

## **NZPM GROUP LIMITED**

### **CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020**

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**NZPM GROUP LIMITED**

**Consolidated interim statement of profit or loss and other comprehensive income**

For the six months ended 30 September 2020

	Notes	Unaudited 6 months to 30 Sept 2020 \$'000	Unaudited 6 months to 30 Sept 2019 \$'000	Audited 12 months to 31 Mar 2020 \$'000
Revenue		124,021	128,110	246,229
Cost of sales		(89,043)	(91,592)	(174,632)
<b>Gross profit</b>		<b>34,978</b>	36,518	71,597
Other income	3	3,437	100	410
Share of results of joint venture	9	39	0	0
Administration expenses	4	(4,378)	(5,364)	(9,859)
Other operating expenses	5	(25,552)	(25,499)	(50,484)
<b>Operating profit</b>		<b>8,524</b>	5,755	11,664
Finance income		5	15	17
Finance costs		(1,612)	(1,716)	(3,419)
<b>Finance costs - net</b>		<b>(1,607)</b>	(1,701)	(3,402)
Rebate dividends and dividends	6	(4,589)	(5,183)	(5,622)
<b>Profit/(loss) before income tax</b>		<b>2,328</b>	(1,129)	2,640
Income tax expense		(1,968)	(1,312)	(2,370)
<b>Profit/(loss) for the period</b>		<b>360</b>	(2,441)	270
<b>Total comprehensive income/(loss) for the period, net of tax</b>		<b>360</b>	(2,441)	270

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

**NZPM GROUP LIMITED**

**Consolidated interim balance sheet**

As at 30 September 2020

		Unaudited 30 Sept 2020	Unaudited 30 Sept 2019	Audited 31 Mar 2020
	Note	\$'000	\$'000	\$'000
<b>Current assets</b>				
Cash and cash equivalents (excluding bank overdraft)	7	744	0	697
Trade and other receivables		30,149	28,145	34,604
Right to returned goods asset		1,219	1,351	1,046
Derivative financial instruments		10	64	75
Inventories		39,164	35,177	36,057
<b>Total current assets</b>		<b>71,286</b>	<b>64,737</b>	<b>72,479</b>
<b>Non-current assets</b>				
Property, plant and equipment		14,941	14,233	14,602
Intangible assets		7,897	8,066	8,040
Interest in joint venture	9	817	0	0
Right-of-use assets		47,155	51,928	49,218
Deferred tax assets		2,428	1,908	2,100
<b>Total non-current assets:</b>		<b>73,238</b>	<b>76,135</b>	<b>73,960</b>
<b>Total assets</b>		<b>144,524</b>	<b>140,872</b>	<b>146,439</b>
<b>Current liabilities</b>				
Bank overdraft		0	4	0
Trade and other payables		30,990	25,498	27,142
Refund liability		1,753	1,909	1,520
Contract liabilities		1,545	1,342	1,100
Derivative financial instruments		170	0	288
Provisions		2,883	2,970	3,106
Lease liabilities		5,999	5,972	6,077
Current tax liabilities		1,164	442	788
<b>Total current liabilities</b>		<b>44,504</b>	<b>38,137</b>	<b>40,021</b>
<b>Non-current liabilities</b>				
Trade and other payables		182	0	0
Loans and borrowings		4,465	7,025	9,895
Derivative financial instruments		194	542	164
Long-term provisions		680	593	608
Lease liabilities		43,675	47,131	45,055
Co-operative share capital	8	29,700	29,391	29,932
<b>Total non-current liabilities</b>		<b>78,896</b>	<b>84,682</b>	<b>85,654</b>
<b>Total liabilities</b>		<b>123,400</b>	<b>122,819</b>	<b>125,675</b>
<b>Net assets</b>		<b>21,124</b>	<b>18,053</b>	<b>20,764</b>
<b>Equity</b>				
Retained earnings		21,124	18,053	20,764
<b>Total equity</b>		<b>21,124</b>	<b>18,053</b>	<b>20,764</b>

On behalf of the Board,



**John DeBernardo**

Director (Chair of the Board)

Authorised for issue on 23 November 2020



**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**

For the six months ended 30 September 2020

	Notes	Retained earnings \$'000	Total equity \$'000
<b>Unaudited 2020</b>			
Balance at 1 April 2020		20,764	20,764
Profit for the period		360	360
Total comprehensive profit for the period		360	360
<b>Balance at 30 September 2020</b>		<b>21,124</b>	<b>21,124</b>
<b>Unaudited 2019</b>			
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
<b>Audited 2020</b>			
Balance at 1 April 2019		20,494	20,494
Profit for the year		270	270
Total comprehensive income for the year		270	270
Balance at 31 March 2020		20,764	20,764

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**

For the six months ended 30 September 2020

	Notes	<b>Unaudited 6 months to 30 Sept 2020 \$'000</b>	Unaudited 6 months to 30 Sept 2019 \$'000	Audited 12 months to 31 Mar 2020 \$'000
<b>Cash flows from operating activities:</b>				
Receipts from customers		122,741	130,827	248,513
Government COVID-19 wage subsidy scheme		3,359	0	0
Income tax received		332	0	0
Interest received		5	15	17
Other income	3	78	100	170
Payments to suppliers and employees		(107,028)	(116,605)	(229,094)
Income taxes paid		(2,252)	(3,254)	(4,158)
Interest paid on borrowings		(271)	(269)	(340)
Interest paid on lease liabilities		(1,429)	(1,409)	(2,906)
Dividends paid to shareholders	6	(3,988)	(4,486)	(4,597)
<b>Net cash generated by operating activities</b>	<b>7</b>	<b>11,547</b>	4,919	7,605
<b>Cash flows from investing activities:</b>				
Acquisition of investment in joint venture		(375)	0	0
Proceeds on disposal of property, plant and equipment		0	0	104
Purchases of computer software		(170)	(54)	(328)
Purchases of property, plant and equipment		(1,528)	(1,876)	(3,406)
<b>Net cash used in investing activities</b>		<b>(2,073)</b>	(1,930)	(3,630)
<b>Cash flows from financing activities:</b>				
Proceeds on issue of shares	8	1,500	1,584	2,712
Proceeds from loans and borrowings		0	0	2,040
Repurchase of shares	8	(2,333)	(789)	(1,704)
Repayments of loans and borrowings		(5,430)	(830)	0
Repayment of lease liabilities		(3,164)	(2,987)	(6,130)
Repayment of interest rate swaps		0	0	(225)
<b>Net cash used in financing activities</b>		<b>(9,427)</b>	(3,022)	(3,307)
<b>Net cash flows</b>		<b>47</b>	(33)	668
Cash and cash equivalents at beginning of year		697	29	29
<b>Cash and cash equivalents at end of period</b>		<b>744</b>	(4)	697

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 2020

#### **1 Basis of preparation**

##### **Reporting entity and statutory base**

The condensed consolidated interim financial statements presented are for NZPM Group (the 'Group') comprising NZPM Group Limited (NZPM or 'the company') and its subsidiaries and associate, as at 30 September 2020.

The Group is primarily involved in the provision of plumbing supplies.

NZPM is a co-operative. It is a profit-orientated company incorporated and domiciled in New Zealand. The address of its registered office is Metrix Building, 155 The Strand, Parnell, Auckland 1010.

NZPM is registered in New Zealand 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 have been authorised for issue by the Board of Directors on 23 November 2020 and have not been audited.

##### **Statement of compliance**

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 condensed consolidated interim financial statements do not include all the notes and disclosures set out in the 2020 Annual Report. As a result, this report should be read in conjunction with the annual report for the year ended 31 March 2020, (2020 Annual Report), which has been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP').

The condensed consolidated interim financial statements are expressed in New Zealand dollars which is the Group's presentation currency. All financial information has been rounded to the nearest thousand (\$'000) unless otherwise stated.

All significant accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the audited financial statements of the Group for the year (2020 Annual Report).

##### **Critical accounting estimates and judgments**

The Group makes estimates and judgments concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and judgments used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the 2020 Annual Report.

##### **COVID-19 Pandemic**

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. To combat the spread of the virus in New Zealand, the New Zealand Government moved the country into a full lockdown (Alert Level 4) of non-essential services from Wednesday 25 March 2020 to Monday 27 April 2020.

During Alert Level 4 the Group's operations were virtually closed with supply only to essential service customers. The change to Alert Level 3 between Tuesday 28 April 2020 and Tuesday 12 May 2020 allowed the Group to recommence supplying trade customers under special trading conditions. From 12 May 2020, under Alert Level 2, operating restrictions were lifted.

NZPM took a number of mitigating actions to reduce operating costs including negotiating rent reductions with landlords, reducing non-urgent expenditure, implementing a hiring freeze and reducing investment in marketing. The Group also extended the Multi Option Credit Line (MOCL) facility by an additional \$5.0 million, for a period of 12 months from 1 May 2020, to reduce liquidity risk.

##### *Trade receivables*

The Group did not see a significant increase in local customer default during the lockdown or post-lockdown period to 30 September 2020. Because of this, there were no material changes in the inputs used in the recalculation of the Group's allowance for expected credit losses.

## **NZPM GROUP LIMITED**

### **Notes to the consolidated interim financial statements**

For the six months ended 30 September 2020

#### **1 Critical accounting estimates and judgments (continued)**

##### *Inventory*

The Group noted no significant impact on ageing of inventory or inventory written off during the lockdown period. There has been a normal turnaround of product in the domestic market.

The carrying value of inventories at 30 September 2020 is assessed as appropriate and will be reviewed on an ongoing basis throughout the year.

##### *Borrowings and loans*

The Group's term debt facilities are subject to a number of externally imposed bank financial covenants. These covenants are calculated monthly and reported to the banks on a monthly and quarterly basis. As an essential service provider, the Group traded during the lockdown period and generated the required cash flow and earnings to meet its covenants in the six months to 30 September 2020.

##### *Taxation*

The tax impact of the reinstatement of tax depreciation on buildings which was passed in the COVID-19 Response (Taxation and Social Assistance Urgent Measures) Act 2020 is yet to be determined.

#### **2 Changes to accounting standards and significant accounting policies**

##### **Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16**

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date. This amendment introduces a practical expedient to IFRS 16 which permits a lessee to elect not to assess whether a COVID 19 related rent concession is a lease modification. The Group has made this election. The reduction of lease payments, resulting from the COVID-19-related rent concession, has been accounted for as a negative variable lease payment in profit or loss.

##### **Investment in joint ventures**

Joint ventures are those entities over whose activities the parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. Under the equity method, an investment in a joint venture is recognised initially in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost or the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture.

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 2020

**3 Other income**

	<b>Unaudited 6 months to 30 Sept 2020 \$'000</b>	Unaudited 6 months to 30 Sept 2019 \$'000	Audited 12 months to 31 Mar 2020 \$'000
Government COVID-19 wage subsidy scheme	3,359	0	240
Tenancy rents received	52	51	104
Other	26	49	66
<b>Total rebate dividends and dividends</b>	<b>3,437</b>	<b>100</b>	<b>410</b>

The wage subsidy has been recognised from the date of application, 27 March 2020, and then allocated over a 12 week period from this date.

The comparative information for 'other income' for September 2019 has been restated to reclassify tenancy rents received of \$51,379 to conform to this year's presentation.

**4 Administration expenses**

The comparative information for 'administration expenses' for September 2019 has been restated to reclassify direct freight costs of \$832,540 to cost of sales to conform to this year's presentation. This change has been made in order to provide users of the financial statements with a more comparable benchmark to improve the understandability of the financials overall as these costs are a direct cost to incur revenue.

**5 Other operating expenses**

	<b>Unaudited 6 months to 30 Sept 2020 \$'000</b>	Unaudited 6 months to 30 Sept 2019 \$'000	Audited 12 months to 31 Mar 2020 \$'000
<i>Other operating expenses include:</i>			
Employee benefits expenses	19,162	19,085	37,943
Depreciation and amortisation expenses	5,236	5,190	10,455
COVID-19 rent concessions	(408)	0	0

**6 Rebate dividends and dividends**

	<b>Unaudited 6 months to 30 Sept 2020 \$'000</b>	Unaudited 6 months to 30 Sept 2019 \$'000	Audited 12 months to 31 Mar 2020 \$'000
<i>Amounts recognised as distributions to shareholders in the period:</i>			
Rebate dividends	4,204	4,740	4,740
Dividends	385	443	882
<b>Total rebate dividends and dividends</b>	<b>4,589</b>	<b>5,183</b>	<b>5,622</b>

On 10 July 2020, NZPM declared an interim gross rebate dividend for the year ended 31 March 2020 to all ordinary shareholders that was the greater of \$300 or 4.0% per annum of their Grade A cash. The rebate dividend was payable in cash on 24 September 2020 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.

*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	4,589	5,183	5,622
less non-cash rebate dividends and dividends	(601)	(697)	(1,025)
Balance as per the consolidated interim statement of cash flows	<b>3,988</b>	<b>4,486</b>	<b>4,597</b>



**NZPM GROUP LIMITED**

**Notes to the consolidated interim financial statements**

For the six months ended 30 September 2020

**7 Notes to the consolidated interim statement of cash flows**

	<b>Unaudited 6 months to 30 Sept 2020 \$'000</b>	Unaudited 6 months to 30 Sept 2019 \$'000	Audited 12 months to 31 Mar 2020 \$'000
<b>Cash and cash equivalents</b>			
Cash and bank balances	744	0	697
Bank overdrafts	0	(4)	0
<b>Total cash and cash equivalents</b>	<b>744</b>	<b>(4)</b>	<b>697</b>

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.

**Cash generated from operations**

	<b>Unaudited 6 months to 30 Sept 2020 \$'000</b>	Unaudited 6 months to 30 Sept 2019 \$'000	Audited 12 months to 31 Mar 2020 \$'000
<b>Profit/(loss) for the period</b>	<b>360</b>	<b>(2,441)</b>	<b>270</b>
<i>Non-cash items:</i>			
Depreciation of property, plant and equipment	1,154	4,885	2,074
Amortisation of intangible assets	313	305	605
Depreciation of right-of-use assets	3,769	0	7,776
Non-cash share of net profit of joint venture	(40)	0	0
Movement in deferred tax	(328)	(202)	(394)
Net gains on financial liabilities at fair value	(23)	(49)	(150)
Non-cash rebate dividends and dividends	601	697	1,025
	<b>5,446</b>	<b>5,636</b>	<b>10,936</b>
<i>Items classified as investing or financing adjustments:</i>			
Gain on disposal of property, plant and equipment	(3)	(16)	(51)
Repayment of interest rate swaps	0	0	225
	<b>(3)</b>	<b>(16)</b>	<b>174</b>
<i>Movement in working capital:</i>			
Decrease/(increase) in trade and other receivables	4,455	2,717	(3,742)
(Increase)/decrease in right to returned goods asset	(173)	0	305
(Increase) in inventories	(3,107)	(833)	(1,713)
Increase/(decrease) in current tax payable	376	(1,740)	(1,394)
Increase in trade and other payables	3,665	1,263	2,916
Increase/(decrease) in refund liability	233	0	(389)
Increase/(decrease) in contract liabilities	445	207	(35)
(Decrease)/increase in provisions	(151)	126	277
	<b>5,743</b>	<b>1,740</b>	<b>(3,775)</b>
<b>Net cash flows from operating activities</b>	<b>11,546</b>	<b>4,919</b>	<b>7,605</b>

## NZPM GROUP LIMITED

### Notes to the consolidated interim financial statements

For the six months ended 30 September 2020

#### 8 Co-operative share capital

	<b>Unaudited 6 months to 30 Sept 2020 \$'000</b>	Unaudited 6 months to 30 Sept 2019 \$'000	Audited 12 months to 31 Mar 2020 \$'000
<i>The movements in shares by class for the Group are as follows:</i>			
On issue at the beginning of the year	29,932	27,899	27,758
Net issues/(redemptions/transfers):			
Ordinary shares	205	220	294
Redeemable preference shares (RPS)	0	(5)	(6)
New redeemable preference shares (New RPS)	(1,004)	1,308	1,886
Subscriptions in advance	567	(31)	0
On issue at the end of the period	<u>29,700</u>	<u>29,391</u>	<u>29,932</u>
<i>Ordinary shares</i>			
Issued capital			
9,305,776 (Sept 2019: 8,915,366 Mar 2020: 8,963,982) ordinary shares of \$1 each less uncalled and unpaid capital	9,305 (1,345) <u>7,960</u>	8,915 (1,234) <u>7,681</u>	8,964 (1,209) <u>7,755</u>
<i>Redeemable preference shares (RPS)</i>			
16,564 (Sept 2019: 17,564 Mar 2020: 17,064) redeemable preference shares of \$1 each fully paid	17	18	17
<i>New redeemable preference shares (New RPS)</i>			
21,155,871 (Sept 2019: 21,581,903 Mar 2020: 22,159,621) redeemable preference shares of \$1 each fully paid	21,156	21,582	22,160
<i>Share subscriptions in advance</i>	567	110	0
<b>Total co-operative share capital</b>	<b><u>29,700</u></b>	<b><u>29,391</u></b>	<b><u>29,932</u></b>
<i>Classified as:</i>			
Non-current	<u>29,700</u>	<u>29,391</u>	<u>29,932</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	29,700	29,391	29,932
less non-cash rebate dividends and dividend payments	(601)	(697)	(1,025)
less opening balance	(29,932)	(27,899)	(27,899)
Net balance as per the consolidated interim statement of cash flows	<u>(833)</u>	<u>795</u>	<u>1,008</u>

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.

## NZPM GROUP LIMITED

### Notes to the consolidated interim financial statements

For the six months ended 30 September 2020

#### 8 Co-operative share capital continued

##### 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 for up to 5 years. As at 30 September 2020, the dividend on call rate was 4.5% (Sept 2019: 5.8%, Mar 2020: 5.3%) 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.

#### 9 Interest in joint venture

On 10 July 2020, Group acquired a one-third equity share of Aqua Source & QC Co., Limited (Aquasource), a company incorporated and based in Hong Kong.

The company is a specialist sourcing agent for plumbing and related products manufactured in China and progressively other Asian countries. The investment has been made to secure the long-term supply chain for Plumbing World's own brand imported products marketed under the LeVivi and TIVA brands.

The consideration for the new equity issued by Aquasource is US\$465,000. 50% of the consideration was due on the acquisition date with a further 25% due on the first anniversary of the settlement date and 25% due on the second anniversary of the settlement date. There is no contingent consideration.

Acquisition-related costs have been included in the total consideration \$48,312 (Sept 2019: nil, Mar 2020: \$38,422)

	<b>\$'000</b>
<i>Purchase consideration</i>	
USD 465,000 @ 0.6371	730
Acquisition costs paid in current period	10
Net flow of cash - investing activities	<b>740</b>
Acquisition costs paid in previous year	38
Share of net profit of joint venture	39
Net carrying value at end of period	<b>817</b>

The joint venture is accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 2.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts in the joint venture's financial statements.

	Aqua Source & QC Co., Limited	
	<b>30 Sept 2020</b>	30 Jun 2020
	<b>\$'000</b>	\$'000
Current assets	2,468	1,613
Non-current assets	148	128
Current liabilities	(1,023)	(266)
Non-current liabilities		
The above amount of assets and liabilities include the following:		
Cash and cash equivalents	105	302

## NZPM GROUP LIMITED

### Notes to the consolidated interim financial statements

For the six months ended 30 September 2020

#### 9 Interest in joint venture continued

Aqua Source & QC Co., Limited

30 Sept 2020

\$'000

Revenue	4,346
Gross profit	275
Profit from continuing operations	118

Their were no dividends received from the joint venture during the period.

*Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:*

Aqua Source & QC Co., Limited

30 Sept 2020

30 Jun 2020

\$'000

\$'000

Net assets of joint venture	1,593	1,475
Proportion of the Group's ownership interest in the joint venture	531	492
Goodwill	286	286
Carrying amount of the Group's interest in the joint venture	<b>817</b>	<b>778</b>

#### 10 Contingencies

There has been no material change to contingent liabilities during the period.

#### 11 Capital commitments

On 1 October 2020, the Group signed an agreement for the sale and purchase of real estate for land at Drury South, Auckland. The purchase price was \$3,006,250. A deposit of 10% of the purchase price was payable on 30 October 2020 when the agreement became unconditional. The remaining balance is due when the sub-division titles become available. This is expected to be December 2020.

The purpose of the purchase is to establish a new Plumbing World branch in the area.

#### 12 Events after the reporting period

On 20 November 2020, NZPM declared a final gross rebate dividend for the year ended 31 March 2020, to all ordinary shareholders, of 1.0% per annum of their Grade A cash. In conjunction with the interim gross rebate dividend, to all ordinary shareholders, of 4.0% per annum of their Grade A cash, paid out in September 2020, this takes the total gross rebate dividend for the year ended 31 March 2020 to be the greater of \$300 or 5.0% per annum of Grade A cash.

The final dividend will be payable in cash to all ordinary shareholders on the share register, at the proposed date of payment of 27 January 2021, who are not in default of their monthly obligations.

The net aggregate amount of the proposed rebate dividend payment to be paid out in January 2021 is approximately \$1.0 million, this had not been recognised as a liability as at 30 September 2020.