Gentrack Group Ltd | **Annual Report**

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Annual Report

Financial Year Ending 30 September 2012

Gentrack

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About Gentrack

Our vision

To be recognised globally as a leader in the provision of software to electricity, gas, water and airport companies.

The company

For over 25 years, Gentrack solutions have been empowering utility and airport businesses around the world to transform the customer experience, improve business efficiency, reduce cost to serve and improve profitability. Gentrack continues to drive for excellence as a specialist developer of software solutions for energy utilities, water companies and airports. Extensive knowledge of these industries and a proven 100% track record in developing, implementing and supporting its leading software, *Gentrack Velocity*, *mDATA21*, and *Airport 20/20*, is what sets Gentrack apart from other ERP vendors.

Gentrack software continues to support over 150 utility and airport sites in 20 countries around the world, delivering affordable excellence and long-term partnerships built on Agility, Ability and Attitude.

Gentrack Markets

Gentrack is positioned as a 'specialist' with software solutions in the following markets:

- Water Utilities
- Electricity Utilities – Retail
- Electricity Utilities – Network
- Gas Utilities
- Metering Companies
- Airports

Gentrack Velocity m•DATA21 AIRPORT 20/20

Gentrack products

Gentrack's suite of specialist software is designed to support the meter-to-cash cycle for energy and water utilities, as well as the many complex information and resource management requirements of airports worldwide.

Gentrack Software solutions include:

Energy and Water Utilities

Gentrack Velocity – Retail

A comprehensive CRM, Smart Billing, Collections and integrated Meter Data Management software solution, supporting multiple utility products including:

- Electricity
- Gas
- Water
- Trade Waste
- Solar PV
- District Heating
- Other

Gentrack Velocity – Distributors/Networks

Gentrack Velocity functionality is specifically optimised for use by Utility Network companies, featuring major terminal accumulation, connection point network billing and end-of-month accrual billing.

Core Solutions:

- Multi-Utility Billing (Mass Market, Commercial and Industrial, Network)
- CRM
- Credit and Collections
- Meter Data Management
- Field Services
- Works and Asset Management
- Market Systems

mDATA21

mDATA21 is a stand-alone Meter Data Management solution for Advanced Metering and Intelligent Network infrastructures.

Provides full VEE reporting and auditing, B2B market interfaces and Enterprise Service Bus connectivity to support data publishing and smart meter messaging and communications.

Core Solutions:

- Smart Meter Data Repository
- VEE
- Data management tools
- Data Visualisation/BI
- Enterprise Integration Platform (support for Smart Meter comms)
- On-demand services

Airports

Airport 20/20

Specialist airport information management software used by domestic, international and commercial airports.

Core Solutions:

- Aeronautical billing
- Flight Information Display
- Resource Planning and Management
- Airport Operational Database
- Property Management
- Airport Message Broker
- Airport Intranet
- Advertising

The Gentrack Difference

- Low risk – great value
- On-time, on-budget
- Proven agile project implementation methodology – ADVANCE
- Long-term partnerships – not short-term gains
- A ‘Specialist’ – not a ‘Generalist’
- An agile business committed to meeting customer’s requirements
- Can-do attitude
- A team of experts that live and breathe utilities and airports

At a Glance

- HQ – Auckland; plus Melbourne, Brisbane, London, Manchester
- Over 160 staff
- More than 150 utilities and Airports using Gentrack technology
- Customers in over 20 countries
- Longest serving customer – Eastland Energy (24 years)
- First utility customer in Australia in 1995 (ActewAGL)
- New Gentrack products released every 6 months
- Gentrack software is used across all states and territories of Australia

Letter to the Shareholders

This is the inaugural annual report for the new Gentrack Group Ltd, following the purchase of Talgentra Pacific Group Ltd on 15 May 2012. Your company is now majority owned by Directors and employees, and this stable and long term ownership structure positions us well for continued profit and value growth.

I am pleased to report that the Group traded in line with the projections at the time of the MBO. In the full 12-month period to 30 September 2012, revenue was up 9.6% on the prior year to NZ$35.4m and EBITDA up 9.8% to NZ$13.5m, on a normalised basis. This was a strong result in the context of difficult economic conditions and the distraction caused by the MBO sale process itself.

The audited accounts for GGL for the 4.5 months since the transaction are impacted by $1.975m of costs related to the MBO, and accounting adjustments of $1.252m which arise on the transaction. As a result of these transactions GGL reports revenue of $13.047m, EBITDA of $4.218m and PAT of $1.315m. A reconciliation to the full year normalised results is provided with this report.

Gentrack Group Ltd targets 15% pa profit growth. Projects and opportunities already in hand put us in a strong position to deliver this in 2013 and beyond as detailed further in James Docking's report.

I must take this opportunity to thank James, the management team and all employees for their loyalty, dedication and hard work in delivering value to Gentrack and Airport 20/20 customers and shareholders in 2012. I look forward with confidence to reporting continued growth in 2013.

John Clifford, Chairman, Gentrack Group Ltd

CEO's Report

Results

We are pleased to be able to report to shareholders that 2012 represented a record year for the Gentrack Group business in terms of both revenue and profit.

For our recently completed financial year ending 30 September 2012, the Gentrack Group revenues were up 9.6% to NZ$35.4m. These figures are the management results prior to accounting adjustments made for the business change in ownership mid-year.

We view this as an excellent result. While it is below our long-run targeted growth rate of 15% per annum it is a positive outcome when viewed in the context of the Global Economic Crises and the diversion caused by our own sale and purchase.

At a divisional level Airports revenues increased by 31.6% to NZ$5.0m while Utilities revenues increased by 7.0% to NZ$30.4m. The lower Utilities growth was largely the result of project delivery inertia as the Utilities business grew by 29.8% in the previous year.

Pleasing aspects of the 2012 result were increases in Licence Fees of 32% and in Recurring Fees of 10.9%. The former demonstrates our ability to win new customers while the latter underlines the strength of our business with 30% of our income being very predictable.

Achievements

In 2012 we won four new customers in competitive tenders in the UK, Australia and Asia, and were notified as preferred supplier with four others which have since commenced contractual discussions. So while the 2012 'wins' were lower than we aimed for, timing was a significant factor and we go into 2013 with a significant project workload. No customers were lost to Gentrack in 2012.

A particular highlight was the Airport 20/20 success at Birmingham Airport. Birmingham is England's sixth biggest airport and one of its fastest growing. Not only did this win emphasise our commitment to our UK growth plan, but it was achieved in the heartland of one of Airport 20/20's largest international competitors.

During 2012 we completed five major implementation or upgrade projects and progressed eight more. We continue to maintain our record of 100% project success which is an enviable record in enterprise software implementation.

We opened a new Gentrack office in Brisbane in 2012 to help us grow the business in Northern Australia and we expanded Gentrack's London office to accommodate the merging of our UK based Airports and Utility teams under one roof. We commenced a reorganisation of the Melbourne office and will further expand the floor space in 2013. Overall we increased staff numbers by 7% whilst improving the ratio of income over payroll.

During 2012 Gentrack moved up four places to 59th out of 200 in the NZ Tech Company index and was benefitted by a Government grant towards our R&D programme. Gentrack continued to invest strongly in its Utility and Airports products with both functionality and technology improvements successfully delivered.

Outlook

Gentrack commences the 2013 financial year with a solid work-book and strong prospects which should deliver 10% to 15% growth over the 2012 results. Key features of this growth should include breaking into the network company space in Australia, a sizeable smart-metering project with mDATA21, and some water sites in the UK. These would be business changing events as they would significantly increase Gentrack's potential market. To support this growth we continue to recruit strongly into our offices all around the world as well as cultivating partner companies to assist with remote implementations.

In 2013 we plan to increase our R&D effort. In addition to our market and functionality development we are investing to keep pace with technology, societal changes and customer expectations. This includes alignment with software as a service (SaaS), cloud computing, mobile technologies, social media and feature sets delivered through Apps and dashboards. While these transformations are exciting they actually have a lower revenue impact than the regulatory changes which occur regularly in our markets.

Looking further forward we continue to see our largest revenue growth coming from Australia and then the UK, conversely one of our key competitive advantages continues to be the benefits of a significant NZ based work-force. Accordingly we continue to develop the business to maximise our performance in this paradigm.

In Conclusion

2012 was a very busy year and successful financially. We go into 2013 with an exciting array of projects, prospects and product initiatives. The business environment in which we compete is positive despite the global economic downturn. We are fortunate to have a business filled with highly motivated staff who are fully committed to the effort required to build an international software business from down-under.

Finally, I would like to thank our shareholders for supporting our vision.

James Docking, Chief Executive Officer

Gentrack Citizenship

Gentrack continued to show its support for a range of great causes this year. As Gentrack continues to expand across the globe, the company and its staff have continued to display their generosity by putting plenty back into the communities they live and work in.

In New Zealand, Gentrack has become a 'Community Supporter' of The Police Managers' Guild Trust – Crime Prevention Community, aimed at making our communities safer. Gentrack also continued its 10 year history of supporting the Westpac Auckland Rescue Helicopter Trust. Gentrack's support enables the rescue helicopters to operate 24/7 and saw them complete over 65 rescue missions in just the two week Christmas and New Year period.

The Special Children's Christmas Party has become a regular feature of the Gentrack calendar. As well as providing its corporate support, Gentrack staff have donated their time every year as volunteers to help run the event which is held for thousands of special needs, disabled, and underprivileged children around New Zealand.

Gentrack has also placed an emphasis on keeping fit and active, with a number of staff turning this into a great way to raise funds for various charities. Every March, the Auckland office participates in the 'Round the Bays' fun run event which raises funds for the 'Kidz First' Children's Hospital, 'Make a Wish', and the 'Child Cancer Foundation' while the Melbourne office takes part in the annual 'Run for Kids' which raises money for the Melbourne Royal Children's Hospital Good Friday Appeal. At Christmas, the annual 'Santa Run' is held in Auckland with taking to the streets dressed as Santa to run a 3km course to raise money for under privileged kids. All proceeds last year went to the 'Kids Can' charity.

There were many other examples of Gentrack's corporate citizenship in the past year. There are just a few of the other ways Gentrack and its staff gave back to their communities in 2012. A 22 strong 'Movember' team raised over NZ$3000 for men's health, the Auckland office dressed up in pink and sold cupcakes to fight breast cancer, and in Melbourne the team brought in donations to take part in 'Australia's Biggest Morning Tea', which raises funds for the Australian Cancer Council.

Gentrack is proud to see the amazing efforts and contributions made by its staff in giving back to their local communities in 2012, and it is looking forward to seeing how they can exceed their effort in 2013.

Locations

Australia

Melbourne

Level 9, 390 St Kilda Road,
Melbourne, VIC 3004
Ph: +61 (0)3 9867 9100

Brisbane

Level 2, Regus Northbank Plaza
69 Ann Street, Brisbane, QLD 4000
Ph: +61 (0)7 3112 1007

UK

Manchester

300 Aviator Way
Manchester, M22 5TG
Ph: +44 (0)161 266 1706

London

Hamilton House, Mabledon Place
London, WC1H 9BB
Ph: +44 (0)207 554 8707

New Zealand

Auckland

Level 3, 25 College Hill
Auckland 1011
Ph: +64 (0)9 966 6090

Director Profiles

John Clifford
Chairman and Foundation Shareholder

John was appointed Chairman of Gentrack in 2007, bringing with him a wealth of experience in the private equity sector in Europe, Asia and Australia. John is also currently Chairman of Silk Logistics Group and a Director of McPhersons as well as a past director of energy related companies Landis+Gyr and Energy Response, amongst others.

Leigh Warren
Non-Executive Director and Foundation Shareholder

Leigh has over 20-years experience in the Information Technology sector and has held executive positions in blue chip companies throughout Australia, New Zealand, Asia Pacific, Europe and Africa, including Oracle and SAP. Currently, over and above his position at Gentrack, Leigh services on the board of two private companies and is CEO of his own consulting company which specialises in organisational effectiveness.

James Docking
CEO – Director and Foundation Shareholder

James joined Gentrack in 1995 in the midst of the deregulating energy market in New Zealand and has successfully taken the Gentrack business to a position of market leadership throughout New Zealand and Australia as well as expanded it internationally. With a strong industrial background encompassing information technologies, electronics and power engineering, James has held previous roles with the Electricity Corporation of New Zealand and Enermet Metering.

Roy Grant
CFO – Director and Foundation Shareholder

Developed over 23-years with Gentrack, Roy has an extensive knowledge of the Gentrack business and the utilities industry. In addition to leading Gentrack's Finance and Administration division as CFO, Roy has had the responsibility for overseeing all legal and contractual matters at Gentrack. Roy is a director of a number of the companies within the Gentrack Group including the head entity, Gentrack Group Ltd.

Foundation Shareholders

Terry Maude

Chief Technology Officer and Foundation Shareholder

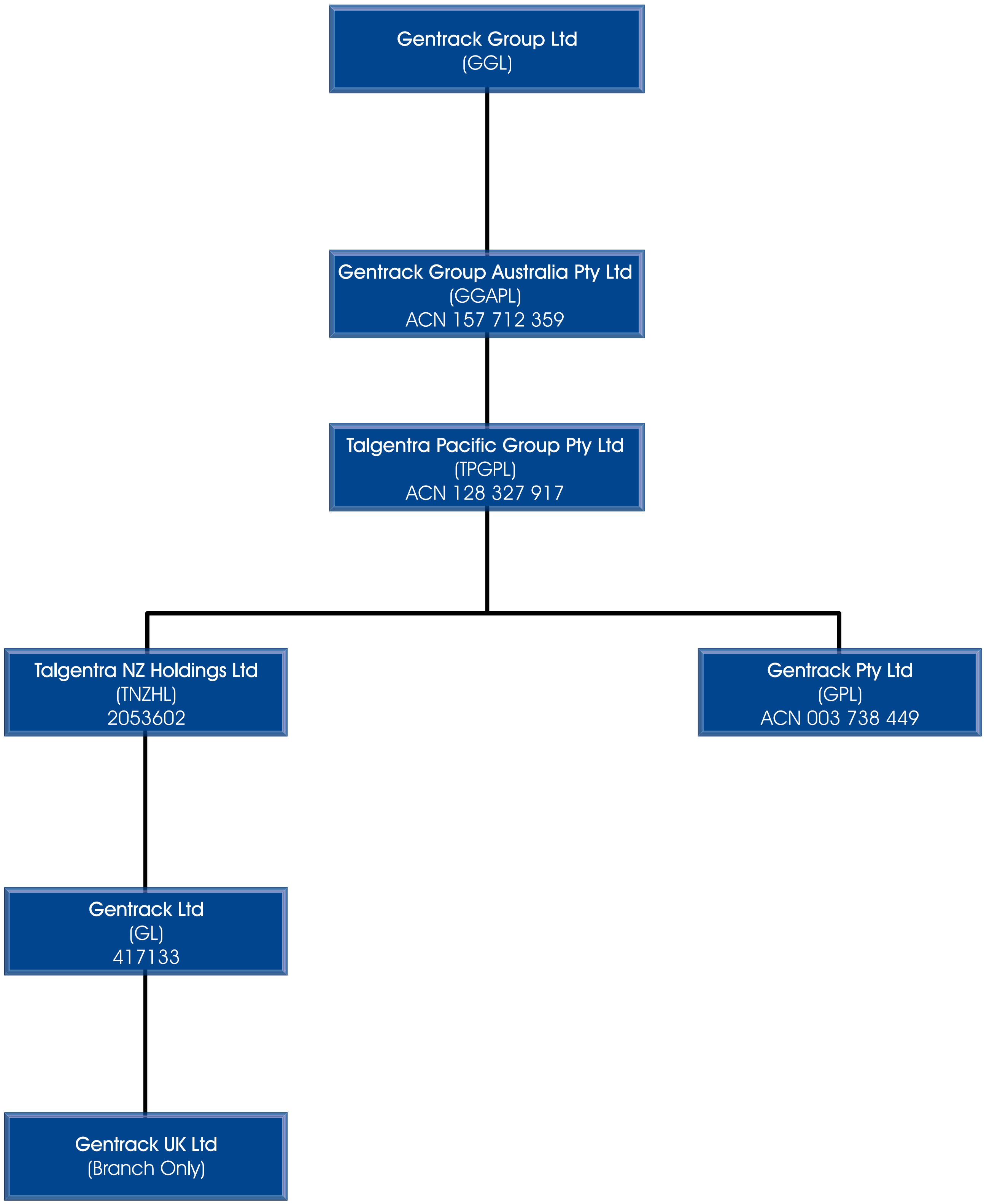
With over 30-years in IT of which 25 have been with Gentrack, Terry's understanding of Gentrack software and technology is extensive. Leading a team of dedicated technical staff, Terry has enabled the business to continually meet customer and market expectations, and to compete successfully against larger global vendors. Terry is responsible for overseeing product R&D and the future product development road map.

Nigel Farley

General Manager, Airport 20/20 and Foundation Shareholder

Nigel is the driving force behind the Airport 20/20 division within Gentrack. In his role as General Manager, Airport 20/20, he has grown 20/20's customer base to over 100 airports including some of the world's busiest international airports. Nigel is responsible for the strategic direction of the 20/20 business and oversees all operations of the 20/20 business. With Gentrack since 1988, Nigel also has significant experience in finance, sales and operations.

Gentrack Group Structure



Gentrack Group Ltd

2012 Annual Report

FINANCIAL STATEMENTS

for the period ended 30 September 2012

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Company Directory

For the period ended 30 September 2012

Nature of Business	Software Developer
Registered Office	25 College Hill Freemans Bay Auckland, 1011
Postal Address	PO Box 3288 Shortland Street Auckland, 1140
Incorporation Number	3768390
Directors	J P Clifford J E Docking R D Grant L Warren
Solicitors	Kensington Swan
Auditors	KPMG Auckland
Bankers	ANZ National Bank Ltd Queen Street Auckland

Directors' Responsibility Statement

For the period ended 30 September 2012

In the opinion of the directors of Gentrack Group Limited the financial statements and notes on pages 7 to 35, comply with New Zealand Generally Accepted Accounting Practice and give a true and fair view of the financial position of the company as at 30 September 2012 and the results of operations and cash flows for the period ended on that date, and have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The shareholders resolved that the information required by paragraphs (a) and (e) – (j) of subsection (1), and subsection (2), of Section 211 of the Companies Act 1993 not be disclosed in the annual report pursuant to section 211(3) of the Companies Act 1993.

The directors are pleased to present the financial statements of Gentrack Group Limited for the period 15 May 2012 to 30 September 2012 (Group) and 4 April 2012 to 30 September (Parent).

For and on behalf of the Board of Directors:

James Docking, Director
Date: 11 February 2013

Roy Grant, Director
Date: 11 February 2013

Auditors Report

For the period ended 30 September 2012

Independent auditor's report

To the shareholders of Gentrack Group Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of Gentrack Group Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 7 to 35. The financial statements comprise the statements of financial position as at 30 September 2012, the statements of comprehensive income, changes in equity and cash flows for the 5 month and 27 day period then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with 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 company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group 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 company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the 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.

Our firm has also provided other services to the company and group in relation to taxation and general accounting services, Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.

Auditors Report continued ...

For the period ended 30 September 2012

KPMG

Opinion

In our opinion the financial statements on pages 7 to 35:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company and the group as at 30 September 2012 and of the financial performance and cash flows of the company and the group for the 5 month and 27 day period then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Gentrack Group Limited as far as appears from our examination of those records.

KPMG

18 February 2013
Auckland

Statement of Comprehensive Income

For the period ended 30 September 2012

	Notes	Group 2012 $'000	Parent 2012 $'000
Revenue	3	13,047	-
Cost of sales	5	(5,476)	-
Gross profit		**7,571**	**-**
Other income	4	144	-
Sales and Marketing expenses	5	(1,460)	-
Administration expenses	5	(1,813)	(82)
Other expenses	6	(1,671)	-
Operating profit/(loss) before financing costs		**2,771**	**(82)**
Finance income	7	209	139
Finance expense	7	(1,181)	(939)
Net financing costs		**(972)**	**(800)**
Profit/(loss) before tax expense		1,799	(882)
Income tax (expense)/benefit	8	(484)	247
Profit/(loss) after tax for the period		**1,315**	**(635)**
Other comprehensive income		239	-
Total comprehensive income/(loss) for the period		**1,554**	**(635)**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the period ended 30 September 2012

	Notes	Group 2012 $'000	Parent 2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	13	473	0
Trade and other receivables	14	11,481	375
Amount owing from subsidiary	24	-	139
Income tax receivable		452	247
Total Current Assets		**12,406**	**761**
NON-CURRENT ASSETS			
Property, plant and equipment	15	539	-
Goodwill	2, 16	40,253	-
Intangibles	17	24,185	-
Loan to related parties	24	-	9,889
Deferred Tax Asset	9	640	-
Investment	18	-	53,924
Total Non-Current Assets		**65,617**	**63,813**
TOTAL ASSETS		**78,023**	**64,574**
CURRENT LIABILITIES			
Bank Overdraft	13	(81)	-
Trade payables and accruals	19	(2,215)	(425)
Amount owing to subsidiary	24	-	(4)
Deferred revenues		(3,254)	-
GST Payable		(344)	-
Employee Entitlements	20	(1,061)	-
Income Tax Payable		(903)	-
Derivative financial liabilities	22	(79)	(79)
Borrowings	21	(4,114)	(4,063)
Total Current Liabilities		**(12,051)**	**(4,571)**
NON-CURRENT LIABILITIES			
Employee Entitlements	20	(155)	-
Borrowings	21	(33,582)	(33,582)
Loan from related parties	24	-	(1,658)
Deferred tax liabilities	9	(5,283)	-
Total Non-Current Liabilities		**(39,020)**	**(35,240)**
TOTAL LIABILITIES		**(51,071)**	**(39,811)**
NET ASSETS		**26,952**	**24,763**
EQUITY			
Share capital	11	(25,398)	(25,398)
Retained earnings		(1,315)	635
Translation Reserve	12	(239)	-
TOTAL SHAREHOLDERS' EQUITY		**(26,952)**	**(24,763)**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period ended 30 September 2012

Group	Notes	Share Capital $'000	Retained Earnings $'000	Translation Reserve $'000	Total Equity $'000
Balance as at 16 May 2012		**-**	**-**	**-**	**-**
Issue of capital	11	25,398	-	-	25,398
Profit after tax for the period		-	1,315	-	1,315
Other comprehensive income	12	-	-	239	239
Total comprehensive Income/ (loss) for the period, net of tax		**25,398**	**1,315**	**239**	**26,952**
Transactions with owners		-	-	-	-
Balance at 30 September 2012		**25,398**	**1,315**	**239**	**26,952**

Parent	Notes	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance as at 4 April 2012		**-**	**-**	**-**
Issue of capital	11	25,398	-	25,398
Profit after tax for the period		-	(635)	(635)
Other comprehensive income		-	-	-
Total comprehensive Income/ (loss) for the period, net of tax		**-**	**(635)**	**(635)**
Transactions with owners		-	-	-
Balance at 30 September 2012		**25,398**	**(635)**	**24,763**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the period ended 30 September 2012

	Notes	Group 2012 $'000	Parent 2012 $'000
Cash flows from operating activities			
Receipts from customers		12,357	-
Payments to suppliers and employees		(9,804)	(32)
Income tax paid		(1,267)	-
Net cash inflow from operating activities	**29**	**1,286**	**(32)**
Cash flows from investing activities			
Property, plant and equipment		(49)	-
Acquisition of subsidiary, net of cash acquired	2	(35,200)	(43,539)
Net cash outflow from investing activities		**(35,249)**	**(43,539)**
Cash flows from financing activities			
Net interest received/ (paid)		(972)	(935)
Repayment of borrowings		(10,621)	-
Proceeds from borrowings		39,167	37,724
Proceeds from issue of share capital	11	6,781	6,782
Net cash inflow from financing activities		**34,355**	**43,571**
Net increase/(decrease) in cash held		**392**	**0**
Cash at beginning of the financial period		**0**	**0**
Closing cash and cash equivalents (net of overdrafts)		**392**	**0**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the period ended 30 September 2012

Note 1 Summary of Significant Accounting Policies

Gentrack Group Limited (the “Parent”) is a company domiciled in New Zealand and registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993. Financial statements for Gentrack Group Limited and consolidated financial statements are presented. The consolidated financial statements comprise Gentrack Group Limited and its subsidiaries (the “Group”). The Group is involved in developing software that provides enterprise billing and customer management software solutions to the energy, water and airport industries.

The financial statements for the Parent are for the period from incorporation, 4 April 2012, through to 30 September 2012. On 15 May 2012 the Parent, through its newly incorporated Australian subsidiary, Gentrack Group Australia Pty Ltd, acquired Talgentra Pacific Group Pty Ltd. The results of Talgentra Pacific Group Pty Ltd and its subsidiaries have been included in the Group’s results from that date. The financial statements were authorised for issue by the directors on 11 February 2013.

(a) Changes in accounting policy

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except for NZ IFRS 9 Financial Instruments, which becomes mandatory for the group’s 2016 consolidated financial statements and could change the classification and measurement of financial assets. The group does not plan to adopt this standard early and the extent of the impact has not been determined.

The accounting policies below have been applied consistently in the period presented in these financial statements and have been applied by all acquired subsidiaries in periods preceding the group restructure.

(b) Basis of preparation

Statement of compliance with IFRS

The financial statements comprise the following: statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows, and accounting policies and notes to the statements contained on pages 20 to 35.

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (“IFRS”). The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

Basis of measurement

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: foreign exchange contracts and derivative financial instruments. Non-current assets held for sale are valued at fair value less costs to sell.

Going Concern

The financial statements have been prepared using the going concern assumption.

Presentation currency

The financial statements are presented in New Zealand dollars unless otherwise stated and all values are rounded to the nearest thousand ($’000). The functional currency is New Zealand Dollars (NZD).

Note 1 Summary of Significant Accounting Policies continued ...

Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(c) Basis of Consolidation

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity as to obtain benefits from activities.

The Group recognises the fair value of all identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured as the excess cost of the acquisition over the recognised assets and liabilities. When the excess is negative (negative goodwill), the amount is recognised immediately in the statement of comprehensive income.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Revenue

Revenues are recognised at the fair value of the consideration received, net of goods and services tax (GST). Sales revenue comprises revenue earned from the provision of goods and services to entities outside of the Group.

Sale of goods

Revenue from the sale of goods is measured at the fair value of consideration received or receivable (net of returns, discounts and allowances) when control of the goods passes to the customer.

Licence fee revenue

Initial licence fees for new customers are recognised in full on installation of the software provided the customer is committed to pay on installation. Initial licence fees for existing customers are recognised in full on signing of the contract where there are minimal or no on-going license services required. Annual licence fees are recognised evenly over the licence period and licence fee revenue received in advance is recognised as deferred income.

Note 1 Summary of Significant Accounting Policies continued ...

Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(e) Net Finance Cost

Finance income comprises interest income, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit and loss, foreign currency gains, and gains on hedging instruments that are recognised in profit and loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payments is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of the financial assets at fair value through profit and loss, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on hedging instruments that are recognised in profit and loss. All borrowing costs are recognised in profit and loss using the effective interest method.

(f) Financial Instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: cash and cash equivalents, trade and other receivables and loans and borrowings.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables and loans and borrowings.

Cash and cash equivalents comprise bank balances and cash on hand. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as component of cash and cash equivalents for the purpose of the statement of cash flows.

Note 1 Summary of Significant Accounting Policies continued ...

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables and loans and borrowings.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Derivative Financial Instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. In the current financial period, the Group's derivative financial instruments were not designated in a qualifying hedge relationship. Therefore all changes in the instruments' fair values were recognised immediately in profit or loss.

Share capital

Ordinary and Class A shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on Preference share capital classified as equity are recognised as distributions within equity.

(g) Fair value estimation

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Intangible assets

The fair value of other intangible assets at the date of acquisition as part of a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets. The valuation method used was a discounted cash flow analysis for the Gentrack and Airport software and replacement cost for the internal use software.

Note 1 Summary of Significant Accounting Policies continued ...

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(h) Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost includes the purchase consideration, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located an appropriate portion of production overheads. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where an item of plant and equipment is disposed of, the gain or loss recognised in the statement of comprehensive income is calculated as the difference between the net sales price and the carrying amount of the asset.

Subsequent Costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Leased assets

Leases where the Group assumes substantially all the risk and rewards of ownership are classified as finance leases. The assets acquired by way of finance are stated at an amount equal to the lower of their value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment loss.

Depreciation

Depreciation begins when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged on a straight-line basis over the estimated useful life. Depreciation is charged to profit and loss. The following useful lives have been used:

- Office equipment, fixtures and fittings 7 years
- Computer equipment 3 to 7 years
- Leasehold improvements 3 to 7 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Intangible assets

Goodwill

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see “Impairment” below).

Note 1 Summary of Significant Accounting Policies continued ...

Brands

Brands are considered to have an indefinite useful life and are held at cost and are not amortised, but are subject to an annual impairment test.

Other intangible assets

Other intangible assets consist of software and customer relationships. They have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure on internally generated goodwill and brands, are recognised in profit or loss as incurred.

Amortisation

Except for goodwill and brands, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Customer relationships 10 years
- External use software 10 years
- Internal use software 3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Goodwill

The carrying value of goodwill is assessed annually. Performing this assessment requires management to estimate future cash flows to be generated by cash generating units or groups of cash generating units to which goodwill has been allocated. Estimating future cash flows entails making judgements including expected growth of revenues, margins expected to be achieved, the level of future payroll, administration and support costs and the appropriate discount rate to apply when discounting future cash flows.

Other intangible assets and brands

The valuation of intangible assets acquired requires management to separately identify the individual intangible assets that are to be valued. Management decide on the appropriate valuation technique to employ.

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a

Note 1 Summary of Significant Accounting Policies continued ...

loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for receivables at both a specific asset and collective level.

(k) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of cash dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(l) Tax Consolidation

The Company and its wholly-owned NZ resident entities have formed a tax consolidated group with effect from 16 May 2012 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Gentrack Group Limited. Similarly, Gentrack Group Australia Pty Limited and its subsidiaries of Talgentra Pacific Group Pty Limited and Gentrack Pty Limited form an Australian based tax consolidated group.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the “group allocation” approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Group recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Note 1 Summary of Significant Accounting Policies continued ...

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts.

The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

(m) Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign Operations

The assets and liabilities of the foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on acquisition are translated to New Zealand dollars at exchange rates at the date of acquisition. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (FCTR) in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in FCTR is transferred to profit or loss as part of the gain or loss on disposal.

(n) Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

(o) Research and Development

All research costs are recognised as an expense when incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use have been established.

(p) Employee Benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Note 1 Summary of Significant Accounting Policies continued ...

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is calculated using the projected unit credit method and is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

Short term employee benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. These are expensed as the services are provided. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Lease Payments

Operating lease payments

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit and loss over the lease term as an integral part of the total lease expense.

Finance lease payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(s) Government grant

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in profit or loss on a systematic basis.

(t) Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market rates and, where appropriate, the risks specific to the liability.

Note 2 Business Combination

On 15 May 2012 the Talgentra Pacific Group underwent a change of ownership and restructure which involved Gentrack Group Limited (GGL), a newly incorporated New Zealand company, purchasing the shares of the then parent company, Talgentra Pacific Group Pty Ltd, through its newly incorporated Australian subsidiary, Gentrack Group Australia Pty Ltd.

The transaction met the definition of a business combination in accordance with NZ IFRS 3 Business Combinations; therefore the assets and liabilities of the acquired business have been fair valued.

The acquired Talgentra Pacific Group Pty Limited owns 100% of NZ domiciled Talgentra NZ Holdings Limited, which in turn owns 100% of the NZ operating subsidiary Gentrack Limited. Talgentra Pacific Group Pty Limited also directly owns 100% of the Australian operating subsidiary Gentrack Pty Limited.

The details of the acquisition transaction and the fair value adjustments arising from the change in ownership are shown below:

	Note	Fair value to the Group $000
Software	17	12,008
Customer relationships	17	7,986
Brand	17	5,024
Working capital (incl. cash of $108k)		4,541
PP&E	15	561
Deferred revenue		(1,122)
Non-current liabilities		(10,125)
Deferred tax		(5,202)
Net assets acquired		**13,671**
Goodwill arising	16	40,253
Fair value of net assets acquired and goodwill arising		
Components of cost of acquisition		
Consideration: purchase of the shares held by 3rd party		35,308
Issue of Ordinary Shares (Note 11)	11	18,616
		53,924

Provisional fair value adjustments were made to reflect the fair value of the assets/liabilities acquired. Those principally impact the following two categories:

(a) Intangibles

The adjustment has been made to represent the recognition of the fair value of customer relationships, brands and developed software and the associated deferred tax on the temporary timing difference created by the fair value adjustments. The recognition of these intangibles and deferred tax had a net impact of $279k (debit) in the statement of comprehensive income of the Group in the current period.

Note 2 Business Combination continued ...

(b) Deferred income

The fair value of deferred revenue liabilities represents the amount that an acquirer would be willing to pay to a third party to assume such liabilities. The resulting adjustment to deferred revenue was a reduction in the liability of $1,769k to $1,122k on the acquisition balance sheet. This accounting treatment has resulted in a reduction of the current period's revenue by $1,252k that would otherwise have been recorded by Talgentra Pacific Group in the same period had the acquisition not taken place. The remainder of the deferred income fair value adjustment of $517k will impact the following financial year.

Recognised goodwill comprised $40.3 million arising on the purchase of the 100% interest in the business on 15 May 2012.

Goodwill represents future economic benefits arising from assets that are not capable of being identified individually or recognised as separate assets. This includes the value of a skilled and experienced work-force, the pipeline of both contracted sales in progress and potential sales prospects at various stages of closure at the time of the acquisition and the value of established processes and infrastructure.

Note 3 Revenue

	Group 2012 $000	Parent 2012 $000
Software licensing and sale of goods	5,173	-
Rendering of services	7,874	-
	13,047	**-**

Note 4 Other Income

	Group 2012 $000	Parent 2012 $000
Grant revenue	144	-
	144	**-**

Grant revenue earned relates to a rolling 30 year agreement for 'Technology Development Grant Funding' with the Ministry of Science and Innovation. The current agreement continues until 30 September 2013 and it is expected the agreement will be renewed. The annual maximum expenditure which can be claimed against is $2.4m. Current period expenditure which has resulted in grants of $144,000 amounts to $681,000.

Notes to the Financial Statements continued …

For the period ended 30 September 2012

Note 5 Administration and Personnel Expenses

	Group 2012 $000	Parent 2012 $000
Administrative expenses including the following:		
KPMG – audit fees (normal recurring)	109	20
KPMG – audit fees (one-off associated with the acquisition)	37	10
KPMG – tax services	69	-
Rental and operating lease costs	395	-
Doubtful debts	62	-
Personnel expenses allocated across cost of sales, administrative expenses and sales and marketing expenses:		
Wages and salaries (including bonus expense)	5,514	-
Defined contribution plan contributions	144	-

Note 6 Other Expenses

	Group 2012 $000	Parent 2012 $000
Other expenses include the following:		
Depreciation	74	-
Amortisation	833	-

Note 7 Net Financing Costs

	Group 2012 $000	Parent 2012 $000
Finance income		
Interest income	71	-
Interest income – intercompany	-	139
Foreign exchange gains	138	-
	209	139
Finance expenses		
Interest expense	(992)	(935)
Interest expense – intercompany	-	(4)
Foreign exchange losses	(189)	-
	(1,181)	(939)
Net financing costs	**(972)**	**(800)**

For the period ended 30 September 2012

Note 8 Income Tax Expense

	Group 2012 $000	Parent 2012 $000
(a) Reconciliation of effective tax rate		
Profit/(Loss) after tax for the period	1,799	(882)
Income tax using the Company's domestic tax rate of 28%	504	(247)
Other	(64)	-
Non-deductible expense/(non-assessable income)	45	-
Under/(over) provided in prior periods	(1)	-
Income tax expense/(benefit)	**484**	**(247)**
(b) Income tax expense/(benefit) is represented as follows:		
Current tax payable/(receivable) in respect of current year	1,043	(247)
Deferred tax (benefit)/expense	(559)	-
	484	**(247)**

Note 9 Deferred Tax Asset/(Liability)

	Group 2012 $000	Parent 2012 $000
Recognised deferred tax assets and liabilities		
Deferred tax assets and (liabilities) are attributed to the following:		
Trade and other receivables	(352)	-
Intangible assets	(4,931)	-
Deferred income	98	-
Provisions including employee entitlements and doubtful trade debtors	527	-
Other	15	-
Total deferred tax asset/(liability)	**(4,643)**	**-**

The movement in temporary differences has been recognised in profit or loss. Deferred tax assets have been recognised at a rate of 28% at which they are expected to be realised.

Movement in temporary differences during the period:

Group	Balance 16 May 2012 $000	Temporary movements recognised $000	Balance 30 Sep 2012 $000
Trade and other receivables	(345)	(7)	(352)
Intangible assets	(5,092)	161	(4931)
Deferred income	(255)	353	98
Provisions including employee entitlements and doubtful trade debtors	533	(6)	527
Other	(43)	58	15
Total	**(5,202)**	**559**	**(4,643)**

Note 9 Deferred Tax Asset/(Liability) continued ...

Parent	Balance 4 April 2012 $000	Temporary movements recognised $000	Balance 30 Sep 2012 $000
Tax loss carry forward	-	-	-
Other items	-	-	-
Total	**-**	**-**	**-**

Imputation Credits

	Group 2012 $000	Parent 2012 $000
Imputation credits available for use in subsequent reporting periods	2,934	1,101

Note 10 Earnings per Share

	Parent 2012 $000
Total profit/(loss) for the period (numerator)	1,315
Number of share outstanding (denominator)	19,233,170
Basic earning per share (cents)	**6.8**

Note 11 Capital

Parent	Shares Issued	Unit Value	Cumulative Share Capital $000
Ordinary Shares	14,893,170	$1.2500	18,617
Preference Shares	4,340,000	$1.5625	6781
	19,233,170		**25,398**

Ordinary shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

Preference shares are fully paid and have no par value. The holders of preference shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets. Under certain circumstances, preference shares have preference over the Company's residual assets on wind up.

Capital Management

The Company's capital includes share capital and retained earnings. The Company's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

The Company's objective is to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company is not subject to externally imposed capital requirements.

Note 12 Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Note 13 Cash and Cash Equivalents

	Group 2012 $000	Parent 2012 $000
Bank Balances	465	-
Cash on hand	8	-
	473	**-**
Bank Overdraft	(81)	-
	392	**-**

Note 14 Trade and Other Receivables

	Group 2012 $000	Parent 2012 $000
Trade debtors	5,920	-
Provision for doubtful debts	(98)	-
Work in Progress/Accrued Debtors	4,306	-
Sundry debtors	30	-
Prepayments	1,115	375
Withholding tax receivable	208	-
	11,481	**375**

(a) Credit Risk

The aging of the Company's trade debtors at the reporting date was as follows:

Group	Gross 2012 $000	Allowance for doubtful debts 2012 $000
Not past due	4,678	-
Past due 1–30 days	432	-
Past due 31–60 days	215	-
Past due 61–90 days	216	-
Past due over 90 days	379	(98)
	5,920	**(98)**

Note 14 Trade and Other Receivables continued ...

The movement in the provision for doubtful debts during the period was as follows:

Group	2012 $000
Balance at 15 May 2012 (Acquired as per Note 2)	(36)
(Increase)/decrease in impairment provision	(62)
Bad debt written off	-
Balance at 31 December 2012	**(98)**

Based in historical default rates, the Group believes that the above allowance for credit risk covers the risk of defaults.

Note 15 Property, Plant and Equipment

Group	Office equipment, fixtures and fittings $000	Computer equipment $000	Leasehold improvements $000	Total $000
Period ended 30 September 2012				
Acquired (Note 2)	187	162	213	561
Additions	13	37	3	55
Disposals	(0)	-	-	(0)
Depreciation charge	(22)	(35)	(16)	(74)
Effect of movement in foreign exchange	(0)	(3)	-	(3)
Closing net book amount	**178**	**161**	**200**	**539**
Cost	611	1,117	302	2,030
Accumulated depreciation	(433)	(956)	(102)	(1,491)
Net book amount	**178**	**161**	**200**	**539**

Note 16 Goodwill

	Note	Parent 2012 $000
Net book amount (arising on acquisition)	2	40,253
Effect of movement in foreign exchange		-
Closing net book amount		40,253
Gross carrying amount		40,253
Accumulated impairment		-
Net book amount		40,253

Notes to the Financial Statements continued ...

For the period ended 30 September 2012

Note 16 Goodwill continued ...

In accordance with the requirements of IAS 35 Impairment of Assets, goodwill is to be allocated to the Group's cash-generating units (CGUs). In accordance with NZ IFRS 3, the acquisition accounting is considered to be provisional on the basis that the goodwill has not been allocated to CGUs. Consequently the impairment test has not been performed in the current period. This assessment is to be undertaken for the first time in financial year 2013.

Note 17 Intangible Assets

Group	Software $000	Customer Relationship $000	Brand names $000	Total $000
Period ended 30 September 2012				
Acquired (Note 2)	12,008	7,986	5,024	25,018
Additions	-	-	-	-
Amortisation charge	(500)	(333)	-	(833)
Closing net book amount	**11,508**	**7,653**	**5,024**	**24,185**
Cost	12,008	7,986	5,024	25,018
Accumulated amortisation	(500)	(333)	-	(833)
Net book amount	**11,508**	**7,653**	**5,024**	**21,185**

Note 18 Investments

Parent	2012 $000
Investment in Gentrack Group Australia Pty Limited	
Consideration	53,924
Impairment	-
Carrying Amount	**53,924**

Note 19 Trade Payables and Accruals

	Group 2012 $000	Parent 2012 $000
Trade creditors	736	-
Sundry accruals	1,479	425
	2,215	**425**

Note 20 Employment Entitlements

	Group 2012 $000	Parent 2012 $000
Non-current		
Liability for long-service leave	155	-
	155	**-**
Current		
Liability for long-service leave	201	-
Liability for annual leave	860	-
	1,061	**-**

Note 21 Interest Bearing Loans and Borrowings

	Group 2012 $000	Parent 2012 $000
Current borrowings		
Secured bank loan	4,063	4,063
Obligations under finance leases	51	-
	4,114	**4,063**
Non-current borrowings		
Secured bank loan	33,582	33,582
Obligations under finance leases	-	-
	33,582	**33,582**

Terms and debt repayment schedule

Group	Nominal Interest	Year of Maturity	Interest 2012 $000	Principal 2012 $000
Secured bank loan	5.7%	2015	37,645	37,645

The bank loan is a 3 year term $38.6m facility which was fully drawn down on 15 May 2012. It is secured over all of the assets of the Group. The Group is required to meet normal quarterly covenants based on interest, debt servicing and leverage ratios. At 30 September 2012 the Group was operating comfortably within the mandated ratios.

Finance lease liabilities

Group	Computer equipment $000	Leasehold improvements $000	Total $000
Less than one year	51	-	51
Between one and five years	-	-	-
More than five years	-	-	-
	51	**-**	**51**

Note 22 Financial Risk Management

The Group's principal financial instruments include trade receivables and payables, cash and short term deposits, borrowings and loans and receivables from group companies.

As a result of the Group's operations and sources of finance, it is exposed to credit risk, liquidity risk and market risks which include foreign currency risk, commodity price risk and interest rate risk. These risks are described below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the financial risks faced by the Group, to set apprpriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis upon which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the Statement of Accounting Policies to the financial statements.

As at 30 September 2012, the Group holds the following financial instruments:

Group	Held for trading $000	Loans and receivables $000	Other amortised cost $000
Financial assets			
Cash and cash equivalents	-	473	-
Tax related assets	-	1,092	-
Trade and other receivables	-	11,481	-
	-	**13,046**	**-**
Financial Liabilities			
Bank overdraft	-	-	(81)
Borrowings	-	-	(37,696)
Derivative liabilities	(79)	-	-
Tax related liabilities	-	-	(1,247)
Trade and other payables	-	-	(3,431)
	(79)	**-**	**(42,455)**

Parent	Held for trading $000	Loans and receivables $000	Other amortised cost $000
Financial assets			
Amount owing from subsidiary	-	10,028	-
Tax related assets	-	247	-
Trade and other receivables	-	375	-
	-	**10,650**	**-**
Financial Liabilities			
Borrowings	-	-	(37,645)
Derivative liabilities	(79)	-	-
Trade and other payables	-	-	(425)
Amount owing to subsidiary	-	-	(1,662)
	(79)	**-**	**(39,732)**

Note 22 Financial risk continued ...

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and it arises principally from the Group's trade receivables from customers in the normal course of business.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The creditworthiness of a customer or counterparty is determined by a number of qualitative and quantitative factors. Qualitative factors include external credit ratings (where available), payment history and strategic importance of customer or counterparty. Quantitative factors include transaction size, net assets of customer or counterparty, and ratio analysis on liquidity, cash flow and profitability.

In relation to trade receivables, it is the Group's policy that all customers who wish to trade on terms are subject to credit verification on an ongoing basis with the intention of minimising bad debts. The nature of the Group's trade receivables is represented by regular turnover of product and billing of customers based on the Group's contractual payment terms.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The carrying amount of the Group's financial assets represents the maximum credit exposure as summarised above. Refer to note 14 for an aging profile for the Group's trade receivables at reporting date.

(b) Liquidity risk

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

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Maturities of financial liabilities

The following table details the Group's contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, as at the reporting date:

Group	1 year or less $000	Over 1 to 5 years $000	Over 5 years $000	Total contractual cash flows $000	Carrying amount of liabilities $000
Non-derivative financial liabilities					
Bank overdraft	81	-	-	81	81
Borrowings	4,114	33,582	-	37,696	37,696
Tax related liabilities	1,247	-	-	1,247	1,247
Trade and other payables	3,276	155	-	3,431	3,431
Derivative financial liabilities					
Interest rate swap contracts	79	-	-	79	79
	8,797	**33,737**	**-**	**42,534**	**42,534**

Note 22 Financial Risk Management continued ...

Parent	1 year or less $000	Over 1 to 5 years $000	Over 5 years $000	Total contractual cash flows $000	Carrying amount of liabilities $000
Non-derivative financial liabilities					
Borrowings	4,063	33,582	-	37645	37,645
Trade and other payables	425	-	-	425	425
Amount owing to subsidiary	4	1,658	-	1,664	1,664
Derivative financial liabilities					
Interest rate swap contracts	79	-	-	79	79
	4,571	**35,240**	**-**	**39,813**	**39,813**

(c) Market risk

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

Foreign currency risk

The Group is exposed to currency risk on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian Dollar (AUD), Hong Kong Dollar (HKD), Pound Sterling (GBP), EURO (EUR) and US Dollar (USD).

The Group reports in New Zealand dollars. Movements in foreign currency exchange rates affect reported financial results, financial position and cash flows. Where practical, the Group attempts to reduce this risk by matching revenues and expenditures, as well as assets and liabilities, by country and by currency. More weight is given to known exposures where there is little or no natural hedge. Consideration is given to projected exposures based on the probability of them occurring in the near future.

Foreign exchange rates applied against the New Zealand Dollar, at 30 September are as follows:

	USD $000
AUD	0.7867
HKD	6.3444
GBP	0.5084
EUR	0.6365
USD	0.8182

The Group's exposure to foreign currency risk at the reporting date was as follows (all amounts are denominated in New Zealand Dollars):

2012	AUD $000	HKD $000	GBP $000	EUR $000	USD $000
Cash and cash equivalent	467	-	37	-	1
Trade and other receivables	5,342	-	582	81	500
Trade and other payables	(264)	(16)	(74)	-	(33)
	5,544	**(16)**	**545**	**81**	**468**

Note 22 Financial risk continued ...

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

Group	%	Carrying amount $000
Bank overdraft	9.65%	81
Obligations under finance leases	11.9%	51
Secured bank loan	5.7%	37,645
Net exposure to interest rate risk		**37,777**

Parent	%	Carrying amount $000
Secured bank loan	5.7%	37,645
Net exposure to interest rate risk		**37,645**

At the reporting date the secured bank loan was 25% uncovered for interest rate risk, 25% hedged for 1 year, 25% for 2 years and 25% for 3 years.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign currency risk and interest rate risk.

Group 2012	Foreign currency risk (1)				Interest rate risk (2)			
	-10%		+10%		-100bps		+100bps	
	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000
Cash and cash equivalents	56	-	(46)	-	-	-	-	-
Trade and other receivables	732	-	(599)	-	-	-	-	-
Derivative financial instruments	-	-	-	-	(290)	-	290	-
Bank overdraft	-	-	-	-	1	-	(1)	-
Borrowings	-	-	-	-	377	-	(377)	-
Trade and other payables	(43)	-	35	-	-	-	-	-
Total increase/(decrease)	**745**	**-**	**(610)**	**-**	**88**	**-**	**(88)**	**-**

Parent 2012	Foreign currency risk (1)				Interest rate risk (2)			
	-10%		+10%		-100bps		+100bps	
	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000
Amount owing from subsidiary	(610)	-	746	-	-	-	-	-
Derivative financial instruments	-	-	-	-	(290)	-	290	-
Borrowings	-	-	-	-	376	-	(376)	-
Total increase/(decrease)	**(610)**	**-**	**746**	**-**	**87**	**-**	**(87)**	**-**

(1) The foreign currency sensitivity above represents a 10% decrease and increase in spot foreign exchange rates.
(2) The interest rate sensitivity above represents a 100 basis point decrease and increase in variable interest rates.

Note 22 Financial Risk Management continued ...

(d) Capital management

The Group's target is to maintain a strong capital base so as to sustain future development of the business. The primary capital management measures assessed by the Board are the return on capital employed and the debt to capital ratio.

The Board's primary target is to achieve an organic growth in EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) year on year of not less than 10%. This would enable the achievement of an annual return on capital in excess of 25%.

(e) Fair value measurement

The carrying amounts of the Groups financial assets and liabilities approximate their fair value due to their short maturity periods or fixed rate nature.

Foreign exchange contracts carried at fair value are considered to be valued at Level 2, which means inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) have been used.

Note 23 Operating Lease Commitments

	Group 2012 $000	Parent 2012 $000
Non-cancellable operating lease commitments due:		
Not later than one year	824	-
Later than one year not later than five years	3,698	-
Later than five years	269	-
	4,791	**-**

The Group leases premises, plant and equipment. Operating leases held over properties give the Group the right to renew the lease subject to redetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of plant and equipment held under operating leases.

Note 24 Related Parties

Identity of related parties

The Group undertook related party relationships with its subsidiaries. The related party transactions primarily consist of the purchase and sale of software products, provision of a technical support, loan advances and repayments, consultancy services and management charges on commercial terms. Related parties to the group are as follows:

Entity	*Relationship*	*Principal Activity*
Gentrack Group Australia Pty Limited	100% Subsidiary	Australian holding company
Talgentra Pacific Group Pty Limited	100% Subsidiary	Australian holding company
Gentrack Pty Limited	100% Subsidiary	Australian operating company – software development, sales and support
Talgentra NZ Holdings Limited	100% Subsidiary	New Zealand holding company
Gentrack Limited	100% Subsidiary	New Zealand operating company – software development, sales and support

Note 24 Related parties continued …

Related party receivables

Loans and receivables from Gentrack Group Limited, the parent, to related parties for the period ended 30 September 2012 amounted to $9,889,000 and are presented in non-current liabilities in the Statement of Financial Position. It is not expected that these loans will be paid in the following 12 months. These loans bear an annual interest rate of 6%.

Trade receivables from related parties are non-interest bearing and repayable on demand and are accordingly disclosed as current assets in the Statement of Financial Position.

Parent	2012 $000
Gentrack Group Australia Pty Ltd – Long term loan	9,889
Gentrack Group Australia Pty Ltd – Interest receivable	139

Related party payables

Loans and receivables from Gentrack Group Limited, the parent, to related parties for the period ended 30 September 2012 amounted to $1,658,000 and are presented in non-current liabilities in the Statement of Financial Position. It is not expected that these loans will be received in the following 12 months. These loans bear an annual interest rate of 6%.

Trade payables from related parties are non-interest bearing and repayable on demand and are accordingly disclosed as current assets in the Statement of Financial Position.

Parent	2012 $000
Gentrack Ltd – Long term loan	(1,658)
Gentrack Ltd – Interest receivable	(4)

Interest Received/Paid

Parent	2012 $000
Net interest received	(139)
Net interest paid	4

Management fees are charged by Gentrack Limited, the New Zealand operating company, to related parties during the year to cover management type activities.

Note 25 Key Management Personnel

The key management of the Group and parent Company consists of the Board of Directors (including non-executive Directors) and members of the Executive Committee. Transactions between the group and key management personnel in the period are as follows:

Group	2012 $000
Short-term employee benefits	264
Post-employment benefits	4

Other transactions with key management personnel

There were no other transactions with key management personnel during this period.

Note 26 Capital Commitments

The capital expenditure commitments as at 30 September 2012 are $nil.

Note 27 Contingencies

ANZ New Zealand has provided the following guarantees on behalf of the Gentrack Group:

NZD$289,549 (HKD$1,842,891) to ANZ Hong Kong. This guarantee is due to expire on 26 August 2014.
NZD$65,502 (GBP$33,072) to Bank of Ceylon Limited. This guarantee is due to expire on 15 March 2013.
NZD$48,054 (AUD$37,804) to Trust Company of Australia Ltd. This guarantee is due to expire on 1 June 2015.

Note 28 Events Subsequent to Balance Date

There have been no events of significance subsequent to the end of the reporting period.

Note 29 Reconciliation of Cash Flows

	Group 2012 $000	Parent 2012 $000
Reconciliation of operating cash flows with reported profit/(loss) after tax:		
Comprehensive income/(loss) for the year	1,315	(635)
Add/(less) non-cash items		
Tax	484	(247)
Other non-cash expenses/(income)	1,311	-
Depreciation and amortisation	907	-
	4,017	**(882)**
Add/(less) movements in other working capital items		
Tax paid	(1,267)	-
Decrease/(increase) in debtors	(3,086)	(375)
Decrease/(increase) in GST receivable	20	-
Decrease/(increase) in deferred revenue	980	-
Decrease in employee entitlements	58	-
Increase/(decrease) in trade payables and accruals	(408)	456
	314	**(801)**
Add/(less) items classified as investing activity		
Net finance income	972	769
Net cash from operating activities	**1,286**	**(32)**

AGILITY

ABILITY

ATTITUDE

Gentrack

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