

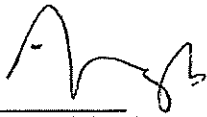
**Moa Group Limited  
Financial Statements  
for the year ended  
31 March 2015**

**Moa Group Limited**  
**Index to the Financial Statements**  
**31 March 2015**

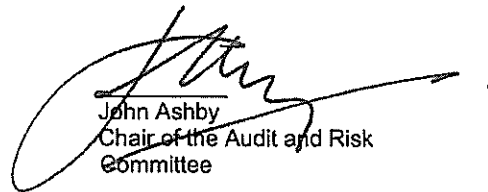
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The Board of Directors has pleasure in presenting the financial statements and audit report for Moa Group Limited for the year ended 31 March 2015.

The financial statements presented are signed for and on behalf of the Board of Directors and were authorised for issue on 27 May 2015.



Ashley Waugh  
Chairman



John Ashby  
Chair of the Audit and Risk  
Committee



## ***Independent Auditors' Report*** to the shareholders of Moa Group Limited

### ***Report on the Financial Statements***

We have audited the Group financial statements of Moa Group Limited ("the Company") on pages 6 to 28, which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, the statement of movements in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 31 March 2015 or from time to time during the financial year.

### ***Directors' Responsibility for the Financial Statements***

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

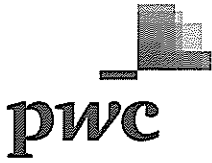
### ***Auditors' Responsibility***

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

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

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

We are independent of the Group. Our firm carries out other services for the Group in the areas of agreed upon procedures. The provision of these other services has not impaired our independence.



## ***Independent Auditors' Report***

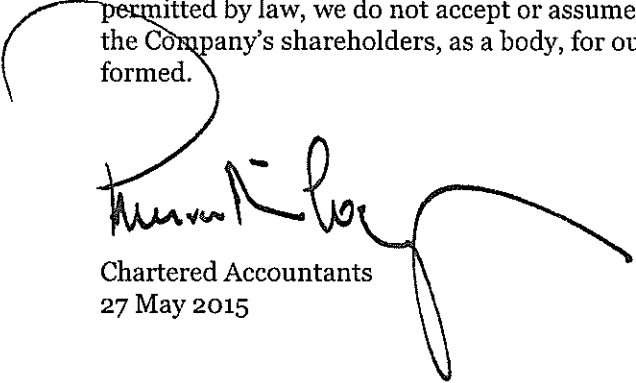
Moa Group Limited

### ***Opinion***

In our opinion, the financial statements on pages 6 to 28 present fairly, in all material respects, the financial position of the Group as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

### ***Restriction on Use of our Report***

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



Chartered Accountants  
27 May 2015

Auckland

**Moa Group Limited**  
**Consolidated Statement of Comprehensive Income**  
**For the year ended 31 March 2015**

	Notes	2015 \$000	2014 \$000
Revenue	5	6,059	4,597
Cost of sales		(4,949)	(3,805)
<b>Gross profit</b>		<b>1,110</b>	<b>792</b>
Other gains/(losses)	6	(7)	(146)
Distribution expenses		(1,473)	(1,244)
Administration expenses		(1,852)	(1,842)
Sales and marketing expenses		(3,220)	(3,185)
Payment under bank guarantee	7	-	(184)
Other expenses	8	(306)	(340)
Finance income and expenses	9	165	332
<b>Total expenses</b>	10	<b>(6,686)</b>	<b>(6,463)</b>
<b>Loss before income tax</b>		<b>(5,583)</b>	<b>(5,817)</b>
Income tax expense	11	-	-
<b>Loss for the year</b>		<b>(5,583)</b>	<b>(5,817)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(5,583)</b>	<b>(5,817)</b>
<b>Earnings per share</b>			
Basic losses (cents per share)	22	(13.6)	(18.6)
Diluted losses (cents per share)	22	(13.6)	(18.6)

Note: All loss and total comprehensive loss is attributable to the Parent Company shareholders and is from continuing operations.

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Moa Group Limited  
Consolidated Statement of Financial Position  
As at 31 March 2015

	Notes	2015 \$000	2014 \$000
<b>Current assets</b>			
Cash and cash equivalents		3,757	4,073
Trade and other receivables	12	1,758	1,789
Inventories	13	1,553	1,933
Tax receivable		-	3
<b>Total current assets</b>		<b>7,068</b>	<b>7,798</b>
<b>Non-current assets</b>			
Plant and equipment	14a	2,784	2,565
Intangibles	14b	548	504
Deferred income tax asset	15	-	-
<b>Total non-current assets</b>		<b>3,332</b>	<b>3,069</b>
<b>Total assets</b>		<b>10,400</b>	<b>10,867</b>
<b>Liabilities</b>			
Trade and other payables	16	1,575	2,039
<b>Total liabilities</b>		<b>1,575</b>	<b>2,039</b>
<b>Net assets</b>		<b>8,825</b>	<b>8,828</b>
<b>Equity</b>			
Contributed equity	17	22,006	16,440
Share entitlement reserve	18	25	129
Accumulated losses		(13,206)	(7,741)
<b>Total equity</b>		<b>8,825</b>	<b>8,828</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

**Moa Group Limited**  
**Statement of Movements in Equity**  
**For the year ended 31 March 2015**

Notes	Share capital	Accumulated losses	Share entitlement reserve	Total equity
	\$000	\$000	\$000	\$000
<b>Opening balance as at 1 April 2013</b>	<b>16,360</b>	<b>(1,924)</b>	<b>99</b>	<b>14,535</b>
Total comprehensive loss for the year	-	(5,817)	-	(5,817)
Share based payments	18	-	91	91
Redeemable shares vested	17	61	(61)	-
Issue of shares in lieu of directors' fees	19	-	-	19
<b>Closing balance as at 31 March 2014</b>	<b>16,440</b>	<b>(7,741)</b>	<b>129</b>	<b>8,828</b>
<b>Opening balance as at 1 April 2014</b>	<b>16,440</b>	<b>(7,741)</b>	<b>129</b>	<b>8,828</b>
Total comprehensive loss for the year	-	(5,583)	-	(5,583)
Share based payments	18	-	37	37
Redeemable shares cancelled	17	118	(118)	-
Redeemable shares vested	17	23	(23)	-
Net proceeds from placement and rights issue	17	5,520	-	5,520
Issue of shares in lieu of directors' fees	17	23	-	23
<b>Closing balance as at 31 March 2015</b>	<b>22,006</b>	<b>(13,206)</b>	<b>25</b>	<b>8,825</b>

The above statement of movements in equity should be read in conjunction with the accompanying notes.



**Moa Group Limited**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 March 2015**

	Notes	2015 \$000	2014 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		8,824	5,252
Payments to suppliers and employees		(14,199)	(12,082)
Interest received		93	335
Interest paid		-	(3)
Taxation paid		3	-
Indirect taxation (paid)/received		(71)	(65)
<b>Net cash flow from operating activities</b>	21	<b>(5,350)</b>	<b>(6,563)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(474)	(589)
Purchase of intangibles		(44)	(261)
Sale of plant and equipment		32	1
<b>Net cash flow from investing activities</b>		<b>(486)</b>	<b>(849)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares	17	5,520	-
<b>Net cash flow from financing activities</b>		<b>5,520</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(316)</b>	<b>(7,412)</b>
Cash and cash equivalents at beginning of year		4,073	11,485
<b>Cash and cash equivalents at end of year</b>		<b>3,757</b>	<b>4,073</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## 1 General information

Moa Group Limited ('the Company') and its subsidiary (together 'the Group') operate in the beverage sector, brewing and distributing super premium craft beer and cider. The Group has operations in New Zealand and sells predominantly to New Zealand businesses with growing exports to Australia and the rest of the world.

The Group is subject to the impacts of seasonality with the six month period September to March representing the high period of the year. The financial statements cover full comparative trading years. The Company was incorporated in New Zealand on 27 August 2012 and acquired its subsidiary Moa Brewing Company Limited on 1 October 2012.

The address of its registered office is Level 1, Union Fish Co. Building, 116-118 Quay Street, Auckland 1010.

The financial statements have been approved for issue by the Board of Directors on 28 May 2015.

## 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied throughout the periods presented unless otherwise stated.

### (a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards. The financial statements have been prepared on a going concern basis.

Moa Group Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements, Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules. In accordance with the Financial Markets Conduct Act 2013, because group financial statements are prepared and presented for Moa Group Limited and its subsidiary, separate financial statements for Moa Group Limited are no longer required to be prepared and presented. The information is presented in thousands of New Zealand dollars.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Expenses in the Statement of Comprehensive Income have been realigned from the presentation in the financial statements for the year ended 31 March 2014. The expenses for both the 2014 and 2015 years in these financial statements have been presented on this new basis. This realignment has been done to better represent the nature of the costs. In particular, some personnel costs, previously classified as Administration expenses (2014: \$1,808,000), have been reclassified to Sales and marketing expenses where applicable. Cellar door expenses (2014: \$73,000), are also now included as part of Sales and marketing expenses.

The costs related to the Group's resource consent application were included in the property, plant and equipment in the financial statements for the year ended 31 March 2014. These costs have now been reclassified to be intangible assets in both years presented.

The Group has adopted all new and amended NZ IFRS standards and interpretations effective for periods after 1 April 2014 in preparing these financial statements, including: NZ IFRIC 21: Levies; and NZ IAS 32: Offsetting financial assets and financial liabilities. None of them have a significant impact on the financial statements.

### (b) Principles of consolidation

The financial statements incorporate the assets and liabilities of Moa Group Limited and its 100% owned subsidiary Moa Brewing Company Limited (together the 'Group') as at 31 March 2015 and the trading results for the year then ended.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of the subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiary and the parent have been applied consistently.

**(c) Foreign currency translation**

- (i) *Functional and presentation currency*  
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates, 'the functional currency'. The financial statements are presented in New Zealand dollars, which is the functional currency of both Moa Group Limited and its subsidiary.
- (ii) *Transactions and balances*  
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss component of the statement of comprehensive income.

**(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, stated net of Goods and Services Tax, Excise Tax, rebates, returns and discounts. Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, when the products have been delivered to the customer and possession taken, and collectability of the related receivables is reasonably assured.

**(e) Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

**(f) Income tax**

The income tax expense or revenue for the year is the total of the current year's taxable income based on the national income tax rate adjusted for any prior years' under or over provisions, plus or minus movements in the deferred tax balance except where the movement in deferred tax is attributable to a movement in reserves. The current income tax charge is calculated on the basis of tax laws enacted or substantially enacted at balance date.

Movements in deferred tax are attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. The income tax expense or credit attributable to amounts recognised in other comprehensive income is also recognised in other comprehensive income.

Current and deferred tax assets and liabilities of individual entities are reported separately in the consolidated financial statements unless the entities have a legally enforceable right to make or receive a single net payment of tax and the entities intend to make or receive such a net payment or to recover the current tax asset or settle the current tax liability simultaneously.

**(g) Goods and services tax (GST)**

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced. All items in the statement of cash flows are also stated net of GST.

**(h) Excise tax**

All amounts in the statement of comprehensive income are shown exclusive of excise tax. The excise tax component of sales is included in receipts from customers in the statement of cash flows, and the excise tax payments are included in payments to suppliers and employees.

**(i) Leases**

Leases in which a significant portion of the risks 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 profit or loss component of the statement of comprehensive income on a straight-line basis over the term of the lease.

**(j) Financial instruments**

Financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

**(k) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(l) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement between 30-90 days from invoice date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence, such as default or delinquency in payment, that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement in the amount of the provision is recognised in the profit or loss component of the statement of comprehensive income.

The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the profit or loss component of the statement of comprehensive income within 'administration expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the statement of comprehensive income.

**(m) Financial assets**

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Group determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those

with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Purchases and sales of financial assets are recognised on transaction date, being the date on which the Group commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

**(n) Fair value estimate**

The carrying value of cash and cash equivalents, receivables and payables are assumed to approximate their fair values due to the short-term maturity of these investments.

Financial liabilities measured at amortised cost are fair valued using the contractual cash flows. The effects of discounting are generally insignificant.

**(o) Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials and where appropriate, either a contract manufacturing charge, or direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(p) Plant and equipment**

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to expense the cost of the assets over their useful lives. The rates are as follows:

Plant and equipment	5.0%	-	50.0%
Leasehold improvements	10.0%		
Furniture and office equipment	20.0%	-	33.3%
Cellar door equipment	10.0%	-	33.3%
Marketing and trade equipment	10.0%	-	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss component of the statement of comprehensive income.

**(q) Impairment of non-financial assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**(r) Trade and other payables**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

These amounts 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 and 60 days of recognition.

**(s) Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables of respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

**(t) Share based payments**

The fair value of director and senior employee share schemes, under which the Group receives services from directors and employees as consideration for equity instruments in the Group, is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, including any equity market performance conditions and excluding the impact of any service and non-market performance vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity over the remaining vesting period. When the options are exercised the Company issues new ordinary shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

**(u) Contributed equity**

Ordinary shares are classified as equity.

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

**(v) Standards, amendments and interpretations to existing standards that are not yet effective**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2015 or later periods.

*(i) Standards and interpretations early adopted by the Group*

The Group has not early adopted any new accounting standards and IFRIC interpretations in the current financial year.

*(ii) Standards, amendments and interpretations to existing standards that are relevant to the Group, not yet effective and have not been early adopted by the Group*

**NZ IFRS 9: Financial instruments (effective for annual 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 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 and has yet to assess its full impact. This standard is not expected to significantly impact the Group.

**NZ IFRS 15: Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2017)**

NZ IFRS 15 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 Group intends to adopt NZ IFRS 15 on its effective date and is currently assessing its full impact. This standard is not expected to significantly impact the Group.

There are no other NZ IFRSs or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

### 3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and aging analysis for credit risk.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control risk exposures within acceptable parameters while optimising the return on risk.

*(i) Currency risk*

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group's entities, being NZ dollars (NZD). The currency risk arises primarily with respect to sales to international customers in US dollars (USD) and Australian dollars (AUD), and to the purchase of materials, services and plant in US dollars (USD) and Euros (EUR).

The Group uses natural hedges where possible and monitors its estimated foreign currency exposure in respect of forecast revenue received from international customers and in respect of forecast material purchases. The Group will continue to review its currency risk strategy as the business grows and the proportion of international sales and purchases changes.

The table below summarises the Group's exposure at the reporting date to foreign currency risk on the monetary assets and liabilities against its functional currency, expressed in NZ dollars.

NZ\$000	USD	AUD	EUR	CAD
Trade and other receivables	194	397	-	19
Trade and other payables	(12)	(18)	(11)	-
Cash and cash equivalents	-	83	513	-
<b>Total as at 31 March 2014</b>	<b>182</b>	<b>462</b>	<b>502</b>	<b>19</b>
Trade and other receivables	(8)	324	-	-
Trade and other payables	(1)	(8)	-	-
Cash and cash equivalents	-	14	-	-
<b>Total as at 31 March 2015</b>	<b>(9)</b>	<b>330</b>	<b>-</b>	<b>-</b>

*Sensitivity analysis – underlying exposures*

A 10% weakening of the NZ dollar against the US and Australian currencies as at 31 March 2015 would have increased/(decreased) equity and the net result for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

*US dollar*

The Group's net result and equity for the year would have been \$1,000 lower.

*Australian dollar*

The Group's net result and equity for the year would have been \$37,000 higher.

A 10% strengthening of the NZ dollar against the US and Australian currencies as at 31 March 2015 would have increased/(decreased) equity and the net result for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

*US dollar*

The Group's net result and equity for the year would have been \$1,000 higher.

*Australian dollar*

The Group's net result and equity for the year would have been \$30,000 lower.

The Group's exposure to other foreign exchange movements is not material.

(ii) *Interest rate risk*

The Group's fair value interest rate risk as at 31 March 2015 arises from its bank deposits. This risk is managed by the Group placing its capital raising proceeds on fixed rate term deposits with partial breaks to meet operating and capital expenditure requirements.

(iii) *Price risk*

The Group does not enter into commodity contracts or other price-related derivative arrangements, therefore it is not exposed to price risk.

**(b) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as from the Group's receivables due from customers. Cash and deposit balances are only held with financial institutions with at least an 'A+' credit rating with Standard and Poors.

The Group's top five customers represent 80% of sales, four in New Zealand and one in Australia. Credit risk is concentrated within New Zealand and Australia and in the fast moving consumer goods market. There is no history of default or indicators of non-recoverability amongst these five customers. The Group has established credit policies under which each new customer is assessed for creditworthiness before payment and delivery terms and conditions are agreed.

The Group establishes an allowance for impairment that represents its estimate of potential losses in respect of trade and other receivables.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in Notes 12 and 13.

**(c) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Also refer Note 3(e).

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows in respect of financial liabilities. Balances due within 12 months equal their carrying value as the impact of discounting is not significant.



Maturities of financial liabilities	Notes	2015 \$000	2014 \$000
<b>Non-derivative financial liabilities</b>			
Trade and other payables – less than 3 months		1,537	1,970
Trade and other payables – more than 3 months		8	-
<b>Total</b>	16	<b>1,545</b>	<b>1,970</b>

Employee entitlements and GST payable do not meet the definition of a financial liability and have been excluded from the table above.

**(d) Financial instruments by category**

Assets as per balance sheet	Notes	2015 \$000	2014 \$000
<b><u>Loans and Receivables</u></b>			
Trade and other receivables	12	1,396	1,642
Cash and cash equivalents		3,757	4,073
<b>Total</b>		<b>5,153</b>	<b>5,715</b>

Prepayments and GST receivable do not meet the definition of a financial asset and have been excluded from the table above.

Liabilities as per balance sheet	Notes	2015 \$000	2014 \$000
<b><u>Liabilities at amortised cost</u></b>			
Trade and other payables	16	1,545	1,970
<b>Total</b>		<b>1,545</b>	<b>1,970</b>

Employee entitlements and GST payable do not meet the definition of a financial liability and have been excluded from the table above.

**(e) Capital adequacy**

The Board's aim is to maintain a capital base to sustain future development of the business. During the year ended 31 March 2015 the Company raised \$500,000 via a placement to new shareholders, followed by a 1 for 2 renounceable rights issue raising a further \$5,250,000. The Board is conscious of the future funding requirements of the business.

The Board has reviewed the latest management forecasts, including sensitivities, covering the period 12 months from the date of these financial statements. These forecasts show continued sales growth in the business together with cost reductions currently being effected and an improving working capital position. The Board considers that, as the Group invests in growth, the Group will be able to meet its commitments as they fall due and the Group continuing to operate as a going concern does not create a substantial risk of serious loss to creditors and that, accordingly the business is a going concern.

#### 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience, expectations of future events and other factors that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the judgements applied are as follows:

- Judgement is exercised in determining the timing and extent of recognition of the benefit of tax losses. The benefit of tax losses can be recognised as an asset if its recovery is 'probable' (more likely than not). In the absence of any track record of profitability, convincing evidence is needed of how the losses will be recovered in the future, before any deferred tax asset is recognised.

The Group has not recognised any benefit as at 31 March 2015 in respect of the tax losses generated, given the history of losses and the expectation that it will be at least two years before taxable profits are available against which these tax losses will be able to be utilised.

- The carrying values of the Group's assets principally rely on the expectation of continued growth in sales, which supports the current assessment that there are no impairments. If those growth expectations change, or the expected profitability of the Group otherwise changes, there may be impairments of the Group and/or Group's assets in future periods.

## 5 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Although certain geographies do not currently meet the NZ IFRS 8 quantitative thresholds, management has concluded that these segments should be reported as they are closely monitored by the chief operating decision maker as potential growth segments and are expected to materially contribute to Group revenue in the future.

The chief operating decision maker assesses the performance of the operating segments based on a measure of EBITDA (Earnings before interest, taxation, depreciation and amortisation). This measurement basis excludes the effects of non-recurring expenditure from operating segments. Interest income and costs are not allocated to segments as this type of activity is driven by the Group's head office function which manages the cash position of the Group. Head office costs are allocated to New Zealand sales as this segment represents the largest proportion of the Group's sales.

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	New Zealand \$000	Australia \$000	USA \$000	Rest of World \$000	Total \$000
<b>Year ended 31 March 2014</b>					
Segment revenue	2,689	562	771	575	4,597
EBITDA*	(4,376)	(497)	(861)	131	(5,603)
Depreciation and amortisation	197	-	-	-	197
Income tax expense	-	-	-	-	-
Capital expenditure	907	-	-	-	907
<b>Year ended 31 March 2015</b>					
Segment revenue	5,032	845	56	126	6,059
EBITDA*	(4,150)	(752)	(258)	(25)	(5,185)
Depreciation and amortisation	253	-	-	-	253
Income tax expense	-	-	-	-	-
Capital expenditure	662	-	-	-	662

\*EBITDA – Earnings before interest, tax, depreciation and amortisation

A reconciliation of EBITDA to the Group's loss before tax for the year is as follows:

	2015 \$000	2014 \$000
EBITDA for reportable segments	(5,185)	(5,603)
Depreciation and amortisation	(253)	(197)
Loss on disposal of assets	(4)	(9)
Finance income and expenses	165	332
Other expenses	(306)	(340)
Loss before income tax	(5,583)	(5,817)

Revenues from external customers are derived from sale of goods in the beverage sector.

The total of non-current assets is \$3,332,000 (2014: \$3,069,000), all of which are located in New

Zealand.

Segment assets and liabilities are not included within the reporting to the chief operating decision maker and hence have not been included within the segment information tables above.

## 6 Other gains/(losses)

	2015	2014
	\$000	\$000
Foreign exchange gains/(losses)	(12)	(142)
Disposal of fixed assets gains/(losses)	(4)	(9)
Sundry Income	9	5
<b>Total</b>	<b>(7)</b>	<b>(146)</b>

## 7 Payment under bank guarantee

Clooney (San Francisco) Limited, renamed The Bay Yacht Club Limited, is a New Zealand entity which had interests in a venture operating a restaurant and bar in San Francisco during the last America's Cup competition. Moa Brewing Company Limited had provided a guarantee to the Bank of New Zealand in respect of a Committed Cash Advance Facility of \$675,000 in favour of Clooney (San Francisco) Limited to support the financing of the venture. Following completion of the project the guarantee was called for the remaining balance of the loan of \$183,000.

Under the terms of the agreement between the Group and Clooney (San Francisco) Limited, the Group agreed to share 50% of profits and underwrite 50% of any losses. The Group's share of the losses was estimated at \$110,000 and so it has been seeking recovery of the net amount of \$73,000. A provision was recognised in the prior year for this amount as the prospect for recovery was assessed as unlikely.

There has been no change in the current year.

## 8 Other expenses

The Group had significant one-off costs totalling \$306,000 (2014: \$340,000). These expenses were incurred as a consequence of repositioning the business for future growth and included costs of changing the product portfolio, supply chain costs, and disposal of equipment not required under the new manufacturing arrangements.

Prior year costs related to the termination expenses in respect of the New Zealand and Australian distribution agency agreements.

## 9 Finance income and expenses

	2015	2014
	\$000	\$000
Interest expense	-	(3)
Interest income	165	335
<b>Net finance income and expenses</b>	<b>165</b>	<b>332</b>

## 10 Expenses

	2015	2014
	\$000	\$000
Loss before income tax includes the following expenses:		
<b>Depreciation</b>	<b>253</b>	<b>197</b>
Expenses relating to operating leases:		
Minimum lease payments	99	78
<b>Total rental expense relating to operating leases</b>	<b>99</b>	<b>78</b>

Employee benefits:		
Salaries and wages (1)	2,199	2,349
Kiwisaver	44	43
<b>Total employee benefits</b>	<b>2,243</b>	<b>2,392</b>

Audit and other services:		
Audit of the annual financial statements	78	86
Other services (2)	8	8
<b>Total remuneration for audit and other services</b>	<b>86</b>	<b>94</b>

- (1) Employee benefit expense disclosed above does not include the consultancy fees payable to key management (refer Note 20b).  
(2) Agreed upon procedures in relation to the interim financial statements.

## 11 Income tax

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	Notes	2015 \$000	2014 \$000
Loss from continuing operations before income tax		(5,583)	(5,817)
Tax at 28%		(1,563)	(1,629)
Tax effect of non-deductible items:			
Non-deductible expenses		23	31
Temporary differences not recognised		58	60
Tax losses not recognised	15	1,482	1,538
<b>Income tax expense</b>		-	-

## 12 Trade and other receivables

	Notes	2015 \$000	2014 \$000
Trade receivables		1,467	1,725
Provision for doubtful debts		(73)	(113)
		<b>1,394</b>	<b>1,612</b>
Amounts due from related parties	20	69	1
Prepayments		158	147
Other receivables		137	29
<b>Total</b>		<b>1,758</b>	<b>1,789</b>

### (a) Impaired receivables

As at 31 March 2015 current trade receivables of the Group with a nominal value of \$73,000 (2014: \$113,000) were impaired and provided for. This relates to \$73,000 owed by Clooney (San Francisco) Limited referred in Note 7.

### (b) Past due but not impaired receivables

As at 31 March 2015, trade receivables of \$372,000 (2014: \$214,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 \$000	2014 \$000
1 - 30 days overdue	161	20
31 - 60 days overdue	177	38
61+ days overdue	34	156
<b>Total</b>	<b>372</b>	<b>214</b>

**(c) Provision for impairment of receivables**

Movements in the provision for impairment of receivables are as follows:

	2015 \$000	2014 \$000
Opening balance	113	10
Provision for impairment created during year	35	105
Receivables written off during year	(75)	(2)
<b>Closing balance</b>	<b>73</b>	<b>113</b>

The creation and release of the provision for impaired receivables has been included in 'Administration expenses' in the statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovery.

The other balances within total trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

Refer to note 3(a)(i) for an analysis of Group's exposure to foreign currency risk in relation to trade and other receivables.

The Group does not hold any collateral as security. Refer to Note 3 for more information on the risk management policy of the Group.

**13 Inventories**

	2015 \$000	2014 \$000
Raw materials	483	611
Work in progress	176	387
Finished goods	894	935
<b>Total inventories</b>	<b>1,553</b>	<b>1,933</b>

There was a write-down of inventories due to obsolescence during the year of \$66,000 (2014:\$16,000) charged to 'cost of sales' in the statement of comprehensive income.

The cost of inventories recognised as an expense was the full amount of 'cost of sales' during the current and previous year.

## 14 Plant and equipment and Intangibles

### (a) Plant and Equipment

2014	Plant and equipment \$000	Furniture and office equipment \$000	Leasehold improvements \$000	Cellar door \$000	Marketing and trade equipment \$000	Total \$000
Opening net book value	1,589	21	200	74	242	2,126
Additions	536	22	27	12	49	646
Disposals	-	-	-	-	(10)	(10)
Depreciation	(106)	(10)	(3)	(11)	(67)	(197)
<b>Closing net book value</b>	<b>2,019</b>	<b>33</b>	<b>224</b>	<b>75</b>	<b>214</b>	<b>2,565</b>
Cost	2,167	47	228	90	312	2,844
Accumulated depreciation	(148)	(14)	(4)	(15)	(98)	(279)
<b>Closing net book value</b>	<b>2,019</b>	<b>33</b>	<b>224</b>	<b>75</b>	<b>214</b>	<b>2,565</b>
2015	Plant and equipment \$000	Furniture and office equipment \$000	Leasehold improvements \$000	Cellar door \$000	Marketing and trade equipment \$000	Total \$000
Opening net book value	2,019	33	224	75	214	2,565
Additions	506	10	26	6	70	618
Disposals	(146)	-	-	-	-	(146)
Depreciation	(133)	(19)	(6)	(13)	(82)	(253)
<b>Closing net book value</b>	<b>2,246</b>	<b>24</b>	<b>244</b>	<b>68</b>	<b>202</b>	<b>2,784</b>
Cost	2,499	57	252	93	372	3,273
Accumulated depreciation	(253)	(33)	(8)	(25)	(170)	(489)
<b>Closing net book value</b>	<b>2,246</b>	<b>24</b>	<b>244</b>	<b>68</b>	<b>202</b>	<b>2,784</b>

The long term contract brewing agreement with McCashin's Brewery in Nelson requires the Group to contribute \$1,250,000 of plant and equipment to increase production capacity at McCashin's Brewery. As at 31 March 2015 the Group had purchased \$906,000 of this commitment, the remainder will be purchased in the year ending 31 March 2016. The Group retains ownership of this plant and equipment until the end of the contract brewing agreement, when it will be sold to McCashin's Brewery for a nominal amount.

### (b) Intangibles

These costs relate to the recently granted resource consent for the Group's brewery in Blenheim. Amortisation has not yet commenced as the consent was only issued at the end of the year.

	2015 \$000	2014 \$000
Opening balance	504	243
Additions	44	261
<b>Closing balance</b>	<b>548</b>	<b>504</b>

## 15 Deferred tax

Moa Group Limited and its subsidiary formed a consolidated tax group effective from 1 October 2012 being the date of the acquisition of the subsidiary.

Deferred tax assets from tax losses and timing differences that have not been recognised in the statement of financial position are as follows:

	Notes	2015 \$000	2014 \$000
Tax losses in subsidiary at date of acquisition		1,389	1,389
Tax losses after 1 October 2012	11	3,428	1,946
Timing differences		110	51
<b>Total deferred tax unrecognised</b>		<b>4,927</b>	<b>3,386</b>

Deferred income tax assets are only recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has not recognised any deferred tax asset.

The tax losses have no expiry date but are subject to shareholder continuity requirements being met from the time the tax losses arose until their utilisation.

The Group does not have any imputation credits available at 31 March 2015 (2014: nil).

## 16 Trade and other payables

	Notes	2015 \$000	2014 \$000
Trade payables		1,037	1,469
Amounts due to related parties	20	101	118
Accrued expenses		407	383
GST payable/(receivable)		(112)	(40)
Employee entitlements		142	109
<b>Total trade and other payables</b>		<b>1,575</b>	<b>2,039</b>

## 17 Contributed equity

	Notes	2015 Shares	2014 Shares	2015 \$000	2014 \$000
Authorised and issued ordinary shares (no par value)	18a	47,700,883	30,096,549	22,006	16,360
Vested pre-IPO redeemable shares	18b	-	227,590	-	61
Non-listed non-voting shares issued to directors	18c	-	16,499	-	19
<b>Total contributed equity</b>		<b>47,700,883</b>	<b>30,340,638</b>	<b>22,006</b>	<b>16,440</b>

All issued shares are fully paid.

The vested pre-IPO redeemable shares were converted to ordinary shares during the year.

The capital raising undertaken during the year allowed sufficient headroom in complying with the Takeovers Code for the non-listed non-voting shares previously issued to directors in lieu of directors' fees to be reclassified to listed voting ordinary shares.

In addition the Company has 150,000 redeemable shares on issue (2014: 1,407,862).

(a) Ordinary shares

	Number of ordinary shares	\$000
Balance as at 31 March 2013	30,096,549	16,360
<b>Balance as at 31 March 2014</b>	<b>30,096,549</b>	<b>16,360</b>
Vested pre-IPO redeemable shares	303,452	84
Placement shares	1,315,790	500
Rights issue shares	15,916,145	5,252
Shares issued to directors in lieu of directors' fees	52,448	23
Non-listed non-voting shares issued to directors reclassified	16,499	19
Placement and rights issue costs	-	(232)
<b>Balance as at 31 March 2015</b>	<b>47,700,883</b>	<b>22,006</b>

During the year the Company undertook a capital raising. This was completed in two parts. Initially a placement, which raised \$500,000, issuing 1,315,790 shares at 38 cents per share on 29 July 2014, followed by a 1:2 rights issue raising a further \$5,252,000, issuing 15,916,145 shares at 33 cents per share on 21 August 2014.

(b) Redeemable shares

All redeemable shares have been issued as part of arrangements that have been accounted for as share based payments (note 18).

Number of redeemable shares	2015	2014
Opening balance	1,407,862	1,975,452
Pre-IPO redeemable shares vested	(75,862)	(227,590)
Post-IPO redeemable shares cancelled	(1,232,000)	(340,000)
Post-IPO redeemable shares issued	50,000	-
<b>Total pre-IPO and post-IPO redeemable shares</b>	<b>150,000</b>	<b>1,407,862</b>

**Redeemable shares (Pre-IPO)**

Gareth Hughes and Kelvin Ovington both each held 151,726 unlisted redeemable shares in the Company which could be fully reclassified as ordinary shares if they remained in employment with the Group until 23 May 2014 and 12 June 2014 respectively, and part reclassified if the employee ceased employment prior to that date. Of these shares 227,590 vested in the previous year and the remainder of 75,862 vested in the current year. They were reclassified as ordinary shares 23 May 2014 and 12 June 2014 respectively. There are now no remaining Redeemable shares (Pre IPO).

**Redeemable shares (Post-IPO)**

On 11 March 2013, the Company issued 1,752,000 unlisted redeemable shares, with an issue price of \$1.25, which were allotted to independent directors, key senior executives and agents/distributors, as contemplated in the Investment Statement dated 11 October 2012. During the 2013 and 2014 periods, 80,000 and 340,000 respectively, were cancelled leaving the remaining issued 1,332,000 redeemable shares as at 31 March 2014. During the current year a further 1,232,000 shares held by The Business Bakery LP, Kim Ellis and Alistair Ryan, with an option value of \$118,000, were cancelled.

The remaining 100,000 unlisted redeemable shares are held by David Nicholls and can be cancelled at the option of the Company if the vesting conditions are not satisfied or there is a default in repaying the loan. An additional 50,000 ordinary shares were purchased during the 1:2 renounceable rights issue on behalf of David Nicholls in order to protect his interests from the effect of the 1:2 dilution. These shares have the same vesting period and conditions as the remaining 100,000 redeemable shares, and the loan has been increased by \$16,500 to cover the acquisition cost. The redeemable shares must be redeemed on a proportionate basis with the purchase of the ordinary shares. The redemption price of the redeemable shares will be an amount equal to the original issue price of \$1.25 per share and the purchase price of the ordinary shares will be the rights issue price of \$0.33 per share. On a blended basis they have a vesting price of \$0.943. David Nicholls must pay the redemption price directly to Moa Brewing Company Limited in repayment of the loan.

The redeemable shares have the same rights and terms, and rank uniformly in all respects with ordinary



shares. In satisfaction of the issue price of the redeemable shares and the shares purchased in the rights issue, the subsidiary, Moa Brewing Company Limited, provided a loan to David Nicholls. The loan provided is interest free, has recourse only against the redeemable and ordinary shares and is repayable in full on 12 November 2015, or earlier under certain conditions. As at 31 March 2015, no cash has been exchanged in relation to the redeemable shares and the shares.

Upon satisfaction of the vesting conditions and repayment of the loan, the redeemable shares automatically reclassify into ordinary shares in the Company.

**(c) Directors' remuneration**

Under the terms of the Constitution directors can elect to take directors' fees in shares at average market prices for the period instead of cash. All directors agreed to apply 20% of their after-tax directors' fees to the purchase on-market, or by subscription of shares in lieu of a cash payment.

Ashley Waugh, John Ashby and Allan Scott (and previously Kim Ellis and Alistair Ryan) are paid the full value of their directors' fees in cash by the Company and have agreed to purchase on-market shares.

To comply with the Takeovers Code, The Business Bakery LP and Pioneer Capital on behalf of Grant Baker, Geoff Ross and Craig Styris have elected to take non-listed non-voting shares in lieu of directors' fees where necessary. The non-listed non-voting ordinary shares have the same rights and terms and rank equally with ordinary shares except they do not carry voting rights. They can be reclassified as listed voting shares by notice from the holder to the Company. In the current year, as the issue of shares coincided with the capital raising they were able to be issued as unrestricted ordinary shares in compliance with the Takeovers Code.

Transactions in the year ended 31 March 2015

	No. of Shares
On market purchase of shares:	
Allan Scott	12,160
Kim Ellis	12,000
Alistair Ryan	13,060
<b>Total</b>	<b>37,220</b>
Ordinary shares issued in lieu of cash:	
The Business Bakery LP	34,205
Pioneer Capital	18,243
<b>Total</b>	<b>52,448</b>

**18 Share entitlement reserve**

Share entitlement reserve	2015 \$000	2014 \$000
Opening balance	129	99
Share based payments expense during the year	37	91
Pre-IPO redeemable shares vested	(23)	(61)
Post-IPO redeemable shares cancelled	(118)	-
<b>Closing balance</b>	<b>25</b>	<b>129</b>

The fair value charge for share based payments relating to the redeemable shares issued has been calculated using the Black Scholes pricing model which calculated the value of the shares allocated under the scheme at 4 cents per share for the shares allocated to the CEO and 24 cents per share for the shares allocated to directors, agents and other employees under the scheme. These were calculated using the key inputs into the model of: exercise price of \$1.25; actual share price and stock volatility of \$1.25 and 24.3% respectively at the grant date, an average option life of 2.7 years and an annual risk-free interest rate of 3.17%. This value is expensed over the individual vesting periods.

The net amount expensed in the year to 31 March 2015 in relation to the post-IPO redeemable shares, after adjusting for cancelled shares, was \$32,000 (2014: \$25,000).

Additionally, the fair value charge relating to the issue of shares to Gareth Hughes and Kelvin Ovington

in August 2012 was expensed over the vesting period, with the charge calculated as the difference between the fair value of shares at the date of issue and the consideration received from the employees. The amount expensed in the year to 31 March 2015 was \$5,000 (2014: \$66,000).

## 19 Commitments

### (a) Capital commitments

See note 14 in relation to plant and equipment purchase commitments related to the McCashin's Brewery contract supply agreement. There were no other capital commitments at 31 March 2015.

### (b) Operating leases

The Group leases premises, plant and equipment, kegs and vehicles. Operating leases held over properties give the Group the right to renew the lease subject to a re-determination of the lease rental by the lessor.

There are no sub-leases from the above.

	2015 \$000	2014 \$000
Commitments for minimum lease payments in relation to non-cancellable operating leases:		
Within one year	104	69
Later than one year but not later than five years	61	35
Later than five years	-	-
<b>Total lease commitments</b>	<b>165</b>	<b>104</b>

## 20 Related party transactions

### (a) Directors

The Directors during the year were:

		<u>Date of appointment</u>	<u>Date of resignation</u>
Ashley Waugh	Independent Chairman	29 January 2015	
	Independent Director	30 September 2014	28 January 2015
Geoff Ross	Chief Executive Officer	27 August 2012	
Craig Styris	Non-Executive Director	27 August 2012	
Allan Scott	Non-Executive Director	27 August 2012	
Grant Baker	Non-Executive Director	29 January 2015	
	Chairman	27 August 2012	28 January 2015
John Ashby	Independent Director	28 January 2015	
Alistair Ryan	Independent Director	27 August 2012	28 January 2015
Kim Ellis	Independent Director	27 August 2012	30 September 2014

### (b) Key management and personnel compensation

Non-Executive Director Grant Baker and Chief Executive Officer Geoff Ross provide consulting services to the Group through an associated company, The Business Bakery LP. Josh Scott is considered a related party and payments to him are included under senior employees' salaries and short term benefits. David Poole is considered a related party and payments for his services to 1<sup>st</sup> Seed Ltd are included under management services. Director services of Craig Styris were provided through Pioneer Capital Management Ltd and director fees for the year were payable to Allan Scott, Ashley Waugh and John Ashby since their respective appointments and Alistair Ryan and Kim Ellis until their respective resignations. Under the agreement between Moa Group Limited and The Business Bakery LP dated 10 October 2012, The Business Bakery LP provided executive services to the Group during the year, including access to the CEO for a fee of \$240,000 (2014: \$240,000).

	2015	2014
	\$000	\$000
Directors' fees	241	235
Management services	432	265
Senior employees' salaries and short term benefits	472	631
Share based payments	37	91
<b>Total</b>	<b>1,182</b>	<b>1,222</b>

(c) Other transactions

(i) With its major shareholders

The Business Bakery LP charged for serviced office accommodation and parking to the Group at its premises in Quay Street, Auckland totalling \$167,000 (2014: \$152,000) for the year. The Business Bakery LP was reimbursed for purchases made on behalf of the Group during the year of \$9,000 (2014: \$51,000).

Pioneer Capital Management Limited provided advisory services relating to the Group's strategic initiatives, capital structure, funding alternatives, liquidity options and financial modelling totalling \$12,500 (2014: \$25,000), per a services agreement between Moa Brewing Company and Pioneer Capital Management dated 17 September 2010. This was replaced by an agreement dated 17 October 2014 whereby services would be payable on an as required basis.

Moa Brewing Company Limited leases its Jackson Road, Marlborough premises from Allan Scott Wine Estates Ltd (ASWEL) under a Deed of Lease agreement between ASWEL and the company dated 17 September 2010; the lease costs were \$30,000 (2014: \$30,000). ASWEL also provides various warehousing, maintenance, and production services to the Group pursuant to a services agreement dated 17 September 2010. These totalled \$6,000 (2014: \$8,000) for the year. The Group also purchased packaging materials totalling \$0 (2014: \$9,000).

(ii) With its employees

A senior executive was provided with an unsecured loan of \$59,000 at market interest rates in order that they could participate in the recent rights issue to the full extent of shares held. The loan is repayable over three years and the balance at 31 March 2015 is \$50,130.

David Nicholls was provided a loan of \$16,500 to purchase his entitlement to ordinary shares in the rights issue, refer Note 18.

	2015	2014
	\$000	\$000
Receivables from related parties:		
ASWEL	2	1
Senior executives	67	0
<b>Closing balance</b>	<b>69</b>	<b>1</b>
Payables to related parties:		
Non-executive directors	15	36
1 <sup>st</sup> Seed Ltd	17	-
The Business Bakery LP	53	62
Independent directors	16	20
<b>Closing balance</b>	<b>101</b>	<b>118</b>

## 21 Reconciliation of loss after income tax to net cash flows from operating activities

	2015	2014
	\$000	\$000
Loss for the year	(5,583)	(5,817)
Depreciation and amortisation	253	197
Loss on disposal of fixed assets	4	9
Foreign exchange unrealised (gains)/losses	12	142
Shares in lieu of directors' fees	23	19
Share based payments	37	91
Movements in working capital:		
(Increase)/Decrease in inventories	380	(1,156)
(Increase)/Decrease in trade and other receivables	26	(329)
Increase/(Decrease) in tax provisions	3	1
Increase/(Decrease) in trade and other payables	(505)	280
<b>Net cash outflow from operating activities</b>	<b>(5,350)</b>	<b>(6,563)</b>

## 22 Earnings per share

### Basic earnings per share

Basic losses per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year. Adjustments have been made to the weighted average number of ordinary shares on issue to reflect the placement and rights issue.

	2015	2014
		Restated
Loss after tax (\$000)	(5,583)	(5,817)
Weighted average number of shares entitled to distributions	41,030,401	31,231,178
<b>Basic losses per share (cents)</b>	<b>(13.6)</b>	<b>(18.6)</b>
Issued shares at beginning of year entitled to distributions	30,340,638	30,096,549
Issued shares at end of year entitled to distributions	47,700,883	30,340,638
<b>Weighted average number of shares</b>	<b>40,628,855</b>	<b>30,251,578</b>
<b>Weighted average number of share entitled to distributions after adjusting for rights issue</b>	<b>41,030,401</b>	<b>31,231,178</b>

### Diluted earnings per share

Diluted losses per share are calculated by adjusting the weighted average number of ordinary shares outstanding and to assume conversion of all dilutive potential ordinary shares. As at 31 March 2014 and 2015, the Company's redeemable shares are potentially dilutive, details of which are set out in Note 18.

As at 31 March 2014 and 2015, the redeemable shares were not included in the calculation of dilutive shares for the year as the effect would have been anti-dilutive. Diluted losses per share are equivalent to basic losses per share at 31 March 2014 and 2015.

## 23 Events occurring after balance date

There have been no subsequent events since 31 March 2015.