requirements to meet its external payable demands. External payable demands reflect all balances that are not due to related parties or the Directors.

28.6 Capital risk management

The Group considers capital to be share capital, reserves and accumulated losses. The Group's objectives when managing capital are to generate the highest possible return for shareholders as a result of the decision to wind down operations.

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

Contractual cash flows for financial instruments with fixed maturity dates

2018	Balance sheet NZ$	Total contractual cash flows NZ$	Less than 1 year NZ$	1-2 years NZ$	2-5 years NZ$	5 years + NZ$
Financial assets:						
Cash and cash equivalents	121,367	121,367	121,367	-	-	-
Trade and other receivables	173,781	173,781	173,781	-	-	-
	295,147	**295,147**	**295,147**	**-**	**-**	**-**
Financial liabilities:						
Trade and other payables	923,142	923,142	923,142	-	-	-
Finance lease payable	-	-	-	-	-	-
Convertible notes	406,334	406,334	406,334	-	-	-
Loans	3,223,216	3,223,216	3,223,216	-	-	-
Short term advance	1,934	1,934	1,934	-	-	-
	4,554,626	**4,554,626**	**4,554,626**	**-**	**-**	**-**

2017	Balance sheet NZ$	Total contractual cash flows NZ$	Less than 1 year NZ$	1-2 years NZ$	2-5 years NZ$	5 years + NZ$
Financial assets:						
Cash and cash equivalents	57,195	57,195	57,195	-	-	-
Trade and other receivables	978,494	978,494	978,494	-	-	-
	1,035,688	**1,035,688**	**1,035,688**	**-**	**-**	**-**
Financial liabilities:						
Trade and other payables	1,140,738	1,140,738	1,140,738	-	-	-
Finance lease payable	925	925	925	-	-	-
Convertible notes	369,288	369,288	369,288	-	-	-
Loans	2,695,219	2,695,219	2,695,219	-	-	-
Short term advance	354,773	354,773	354,773	-	-	-
	4,560,943	**4,560,943**	**4,560,943**	**-**	**-**	**-**

29 Lease Commitments

Operating lease commitments

At 31 March 2018, the Group had no operating lease commitments in respect of property, equipment and vehicles. At 31 March 2018, total future minimum payments under non-cancellable operating leases were payable as follows:

	2018		2017	
	Total future minimum payments	Property & equipment	Total future minimum payments	Property & equipment
	NZ$	NZ$	NZ$	NZ$
Less than one year	-	-	36,563	36,563
Between one and five years	-	-	-	-
More than five years	-	-	-	-
	-	**-**	**36,563**	**36,563**

Finance lease commitments

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

	2018	2017
	NZ$	NZ$
Gross finance lease liabilities - minimum lease payments		
Less than one year	-	946
Between one and five years	-	-
More than five years	-	-
	-	**946**
Future finance charges on finance lease liabilities	-	(21)
Present value of finance lease liabilities	**-**	**925**
The present value of finance lease liabilities is as follows:		
Less than one year	-	925
Between one and five years	-	-
More than five years	-	-
Present value of finance lease liabilities	**-**	**925**

30 Reconciliation of loss for the period to net operating cash flows

	March 2018 NZ$	March 2017 NZ$
Net loss after tax	(992,793)	(3,999,172)
Adjustments for:		
Depreciation and amortisation	-	303,662
Impairment of patents and designs	-	923,636
	(992,793)	(2,771,874)
Change in income tax receivable	1,736	(6,534)
Change in inventories	587,419	1,713,359
Change in trade & other receivables	831,986	1,353,988
Change in trade & other payables	(218,521)	(2,150,589)
Change in provisions	(250,000)	250,000
Change in employee benefits	(100,698)	16,930
Change in accrued interest	465,042	243,191
Net cash inflow /(outflow) from operating activities	**324,171**	**(1,351,528)**

31 Capital commitments

There were no capital commitments at 31 March 2018 (2017: $Nil).

32 Contingent assets and liabilities

There were no contingent assets and liabilities at 31 March 2018 (2017: $Nil).

33 Verified voluntary carbon units

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

		Units		Sales Value $	
Verified carbon credits					
Opening balance	31 March 2016	29,959			
Less sold		(2,085)	$	8.52	(17,765)
Closing balance	31 March 2017	27,874			
Less sold		(2,576)	$	7.19	(18,520)
Closing balance	**31 March 2018**	**25,298**			

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

34 Related parties

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

On 20 February 2017, a convertible note issued in 2014 was converted to shares based on the terms disclosed in note 23. This conversion increased the shareholding of SuperLife Limited to 71% of the Company and therefore Energy Mad Limited became a subsidiary of SuperLife Limited.

The Group also has a convertible note and unsecured term loan facility from Superlife Limited and a secured term loan facility from Smartshares Limited. Total interest of $465,043 was recognised on these facilities for the year (2017: $540,610). The balance owing on these facilities at 31 March was $3,529,550 (2017: $3,064,507) (refer to notes 23 and 24).

Key management personnel remuneration

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and include the General Manager – Finance and Operations and his key reports. The following table summarises remuneration paid to key management personnel.

	2018 NZ$	2017 NZ$
Short-term employee benefits	53,439	419,646

The last remaining employees left the Group in May 2017.

The General Manager – Finance and Operations (Aidan Johnstone) was re-engaged on a casual employment agreement to assist with the orderly wind down of the business. He has been paid $103,125 during the year under this agreement.

Agency Arrangement – Ecobulb Limited

On 8 May 2017, the Group entered into an Agreement with Ecobulb Limited ("Ecobulb"), for the sale and purchase of assets of the Group. Ecobulb is associated with Dr Chris Mardon, a former Director and then employee of the Group. The Agreement constitutes an initial agency arrangement for the orderly sale of the Group's inventory, and a potential sale of specified assets of the Group, being primarily inventory and intellectual property, and excluding cash on hand, trade debtors and rights under any contract of insurance, and the assumption of specific liabilities, being obligations under the agreement between the Group and My Eco Limited for direct sales within New Zealand, and all customer service obligations.

Ecobulb Limited has been paid $222,620 during the year under this arrangement, and also assumed employment related obligations of the Group as at 8 May 2017 totaling $97,354.

The proposed sale to Ecobulb Limited is subject to shareholder approval. The proposed settlement date has been deferred to 31 July 2018 or earlier if agreed between the parties.

35 Acquisition Transaction with PaySauce Limited

On 1 March 2018 Energy Mad Limited signed a non-binding indicative term sheet (Term Sheet) with PaySauce Limited (PaySauce), a provider of cloud-based, software-as-a-service payroll solutions. The details of the Term Sheet are as follows:

1. The transaction will involve all of the Group's assets being transferred to a wholly owned subsidiary (EMSUB), with the shares in the subsidiary being distributed pro rata for zero consideration to all of the Company's existing shareholders. The business of PaySauce will then be acquired by Energy Mad Limited through the issue of shares to shareholders of PaySauce in exchange for all of the shares in PaySauce. The Company will then change its name to PaySauce Limited.

2. The effect for Energy Mad 's shareholders if the transaction is completed is that they will retain their current shares, which become an indirect interest in PaySauce, but will also, for no consideration, receive shares in EMSUB which will be an interest in the same assets that the Group currently has. Upon completion of collection of outstanding receivables and disposition of inventory, EMSUB will be liquidated and the proceeds (less costs) will be distributed to MAD Subsidiary's shareholders and the Company's bondholders as applicable. It is currently anticipated that the Company will be sufficiently funded to pay its liabilities upon completion of the transaction, subject to all of the conditions of the transaction being satisfied.

3.The initial indicative and non-binding estimates for the transaction are:

a. the value of the shares in PaySauce (on a debt free / cash free basis) is approximately $10 million; and

b. the value of the shares in Energy Mad is approximately $310,243 (based on the 50 day moving average market capitalisation to the date of the Term Sheet).

Based on these valuations the shareholders of Energy Mad will own approximately 3% and the current shareholders of PaySauce the remaining 97% of the share capital of PaySauce Limited. These values are subject to final determination and may vary.

4. The transactions contemplated by the Term Sheet are conditional on:

a. Energy Mad conducting a due diligence investigation of PaySauce;

b. PaySauce conducting a due diligence investigation of Energy Mad;

c. entry into legally binding transaction documents between Energy Mad and PaySauce;

d. obtaining any necessary waivers from NZX that are required in order to proceed with the transaction;

e. Energy Mad obtaining shareholder approval for the sale of assets of the Group to Ecobulb Limited (refer note 34); and

f. Energy Mad obtaining all shareholder approvals that are required to undertake the transactions, including under the Companies Act 1993, the Takeovers Code and the NZX Listing Rules.

A notice of special meeting to approve the transactions, and all other required documentation, will be circulated to Energy Mad's shareholders. Such documentation will include an independent report and appraisal report on the merits of the transaction as required under the Takeovers Code and the Listing Rules along with a profile document on the business of PaySauce as required under the Listing Rules.

5. Energy Mad and PaySauce will seek to hold the required shareholders' meeting as soon as practicable with the intention of completing the transactions shortly after such approvals are obtained.

6. If the transaction is successful, Energy Mad's shareholders will retain their current shares, which will become an indirect interest in PaySauce. Energy Mad's shareholders will also receive shares in EMSub, which will hold all of the assets the

Group currently has, for no consideration. Accordingly, Energy Mad's shareholders receive an indirect interest in PaySauce while retaining their interest in the Group's assets. The proposed sale of assets to Ecobulb is expected to take place concurrently.

7. PaySauce will pay the costs of the transaction. However, in the event that the Company's shareholders vote against the transaction, the Company terminates the transaction without cause or the Company materially breaches the transaction documents, the Company will be liable to pay its share of the costs of the transaction.

36 Subsequent events

On 22 May 2018, the remaining convertible notes to the value of $284,000 were converted to shares. The issue price was $0.01 per share, higher than the average Energy Mad share price over the five days prior to conversion, but the lowest price approved by Energy Mad shareholders. This resulted in the issue of 28,400,000 shares (refer also note 23).

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

Independent auditor's report

To the shareholders of Energy Mad Limited

The consolidated financial statements comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Energy Mad Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2018, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

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.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Emphasis of Matter – Basis of Preparation

Without modifying our opinion, we draw attention to the disclosures in Note 3 which describes that the consolidated financial statements for the year ended 31 March 2018 have been prepared on a realisation basis. As disclosed in the Group's summary [APN1]of accounting policies and in note 3 to the consolidated financial statements, the Group is in the process of winding up its business operations. The Group has therefore prepared the consolidated financial statements on a realisation basis.

Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Overall group materiality: $42,000, which represents[PJC2] 1% of the net liability position of the Group.

We chose net liabilities because, in our view, it is the benchmark against which the performance of the Group is currently measured by[PJC3] users as it reflects the amount that will be attributable to Energy Mad shareholders as part of any agreement entered.

Our key audit matter relates to the carrying value of assets and liabilities as a result of the realisation basis of accounting determined on the decision to commence an orderly wind up and sale of the business operations.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Emphasis of Matter Paragraph - Basis of Preparation, we have determined the following to be a key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Determination of realisable values On 14 March 2017, the Group announced that it was pursuing an option to sell the residual assets of the business to Ecobulb Limited after completion of an agency relationship. As a result of the announcement, the consolidated financial statements have been prepared for the year ending 31 March 2017 and the year ending 31 March 2018 on a realisation basis to reflect the expected realisable value of the assets of the business and the exit costs and obligations to complete an orderly wind up and sale of the business operations. This is a key audit area because of the significant judgements applied by management in determining the realisable value of the assets and liabilities as well as the expected wind up costs. As disclosed in note 34, an agreement commenced for the sale of the business on 8 May 2017 and has been subsequently amended. The agreement provides that the Group would continue to sell existing inventory and, on the earlier of agreement between the parties to the agreement, or 31 July 2018, the assets of the Company would transfer to the purchaser. On settlement, any remaining inventory would be acquired by the purchaser.	Our audit procedures included obtaining an understanding of the approach taken by the directors to determine the recoverable value of assets and the completeness of liabilities as a result of the decision to complete an orderly wind up and sale of the business. We performed the following procedures for each class of the assets and liabilities. Receivables: • We assessed the recoverability of receivables by agreeing, where relevant, subsequent receipts against the reported balances outstanding at balance date. Inventory: • In determining that the value of core inventory has been recorded at the lower of cost or net realisable value, we obtained the sale and purchase agreement which set out the amounts due from Ecobulb Limited in relation to remaining inventory as at 31 March 2018. Liabilities and obligations: • For a sample of recorded liabilities we tested the recorded value of the obligation to the relevant contracts at balance date and ensured that estimated exit costs were consistent with current agreements and were recognised as a provision. • We reviewed management's assessment of the wind up costs and tested completeness against costs incurred subsequent to balance date as well as anticipated costs based on our understanding of usual costs incurred on wind up of a business. • We performed look back procedures for obligations as at 31 March 2017 to ensure that all available information was taken into account in the estimation of the wind-up costs. • We sent legal confirmation letters to ensure that any legal matters, both known and potential, had been properly captured for financial reporting purposes, including all associated costs as confirmed by the Group's legal representatives.

Key audit matter	How our audit addressed the key audit matter
	Consolidated Financial Statements: • We assessed management's disclosures against relevant financial reporting standards to ensure they were appropriate and that the classification of assets and liabilities was consistent with the realisation basis of accounting. We had no matters to report arising from the procedures performed.

Information other than the consolidated 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 NZ IFRS and IFRS, 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. As disclosed in note 3 of the consolidated financial statements the Directors have pursued an orderly wind down of the business. Accordingly, the accounts have been prepared on a net realisation basis.

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 consolidated financial statements is located at the External Reporting Board's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx

This description forms part of our auditor's report.

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 Nathan Wylie.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants Christchurch
28 June 2018

Directors' Responsibilities Statement

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

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

- Select suitable accounting policies and apply them consistently;

- Make judgements and estimates that are reasonable and prudent; and

- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The Directors have pleasure in presenting the following financial statements for the year ended 31 March 2018.

The Board of Directors of the Group authorised these financial statements for issue on 28 June 2018.

For and on behalf of the Directors

P.B. Wheeler

Dr Brent Wheeler

Chairman

A Johnstone

Aidan Johnstone

Director

CORPORATE GOVERNANCE

The role of the Board

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

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

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

Membership size and composition

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

Selection and role of Chairman

The Chairman is elected by the Board from the non–executive Directors. The Chairman's role is to manage the Board effectively, to provide leadership to the Board, and to facilitate the Board's interface with management.

Director independence

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

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

The Board will review a Director's independence in light of information that indicates the Director may have a material relationship with the Group. For this reason the Directors are required to advise the Board of any new or changed relationships. The Board considers Dr Brent Wheeler and David Jarman to be independent.

Conflicts of interest

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

Nominations and appointment

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

Board Committees

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

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

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

The Audit and Risk Management Committee comprises the following members;

Dr Brent Wheeler
Aidan Johnstone

Director remuneration

The Directors' remuneration is paid in the form of Directors' fees. The Board may determine that additional allowances be paid to a Director, as appropriate, to reflect additional services provided to the Group by that Director. The total fees available to be paid to Directors are subject to shareholder approval.

Board access to information and advice

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

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

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

Director education

The Board seeks to ensure that any new Directors are introduced to management and the business and acquainted with relevant industry knowledge and receive copies of appropriate Group documents to enable them to perform their role. All Directors are expected to remain current on how to best discharge their responsibilities as Directors including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

Directors' shares' ownership

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

Board meetings

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

The Board normally meets at least eight times per year.

Audit independence

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

Ethics

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

Diversity

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

	2018		2017	
	Female	**Male**	**Female**	**Male**
Directors	-	3	-	4
Officers	-	-	-	2

The Company does not have a formal Diversity policy.

DISCLOSURES

Entries Recorded in the Interests Register

The following are particulars of entries made in the Interests Register for the period 1 April 2016 – 31 March 2018.

Directors disclosed interests, or cessations of interest, in the following entities pursuant to section 140 of the Companies Act 1993 during the year ended 31 March 2018.

The Directors disclose, pursuant to section 148 of the Companies Act 1993, the following acquisitions and disposals of relevant interests in Energy Mad Limited shares during the year ended 31 March 2018.

Interest Register

Andrew Plympton

Harris Technology Limited	Chairman
Australian Sports Commission	Commissioner
Aon Risk Services Australia Limited	Advisory Director
XPD Soccer Gear Limited	Director
Bitcoin Australia Limited	Chairman
Legal owner of 37,000 shares in Energy Mad Limited.	Shareholder

Andrew Plympton resigned as a Director on 21 September 2017.

Andrew Meehan

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

Andrew Meehan resigned as a Director on 20 April 2017.

Dr Brent Wheeler

The Boardroom Practice Limited	Chairman
Fertco Limited	Chairman
Ashburton Trading Society/Ruralco	Director
Go Rentals Limited	Director

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

David Jarman

Castlebrade Limited	Chairman
Leighs Cockram JV Limited	Director
Tasman Pacific Insurance Limited	Director
Munich Capital Limited	Director
East Bay Finance Limited	Director
Flexi Credit Limited	Director

Flexi Credit (GP) Limited	Director
NZ Credit & Loans Limited	Director
Humphrey Eight Limited	Director
Whyte Knight Group Limited	Director
Whyte Knight Management Limited	Director
The Composite Group GP Limited	Director
Cresta Composites Limited	Director
Crestacraft Limited	Director
Sunbubble Limited	Director
Bermuda Pools Limited	Director
EJH Management (GP) Limited	Director

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

Aidan Johnstone

Addington Raceway Limited	Director
Addington Raceway Properties Limited	Director
Legends Bloodstock Limited	Director
Permbrand (2013) Limited	Director

Aidan Johnstone was appointed as a Director on 21 September 2017.

Share dealings of Directors

The Directors disclose, pursuant to section 148 of the Companies Act 1993, that there were no acquisitions and disposals of relevant interests in Energy Mad Limited shares during the year ended 31 March 2018.

Remuneration of Directors

Details of remuneration and the value of other benefits received by each Director of the Group during the financial year ended 31 March 2018 are as follows:

	Fees	Salary	Other payments
David Jarman	-	-	-
Aidan Johnstone	-	$27,623	$103,125
Andrew Plympton	-	-	-
Brent Wheeler	-	-	$41,250

Payment of Directors' Fees was suspended in July 2016. Directors fees totaling $175,289 have been recognised in the accounts but remain unpaid as at 31 March 2018.

Aidan Johnstone was an executive of the company until May 2017. He was re-engaged on a casual employment agreement to assist with the orderly wind down of the business, and was subsequently appointed a Director.

Brent Wheeler was paid for his work on the restructuring of Energy Mad's business.

Employee remuneration

The following table shows the number of employees (including employees holding office of Directors of subsidiaries) whose remuneration and benefits for the year ended 31 March 2018 are within the specified bands above $100,000. The remuneration figures shown in the table include all monetary payments actually paid during the course of the year ended 31 March 2018.

	2018	2017
$120,000 - $129,999	-	1
$210,000 - $219,999	-	1

Analysis of shareholding as at 22 June 2018

	Number of holders	Number of shares	% of issued capital
1-1,000	69	61,626	0.04
1,001-5,000	274	861,928	0.49
5,001-10,000	139	1,217,379	0.69
10,001-50,000	177	4,398,330	2.50
50,001-100,000	39	2,878,334	1.64
Greater than 100,000	42	166,419,038	94.64
Total	740	175,836,635	100.00

Twenty largest shareholders as at 22 June 2018

	Shareholder rank and name	Holding	% of issued capital
1	BNP Paribas Nominees NZ Limited	133,549,530	75.95
2	Mardon Family Holdings Limited	13,481,000	7.67
3	Mackers Family Holdings Limited	6,067,015	3.45
4	Roa Investments Limited	1,482,480	0.84
5	Ravlich Trustee Limited	975,000	0.55
6	Guixing Jian	800,000	0.45
7	Raymond John Larsen & Robyn Jane Larsen	680,000	0.39
8	Roger John Williams	590,000	0.34
9	Bruce George Plested	500,000	0.28
10	Fraser Wright Maddigan	474,000	0.27
11	B L M Construction Limited	456,259	0.26
12	Agrichemical Consultancy AND Certification Ltd	450,000	0.26
13	Yue Qu Zhao	421,467	0.24
14	Gregory Paul Johns	414,240	0.24
15	Caiyun Xie	400,000	0.23
16	Malachi Kevin Brady	374,000	0.21
17	David Middleton	355,000	0.20
18	Ronald Joseph Gillatt	315,000	0.18
19	Greenfleece Holdings Pty Ltd	307,825	0.18
20	Doug Nishijo Strachan & Maho Strachan	304,308	0.17

Substantial security holders

According to notices given under the Financial Markets Conduct Act 2013 the following persons were Substantial security holders in Energy Mad Limited as at 22 June 2018 in respect of the number of voting securities set opposite their name:

Substantial security holders as at 22 June 2018	Number of Shares
BNP Paribas Nominees NZ Limited	133,549,530
Mardon Family Holdings Limited	13,620,050

NZX Waivers

Energy Mad Limited had no NZX waivers granted or published by the NZX within or relied upon in the 12 months ending 31 March 2018.

Summary of approved allotment package terms

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

a) up to 225,000,000 ordinary shares (such shares ranking equally with all other shares on issue) as may be required to convert the $2.25 million of convertible notes issued pursuant to the convertible note agreement between Energy Mad and SuperLife Limited (SuperLife) dated 20 February 2014 (the February Agreement);
b) up to 28,400,000 ordinary shares (such shares ranking equally with all other shares on issue) as may be required to convert the $284,000 of convertible notes issued pursuant to the convertible note agreement between Energy Mad and SuperLife dated 25 November 2014 (the November Agreement); and
c) up to 27,692,307 ordinary shares (such shares ranking equally with all other shares on issue) to SuperLife Trustee Nominees Limited (STNL) for cash consideration of $0.065 per share (payable immediately prior to issue) in accordance with a proposed rights issue by Energy Mad and the underwriting agreement relating to the proposed rights issue between Energy Mad and SuperLife dated 19 December 2014 (the Underwriting Agreement),

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

February Agreement

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

The convertible notes issued pursuant to the February Agreement were converted on the third anniversary of the date of the February Agreement (20 February 2017). The convertible notes were converted into shares $0.322 per share, being the lower of the average closing market price of the other shares on issue by Energy Mad over the five business days prior to conversion (Market Price) or $0.35 per share.

69,875,776 shares were therefore issued to BNP Paribas Nominees NZ Limited as SuperLife's nominee under the February Agreement.

November Agreement

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

The convertible notes issued pursuant to the November Agreement were converted on the 22 May 2018. The convertible notes were converted into shares at $0.01 per share, being the lower price limit approved by shareholders.

28,400,000 shares were therefore issued to BNP Paribas Nominees NZ Limited as SuperLife's nominee under the November Agreement.

Underwriting Agreement

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

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

Particular Information relating to the approved allotment package

The information below relates to the financial year ending on 31 March 2018, which is the financial year that this annual report relates to (FY 2018).

Number of securities allotted under the package

As at the end of FY 2018, Energy Mad has already allotted the following securities:
(a) 69,875,776 shares under the February Agreement;
(b) zero shares under the November Agreement; and
(c) 20,439,296 shares.

Number of securities on issue held or controlled by BNP Paribas Nominees NZ Limited

As at the end of FY 2018, BNP Paribas Nominees NZ Limited held 105,149,530 of Energy Mad’s ordinary shares. This represents 71.32% of all securities on issue by Energy Mad.

Maximum percentage of all securities that could be held by BNP Paribas Nominees NZ Limited

Following the allotment of shares under the November agreement, BNP Paribas Nominees NZ Limited held 133,549,530 of Energy Mad’s ordinary shares, being 75.95% of all securities on issue by Energy Mad. As all allotments were then complete, this is the maximum percentage of all securities that BNP Paribas Nominees NZ Limited could hold.

Subsidiary Company Directors

The following held office as at 31 March 2018:
Energy Mad NZ Limited – Brent Wheeler
Intellectual Property Energy Mad Limited - Brent Wheeler
Energy Mad Build Limited – Brent Wheeler
Energy Mad LLC – Brent Wheeler
EcoSmartHome Limited – Brent Wheeler