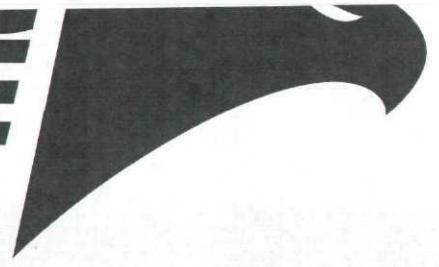


**PACIFIC
EAGLE
CAPITAL**



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ANNUAL
REPORT

2018



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The society and its advisors

INCORPORATION Pacific Eagle Capital was incorporated in New Zealand on 10 October 2007 under the Building Societies Act 1965. Pacific Eagle Capital changed its name from General Equity on 21 February 2017.

CURRENT DIRECTORS John Peter Kortum (Chairman)
Ambrose Chan
Dr. Steven Adrian Hensen
Steven Robert Maskell
Chutamas Vongvorakit
Chun Keong Low

**REGISTERED AND
BUSINESS OFFICE** Level 4
17 Albert Street
Auckland New Zealand

AUDITOR PKF Melbourne
Level 12, 440 Collins St Melbourne Vic Australia

The directors present the Financial Statements of Pacific Eagle Capital for the year ended 31 March 2018 together with the Auditor's Report.

Directors

The names of the directors in office during the year and up to the date of this report are:

John Peter Kortum, Chairman
 Ambrose Chan, Director
 Dr. Steven Adrian Hensen, Director
 Steven Robert Maskell, Director
 Chutamas Vongvorakit, Director
 Chun Keong Low, Director

Principal Activities

The Society's principal activities are the provision of trade instruments, banking and other financial services for the benefit of its members and clients.

The affairs of the Society are considered to be satisfactory by the directors.

Trading Results

Loss for the year	NZ \$4,079,296
Equity at the beginning of the year	NZ\$ 945,774
Equity at end of the year	NZ\$ (3,133,522)

Dividends

No dividends have been paid or declared for the year ended 31 March 2018.

Auditors

In terms of Section 98 of the Building Societies Act 1965 the auditors of the Society PKF Melbourne continue in office.

Directors' approval of financial statements

The Financial Markets Conduct Act 2013 and Building Societies Act 1965 require the directors to prepare financial statements for each financial year which give a true and fair view of the financial position and financial performance of the Society for that period. In preparing those financial statements the directors are required to:

- * select suitable accounting policies and apply them consistently
- * make judgements and estimates that are reasonable and prudent, and

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

The 2018 Annual Report together with the financial statements for the year ended 31 March 2018, prepared in accordance with the above requirements, are authorised for issue on behalf of the Board of Directors on 28 November 2018.

John Peter Kortum
 Director

Steven Adrian Hensen
 Director

Independent Auditor's Report

To the Members of Pacific Eagle Capital – Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Pacific Eagle Capital (the Society), which comprise the statement of financial position as at 31 March 2018, statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the incomplete disclosure of the information referred to in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements on pages 5 to 25 present fairly, in all material respects, the financial position of the Society as at 31 March 2018 and its financial performance and cash flows for the year then ended, in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

As discussed in Note 1.1, primarily due to the existence of a deficiency of net assets at the reporting date, the Society's parent entity, Anametrics Holdings Limited, has provided assurances to the Directors that it accepts responsibility for providing sufficient financial assistance to the Society as and when it is required, to enable the Society to continue its operations and fulfil all of its financial obligations to third party depositors and creditors for a period of at least 12 months from both the date of receipt of that assurance and the date of this report. The assurances rely on the ability of the parent entity, with reference to unaudited financial statements, to readily convert long-term assets to cash, or otherwise source cash, sufficient to readily meet the Society's obligations to third party depositors and creditors. This situation indicates that a material uncertainty exists as to the ability to readily access cash should the need arise, that may cast significant doubt on the Society's ability to continue as a going concern.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Information other than the Financial Statements and Auditor's Report

The directors of the Society are responsible for the other information. The other information in the Society's Annual Report comprises information other than the financial statements and the Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible on behalf of the Society for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report



The directors are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs NZ, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of this Independent Auditor's Report

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

The engagement partner on the audit resulting in this independent auditor's report is Steven Bradby.

PKF
Melbourne, 28 November 2018

Steven Bradby
Partner

Statement of financial position

As at 31 March 2018

in NZ Dollars	Note	2018 NZ\$	2017 NZ\$
Assets			
Cash and cash equivalents	4	23,541	163,575
Trade receivables and prepayments		7,076	7,387
Receivables from related parties	7	135,906	71,075
Investments	5	6,844,972	10,584,618
Total assets		7,011,495	10,826,655
Equity			
Share capital	8	7,453,965	7,453,965
Retained earnings		(10,587,487)	(6,508,191)
Total equity		(3,133,522)	945,774
Liabilities			
Trade payable and accruals		126,517	185,992
Payables to related parties	7	5,172,658	5,063,327
Member deposits		4,845,842	4,631,562
Total liabilities		10,145,017	9,880,881
Total equity and liabilities		7,011,495	10,826,655

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

John Peter Kortum
Director

Steven Adrian Hensen
Director

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2018

in NZDollars	Note	2018 NZ\$	2017 NZ\$
Revenue	2	137,379	352,300
Other operating expenses	2	(684,679)	(1,626,516)
Operating (loss)/profit before finance income		(547,300)	(1,274,216)
Other Losses			
Impairment	5	(3,740,587)	-
Finance income	2	216,922	50,072
Finance expenses	2	(83,498)	(802,961)
Net finance income		133,424	(752,889)
Profit/(Loss) before tax		(4,154,463)	(2,027,105)
Income tax (expense)/benefit	3	75,167	-
Profit/(Loss) for the year		(4,079,296)	(2,027,105)
Other comprehensive income			
Total comprehensive income/(loss) for the year.		(4,079,296)	(2,027,105)

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

Statement of changes in equity

For the year ended 31 March 2018

in NZDollars	Note	2018 NZ\$	2017 NZ\$
Share capital			
Opening balance	8	7,453,965	7,453,965
Closing balance		7,453,965	7,453,965
Retained earnings			
Opening balance		(6,508,191)	(4,481,086)
Total comprehensive income for the year		(4,079,296)	(2,027,105)
Closing balance		(10,587,487)	(6,508,191)
Total equity			
Opening balance		945,774	2,972,879
Total comprehensive income for the year		(4,079,296)	(2,027,105)
Closing balance		(3,133,522)	945,774

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

Statement of cash flows

For the year ended 31 March 2018

in NZ Dollars	Note	2018 NZ\$	2017 NZ\$
Cash flows from operating activities			
Cash received from customers		-	-
Cash paid to suppliers and service entities		(191,175)	(120,176)
Tax paid received		75,167	-
Net cash from/(used in) operating activities	9	(116,008)	(120,176)
Cash flows from financing activities			
Cash advanced by (to) related parties		(382,400)	(246,046)
Deposits received from (repaid to) members		358,374	444,780
Net cash from/(used in) financing activities		(24,026)	198,734
Net increase/(decrease) in cash and cash equivalents		(140,034)	78,558
Cash and cash equivalents at 1 April		163,575	85,017
Cash and cash equivalents at 31 March	4	25,541	163,575

* Cash flows arising from these activities have been reported on a net basis.

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

Basis of preparation and significant accounting policies

1.1 BASIS OF PREPARATION

Reporting entity

Pacific Eagle Capital (the 'Society') is a profit-oriented building society domiciled and registered in New Zealand under the Building Societies Act 1965. The financial statements of the Society were authorized for issue in accordance with a resolution of the directors on the date indicated on page 2.

The principal activity of the Society during the year was the provision of trade instruments, banking and other financial services for the benefit of its members and others. The registered office is located at Level 4, 17 Albert Street, Auckland, New Zealand.

Basis of preparation and statement of compliance

The financial statements of the Society have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Financial Markets Conduct Act 2013, the Financial Reporting Act 2013 and the Building Societies Act 1965. For the purposes of complying with NZ GAAP, the entity is a for-profit entity.

The financial statements of the Society comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Society has maintained its RMAs (relationships with other banks) to facilitate the requirements of members and clients to do business around the world. The creation of RMAs is an essential precursor to communicating with other banks via SWIFT to send trade credit instruments. The expansion of the number of RMAs is a key element for the growth of the Society in providing services for its members and clients.

Following the restructure of the ownership of the Society and the settlement of related party receivables with an equity investment in IBB Fund 1 (refer note 5) and with the confirmed financial support of Anametrics Holdings Limited, the ultimate parent company, the directors are

reviewing the Society's core business activity moving forward into the next financial year. The Society's investment in IBB is fair valued at NZ\$ 6,844,972 as at the reporting date. The carrying amount was adjusted to this level as of the reporting date, with the resultant impairment contributing to the Society's loss for the year of NZ\$4,079,296, and the deficit of net assets of NZ\$3,133,522.

The Directors believe that, in the event of any abnormal requirement to settle obligations to third party depositors and creditors outside of day to day operations, the Society is able to access sufficient value in the IBB investment to do so, and expect that any realisation of the asset would be achieved within 2-3 months to enable such obligations to be satisfied.

As of the date of approval of the financial statements, the Directors have received the assurance of Anametrics Holdings Limited that it accepts responsibility for providing, and undertakes to provide, sufficient financial assistance to the Society as and when it is required, to enable the Society to continue its operations and fulfill all of its financial obligations to third party depositors and creditors for a period of at least 12 months from receipt of that assurance. The assurance is further supported by the agreement of related party depositors to either convert deposits to capital or otherwise subrogate their rights to third party depositors, as disclosed in note 7 Related party transactions and balances (Subsequent events – capitalisation and subrogation). Accordingly, the Directors believe that the going concern basis of presentation remains appropriate.

Functional and presentation currency

The financial statements are presented using New Zealand Dollars (NZD), the currency of the primary economic environment in which the Society operates. This is the Society's functional currency. All values in these financial statements are rounded to the nearest dollar, except when otherwise indicated.

Impacts of accounting standards and policy changes

The Society applied certain standards and interpretations which are effective for annual periods beginning on or after 1 April 2017. There has been no material impact on the financial statements as a result of the application of these standards, nor have there been any changes in accounting policies during the financial reporting period.

At the date of authorisation of the financial statements the following standards and interpretations were issued but are not yet effective and have not been applied in preparing the financial statements:

NZ IFRS 9 Financial Instruments includes a framework for classification and measurement of financial instruments and a single, forward-looking impairment model. The standard is effective for annual periods beginning on or after 1 January 2018. While it may have a significant impact on the financial statements, the impact has not yet been quantified.

NZ IFRS 15 Revenue from Contracts with Customers has an objective of a single revenue recognition model that applies to revenue from contracts with customers in all industries. The standard is effective for annual periods beginning on or after 1 January 2018. It is not expected to have a significant impact on the financial statements.

NZ IFRS 16 Leases will fundamentally change the accounting treatment of leases by lessees, introducing a single, on balance sheet accounting model for all leases, similar to current finance lease accounting. The standard is effective for annual periods beginning on or after 1 January 2019. It is not expected to have a significant impact on the financial statements.

Other Standards and Interpretations on issue but not yet effective are not expected to have an impact on the financial statements of the Society in the period of initial application.

Use of judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience, expectations of future events and other factors that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Information about the judgements, estimates and assumptions that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- * Note 3 – Income tax obligations
- * Note 5 – Fair value of investments

1.2 SIGNIFICANT ACCOUNTING POLICIES

The following specific accounting policies that materially affect the measurement of financial performance and the financial position have been applied.

Foreign currency

Transactions in foreign currencies are initially recorded by the Society at the functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets or liabilities denominated in foreign currencies are translated at balance date at the foreign exchange rate ruling at that date. Foreign exchange differences arising on the settlement of such transactions and the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-derivative financial instruments comprise cash and cash equivalents, trade receivables, receivables from related parties, available for sale financial assets, trade and other payables and accruals, payables to related parties and member deposits.

A financial instrument is recognised if the Society becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Society's contractual rights to the cash flows from the financial assets expire or if the Society transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Financial liabilities are derecognised when the Society's obligations specified in the contract are discharged, canceled or expired.

Non-derivative financial instruments are recognised initially at fair value, plus for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand, and short term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Society's cash management.

Members Deposits

Member deposits are recognised on the trade date at which the Society becomes a party to the contractual provision of the arrangement with the counterparties. Member deposits are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and other operating expenses for receivables.

Available for sale (AFS) financial assets

AFS financial assets are principally equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income (OCI) and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance expenses. The Society evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Society is unable to trade these financial assets due to inactive markets, the Society may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment

using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Trade and other payables

Trade and other payables are stated at cost. These are derived from purchases of day to day expense items and services and the terms are usual credit terms which are 30 days.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the EIR method, less any impairment losses.

Impairment

The carrying amounts of the Society's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the profit or loss.

Estimated recoverable amount of receivables carried at cost is calculated as the present value of estimated future cash flows.

Estimated recoverable amount of other assets is the greater of their fair value less costs to dispose, and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. Impairment losses are reversed through the profit or loss, only to the extent of previously recognised impairment losses.

Fair value measurement

The Society measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in

an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- * in the principal market for the asset or liability, or
- * in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Society.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Society uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- * Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
- * Level 2 – valuation techniques where inputs other than Level 1 inputs which have significant effect on fair value are observable either directly or indirectly
- * Level 3 – inputs that are not based on observable market data

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Society determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Society's Directors determine the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for any non-recurring measurement. External valuers are not involved for valuation of significant assets, such as AFS financial assets.

Provisions

A provision is recognised if, as a result of a past event, the Society has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date, using a

discount rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Private banking and service fee income

Private banking and service fee income is measured at the fair value of consideration received or receivable.

Interest income

Interest income on loans and borrowings and investment securities, is recognised on an accruals basis using the EIR.

Finance expenses

Finance expenses comprise interest expenses on financial liabilities measured at amortised cost. All borrowing costs are recognised in the profit or loss using the EIR.

Taxes

Income tax

Income tax expense on the financial result comprises current tax and movements in deferred tax balances. Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial reporting period and any adjustment required in respect of previous reporting periods. It is measured using tax rates enacted or substantively enacted as at the reporting date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted as at the reporting date that are expected to apply when the liability is settled or the asset is realised.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets, including in respect of unused tax losses and tax credits, are recognised to the extent that it is probable that future

taxable profits will be available against which the asset can be utilised.

Current and deferred tax is recognised as an expense or income in profit and loss except when it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of GST except where GST is not recoverable. Unrecovered GST is recognised as part of the expense on acquisition cost of the asset. Receivables and payables are stated inclusive of any applicable GST.

Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker – being the board of directors – to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The directors have determined that the Society operates in the financial services segment. Although funds are sourced from depositors outside of New Zealand, the business is not located in those countries. Considerations surrounding financial risk management in relation thereto are disclosed in note 6.

2. Items of income and expense

2.1. Revenue

	2018	2017
	NZ\$	NZ\$
Fees from financial instruments issued	134,530	200,048
Service fees	2,849	152,252
Total revenue	137,378	352,300

2.2 Other operating expenses

The following items of expenditure are included in other operating expenses:

Auditor's remuneration paid to PKF Melbourne	64,477	81,167
Depreciation	-	-
Fees and charges paid to related parties (refer to Note 7) in respect of:		
- Administrative services	553,919	1,455,004

2.3 Finance income and expenses

Interest income - advances, including to related parties (refer to Note 7)	58,330	50,072
Foreign exchange gains	158,592	-
Finance income	216,922	50,072

Interest expense - deposits and other finance expenses	83,498	73,514
Net foreign exchange losses	-	729,447
Finance expenses	83,498	802,961
Net finance income	133,424	(752,889)

2.4 Other Losses

Impairment of investments (refer to Note 5)	3,740,587	-
Other Losses	3,740,587	-

3. Income tax

Current tax expense

Income tax (expense) credit per statement of comprehensive income	75,167
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Tax Residency

The Society is incorporated in New Zealand under the Building Societies Act 1965. During the 2015 year, the IRD asserted that due to the Society's primary centre of management being outside New Zealand, it is not in fact a tax resident of New Zealand. The result of this is that income tax would only be payable on income derived in New Zealand. Due to the Society's income being derived outside New Zealand, no New Zealand income tax obligation is included in these financial statements.

Additional advice has been obtained from the Society's Malaysian tax advisors in regard to any obligations that may arise due to the Society's primary management being Malaysian domiciled. The advice received is that although the Society may be Malaysian tax resident by virtue of the centre of management test, it would only be liable for Malaysian tax on income derived in Malaysia. As the Society's income is derived outside Malaysia, no Malaysian tax obligation arises.

4. Cash and cash equivalents

	2018	2017
	NZ\$	NZ\$
Cash at bank	-	-
Cash held in trust by a related entity on Pacific Eagle Capital's behalf	23,541	163,575
Total cash and cash equivalents	23,541	163,575

There are no restrictions on the use of cash held in trust accounts.

5. Investments

	2018	2017	2018	2017
	NZ\$	NZ\$	Euro	Euro
Available for sale financial assets	6,844,972	10,584,618	4,022,913	6,961,580
Total investments	6,844,972	10,584,618	4,022,913	6,961,580

The assets available for sale are solely held in Euro and are subject to currency fluctuations. The value of the NZ\$ against the Euro strengthened during the financial year and resulted in a revaluation of the asset and an increment of value by NZ\$1,260,354.

Pursuant to Share Sale Agreements entered into on 8 October 2014, General Equity Holdings Limited (the holder of 1,000,000 A Class Ordinary shares in the Society) and General Equity Services Limited (the holder of 6,000,000 Class C Preference shares in the Society) transferred their respective interests to IBB Fund 1 (a Malaysian Fund Registered No. 921255-U), a fund managed by Anametrics Holdings Limited (a company of which Steven Hensen, Chutamas Vongvorakit and Chun Keong Low, each current directors of the Society, are directors). This and related transactions were completed on 18 December 2014.

Concurrently under related agreements, the then balances of Pacific Eagle Capital's advances to General Equity Limited and WWCC Limited, aggregating NZD 10,395,160 were exchanged for 6,961,580 units in IBB Fund 1, at a price of €1 per share.

The Directors engaged an independent valuation in respect of the Society's ownership interest in the adjusted net assets of IBB, and received a report thereof on 15 October 2018. Considering the input of the valuation, consistent with Level 3 inputs under IFRS 13 (inputs that are not based on observable market data), while the price at transaction date remained fixed at NZ\$1.49 per share, the Directors have determined that the reporting date valuation be adjusted downwards to NZ\$0.98 per share, giving rise to an impairment from the previous year's carrying amount by NZ\$ 3,740,587 (including exchange rate adjustments).

The fair value of shares held in IBB is supported by IBB's non-controlling interest in Anametrics Holdings Limited. The value of IBB's shares in Anametrics Holdings Limited is significantly derived from that entity's ownership of mining tenements, mining concessions and joint venture interests in mining projects. The valuations derived are

sensitive to the mineable resource reserves available, and movements in the price of the commodities. Within the concessions held, the commodities impacting mining asset value are gold, silver, nickel and titanium. A movement of 10% in the spot price or the estimated mineable resource of any or all of these will derive an up to 10% movement in the net asset value of Anametrics Holdings Limited.

The viability of the commodity holdings and their respective future valuations will depend on a number of factors, including:

- * Commodity prices and exchange rates are constantly changing;
- * Risks inherent in exploration and mining include, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations if a mineable deposit is discovered and competent management;
- * Risks associated with obtaining the grant of any or all of the entity's mining tenements or permits which are applications, or renewal of tenements upon expiry of their current term, including the grant of subsequent titles where applied for over the same ground;
- * The grant or refusal of tenements is subject to ministerial discretion and jurisdictional or indigenous title rights and regulation, and there is no certainty that tenements applied for will be granted, or production proceed without associated cost burdens. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the entity;
- * The risk of material adverse changes in the government policies or legislation of where mines are operated by Anametrics Holdings Limited affect the level and practicality of mining and exploration activities;
- * Environmental management issues with which the Company may be required to comply from time to time;
- * Poor access to exploration areas as a result of remoteness or difficult terrain;
- * Poor weather conditions over a prolonged period which may adversely affect mining and exploration activities and the timing of earning revenues;
- * The availability and high cost of quality management, contractors and equipment for exploration, mining, and shipment.

6 Financial instrument disclosures

Pacific Eagle Capital is defined in NZ IFRS 7 'Financial Instruments: Disclosures' as a financial institution. The Society's activities expose it to various financial risks such as credit risk, liquidity risk, and market risk (including foreign currency risk and interest rate risk). The Society's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The Society uses different methods to measure the range of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, interest rate and ageing analysis for credit risk.

The Society's principal financial instruments comprise cash and equivalents, trade receivables and payables which arise directly from its operations, related party receivables and payables, available for sale financial assets, and member deposits.

The fair values of the Society's financial assets and liabilities as at 31 March 2018 (as set out in the table below) approximate their carrying values.

	2018 NZ\$	2017 NZ\$
Composition of financial assets and liabilities:		
Financial assets comprise:		
Cash and cash equivalents	23,541	163,575
Receivables due from related parties	135,906	71,075
Available for sale financial assets	6,844,972	10,584,618
	7,004,419	10,819,268
Financial liabilities comprise:		
Trade accounts payable	126,517	185,992
Payables to related parties	5,172,658	5,063,327
Member deposits	4,845,842	4,631,562
	10,145,017	9,880,881

The Society does not enter into derivative transactions, such as interest rate swaps or forward currency contracts. It is, and has been throughout the period, the Society's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Society's financial instruments are credit risk exposures, foreign currency risk, interest rate risk and liquidity risk. The policies and procedures for managing these risks are summarised below.

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Society. Credit risk arises principally from the Society advancing loans to its members and its trade financing activities.

The Society trades only with recognised and credit worthy parties. It is the Society's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Credit quality analysis

The status of financial assets at balance date is as follows:

	2018 NZ\$	2017 NZ\$
Current	23,541	163,575
Not yet due	135,906	71,075
	159,447	234,650

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation.

The shares held by the Society in IBB Fund are sufficient to meet the third party liabilities of the Society. It is expected that sale of the shares in IBB Fund can be made and realise their value in cash over a 2 to 3 month period. Refer to Note 1.1 'Going concern' for further information..

Maturity

	Year	< 6 months NZD	6 to 12 months NZD	1 to 5 years NZD	Totals NZD
Inflows - financial assets					
Cash and cash equivalents	2018	23,541	-	-	23,541
	2017	163,575	-	-	163,575
Receivables due from related parties	2018	135,906	-	-	135,906
	2017	71,075	-	-	71,075
Available for sale financial assets	2018	6,844,972	-	-	6,844,972
	2017	10,584,618	-	-	10,584,618
Total financial assets	2018	7,004,419	-	-	7,004,419
	2017	10,819,268	-	-	10,819,268
Outflows - financial liabilities					
Trade accounts payable	2018	126,517	-	-	126,517
	2017	185,992	-	-	185,992
Payables to related parties	2018	5,172,658	-	-	5,172,658
	2017	5,063,327	-	-	5,063,327
Member deposits	2018	4,047,617	-	798,225	4,845,842
	2017	3,917,888	-	713,674	4,631,562
Total financial liabilities	2018	9,346,792	-	798,225	10,145,017
	2017	9,167,207	-	713,674	9,880,881

Market risk

Foreign currency risk

Pacific Eagle Capital operates internationally and is exposed to foreign currency exchange risk on transactions that are denominated in a currency other than its functional currency, the New Zealand dollar (NZD). During the year and as at the reporting date the Society utilized and had exposure to the US dollar (USD), Australian dollar (AUD), Euro, Japanese yen (JPY), UAE dirham (AED) and other immaterial currencies. Given balances and transactions are denominated in these currencies, there is a natural hedge available to the Society.

Foreign currency exchange risk is managed by the Society's Treasury function which reports to the Board on the effects of the exposure, and potential strategies that can be implemented to manage the exposure, should the Board think it necessary.

As at the reporting date the Society held the following assets and liabilities, expressed in NZD, that were denominated in the noted currencies.

	Year	AED	AUD	Euro	JPY	USD	Totals NZD
Financial assets							
Cash and cash equivalents	2018	-	-	3,343	-	20,199	23,541
	2017	-	-	79,310	-	84,265	163,575
Receivables due from related parties	2018	-	-	13,125	-	-	13,125
	2017	-	(12,224)	281	-	150,213	138,270
Available for sale financial assets	2018	-	-	6,844,972	-	-	6,844,972
	2017	-	-	10,584,618	-	-	10,584,618
Total financial assets	2018	-	-	6,861,439	-	20,199	6,881,638
	2017	-	(12,224)	10,664,209	-	234,478	10,886,463
Financial liabilities							
Trade accounts payable	2018	-	-	-	-	-	-
	2017	-	28,035	(4)	-	74,317	102,348
Payables to related parties	2018	104,591	10,397	-	-	4,989,692	5,104,679
	2017	-	-	73,778	-	4,961,126	5,034,904
Member deposits	2018	51,574	1,407	285,833	2,486,063	1,569,659	4,394,536
	2017	-	1,605	328,545	2,378,000	1,396,819	4,104,969
Total financial liabilities	2018	156,165	11,804	285,833	2,486,063	6,559,351	9,499,215
	2017	-	29,640	402,319	2,378,000	6,432,262	9,242,221

Based on the financial instruments held at the reporting date, had the NZD strengthened / weakened by 5% against the four respective foreign currencies stated above, with all other variables held constant, the Society's consolidated result for the year would have (increased) / decreased by approximately NZD 123,000 (2017: NZD 85,000).

Interest rate risk

The Society's main interest rate risk arises in relation to its loan receivables and member deposits. Interest rate risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may reprice at a different time and/or by a different amount than financial liabilities.

At the reporting date, if interest rates had changed by +/- 25 basis points from the year-end rates, with all other variables held constant, the Society's equity, relating solely to the movement in profit and loss for the year, would not have changed materially.

The exposure to interest rate risks and the effective interest rates of financial assets and liabilities for the Society is as follows:

Interest

	Year	Average	Non-interest		Totals
		effective interest rate	bearing	Floating rate	
		%	NZD	NZD	NZD
Inflows - financial assets					
Cash and cash equivalents	2018			23,541	23,541
	2017			163,575	163,575
Receivables due from related parties	2018	5.29%		135,906	135,906
	2017	6.05%		71,075	71,075
Available for sale financial assets	2018		6,844,972		6,844,972
	2017		10,584,618		10,584,618
Total financial assets	2018		6,844,972	159,447	7,004,419
	2017		10,584,618	234,650	10,819,268
Outflows - financial liabilities					
Trade accounts payable	2018		126,517		126,517
	2017		185,992		185,992
Payables to related parties	2018	0.50%	2,227,314	2,945,344	5,172,658
	2017	0.50%	2,092,284	2,971,043	5,063,327
Member deposits	2018	1.22%		4,845,842	4,845,842
	2017	1.59%		4,631,562	4,631,562
Total financial liabilities	2018		2,353,831	7,791,186	10,145,017
	2017		2,278,276	7,602,605	9,880,881

Capital management

The capital structure of the Society consists of the proceeds raised from the issue of ordinary "A" class shares, "B" class shares and redeemable preference shares.

The Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the Society. The Directors monitor the demographic spread of members and the return on capital. The maintenance of a strong capital base is currently dependent on the continued support of related parties, shareholders and depositors.

7. Related party transactions and balances

	2018	2017
	NZ\$	NZ\$
Receivables from related parties	135,906	71,075
Payable to related parties	(5,172,658)	(5,063,327)
Net (payables to) / receivables from related parties	(5,036,752)	(4,992,252)

As of the reporting date IBB International Holdings Limited was the immediate parent company of Pacific Eagle Capital, it in turn being controlled by Anametrics Holdings Limited. Subsequent to year end the ownership of the Society was transferred directly to Anametrics Holdings Limited.

Transactions with key management personnel (KMP)

The following are the KMP, including Directors, of Pacific Eagle Capital during the year:

John Peter Kortum, Chairman
 Ambrose Chan, Director
 Dr. Steven Adrian Hensen, Director
 Steven Robert Maskell, Director
 Chutamas Vongvorakit, Director
 Chun Keong Low, Director

During the financial year, KMP have been remunerated by General Equity Services Pte Ltd.

Other transactions with key management personnel

A number of KMP, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with Pacific Eagle Capital in the reporting period. The directors believe that the terms and conditions of the transactions with KMP and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-KMP related entities. On 18 December 2014 concurrent transactions restructured the ownership of the Society and settlement of related party receivables in return for an equity investment in Ingenious Billion Berhad (IBB). The transactions have resulted in the Society becoming related to IBB via ownership interests and commonality of certain directors of the manager of IBB (refer further particulars in Note 5).

Other related party transactions

The aggregate value of transactions and outstanding balances in respect of each related party is shown in the table below.

Related party	Transaction	Note	Amount		Amount	
			Amount of transaction (payable)	Amount of receivable/transaction (payable)	Amount of transaction (payable)	Amount of receivable/transaction (payable)
			2018	2018	2017	2017
			NZ\$	NZ\$	NZ\$	NZ\$
CBD Office Limited	Member deposit	(i)	(47,897)	31,563		(10,202)
Chlas Meoi	Member deposit	(ii)	(13,125)	(2,632,158)	(13,572)	(2,684,649)
Edtrin Group (Samoa) Limited	Member deposit	(iii)	(377)	(75,633)	(379)	(74,840)
General Equity Holdings Pte Ltd	Interest income on advance made	(iv)	1,566	26,956	1,575	26,059
General Equity Limited	Interest income on advance made	(v)	12,258	74,868	24,072	42,627
General Equity Limited	Administrative expenses	(v)			(62,000)	
General Equity Services Ltd (Hong Kong)	Interest income on advance made	(vi)	146	2,518	139	2,389
Pacific Eagle Capital Pte Ltd	Administrative expenses	(vii)	(261,116)	(1,815,573)	(1,139,756)	(1,602,422)
General Equity Services Sdn Bhd	Administrative expenses	(viii)	(254,119)	(409,205)	(253,248)	(453,725)
One Anametrics Intertrade Limited	Member deposit	(ix)	1,641	(217,823)	(1,038)	(211,554)
Renewable Energy Holdings Limited	Member deposit	(x)	(98)	(19,730)		(20,124)
Steven Hensen	Member deposit	(xi)	1,913	(2,534)	60	(5,811)
WWCC Limited	Interest income on advance made	(xii)			2,335	-
Gross amounts receivable from related parties				135,906		71,075
Gross amounts payable to related parties				(5,172,658)		(5,063,327)

- I. Pacific Eagle Capital director, John Kortum is a director and shareholder of CBD Office Limited which has a non-interest bearing deposit with the society, and currently provided administrative services to the Society in New Zealand.
- II. Chlas Meoi the wife of director Steven Hensen has an interest bearing deposit with the society.
- III. Pacific Eagle Capital director, Steven Maskell is a director and shareholder of Edtrin Group (Samoa) Limited which has an interest bearing deposit with the society.
- IV. There were no current transactions with General Equity Holdings Limited other than interest charged on advances outstanding.

- V. General Equity Limited, a sister company, was the recipient of past interest bearing advances from the Society, and in the previous year provided administrative services to the Society in New Zealand.
- VI. There were no current transactions with General Equity Services (Hong Kong) Limited other than interest charged on advances outstanding.
- VII. The Society used the services of Pacific Eagle Capital Pte Ltd for providing administrative services in Singapore. This charge includes remuneration payments made to the KMP of the Society. The nature of the current services was consistent with those sourced in the previous financial year.
- VIII. The Society used the services of General Equity Services Sdn Bhd, a sister company, for providing administrative services in Malaysia. The nature of the current services was consistent with those sourced in the previous financial year.
- IX. Pacific Eagle Capital director, Steven Hensen is a director of One Anametrics Intertrade Limited which has an interest bearing deposit with the society.
- X. Renewable Energy Holdings Limited has a non-interest bearing deposit with the society.
- XI. Steven Hensen, a director of Pacific Eagle Capital, has an interest bearing deposit with the Society.
- XII. WWCC Limited, a sister company, settled outstanding interest-bearing balances due to the Society during the previous year.

Subsequent events – capitalisation and subrogation

Subsequent to the reporting date, the Directors of Pacific Eagle Capital Pte Ltd and General Equity Services Sdn Bhd respectively agreed for the obligations of the Society to be converted to shares in the Society, at the then equivalent value of the obligations, being 2,072,400 shares (Pacific Eagle Capital Pte Ltd) and 401,630 shares (General Equity Services Sdn Bhd).

In addition, the related party depositors Chlas Meoi, Edtrin Group (Samoa) Limited, One Anametrics Intertrade Limited, Renewable Energy Holdings Limited, and Steven Hensen have agreed to subrogate their claim for money due, in favour of third party depositors.

8. Share Capital

Share capital

"A" class ordinary shares, having no par value	2018	2017
On issue and fully paid at beginning of year (Number)	1,000,000	1,000,000
Issued "A" class capital, fully paid (NZ\$)	1,000,000	1,000,000

The holders of "A" class ordinary shares are entitled to one vote per share at meetings, to receive dividends as determined from time to time by the Directors, and rank pari passu with the residual assets of the Society on winding up the Society after satisfaction of creditors.

"B" class ordinary shares, having no par value	2018	2017
On issue and fully paid at beginning of year (Number)	453,965	453,965
Issued "B" class capital, fully paid (NZ\$)	453,965	453,965

The holders of "B" class ordinary shares are entitled to one vote per share holder certificate at meetings, to receive dividends as determined from time to time by the Directors, and rank pari passu with the residual assets of the Society on winding up the Society after satisfaction of creditors.

Preference shares, having no par value	2018	2017
On issue and fully paid at beginning of year (Number)	6,000,000	6,000,000
Issued preference capital, fully paid (NZ\$)	6,000,000	6,000,000

The preference share holders are entitled to one vote per share at meetings, and to receive dividends as determined from time to time by the Directors. The preference shares are redeemable solely at the option of the Society and rank preferred with the residual assets of the Society on winding up the Society after satisfaction of creditors.

9. Reconciliation of profit / (loss) with net cash from operating activities

	2018	2017
	NZ\$	NZ\$
Profit / (loss) for the year	(4,079,296)	(2,027,105)
Add / (less) non cash items:		
Management fees charged to loan accounts	552,979	1,455,004
Interest credited to loan accounts or member deposits	25,168	23,442
Services revenue credited to loan accounts or member deposits	(137,380)	(352,300)
Effect of foreign exchange rate changes	(158,591)	729,447
Asset impairment	3,740,587	-
Changes in assets and liabilities:		
Increase / (decrease) in other payables and accruals	(59,475)	51,336
Net cash from / (used in) operating activities	(116,008)	(120,176)

10. Commitments and contingencies

There are no contractual capital commitments or contingencies, including matters arising from financial instruments, as at the reporting date (2017 nil).

11. Events subsequent to balance date

Other than as provided in Note 7, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Society, the results of its operations, or the state of its affairs.

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