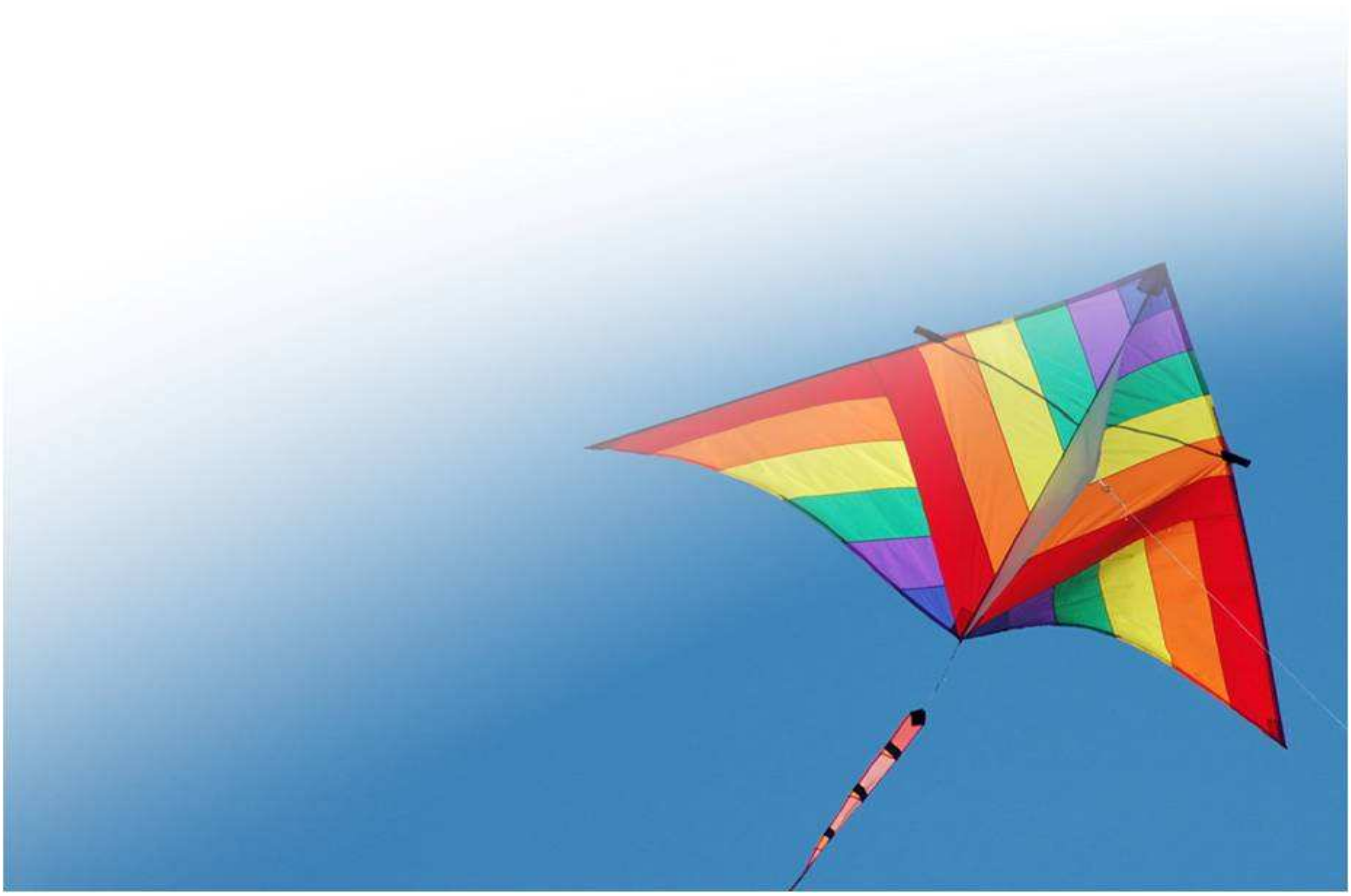
Model financial statements

A guide to producing consolidated financial statements for entities which qualify for differential reporting

Financial years ending on or after 31 December 2010



Introduction

Welcome to the model financial statements of Green Dot Differential Holdings Limited and subsidiary for the year ended 31 December 2010. Green Dot Differential Holdings Limited is a fictional New Zealand company registered under the Companies Act 1993.

Green Dot Differential Holdings Limited is a qualifying entity under the Framework for Differential Reporting that has elected to apply certain disclosure and measurement exemptions allowable under this Framework.

Keeping up to date with the various presentation and disclosure requirements of the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') is an ongoing challenge. With this in mind these model financial statements have been designed by Deloitte to assist clients, partners and staff with the preparation of annual financial statements under NZ IFRS for a qualifying entity.

They have been prepared as an illustrative example of general purpose financial statements of an entity comprising a parent and its subsidiary, in accordance with the Financial Reporting Act 1993, the Companies Act 1993 and Standards and Interpretations approved by the Accounting Standards Review Board (‘ASRB’) for application for periods ending on 31 December 2010.

Current accounting practices and changes in financial reporting standards have been incorporated into these model financial statements at the time of publication. Due to the continually evolving nature of accounting practices it is important that the preparer of the financial statements maintains an awareness of financial reporting developments and how these impact on the preparer's financial statements.

Further discussion of the reporting requirements for New Zealand entities and the Framework for Differential Reporting is included in Appendix 2 to these model financial statements.

Other useful tools and publications to assist in meeting the International Financial Reporting Standards ('IFRS') challenge can be found on Deloitte's New Zealand website www.deloitte.co.nz and Deloitte's global IFRS website www.iasplus.com which contains checklists and other useful IFRS publications.

Denise Hodgkins
15 May 2011

About the model financial statements

Alternative treatments permitted

A number of NZ IFRS permit entities to choose between alternative treatments. For example, these financial statements present a statement of comprehensive income, however NZ IFRS also permits entities to use a two-statement approach where a separate income statement is presented, which is demonstrated in Appendix 1. Additionally, the statement of comprehensive income presented in these model financial statements presents an analysis of expenses by nature, however presentation by function is also permitted.

The accounting policies selected for these model financial statements are set out in note 1.

Amounts presented

The amounts presented in these model financial statements are not intended to represent a reflection of the commercial and economic environment at 31 December. Accordingly foreign exchange rates, interest rates (etc) should not be considered to be a reasonable reflection of actual rates at 31 December.

Exclusions

This model does not, and cannot be expected to cover all situations that may be encountered in practice. Therefore, knowledge of the disclosure provisions of the relevant legislation and NZ IFRS is a pre-requisite for the preparation of financial statements.

Specifically, this model does not provide guidance on the 'public benefit entity' disclosure requirements of NZ IFRS and the disclosure requirements of the following Standards:

NZ IFRS 1	*First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*
NZ IFRS 2	*Share-based Payment*
NZ IFRS 4	*Insurance Contracts*
NZ IFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*
NZ IFRS 6	*Exploration for and Evaluation of Mineral Resources*
NZ IAS 1 (2007)	*Presentation of Financial Statements (NZ 138.1 to NZ 138.10 Statement of Service Performance)*
NZ IAS 11	*Construction Contracts*
NZ IAS 20	*Accounting for Government Grants and Disclosure of Government Assistance*
NZ IAS 26	*Accounting and Reporting by Retirement Benefit Plans*
NZ IAS 28	*Investments in Associates*
NZ IAS 29	*Financial Reporting in Hyperinflationary Economies*
NZ IAS 31	*Interests in Joint Ventures*
NZ IAS 33	*Earnings per Share*
NZ IAS 34	*Interim Financial Reporting*
NZ IAS 41	*Agriculture*
FRS 42	*Prospective Financial Statements*
FRS 43	*Summary Financial Statements*

In addition, certain Interpretations (NZ IFRIC and NZ SIC) have not been demonstrated in these model financial statements. These model financial statements also do not demonstrate early adoption of the Standards and Interpretations that have been issued but are not yet effective for periods ending 31 December 2010 as listed at page 36.

These model financial statements are not designed to meet the specific needs of specialised industries. Rather, they are intended to meet the needs of the vast majority of qualifying entities in complying with the annual reporting requirements of the Companies Act 1993, Financial Reporting Act 1993 and Standards and Interpretations approved by the ASRB (as at 15 May 2011). Enquiries regarding specialised industries should be directed to an industry specialist in your nearest Deloitte office.

The names of people and companies referred to in these model financial statements are fictitious. Any resemblance to any person or business is unintentional.

Source references

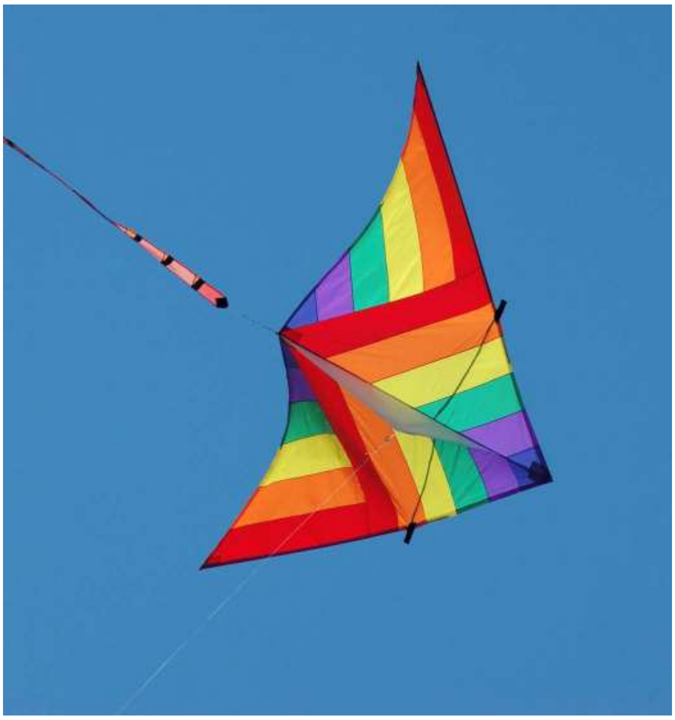
Suggested disclosures are cross referenced to the underlying requirements of the relevant legislation and NZ IFRSs in the left hand column of each page of these model financial statements. Where doubt exists as to the appropriate treatment examination of the source of the disclosure requirement is recommended.

Abbreviations used in this model are as follows:

Abbreviation/ Term	What it stands for
ASRB	Accounting Standards Review Board (New Zealand) The ASRB will be superseded by the XRB from 1 July 2011
Co Act	Companies Act 1993
FRA	Financial Reporting Act 1993
FRS	Financial Reporting Standard(s)
FRSB	Financial Reporting Standards Board (New Zealand)
GAAP	Generally Accepted Accounting Practice
IAS	International Accounting Standard(s)
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee of the IASB, and also used to refer to the Interpretation(s) issued by this committee
IFRS	International Financial Reporting Standard(s) IFRS incorporates IAS (inherited by the IASB from its predecessor body the IASC), IFRS (issued by the IASB) and the Interpretations of both types of Standards (SIC, IFRIC)
MED	Ministry of Economic Development
NZICA	New Zealand Institute of Chartered Accountants
NZ IAS	New Zealand equivalents to International Accounting Standard(s)
NZ IFRS	New Zealand equivalents to International Financial Reporting Standard(s) NZ IFRS incorporates the IAS, IFRS and the Interpretations of both types of Standards (SIC, IFRIC) approved by the ASRB
Qualifying Entity	An entity which qualifies for differential reporting concessions in accordance with the *Framework for Differential Reporting for Entities Applying the NZ IFRS Regime*
Reporting Entity	Entities subject to legal requirements on financial reporting Which entities constitute reporting entities and which entities should have financial reporting obligations is currently under review. The MED released a discussion paper '*The Statutory Framework for Financial Reporting'* in September 2009 and the ASRB simultaneously released a companion document *'Proposed Application of Accounting and Assurance Standards under the Proposed New Statutory Framework for Financial Reporting'*. The new framework is intended to be all encompassing and considers all entities in the for-profit, public and not-for profit sectors. The proposals will have some far-reaching consequences. Further progress is expected to be announced during 2011, and the current status is discussed further on page 37.
SIC	Interpretation(s) issued by the Standing Interpretations Committee of the IASC, the predecessor committee to the IFRIC
XRB	External Reporting Board

Green Dot Differential Holdings Limited

Annual Report
For the year ended 31 December 2010



Green Dot Differential Holdings Limited
Annual report for the year ended 31 December 2010

Co Act s.208(1),211(1) FRA s.10,13 Co Act s.211(3)	The Directors are pleased to present the financial statements of Green Dot Differential Holdings Limited and the consolidated financial statements of the Group for the year ended 31 December 2010. No disclosure has been made in respect of Section 211(1)(a) and (e) to (j) of the Companies Act 1993 following a unanimous decision by the shareholders in accordance with Section 211(3) of the Act. The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of Green Dot Differential Holdings Limited and Group as at 31 December 2010 and the results of their operations for the year ended 31 December 2010. The Directors consider that the financial statements of the Company and the Group have been prepared using accounting policies appropriate to the Company and Group circumstances, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable New Zealand equivalents to International Financial Reporting Standards have been followed. The Directors have responsibility for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Financial Reporting Act 1993. The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.
Co Act s.211(1)(k)	This annual report and the financial statements are dated 25 February 2011 and signed in accordance with a resolution of the directors made pursuant to section 211(1)(k) of the Companies Act 1993.

For and on behalf of the Directors

Mary H. Heikkila Director	Katherine Empie Director

SOURCE							
NZ IAS 1.51(a)	**Green Dot Differential Holdings Limited**						
NZ IAS 1.10(b),81(a)	**Statement of comprehensive income**						
NZ IAS 1.51(c)	**for the year ended 31 December 2010**						
NZ IAS 1.51(b)			**Group**		**Company**		
			2010	**2009**	**2010**	**2009**	
NZ IAS 1.51(d),(e),113		**Note**	**NZ$**	**NZ$**	**NZ$**	**NZ$**	
NZ IAS 18.35(b)(i)*	Revenue from the sale of goods		14,270,175	13,427,870	-	-	
NZ IAS 40.75(f)(i)	Rental revenue from investment property		512,000	497,000	512,000	497,000	
NZ IAS 18.35(b)(v)*	Dividends received	2	10,261	7,463	510,261	507,463	
NZ IFRS 7.20(b), NZ IAS 18.35(b)(iii)*	Interest revenue		50,189	45,090	5,148	4,904	
NZ IAS 1.85	**Total operating revenue**		14,842,625	13,977,423	1,027,409	1,009,367	
NZ IAS 1.85	Other income	3	161,801	84,456	142,000	80,000	
NZ IAS 1.99,104	Employee benefits expense	4	(4,026,583)	(3,876,012)	-	-	
NZ IAS 1.99, NZ IAS 2.39	Changes in inventories		72,223	72,671	-	-	
NZ IAS 1.99, NZ IAS 2.39	Raw materials and consumables used		(6,168,161)	(5,876,914)	-	-	
NZ IAS 1.99	Repairs and maintenance		(431,667)	(400,188)	-	-	
NZ IAS 1.99	Utilities		(651,552)	(618,365)	-	-	
NZ IAS 1.99	Transportation and storage		(597,054)	(567,396)	-	-	
NZ IAS 1.99,104	Depreciation and amortisation expense	5	(328,060)	(307,983)	-	-	
NZ IAS 1.82(b), NZ IFRS 7.20(b)	Finance costs	6	(437,101)	(451,540)	(302,412)	(301,505)	
NZ IAS 1.99	Other expenses		(830,105)	(673,631)	(151,171)	(141,313)	
NZ IAS 1.85	**Profit before income tax expense**	7	1,606,366	1,362,521	715,826	646,549	
NZ IAS 1.82(d), NZ IAS 12.77	Income tax expense	8	(470,633)	(420,342)	(7,178)	(5,707)	
NZ IAS 1.82(f)	**Profit for the year, attributable to equity holders of the parent**		1,135,733	942,179	708,648	640,842	
	Other comprehensive income						
NZ IAS 1.82(g), NZ IFRS 7.20(a)(ii)	Gain/(loss) on available-for-sale financial assets	27	13,393	(9,257)	13,393	(9,257)	
NZ IAS 12.NZ 4.1A(b), NZ IAS 1.91(b)	Tax expense relating to other comprehensive income		-	-	-	-	
NZ IAS 1.85	**Other comprehensive income for the year, net of tax**		13,393	(9,257)	13,393	(9,257)	
NZ IAS 1.82(i)	**Total comprehensive income for the year, net of tax, attributable to equity holders of the parent**		1,149,126	932,922	722,041	631,585	

Notes to the financial statements are included on pages 11 to 27.

* Differential Reporting exemptions are available in relation to these disclosure requirements. Green Dot Differential Holdings Limited has chosen to disclose additional information about the nature of its operations.

SOURCE						
NZ IAS 1.51(a)	**Green Dot Differential Holdings Limited**					
NZ IAS 1.10(a)	**Statement of financial position**					
NZ IAS 1.51(c)	**as at 31 December 2010**					
NZ IAS 1.51(b)			**Group**		**Company**	
			2010	**2009**	**2010**	**2009**
NZ IAS 1.51(d),(e),113		**Note**	**NZ$**	**NZ$**	**NZ$**	**NZ$**
NZ IAS 1.60,66	**Current assets**					
NZ IAS 1.54(i)	Cash and cash equivalents	10	1,379,676	1,127,721	341,799	255,550
NZ IAS 1.54(h)	Trade receivables	11	1,509,630	1,414,722	4,200	5,300
NZ IAS 1.54(g), NZ IAS 2.36(b)	Inventories	12	1,053,601	981,378	-	-
NZ IAS 1.55	Prepaid expense		81,485	77,785	2,540	2,330
NZ IAS 1.54(d)	Derivative financial instruments	13	15,465	-	-	-
NZ IAS 1.55	**Total current assets**		4,039,857	3,601,606	348,539	263,180
NZ IAS 1.60	**Non-current assets**					
NZ IAS 1.54(a)	Property, plant and equipment	14	4,181,497	4,339,635	-	-
NZ IAS 1.54(b)	Investment property	15	6,272,000	6,130,000	6,272,000	6,13,000
NZ IAS 1.54(c),55	Goodwill	16	1,849,650	1,849,650	-	-
NZ IAS 1.54(c)	Other intangible assets	17	230,389	153,889	-	-
NZ IAS 1.54(d),55	Investment in subsidiary	18	-	-	6,150,000	6,150,000
NZ IAS 1.54(d),55	Investment in listed shares	19	292,508	279,115	292,508	279,115
NZ IAS 1.55	**Total non-current assets**		12,826,044	12,752,289	12,714,508	12,559,115
NZ IAS 1.55	**Total assets**		16,865,901	16,353,895	13,063,047	12,822,295
NZ IAS 1.60,69	**Current liabilities**					
NZ IAS 1.54(k)	Trade and other payables	20	1,203,188	1,117,688	65,027	59,056
NZ IAS 1.54(l)	Provisions	21	121,154	108,055	-	-
NZ IAS 1.54(m),55	Interest-bearing loans	22	200,000	200,000	-	-
NZ IAS 1.54(m),55	Finance lease liability	24	11,491	10,565	-	-
NZ IAS 1.54(n)	Current tax payables		10,750	70,324	1,824	1,495
NZ IAS 1.54(m),55	Derivative financial instruments	13	-	12,917	-	-
NZ IAS 1.55	**Total current liabilities**		1,546,583	1,519,549	66,851	60,551
NZ IAS 1.60	**Non-current liabilities**					
NZ IAS 1.54(l)	Provisions	23	85,181	63,335	-	-
NZ IAS 1.54(m),55	Interest-bearing loans	22	5,133,461	5,307,970	3,956,581	3,944,170
NZ IAS 1.54(m),55	Finance lease liability	24	15,792	27,283	-	-
NZ IAS 1.55	**Total non-current liabilities**		5,234,434	5,398,588	3,956,581	3,944,170
NZ IAS 1.55	**Total liabilities**		6,781,017	6,918,137	4,023,432	4,004,721
NZ IAS 1.55	**Net assets**		10,084,884	9,435,758	9,039,615	8,817,574
NZ IAS 1.55	**Equity**					
NZ IAS 1.54(r),55	Share capital	26	6,000,000	6,000,000	6,000,000	6,000,000
NZ IAS 1.54(r),55	Reserves	27	42,508	29,115	42,508	29,115
NZ IAS 1.54(r),55	Retained earnings		4,042,376	3,406,643	2,997,107	2,788,459
NZ IAS 1.55	**Total equity**		10,084,884	9,435,758	9,039,615	8,817,574

Notes to the financial statements are included on pages 11 to 27.

SOURCE

NZ IAS 1.51(a) NZ IAS 1.10(c) NZ IAS 1.51(c)

Green Dot Differential Holdings Limited
Statement of changes in equity
for the year ended 31 December 2010

NZ IAS 1.51(b)

Group

Source		Note	Share capital NZ$	Available-for-sale revaluation reserve NZ$	Retained earnings NZ$	Total NZ$
NZ IAS 1.51(d),(e),113						
NZ IAS 1.106(d)	Balance at 1 January 2009		6,000,000	38,372	2,964,464	9,002,836
NZ IAS 1.106(d)(i)	Profit for the year		-	-	942,179	942,179
NZ IAS 1.106(d)(ii)	Gain/(loss) on available-for-sale financial assets	27	-	(9,257)	-	(9,257)
NZ IAS 12.NZ 4.1A(b), NZ IAS 1.91(b)	Tax expense relating to other comprehensive income		-	-	-	-
	Other comprehensive income for the year, net of tax		-	(9,257)	-	(9,257)
NZ IAS 1.106(a)	Total comprehensive income, net of tax		-	(9,257)	942,179	932,922
NZ IAS 1.106(d)(iii),107	Dividends paid	28	-	-	(500,000)	(500,000)
NZ IAS 1.106(d)	Balance at 31 December 2009		6,000,000	29,115	3,406,643	9,435,758
NZ IAS 1.106(d)(i)	Profit for the year		-	-	1,135,733	1,135,733
NZ IAS 1.106(d)(ii)	Gain/(loss) on available-for-sale financial assets	27	-	13,393	-	13,393
NZ IAS 12.NZ 4.1A(b), NZ IAS 1.91(b)	Tax expense relating to other comprehensive income		-	-	-	-
	Other comprehensive income for the year, net of tax		-	13,393	-	13,393
NZ IAS 1.106(a)	Total comprehensive income, net of tax		-	13,393	1,135,733	1,149,126
NZ IAS 1.106(d)(iii),107	Dividends paid	28	-	-	(500,000)	(500,000)
NZ IAS 1.106(d)	Balance at 31 December 2010		6,000,000	42,508	4,042,376	10,084,884

NZ IAS 1.51(b)

Company

Source		Note	Share capital NZ$	Available-for-sale revaluation reserve NZ$	Retained earnings NZ$	Total NZ$
NZ IAS 1.51(d),(e),113						
NZ IAS 1.106(d)	Balance at 1 January 2009		6,000,000	38,372	2,647,617	8,685,989
NZ IAS 1.106(d)(i)	Profit for the year		-	-	640,842	640,842
NZ IAS 1.106(d)(ii)	Gain/(loss) on available-for-sale financial assets	27	-	(9,257)	-	(9,257)
NZ IAS 12.NZ 4.1A(b), NZ IAS 1.91(b)	Tax expense relating to other comprehensive income		-	-	-	-
	Other comprehensive income for the year, net of tax		-	(9,257)	-	(9,257)
NZ IAS 1.106(a)	Total comprehensive income, net of tax		-	(9,257)	640,842	631,585
NZ IAS 1.106(d)(iii),107	Dividends paid	28	-	-	(500,000)	(500,000)
NZ IAS 1.106(d)	Balance at 31 December 2009		6,000,000	29,115	2,788,459	8,817,574
NZ IAS 1.106(d)(i)	Profit for the year		-	-	708,648	708,648
NZ IAS 1.106(d)(ii)	Gain/(loss) on available-for-sale financial assets	27	-	13,393	-	13,393
NZ IAS 12.NZ 4.1A(b), NZ IAS 1.91(b)	Tax expense relating to other comprehensive income		-	-	-	-
	Other comprehensive income for the year, net of tax		-	13,393	-	13,393
NZ IAS 1.106(a)	Total comprehensive income, net of tax		-	13,393	708,648	722,041
NZ IAS 1.106(d)(iii),107	Dividends paid	28	-	-	(500,000)	(500,000)
NZ IAS 1.106(d)	Balance at 31 December 2010		6,000,000	42,508	2,997,107	9,039,615

Notes to the financial statements are included on pages 11 to 27.

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SOURCE	
NZ IAS 1.51(a) NZ IAS 1.10(e),113 NZ IAS 1.51(c)	**Green Dot Differential Holdings Limited** **Notes to the financial statements** **for the year ended 31 December 2010**

NZ IAS 1.112(a),117(b)

1. Summary of accounting policies

Statement of compliance

NZ IAS 1.NZ 15.1(a),(b), 138(a),(b)

Green Dot Differential Holdings Limited (the Company) is a profit-oriented entity incorporated and domiciled in New Zealand. Its principal products and services are specialty foods and rental of investment properties. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

NZ IAS 1.NZ 15.1(b),(d), NZ 15.2(c)

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards as appropriate for profit-oriented entities that qualify for and apply differential reporting concessions.

NZ IAS 10.17

The financial statements were authorised for issue by directors on 25 February 2011.

Basis of preparation

NZ IAS 1.117(a)

The financial statements have been prepared on the basis of historical cost, except for:

- investment property which is carried at fair value;
- certain financial instruments which are carried at fair value;
- inventory which is carried at the lower of cost or net realisable value; and
- non-current assets held for sale or discontinued operations which are carried at the lower of carrying amount or fair value less costs to sell.

NZ IAS 1.51(d)

The functional and presentation currency is New Zealand Dollars (NZD).

NZ IAS 1.17(b)

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.

NZ IAS 1.NZ 15.1(c), NZ IAS 8.NZ. 12.1

The Company and Group qualify for differential reporting exemptions as they are not publicly accountable and there is no separation between the owners and the governing body. The Company and Group have taken advantage of all available differential reporting exemptions except for:

- the exemption under NZ IAS 40 *Investment Property* allowing the measurement of investment property using the cost method;
- the exemption under NZ IAS 18 *Revenue* allowing the recording of revenue and expense inclusive of GST;
- the exemption under NZ IAS 21 The *Effects of Changes in Foreign Exchange Rates* allowing the measurement of transactions in foreign currencies at the settlement rate; and
- certain disclosure exemptions.

The accounting policies set out below have been applied in preparing financial statements for the year ended 31 December 2010 and the comparative information presented in these financial statements for the year ended 31 December 2009.

NZ IAS 1.112(a),117(b)

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

NZ IAS 27(2008)

(a) Basis of consolidation

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being Green Dot Differential Holdings Limited (the parent entity) and its subsidiary Green Dot Foods Limited. Subsidiaries are 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. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

NZ IFRS 3.32,37,53

Acquisitions of businesses are accounted for using the acquisition method. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the consideration transferred, the amount of any non-controlling interests and the fair value of the previously held equity interest (if any) over the fair values of the net identifiable assets acquired is recognised as goodwill. Any deficiency is credited to profit or loss in the period of acquisition. Acquisition related costs are expensed as incurred.

SOURCE	
NZ IAS 1.51(a)	**Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113	**Notes to the financial statements**
NZ IAS 1.51(c)	**for the year ended 31 December 2010**

NZ IAS 1.112(a),117(b)

1. Summary of accounting policies (continued)

(a) Basis of consolidation (continued)

The interests of non-controlling shareholders is stated at the non-controlling interest's proportion of the fair values of the identifiable net assets recognised.

The Group financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the Group financial statements, all intergroup transactions, balances, income and expenses are eliminated in full.

NZ IAS 27(2008).43(c) Investments in subsidiaries are measured at cost less any impairment in the parent company's financial statements.

(b) Foreign currency

NZ IAS 21.21,23 All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair values that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

NZ IAS 21.28 Exchange differences are recognised in profit or loss in the period in which they arise.

(c) Goods and services tax

All balances are presented net of goods and services tax (GST), except for receivables and payables which are presented inclusive of GST.

NZ IAS 1.45(b)

(d) Consistency of presentation

Except as detailed in note (v) below, these financial statements demonstrate consistent presentation and classification for each annual reporting period.

NZ IAS 18.35(a)

(e) Revenue recognition

Sale of goods

NZ IAS 18.14(a) Revenue from sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rental revenue

NZ IAS 17.50 Rental revenue in relation to operating leases on the Group's investment properties is recognised in profit or loss in the statement of comprehensive income on a straight-line basis over the lease term.

Dividend and interest revenue

NZ IAS 18.30(a),(c) Dividend revenue from investments is recognised when the shareholders' right to receive payment has been established. Interest revenue is recognised using the effective interest method.

Effective interest method

NZ IAS 39.9 The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount of the financial asset.

(f) Borrowing costs

NZ IAS 23.NZ 4.1,NZ 4.2 Borrowing costs are recognised as an expense using the effective interest method.

(g) Research and development costs

NZ IAS 38.NZ 7.1 Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

NZ IAS 1.51(a) **Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113 **Notes to the financial statements**
NZ IAS 1.51(c) **for the year ended 31 December 2010**

NZ IAS 1.112(a),117(b) **1. Summary of accounting policies (continued)**

(h) Income tax

NZ IAS 12, NZ 4.1,4.1A,4.2 Income tax for the period is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

NZ IFRS 7.21 **(i) Financial assets**

Investments are recognised and derecognised on trade date where the 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. Investments are initially measured at fair value plus transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

NZ IAS 39.9,46 Financial assets at fair value through profit or loss

Financial assets in this category are either financial assets held for trading or financial assets designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

i. it has been acquired principally for the purpose of selling in the near future; or

ii. it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

iii. it is a derivative that is not designated and effective as a hedging instrument.

All derivatives entered into by the Group are classified as held for trading as the Group does not apply hedge accounting.

NZ IAS 39.55(a), NZ IFRS 7.B5(e) Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 13.

NZ IAS 39.9,46(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's management has the positive intention and ability to hold to maturity. These investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective interest basis.

NZ IAS 39.9,46,55(b) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Certain shares held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 19. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised separately in profit or loss in the statement of comprehensive income when the Group's right to receive payment is established.

NZ IAS 39.9,46(a) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

NZ IAS 1.112(a),117(b)

1. Summary of accounting policies (continued)

(i) Financial assets (continued)

NZ IAS 39.58,59 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

NZ IAS 39.63 For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. A trade receivable is deemed to be uncollectible upon notification of insolvency of the debtor or upon receipt of similar evidence that the Group will be unable to collect the trade receivable. Changes in the carrying amount of the allowance account are recognised in profit or loss.

NZ IAS 39.65 If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed. In respect of financial assets carried at amortised cost, with the exception of trade receivables, the impairment loss is reversed through profit or loss in the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. Subsequent recoveries of trade receivables previously written off are credited against the allowance account.

NZ IAS 39.70 In respect of available-for-sale debt instruments, the loss is reversed through profit or loss.

NZ IAS 39.69 In respect of available-for-sale equity instruments, impairment losses are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated as a separate component of equity in the available-for-sale revaluation reserve.

(j) Inventories

NZ IAS 2.9,36(a) Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes an appropriate portion of fixed and variable overhead expenses. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(k) Non-current assets held for sale

NZ IFRS 5.15 Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

NZ IFRS 5.6-9 Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset (or disposal group) is available for immediate sale in its present condition, and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

(l) Leased assets

NZ IAS 17.8 Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessor

NZ IAS 17.50,52 Operating lease revenue is recognised in profit or loss in the statement of comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

NZ SIC 15 In the event that lease incentives are paid to lessees to enter into operating leases, such incentives are initially recorded as an asset and recognised as a reduction of rental revenue in profit or loss on a straight-line basis over the lease term.

SOURCE	
NZ IAS 1.51(a)	**Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113	**Notes to the financial statements**
NZ IAS 1.51(c)	**for the year ended 31 December 2010**

NZ IAS 1.112(a),117(b)

1. Summary of accounting policies (continued)

(l) Leased assets (continued)

Group as lessee

NZ IAS 17.20

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

NZ IAS 17.25

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are depreciated on a straight-line basis over the estimated useful life of the asset or the lease term, whichever is shorter.

NZ IAS 17.33

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern over which economic benefits from the leased asset are consumed.

NZ SIC 15

In the event that lease incentives are received to enter into operating leases, such incentives are initially recorded as a liability and are recognised as a reduction of rental expense on a straight-line basis over the lease term.

(m) Property, plant and equipment

NZ IAS 16.29,30,73(a)

All items of property, plant and equipment and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are capitalised if it is probable that future economic benefits will flow to the Group and the costs can be measured reliably. All other maintenance costs are recognised as an expense as incurred.

NZ IAS 16.73(b)

Depreciation is charged at the same rate as is allowed by the Income Tax Act 2007. Depreciation is charged to profit or loss in the statement of comprehensive income. Land is not depreciated. The following rates have been used:

NZ IAS 16.73(c)

Buildings	2% straight-line
Office furniture and fittings	10% - 40% straight-line
Plant and equipment	6.5% - 17.5% straight-line
Motor vehicles	18% straight-line
Equipment under finance lease	24% straight-line

(n) Investment Property

NZ IAS 40.NZ 4.1, 20,35,75(a)

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition investment property is measured at its fair value at the reporting date as determined by an independent registered valuer. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

(o) Intangible assets

NZ IAS 38.118(a),(b)

Computer software

Computer software is a finite life intangible and is recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged at 40% per annum, on a straight line basis, which is the same rate as is allowed by the Income Tax Act 2007.

Trademarks

Trademarks are indefinite life intangibles purchased through a business combination and are recorded initially at cost. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, trademarks are carried at cost less accumulated impairment losses and are reviewed annually for indications of impairment. Refer also to note 1(q).

NZ IAS 1.51(a)	**Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113	**Notes to the financial statements**
NZ IAS 1.51(c)	**for the year ended 31 December 2010**

NZ IAS 1.112(a),117(b)

1. Summary of accounting policies (continued)

(p) Goodwill

NZ IFRS 3.32, NZ IAS 36.NZ 5.2

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Refer also to note 1(q).

(q) Impairment of assets

NZ IAS 36.9, NZ 5.2

NZ IAS 36.66

At each reporting date, the Group 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 indication 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NZ IAS 36.6,55

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 estimates of future cash flows have not been adjusted.

NZ IAS 36.59,60

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 (or 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.

NZ IAS 36.117,119

NZ IAS 36.124

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase. An impairment of goodwill is not subsequently reversed.

(r) Financial instruments issued by the Company

Debt and equity instruments

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

Debt is classified as current unless the Group has the unconditional right to defer settlement of the debt for at least 12 months after the reporting date.

NZ IAS 32.35

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

NZ IAS 32.35

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the borrowings, or where appropriate, a shorter period, to the net carrying amount of the borrowings.

NZ IAS 1.112(a),117(b)

1. Summary of accounting policies (continued)

NZ IFRS 7.21

(s) Derivative financial instruments

The Group enters into forward foreign exchange contracts to manage its exposure to foreign exchange rate risk when purchasing equipment in foreign currencies.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. The Group has not adopted hedge accounting. Further details of derivative financial instruments are disclosed in note 13.

NZ IFRS 7.21

(t) Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

(u) Provisions

NZ IAS 37.14 Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

NZ IAS 37.36,42,45 The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

NZ IAS 37.53 When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

NZ IAS 37.66,68 Present obligations arising under onerous contracts are recognised as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the contractual obligations exceed the economic benefits estimated to be received.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

NZ IAS 8.28

(v) Standards and interpretations effective in the current period

In the current year, the Group adopted all mandatory new and amended Standards and Interpretations. None of the new and amended Standards and Interpretations had an impact on these financial statements, however the revised NZ IFRS 3 *Business Combinations* (revised 2008) and NZ IAS 27 *Consolidated and Separate Financial Statements* (revised 2008) has resulted in significant changes to the Group's accounting policies (including that transaction costs business acquisitions will be expensed rather than treated as part of the cost of acquisition) and these may have a material impact in future reporting periods.

SOURCE

NZ IAS 1.51(a) **Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113 **Notes to the financial statements**
NZ IAS 1.51(c) **for the year ended 31 December 2010**

2. Dividends received

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
	Dividends received from subsidiary	-	-	500,000	500,000
NZ IFRS 7.20(a)(ii)	Dividends received from available-for-sale financial assets	10,261	7,463	10,261	7,463
		10,261	7,463	510,261	507,463

3. Other income

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
NZ IAS 40.76(d)	Revaluation of investment property	142,000	80,000	142,000	80,000
NZ IFRS 7.20(a)(i)	Gain on fair value of derivative instruments	19,801	-	-	-
NZ IFRS 7.20(a)(iv)	Foreign exchange gains	-	4,456	-	-
		161,801	84,456	142,000	80,000

4. Employee benefits expense

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
	Salary and wage expense	3,855,475	3,719,500	-	-
NZ IAS 19.46	Defined contribution plan	142,774	135,975	-	-
	Other employee benefits	28,334	20,537	-	-
NZ IAS 1.104		4,026,583	3,876,012	-	-

NZ IAS 16.NZ 5.5,73(e)(vii)

5. Depreciation and amortisation expense

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
	Depreciation expense				
	Buildings	31,173	31,173	-	-
	Office furniture and fittings	18,051	17,718	-	-
	Plant and equipment	216,216	198,805	-	-
	Motor vehicles	13,082	13,082	-	-
	Equipment under finance lease	13,038	13,038	-	-
NZ IAS 1.104		291,560	273,816	-	-
	Amortisation expense				
NZ IAS 1.104	Computer software	36,500	34,167	-	-
	Total depreciation and amortisation expense	328,060	307,983	-	-

6. Finance costs

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
	Interest expense	434,215	447,802	302,412	301,505
	Finance charge	2,886	3,738	-	-
NZ IFRS 7.20(a)(v),(b)		437,101	451,540	302,412	301,505

NZ IAS 1.51(a) **Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113 **Notes to the financial statements**
NZ IAS 1.51(c) **for the year ended 31 December 2010**

7. Profit for the year

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
	Profit/(loss) before income tax has been arrived at after charging the following expenses and losses from operations:				
NZ IFRS 7.20(a)(iv),(e)	Bad and doubtful debts expense	(11,800)	(6,558)	-	-
NZ IAS 1.98(c)	Loss on disposal of property, plant and equipment	(6,763)	(10,080)	-	-
NZ IFRS 7.20(a)(i)	Net loss on fair value of derivative instruments	-	(12,917)	-	-
NZ IAS 21.52(a)*					
NZ IFRS 7.20(a)(v)	Net foreign exchange losses	(2,897)	-	-	-
NZ IAS 1.NZ 105.2*	Donations	(142,702)	(134,279)	-	-
NZ IAS 38.126	Research and development expenditure	(218,993)	(194,565)	-	-
NZ IAS 40.75(f)(ii)	Direct operating expenses of investment properties generating rental income	(89,188)	(79,903)	-	-
NZ IAS 17.35(c)	Minimum lease payments on operating leases	(93,000)	(88,000)	-	-
	Remuneration of auditors (note 9)	(54,400)	(40,700)	(17,400)	(14,200)

* Differential Reporting exemptions are available in relation to these disclosure requirements. Green Dot Differential Holdings Limited has chosen to disclose additional information about the nature of its operations.

8. Income taxes

NZ IAS 12.79

(a) Income tax recognised in profit or loss

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
	Tax expense comprises:				
NZ IAS 12.80(a)	Current tax expense	466,976	415,439	7,178	5,707
NZ IAS 12.80(b)	Under/(over) provision in previous years	3,657	4,903	-	-
	Total tax expense	470,633	420,342	7,178	5,707
NZ IAS 12, NZ 4.3,81(c)(i)*	Income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
	Profit from operations	1,606,366	1,362,521	715,826	646,549
	Income tax expense calculated at 30% (2009: 30%)	481,910	408,756	214,748	193,965
	Revenue exempt from tax	-	-	(150,000)	(150,000)
	Revaluation of investment property	(42,600)	(24,000)	(42,600)	(24,000)
	Tax depreciation on investment property	(12,000)	(12,000)	(20,700)	(20,700)
	Donations	42,811	40,284	-	-
	Non-deductible expenses	7,466	9,322	1,704	2,713
	Other	(10,611)	(6,923)	4,026	3,729
	Under/(over) provision in previous years	3,657	4,903	-	-
		470,633	420,342	7,178	5,707

* Entities qualifying for Differential Reporting exemptions are also permitted to explain the relationship between tax expense (income) and accounting profit using the gross amounts of the relevant items of income or expense (rather than their related tax effects as is demonstrated here).

On 20 May 2010 the Government announced that the company tax rate will reduce from 30% to 28% and tax depreciation deductions will no longer be available for any buildings with an estimated useful life of 50 years or more. The changes were enacted on 27 May 2010 and are effective for the 2012 income tax year, which begins on 1 January 2011. These changes do not impact current tax for the year ended 31 December 2010.

SOURCE

NZ IAS 1.51(a) | **Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113 | **Notes to the financial statements**
NZ IAS 1.51(c) | **for the year ended 31 December 2010**

NZ IAS 12, NZ 81.1(a)

8. Income Taxes (continued)

(b) Imputation credit account balances

	Group		Company	
	2010 NZ$	2009 NZ$	2010 NZ$	2009 NZ$
Balance at beginning of the year	1,996,944	1,741,571	63,740	55,125
Attached to dividends received	4,398	3,198	218,683	217,484
Taxation paid	530,207	466,461	6,849	5,417
Attached to dividends paid	(214,286)	(214,286)	(214,286)	(214,286)
Balance at end of the year	2,317,263	1,996,944	74,986	63,740

NZ IAS 12, NZ 81.1(b)

Imputation credits available directly and indirectly to shareholders of the parent company, through:	2010	2009
Parent company	74,986	63,740
Subsidiary	2,242,277	1,933,204
	2,317,263	1,996,944

9. Remuneration of auditors

Source		Group		Company	
		2010 NZ$	2009 NZ$	2010 NZ$	2009 NZ$
NZ IAS 1.NZ 105.1(a)(i)	Audit of the financial statements	34,000	27,200	9,000	8,200
NZ IAS 1.NZ 105.1(a)(iv)	Other assurance services (internal audit)	2,000	-	2,000	-
NZ IAS 1.NZ 105.1(a)(iii)	Taxation services (compliance)	18,400	13,500	6,400	6,000
		54,400	40,700	17,400	14,200

The auditor of the Company and Group is Deloitte.

10. Cash and cash equivalents

Source		Group		Company	
		2010 NZ$	2009 NZ$	2010 NZ$	2009 NZ$
NZ IAS 7.45*	Cash at bank and on hand	1,193,426	970,221	303,299	231,550
NZ IAS 7.45*	Short term deposits	186,250	157,500	38,500	24,000
		1,379,676	1,127,721	341,799	255,550

* Differential Reporting exemptions are available in relation to these disclosure requirements. Green Dot Differential Holdings Limited has chosen to disclose additional information about components of cash and cash equivalents.

11. Trade receivables

Source		Group		Company	
		2010 NZ$	2009 NZ$	2010 NZ$	2009 NZ$
	Trade receivables	1,555,135	1,454,985	4,200	5,300
NZ IAS 39.63	Allowance for doubtful debts	(45,505)	(40,263)	-	-
		1,509,630	1,414,722	4,200	5,300

NZ IFRS 7.7
NZ IFRS 7.20(a)(iv),21,B5(f)

The allowance for doubtful debts in relation to trade receivables is provided for based on estimated irrecoverable amounts determined by reference to current customer circumstances and past default experience. In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has provided fully for all receivables over 120 days past due because historical experience is such that receivables that are past due beyond 120 days are generally not recoverable. Trade receivables between 60 days and 120 days past due are provided for based on estimated irrecoverable amounts determined by reference to past default experience. In the current year, the Group has recognised a loss of $11,800 in respect of bad and doubtful debts (2009: $6,558). This is recorded within 'other expenses' in the statement of comprehensive income.

SOURCE

NZ IAS 1.51(a) **Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113 **Notes to the financial statements**
NZ IAS 1.51(c) **for the year ended 31 December 2010**

NZ IAS 2.36(b), 37*

12. Inventories

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
NZ IAS 2.NZ 5.2,36(b)*	Raw materials and packaging	306,818	292,091	-	-
NZ IAS 2.NZ 5.2,36(b)*	Work in progress	106,753	66,593	-	-
NZ IAS 2.NZ 5.2,36(b)*	Finished goods	668,788	654,090		
NZ IAS 2.NZ 5.2,36(b)*	Provision for obsolete inventory	(28,758)	(31,396)	-	-
NZ IAS 2.NZ 5.2,36(b)*		1,053,601	981,378	-	-

* Differential Reporting exemptions are available in relation to these disclosure requirements. Green Dot Differential Holdings Limited has chosen to disclose additional information about its classes of inventory.

NZ IFRS 7.7

13. Derivative financial instruments

	Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
Current assets				
Forward foreign exchange contracts	15,465	-	-	-
	15,465	-	-	-
Current liabilities				
Forward foreign exchange contracts	-	12,917	-	-
	-	12,917	-	-

The Group has entered into forward foreign exchange contracts to hedge unrecognised firm commitments to purchase items of equipment in Euros (2009: US dollars). The fair value of these forward foreign exchange contracts is measured at the present value of future cash flows using forward foreign exchange market rates at balance date and yield curves derived from quoted interest rates matching maturities of the contracts. The Group has not adopted hedge accounting.

NZ IAS 16.73(d), NZ 5.5

14. Property, plant and equipment

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
NZ IAS 16.73(d),NZ 5.5	Freehold land at cost	1,735,000	1,735,000	-	-
NZ IAS 16.73(d),NZ 5.5	Buildings at cost	1,558,665	1,558,665	-	-
NZ IAS 16.73(d),NZ 5.5	Accumulated depreciation	(281,771)	(250,598)	-	-
		1,276,894	1,308,067	-	-
NZ IAS 16.73(d),NZ 5.5	Office furniture and fittings at cost	110,852	105,845	-	-
NZ IAS 16.73(d),NZ 5.5	Accumulated depreciation	(71,513)	(57,403)	-	-
		39,339	48,442	-	-
NZ IAS 16.73(d),NZ 5.5	Plant and equipment at cost	1,864,543	1,775,976	-	-
NZ IAS 16.73(d),NZ 5.5	Accumulated depreciation	(776,371)	(596,062)	-	-
		1,088,172	1,179,914	-	-
NZ IAS 16.73(d),NZ 5.5	Motor vehicles at cost	72,678	72,678	-	-
NZ IAS 16.73(d),NZ 5.5	Accumulated depreciation	(49,057)	(35,975)	-	-
		23,621	36,703	-	-
NZ IAS 16.73(d),NZ 5.5	Equipment under finance lease at cost	54,326	54,326	-	-
NZ IAS 16.73(d),NZ 5.5	Accumulated depreciation	(35,855)	(22,817)	-	-
NZ IAS 17.31(a)		18,471	31,509	-	-
	Net book value of property, plant and equipment	4,181,497	4,339,635	-	-

NZ IAS 16.74(a) The bank loan of Green Dot Foods Limited is secured by a first mortgage over the freehold land and buildings of Green Dot Foods Limited.

NZ IAS 1.51(a) **Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113 **Notes to the financial statements**
NZ IAS 1.51(c) **for the year ended 31 December 2010**

15. Investment property

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
NZ IAS 40.76	Balance at beginning of the year	6,130,000	6,050,000	6,130,000	6,050,000
NZ IAS 40.76(d)	Fair value adjustment	142,000	80,000	142,000	80,000
NZ IAS 40.76,NZ 75.1(b)	Balance at end of the year	6,272,000	6,130,000	6,272,000	6,130,000

NZ IAS 40.75(d),(e), NZ 75.1(a),(c)

The fair value of the Group's investment property at 31 December 2010 (31 December 2009) has been arrived at on the basis of a valuation carried out at that date by John M. Valuer (ANZIV), an independent registered valuer. The valuer has recent experience in the location and category of investment property held by the Group. The valuation, which conforms to New Zealand Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

NZ IAS 40.75(g)

The Company's bank loan is secured by a first mortgage over the Company's investment property.

16. Goodwill

Allocation of goodwill to cash-generating units

NZ IAS 36.134(a)

Goodwill has been allocated for impairment testing purposes to two individual cash-generating units as follows:

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
NZ IAS 36.134(a)	Chocolates and confections plant	640,000	640,000	-	-
NZ IAS 36.134(a)	Other specialty food products plant	1,209,650	1,209,650	-	-
		1,849,650	1,849,650	-	-

The chocolates and confections plant distributes its products primarily to restaurants and delicatessens. The specialty food products plant distributes its products primarily to supermarkets.

17. Other intangible assets

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
	Computer software				
NZ IAS 38.118(c)	Gross carrying amount	113,000	102,500	-	-
NZ IAS 38.118(c)	Accumulated amortisation and impairment	(25,111)	(91,111)	-	-
		87,889	11,389	-	-
	Trademarks				
NZ IAS 38.118(c)	Gross carrying amount	142,500	142,500	-	-
NZ IAS 38.118(c)	Accumulated amortisation and impairment	-	-	-	-
		142,500	142,500	-	-
	Total other intangible assets	230,389	153,889	-	-

NZ IAS 38.122(a)

The trademarks were acquired in a business combination. The trademarks are renewable every ten years for an indefinite period of time for a nominal fee and management anticipates that the Group's products will continue to be sold profitably using these registered trademarks. For these reasons, the trademarks have been determined to have an indefinite useful life.

Allocation of indefinite useful life intangible assets to cash-generating units

NZ IAS 36.134(b)

The trademarks have been allocated for impairment testing purposes to two individual cash-generating units as follows:

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
NZ IAS 36.134(b)	Chocolates and confections plant	60,500	60,500	-	-
NZ IAS 36.134(b)	Other specialty food products plant	82,000	82,000	-	-
		142,500	142,500	-	-

SOURCE	
NZ IAS 1.51(a)	**Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113	**Notes to the financial statements**
NZ IAS 1.51(c)	**for the year ended 31 December 2010**

18. Subsidiaries

Source	Name of entity	Country of incorporation	Ownership interest 2010 %	Ownership interest 2009 %
NZ IAS 1.138(c)	Parent entity			
NZ IAS 1.138(a),(c)	Green Dot Differential Holdings Limited	New Zealand	n/a	n/a
	Subsidiary			
NZ IAS 27.42(b), NZ IAS 24.13	Green Dot Foods Limited	New Zealand	100%	100%

19. Investment in listed shares

	Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
Shares classified as available-for-sale financial assets	292,508	279,115	292,508	279,115

The Group holds shares in a listed New Zealand company. The fair value of investments in listed companies is the bid price at balance date.

20. Trade and other payables

	Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
Trade payables	938,791	894,452	36,903	34,660
Accrued expenses	165,685	140,049	18,600	15,150
Goods and services tax (GST) payable	98,712	83,187	9,524	9,246
	1,203,188	1,117,688	65,027	59,056

NZ IFRS 7.7 — The average credit period on the purchase of raw materials and packaging is 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

21. Current provisions

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
NZ IAS 1.78(d)	Employee benefits	95,154	83,555	-	-
NZ IAS 37.84(a)	Warranty provision	26,000	24,500	-	-
		121,154	108,055	-	-

NZ IAS 37.85 — The provision for warranty claims represents the directors' best estimate of the future sacrifice of economic benefits that will be required under the Group's warranty program for its specialty food products. The estimate has been made on the basis of historical warranty trends and may vary as a result of new ingredients, altered manufacturing processes or other events affecting product quality. All amounts are expected to be settled within 12 months from the reporting date.

22. Interest-bearing loans

	Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
Current				
Bank loans	200,000	200,000	-	-
Non-current				
Bank loans	5,133,461	5,307,970	3,956,581	3,944,170
	5,333,461	5,507,970	3,956,581	3,944,170

NZ IAS 16.74(a)
NZ IAS 40.75(g)

The Company has a 6 year interest-only loan which matures in December 2012. The Company pays interest quarterly at a fixed rate of 7.25% per annum. The Company's bank loan is secured by a first mortgage over the Company's investment property. Green Dot Foods Limited has a 5 year amortising loan maturing in December 2011. Green Dot Foods Limited pays interest quarterly at a fixed rate of 7.45% per annum. Green Dot Foods Limited's bank loan is secured by a first mortgage over the entity's freehold land and buildings.

23. Non-current provisions

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
NZ IAS 1.78(d)	Employee benefits	85,181	63,335	-	-

24. Leases

(a) Finance leases

NZ IAS 17.31(b)

Source		Group: Minimum future lease payments 2010 NZ$	Group: Minimum future lease payments 2009 NZ$	Group: Present value of minimum future lease payments 2010 NZ$	Group: Present value of minimum future lease payments 2009 NZ$
	Finance lease liabilities				
NZ IAS 17.31(b)(i)	Not later than one year	13,450	13,450	11,491	10,565
NZ IAS 17.31(b)(ii)	Later than one year and not later than five years	16,813	30,264	15,792	27,283
NZ IAS 17.31(b)(ii)	Later than five years	-	-	-	-
NZ IAS 17.31(b)	Minimum future lease payments	30,263	43,714	27,283	37,848
NZ IAS 17.31(b)	Less future finance charges	(2,980)	(5,866)	-	-
NZ IAS 17.31(b)	Present value of minimum lease payments	27,283	37,848	27,283	37,848
	Included in the financial statements as:				
	Current finance lease liability			11,491	10,565
	Non-current finance lease liability			15,792	27,283
				27,283	37,848

(b) Operating leases

Source		Group 2010 NZ$	Group 2009 NZ$	Company 2010 NZ$	Company 2009 NZ$
NZ IAS 1.7.35(a)	Non-cancellable operating lease payments				
NZ IAS 17.35(a)(i)	Not later than one year	104,000	93,000	-	-
NZ IAS 17.35(a)(ii)	Later than one year and not later than five years	217,000	306,000	-	-
NZ IAS 17.35(a)(iii)	Later than five years	30,000	45,000	-	-
		351,000	444,000	-	-

25. Related party disclosures

(a) Parent entity

The Company has a number of shareholders none of whom has a controlling interest.

NZ IAS 24.18

(b) Transactions with related parties

During the year Green Dot Foods Limited paid dividends of $500,000 to Green Dot Differential Holdings Limited (2009: $500,000).

One of the Company's directors, Katherine Empie, owns a controlling interest in Differential Packaging Limited, one of Green Dot Foods Limited's suppliers. During the year, Green Dot Foods Limited purchased goods from Differential Packaging Limited totalling $436,723 (2009: $415,502). Included in the Group's trade payables balance at 31 December 2010 is an amount of $46,425 (2009: $38,942) owed to this supplier.

SOURCE	
NZ IAS 1.51(a)	**Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113	**Notes to the financial statements**
NZ IAS 1.51(c)	**for the year ended 31 December 2010**

26. Share capital

Source		Group		Company	
		2010 NZ$	2009 NZ$	2010 NZ$	2009 NZ$
NZ IAS 1.79(a)(ii)	6,000,000 fully paid ordinary shares (2009: 6,000,000)	6,000,000	6,000,000	6,000,000	6,000,000

NZ IAS 1.79(a)(v) — Fully paid ordinary shares carry one vote per share and carry the right to dividends and, upon winding up, a pro rata share of the Company's assets.

Source		Group		Company	
		2010 #	2009 #	2010 #	2009 #
NZ IAS 1.79(a)(iv)	Balance at beginning of the year	6,000,000	6,000,000	6,000,000	6,000,000
NZ IAS 1.79(a)(iv)	Movement (describe)	-	-	-	-
NZ IAS 1.79(a)(iv)	Balance at end of the year	6,000,000	6,000,000	6,000,000	6,000,000

27. Reserves

NZ IAS 1.79(b) — The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired the portion of the reserve which relates to that financial asset is recognised in profit or loss.

NZ IFRS 7.27* — The Company holds shares in a listed New Zealand company. The fair value of those shares is determined by reference to quoted market prices.

* Differential Reporting exemptions are available in relation to these disclosure requirements. Green Dot Differential Holdings Limited has chosen to disclose additional information about its method of determining fair values.

28. Dividends

NZ IAS 1.107

Group & Company	2010 Cents per share	2010 Total NZ$	2009 Cents per share	2009 Total NZ$
Ordinary shares	8.33	500,000	8.33	500,000

29. Commitments for expenditure

(a) Capital expenditure commitments

Source		Group		Company	
		2010 NZ$	2009 NZ$	2010 NZ$	2009 NZ$
NZ IAS 16.74(c)	Plant and equipment	147,339	188,281	-	-
NZ IAS 40.75(h)	Investment property	101,200	-	101,200	-

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 24.

(c) Other expenditure commitments

Source		2010 NZ$	2009 NZ$	2010 NZ$	2009 NZ$
NZ IAS 40.75(h)	Investment property maintenance	12,000	10,400	12,000	10,400

30. Contingent liabilities

NZ IAS 37.86 — The subsidiary company is a defendant in a legal action involving the alleged failure of the entity to supply goods in accordance with the terms of a contract. The directors believe, based on legal advice, that the action can be successfully defended and therefore no losses will be incurred. The legal claim is expected to be concluded in the course of the next eighteen months.

31. Subsequent events

NZ IAS 1.137(a)
NZ IAS 10.21

Subsequent to the reporting date Green Dot Foods Limited declared a dividend of $500,000 to its shareholder Green Dot Differential Holdings Limited and Green Dot Differential Holdings Limited declared a dividend of $450,000 (7.5 cents per share) to its shareholders. In addition, the corporate income tax rate will change and tax depreciation on buildings with an estimated useful life of 50 years or more will be disallowed from 1 January 2011, as discussed in note 8.

SOURCE	
NZ IAS 1.51(a)	**Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113	**Notes to the financial statements**
NZ IAS 1.51(c)	**for the year ended 31 December 2010**

NZ IFRS 7.7

32. Financial instruments

NZ IAS 1.134

(a) Capital risk management

NZ IAS 1.134

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

NZ IAS 1.134,135(a)(i)*

The capital structure of the Group consists of debt, which includes the loans disclosed in note 22, cash and cash equivalents as disclosed in note 10, and equity, comprising share capital, reserves and retained earnings as disclosed in notes 26 and 27 and on the statement of changes in equity.

NZ IAS 1.134

The directors review the capital structure on a semi-annual basis. As part of this review the directors consider the cost of capital and the risks associated with each class of capital. The directors will balance the overall capital structure through the payment of dividends, new share issues, and share buy-backs as well as the issue of new debt or the redemption of existing debt.

NZ IAS 1.135(c)*

The Group's overall strategy remains unchanged from 2009.

NZ IAS 1.135(d)

There are no externally imposed capital requirements on the Company or Group.

* Differential Reporting exemptions are available in relation to these disclosure requirements. Green Dot Differential Holdings Limited has chosen to disclose additional information about its capital risk management.

NZ IFRS 7.8

(b) Categories of financial assets and financial liabilities

Source		Cash and cash equivalents	Loans and receivables	Available-for-sale financial assets	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	Group						
	As at 31 December 2010						
	Assets						
	Cash and cash equivalents	1,379,676	-	-	-	-	1,379,676
	Trade receivables	-	1,509,630	-	-	-	1,509,630
	Derivative financial instruments	-	-	-	15,465	-	15,465
	Investment in listed shares	-	-	292,508	-	-	292,508
NZ IFRS 7.8	Total financial assets	1,379,676	1,509,630	292,508	15,465	-	3,197,279
	Non-financial assets						13,668,622
	Total assets						16,865,901
	Liabilities						
	Trade and other payables	-	-	-	-	1,203,188	1,203,188
	Interest-bearing loans	-	-	-	-	5,333,461	5,333,461
	Finance lease liability	-	-	-	-	27,283	27,283
	Derivative financial instruments	-	-	-	-	-	-
NZ IFRS 7.8	Total financial liabilities	-	-	-	-	6,563,932	6,563,932
	Provisions						206,335
	Other non-financial liabilities						10,750
	Total liabilities						6,781,017
	As at 31 December 2009						
	Assets						
	Cash and cash equivalents	1,127,721	-	-	-	-	1,127,721
	Trade receivables	-	1,414,722	-	-	-	1,414,722
	Derivative financial instruments	-	-	-	-	-	-
	Investment in listed shares	-	-	279,115	-	-	279,115
NZ IFRS 7.8	Total financial assets	1,127,721	1,414,722	279,115	-	-	2,821,558
	Non-financial assets						13,532,337
	Total assets						16,353,895

SOURCE	
NZ IAS 1.51(a)	**Green Dot Differential Holdings Limited**
NZ IAS 1.10(e),113	**Notes to the financial statements**
NZ IAS 1.51(c)	**for the year ended 31 December 2010**

32. Financial Instruments (continued)

NZ IFRS 7.8

(b) Categories of financial assets and financial liabilities (continued)

	Cash and cash equivalents	Loans and receivables	Available-for-sale financial assets	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
Liabilities						
Trade and other payables	-	-	-	-	1,117,688	1,117,688
Interest-bearing loans	-	-	-	-	5,507,970	5,507,970
Finance lease liability	-	-	-	-	37,848	37,848
Derivative financial instruments	-	-	-	12,917	-	12,917
Total financial liabilities (NZ IFRS 7.8)	-	-	-	12,917	6,663,506	6,676,423
Provisions						171,390
Other non-financial liabilities						70,324
Total liabilities						6,918,137

	Cash and cash equivalents	Loans and receivables	Available-for-sale financial assets	Investments at cost	Financial liabilities at amortised cost	Total
Company						
As at 31 December 2010						
Assets						
Cash and cash equivalents	341,799	-	-	-	-	341,799
Trade receivables	-	4,200	-	-	-	4,200
Investment in subsidiary	-	-	-	6,150,000	-	6,150,000
Investment in listed shares	-	-	292,508	-	-	292,508
Total financial assets (NZ IFRS 7.8)	341,799	4,200	292,508	6,150,000	-	6,788,507
Non-financial assets						6,274,540
Total assets						13,063,047
Liabilities						
Trade and other payables	-	-	-	-	65,027	65,027
Interest-bearing loans	-	-	-	-	3,956,581	3,956,581
Total financial liabilities (NZ IFRS 7.8)	-	-	-	-	4,021,608	4,021,608
Provisions						-
Other non-financial liabilities						1,824
Total liabilities						4,023,432
As at 31 December 2009						
Assets						
Cash and cash equivalents	255,550	-	-	-	-	255,550
Trade receivables	-	5,300	-	-	-	5,300
Investment in subsidiary	-	-	-	6,150,000	-	6,150,000
Investment in listed shares	-	-	279,115	-	-	279,115
Total financial assets (NZ IFRS 7.8)	255,550	5,300	279,115	6,150,000	-	6,689,965
Non-financial assets						6,132,330
Total assets						12,822,295
Liabilities						
Trade and other payables	-	-	-	-	59,056	59,056
Interest-bearing loans	-	-	-	-	3,944,170	3,944,170
Total financial liabilities (NZ IFRS 7.8)	-	-	-	-	4,003,226	4,003,226
Provisions						-
Other non-financial liabilities						1,495
Total liabilities						4,004,721

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GREEN DOT DIFFERENTIAL HOLDINGS LIMITED

Report on the Financial Statements

We have audited the financial statements of Green Dot Differential Holdings Limited and group on pages 7 to 27, which comprise the consolidated and separate statements of financial position of Green Dot Differential Holdings Limited, as at 31 December 2010, the consolidated and separate statements of comprehensive income and statements of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors are responsible for the preparation of 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 control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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 and International Standards on Auditing (New Zealand). Those standards require that we comply with 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as 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.

Other than in our capacity as auditor and the provision of internal audit and taxation compliance services, we have no relationship with or interests in Green Dot Differential Holdings Limited or any of its subsidiaries.

Opinion

In our opinion, the financial statements on pages 7 to 27:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Green Dot Differential Holdings Limited and group as at 31 December 2010, and their financial performance for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2010:

- we have obtained all the information and explanations we have required
- in our opinion proper accounting records have been kept by Green Dot Differential Holdings Limited as far as appears from our examination of those records.

Chartered Accountants
Date
Auckland, New Zealand

SOURCE

Green Dot Differential Holdings Limited
Directory

Company Number
NZ123456

NZ IAS 1.138(a)

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Widget Investor Services Limited
Level 10
59 Babblebrook Road
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Telephone: (+64) 9 555 5555

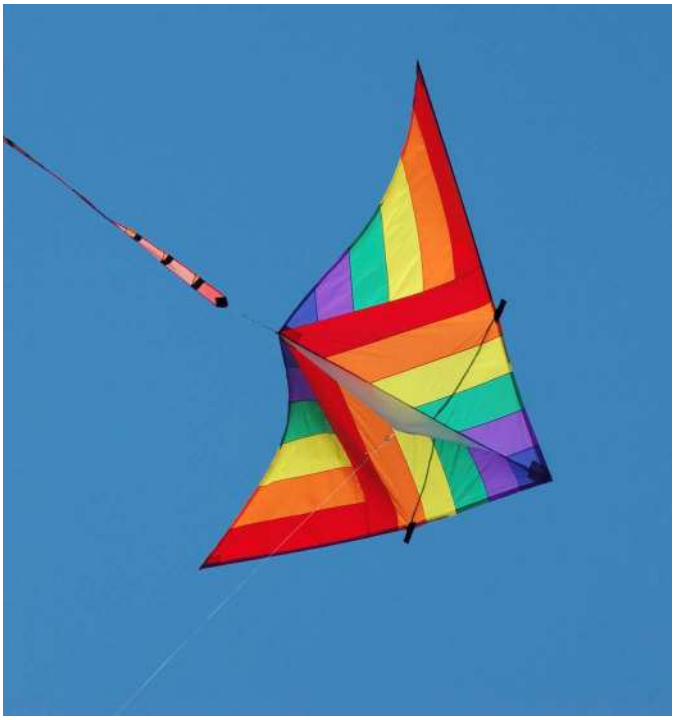
Auditor
Deloitte

Solicitors
Eagle, Beagle & Co

Banker
Best Bank Limited

Appendix 1

Alternative presentation under NZ IAS 1 *Presentation of Financial Statements* – the two statement approach



Appendix 1

Alternative presentation under NZ IAS 1 *Presentation of Financial Statements* – the two statement approach

SOURCE

NZ IAS 1.51(a) NZ IAS 1.10(b),81(b) NZ IAS 1.51(c)	**Green Dot Differential Holdings Limited** **Income statement** **for the year ended 31 December 2010**					
NZ IAS 1.51(b)			**Group**		**Company**	
			2010	**2009**	**2010**	**2009**
NZ IAS 1.51(d),(e),113		**Note**	**NZ$**	**NZ$**	**NZ$**	**NZ$**
NZ IAS 1.82(a),85, NZ IAS 18.35(b)(i)*	Revenue from the sale of goods		14,270,175	13,427,870	-	-
NZ IAS 1.82(a),85, NZ IAS 40.75(f)(i)	Rental revenue from investment property		512,000	497,000	512,000	497,000
NZ IAS 1.82(a),85, NZ IAS 18.35(b)(v)*	Dividends received	2	10,261	7,463	510,261	507,463
NZ IFRS 7.20(b), NZ IAS 18.35(b)(iii)*	Interest revenue		50,189	45,090	5,148	4,904
NZ IAS 1.85	Total operating revenue		14,842,625	13,977,423	1,027,409	1,009,367
NZ IAS 1.85	Other income	3	161,801	84,456	142,000	80,000
NZ IAS 1.99,104	Employee benefits expense	4	(4,026,583)	(3,876,012)	-	-
NZ IAS 1.99, NZ IAS 2.39	Changes in inventories		72,223	72,671	-	-
NZ IAS 1.99, NZ IAS 2.39	Raw materials and consumables used		(6,168,161)	(5,876,914)	-	-
NZ IAS 1.99	Repairs and maintenance		(431,667)	(400,188)	-	-
NZ IAS 1.99	Utilities		(651,552)	(618,365)	-	-
NZ IAS 1.99	Transportation and storage		(597,054)	(567,396)	-	-
NZ IAS 1.99,104	Depreciation and amortisation expense	5	(328,060)	(307,983)	-	-
NZ IAS 1.82(b) NZ IFRS 7.20(b)	Finance costs	6	(437,101)	(451,540)	(302,412)	(301,505)
NZ IAS 1.99	Other expenses		(830,105)	(673,631)	(151,171)	(141,313)
NZ IAS 1.85	Profit before income tax expense	7	1,606,366	1,362,521	715,826	646,549
NZ IAS 1.82(d), NZ IAS 12.77	Income tax expense	8	(470,633)	(420,342)	(7,178)	(5,707)
NZ IAS 1.82(f)	Profit for the year, attributable to equity holders of the parent		1,135,733	942,179	708,648	640,842

Notes to the financial statements are included on pages 11 to 27.

* Differential Reporting exemptions are available in relation to these disclosure requirements. Green Dot Differential Holdings Limited has chosen to disclose additional information about the nature of its operations.

NZ IAS 1.51(a) NZ IAS 1.10(b),81(b) NZ IAS 1.51(c)	**Green Dot Differential Holdings Limited** **Statement of comprehensive income** **for the year ended 31 December 2010**					
NZ IAS 1.51(b)			**Group**		**Company**	
			2010	**2009**	**2010**	**2009**
NZ IAS 1.51(d),(e),113		**Note**	**NZ$**	**NZ$**	**NZ$**	**NZ$**
NZ IAS 1.82(f)	Profit for the year		1,135,733	942,179	708,648	640,842
NZ IAS 1.82	Other comprehensive income					
NZ IAS 1.82(g), NZ IFRS 7.20(a)(ii)	Gain/(loss) on available-for-sale financial assets	27	13,393	(9,257)	13,393	(9,257)
NZ IAS 12, NZ4.1A(b), NZ IAS 1.91(b)	Tax expense relating to other comprehensive income		-	-	-	-
NZ IAS 1.85	Other comprehensive income for the year, net of tax		13,393	(9,257)	13,393	(9,257)
NZ IAS 1.82(i)	Total comprehensive income for the year, net of tax, attributable to equity holders of the parent		1,149,126	932,922	722,041	631,585

Notes to the financial statements are included on pages 11 to 27.

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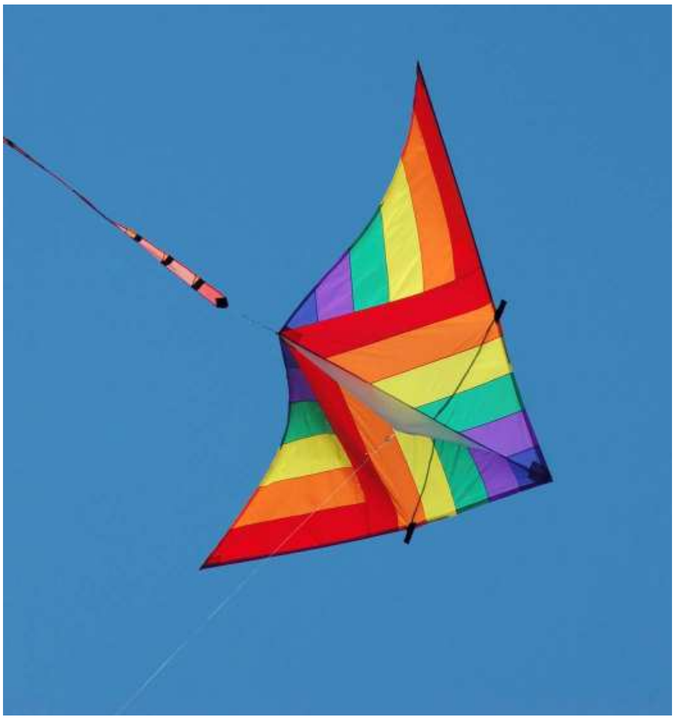
Reporting requirements



Appendix 2
Reporting requirements

Adoption of New Zealand equivalents to International Financial Reporting Standards

On 24 November 2004 the Accounting Standards Review Board ('ASRB') approved the stable platform of the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') presented to it by the Financial Reporting Standards Board ('FRSB'). NZ IFRS has additional requirements for profit-oriented entities and for public benefit entities to those required under International Financial Reporting Standards ('IFRS').

All reporting entities in New Zealand, other than those noted below, were required to comply with NZ IFRS for reporting periods beginning on or after 1 January 2007.

The FRSB similarly adopted Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC) for application to reporting periods beginning on or after 1 January 2007.

A list of the NZ IFRS applicable for reporting periods beginning on 1 January 2010 is detailed on pages 34 to 36.

Delay in mandatory adoption of NZ IFRS

The ASRB and the FRSB made a joint announcement in September 2007 regarding the deferral of the mandatory adoption of NZ IFRS for certain small entities. A company may delay its adoption if it meets the following criteria:

- it is not an Issuer as defined by the Financial Reporting Act 1993 ('FRA') in either the current or preceding accounting period;
- it is not required by section 19 of the FRA to file its financial statements; and
- it is not large, as defined by section 19A of the FRA (i.e. a company is not large if at least two of the following apply — total turnover does not exceed $20 million; total assets do not exceed $10 million; it does not have more than 50 full time equivalent employees. These thresholds must be calculated by reference to the company and its subsidiaries).

Other entities may delay their adoption if they are:

- not subject to the FRA or otherwise required to comply with financial reporting standards approved by the ASRB; and
- not publicly accountable and not large as defined in the Framework for Differential Reporting (i.e. an entity is not large if at least two of the following apply - total income does not exceed $20 million; total assets do not exceed $10 million; it does not have more than 50 employees).

The delay is subject to the government review of the financial reporting requirements applying to all entities under the FRA which commenced in 2008 and is expected to be further progressed during 2011. The Boards intend that there will be a minimum of one year between the date of any future announcement that entities which qualify for the delay will be required to adopt NZ IFRS and the earliest mandatory date of transition to NZ IFRS. This area is discussed further on page 37.

The Framework for Differential Reporting

For those entities that are not exempt from the mandatory adoption of NZ IFRS, the Framework for Differential Reporting may be available to reduce the reporting requirements under NZ IFRS. The Framework for Differential Reporting for Entities Applying the NZ IFRS Reporting Regime was approved by the ASRB in June 2005 under the Financial Reporting Act 1993 as an interim approach to reduce the reporting requirements imposed on certain entities by the application of the new reporting regime. The Framework is based on the existing Framework for Differential Reporting for superseded New Zealand Generally Accepted Accounting Practice ('NZ GAAP') initially developed in 1994. The new Framework was issued in June 2005 and includes subsequent amendments.

Entities that apply the Differential Reporting exemptions cannot assert compliance with IFRS. Such entities are however, able to assert that the financial statements have been prepared in accordance with NZ GAAP and NZIFRS, as appropriate for profit oriented/public benefit entities that qualify for and apply differential reporting concessions.

The Framework for Differential Reporting allows qualifying entities to avail themselves of exemptions from certain disclosure and measurement requirements of NZ IFRS. The criteria for identifying qualifying entities and a list of financial reporting standards where exemptions apply are detailed on the following page.

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Reporting requirements

The Framework for Differential Reporting (continued)

Identification of "qualifying entities"

An entity qualifies for differential reporting if it meets the following criteria

THE ENTITY DOES NOT HAVE 'PUBLIC ACCOUNTABILITY – THAT IS:

– it was not an Issuer in the current or preceding reporting period; and

– it does not have the coercive power to tax, rate or levy to obtain public funds

AND

EITHER

Every owner of the entity is also a member of its governing body **and** neither its parent nor its ultimate controlling body has the coercive power to tax, rate or levy to obtain public funds.

OR

The entity is not 'large'. An entity is 'large' if any two of the following apply:

- total income exceeds $20 million
- total assets exceed $10 million
- number of full-time equivalent employees exceeds 50.

Qualifying entity → Differential reporting applies

An entity may only qualify for differential reporting on the basis of size if the size criteria have been met for two consecutive balance dates (or one if it is the entity's first balance date).

Where the entity is a group, the criteria is applied to the group comprising the parent company and all its subsidiaries.

NZ IFRS

Detailed below is a list of the pronouncements which have been approved by the ASRB (as at 15 May 2011), and are mandatory for reporting periods beginning on 1 January 2010. In addition, we have indicated whether differential reporting exemptions are available for qualifying entities.

Except in relation to the exemptions noted below, qualifying entities are required to comply fully with generally accepted accounting practice which includes NZ IFRS.

Entities may need to consider whether some disclosures should still be made to give a true and fair view or to comply with the general disclosure principles (e.g. NZ IFRS 7.7 requires an entity to give information that enables users to evaluate the significance of financial instruments for its financial position and financial performance).

The accounting standards are listed in numeric sequence, beginning with the IFRS-equivalent standards followed by the IAS-equivalent standards and the New Zealand specific standards, then the IFRIC-equivalent interpretations followed by the SIC-equivalent interpretations:

Standard or Interpretation		Exemption Available	Measurement	Disclosure
NZ IFRS 1	*First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*	Nil		
NZ IFRS 2	*Share-based Payment* (amended 2007)	Nil		
NZ IFRS 3	*Business Combinations* (revised 2008)	Partial		✓
NZ IFRS 4	*Insurance Contracts* (amended 2007)	Nil		
NZ IFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	Partial		✓
NZ IFRS 6	*Exploration for and Evaluation of Mineral Resources*	Nil		
NZ IFRS 7	*Financial Instruments: Disclosures*	Partial		✓
NZ IFRS 8	*Operating segments*	Nil[1]		

Appendix 2
Reporting requirements

NZ IFRS (continued)

Standard or Interpretation		Exemption Available	Measurement	Disclosure
NZ IAS 1	*Presentation of Financial Statements* (revised 2007)	Partial		✓
NZ IAS 2	*Inventories*	Partial		✓
NZ IAS 7	*Cash Flow Statements*	Full		✓
NZ IAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*	Partial		✓
NZ IAS 10	*Events after the Reporting Period*	Nil		
NZ IAS 11	*Construction Contracts*	Partial	✓	✓
NZ IAS 12	*Income Taxes*	Partial	✓	✓
NZ IAS 16	*Property, Plant and Equipment*	Partial	✓	✓
NZ IAS 17	*Leases*	Partial		✓
NZ IAS 18	*Revenue*	Partial	✓	✓
NZ IAS 19	*Employee Benefits*	Partial		✓
NZ IAS 20	*Accounting for Government Grants and Disclosure of Government Assistance*	Nil		
NZ IAS 21	*The Effects of Changes in Foreign Exchange Rates*	Partial	✓	✓
NZ IAS 23	*Borrowing Costs* (revised 2007)	Partial	✓	✓
NZ IAS 24	*Related Party Disclosures*	Partial		✓
NZ IAS 26	*Accounting and Reporting by Retirement Benefit Plans*	Nil		
NZ IAS 27	*Consolidated and Separate Financial Statements* (amended 2008)	Partial		✓
NZ IAS 28	*Investments in Associates*	Partial		✓
NZ IAS 29	*Financial Reporting in Hyperinflationary Economies*	Nil		
NZ IAS 31	*Interests in Joint Ventures*	Partial		✓
NZ IAS 32	*Financial Instruments: Presentation*	Nil		
NZ IAS 33	*Earnings per Share*	Nil[2]		
NZ IAS 34	*Interim Financial Reporting*	Nil		
NZ IAS 36	*Impairment of Assets*	Partial	✓	✓
NZ IAS 37	*Provisions, Contingent Liabilities and Contingent Assets*	Partial		✓
NZ IAS 38	*Intangible Assets*	Partial	✓	✓
NZ IAS 39	*Financial Instruments: Recognition and Measurement*	Nil		
NZ IAS 40	*Investment Property*	Partial	✓	
NZ IAS 41	*Agriculture*	Partial	✓	✓
FRS 42	*Prospective Financial Statements*	Partial		✓
FRS 43	*Summary Financial Statements*	Partial[3]		
NZ IFRIC 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	Nil		
NZ IFRIC 2	*Members' Shares in Co-operative Entities and Similar Instruments*	Nil		
NZ IFRIC 4	*Determining whether an Arrangement contains a Lease*	Nil		
NZ IFRIC 5	*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	Nil		
NZ IFRIC 6	*Liabilities arising from Participation in a Specific Market – Waste Electrical and Electronic Equipment*	Nil		
NZ IFRIC 7	*Applying the Restatement Approach under NZ IAS 29 Financial Reporting in Hyperinflationary Economies*	Partial	✓	
NZ IFRIC 8	Scope of NZ IFRS 2	Nil		
NZ IFRIC 9	*Reassessment of Embedded Derivatives*	Nil		
NZ IFRIC 10	*Interim Financial Reporting and Impairment*	Nil		
NZ IFRIC 11	NZ IFRS 2 – *Group and Treasury Share Transactions*	Nil		
NZ IFRIC 12	*Service Concession Agreements*	Nil		
NZ IFRIC 13	*Customer Loyalty Programmes*	Nil		
NZ IFRIC 14	NZ IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	Nil		
NZ IFRIC 15	*Agreements for the Construction of Real Estate*	Partial		✓
NZ IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*	Nil		
NZ IFRIC 17	*Distributions of Non-cash Assets to Owners*	Partial		✓
NZ IFRIC 18	*Transfers of Assets from Customers*	Nil		
NZ SIC 7	*Introduction of the Euro*	Nil		
NZ SIC 10	*Government Assistance – No Specific Relation to Operating Activities*	Nil		

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NZ IFRS (continued)

Standard or Interpretation		Exemption Available	Measurement	Disclosure
NZ SIC 12	*Consolidation – Special Purpose Entities*	Nil		
NZ SIC 13	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	Nil		
NZ SIC 15	*Operating Leases - Incentives*	Nil		
NZ SIC 21	*Income Taxes – Recovery of Revalued Non-Depreciable Assets*	Nil		
NZ SIC 25	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	Nil		
NZ SIC 27	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	Partial		✓
NZ SIC 29	*Disclosure – Service Concession Arrangements*	Nil		
NZ SIC 31	*Revenue – Barter Transactions Involving Advertising Services*	Nil		
NZ SIC 32	*Intangible Assets – Web Site Costs*	Partial	✓	

[1] This standard is applicable only to entities whose equity or debt securities are publicly traded and by entities that are in the process of issuing equity or debt securities in public markets. This standard is not applicable to public benefit entities

[2] This standard is applicable only to entities whose ordinary shares or potential ordinary shares are publicly traded and by entities that are in the process of issuing ordinary shares or potential ordinary shares in public markets.

[3] Qualifying entities applying differential reporting concessions in their full financial statements apply the same concessions in any summary financial statements relating to those full financial statements.

Standards and Interpretations not yet effective

At the date of publication of these model financial statements (15 May 2011) the following Standards and Interpretations have been approved in New Zealand but are not yet effective for the period ending 31 December 2010. The availability of differential reporting exemptions in respect of these Standards and Interpretations are indicated below. These Standards and Interpretations are not demonstrated in these model financial statements as they are not effective for periods ending on or before 31 December 2010. Standards and Interpretations issued subsequent to the date of publication of these model financial statements can currently be found on the NZICA website.

Standard or Interpretation		Exemption Available	Measurement	Disclosure	Effective Date[4]
NZ IAS 24	*Related Party Disclosures* (2009)	Partial		✓	1/1/11
NZ IFRS 9	*Financial Instruments*	Nil			1/1/13
NZ IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*	Nil			1/7/10
Improvements to NZ IFRS 2010		Nil			Various: 1/7/10 Or 1/1/11
Amendment to NZ IAS 32 *Financial Instruments - Presentation – Classification of Rights Issues*		Nil			1/2/10
Amendment to NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans*		Nil			1/4/11
Amendment to NZ IFRIC 14 – *Prepayments of a Minimum Funding Requirement*		Nil			1/1/11
Amendments to NZ IFRS 7 *Financial Instruments: Disclosures*		Nil			1/7/11
Amendments to NZ IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*		Nil			1/7/12
Amendments to NZ IFRS 7 – *Financial Instruments - Appendix E*		Nil			1/4/11
Amendments to NZ IFRS to Harmonise with IFRS and Australian Accounting Standards		Nil			1/7/11
FRS 44	*New Zealand Additional Disclosures*	Nil			1/7/11

[4] These standards and Interpretations are effective for the annual reporting period beginning on or after the effective date given.

In addition, the following Standards have been approved by the IASB, but are not yet effective for the period ending 31 December 2010. They have not yet been approved in New Zealand and any differential reporting exemptions are currently unknown.

Standard		Effective Date[5]
IFRS 10	*Consolidated Financial Statements*	1/1/13
IFRS 11	*Joint Arrangements*	1/1/13
IFRS 12	*Disclosures of Interests in Other Entities*	1/1/13
IFRS 13	*Fair Value Measurements*	1/1/13
IAS 27	*Separate Financial Statements (revised 2011)*	1/1/13
IAS 28	*Investments in Associates and Joint Ventures (revised 2011)*	1/1/13

[5] These standards are effective for the annual reporting period beginning on or after the effective date given.

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Financial Reporting Framework Review

Which entities constitute reporting entities and which entities should have financial reporting obligations is currently under review. The MED released a discussion paper '*The Statutory Framework for Financial Reporting*' in September 2009 and the ASRB simultaneously released a companion document '*Proposed Application of Accounting and Assurance Standards under the Proposed New Statutory Framework for Financial Reporting*'. The new framework is intended to be all encompassing and considers all entities in the for-profit, public and not-for profit sectors. The proposals will have some far-reaching consequences. Further progress is expected to be announced during 2011, and the current status is discussed further below.

Accounting standards framework

The ASRB has recently concluded that the new accounting standards framework should consist of two sets of accounting standards: one to be applied by entities with a for-profit objective; and another by public benefit entities. The ASRB is preparing a Position Paper explaining the rationale for its multi-standards approach decision, which will also be accompanied by Consultation Papers outlining the details of the proposed frameworks. The timing of these documents is dependent on Government decisions in relation to the Statutory Reporting Framework.

<u>For-profit entities</u>

In respect of for-profit entities, the current proposal provides for a two tier framework, assuming that the MED proposals to exempt non-large and non-publicly accountable entities from general purpose financial reports are confirmed.

Entities in Tier 1 would include:

- entities with public accountability, including Issuers, Registered Banks, Non-Bank Deposit Takers and Registered Superannuation Schemes; and
- large public sector entities

Tier 1 entities would be subject to IFRSs plus supplementary Standards.

Entities which are outside of Tier 1, would be categorised as Tier 2 entities and be subject to a form of the Tier 1 requirements, but a Reduced Disclosure Regime (RDR) with exemptions from some of the disclosure requirements in full IFRS. This would facilitate transition between the tiers and preparation of group financial statements where a group has entities in both tiers. It is intended that a common trans-Tasman approach for determining RDR requirements be established.

<u>Public benefit entities</u>

In respect of public benefit entities, the ASRB has concluded that a public benefit entity specific set of Standards will be applied. A version of International Public Sector Accounting Standards (IPSASs) may be adopted, however further details are pending.

Statutory financial reporting framework

An update from the MED regarding the statutory financial reporting requirements in New Zealand is expected during 2011.

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