ANNUAL REPORT 2015

Syft Technologies Limited

Contents

Chairman's Report

This has been a year to savour for Syft.

A maiden full year profit, evident business momentum driven by our CEO Doug Hastie hitting his straps and a talented team many of whom are new, young and ambitious for Syft to succeed big time.

Doug is both a thinker and a doer – his latest reading recommendation to Directors is entitled "How Google Works" epitomises what Doug has brought to the table at Syft.

The Google CEO writes "It's tremendously hard to get teams to be super ambitious. …It's why we have put so much energy into hiring independent thinkers at Google, and setting big goals. Because if you hire the right people and have big enough dreams, you'll usually get there."

Characteristically Doug has set big goals for Syft and as the 2015 year comes to a profitable conclusion it is evident that the business now has a credible platform on which to advance those ambitions.

The three pronged strategy of a more competitive set of Syft offerings, members of the team fired up to deliver and a wider reach of market partners has combined to give Syft not just the satisfaction of the most instruments ever sold in a year, but a pipeline of substantial promise.

Notwithstanding the disruption of an earthquake driven shift to set of temporary premises, the office has such a good vibe and a sense of purpose.

The lunch room is a veritable United Nations and the talent raids on the University of Canterbury Engineering and Science Schools is paying staff dividends.

It has been a pleasure to combine with my two fellow directors to be a supportive sounding board for the CEO and to contribute to progressing the business.

The two standing Committees of the Board have been active.

Michael Bushell heads the Audit and Risk Management Committee and at long last we have had a straightforward audit on time and without surprises. A welcome to our new CFO, Koji Kasai, who is about to secure his CA qualifications and another fine graduate from the University of Canterbury.

Richard Coleman heads the Remuneration Committee and as his report below demonstrates the development of the culture, recruitment, and remuneration and rewards regime has been at the heart of that Committee's work.

Finally let me thank you the patient but often passionate shareholders.

The turn-out at last year's AGM was very gratifying to the Board and management and as the results for 2015 demonstrate we are starting to feel that we are worthy of your trust.

Ruth Richardson
Chairman

Chief Executive Officers’ Report

Our goal at Syft is to grow a very large profitable business. All journeys must start with a small step and ours over the last 3 years was to bring Syft under control. We had to raise money, develop channels to market, change culture, and improve financial reporting. For that reason it gives us great pleasure to deliver a maiden profit, a healthy balance sheet, and report this to our shareholders in a timely manner.

These results though gratifying are not success, this is only the start of our journey as we gear our business for substantial growth.

Ultimately all businesses are just a collection of people. To achieve success you need to employ the right people and then develop, motivate and trust them to achieve big goals. At Syft we put a lot of energy into this part of the business as this is the main driver for business success.

Syft’s culture has improved substantially and observing the talent we now have gives me personally the most pleasure and optimism for the future. Half of Syft’s staff have joined in the last 12 months and this United Nations of people have brought a huge amount of intellectual capacity and energy that will help drive us to substantial success.

The key people at Syft though are still Professor Murray McEwan and the original physical science PHD students who developed the early instruments. For a long time they were unloved, and unsure if they were going to get paid, as they worked hard in the engine room of the business during Syft’s darkest days. Most of the success now at Syft is because we have given these people greater exposure and responsibility and made the most of their substantial talent. We should all be exceptionally grateful to these people.

We must also thank the directors. Everyone wants to stand on the foredeck when things are going well, but you only ever count your supporters by looking in the engine room when you are going through rough times. All our present directors joined Syft during those bad times and their work during those times is a key reason for our success now.

Most importantly we must thank our shareholders. If it wasn’t for you Syft would not exist today. It has been a long journey, and now we are only at the beginning, but you should all be certain that everyone at Syft, both staff and directors are working extremely hard to ensure that Syft is not just a great technology, but a great business.

An important part of this process is the development of our guiding principles that are published in this annual report. These principles ensure that all Syft’s stakeholders understand the framework in which we make decisions. Our only goal is long-term profitability and to achieve this we will always act ethically, to all customers, suppliers, staff, and shareholders with a long-term focus.

My final observation: don’t ever under estimate our ambition! We have the opportunity to build a very substantial international business and we are gearing our business to grow substantially to realise that opportunity.

Doug Hastie
Chief Executive Officer

Guiding Principles

1. Syft's objective is long-term profitability.
2. All business decisions are made after a rational analysis and consideration of the long-term effect.
3. We must be better than the best in the world.
4. We act ethically and never do business in such a way that compromises long-term value.
5. We favour robust discussion and value everyone's opinion no matter what their position in the company.
6. Communication is always direct. Improvements can only be made if we are aware of the issues.
7. Our greatest asset is our people. Hiring and development of talent is essential for our long-term success.
8. There will always be a strong focus on quality as it delivers better long-term financial results.
9. People use our product so form is of equal importance to function.
10. We will push hard and try new things so we must accept that we will make mistakes.
11. We only measure absolute performance over time and not against a budget.
12. We keep things simple and strive for zero waste in everything we do.

Remuneration Committee Report

A necessary focus for Syft over the last 3 years has been to improve the operating culture across the organisation. For Syft, culture means the rate which turns employee talent into business success, hence improvement in this area was identified as one of the most important drivers to the required financial performance turnaround. Culture change is challenging and inevitably comes in the form of difficult decisions and unfortunate consequences for some employees. Doug's resilient leadership through this period, strongly supported by his senior management team, and talent recruitment strategy have been the key drivers of the new energised, ambitious and commercially success driven team and operating ethos that we have at Syft today. It is no surprise that the change in culture has coincided with the improved financial success of Syft – the two are inextricably linked.

The role of the Remuneration Committee has been to provide governance and support to Doug along with the tools needed to effect this required culture shift. Key to this has been:

1. Implementation of a recruitment strategy focused around the active employment of hardworking, talented people and providing a pathway for their professional growth and success within the organisation;
2. Recalibration of remuneration levels - particularly across senior management and key staff - to recognise success, develop greater alignment of reward to individual performance and ensure consistency with market metrics;
3. Development and implementation of a share option scheme for staff.

The strategy behind the Employee Share Option Scheme is two-fold. Firstly, it is to provide an additional and tangible incentive for employees to continue to drive future improved financial performance. Secondly, it helps mitigate the risk of key staff leaving Syft - particularly during this next critically important market growth and development phase. In this IT sector, our greatest asset is our people and their knowledge and expertise - implementing strategies to retain key staff is a commercial imperative.

The key metrics in relation to the Employee Share Option Scheme for 2014-15 are:

- 3.97m shares allocated to select Syft employees representing circa 0.3% of the total issued shares;
- Issued at a strike price of 3cps, being the market share price at time of issue;
- Paid for by way of interest free, non-recourse loan from Syft;
- In order to have the shares fully vested to the employee, the employee must remain with Syft for a minimum 3 years;
- Should the employee leave prior to the end of the 3 year period, the shares are returned to Syft at the original strike price;
- The proportionate cost to Syft for the Employee Share Option Scheme for 2014-15 is circa $12.5k.

2014-15 also saw the final tranche of shares being awarded to Doug pursuant to the CEO Share Option Scheme established in 2012. The significant improvements in Syft's financial and non-financial performance during Doug's tenure is tangible evidence of this equity incentive having fulfilled its purpose and pleasing repayment for the faith the Board had in Doug.

We look forward to the continuation of talent growth within the Syft team and delivery of ongoing financial performance improvements for shareholders.

Richard Coleman
Non Executive Director

Board of Directors

The Hon. Ruth Richardson LL.B (Hons)
Non Executive Director

After her time as an architect of major reforms to the New Zealand economy as Minister of Finance from 1990-1993, Ruth established her own strategic and economic policy advice consultancy helping many countries undertake reform initiatives. She now has considerable involvement in the local and international business community being the Chairman of Jade Software Corporation, Kiwinet, the Kula Fund and the New Zealand Merino Company Ltd, and a Director of Ruth Richardson (NZ) Limited, Synlait Milk Limited and Bank of China (NZ) Limited.

Michael Bushell
Non Executive Director

Michael and his family are foundation Shareholders of Syft. Michael has worked in Corporate and Commercial banking and finance for 35 years, the last 10 as a partner in a private finance company specialising in working capital – Pacific Invoice Finance which supported Syft financially up until 31 March 2013.

Michael was part of an independent advisory board to Syft set up in April 2011 and has been involved regularly with Syft and its board on an on-going basis. As part of that role Michael travelled to Europe, USA and Asia initially to meet with Syft's key Staff, Distributors and Clients.

Richard Coleman
Non Executive Director

Richard is a partner at Koau Capital Partners Ltd who specialise in sourcing, structuring, funding and managing assets within the Māori commercial sector. Prior to Koau, Richard spent 15 years working within the Ngai Tahu commercial group in a variety of roles including Group Investment Manager of Ngai Tahu Holdings (the parent company to its property, seafood, tourism and private equity arms) and latterly Chief Executive of Ngai Tahu Seafood.

Corporate Governance

The Role of the Board
The Board has ultimate responsibility for the strategic direction of Syft and oversight of the management of Syft for the benefit of Shareholders. Specifically, the responsibilities of the Board include:

- working with management to establish the strategic direction of Syft;
- monitoring management and financial performance;
- monitoring compliance and risk management;
- establishing and monitoring the health and safety policies of Syft;
- establishing and ensuring implementation of succession plans for senior management; and
- ensuring effective disclosure policies and procedures.

In discharging their duties, Directors have direct access to and may rely upon Syft's senior management and external advisers. Directors have the right, with the approval of the Chairman or by resolution of the Board, to seek independent legal or financial advice at the expense of Syft for the proper performance of their duties.

The Board at balance date currently comprised three Directors including a non-executive Chairman. Board members have an appropriate range of proficiencies, experience and skills to ensure that all responsibilities are fulfilled and to achieve the best possible management of resources.

Directors Meetings
The Board met seven times during the year including sessions to consider the strategic direction of Syft and Syft's forward-looking business plans.

Board Committees
The Board has two formally constituted committees of Directors, the Audit and Risk Management Committee and the Remuneration Committee

The Audit and Risk Management Committee is responsible for overseeing the risk management (including treasury and financing policies), treasury, insurance, accounting and audit activities of Syft, and reviewing the adequate and effectiveness of internal controls, meeting with and reviewing the performance of external auditors, reviewing the consolidated financial statements, and making recommendations on financial and accounting policies.

The members of the Audit and Risk Management Committee are Michael Bushell (Chairman) and Richard Coleman with Ruth Richardson attending ex officio.

The Remuneration Committee established during the year is responsible for setting the salary and performance reward regimes for the company recognising that attracting and retaining key talent is at the core of company's success. The Committee works with the CEO to build the culture, that so is critical to Syft's ability, to produce and sell in a technically demanding market.

The Remuneration Committee is chaired by Richard Coleman, with Michael Bushell as the other member.

Directors' Report

The Directors are responsible for ensuring that the financial statements give a true and fair view of the balance sheet of the Company and the Group as at 31 March 2015 and their income statement and cash flows for the year ended on that date.

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

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider they have taken adequate steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Directors note there has not been any material change in the nature of the business undertaken by the Company and the Group in the past year.

The Directors have pleasure in presenting the financial statements set out in pages 9-44 of Syft Technologies Limited and subsidiaries for the year 1 April 2014 to 31 March 2015.

The Board of Directors of Syft Technologies Limited and subsidiaries authorised these financial statements for issue on 2 July 2015.

Donations

No donations were made in the current year.

Auditor

It is proposed that the auditor, PricewaterhouseCoopers, is appointed in accordance with Section 196(1) of the Companies Act 1993.

Other Statutory Information

Additional information required by the Companies Act 1993 is set out in Shareholder Information.

On behalf of the Directors

R Richardson
Chairman

M Bushell
Non Executive Director

Financials

Income Statements

For the year ended 31 March 2015

	Note	Group 2015	Group 2014	Parent 2015	Parent 2014
		($000)	($000)	($000)	($000)
Sale of Goods		3,803	3,637	3,687	3,593
Rendering of Services		1,480	1,179	1,122	784
Rental Revenue		6	95	6	95
Other Revenue	*4*	335	69	369	110
Total Revenue		**5,624**	**4,980**	**5,183**	**4,582**
Cost of Sales		2,659	2,959	2,656	2,936
Gross Profit		**2,965**	**2,021**	**2,527**	**1,646**
Administration		439	584	429	582
Professional Services		59	155	55	154
Finance Costs	*6*	9	25	6	22
Sales & Development	*6*	1,501	884	1,472	867
Occupancy Costs		192	178	192	169
Employee Share Scheme	*6*	204	191	204	191
Other Expenses	*6*	85	343	(433)	(278)
Total Expenses		**2,489**	**2,360**	**1,925**	**1,707**
Profit before Income Tax		**476**	**(339)**	**602**	**(61)**
Income Tax Expense	*10*	-	-	-	-
Profit/(Loss) after Income Tax attributable to Equity holders of the parent		**476**	**(339)**	**602**	**(61)**

Statements of Comprehensive Income

For the year ended 31 March 2015

	Note	Group 2015	Group 2014	Parent 2015	Parent 2014
		($000)	($000)	($000)	($000)
Profit /(Loss) for the year		**476**	**(339)**	**602**	**(61)**
Other comprehensive income that may subsequently be recycled to the Income Statement					
Translation of foreign operations					
Gains / (Losses) arising during the year	*9*	(99)	17	-	-
Other comprehensive income, net of tax		**(99)**	**17**	-	**-**
Total comprehensive Profit /(loss) for the year, net of tax attributable to of the parent		**377**	**(322)**	**602**	**(61)**

These statements should be read in conjunction with the attached notes to the Financial Statements.

Statements of Changes in Equity
For the year ended 31 March 2015

Group	Note	Share Capital	Employee Equity Benefit Reserve	Foreign Currency Translation Reserve	Shares Not Yet Issued Reserve	Accumulated Losses	Total
		($000)	($000)	($000)	($000)	($000)	($000)
Balance at 1 April 2013		**26,289**	**228**	**588**	**700**	**(28,122)**	**(317)**
(Loss) for the year		-	-	-	-	(339)	(339)
Other comprehensive income	*9*	-	-	17	-	-	17
Total comprehensive income for the year		-	-	17	-	(339)	(322)
Issue of Shares	*7*	2,848	-	-	-	-	2,848
Employee Equity Benefit Reserve Transfer	*7*	-	-	-	-	-	-
Share Based Payments	*20*	-	191	-	-	-	191
Private Placement of Share Capital	*7*	700	-	-	(700)	-	-
Balance at 31 March 2014		**29,837**	**419**	**605**	**-**	**(28,461)**	**2,400**
Profit for the year		-	-	-	-	476	476
Other comprehensive income	*9*	-	-	(99)	-	-	(99)
Total comprehensive income for the year		-	-	(99)	-	476	377
Employee Equity Benefit Reserve Transfer		-	-	-	-	-	-
Issue of Shares		-	-	-	-	-	-
Share Based Payments	*20*	-	204	-	-	-	204
Private Placement of Share Capital		-	-	-	-	-	-
Balance at 31 March 2015		**29,837**	**623**	**506**	**-**	**(27,985)**	**2,981**

Parent	Note	Share Capital	Employee Equity Benefit Reserve	Foreign Currency Translation Reserve	Shares Not Yet Issued Reserve	Retained Earnings	Total
		($000)	($000)	($000)	($000)	($000)	($000)
Balance at 31 March 2013		**26,289**	**228**	**-**	**700**	**(27,685)**	**(468)**
(Loss) for the year		-	-	-	-	(61)	(61)
Total comprehensive income for the year		-	-	-	-	(61)	(61)
Issue of Shares	*7*	2,848	-	-	-	-	2,848
Share Based Payments	*20*	-	191	-	-	-	191
Private Placement of Share Capital	*7*	700	-	-	(700)	-	-
Balance at 31 March 2014		**29,837**	**419**	**-**	**-**	**(27,746)**	**2,510**
(Loss) for the year		-	-	-	-	602	602
Total comprehensive income for the year		-	-	-	-	602	602
Issue of Shares		-	-	-	-	-	-
Share Based Payments	*20*	-	204	-	-	-	204
Amalgamation of SAL						83	83
Private Placement of Share Capital		-	-	-	-	-	-
Balance at 31 March 2015		**29,837**	**623**	**-**	**-**	**(27,061)**	**3,399**

These statements should be read in conjunction with the attached notes to the Financial Statements.

Balance Sheets

As at 31 March 2015

		Group		Parent	
	Note	**2015**	**2014**	**2015**	**2014**
		($000)	($000)	($000)	($000)
Current Assets					
Cash and Cash Equivalents	*13*	1,580	1,376	1,580	775
Trade and Other Receivables	*17*	1,260	1,555	1,219	1,517
Inventory	*14*	1,021	904	1,021	904
GST Receivable		15	54	15	54
Current Tax Assets	*10*	14	9	13	9
Intercompany Advances	*18*	-	-	392	625
Total Current Assets		**3,890**	**3,898**	**4,240**	**3,884**
Non Current Assets					
Property, Plant and Equipment	*11*	113	160	113	160
Intangible Assets	*12*	12	14	12	14
Total Non Current Assets		**125**	**174**	**125**	**174**
Total Assets		**4,015**	**4,072**	**4,365**	**4,058**
Current Liabilities					
Bank Overdraft	*13*	-	-	-	-
Trade and Other Payables	*15*	713	1,033	645	827
Borrowings – Trade Finance Facility	*16*	321	435	321	435
GST Payable		-	-	-	-
Intercompany Advances	*18*	-	-	-	82
Total Current Liabilities		**1,034**	**1,468**	**966**	**1,344**
Non-Current Liabilities					
Borrowings – Trade Finance Facility	*16*	-	204	-	204
Total Non-Current Liabilities		**-**	**204**	**-**	**204**
Total Liabilities		**1,034**	**1,672**	**966**	**1,548**
Total Net Assets		**2,981**	**2,400**	**3,399**	**2,510**
Equity					
Capital and Other Equity Instruments	*7*	29,837	29,837	29,837	29,837
Accumulated Losses	*8*	(27,985)	(28,461)	(27,061)	(27,746)
Reserves	*9*	1,129	1,024	623	419
Total Equity attributable to Equity		**2,981**	**2,400**	**3,399**	**2,510**

On behalf of the board

R Richardson
Chairman

M Bushell
Non Executive Director

This statement should be read in conjunction with the attached notes to the Financial Statements.

Cash Flow Statements

For the year ended 31 March 2015

		Group		Parent	
	Note	**2015**	**2014**	**2015**	**2014**
		($000)	($000)	($000)	($000)
Cash flows from Operating					
Receipts from Customers		5,907	4,330	5,608	3,435
Interest Received		16	27	16	27
Tax (Payments)/Receipts		(5)	(7)	(5)	(7)
Payments to Suppliers and Employees		(5,361)	(5,111)	(4,694)	(4,927)
Interest Paid		-	(17)	-	(17)
Net Cash flows used in operating activities	*25*	**558**	**(778)**	**925**	**(1,489)**
Cash flows from Investing Activities					
Proceeds from Sale of Fixed Assets		-	-	-	-
Purchase of Fixed Assets		(35)	(45)	(35)	(45)
Purchase of Intangible Assets		-	(18)	-	(18)
Net Cash flows from/(used in) investing activities		**(35)**	**(63)**	**(35)**	**(63)**
Cash flows from Financing Activities					
(Payments of)/Proceeds from Borrowings		(318)	(899)	(318)	153
Proceeds from issue of Shares		-	2,848	-	2,848
Proceeds/(Advances to) from Subsidiaries		-	-	233	(180)
Net Cash flows from financing activities		**(318)**	**1,947**	**(85)**	**2,821**
Net increase/(decrease) in cash and Equivalents		**205**	**1,107**	**805**	**1,269**
Cash and Cash Equivalents at Beginning of year		**1,376**	**270**	**775**	**(494)**
Cash and Cash Equivalents at End of year	*13*	**1,580**	**1,376**	**1,580**	**775**

This statement should be read in conjunction with the attached notes to the Financial Statements.

Summary of Significant Accounting Policies
For the year ended 31 March 2015

Reporting Entity
Syft Technologies Limited (the Company) is an unlisted issuer for the purpose of the Financial Reporting Act 1993. The Company is registered under the Companies Act 1993. The Company is a reporting entity for the purpose of the Financial Reporting Act 1993 and its financial statements comply with that Act. The Company is incorporated in New Zealand. The address of its registered office and principal place of business is disclosed in the directory to the annual report. The Group's principal activities include researching, developing and refining the selected ion-flow tubes technology, the marketing and sale of the applications and solutions using the selected ion-flow tubes technology.

1. Summary of significant accounting policies

a) Basis of preparation
The financial statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values rounded to the nearest thousand dollars ($'000) unless otherwise stated.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

b) Statement of compliance
The financial statements have been prepared in accordance with Generally Accepted Accounting Practices in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-orientated entities.

Compliance with NZ IFRS ensures that the consolidated financial statements comply with International Financial Reporting Standards (IFRS). The parent entity financial statements also comply with IFRS.

The financial statements were authorised for issue by the directors on 2 July 2015.

c) Accounting judgements and major sources of estimation uncertainty
In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of judgements in applying the accounting policies, and major sources of estimation uncertainty.

d) New accounting standards and interpretations

The following accounting standards and amendments to existing standards are 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', was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the Group's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to a Group's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. This standard is effective for reporting periods beginning on or after 1 April 2018. The Group is yet to assess NZ IFRS 9's full impact.

NZ IFRS 15 - Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction contracts and is applicable to all entities with revenue. It sets out a 5 step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has yet to assess NZ IFRS 15's full impact. The Group will apply this standard from 1 April 2018.

e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Syft Technologies Limited and its subsidiaries (the Group) as at 31 March each year.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. A list of subsidiaries appears in note 18 to the financial statements.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

f) Borrowing costs

Borrowing costs are recognised as an expense when incurred. The Company does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity 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.

h) Contributed equity

Ordinary shares and warrants are classified as equity. Incremental costs directly attributed to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

i) Employee benefits

A provision is recognised for benefits accruing to employees in respect of annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

j) Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

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

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

k) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Syft Technologies Limited and its New Zealand subsidiary is New Zealand dollars ($). The United Kingdom subsidiary's functional currency is Great Britain Pound and the United States subsidiary's functional currency is United States Dollars, both foreign subsidiaries are translated to the presentational currency (see below).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated at the date when the fair value was determined.

Translation of Group Companies functional currency to presentation currency

The results of the foreign subsidiaries are translated into New Zealand Dollars using the average exchange rate for the year. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of the net investment in the foreign subsidiaries are taken to the foreign currency translation reserve. If the foreign subsidiaries were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the income statement.

l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

m) Government grants
Government grants are recognised when there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income of the period in which it becomes receivable.

n) Impairment of assets
At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

o) Income tax
Current tax
The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:
- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:
- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

o) Income tax (Continued)
Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax or current tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

p) Intangible assets
Patents, trademarks and licences
Patents, trademarks and licences are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful life of 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Research and development costs
Expenditure on research activities is recognised as an expense in the period in which it is incurred.
An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

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

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

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

Software costs
All externally purchased software is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a Diminishing Value basis at a rate of 48%. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

q) Inventory
Inventories including raw materials, manufactured parts, work in progress, and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials and Manufactured parts – purchase cost on a weighted average basis. The cost of purchase comprises the purchase price of raw materials and manufactured parts. Volume discounts and rebates are included in determining the cost of purchase.

Finished goods and Work-in-progress – cost of direct materials. Costs are assigned on the basis of standard cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

r) Investments and other financial assets

Investments and financial assets in the scope of NZ IAS 39 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition

Purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

(ii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

s) Investments in subsidiaries

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

t) Leased assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

u) Property, plant and equipment
All items of property, plant and equipment are stated at historical cost, including costs directly attributable to bringing the asset to its working condition, less accumulated depreciation and any accumulated impairment losses.

Any expenditure that increases the economic benefits derived from an asset is capitalised. Expenditure on repairs and maintenance that does not increase the economic benefits is expensed in the period it occurs.

Depreciation
Depreciation is calculated on a Diminishing Value basis, apart from Demo Units which is a Straight Line basis, over the estimated useful life of the assets as follows:

Plant & Equipment	9.0 – 60.0%
Office Equipment	7.5 – 60.0%
Furniture & Fittings	11.4 – 21.6%
Leasehold Improvements	9.0 – 39.6%
Motor Vehicles	21.6%
Demo Units	14.3%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal
An item of property, plant and equipment is derecognised upon disposal, or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the period the asset is derecognised.

v) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of the Company's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value if money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

w) Revenue recognition
Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue recognised when the significant risks and rewards or ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date. Stage of completion is measured by reference to the period for which services have been performed for each contract.

Rental Revenue
Rental revenue is accounted for on a straight-line basis over the term of the agreement.

w) Revenue recognition (Continued)
Interest Revenue
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

x) Share-based payment transactions
Equity settled transaction:
The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans the Chief Executive Share Scheme (CESS) and the Employee Share Option Scheme (ESOS).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of

(i) the grant date fair value of the award;
(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
(iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

y) Statement of Cash Flows
For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the statement of cash flows;

- operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities;
- investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

z) Trade and other payables
Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

aa) Trade and other receivables
Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amount. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

2. Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, bank trade finance facilities, borrowings, cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, price risk and credit risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit and Risk Management Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

Risk exposures and responses

Foreign currency risk
As a result of operations in the United Kingdom and the United States of America, the Group’s balance sheet can be affected by movements in the GBP:NZD and USD:NZD exchange rates.

The Group also has transactional currency exposures. Such exposures arise from sales or purchases by an operating entity in currencies other than the functional currency. The currencies in which the Group primarily deals in are the United States Dollars, Great Britain Pound, Euros and Australian Dollars.

The Group does not currently enter into foreign currency forwards contracts.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at balance date are as follows (all balances in NZD):

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Assets				
Australian Dollars	71	41	71	41
Euro	573	785	573	785
Great Britain Pound	-	14	-	-
US Dollars	616	1,313	966	689
Canadian Dollars	6	-	6	-
Liabilities				
Australian Dollars	-	13	-	13
Euro	337	736	337	736
Great Britain Pound	-	24	-	24
US Dollars	94	342	25	135
Canadian Dollars	11	-	11	-

The following table details the Group’s Profit and Loss sensitivity to a 10% decrease and a 5% increase in the NZD against the main currencies that the Group was exposed to at the end of each balance date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end rate for a 10% decrease and 5% increase in the currency rates.

Increase/(Decrease) in profit or loss and equity	Group 2015	Group 2014	Parent 2015	Parent 2014
	($000)	($000)	($000)	($000)
NZD:AUD				
10% decrease	8	3	8	3
5% increase	(3)	(1)	(3)	(1)
NZD:EUR				
10% decrease	26	5	26	5
5% increase	(11)	(2)	(11)	(2)
NZD:GBP				
10% decrease	-	(1)	-	(3)
5% increase	-	-	-	1
NZD:USD				
10% decrease	58	108	61	61
5% increase	(25)	(46)	(26)	(26)
NZD:CAD				
10% decrease	(1)	-	(1)	-
5% increase	-	-	-	-

Price risk

The Group purchases raw materials and manufactured parts as part of the production of finished goods. As a result of these transactions exposures to fluctuations in commodity prices arise.

The portion of the raw materials and manufactured parts that are affected by commodity prices is small; as a result the Group's exposure to commodity price risk is minimal.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise Cash and Cash Equivalents and Trade and Other Receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group has trade credit insurance policy with QBE to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Interest rate risk

The Group is exposed to interest rate risk as it borrows and deposits funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The floating borrowings being trade finance facilities only, which have a 30-45 day life span.

The Group’s exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

At balance date the interest rate profile of the Group’s interest bearing financial instruments was:

	Group 2015	Group 2014	Parent 2015	Parent 2014
	($000)	($000)	($000)	($000)
Financial assets	1,222	1,376	1,222	775
Financial liabilities	321	639	321	639

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities and assets; the analysis is prepared assuming the exposure outstanding at 31 March 2015 was outstanding for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company and Group's:

- Profit for the year ended 31 March 2015 would decrease/increase by $4,506 (2014: decrease/increase by $6,250). This is mainly attributable to the Group's exposure to interest rates on its cash deposits and trade finance facilities. No interest is earned on the cash in the US subsidiary.

Liquidity risk
The Group manages liquidity risk by the use of current bank facilities and the extension of trade payables terms with the approval of their suppliers in addition to continuously monitoring forecast and actual cash flows.

To manage liquidity at present the Directors have facilitated the following:
1) The Company has arranged for trade finance facilities whereby on shipment of an instrument the Company is able to finance 90% of the invoice value.

The Company has the financial liabilities as noted above only and their maturity analysis is highlighted at note 16 of the financial statements.

Fair value measurements recognised in the statement of financial position

If any financial instruments that are measured subsequent to initial recognition at fair value were held the following classification would occur based on the degree to which the inputs to the fair value are observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires the Group to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. The Group continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Group bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The Group has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgments

Impairment of non-financial assets
The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined.

The directors have considered the indicators of impairment of non-financial assets and are satisfied that such indicators have not impacted the carrying value of fixed assets or inventory or intangibles and that those carrying values remain appropriate.

Taxation
The Group's accounting policy for taxation requires judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on the Company's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

Significant accounting estimates and assumptions

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using the Black-Scholes model, with the assumptions detailed in note 20. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. See note 20.

4. Other Revenue

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Interest Revenue	16	27	16	27
Realised Foreign Exchange Gain	51	-	51	7
Unrealised Foreign Exchange Gain	22	-	22	-
Other Income	-	42	-	76
Gain on Disposal of Fixed Asset	31	-	31	-
Callaghan Fund Grant	215	-	215	-
Oncharge of Expenses to STI	-	-	34	-
	335	**69**	**369**	**110**

5. Auditor Remuneration

The auditor of Syft Technologies Limited is PricewaterhouseCoopers (2014: PricewaterhouseCoopers).

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Amounts received or due and receivable by PricewaterhouseCoopers for:				
Audit of Financial Statements	30	52	30	52
Review of R&D Expenditure	6	-	6	-
Audit of Share Registry	2	-	2	-
	38	**52**	**38**	**52**

6. Expenses

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Other Expenses includes:				
Reversal of Impairment of Intercompany Advances	-	-	(528)	(485)
Loss on Disposal of Assets	-	29	-	28
Unrealised Foreign Exchange Loss	-	104	-	24
Realised Foreign Exchange Loss / (Gain)	-	29	-	(18)
Amortisation	8	9	8	9
Depreciation	77	98	77	98
	85	**269**	**(443)**	**(344)**
Inventory Costs				
Inventory Write-down (included in Cost of Sales)	-	315	-	315
Inventory Provision	40	82	40	82
	40	**397**	**40**	**397**
Sales & Development				
Salary Sales and Development	1,140	551	1,140	551
Contractor Development	121	70	95	66
Travel Sales and Development	158	201	158	192
Other	82	62	79	58
	1,501	**884**	**1,472**	**867**

Included with the Sales and Development expense above are Research and Development costs of $1,045,000 for the Parent and Group. (2014: $774,000 which includes $125,000 of Direct Costs and $649,000 of Salaries and Wages).

Finance Costs				
Bank Loans and Overdrafts	-	17	-	17
Other Finance Costs	9	8	6	5
	9	**25**	**6**	**22**
Lease Payments included in Income Statement				
Minimum Lease Payments – Operating Leases	136	125	136	125
	136	**125**	**136**	**125**
Employee Benefits Expense				
Salaries and Wages	1,759	948	1,759	948
Employee Share Scheme	204	191	204	191
	1,963	**1,139**	**1,963**	**1,139**

7. Capital and Other Equity Instruments

	Group		Parent	
	2015	2014	2015	2014
	($000)	($000)	($000)	($000)
Fully Paid Ordinary Shares	29,837	29,837	29,837	29,837
	29,837	**29,837**	**29,837**	**29,837**

At balance date all the ordinary shares of Syft Technologies Limited have been fully paid. All shares have equal voting rights and share equally in dividends and surplus on winding up. Syft Technologies Inc is 100% owned by Syft Technologies Limited.

Ordinary Shares

	Group and Parent			
	2015		2014	
Movement in Ordinary Shares on issue	**Thousands**	**($000)**	**Thousands**	**($000)**
Balance at beginning of year	**1,083,873**	**29,837**	374,330	26,289
Issue of Shares	-	-	709,543	3,548
Balance at end of year	**1,083,873**	**29,837**	**1,083,873**	**29,837**

Shares Issued in year

	2015		2014	
Shares issued from Rights Issue	**Thousands**	**($000)**	**Thousands**	**($000)**
Stephen Collins	-	-	46,418	220
Michael Hawkins	-	-	40,000	200
Ernest Killian	-	-	-	-
Murray McEwan	-	-	1,000	5
Hon Ruth Richardson	-	-	1,000	5
Michael Bushell	-	-	1,612	8
Public	-	-	479,513	2,410
Issued in year	**-**	**-**	**569,543**	**2,848**

	2015		2014	
Shares issued from Private Placement	**Thousands**	**($000)**	**Thousands**	**($000)**
Michael Hawkins	-	-	2,660	13
Public	-	-	137,340	687
Issued in year	**-**	**-**	**140,000**	**700**
Total Shares Issued in Year	**-**	**-**	**709,543**	**3,548**

Capital Management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Company also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group is not subject to any externally imposed capital requirements.

8. Accumulated Losses

Movements in Accumulated Losses were as follows:

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Balance at beginning of year	(28,461)	(28,122)	(27,746)	(27,685)
Net Profit / (Loss)	476	(339)	602	(61)
Amalgamation of SAL	-	-	83	-
Balance at end of year	**(27,985)**	**(28,461)**	**(27,061)**	**(27,746)**

9. Reserves

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Foreign Currency Translation Reserve	506	605	-	-
Employee Equity Benefit Reserve	623	419	623	419
	1,129	**1,024**	**623**	**419**

Foreign Currency Translation Reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Movements in Translation Reserve				
Balance at beginning of year	605	588	-	-
Translation of Foreign Operations	(99)	17	-	-
Balance at end of year	**506**	**605**	**-**	**-**

Employee Equity Benefit Reserve
Further details of the Employee Share Option Scheme and Chief Executive Share Scheme are contained in note 20 to the financial statements.

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Movement in Employee Benefit Reserve				
Balance at beginning of year	419	228	419	228
Recognition of Share Based Payments	204	191	204	191
Balance at end of year	**623**	**419**	**623**	**419**

The Employee Equity Benefit Reserve arises on the grant of share options to employees under the Employee Share Option Scheme and the shares issued under the Chief Executive Share Scheme. Amounts are transferred into issued capital when the options are exercised. Further information about share-based payments to employees is made in note 20 to the financial statements.

10. Taxation

Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Accounting profit/(loss) before tax from continuing operations	476	(339)	602	(61)
At the Parent Entity's statutory income tax rate of 28%	133	(95)	169	(17)
Other permanent adjustments	(91)	82	(91)	(54)
Current year temporary differences not recognised	(12)	(68)	(12)	(68)
Prior year temporary differences adjustment	-	(5)	-	22
Prior period adjustment	(20)	-	(20)	-
Tax losses not recognised / (utilised)	(10)	86	(46)	117
Aggregate income tax expense	-	-	-	-
Tax losses available to carry forward	12,584	12,744	12,332	12,581
Future Tax Benefit of Tax Losses (not recognised)	3,524	3,568	3,453	3,523
Deferred Tax Asset not recognised	216	204	216	204

Due to changes in shareholders continuity some previous tax losses are unable to be carried forward.

Reconciliation of Current Tax Asset

	Group and Parent	
	2015	**2014**
	($000)	($000)
Opening tax (payable)/refundable	9	2
Tax paid/(refunds received)	(1)	-
RWT Tax Credits	5	7
Closing Balance	**13**	**9**

Imputation Credit Account

	Parent	
	2015	**2014**
	($000)	($000)
Opening Balance	9	2
Income Tax Payments	5	-
Income Tax Refunds	(1)	7
Closing Balance	**13**	**9**

11. Non-Current Assets – Property, Plant and Equipment

	Group						
	Plant and Equipment	Office Equipment	Furniture and Fittings	Leasehold Improvements	Motor Vehicles	Demo Units	Total
Gross Carrying Amount	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
Balance at 1 April 2013	**282**	**217**	**30**	**26**	**4**	**11**	**570**
Additions	3	35	5	2	-	-	**45**
Demo units transferred from inventory at NBV	-	-	-	-	-	163	**163**
Disposals	(184)	(172)	(14)	(1)		(11)	**(382)**
Balance at 31 March 2014	**101**	**80**	**21**	**27**	**4**	**163**	**396**
Additions	12	23	1	4	-	-	**40**
Disposals	-	-	-	-	-	(40)	**(40)**
Balance at 31 March 2015	**113**	**103**	**22**	**31**	**4**	**123**	**396**
Accumulated Depreciation							
Balance at 1 April 2013	**(250)**	**(196)**	**(23)**	**(18)**	**(2)**	**(2)**	**(491)**
Depreciation Charge	(5)	(13)	(1)	(1)	(-)	(78)	**(98)**
Disposals	171	166	13	1	-	2	**353**
Balance at 31 March 2014	**(84)**	**(43)**	**(11)**	**(18)**	**(2)**	**(78)**	**(236)**
Depreciation Charge	(5)	(24)	(2)	(2)	(1)	(43)	**(77)**
Disposals	-	-	-	-	-	30	**30**
Balance at 31 March 2015	**(89)**	**(67)**	**(13)**	**(20)**	**(3)**	**(91)**	**(283)**
Net Book Value							
As at 31 March 2014	**17**	**37**	**10**	**9**	**2**	**85**	**160**
As at 31 March 2015	**24**	**36**	**9**	**11**	**1**	**32**	**113**

11. Non-Current Assets – Property, Plant and Equipment (Continued)

	Parent						
	Plant and Equipment	Office Equipment	Furniture and Fittings	Leasehold Improvements	Motor Vehicles	Demo Units	Total
Gross Carrying Amount	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**	**($000)**
Balance at 1 April 2013	**274**	**210**	**30**	**26**	**4**	**-**	**544**
Additions External	3	35	5	2	-	-	**45**
Additions Transferred from subs at NBV	1	1	-	-	-	11	**13**
Demo units transferred from inventory at NBV	-	-	-	-	-	163	**163**
Disposals	(177)	(166)	(14)	(1)	-	(11)	**(369)**
Impairment	-	-	-	-	-	-	**-**
Balance at 31 March 2014	**101**	**80**	**21**	**27**	**4**	**163**	**396**
Additions	12	23	1	4	-	-	**40**
Disposals	-	-	-	-	-	(40)	**(40)**
Balance at 31 March 2015	**113**	**103**	**22**	**31**	**4**	**123**	**396**
Accumulated Depreciation							
Balance at 1 April 2013	**(243)**	**(193)**	**(23)**	**(18)**	**(2)**	**-**	**(479)**
Depreciation Charge	(5)	(13)	(1)	(1)	(-)	(78)	**(98)**
Disposals	164	163	13	1	-	-	**341**
Balance at 31 March 2014	**(84)**	**(43)**	**(11)**	**(18)**	**(2)**	**(78)**	**(236)**
Depreciation Charge	(5)	(24)	(2)	(2)	(1)	(43)	**(77)**
Disposals	-	-	-	-	-	30	**30**
Balance at 31 March 2015	**(89)**	**(67)**	**(13)**	**(20)**	**(3)**	**(91)**	**(283)**
Net Book Value							
As at 31 March 2014	**17**	**37**	**10**	**9**	**2**	**85**	**160**
As at 31 March 2015	**24**	**36**	**9**	**11**	**1**	**32**	**113**

12. Non-Current Assets – Intangible Assets

Reconciliation of carrying amounts at the beginning and end of the period

	Group			
	Software	**Patents**	**Trademarks**	**Total**
	($000)	**($000)**	**($000)**	**($000)**
Gross Carrying Amount				
Balance at 1 April 2013	**120**	**400**	**73**	**593**
Additions	18	-	-	18
Disposals	(99)	-	-	(99)
Balance at 31 March 2014	**39**	**400**	**73**	**512**
Additions	6	-	-	6
Disposals	-	-	-	-
Balance at 31 March 2015	**45**	**400**	**73**	**518**
Accumulated Amortisation				
Balance at 1 April 2013	**(120)**	**(400)**	**(73)**	**(593)**
Amortisation Expense	(9)	-	-	(9)
Disposals	99	-	-	99
Reclassification	5	-	-	5
Balance at 31 March 2014	**(25)**	**(400)**	**(73)**	**(498)**
Amortisation Expense	(8)	-	-	(8)
Disposals	-	-	-	-
Reclassification	-	-	-	-
Balance at 31 March 2015	**(33)**	**(400)**	**(73)**	**(506)**
Net Book Value				
As at 31 March 2014	**14**	**-**	**-**	**14**
As at 31 March 2015	**12**	**-**	**-**	**12**

	Parent			
	Software	**Patents**	**Trademarks**	**Total**
	($000)	**($000)**	**($000)**	**($000)**
Gross Carrying Amount				
Balance at 1 April 2013	**118**	**400**	**73**	**591**
Additions	18	-	-	18
Disposals	(97)	-	-	(97)
Balance at 31 March 2014	**39**	**400**	**73**	**512**
Additions	6	-	-	6
Disposals	-	-	-	-
Balance at 31 March 2015	**45**	**400**	**73**	**518**
Accumulated Amortisation				
Balance at 1 April 2013	**(118)**	**(400)**	**(73)**	**(591)**
Amortisation Expense	(9)	-	-	(9)
Disposals	97	-	-	97
Reclassification	5	-	-	5
Balance at 31 March 2014	**(25)**	**(400)**	**(73)**	**(498)**
Amortisation Expense	(8)	-	-	(8)
Disposals	-	-	-	-
Reclassification	-	-	-	-
Balance at 31 March 2015	**(33)**	**(400)**	**(73)**	**(506)**
Net Book Value				
As at 31 March 2014	**14**	**-**	**-**	**14**
As at 31 March 2015	**12**	**-**	**-**	**12**

13. Current Assets – Cash and Cash Equivalents

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Cash on hand (Current Asset)	1,580	1,376	1,580	775
Bank Overdraft (Current Liability)	-	-	-	-
	1,580	**1,376**	**1,580**	**775**

14. Current Assets – Inventory

Inventory at balance date comprised of the following:

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Raw Materials	471	455	471	455
Manufactured Parts	34	98	34	98
Work in Progress	-	105	-	105
Finished Goods	556	328	556	328
Inventory Provision	(40)	(82)	(40)	(82)
Total Inventories at the lower of Cost and Net Realisable Value	**1,021**	**904**	**1,021**	**904**

15. Current Liabilities – Trade and Other Payables

Included in Trade and Other Payables at balance date are the following:

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Trade and Other Payables	626	974	558	768
Employee Entitlements	87	59	87	59
	713	**1,033**	**645**	**827**

Fair value
Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Related party payables
For terms and conditions relating to related party payables refer to note 18.

Foreign exchange and price risk,
Information regarding foreign exchange and price risk exposure is set out in note 2.

16. Current Liabilities – Borrowings

Included in Borrowings at balance date, and recorded in order of their maturity profile, are the following:

Group	≤6 months	6-12 months	1-5 years	>5 years	Total
	($000)	($000)	($000)	($000)	($000)
Year ended 31 March 2014					
Trade Finance Facilities	292	143	204	-	639
Total Consolidated Borrowings	**292**	**143**	**204**	**-**	**639**
Year ended 31 March 2015					
Trade Finance Facilities	127	194	-	-	321
Total Consolidated Borrowings	**127**	**194**	**-**	**-**	**321**

Parent	≤6 months	6-12 months	1-5 years	>5 years	Total
	($000)	($000)	($000)	($000)	($000)
Year ended 31 March 2014					
Trade Finance Facilities	292	143	204	-	639
Total Consolidated Borrowings	**292**	**143**	**204**	**-**	**639**
Year ended 31 March 2015					
Trade Finance Facilities	127	194	-	-	321
Total Consolidated Borrowings	**127**	**194**	**-**	**-**	**321**

Trade Finance Facilities
On shipment of an instrument the Company is able to finance 90% of the invoice value by a bank sourced trade finance facility. The Company ensures that credit insurance is in place for all export customers and the bank has approved finance by way of trade finance facilities.

Fair Value of Borrowings
The fair value of the trade finance facilities and on demand borrowings is approximately equal to their carrying amount.

17. Current Assets – Trade and Other Receivables

Included in Trade and Other Receivables at balance date are the following:

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Trade Receivables	1,233	1,546	1,192	1,508
Prepayments	27	9	27	9
	1,260	**1,555**	**1,219**	**1,517**

During the year no amounts in relation to trade receivables were written down as uncollectable (2014: Nil).

Fair value and credit risk
Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Foreign exchange risk
Detail regarding foreign exchange risk exposure is disclosed in note 2.

Outstanding balances
No amounts are outstanding between the Company and related parties at balance date

17. Current Assets – Trade and Other Receivables (Continued)

Aging
The aging of trade receivables at the balance date are the following:

	Group		Parent	
In New Zealand Dollars	**2015**	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Past due 0–30 days	608	575	567	546
Past due 31-60 days	87	178	87	178
Past due 60-90 days	41	1	41	1
Past due 90 days +	497	792	497	783
	1,233	**1,546**	**1,192**	**1,508**

Past due 90 days +
$104K relates to the grant receivable, which only can be received after annual report is finalised and review certified by the auditor. Most of the balance of $393K is secured under the credit insurance and the bank has approved finance by way of trade finance facilities.

Past due and impaired
None of the trade receivable at the balance date was impaired.

18. Related Party Disclosure

Subsidiaries
The consolidated financial statements include the financial statements of Syft Technologies Limited and the subsidiaries listed in the following table.

	Country of	%Equity Interest		Advances to (from)	
Name	**Incorporation**	**2015**	**2014**	**2015**	**2014**
				($000)	($000)
Syft Analytics Limited	New Zealand	100%	100%	-	(82)
Syft Technologies Inc	United States	100%	100%	392	625
Syft Technologies (UK) Limited	United Kingdom	100%	100%	-	-
				392	**543**

In the 2015 financial year Syft Analytics Limited and Syft Technologies Limited have amalgamated into the Syft Technologies Limited. Syft Technologies (UK) Limited has ceased trading and has been withdrawn from the relevant company registers during the 2015 financial year.

These amounts are interest free and payable on demand.

The Company's investment in subsidiaries is nominal, and do not appear on the face of the balance sheet.

Ultimate Parent
The ultimate parent company is Syft Technologies Limited.

Impairment
In the 2015 financial year part of the impairment of the loan to Syft Technologies Inc (STI) was reversed ($528k). The balance of the loan ($392k) remains not impaired. Sales and a service contract through STI meant it was able to fund partial repayment of the loan.

Key Management Personnel
Key Management Personnel includes the Board of Directors, the CEO and all employees that report directly to the CEO. Details relating to key management personnel, including remuneration paid, are included in note 19.

Transactions with Related Parties
Trade amounts owing between related parties are payable on demand. No related party debts have been written off or forgiven during the year.

19. Key Management Personnel

	Group		Parent	
	2015	2014	2015	2014
	($000)	($000)	($000)	($000)
Directors' Fees	66	69	66	69
Wages and Salaries	509	497	509	497
Share Based Payment	204	191	204	191
Total Compensation	**779**	**757**	**779**	**757**

20. Employee Share Equity Schemes

Chief Executive Share Scheme (CESS)

In 2012 the Board approved a share scheme for the Chief Executive Officer (CEO) of the Company. The scheme has been set up to align the CEO's incentives with that of the Company and Shareholders, and will serve as a reward and retention scheme for the CEO meeting performance milestones for the Company. The scheme aims to reward the CEO with 15% ownership of the Company.

The Company has provided the CEO with a non-recourse loan to assist the CEO to participate in the share scheme. The principal terms of the scheme are noted below.

- Loan is non-recourse, interest free and does not have a fixed repayment date.
- If the CEO sells any of the shares then the cash received must be first put towards repaying the loan.
- If the CEO sells shares at a current market price that is below the issue price, the relevant part of the loan relating to the difference between the issue price and the price achieved will effectively be forgiven.

The shares held by the CEO are restricted, and cannot be sold until the Board determines that the CEO has met certain KPIs and milestones for relevant financial years (with the parcels of shares having restrictions relating to FY13 to FY15). Total number of shares issued and unpaid under the scheme is 191,271,616.

Summary of Restricted (unpaid) CEO Shares:

Grant Date	Restricted Shares at Start of the Year - Thousands	Granted During the Year - Thousands	Vested During the Year - Thousands	Restricted Shares at End of the Year - Thousands	Excise Price $
Nov 12	12,914	-	(12,914)	-	0.020
Mar 13	45,041	-	(45,041)	-	0.005
Total	**57,955**	**-**	**(57,955)**	**-**	

Summary of Vested (unpaid) CEO Shares:

Grant Date	Vested Shares at Start of the Year - Thousands	Vested During the Year - Thousands	Vested Shares at End of the Year - Thousands	Excise Price $
Nov 12	43,236	12,914	56,150	0.020
Mar 13	90,081	45,041	135,122	0.005
Total	**133,317**	**57,955**	**191,272**	

The following table illustrates the number and fair value of the shares vested relating to the Chief Executive's Share Scheme during the year. The fair value has been recognised as an expense in the income statement during the year:

	2015			2014		
Grant Date	Vested During the Year - Thousands	Fair Value per Share $	Fair Value $ (000's)	Vested During the Year - Thousands	Fair Value per Share $	Fair Value $ (000's)
Nov 12	12,914	0.008	102	12,353	0.008	97
Mar 13	45,041	0.002	89	45,041	0.002	94
Total	**57,955**		**191**	**57,394**		**191**

20. Employee Share Equity Schemes (Continued)

Pricing Model
The Scheme is consistent with that of a call option and has been valued according to the Black-Scholes option pricing model, using the following assumptions:

20 November 2012 granted shares
- The Share price as at 20 November was $0.02.
- Total shares granted was 56,149,500.
- The level of volatility was 40% based on historical volatility and estimated future volatility of Syft share price.
- The risk free discount rate of 2.82% based on the NZ Government five year bond rate as the Grant Date.

15 March 2013 granted shares (issued 6 June 2013)
- The Share price as at 6 June was $0.005.
- Total shares granted was 135,122,116.
- The level of volatility was 40% based on historical volatility and estimated future volatility of Syft share price.
- The risk free discount rate of 3.11% based on the NZ Government five year bond rate as the Grant Date.

The CEO has met all the KPIs for the 2015 year so final tranche of shares was vested and as a result there are no restricted shares.

Employee Share Option Scheme (ESOS)

In 2014 the Board approved a share scheme for the key employees of the Company. The scheme has been set up to align the key employees' incentives with that of the Company and Shareholders, and will serve as a reward and retention scheme for the key employees. The scheme aims to reward the key employees with 0.3% ownership of the Company.

The Company has provided the key employees with a non-recourse loan to assist the key employees to participate in the share scheme. The principal terms of the scheme are noted below:

- Loan is non-recourse, interest free and does not have a fixed repayment date.
- If the Key employees sells any of the shares then the cash received must be first put towards repaying the loan.
- If the key employees sells shares at a current market price that is below the issue price, the relevant part of the loan relating to the difference between the issue price and the price achieved will effectively be forgiven.

The shares held by the key employees are restricted, and cannot be sold until the employee remain with Syft for a minimum of three years (with the parcels of shares having restrictions relating to FY15 to FY18). Total number of shares issued and unpaid under the scheme is 3,970,000.

Summary of Restricted (unpaid) Employee Shares:

Grant Date	Restricted Shares at Start of the Year - Thousands	Granted During the Year - Thousands	Vested During the Year - Thousands	Restricted Shares at End of the Year - Thousands	Excise Price $
June 14	-	3,970	1,323	2,647	0.03
Total	**-**	**3,970**	**1,323**	**2,647**	

Summary of Vested (unpaid) Employee Shares:

Grant Date	Vested Shares at Start of the Year - Thousands	Vested During the Year - Thousands	Vested Shares at End of the Year - Thousands	Excise Price $
June 14	-	1,323	2,647	0.03
Total	**-**	**1,323**	**2,647**	

20. Employee Share Equity Schemes (Continued)

The following table illustrates the number and fair value of the shares vested relating to the Employee Share Option Scheme during the year. The fair value has been recognised as an expense in the income statement during the year:

	2015			2014		
Grant Date	**Vested During the Year - Thousands**	**Fair Value per Share $**	**Fair Value $ (000's)**	**Vested During the Year - Thousands**	**Fair Value per Share $**	**Fair Value $ (000's)**
June 14	1,323	0.009	13	-	-	-
Total	**57,955**		**13**	**-**		**-**

Pricing Model
The Scheme is consistent with that of a call option and has been valued according to the Black-Scholes option pricing model, using the following assumptions:

5 June 2014 granted shares
- The Share price as at 5 June was $0.03.
- Total shares granted was 3,970,000.
- The level of volatility was 40% based on historical volatility and estimated future volatility of Syft share price.
- The risk free discount rate of 4.01% based on the NZ Government five year bond rate as the Grant Date.

21. Commitments

Leasing Commitments

Operating lease commitments - Group as lessee
The Group has entered into commercial leases on certain office equipment and premises. These leases have an average life of between 1 and 3 years. There are no restrictions placed upon the lessee by entering into these leases.

The lease for 3 Craft Place has one remaining right of renewal; this is on 1 January 2017.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Within one year	128	114	128	114
After one year but not more than 5 years	93	197	93	197
After more than 5 years	-	-	-	-
Total Minimum lease payments	**221**	**311**	**221**	**311**

Property, plant and equipment commitments
The Company and Group have no contractual obligations to purchase Property, Plant and Equipment (2014: NIL).

22. Contingencies

The Company and Group have no contingencies at balance date. (2014: Nil)

23. Subsequent Events

The following events have occurred subsequent to balance date;

Share Issue
In May 2015, 57,955,090 shares were unrestricted to the CEO under the CEO share scheme.

24. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 March 2015	Group FVTPL ($000)	Group Loans and receivables ($000)	Group Total ($000)	Parent FVTPL ($000)	Parent Loans and receivables ($000)	Parent Total ($000)
Assets per balance sheet						
Cash and Cash Equivalents	-	1,580	1,580	-	1,580	1,580
Trade and Other Receivables	-	1,233	1,233	-	1,192	1,192
Intercompany Advances	-	-	-	-	392	392
Total	**-**	**2,813**	**2,813**	**-**	**3,164**	**3,164**

	Group FVTPL ($000)	Group Other Financial liabilities ($000)	Group Total ($000)	Parent FVTPL ($000)	Parent Other Financial liabilities ($000)	Parent Total ($000)
Liabilities per balance sheet						
Trade and Other Payables	-	626	626	-	558	558
Borrowings	-	321	321	-	321	321
Intercompany Advances	-	-	-	-	-	-
Total	**-**	**947**	**947**	**-**	**879**	**879**

31 March 2014	Group FVTPL ($000)	Group Loans and receivable s ($000)	Group Total ($000)	Parent FVTPL ($000)	Parent Loans and receivables ($000)	Parent Total ($000)
Assets per balance sheet						
Cash and Cash Equivalents	-	1,376	1,376	-	775	775
Trade and Other Receivables	-	1,546	1,546	-	1,508	1,508
Intercompany Advances	-	-	-	-	625	625
Total	**-**	**2,922**	**2,922**	**-**	**2,908**	**2,908**

	Group FVTPL ($000)	Group Other Financial liabilities ($000)	Group Total ($000)	Parent FVTPL ($000)	Parent Other Financial liabilities ($000)	Parent Total ($000)
Liabilities per balance sheet						
Trade and Other Payables	-	974	974	-	768	768
Borrowings	-	639	639	-	639	639
Intercompany Advances	-	-	-	-	82	82
Total	**-**	**1,613**	**1,613**	**-**	**1,489**	**1,489**

25. Reconciliation of Profit /(Loss) after taxation with net cash flows from operating activities:

	Group		Parent	
	2015	**2014**	**2015**	**2014**
	($000)	($000)	($000)	($000)
Net Profit/(Loss)	476	(339)	602	(61)
Adjustments for:				
Depreciation and Amortisation	85	107	85	107
Unrealised Foreign Exchange (gain)/loss – non group	(99)	24	-	24
Impairment of Intangibles	-	-	-	-
Impairment of Intercompany Advances	-	-	(528)	(485)
Loss/(Gain) on Disposal of Fixed Assets	-	29	-	28
Share Based Payment Expense	204	191	204	191
Adjusted Profit/(Loss)	666	12	363	(196)
Changes In Working Capital Items				
(Increase)/decrease in Trade and Other Receivables	295	(797)	298	(1,422)
(Increase)/decrease in Inventory	(117)	20	(117)	20
(Increase)/decrease in GST	39	(56)	39	(27)
(Increase)/decrease in Current Tax Asset	(5)	(7)	(4)	(7)
(Decrease)/increase in Trade and Other Payables	(320)	213	(182)	19
(Increase)/decrease in Intercompany Loans	-	-	528	-
	(108)	(627)	562	(1,417)
Item Reclassified to Investing Activities (Demo units from Inventory)	-	(163)	-	(163)
Intercompany Transactions reclassified to Financing Activities (Increases in balances through trading and impairment recognised in the loss)	-	-	-	287
Net Cash Flow (to) Operating Activities	**558**	**(778)**	**925**	**(1,489)**

26. Going Concern

The financial statements have been prepared on a going concern basis. The company's only term debt being the Trade Finance Facility is offset by a receivable that is guaranteed by credit insurance. With Syft Technologies Inc having a positive cash balance and the intercompany loan being written up to reflect this, the directors believe the company has sufficient cash balances, and ability to raise capital to meet its debts as they fall due in the coming year.

Given this, the Directors consider it appropriate that the financial statements continue to be prepared on a going concern basis.

Independent Auditors' Report

to the shareholders of Syft Technologies Limited

Report on the Financial Statements

We have audited the financial statements of Syft Technologies Limited ("the Company") on pages 9 to 39, which comprise the balance sheet as at 31 March 2015, the statement of comprehensive income, the statement of changes in equity and the cash flow statement 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 both the Company and 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 of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate 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 and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, 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 and the Group'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. Other than in our capacity as auditors and providers of other related assurance services we have no relationship with, or interests in, the Group or any of its subsidiaries.

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Independent Auditors' Report

Syft Technologies Limited

Opinion

In our opinion, the financial statements on pages 9 to 39:

(i) comply with generally accepted accounting practice in New Zealand; and

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 31 March 2015, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2015:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

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 to the Company's shareholders 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.

PricewaterhouseCoopers

Chartered Accountants — Christchurch

2 July 2015

Shareholder Information

Directors' Interests

In accordance with Section 140(2) of the Companies Act 1993 and Section 19(U) of the Securities Markets Act 1988, the Directors named below have made a general disclosure of interest, by a general notice disclosed to the Board and entered in the Company's interests register. General notices were given by these Directors which remain current at 31 March 2015.

Hon. Ruth Richardson
Chairman & Director of
Jade Software Corporation
Kiwinet Limited
Kula Fund II
NZ Merino Company Limited

Director of:
Ruth Richardson (NZ) Limited
Synlait Milk Limited
Bank of China (NZ) Limited

Richard Coleman
Director of:
Koau Capital Partners Limited
C5 Management Group Limited
C5 Investments Limited
Re-Build Solutions Limited
Roimata Holdings Limited

Michael Bushell
Director of:
SVO Consulting Limited
TMB Management Limited
Islamic Properties Limited
Pacific Invoice Finance Limited
PFNZ Limited
SF Holdings (2014) Limited
Southern Financial Services Limited
Ski Time Villas Limited
Dot 6 Limited

There were no notices from the Directors of the Company requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

Directors' Remuneration

Non-executive directors receive fees determined by the Board on the recommendation of the Remuneration Committee plus reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors.

The following people held office or ceased to hold office as a Director during the year and received the following remuneration including benefits and fees for work performed during the year:

Director	Category	Accrued	Paid during the year	Fees Capitalised Into Shares	Total Remuneration
Michael Bushell	Non-Executive	-	15,000	-	15,000
Richard Coleman	Non-Executive	-	15,000	-	15,000
Hon Ruth Richardson	Chairman	-	30,000	-	30,000

Directors' Shareholdings

Directors' shareholdings are shown as at balance date.

Name	31 March 2015
Michael Bushell	
shares held with non-beneficial interest	2,417,307
Richard Coleman	
shares held with non-beneficial interest	2,333,333
Hon. Ruth Richardson	
shares held with non-beneficial interest	8,562,184

Employees Remuneration

During the year the number of employees or former employees not being Directors of Syft Technologies Limited received remuneration including the value of other benefits in excess of $100,000 in the following bands

Remuneration	Group
100,001-110,000	2
110,001-120,000	1
290,001-300,000	1

20 Largest Shareholders as at 31 March 2015

Name	Shareholding	%
DOUGLAS MACLEAN HASTIE *	191,271,616	15.0%
ACCIDENT COMPENSATION CORPORATION	181,240,833	14.89%
DOUGLAS ZIFFEL & SMOOT (NEW YORK) LIMITED	145,176,667	11.93%
WHALE WATCH KAIKOURA LIMITED	130,000,000	10.68%
MICHAEL NEIL HAWKINS	37,085,258	3.05%
HUBBARD CHURCHER TRUST MANAGEMENT LIMITED	36,314,932	2.98%
STEPHEN JOHN COLLINS & LYNNE SHARON COLLINS &	32,717,010	2.69%
FNZ CUSTODIANS LIMITED	32,037,242	2.63%
STEPHEN JOHN COLLINS	31,142,549	2.56%
ICONIC INVESTMENTS LIMITED	30,924,119	2.54%
PAUL BERNARD MCCORMACK	20,205,134	1.66%
POWERHOUSE VENTURES LIMITED	19,980,000	1.64%
WING KAI LEUNG	15,979,999	1.31%
FORSYTH BARR CUSTODIANS LIMITED	15,000,000	1.23%
ADRIAN WILLIAM VANCE & KERRY ANNE VANCE &	15,000,000	1.23%
MURRAY JAMES MCEWAN & RUTH MARION MCEWAN	14,141,767	1.16%
FORSYTH BARR CUSTODIANS LIMITED	13,010,868	1.07%
CANTERPRISE LIMITED	13,000,000	1.07%
SIMON JOHN NICHOLS	10,674,165	0.88%
CURE KIDS VENTURES LIMITED	8,902,466	0.73%

*Shares are unpaid and issued under the Chief Executive Share Scheme.

Spread of Shareholders as at 31 March 2015

Size of Shareholding	Number of holders	%	Total Number held	%
1 – 49,999	210	32.6	4,235,934	0.3
50,000 – 99,999	74	11.5	4,966,347	0.4
100,000 – 499,999	216	33.5	48,427,861	3.8
500,000 - 999,999	58	9.0	38,317,823	3.0
1,000,000 +	86	13.4	1,179,196,174	92.5
Total	**644**	**100.00**	**1,275,144,139**	**100.0**

Included above are 191,271,616 unpaid shares issued under the Chief Executive Share Scheme.

Directory

DIRECTORS

Hon. Ruth Richardson (Chairman)
Michael Bushell
Richard Coleman

REGISTERED OFFICE

3 Craft Place
Christchurch
New Zealand

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Bank of New Zealand
PO Box 1461
Christchurch

AUDITORS

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PO Box 13244
Christchurch

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Computer Share
Private Bag 92119
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