

NZPM GROUP LIMITED

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2019

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NZPM GROUP LIMITED

Consolidated interim statement of profit or loss and other comprehensive income

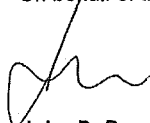
	Note	Six months ended		Year ended
		Unaudited		Audited
		30/09/2019	30/09/2018	31/03/2019
		\$'000	\$'000	\$'000
Revenue		128,110	120,040	232,281
Cost of goods sold		(90,760)	(85,304)	(163,122)
Gross profit		37,350	34,736	69,159
Other income		49	48	93
Share of net profit of associates		0	138	141
Administration expenses		(6,196)	(5,780)	(11,498)
Gain on sale of investment in associate		0	0	475
Lease expense	6	0	(4,335)	(8,488)
Depreciation and amortisation expense	6	(5,190)	(1,212)	(2,492)
Other operating expenses		(20,258)	(18,061)	(36,320)
Profit before net financing costs, rebate dividends and dividends paid, and income tax		5,755	5,534	11,070
Finance income		15	21	43
Finance costs		(1,716)	(192)	(513)
Finance costs - net	6	(1,701)	(171)	(470)
Rebate dividends and dividends paid	3	(5,183)	(4,390)	(4,826)
(Loss)/profit before income tax		(1,129)	973	5,774
Income tax		(1,312)	(1,638)	(2,969)
(Loss)/profit for the period		(2,441)	(665)	2,805
Total comprehensive (loss)/income for the year, net of tax		(2,441)	(665)	2,805

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

NZPM GROUP LIMITED
Consolidated interim statement of financial position

As at	Note	Unaudited		Audited
		30/09/2019	30/09/2018	31/03/2019
		\$'000	\$'000	\$'000
ASSETS				
Current assets:				
Cash and cash equivalents (excluding bank overdrafts)		0	1,918	29
Trade and other receivables		28,145	26,515	30,862
Right to returned goods asset		1,351	1,171	1,351
Derivative financial instruments		64	28	0
Inventories		35,177	33,181	34,344
Total current assets		64,737	62,813	66,586
Non-current assets:				
Trade and other receivables		0	100	0
Property, plant and equipment		14,233	9,167	13,323
Other intangible assets		1,176	1,620	1,427
Goodwill		6,890	6,890	6,890
Right-of-use assets	6	51,928	0	0
Investments in associates		0	1,222	0
Deferred tax assets		1,908	1,752	1,706
Total non-current assets:		76,135	20,751	23,346
Total assets		140,872	83,564	89,932
LIABILITIES				
Current liabilities:				
Bank overdraft		4	0	0
Trade and other payables		25,498	21,985	24,235
Refund liability		1,909	1,497	1,909
Contract liabilities		1,342	1,240	1,135
Derivative financial instruments		0	0	23
Provisions		2,970	2,653	2,821
Lease liabilities	6	5,972	0	0
Current tax liabilities		442	1,501	2,182
Total current liabilities		38,137	28,876	32,305
Non-current liabilities:				
Lease incentives		0	153	259
Borrowings		7,025	8,900	7,855
Derivative financial instruments		542	483	504
Long-term provisions		593	660	616
Lease liabilities	6	47,131	0	0
Co-operative share capital	4	29,391	27,468	27,899
Total non-current liabilities		84,682	37,664	37,133
Total liabilities		122,819	66,540	69,438
Net assets		18,053	17,024	20,494
EQUITY				
Retained earnings		18,053	17,024	20,494
Total equity		18,053	17,024	20,494

On behalf of the Board,



John DeBernardo
 Director (Chair of the Board)
 Authorised for issue on 14 November 2019



Kathy Meads
 Director (Chair of the Audit & Risk Committee)

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

NZPM GROUP LIMITED**Consolidated interim statement of changes in equity**

	Note	Retained earnings \$'000	Total equity \$'000
Unaudited for the six months ended 30 September 2019			
Balance at 1 April 2019		20,494	20,494
Loss for the period		(2,441)	(2,441)
Total comprehensive loss for the period		(2,441)	(2,441)
Balance at 30 September 2019		18,053	18,053
Unaudited for the six months ended 30 September 2018			
Balance at 1 April 2018		17,689	17,689
Loss for the period		(665)	(665)
Total comprehensive loss for the period		(665)	(665)
Balance at 30 September 2018		17,024	17,024
Audited for the year ended 31 March 2019			
Balance at 1 April 2018		17,689	17,689
Profit for the year		2,805	2,805
Total comprehensive income for the year		2,805	2,805
Balance at 31 March 2019		20,494	20,494

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

NZPM GROUP LIMITED

Consolidated interim statement of cash flows

	Note	Six months ended		Year ended
		Unaudited		Audited
		30/09/2019	30/09/2018	31/03/2019
		\$'000	\$'000	\$'000
Cash from operating activities:				
Receipts from customers		130,875	118,294	233,499
Interest received		15	21	43
Dividends received from associates		0	138	238
Other dividends received		1	3	3
Payments to suppliers and employees		(116,554)	(109,701)	(221,368)
Income taxes paid		(3,254)	(1,790)	(2,394)
Interest paid on bank facilities		(269)	(250)	(550)
Interest paid on leases	6	(1,409)	0	0
Rebate dividends and dividends paid	3	(4,486)	(3,822)	(3,936)
Net cash from operating activities	5	4,919	2,893	5,535
Investing activities:				
Proceeds from sale of property, plant and equipment		0	1	151
Purchases of intangibles		(54)	(256)	(358)
Purchases of property, plant and equipment		(1,876)	(3,626)	(8,969)
Proceeds on disposal of associate(s)		0	0	1,700
Net cash used in investing activities		(1,930)	(3,881)	(7,476)
Financing activities:				
Proceeds on issue of shares	4	1,584	843	1,976
Proceeds from borrowings		0	3,400	3,055
Repurchase of shares	4	(789)	(862)	(1,886)
Repayments of obligations under finance leases		0	(281)	(281)
Repayments of borrowings		(830)	0	(700)
Payments for lease liability principal	6	(2,987)	0	0
Repayment of interest rate swap		0	(86)	(86)
Net cash (used in)/from financing activities		(3,022)	3,014	2,078
Net (decrease)/increase in cash and cash equivalents		(33)	2,026	137
Cash and cash equivalents at beginning of year		29	(108)	(108)
Cash and cash equivalents at end of period		(4)	1,918	29

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

NZPM GROUP LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 September 2019

1 GENERAL INFORMATION

The condensed consolidated interim financial statements presented are those of NZPM Group (the 'Group') comprising NZPM Group Limited (NZPM or 'the company') and its subsidiaries and the Group's interests in associates for the six months ended 30 September 2019. The Group is primarily involved in the provision of plumbing supplies.

The company is a co-operative incorporated and domiciled in New Zealand. The address of the registered office is Metrix Building 155 The Strand, Parnell, Auckland 1010. NZPM is registered under the Companies Act 1993 and the Co-operative Companies Act 1996 and is a FMC reporting entity under the Financial Markets Conduct Act 2013.

The condensed consolidated interim financial statements do not include all the notes and disclosures set out in the 2019 Annual Report. As a result, this report should be read in conjunction with the annual report for the year ended 31 March 2019. This is the first set of the Group's financial statements where NZ IFRS 16 *Leases* has been applied.

The condensed consolidated interim financial statements have been authorised for issue by the Board of Directors on 14 November 2019 and have not been audited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. The Group is a for-profit entity for the purposes of financial reporting.

Other than as disclosed in this note, all significant accounting policies adopted in the preparation of these condensed consolidated interim financial statements have been applied on a basis consistent with those used in the audited financial statements of the Group for the year ended 31 March 2019.

Application of new and reviewed International Financial Reporting Standards

The Group has adopted NZ IFRS 16 *Leases* (NZ IFRS 16) from 1 April 2019.

The standard deals with the recognition, measurement, presentation and disclosure of leases and replaces the current guidance in NZ IAS 17 *Leases* (NZ IAS 17). The new standard introduces a single model for lessees which recognises all leases on the balance sheet through an asset representing the rights to use the leased item during the lease term and a liability for the obligation to make lease payments. This removes the distinction between operating and finance leases and aims to provide users of the financial statements relevant information to assess the effect that leases have on the balance sheet, income statement and cash flows of the reporting entity.

The Group reviewed leases where the Group is the lessee and these leases primarily relate to leases for properties and motor vehicles.

The Group has applied NZ IFRS 16 using the modified retrospective approach on adoption of NZ IFRS 16, (using the cumulative catch-up method at the date of adoption based on the Group's lease contracts on that date), with the right-of-use asset being equal to the lease liability less any lease incentives at commencement date. The Group has made use of the practical expedient available on transition to NZ IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with NZ IAS 17 will continue to be applied to those leases entered or modified before 1 April 2019. Comparative numbers have not been restated.

The right-of-use (ROU) assets are subsequently depreciated using the straight line method over the shorter of the estimated useful lives of the ROU assets or the remaining estimated lease term. The estimated useful lives of ROU assets are determined on the same basis as similar owned assets within property, plant and equipment. An additional depreciation expense has been recognised in relation to the adoption of NZ IFRS 16. The lease liabilities are initially measured at the present value of the unpaid lease payments at commencement date.

Under NZ IFRS 16, ROU assets are tested for impairment in accordance with NZ IAS 36 *Impairment of Assets*.

There have been no other changes to accounting policies and no other new standards adopted during the period.

NZPM GROUP LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 September 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Lease accounting

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets. For these leases, the Group recognises the lease payments as an administration expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Amounts expected to be payable by the lessee under residual value guarantees; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability if:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as similar owned assets within property, plant and equipment. Depreciation starts at the commencement date of the lease.

The Group applies NZ IAS 36 to determine whether a ROU asset is impaired and accounts for any identified loss under the same policy adopted for property, plant and equipment.

Prior to the adoption of NZ IFRS 16 on 1 April 2019, these leases were accounted for as operating leases in accordance with NZ IAS 17. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight line basis over the period of the lease. The details of the significant changes and quantitative impact of the changes are set out in note 6.

3 REBATE DIVIDENDS AND DIVIDENDS PAID

	Six months ended		Year ended
	Unaudited		Audited
	30/09/2019	30/09/2018	31/03/2019
	\$'000	\$'000	\$'000
<i>Amounts recognised as distributions to shareholders in the period:</i>			
Rebate dividends paid	4,740	3,963	3,963
Dividends paid	443	427	863
Total rebate dividends and dividends paid	5,183	4,390	4,826

On 27 June 2019 NZPM, declared a gross rebate dividend for the year ended 31 March 2019 to all ordinary shareholders that was the greater of \$300 or 5.0% per annum of their Grade A cash. The rebate dividend was payable in cash on 26 September 2019 to all ordinary shareholders on the share register as at the proposed date of payment who were not in default of their monthly obligations. The rebate dividend was fully imputed for tax purposes.

NZPM GROUP LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 September 2019

3 REBATE DIVIDENDS AND DIVIDENDS PAID continued

Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated interim statement of cash flows at the end of the period as follows:

Total rebate dividends and dividends paid	5,183	4,390	4,826
less non-cash rebate dividends and dividend payments	(697)	(568)	(890)
Balance as per the consolidated interim statement of cash flows	<u>4,486</u>	<u>3,822</u>	<u>3,936</u>

4 CO-OPERATIVE SHARE CAPITAL

	Six months ended Unaudited		Year ended Audited
	30/09/2019	30/09/2018	31/03/2019
	\$'000	\$'000	\$'000
The movements in shares by class for the Group are as follows:			
On issue at the beginning of the period	27,899	26,919	26,919
Net issues/(redemptions/transfers):			
Ordinary shares	220	108	140
Redeemable preference shares (RPS)	(5)	(16)	(40)
New redeemable preference shares (New RPS)	1,308	378	741
Subscriptions in advance	(31)	79	139
On issue at the end of the period	<u>29,391</u>	<u>27,468</u>	<u>27,899</u>

	Six months ended Unaudited		Year ended Audited
	30/09/2019	30/09/2018	31/03/2019
	\$'000	\$'000	\$'000
<i>Ordinary shares</i>			
Issued capital			
8,915,366 (Sept 2018: 8,673,943 Mar 2019: 8,765,625) ordinary shares of \$1 each less uncalled and unpaid capital	8,915	8,674	8,766
	<u>(1,234)</u>	<u>(1,245)</u>	<u>(1,305)</u>
	7,681	7,429	7,461
<i>Redeemable preference shares (RPS)</i>			
17,564 (Sept 2018: 47,236 Mar 2019: 22,758) redeemable preference shares of \$1 each fully paid	18	47	23
<i>New redeemable preference shares (New RPS)</i>			
21,581,903 (Sept 2018: 19,911,358 Mar 2019: 20,273,856) redeemable preference shares of \$1 each fully paid	21,582	19,911	20,274
<i>Share subscriptions in advance</i>	110	81	141
Total co-operative share capital	<u>29,391</u>	<u>27,468</u>	<u>27,899</u>
<i>Classified as:</i>			
Non-current	<u>29,391</u>	<u>27,468</u>	<u>27,899</u>

Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated interim statement of cash flows at the end of the period as follows:

Total co-operative share capital	29,391	27,468	27,899
less non-cash rebate dividends and dividend payments	(697)	(568)	(890)
less opening balance	<u>(27,899)</u>	<u>(26,919)</u>	<u>(26,919)</u>
Net balance as per the consolidated interim statement of cash flows	<u>795</u>	<u>(19)</u>	<u>90</u>

NZPM GROUP LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 September 2019

4 CO-OPERATIVE SHARE CAPITAL continued

The Group has several classes of shares. Each class has different rights attached.

Ordinary shares

Ordinary shares may be surrendered at the option of the shareholder, directors or Group according to the Constitution at the nominal value of \$1 per fully paid share. Consideration for the surrender is subject to the directors' right to postpone payment for up to five years. Ordinary shares carry certain rights as to voting and rebate dividends.

Redeemable preference shares

NZPM has issued various classes of redeemable preference shares. Redeemable preference shares issued at different times and with different terms each constitute a separate class of redeemable preference shares. Redeemable preference shares are redeemable at the option of the shareholder at the nominal value of \$1 per share. Redeemable preference shares carry certain rights to receive dividends. Redeemable preference shares carry no voting rights (except as required by section 117 of the Companies Act 1993) or rights to rebate dividends. The directors are able to postpone repayment. As at 30 September 2019, the dividend on call rate was 5.80% (Sept 2018: 6.00%, Mar 2019: 6.00%) per annum.

General

All shares carry equal rights on any winding up of NZPM to be repaid the paid up capital, in proportion to the capital paid up on each share. Each ordinary share also carries the further right to share equally in the distribution of any further residual assets of NZPM following repayment of the paid-up capital. The Constitution and the Companies Act 1993 gives the directors the discretion to pay different rates of dividend, (if any), to different classes of shares. All share capital is classified as a liability as it is redeemable on a specific date or at the option of the shareholders.

5 NOTES TO THE CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Six months ended		Year ended
	Unaudited		Audited
	30/09/2019	30/09/2018	31/03/2019
	\$'000	\$'000	\$'000
Cash and cash equivalents			
Cash and bank balances	0	1,918	29
Bank overdrafts	(4)	0	0
Total cash and cash equivalents	(4)	1,918	29

Cash and cash equivalents comprises cash net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated interim statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

NZPM GROUP LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 September 2019

5 NOTES TO THE CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS continued

Cash generated from operations	Six months ended		Year ended
	Unaudited		Audited
	30/09/2019	30/09/2018	31/03/2019
	\$'000	\$'000	\$'000
(Loss)/profit for the period	(2,441)	(665)	2,805
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	4,885	903	1,915
Amortisation of other intangible assets	305	282	577
Movement in deferred tax	(202)	(83)	(37)
Share of net loss of associates	0	0	97
Net (gain) on financial liabilities at fair value	(49)	(127)	(55)
Non-cash rebate dividend and dividend payments	697	568	890
Net (gain)/loss on disposal of property, plant and equipment and intangible assets	(16)	(21)	4
Delayed payment for sale of associate (classified as investing cash flows)	0	200	0
(Gain) on sale of investment in associates	0	0	(475)
	5,620	1,722	2,916
<i>Movement in working capital:</i>			
Decrease/(increase) in trade and other receivables	2,717	1,953	(2,194)
(Increase) in right to returned goods asset	0	(1,171)	(1,351)
(Increase) in inventories	(833)	(944)	(2,107)
(Decrease)/increase in current tax liabilities	(1,740)	(69)	612
Increase in trade and other payables	1,263	421	2,466
Increase in lease incentives	0	153	259
Increase in refund liability	0	1,497	1,909
Increase in contract liabilities	207	90	190
Increase/(decrease) in provisions	126	(94)	30
	1,740	1,836	(186)
Net cash from operating activities	4,919	2,893	5,535

6 LEASE ACCOUNTING

6.1 Significant judgements

Adoption of NZ IFRS 16 requires the Group to make some key judgements including determining:

- The number of potential renewal periods in the lease term; and
- The incremental borrowing rate to use if the Group were to borrow over a similar term and type of asset which is used to discount the future lease payments.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by NZ IFRS 16. This expense is presented within administration expenses in the income statement.

The Group has also used the practical expedient of relying on previous assessments of whether leases are onerous.

The Group has a secured bank facility with Westpac New Zealand Limited (Westpac) that imposes various undertakings on the Group and requires compliance with several bank financial covenants. The Group has agreed with Westpac that the covenants are to be measured without the application of NZ IFRS 16. All undertakings and covenants were met during the period.

NZPM GROUP LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 September 2019

6 LEASE ACCOUNTING continued

Lease periods

During the period, the Group had 59 individual property leases that make up a nationwide network of locations for Plumbing World Limited and 2 locations for Metrix Imports Limited. In general, property leases are entered for an initial period of 4 to 8 years with most having contract terms that allow for further rights of renewal.

The expected duration for each lease has been determined by including the minimum contract period plus any potential renewal periods based on a judgement if available rights of renewals under lease arrangements will be exercised. The judgement includes factors such as location, property size, relocation costs, lease and operating costs and regional growth prospects.

The Group has approximately 140 motor vehicle leases (mainly cars and utility vehicles) which are typically leased for a period of approximately 4 years and are generally not extended beyond the initial lease period.

Remaining lease duration at 30 September 2019:	Years
Property	0 - 15 years
Vehicles and other assets	0 - 5 years

Incremental borrowing rates

The Group has used the practical expedient of applying discount rates to a portfolio of assets and has further applied the same incremental borrowing rates dependent to each portfolio of assets. In determining the discount rate to use, the Group reviewed publicly available rates for Government Bonds, market swap rates and Treasury Risk-free discount rate and then applied an adjustment to these rates to apply a company specific credit risk.

The Group has applied an incremental borrowing rate to each type of asset in its portfolio. The property assets have been grouped into four types (Auckland warehouse, Auckland and Queenstown properties, other large city properties and other regional properties) with each type having three lease durations (under 5 years, 6 to 11 years, 12 years and over). The incremental borrowing rate for vehicles and other equipment is the rate implied in the individual lease agreement.

Incremental borrowing rates:	Per annum
Auckland warehouse	4.75%
Auckland and Queenstown properties	5.05% - 5.75%
Other large New Zealand city properties	5.55% - 6.25%
Other regional properties	5.80% - 6.50%
Vehicles	6.00% - 8.25%

6.2 Movements in right-to-use assets in the period

<u>For the period ended 30 September 2019</u>	Property	Vehicles	Total
	\$'000	\$'000	\$'000
At adoption	38,270	2,220	40,490
Additions of assets	14,081	989	15,070
Depreciation	(3,240)	(662)	(3,902)
Adjustments arising from changes in future lease payments	270	0	270
Carrying amount	49,381	2,547	51,928

6.3 Reconciliation of lease commitment to opening lease liability as at 1 April 2019

	\$'000
Operating lease commitments at 31 March 2019	39,352
Leases committed but not yet commenced at 1 April 2019	(12,465)
Extension options reasonably certain to be exercised	26,372
Effect of discounting using incremental borrowing rates at 1 April 2019	(12,510)
Lease liabilities recognised at 1 April 2019	40,749

NZPM GROUP LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 30 September 2019

6 LEASE ACCOUNTING continued

6.4 Impact of the adoption of NZ IFRS 16 on the consolidated interim financial statements

The following table shows the adjustments to the consolidated interim statement of profit or loss and other comprehensive income.

<u>For the 6 months ended 30 September 2019</u>	Pre NZ IFRS 16 \$'000	NZ IFRS 16 Adjustments \$'000	As reported \$'000
Gross Profit	37,350	0	37,350
Lease expense	(4,377)	4,377	0
Depreciation and amortisation expenses	(1,288)	(3,902)	(5,190)
Other income and expenses	(26,405)	0	(26,405)
Profit before net financing costs, rebate dividends and dividends paid, and income tax	5,280	475	5,755
Finance costs - net	(292)	(1,409)	(1,701)
Rebate dividends and dividends paid	(5,183)	0	(5,183)
Income tax	(1,574)	262	(1,312)
Loss for the period, net of tax	(1,769)	(672)	(2,441)

The following table shows the adjustments to the consolidated interim statement of financial position.

<u>As at 30 September 2019</u>	Pre NZ IFRS 16 \$'000	NZ IFRS 16 Adjustments \$'000	As reported \$'000
<i>Assets:</i>			
Right-of-use assets	0	51,928	51,928
Deferred tax assets	1,646	262	1,908
	1,646	52,190	53,836
<i>Liabilities:</i>			
Lease liabilities - current portion	0	5,972	5,972
Lease liabilities - term portion	0	47,131	47,131
Lease incentive	241	(241)	0
	241	52,862	53,103
<i>Equity:</i>			
Retained earnings	18,725	(672)	18,053

The following table shows the adjustments to the consolidated interim statement of cash flows.

<u>For the 6 months ended 30 September 2019</u>	Pre NZ IFRS 16 \$'000	NZ IFRS 16 Adjustments \$'000	As reported \$'000
Payments to suppliers and employees (operating activities)	4,396	(4,396)	0
Interest paid on leases (operating activities)	0	1,409	1,409
Payments for lease liability principal (financing activities)	0	2,987	2,987

The adoption of NZ IFRS 16 did not have an impact on net cash flows.

7 CONTINGENCIES

The Group is subject to a small number of claims which are not considered significant. The directors believe, based on legal advice, that any actions can be successfully defended and have therefore not recognised any provision.