

Section B – Model annual report

Illustrative example of an annual report prepared in accordance with NZ IFRS and other requirements and guidelines current as at the date of issue, including New Zealand Stock Exchange Listing Rules and New Zealand Securities Legislation

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About the model annual report

New Zealand International Financial Reporting Standards

For certain entities, annual financial statements prepared in respect of reporting periods beginning on or after 1 January 2007 must be prepared in accordance with NZ IFRS. Accordingly, this model provides an illustrative example of annual financial statements prepared under NZ IFRS for the reporting period ending 31 December 2009 (incorporating applicable and relevant NZ IFRS approved as at 15 December 2009). It also contains additional disclosures that are considered to be best practice, particularly where such disclosures are included in illustrative examples provided within a specific Standard.

Green Dot Holdings Limited is assumed to have presented financial statements in accordance with NZ IFRS for a number of years. Therefore, this is not a first time adopter of NZ IFRS. Readers should refer to NZ IFRS 1 *First-time Adoption of New Zealand equivalents to International Financial Reporting Standards* for specific requirements regarding an entity's first NZ IFRS financial statements, and to the IFRS 1 section of Deloitte's Presentation and Disclosure Checklist for details of the particular disclosure requirements applicable for first-time adopters.

In this 2009 model annual report, we have illustrated a number of recent changes in financial reporting, effective for reporting periods beginning on or after 1 January 2009, including:

- the adoption of NZ IAS 1 *Presentation of Financial Statements (revised 2007)* and the consequential amendments to other standards;
- the adoption of NZ IFRS 8 *Operating Segments*; and
- the amendments to NZ IFRS 7 *Financial Instruments: Disclosures*.

Guidance material has been included in this model annual report in commentary boxes.

Alternative treatments permitted

For the purposes of presenting the income statement and statement of comprehensive income, some of the various alternatives allowed under NZ IFRS for those statements have been illustrated. Preparers should select the alternatives most appropriate to their circumstances.

A number of NZ IFRS permit entities to choose between alternative treatments. The accounting policies selected for these model financial statements are set out in note 2.

Amounts Presented

The amounts presented in this model annual report 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.

Nil balances

Note that in this model annual report we have frequently included line items for which a nil amount is shown to illustrate items that, although not applicable to Green Dot Holdings Limited, are commonly encountered in practice. This does not mean that we have illustrated all possible disclosures. Nor should it be taken to mean that, in practice, entities are required to display line items for such "nil" amounts.

Designation of liability

At various places we have demonstrated the impact of designating a liability (in this case, redeemable cumulative preference shares) as fair value through profit or loss (FVTPL). The main text illustrates the presentation and disclosures required where these instruments are carried at amortised cost. Additional notes demonstrating the effect of the FVTPL designation are provided in note 32 and 41 of the model financial statements for your reference.

Differential reporting

Reporting entities that are qualifying entities under the Framework for Differential Reporting are allowed exemptions from certain disclosures and measurement requirements of NZ IFRS. These exemptions have been highlighted throughout the model financial statements by a vertical border against the far left margin of the 'source' column.

Other information in an annual report

We have also included some discussion and examples of other matters that would typically be included in an entity's annual report, including:

- the requirements of s.211 of the Companies Act 1993; and

- other requirements and guidelines, including those of the New Zealand Stock Exchange ('NZX') Listing Rules and New Zealand Securities Legislation.

Exclusions

This model annual report 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 are pre-requisites for the preparation of financial statements.

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

- NZ IFRS 4 *Insurance Contracts*
- NZ IFRS 6 *Exploration for and Evaluation of Mineral Resources*
- NZ IAS 1 *Presentation of Financial Statements (revised 2007), in relation to a Statement of Service Performance only*
- NZ IAS 29 *Financial Reporting in Hyperinflationary Economies*
- NZ IAS 34 *Interim Financial Reporting*
- NZ IAS 41 *Agriculture*
- FRS 42 *Prospective Financial Statements*
- FRS 43 *Summary Financial Statements*

In addition a number of Interpretations (NZ IFRIC and NZ SIC) have not been demonstrated.

Unless otherwise stated, this model annual report does not provide guidance on new or amended NZ IFRS where these are applicable to periods ending after 31 December 2009. Details of new and amended pronouncements which have not been adopted are included in note 2.4.3 to the model financial statements.

Source references

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

Abbreviation/Term	What it stands for
ASRB	Accounting Standards Review Board (New Zealand).
CG Handbook	Corporate Governance in New Zealand, Principles and Guidelines: A Handbook for Directors, Executives and Advisors.
Co Act	Companies Act 1993.
FRA	Financial Reporting Act 1993.
FRS	Financial Reporting Standard.
FRSB	Financial Reporting Standards Board (New Zealand).
GAAP	Generally Accepted Accounting Practice.
IAS	International Accounting Standard.
IASB	International Accounting Standards Board.
IFRIC	International Financial Reporting Interpretations Committee of the IASB. Also used to refer to the interpretations issued by this committee.
IFRS	International Financial Reporting Standards. 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 (SICs, IFRICs).
MED	Ministry of Economic Development.
NZICA	New Zealand Institute of Chartered Accountants.
NZ IAS	New Zealand equivalents to International Accounting Standards.

NZ IFRS	New Zealand equivalents to International Financial Reporting Standards.
NZX	New Zealand Stock Exchange.
NZAX	New Zealand Alternative Market.
NZDX	New Zealand Debt Market.
NZSX	New Zealand Stock Market.
NZXCGBPC	New Zealand Stock Exchange Corporate Governance Best Practice Code.
Qualifying Entity	An entity which qualifies for differential reporting concessions in accordance with the <i>Framework for Differential Reporting for Entities Applying the NZ IFRS Regime</i> .
Reporting Entity	Entities subject to legal requirements on financial reporting. Which entities constitute reporting entities has been reviewed by the MED and the proposals are open for comment. Refer to page A1.
SIC	Interpretation(s) issued by the Standing Interpretations Committee of the IASC, the predecessor committee to the IFRIC.

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Corporate governance statement (listed entities only)

CG Handbook

COMMENTARY	
Best practice recommendations	<p><i>The best practice recommendations of the New Zealand Stock Exchange, including corporate governance practices and suggested disclosures, are set out below.</i></p> <p><i>The recommendations are differentiated between the nine core principles that the New Zealand Securities Commission believes underlie good corporate governance as set out in their publication 'Corporate Governance in New Zealand, Principles and Guidelines: A Handbook for Directors, Executives, and Advisers' (16 March 2004).</i></p> <p><i>A summary of the nine core principles are detailed below:</i></p> <ol style="list-style-type: none"> <i>1. Ethical standards: Directors should observe and foster high ethical standards.</i> <i>2. Board composition and performance: There should be a balance of independence, skills, knowledge, experience, and perspectives among directors so that the Board works effectively.</i> <i>3. Board committees: The Board should use committees where this would enhance its effectiveness in key areas while retaining Board responsibility.</i> <i>4. Reporting and disclosure: The Board should demand integrity both in financial reporting and in the timeliness and balance of disclosures on entity affairs.</i> <i>5. Remuneration: The remuneration of directors and executives should be transparent, fair, and reasonable.</i> <i>6. Risk management: The Board should regularly verify that the entity has appropriate processes that identify and manage potential and relevant risks.</i> <i>7. Auditors: The Board should ensure the quality and independence of the external audit process.</i> <i>8. Shareholder relations: The Board should foster constructive relationships with shareholders that encourage them to engage with the entity.</i> <i>9. Stakeholder interests: The Board should respect the interests of stakeholders within the context of the entity's ownership type and its fundamental purpose.</i> <p><i>Entities must disclose any instances of non-compliance with these recommendations.</i></p> <p>A copy of this publication can be found at www.seccom.govt.nz</p>

CG Handbook, Principle 4, Guideline 4.7

The Corporate Governance processes set out in this statement do not materially differ from the principles set out in the New Zealand Stock Exchange Corporate Governance Best Practice Code.

NZSX/NZDX Listing Rules 10.5.5(i)

COMMENTARY	
Best practice recommendations	<p><i>An Issuer is required to disclose in its annual report the extent to which the corporate governance principles adopted materially differ from the NZX Corporate Governance Best Practice Code or provide a clear reference to where such a statement may be found on its public website.</i></p>

Board composition and performance

Directors are elected by the shareholders. The Directors then appoint a chair from amongst their members. Currently 67% of the six Directors are non-executive members and 50% are independent members.

The Directors have a diverse range of expertise and experience and are committed to use these to benefit the Company. Their skills in social, environmental and economic areas are identified and communicated to shareholders during the election process. An assessment of the Board's strengths, weaknesses and training needs is also made on an annual basis by an independent organisation, and summarised at the Annual General Meeting. This assists shareholders to identify who will be of most value to the Board.

The Board carries out its responsibilities according to the following mandate:

- the Board should comprise at least five Directors;
- at least half of the Board should be made up of non-executive Directors;
- the Chairman of the Board should be a non-executive Director;

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- the position of Chairman and CEO cannot be combined;
- each Director should possess a broad range of skills, qualifications and experience;
- the Board should meet on a monthly basis; and
- all available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to that meeting.

The primary responsibilities of the Board include:

- the approval of the annual financial report;
- the establishment of the long term goals of the Company and strategic plans to achieve those goals;
- succession planning for the CEO and the Board;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a quarterly basis;
- monitoring environmental, social and economic performance;
- ensuring that the Company has implemented adequate systems of internal controls including internal financial controls together with appropriate monitoring of compliance activities;
- ensuring legislative compliance;
- monitoring executive management; and
- communicating with stakeholders.

The Board also has responsibility for the system of written procedures, policies, guidelines and organisational structures that set out the division of responsibility between Board and management and guide the careful selection and training of qualified senior management personnel.

Implementation of vision and policy

Newly appointed members of the Board must take part in an induction programme which includes familiarisation with the strategic intent of the Company, including the vision, policies, and management systems. Depending on the member's skills, they are also given training on the financial reporting framework and analysing internal and external financial reports. The efficient running of the Company is effectively shared with senior managers, who assist to implement the policies and strategy set by the Board.

Independent professional advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertaking in order to fulfill their duties and responsibilities as Directors.

COMMENTARY

Directors

- *the minimum number of Directors shall be three;*
- *at least two Directors must be ordinarily resident in New Zealand;*
- *the minimum number of Independent Directors must be two or, if there are eight or more Directors, three or one-third (rounded down to the nearest whole number of Directors) of the total number of Directors, whichever is the greater; and*
- *the Board must identify which Directors it has determined, in its view, to be Independent Directors and which of its Directors are not Independent Directors, as at the balance date of the Issuer. This information should be disclosed in the annual report.*

Separation of Chief Executive and Chairman

- *a Director should not simultaneously hold the positions of Chief Executive and Chairman of the Board of the same Issuer.*

NZSX/NZDX Listing Rules
3.3.1

NZSX/NZDX Listing Rules
3.3.2, 10.5.5(j)

NZXCBC.2.1

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COMMENTARY	
NZXCGBPC.2.2, 2.5 NZXCGBPC.2.3	<p>Appointments to the Board</p> <ul style="list-style-type: none">• unless constrained by size, an Issuer should establish a nomination and a remuneration committee; and• every Issuer should have formal and transparent methods for the nomination and appointment of Directors to the Board.
NZXCGBPC.2.4	<p>Director training</p> <ul style="list-style-type: none">• Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an Issuer.
NZXCGBPC.2.8	<p>Information for the Board</p> <ul style="list-style-type: none">• information of sufficient content, quality, and timeliness, as the Board considers necessary to enable the Board to effectively discharge its duties, should be provided to the Board by management.
NZXCGBPC.2.9	<p>Board performance</p> <ul style="list-style-type: none">• the Board should establish a formal procedure to regularly assess individual and Board performance.

NZXCGBPC.1

Ethical conduct

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- corporate governance;
- responsibilities to shareholders;
- confidentiality and the safeguarding of Group information;
- receipt and use of Group assets and property;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- conflicts of interest;
- employment practices; and
- responsibilities to the environment and the community.

Conflicts of interest

All Directors must disclose any specific and general interests which could be in conflict with their obligations to Green Dot Holdings Limited, its subsidiaries, associates and joint ventures. These are detailed in the Companies Act 1993 disclosures on pages B8 to B12.

NZXCGBPC.1.1

NZXCGBPC.1.2

COMMENTARY	
	<p><i>An Issuer should formulate a code of ethics to govern its conduct.</i></p>
	<p><i>The code of ethics should address ethical issues, establish compliance standards and procedures, provide mechanisms to report unethical behaviour and ensure that disciplinary measures are in place for any violations.</i></p>

Recognition and management of risk

Risk management

The Board is responsible for the Company's system of internal controls. The Board constantly monitors the operational and financial aspects of the Company's activities and, through the audit committee, the Board considers the recommendations and advice of external and internal auditors and other external advisers on the operational and financial risks that face the Company.

The Board ensures that recommendations made by the external and internal auditors and other external advisers

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are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

The Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel, and in conjunction with the recommendations of the audit committee, the scope and work programme of internal auditors.

Internal audit

The internal audit function is an independent appraisal function to examine and evaluate the group's activities. Its objective is to assist members of executive management in the effective discharge of their responsibilities. The scope of the internal audit function is to review the reliability and integrity of financial and operating information, the systems of internal control, the means of safeguarding assets, the efficient management of the group's resources and the effective conduct of its operations. The head of internal audit has unrestricted access to the chair of the audit committee.

Internal control

To fulfill its responsibilities, management maintains adequate accounting records and has developed and continues to maintain a system of internal controls. The Directors acknowledge that they are responsible for the Company's system of internal financial control.

Internal financial controls implemented by management can provide only reasonable and not absolute assurance against material misstatement or loss. Certain key procedures, which are designed to provide effective internal financial control, have been established by the audit committee.

The Directors have reviewed the effectiveness of the system of internal financial control. No major breakdowns were identified during the year in the system of internal control.

COMMENTARY

The Board should:

- *require the entity to operate rigorous processes for risk management and internal control;*
- *receive regular reports on the operation of risk management and internal control processes; and*
- *report annually to investors and stakeholders on risk identification and management and on relevant internal control (for Issuers).*

CG Handbook, Principle 6, Guidelines 6.1, 6.2, 6.3

Board committees

The Board has three operating committees:

Remuneration committee

The Board has established a remuneration committee composed of Ms F.R. Ridley (non-executive Director), Mr B.M. Stavrinidis (non-executive Director) and Ms L.A. Lochert (non-executive Director). Mr W.K. Flinders (non-executive Director) and Ms S.M. Saunders (non-executive Director) were also members until their resignations on 20 January 2009 and 30 January 2010 respectively. The purpose of the committee is to ensure that the Company's Directors and senior executives are fairly rewarded for their individual contributions to the Company's overall performance.

The remuneration committee reviews the remuneration policies applicable to all Directors and executive officers on an annual basis and makes recommendations on remuneration packages and terms of employment to the Board. Remuneration packages, which consist of base salary, fringe benefits, incentive schemes (including performance-related bonuses), superannuation, and entitlements upon retirement or termination, are reviewed with due regard to performance and other relevant factors.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the remuneration committee seeks the advice of external advisers in connection with the structure of remuneration.

Particulars concerning Directors' and executives' remuneration are set out at B10 and B11 respectively.

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	COMMENTARY
NZXCGBPC.3.7	<i>The Issuer should establish a remuneration committee to recommend remuneration packages for Directors to the shareholders. The Issuer should identify in its annual report the members of the remuneration committee.</i>
NZXCGBPC.3.8	<i>The remuneration committee should produce a written charter that outlines the remuneration committee's authority, duties, responsibilities and relationship with the Board.</i>
NZXCGBPC.3.9	<i>The Board should regularly review the performance of the remuneration committee in accordance with the remuneration committee's written charter.</i>

Nomination committee

The Board has established a nomination committee composed of Ms F.R. Ridley (non-executive Director), Mr B.M. Stavrinidis (non-executive Director) and Ms L.A. Lochert (non-executive Director). Mr W.K. Flinders (non-executive Director) and Ms S.M. Saunders (non-executive Director) were also members until their resignations on 20 January 2009 and 30 January 2010 respectively. The purpose of the committee is to recommend Director appointments to the Board.

The nomination committee reviews the composition of the Board on an annual basis and makes recommendations to the Board, where considered necessary, to ensure that the Board comprises a majority (at least half) of non-executive Directors with an appropriate mix of skills and experience. Where necessary, the committee seeks the advice of external advisers in connection with the suitability of applicants for Board membership.

The terms and conditions of the appointment of non-executive Directors are set out in a formal letter of appointment which deals with the following matters:

- duration of appointment (subject to the approval of the shareholders);
- remuneration;
- expectations concerning preparation and attendance at Board meetings;
- conflict resolution; and
- the right to seek independent legal and professional advice (subject to the prior approval of the Chairman).

	COMMENTARY
NZXCGBPC.3.10	<i>An Issuer should establish a nomination committee to recommend Director appointments to the Board. At least a majority of the nomination committee should be Independent Directors. The Issuer should identify in its annual report the members of the nomination committee.</i>
NZXCGBPC.3.11	<i>The nomination committee should produce a written charter that outlines the nomination committee's authority, duties, responsibilities and relationship with the Board.</i>
NZXCGBPC.3.12	<i>The Board should regularly review the performance of the nomination committee in accordance with the nomination committee's written charter.</i>

Audit committee

The Board has established an audit committee consisting of three members, Ms F.R. Ridley (Chairperson, non-executive Director), B.M. Stavrinidis (non-executive Director) and Ms L.A. Lochert (non-executive Director). Mr W.K. Flinders (non-executive director) was a member until his resignation on 20 January 2009.

The audit committee provides a forum for the effective communication between the Board and external and internal auditors. The audit committee reviews:

- the annual financial report prior to its approval by the Board;
- the effectiveness of management information systems and systems of internal control;
- the appointment of external auditors; and
- the efficiency and effectiveness of the internal and external audit functions, including reviewing the respective audit plans.

The audit committee generally invites the CEO, CFO and the external and internal auditors to attend audit committee meetings. The audit committee also meets with and receives regular reports from the external and internal auditors concerning any matters which arise in connection with the performance of their respective roles, including the adequacy of internal controls.

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NZSX/NZDX Listing Rules
3.6.1

NZSX/NZDX Listing Rules
3.6.2

NZXCGBPC.3.1
CG Handbook, Principle
3, Guideline 3.4

NZSX/NZDX Listing Rules
3.6.3

NZXCGBPC.3.2

NZXCGBPC.3.5

NZXCGBPC.3.3

NZXCGBPC.3.4

NZXCGBPC.3.6

NZXCGBPC.4.1

NZXCGBPC.4.2

COMMENTARY

Each Issuer shall establish an audit committee

Composition

The audit committee shall:

- *be comprised solely of non-executive Directors;*
- *have a minimum of three members;*
- *have a majority of members that are Independent Directors;*
- *have at least one Director who is a chartered accountant or has another recognised form of financial expertise; and*
- *have an independent chairperson who is not chairperson of the Board.*

Responsibilities

The responsibilities of an Issuer's audit committee include as a minimum:

- *ensuring that processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters;*
- *recommending the appointment and removal of the independent auditor;*
- *meeting regularly to monitor and review the independent and internal auditing practices;*
- *having direct communication with and unrestricted access to the independent auditors and any internal auditors or accountants;*
- *reviewing the financial reports and advising all Directors whether they comply with the appropriate laws and regulations;*
- *ensuring that the external auditor or lead audit partner is changed at least every five years;*
- *producing a written charter that outlines the audit committee's authority, duties, responsibilities and relationship with the Board; and*
- *addressing issues of auditor independence.*

The Board should regularly review the performance of the audit committee in accordance with the audit committee's written charter.

Directors who are not members of the audit committee and employees should only attend audit committee meetings at the invitation of the audit committee.

An Issuer should identify in its annual report the members of the audit committee.

Auditors

The Board should establish a formal and transparent procedure for sustaining communication with the Issuer's independent and internal auditors.

The Board should establish a formal and transparent framework for the Issuer's relationship with its auditors, including:

- *ensuring that the ability and independence of the auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;*
- *addressing what, if any, services (whether by type or level) other than in their statutory audit role may be provided by the auditors to the Issuer; and*
- *providing for the monitoring and approval by the Issuer's audit committee of any service provided by the auditors to the Issuer other than in their statutory audit role.*

Remuneration

Directors' Remuneration disclosures are contained in the Companies Act 1993 disclosures section on page B10.

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COMMENTARY	
<p>NZXCGBPC.2.5</p> <p>NZXCGBPC.2.6</p> <p>NZXCGBPC.2.7</p>	<p>Directors' remuneration</p> <p><i>Unless constrained by size, an Issuer should establish a remuneration committee.</i></p> <p><i>Every Issuer should have formal and transparent methods to recommend Director remuneration packages to shareholders.</i></p> <p><i>Directors are encouraged to take a portion of their remuneration under a performance-based Equity Security compensation plan. The Equity Security compensation plan should not vest until at least two years after the grant of plan entitlements to the Director. Alternatively (or in addition), Directors are encouraged to invest a portion of their cash Directors' remuneration in purchasing the Issuer's Equity Securities.</i></p>

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director (while they were a Director or committee member). During the year, 12 Board meetings, 2 nomination and remuneration committee meetings and 4 audit committee meetings were held.

Directors	Board of Directors		Nomination and Remuneration Committee		Audit Committee	
	Held	Attended	Held	Attended	Held	Attended
C.J. Chambers	12	12	-	-	-	-
P.H. Taylor	12	10	-	-	-	-
F.R. Ridley	12	11	2	2	4	4
A.K. Black	12	12	-	-	-	-
B.M. Stavrinidis	12	12	2	2	4	4
W.K. Flinders	1	1	1	1	1	1
L.A. Lochert	11	10	1	1	3	3
S.M. Saunders	11	10	1	1	-	-

Companies Act 1993 disclosures

Co Act s.211(1)(i)

The names and particulars of the Directors of the Company during or since the end of the year are:

<i>Directors Name</i>	<i>Particulars</i>
Mr C.J. Chambers	Chairman, Chartered Accountant, aged 56 joined the Board in 1999 in a non-executive capacity and is a non-executive Director of the ultimate Australian holding Company, Green Dot Overseas Limited.
Mr P.H. Taylor	Chief Executive Officer, aged 50, joined the Board in 1996 in an executive capacity. Mr P.H. Taylor was previously the CEO of a large manufacturing Company and is a non-executive Director of Eastwood Limited and Yarwood Limited, two unrelated entities.
Ms F.R. Ridley	Chartered Accountant, aged 41, joined the Board in 2005 in a non-executive capacity. Ms F.R. Ridley is a member of the nomination and remuneration committee, and of the audit committee.
Mr A.K. Black	Industrial Engineer, aged 42, joined the Board in 2001 in an executive capacity and has held various senior management positions in manufacturing and wholesale companies.
Mr B.M. Stavrinidis	Director of Merchant Bank Limited, aged 48, joined the Board in 2004 in a non-executive capacity. Mr B.M. Stavrinidis is a member of the nomination and remuneration committee, and of the audit committee.
Mr W.K. Flinders	Practicing Solicitor, aged 58, joined the Board in 2001 in a non-executive capacity and resigned during the year. Mr W.K. Flinders was a member of the nomination and remuneration committee and audit committee until his resignation.
Ms L.A. Lochert	Practicing Solicitor, aged 47, joined the Board in 2009 in a non-executive capacity. Ms L.A. Lochert is a member of the nomination and remuneration committee and of the audit committee.
Ms S.M. Saunders	Practicing Solicitor, aged 37, joined the Board in 2009 in a non-executive capacity and resigned after year end. Ms S.M. Saunders was a member of the nomination and remuneration committee until her resignation.

The above named Directors held office during and since the end of the year except for:

- Mr W.K. Flinders – resigned 20 January 2009
- Ms S.M Saunders – appointed 1 February 2009 and resigned 30 January 2010
- Ms L.A. Lochert – appointed 30 January 2009

NZSX/NZDX Listing Rules 3.3.2, 10.5.5(j)

All Directors are independent with the exception of Mr. C.J. Chambers, Mr P.H. Taylor and Mr A.K Black.

Entries recorded in the Interests Register

Entries in the Interest Register made during the year and disclosed pursuant to s.140(1) and s.211(1)(e) of the Companies Act 1993 are as follows:

Directors' interests in transactions

COMMENTARY

A Director of a company must, forthwith after becoming aware of the fact that he or she is interested in a transaction or proposed transaction with the company, cause to be entered in the interests register and disclose to the Board of the company either:

- the nature and monetary value of that interest, if the monetary value of the Director's interest is able to be quantified; or*
- the nature and extent of that interest, if the monetary value of the Director's interest is not able to be quantified,*

Co Act s.140(1)

Co Act s.140(1A)

except where the transaction or proposed transaction is between the Director and the company and the transaction or proposed transaction is or is to be entered into in the ordinary course of the company's business and on usual terms and conditions.

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Share dealings by Directors

The following table sets out each Director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares	Partly paid ordinary shares	Fully paid converting non-participating preference shares	Share options	Convertible notes
C.J. Chambers	5,000	833	25,000	-	3,000
P.H. Taylor	50,000	8,167	-	88,000	15,000
A.K. Black	1,000	167	-	-	2,000

COMMENTARY

Co Act s.148(1)

A Director of a company that has become registered under the Companies Act 1993 in accordance with the Companies Registration Act 1993 and who has a relevant interest in any shares issued by the company must, forthwith after the reregistration of the company:

- (a) disclose to the Board the number and class of shares in which the relevant interest is held and the nature of the relevant interest; and*
- (b) ensure these particulars are also entered in the interests register.*

Co Act s.148(2)

A Director of a company who acquires or disposes of a relevant interest in shares issued by the company must disclose to the Board the:

- (a) number and class of shares in which the relevant interest has been acquired or disposed; and*
- (b) nature of the relevant interest;*
- (c) consideration paid and received; and*
- (d) date of the acquisition or disposal.*

These particulars should be entered into the interest register.

NZSX/NZDX/NZAX Listing Rules 10.5.5(c)

The annual report of an Issuer shall contain the Equity Securities in which each Director has a relevant interest at the balance date of the current year.

Securities Markets Act 1988 s.5

Directors are considered to have a relevant interest where the Director:

- (a) is a registered holder of the security; or*
- (b) is the beneficial owner of the security; or*
- (c) has power to exercise, or control the exercise of, a right to vote attached to the security; or*
- (d) has the power to acquire or dispose of, or to control the acquisition or disposition of the security.*

Disclosure of interests by Directors

The following general disclosures of interests were made by the Directors in terms of s.140(2) of the Companies Act 1993:

Name	Company	Interest
Mr C.J. Chambers	Green Dot Overseas Limited	Director
Mr B.M. Stavarindis	Merchant Bank Limited	Director
Mr P.H. Taylor	Eastwood Limited	Director
Mr P.H. Taylor	Yarwood Limited	Director

COMMENTARY

Co Act s.140(2)

A Director of a company is regarded as having an interest in another named company if they are a shareholder, Director, officer or trustee of that named company.

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Changes in state of affairs

Co Act s.211(1)(a)

During the year there was no significant change in the nature of business and class of business in which the Company has an interest other than those referred to in the financial statements or notes thereto.

COMMENTARY

If changes are material, describe and cross reference to the relevant notes to the financial statements.

Regulatory environment

COMMENTARY

If the consolidated entity's operations are subject to any particular and significant regulation under a law of New Zealand, the annual report should disclose details of the obligations it has under that regulation i.e. consultation, disclosure etc.

Director remuneration

COMMENTARY

The following illustrative disclosures in relation to Directors' remuneration is considered 'best practice' and in some respects includes disclosures in excess of those required by the Companies Act 1993.

Co Act s.211(1)(f)

Every annual report must state in respect of each Director or former Director of the company, the total of the remuneration and the value of other benefits received by that Director or former Director from the company during the accounting period.

The following table discloses the remuneration of the Directors of the Company:

	Short-term			Post-employment			Share Options	Other benefits	Total
	Salary & Fees	Bonus	Non-monetary	Superannuation	Pre-scribed	Other			
2009	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
C.J. Chambers	66,000	-	28,050	-	-	-	-	1,250	95,300
P.H. Taylor (i)	267,000	-	66,280	24,030	-	-	105,600	1,240	464,150
A.K. Black	201,835	-	43,930	18,165	-	-	-	820	264,750
F.R. Ridley	65,000	-	25,091	-	-	-	-	854	90,945
B.M. Stavrinidis	65,000	-	26,800	-	-	-	-	685	92,485
W.K. Flinders	4,000	-	800	-	-	-	-	200	5,000
S.M. Saunders	75,000	-	15,159	-	-	-	-	689	90,848
L.A. Lochert	35,000	-	4,494	-	-	-	-	256	39,750
Total	778,835	-	210,604	42,195	-	-	105,600	5,994	1,143,228

	Short-term			Post-employment			Share Options	Other benefits	Total
	Salary & Fees	Bonus	Non-monetary	Superannuation	Pre-scribed	Other			
2008	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
C.J. Chambers	65,125	-	25,400	-	-	-	-	1,125	91,650
P.H. Taylor (i)	250,000	-	53,800	22,500	-	-	57,500	1,125	384,925
A.K. Black	191,651	-	35,801	17,249	-	-	-	800	245,501
F.R. Ridley	62,000	-	23,162	-	-	-	-	850	86,012
B.M. Stavrinidis	62,000	-	24,350	-	-	-	-	670	87,020
W.K. Flinders	62,000	-	24,350	-	-	-	-	680	87,030
O.H. Brien	36,750	-	20,120	-	-	-	-	312	57,182
Total	729,526	-	206,983	39,749	-	-	57,500	5,562	1,039,320

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(i) Mr P.H. Taylor was granted executive share options on 31 March 2009 and 31 March 2008. Further details of the options are contained in notes 37.4 and 42 to the financial statements.

Share options granted to Directors

During and since the end of the year an aggregate of 88,000 share options were granted to the following Directors of the Company:

Directors and executives	Number of options granted	Issuing entity	Number of ordinary shares under option
P.H. Taylor	88,000	Green Dot Holdings Limited	88,000

The following table discloses the value of options granted, exercised or lapsed during the year:

Directors and executives	Options granted	Options exercised	Options lapsed	Total value of options granted, exercised and lapsed ⁽²⁾	Value of options included in remuneration for the year ⁽³⁾	Percentage of total remuneration for the year that consists of options
	Value at grant date	Value at exercise date	Value at time of lapse			
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
P.H. Taylor	105,600	62,500 ⁽¹⁾	-	168,100	105,600	22.75

Value of options - basis of calculation

(1) Options exercised during the year were granted on 31 March 2008.

(2) The total value of options granted, exercised and lapsed is calculated based on the following:

- fair value of the options at grant date multiplied by the number of options granted during the year; and
- fair value of the options at the time they are exercised multiplied by the number of options exercised during the year; and
- fair value of the options at the time of lapse multiplied by the number of options lapsed during the year.

(3) The total value of options included in remuneration for the year is calculated as follows:

- the value of the options is determined at grant date, and is included in remuneration on a proportionate basis from grant date to vesting date. Where the options immediately vest the full value of the option is recognised in remuneration in the current year.
- all options issued to Directors in 2009 vested at the date of issue.

Employee remuneration

COMMENTARY

The following illustrative disclosures in relation to employees remuneration is considered 'best practice' and in some respects includes disclosures in excess of those required by the Companies Act 1993.

Grouped below, in accordance with s.211(1)(g) of the Companies Act 1993, are the number of employees or former employees of the Company, excluding Directors of the Company, who received remuneration and other benefits in their capacity as employees, totaling \$100,000 or more, during the year:

Remuneration	Number of employees	
	2009	2008
\$150,000 pa - \$159,999 pa	1	-
\$140,000 pa - \$149,999 pa	2	1
\$130,000 pa - \$139,999 pa	1	1
\$120,000 pa - \$129,999 pa	2	2
\$110,000 pa - \$119,999 pa	1	1
\$100,000 pa - \$109,999 pa	2	2

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Remuneration includes salary, performance bonuses, employer's contributions to superannuation, health and insurance plans, motor vehicle and other sundry benefits received in their capacity as employees.

Co Act s.211(1)(g)

COMMENTARY

Every annual report must state the number of employees or former employees of the company, not being Directors of the company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum, and must state the number of such employees or former employees in brackets of \$10,000.

Non-audit services

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Companies Act 1993.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 11.8 to the financial statements.

Co Act s.211(1)(j)

COMMENTARY

Every annual report must state the amounts payable by the company to the person or firm holding office as auditor of the company as audit fees and, as a separate item, fees payable by the company for other services provided by that person or firm.

Green Dot Holdings Limited

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Additional stock exchange information as at 15 February 2010

Distribution of holders of quoted securities

NZSX/NZDX/NZAX Listing
Rules 10.5.5(d)

Size of holding	Fully paid ordinary shareholders		Fully paid ordinary shares	
	Number	%	Number	%
1 – 1,000	672	94.78	500,979	3.37
1,001 – 5,000	18	2.54	72,000	0.49
5,001 – 10,000	5	0.71	48,751	0.33
10,001 – 100,000	8	1.13	322,270	2.17
100,001 and over	6	0.84	13,900,000	93.64
	709	100.00	14,844,000	100.00

NZSX/NZDX/NZAX Listing
Rules 10.5.5(d)

Size of holding	5.5% fully paid convertible note holders		5.5% fully paid convertible notes	
	Number	%	Number	%
1 – 1,000	326	92.09	300,480	6.68
1,001 – 5,000	13	3.67	57,000	1.27
5,001 – 10,000	5	1.41	25,000	0.55
10,001 – 100,000	6	1.70	225,000	5.00
100,001 and over	4	1.13	3,892,520	86.50
	354	100.00	4,500,000	100.00

NZSX/NZDX/NZAX Listing
Rules 10.5.5(d)

Size of holding	Option holders		Options	
	Number	%	Number	%
1 – 1,000	18	60.00	10,476	5.34
1,001 – 5,000	10	33.33	34,000	17.35
5,001 – 10,000	-	-	-	-
10,001 – 100,000	2	6.67	151,524	77.31
100,001 and over	-	-	-	-
	30	100.00	196,000	100.00

NZSX/NZDX/NZAX Listing
Rules 10.5.5(d)

COMMENTARY

The annual report of an issuer shall contain details of the spread of Quoted Security holders at a date not earlier than 2 months before the date of the publication of the annual report.

The 7% redeemable cumulative preference shares and 10% converting non-participating preference shares are unquoted securities therefore they are not included in the illustrative example above.

Security means any interest or right to participate in any capital, assets, earnings, royalties, or other property of any person and includes any:

- (a) renewal or variation of the terms or conditions of any existing security;*
- (b) debt security; and*
- (c) option or right.*

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NZSX/NZDX Listing
Rules 1.6.1

COMMENTARY
<i>Therefore this would include Equity Securities (shares, units, options over issued or unissued securities, rights to any one of the former securities and convertible securities).</i>

Substantial security holders

Pursuant to sub-part 3 of part 2 of the Securities Markets Act 1988, the following persons had given notice as at 15 February 2010 that they were substantial security holders in the Company and held a 'relevant interest' in the number of fully paid ordinary shares shown below:

Substantial security holder	Date of notice	Fully paid shares in which relevant interest held	
		Number	%
Green Dot Overseas Limited	31/12/09	8,500,000	57.26
XYZ Nominees Limited	01/02/10	2,500,000	16.84
Walker Pty Limited	01/02/10	2,000,000	13.47

The total number of voting securities on issue as at 15 February 2010 was 14,844,000 fully paid ordinary shares. Convertible notes and options do not carry a right to vote and whilst redeemable cumulative preference shares carry one vote per share, the right to vote is restricted to meetings convened for the purpose of reducing the capital or winding-up or sanctioning the sale of the undertaking of the Company or when the dividend on their particular class of preference shares is in arrears for more than six months.

Securities Markets Act
1988, sub-part 3 of part
2, s.35F

COMMENTARY
<i>Every public issuer that is a company (but not an overseas company) must send a notice stating the following matters to each shareholder with the annual report sent under s.209 of the Companies Act 1993:</i>
<ul style="list-style-type: none"> <i>(a) the names of all persons who are substantial security holders in the public Issuer, as at a date not earlier than 3 months before the annual report is sent;</i> <i>(b) the number and class of listed voting securities of the public Issuer that form part of each substantial holding in the public Issuer as at that date; and</i> <i>(c) the total number in each class of issued voting securities of the public Issuers listed as at that date.</i>
<i>A person has a substantial security holding in a public Issuer if they have a relevant interest in listed voting securities of 5 percent or more of a class of listed voting securities of that public Issuer.</i>
<i>A voting security means a security of the public Issuer that confers a right to vote at meetings of members or shareholders (whether or not there is any restriction or limitation on the number of votes that may be cast by or on behalf of the holder of the security), except a security that confers only a right to vote that is exercisable only in one or more of the following circumstances:</i>
<ul style="list-style-type: none"> <i>(a) during a period in which a dividend (or part of a dividend) in respect of the security is in arrears;</i> <i>(b) on a proposal to reduce the capital of the public Issuer;</i> <i>(c) on a proposal that affects rights attached to the security;</i> <i>(d) on a proposal to put the public Issuer into liquidation;</i> <i>(e) on a proposal for the disposal of the whole or a material part of the property, business, and undertaking of the public Issuer;</i> <i>(f) during the liquidation of the public Issuer</i>
<i>and includes a security which, in accordance with the terms of the security, is convertible into a security of that kind.</i>

Securities Markets Act
1988, sub-part 3 of part
2, s.21(2)

Securities Markets Act
1988, s.2(1)

Twenty largest holders of quoted equity securities

COMMENTARY
<i>Note: the illustration below shows only the twenty largest holders of quoted fully paid ordinary shares and 5.5% fully paid convertible note holders. Similar disclosures in respect of the 7% redeemable cumulative preference shares and options would also be required.</i>

Green Dot Holdings Limited

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NZSX/NZDX/NZAX Listing
Rules 10.5.5(b)

Ordinary shareholders	Fully paid	
	Number	%
Green Dot Overseas Limited	8,500,000	57.26
XYZ Nominees Limited	2,500,000	16.84
Walker Pty Limited	2,000,000	13.47
The Perry Family Trust	500,000	3.37
Hayes Nominees Limited	200,000	1.35
P.T. Young	200,000	1.35
TC Superannuation Trust	100,000	0.67
Inkerman Pty Limited	50,000	0.34
Watson Nominees Limited	50,000	0.34
P.H. Taylor	50,000	0.34
C.W. Kingsley	20,000	0.13
K.B. Jones	20,000	0.13
T.P. Clark	20,000	0.13
W.L. Davis Family Trust	12,270	0.08
Stock Pty Limited	10,000	0.07
D.E. Porter	10,000	0.07
A.L. White	10,000	0.07
P.D. Dawson	10,000	0.07
C.P. Daniels	8,751	0.06
C.J. Chambers	5,000	0.03
	14,276,021	96.17

NZSX/NZDX/NZAX Listing
Rules 10.5.5(b)

Convertible noteholders	Fully paid	
	Number	%
Green Dot Overseas Limited	2,500,000	55.56
Ryan Nominees Limited	712,520	15.84
Walker Pty Limited	400,000	8.89
Smith Trust	200,000	4.45
Gyles Nominees Limited	75,000	1.67
P.T. Young	75,000	1.67
Insurance Company Limited	30,000	0.67
P.H. Taylor Family Trust	15,000	0.33
Watson Nominees Limited	15,000	0.33
C.W. Kingsley	15,000	0.33
K.B. Jones	10,000	0.22
T.P. Carroll	10,000	0.22
Stock Pty Limited	10,000	0.22
Hill Nominees Limited	10,000	0.22
A.L. White	10,000	0.22
P.D. Margary	5,000	0.11
Hankey Pty Limited	5,000	0.11
D.E. Rundell	5,000	0.11
Swenson Trust	5,000	0.11
Thomason Nominees Limited	5,000	0.11
	4,112,520	91.39

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NZSX/NZDX/NZAX Listing
Rules 10.5.5(b)

COMMENTARY

The annual report of an issuer shall contain details of the names and holdings of Equity Securities of the holders having the 20 largest holdings of Quoted Equity Securities on the register of the Issuer as at a date not earlier than 2 months before the date of the publication of the annual report.

Credit rating

NZSX/NZDX/NZAX Listing
Rules 10.5.5(e)

As at 15 February 2010, the Standard & Poor's long-term debt rating for the Company was A Stable and the short-term debt rating was A-1.

Waivers granted by the NZX and applied by the entity

NZSX/NZDX/NZAX Listing
Rules 10.5.5(f)

COMMENTARY

The company is required to disclose a summary of all waivers granted and published by NZX or relied upon by the Issuer in the 12 month period preceding the date 2 months before the date of the publication of the annual report or a statement that such waivers have been granted to the Issuer and an appropriate cross reference to the Issuer's website where a summary of such waivers are published and will remain published for a period of 12 months following the publication of the annual report.

Five year financial summary

		2009	2008	2007	2006	2005
		NZ IFRS	NZ IFRS	NZ IFRS	NZ IFRS	NZ IFRS
Revenue ¹	NZ\$'000	140,918	151,840	228,230	226,568	222,763
Profit – continuing operations	NZ\$'000	18,242	20,337	26,777	26,312	25,539
Profit – discontinued operations	NZ\$'000	8,310	9,995	-	-	-
Total profit	NZ\$'000	26,552	30,332	26,777	26,312	25,539
Basic earnings per share -						
continuing operations ²	cents	76.4	82.8	134.7	133.9	132.3
Basic earnings per share - total ²	cents	121.0	129.9	134.7	133.9	132.3
Total assets	NZ\$'000	262,458	261,129	278,828	254,789	253,198
Equity	NZ\$'000	171,230	167,345	141,536	139,897	127,245
Net tangible assets per share ³	NZ\$'000	15.66 ³	11.21	12.04	10.87	10.11

¹ The Company's toy manufacturing operations were discontinued from 30 November 2009. In addition the Company announced plans to dispose of its bicycle business in 2010. These discontinued operations are excluded from revenue for the 2009 and 2008 years presented. Revenue for 2007, 2006 and 2005 include revenue from these operations.

² per share measures based upon weighted average number of ordinary shares.

³ increase in net tangible assets per share results from a share buy-back which occurred during the year.

COMMENTARY

Where financial statements contain financial summaries or comparative information under previous GAAP an entity is required to label the previous GAAP information predominately as not being prepared under NZ IFRS and disclose the nature of the main adjustments that would make it comply with NZ IFRS. These adjustments are not required to be quantified.

Other measures that could be included in a five year financial summary are:

- EBIT/Revenue ratios;
- return on asset ratios;
- return on equity ratios;
- operating cash flow per share;
- free cash flow;
- debt to equity ratios;
- working capital ratios; and
- key operating statistics relevant to the company.

NZ IFRS 1.37