**GENTRACK GROUP**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

# Contents

*For The Year Ended 30 September 2013*

## Company Directory

*For The Year Ended 30 September 2013*

| | |
|---|---|
| **Registered Office:** | 25 College Hill<br>Freemans Bay<br>Auckland<br>1011 |
| **Postal Address:** | PO Box 3288<br>Auckland<br>1040 |
| **Incorporation Number:** | 3768390 |
| **Directors:** | John Clifford, Chairman<br>James Docking<br>Roy Grant<br>Leigh Warren |
| **Auditor:** | KPMG |
| **Legal Advisor:** | Kensington Swan |
| **Bankers:** | ANZ Limited<br>Barclays PLC |

# 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 34. The financial statements comprise the statements of financial position as at 30 September 2013, the statements of comprehensive income, changes in equity and cash flows for the year 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. Subject to certain restrictions, 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.

*Opinion*

In our opinion the financial statements on pages 7 to 34:

- 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 2013 and of the financial performance and cash flows of the company and the group for the year 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

5 February 2014
Auckland

## Directors' Responsibility Statement

*For The Year Ended 30 September 2013*

In the opinion of the directors of Gentrack Group the financial statements and notes, on pages 7 to 34, 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 2013 and the results of operations and cash flows for the period ended on that date. They 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 ended 30 September 2013.

For and on behalf of the Board of Directors:

.........................................................
Director

**5 February 2014**
.........................................................
Date

.........................................................
Director

**5 February 2014**
.........................................................
Date

## Statement Of Comprehensive Income

*For The Year Ended 30 September 2013*

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | Notes | **2013** | 2012* | **2013** | 2012* |
| | | **$000** | $000 | **$000** | $000 |
| Revenue | 4 | 40,126 | 13,191 | - | - |
| Expenditure | 5 | (25,878) | (9,004) | (177) | (82) |
| **Profit before depreciation, amortisation, non-operating costs, financing and tax** | | **14,248** | **4,187** | **(177)** | **(82)** |
| Depreciation & amortisation | 6 | (2,207) | (907) | - | - |
| Non-operating costs | 7 | (170) | (509) | (87) | - |
| **Profit before financing and tax** | | **11,871** | **2,771** | **(264)** | **(82)** |
| Finance income | | 94 | 209 | 34,682 | 139 |
| Finance expense | | (2,644) | (1,181) | (1,893) | (939) |
| Net finance cost | 8 | (2,550) | (972) | 32,789 | (800) |
| **Profit/(loss) before tax** | | **9,321** | **1,799** | **32,525** | **(882)** |
| Income tax (expense)/benefit | 9 | (2,685) | (484) | 541 | 247 |
| **Profit/(loss) attributable to the shareholders of the company** | | **6,636** | **1,315** | **33,066** | **(635)** |
| **Other comprehensive income** | | | | | |
| Exchange differences on translation of foreign operations | 13 | 229 | 239 | - | - |
| **Total comprehensive income/(loss) for the period** | | **6,865** | **1,554** | **33,066** | **(635)** |
| **Earnings per share from total comprehensive income (expressed in dollars per share)** | | | | | |
| Basic & diluted earnings per share from total comprehensive income | 11 | $0.35 | $0.07 | | |

*2012 year comparatives are for the period 4 April 2012 through to 30 September 2012.

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

KPMG

## Statement Of Financial Position

*At 30 September 2013*

| | Notes | Group 2013 $000 | Group 2012 $000 | Parent 2013 $000 | Parent 2012 $000 |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | 15 | 143 | 473 | - | - |
| Trade and other receivables | 16 | 11,196 | 11,481 | 292 | 375 |
| Amount owing from subsidiary | 25 | - | - | 402 | 139 |
| Income tax receivable | | - | 452 | - | 247 |
| **Total Current Assets** | | **11,339** | **12,406** | **694** | **761** |
| **NON-CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 17 | 700 | 539 | - | - |
| Goodwill | 2, 18 | 40,277 | 40,253 | - | - |
| Intangibles | 19 | 22,275 | 24,185 | - | - |
| Loan to related parties | 25 | - | - | 288 | 6,577 |
| Deferred tax asset | 10 | 627 | 640 | - | - |
| Investment | 20 | - | - | 86,000 | 57,236 |
| **Total Non-Current Assets** | | **63,879** | **65,617** | **86,288** | **63,813** |
| **TOTAL ASSETS** | | **75,218** | **78,023** | **86,982** | **64,574** |
| **CURRENT LIABILITIES** | | | | | |
| Bank Overdraft | 15 | - | (81) | - | - |
| Trade payables and accruals | 21 | (1,972) | (2,215) | (217) | (425) |
| Amount owing to subsidiary | 25 | - | - | (318) | (4) |
| Deferred revenue | | (2,944) | (3,254) | - | - |
| GST payable | | (351) | (344) | - | - |
| Employee entitlements | 22 | (1,164) | (1,061) | - | - |
| Income tax payable | | (1,923) | (903) | - | - |
| Derivative financial liabilities | 24 | (111) | (79) | - | (79) |
| Borrowings | 23 | (4,585) | (4,114) | (4,552) | (4,063) |
| **Total Current Liabilities** | | **(13,050)** | **(12,051)** | **(5,087)** | **(4,571)** |
| **NON-CURRENT LIABILITIES** | | | | | |
| Employee entitlements | 22 | (242) | (155) | - | - |
| Borrowings | 23 | (24,030) | (33,582) | (24,030) | (33,582) |
| Loan from related parties | 25 | - | - | (36) | (1,658) |
| Deferred tax liabilities | 10 | (4,079) | (5,283) | - | - |
| **Total Non-Current Liabilities** | | **(28,351)** | **(39,020)** | **(24,066)** | **(35,240)** |
| **TOTAL LIABILITIES** | | **(41,401)** | **(51,071)** | **(29,153)** | **(39,811)** |
| **NET ASSETS** | | **33,817** | **26,952** | **57,829** | **24,763** |
| **EQUITY** | | | | | |
| Share capital | 12 | 25,398 | 25,398 | 25,398 | 25,398 |
| Retained earnings/(deficit) | 14 | 7,951 | 1,315 | 32,431 | (635) |
| Reserves | 13 | 468 | 239 | - | - |
| **TOTAL EQUITY** | | **33,817** | **26,952** | **57,829** | **24,763** |

KPMG

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

## Statement Of Changes In Equity

*For The Year Ended 30 September 2013*

| Group | Notes | Share Capital $000 | Retained Earnings $000 | Translation Reserve $000 | Total Equity $000 |
|---|---|---|---|---|---|
| **Balance as at 4 April 2012** | | - | - | - | - |
| Profit after tax for the period | | - | 1,315 | - | 1,315 |
| Other comprehensive income | 13 | - | - | 239 | 239 |
| **Total comprehensive income/ (loss) for the period, net of tax** | | | **1,315** | **239** | **1,554** |
| Transactions with owners: | | | | | |
| Issue of capital | 12 | 25,398 | - | - | 25,398 |
| **Balance at 30 September 2012** | | **25,398** | **1,315** | **239** | **26,952** |
| **Balance at 1 October 2012** | | 25,398 | 1,315 | 239 | 26,952 |
| Profit after tax for the period | | - | 6,636 | - | 6,636 |
| Other comprehensive income | | - | - | 229 | 229 |
| **Total comprehensive income/ (loss) for the period, net of tax** | | **-** | **6,636** | **229** | **6,865** |
| **Balance at 30 September 2013** | | **25,398** | **7,951** | **468** | **33,817** |

| Parent | Notes | Share Capital $000 | Retained Earnings $000 | Total Equity $000 |
|---|---|---|---|---|
| **Balance as at 4 April 2012** | | - | - | - |
| Profit after tax for the period | | - | (635) | (635) |
| **Total comprehensive income/ (loss) for the period, net of tax** | | | **(635)** | **(635)** |
| Transactions with owners: | | | | |
| Issue of capital | 12 | 25,398 | - | 25,398 |
| **Balance at 30 September 2012** | | **25,398** | **(635)** | **24,763** |
| **Balance at 1 October 2012** | | 25,398 | (635) | 24,763 |
| Profit after tax for the period | | - | 33,066 | 33,066 |
| **Total comprehensive income/ (loss) for the period, net of tax** | | **-** | **33,066** | **33,066** |
| **Balance at 30 September 2013** | | **25,398** | **32,430** | **57,828** |

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

KPMG

## Statement Of Cash Flows

*For The Year Ended 30 September 2013*

| | Notes | Group 2013 $000 | Group 2012* $000 | Parent 2013 $000 | Parent 2012* $000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Receipts from customers | | 40,101 | 12,357 | - | - |
| Payments to suppliers and employees | | (26,119) | (9,804) | (388) | (32) |
| Income tax paid | | (2,404) | (1,267) | - | - |
| **Net cash inflow from operating activities** | 31(a) | **11,578** | **1,286** | **(388)** | **(32)** |
| **Cash flows from investing activities** | | | | | |
| Property, plant and equipment | | (460) | (49) | - | - |
| Acquisition of subsidiary, net of cash acquired | 2 | - | (35,200) | - | (43,539) |
| **Net cash outflow from investing activities** | | **(460)** | **(35,249)** | **-** | **(43,539)** |
| **Cash flows from financing activities** | | | | | |
| Net interest received/ (paid) | 8 | (2,287) | (972) | (1,972) | (935) |
| Transfers with subsidiaries | | - | - | 11,423 | - |
| Repayment of borrowings | | (9,080) | (10,621) | (9,063) | - |
| Proceeds from borrowings | | - | 39,166 | - | 37,724 |
| Proceeds from issue of share capital | 12 | - | 6,782 | - | 6,782 |
| **Net cash (outflow) / inflow from financing activities** | | **(11,367)** | **34,355** | **388** | **43,571** |
| **Net increase/(decrease) in cash held** | | **(249)** | **392** | **-** | **-** |
| **Cash at beginning of the financial period** | | 392 | - | - | - |
| **Closing cash and cash equivalents (net of overdrafts)** | | **143** | **392** | **-** | **-** |

*2012 year comparatives are for the period 4 April 2012 through to 30 September 2012.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

KPMG

# Notes To The Financial Statements

*For The Year Ended 30 September 2013*

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gentrack Group Limited is a limited liability company, domiciled and incorporated in New Zealand and registered under the New Zealand Companies Act 1993, and is a reporting entity for the purposes of the Financial Reporting Act 1993. The registered office of the Company is 25 College Hill, Auckland 1011, New Zealand.

The financial statements presented are for Gentrack Group Limited (the 'Parent'/'Company') and its subsidiaries (together 'the Group') for the year ended 30 September 2013. Last year comparatives are for the period 4 April 2012 through to 30 September 2012.

The consolidated financial statements of the Group for the year ended 30 September 2013 were authorised for issue in accordance with a resolution of the directors on 5 February 2013.

The Group's principal activity is the development, integration, and support of enterprise billing and customer management software solutions for the utility (energy and water) and airport industries.

### (a) Changes in accounting policy

The accounting policies adopted are consistent with those of the previous period.

### (b) Basis of preparation

The 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 comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

The Company and Group are profit-oriented entities for financial reporting purposes.

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.

**<u>Presentation currency</u>**

The financial statements are presented in New Zealand dollars unless otherwise stated and values are rounded to the nearest $1,000 (where rounding is applicable). The functional currency is New Zealand Dollars ("NZD").

**<u>Use of estimates and judgements</u>**

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

Actual results may differ from these estimates. Estimates and 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note:

- Note 2 Business combinations (Intangible assets recognised on acquisition)

### (c) Basis of Consolidation

**<u>Business combinations</u>**

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 so 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.

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

**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**

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

*(i) Software Licence Fee Revenue*

Revenue from licence fees due to software sales is recognised on the transferring of significant risks and rewards of ownership of the licensed software under an agreement between the Company and the customer.

*(ii) Implementation and Consulting Services Revenue for Licensed Software*

Revenue from implementation and consulting services attributable to licensed software is recognised in proportion to the stage of completion, typically in accordance with the achievement of contract milestones and/or hours expended.

*(iii) Post Sales Customer Support Revenue for Licensed Software*

Post sales customer support ("PSCS") revenue for licensed software comprises fees for ongoing upgrades, minor software revisions and helpline support. PSCS revenue is allocated between annual fees for helpline support and fees for rights of access to ongoing upgrades and minor software patches. At each reporting date, the unearned portion of the revenue is assessed and deferred to be recognised over the period of service.

*(iv) Project Services Revenue*

Revenue from project services agreements is recognised in proportion to their stage of completion, typically in accordance with the achievement of contract milestones and/or hours expended.

*(v) Income in Advance*

Consideration received prior to the goods or service being rendered is recognised in the Statement of Financial Position as income in advance and is included within trade and other payables.

*(vi) Accrued Income*

Revenue for which goods or services have been rendered but invoices have not been issued is recognised within the Statement of Financial Position as accrued income and included within trade and other receivables.

*(vii) Government Grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When a grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

### (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) Income Tax

In the Income Statement income tax comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences 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 benefits will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different entities where there is an intention to settle the balance on a net basis.

### (g) Sales Tax

The Income Statements and the Statements of Cash Flows have been prepared so that all components are stated exclusive of sales tax, except where sales tax is not recoverable. All items in the Statements of Financial Position are stated net of sales tax with the exception of receivables and payables, which include sales tax invoiced.

Commitments and contingencies are disclosed net of the amount of sales tax recoverable from, or payable to, the taxation authority.

Sales tax includes Goods and Services Tax (GST) and Value Added Tax (VAT) where applicable.

### (h) Foreign Currency Translations

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in New Zealand dollars ($) (the "presentation currency"), which is the Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year- end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Foreign exchange gains and losses are presented in the Income Statement within net finance costs.

The Group translates the results of its foreign operations from their functional currencies to the presentation currency of the Group using the closing exchange rate at balance date for assets and liabilities and the average monthly exchange rates for income and expenses. The difference arising from the translation of the Statements of Financial Position at the closing rates and the Income Statement at the average rates is recorded within the foreign currency translation reserve.

KPMG

# Notes To The Financial Statements

*For The Year Ended 30 September 2013*

**(i) Research & Development Costs**

Research and development expenses include payroll, employee benefits and other employee-related costs associated with product development. Technological feasibility for software products is reached shortly before products are released for commercial sale to customers. Costs incurred after technological feasibility is established are not material, and accordingly, all research and development costs are expensed when incurred.

**(j) Property, Plant & Equipment**

In the balance sheet property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on assets is calculated using the straight-line method to allocate the difference between their original costs and their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| • Office equipment, fixtures and fittings | 7 years |
| • Computer equipment | 3 to 7 years |
| • Leasehold improvements | Terms of lease |

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the Income Statement.

**(k) 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.

**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 internal use software, acquired source code, and customer relationships. They have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

**Amortisation**

Except for goodwill and brands, intangible assets are amortised on a straight-line basis in the Income Statement 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:

| | |
|---|---|
| • Acquired source code | 10 years |
| • Customer relationships | 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.

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

**(l) Impairment of Non-Financial Assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell or the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**(m) Loans & Receivables**

The Group classifies its financial assets as loans and receivables. Management determines the classifications of its financial assets at initial recognition. The Group's loans & receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise "trade & other receivables" and cash and cash equivalents in the Statements of Financial Position. Loans and receivables are carried at amortised cost using the effective interest method. The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 1.(o).

**(n) Cash & cash equivalents**

Comprise cash in hand, deposits held at call with banks, other short-term and highly liquid investments with original maturities of six months or less.

**(o) Trade & other receivables**

The Group recognises trade and other receivables initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of an asset is reduced through the use of a provision account, and the amount of the loss is recognised in the Income Statement. When a receivable is uncollectible, it is written off against the provision account for receivables. Subsequent recoveries of amounts previously written off are credited against the Income Statement.

**(p) Trade & other payables**

The Group recognises trade and other payables initially at fair value and subsequently measured at amortised cost using the effective interest method. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured, non-interest bearing and are usually paid within 45 days of recognition.

**(q) Provisions**

The Group recognises a provision when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense in the Income Statement.

**(r) Employee Benefits**

Liabilities for wages and salaries, including non-monetary benefits, long service leave and annual leave are recognised in employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Cost for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

KPMG

# Notes To The Financial Statements

*For The Year Ended 30 September 2013*

### (s) Earnings per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the Group profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares on issue during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares on issue for the effects of all dilutive potential ordinary shares, which comprise treasury stock and share options granted to employees.

### (t) Share Capital

Ordinary 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. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or transferred outside the Group.

Preference share capital is classified as equity if it is non-redeemable and 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.

### (u) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments are aggregated for disclosure purposes where they have similar products and services, production processes, customers, distribution methods and regulatory environments.

### (v) Standards or interpretations issued but not yet effective and relevant to the Group

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2013, 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 Company or 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 Company and Group does not plan to adopt this standard early and the extent of the impact has not been determined.

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

### Note 2 BUSINESS COMBINATIONS

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 (TPGPL), 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.

At the time TPGPL was acquired it owned 100% of the New Zealand domiciled Talgentra NZ Holdings Limited, which in turn owned 100% of the New Zealand domiciled and operating subsidiary Gentrack Limited. TPGPL also owned 100% of the Australian operating subsidiary Gentrack Pty Limited.

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

| | Note | Fair value to the Group $000 |
|---|---|---|
| Software | 19 | 12,008 |
| Customer relationships | 19 | 7,986 |
| Brand | 19 | 5,024 |
| Working capital (incl. cash of $108k) | | 4,541 |
| PP&E | 17 | 561 |
| Deferred revenue | | (1,122) |
| Non-current liabilities | | (10,125) |
| Deferred tax | | (5,202) |
| **Net assets acquired** | | 13,671 |
| Goodwill arising | 19 | 40,253 |
| **Fair value of net assets acquired and goodwill arising** | | 53,924 |
| | | |
| **Components of cost of acquisition** | | |
| Consideration: purchase of the shares held by 3rd party | | 35,308 |
| Issue of Ordinary Shares | 12 | 18,616 |
| | | 53,924 |

Adjustments were made to reflect the fair value of the assets/liabilities acquired. They principally impacted the following two categories:

a) Intangibles
Fair values were recognised for customer relationships, brands and developed software. Deferred tax was allowed for on the temporary timing differences created by these 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 2012 and $545k in the current year.

b) Deferred income
The fair valuing of the deferred income that was acquired resulted in a reduction in the deferred income liability of $1,769k. Had the acquisition not taken place the income for the Group would have been greater by $1,252k in 2012 and $515k in the current year.

Recognised goodwill comprised $40.3 million arising on the purchase of the 100% interest in the business on the 15th 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 workforce, 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.

If the acquisition had occurred on 1 October 2011, the consolidated revenue for the year for the Group would have been $34.3m, and consolidated profit after tax for the year would have been $4.1m. In determining these amounts, it was assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 October 2011.

In 2013 a $24k adjustment was made to goodwill to reflect a decrease in deferred tax.

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

### Note 3 OPERATING SEGMENTS

The Group currently operates in two business segments, utility billing software and airport management software, as at 30 September 2013. These segments have been determined based on the reports reviewed by the Board to make strategic decisions.

The assets and liabilities of the Group are reported to and reviewed by the Chief Operating Decision Maker in total and are not allocated by business segment. Therefore, operating segment assets and liabilities are not disclosed.

| | Utility $000 | Airport $000 | Total $000 |
|---|---|---|---|
| **Group - For the year ended 30 September 2013** | | | |
| External Revenue | 36,005 | 4,121 | 40,126 |
| Total external expenditure | (22,430) | (3,448) | (25,878) |
| **Segment contribution** | **13,575** | **673** | **14,248** |
| Depreciation & amortisation | | | (2,207) |
| Non-operating costs | | | (170) |
| Finance income | | | 94 |
| Finance expense | | | (2,644) |
| Income tax (expense)/benefit | | | (2,685) |
| **Profit/(loss) attributable to the shareholders of the company** | | | **6,636** |
| **Group - For the period ended 30 September 2012** | | | |
| External Revenue | 11,385 | 1,806 | 13,191 |
| Total external expenditure | (7,558) | (1,446) | (9,004) |
| **Segment contribution** | **3,827** | **360** | **4,187** |
| Depreciation & amortisation | | | (907) |
| Non-operating costs | | | (509) |
| Finance income | | | 209 |
| Finance expense | | | (1,181) |
| Income tax (expense)/benefit | | | (484) |
| **Profit/(loss) attributable to the shareholders of the company** | | | **1,315** |

| | 2013 $000 | 2012 $000 |
|---|---|---|
| **Revenue by domicile of entity** | | |
| Australia | 20,643 | 6,274 |
| New Zealand | 19,483 | 6,917 |
| | **40,126** | 13,191 |
| **Revenue by domicile of customer** | | |
| Australia | 21,274 | 6,859 |
| New Zealand | 12,987 | 4,188 |
| United Kingdom | 2,946 | 1,152 |
| Rest of world | 2,919 | 992 |
| | **40,126** | 13,191 |

Revenues of approximately $4,681,000 (2012: $5,027,000) are derived from single customers and their subsidiaries from which revenue is 10% or more of the Group's revenue. These revenues are attributable to the Utility business segment.

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

### Note 4 REVENUE

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| **Operating Revenue:** | | | | |
| Recurring | 11,062 | 3,006 | - | - |
| Non-recurring | 3,790 | 2,167 | | |
| Professional services | 24,834 | 7,874 | - | - |
| | **39,686** | **13,047** | **-** | **-** |
| **Other Income:** | | | | |
| Government grants | 440 | 144 | - | - |
| | 440 | 144 | - | - |

Government grants revenue relates to a 3 year agreement for 'Technology Development Grant Funding' with the Ministry of Science and Innovation.

### Note 5 EXPENDITURE

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| **Profit before income tax includes the following specific expenses:** | | | | |
| **Employee costs** | | | | |
| Wages and salaries | 16,088 | 5,514 | - | - |
| Defined contribution plan contributions | 512 | 144 | - | - |
| **Auditors' Remuneration** | | | | |
| KPMG - audit fees | 115 | 109 | 36 | 20 |
| KPMG - other services | 373 | 106 | 68 | 10 |
| **Other expenses** | | | | |
| Rental and operating lease costs | 1,279 | 395 | - | - |
| Loss on disposal of fixed assets | 2 | 0 | - | - |
| Doubtful debts | (98) | 62 | - | - |
| Advertising & marketing | 563 | 176 | - | - |
| Communication costs | 169 | 132 | - | - |
| Consultancy | 261 | 61 | - | - |
| Contractors | 1,326 | 141 | - | - |
| Staff Recruitment | 291 | 117 | - | - |
| Travel related | 1,319 | 389 | - | - |
| Other operating expenses | 3,678 | 1,658 | 73 | 52 |
| **Total expenditure** | **25,878** | **9,004** | **177** | **82** |
| **Research and development expense** | | | | |
| Total expenditure on research and development | 2,528 | 730 | - | - |

Research and development expense includes a portion of employee costs shown above, directly attributable to research and development activities.

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

### Note 6 DEPRECIATION & AMORTISATION

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| Depreciation | 209 | 74 | - | - |
| Amortisation | 1,998 | 833 | - | - |

### Note 7 NON-OPERATING COSTS

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | Notes | **2013** | 2012 | **2013** | 2012 |
| | | **$000** | $000 | **$000** | $000 |
| Costs relating to acquisition | 2 | - | 509 | - | - |
| Subsidiary ownership change costs | 25 | 170 | - | 87 | - |
| | | 170 | 509 | 87 | - |

In 2013 costs composing tax and legal expenses were incurred in the transfer of ownership of the subsidiary company Talgentra New Zealand Holdings Limited from its Australian parent to Gentrack Group Limited.

### Note 8 NET FINANCE COST

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| **Finance income** | | | | |
| Interest income | 94 | 71 | - | - |
| Interest income - intercompany | - | - | 83 | 139 |
| Dividend received from subsidiary | - | - | 59,779 | - |
| Impairment of investment in subsidiary | - | - | (25,236) | - |
| Foreign exchange gains | - | 138 | 56 | - |
| | 94 | 209 | 34,682 | 139 |
| **Finance expenses** | | | | |
| Interest expense | (1,922) | (992) | (1,893) | (935) |
| Interest expense - intercompany | - | - | - | (4) |
| Foreign exchange losses | (722) | (189) | - | - |
| | (2,644) | (1,181) | (1,893) | (939) |
| **Net finance cost** | **(2,550)** | **(972)** | **32,789** | **(800)** |

The dividend of $59,779,000 shown under Finance income was received by the Company from its Australian subsidiary, Gentrack Group Australia Pty Limited and was the result of a series of dividends paid by subsidiaries to their immediate parent companies within the Group. The dividends received result in an impairment of $25,236,000 in the subsidiary, shown as a negative adjustment above under Finance income.

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

### Note 9 INCOME TAX EXPENSE

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| **(a) Reconciliation of effective tax rate** | | | | |
| Profit/(Loss) before tax for the period | 9,321 | 1,799 | 32,525 | (882) |
| Income tax using the Company's domestic tax rate of 28% | 2,610 | 504 | 9,107 | (247) |
| Non-deductible expense/(non-assessable income) | 112 | 45 | (9,648) | - |
| Difference on overseas subsidiaries | 68 | (64) | - | - |
| Under/(over) provided in prior periods | (105) | (1) | - | |
| **Income tax expense/(benefit)** | 2,685 | 484 | (541) | (247) |
| **(b) Current tax charge is represented as follows:** | | | | |
| Tax payable in respect of current year | 3,981 | 1,043 | (541) | (247) |
| Deferred tax (benefit)/expense | (1,191) | (559) | - | - |
| Under/(over) provided in prior periods | (105) | - | - | - |
| | **2,685** | **484** | **(541)** | **(247)** |

### Note 10 DEFERRED TAX ASSET/(LIABILITY)

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| **Recognised deferred tax assets and liabilities** | | | | |
| *Deferred tax assets and (liabilities) are attributable to the following:* | | | | |
| Trade and other receivables | (9) | (352) | - | - |
| Intangible assets | (4,070) | (4,931) | - | - |
| Deferred income | 267 | 98 | - | - |
| Provisions including employee entitlements and doubtful trade debtors | 347 | 527 | - | - |
| Other | 13 | 15 | - | - |
| **Total deferred tax asset/(liability)** - | **(3,452)** | **(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 30 Sep 2012** | Temporary movements recognised | **Balance 30 Sep 2013** |
|---|---|---|---|
| | **($000)** | ($000) | **($000)** |
| Trade and other receivables | (352) | 343 | (9) |
| Intangible assets | (4,931) | 861 | (4,070) |
| Deferred income | 98 | 169 | 267 |
| Provisions including employee entitlements and doubtful trade debtors | 527 | (180) | 347 |
| Other | 15 | (2) | 13 |
| **Total** | **(4,643)** | **1,191** | **(3,452)** |

*Continued on next page...*

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

**Imputation Credits**

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| NZ Imputation credits available for use in subsequent reporting periods | 3,523 | 2,934 | - | 1,101 |
| Australian franking credits available for use in subsequent reporting periods (AUD1,468,704; 2012: AUD1,721,236) | 1,674 | 2,188 | - | - |

**Note 11 EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of shares on issue during the year. The Group has no dilutive potential shares.

| | | Group | |
|---|---|---|---|
| | | **2013** | 2012 |
| Profit/(loss) attributable to the shareholders of the company | ($000) | **6,636** | 1,315 |
| Number of shares outstanding | (000) | **19,233** | 19,233 |
| **Basic and diluted earnings per share (dollars)** | | **0.35** | **0.07** |

**Note 12 CAPITAL**

| | Shares Issued | | Share Capital | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| **Parent** | **000** | 000 | **$000** | $000 |
| Ordinary Shares | **14,893** | 14,893 | **18,617** | 18,617 |
| Preference Shares | **4,340** | 4,340 | **6,781** | 6,781 |
| | **19,233** | **19,233** | **25,398** | **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 and rank equally in all respects with ordinary shares with the exception that in the event the Company is wound up and no bona fide sale of the Company's shares has been transacted at a value greater than the price paid per preference share, the holders of preference shares would have first call on the residual assets of the Company. The preference shares attract no coupon payment.

**Note 13 RESERVES**

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| **Foreign Currency Translation Reserve:** | | | | |
| Opening balance | 239 | - | - | - |
| Exchange differences on translation of foreign operations | 229 | 239 | - | - |
| **Balance at 30 September** | **468** | **239** | **-** | **-** |

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into New Zealand dollars.

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

### Note 14 RETAINED EARNINGS

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| Opening balance | 1,315 | - | (635) | - |
| Profit for the year | 6,636 | 1,315 | 33,066 | (635) |
| **Balance at 30 September** | **7,951** | **1,315** | **32,431** | **(635)** |

### Note 15 CASH AND CASH EQUIVALENTS

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| Bank balances | 133 | 465 | - | - |
| Cash on hand | 10 | 8 | - | - |
| | 143 | 473 | - | - |
| Bank Overdraft | - | (81) | - | - |
| | **143** | **392** | **-** | **-** |

### Note 16 TRADE AND OTHER RECEIVABLES

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| Trade debtors | 7,323 | 5,920 | - | - |
| Provision for doubtful debts | - | (98) | - | - |
| Provision for warranty claims | (29) | - | - | - |
| Work in progress/accrued revenue | 2,761 | 4,306 | - | - |
| Sundry receivables and prepayments | 1,141 | 1,353 | 292 | 375 |
| | **11,196** | **11,481** | **292** | **375** |

**(a) Credit risk**

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

| **Group** | Gross | | Allowance for doubtful debts | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| Not past due | 3,658 | 4,678 | - | - |
| Past due 1-30 days | 2,316 | 432 | - | - |
| Past due 31-60 days | 839 | 215 | - | - |
| Past due 61-90 days | 205 | 216 | - | - |
| Past due over 90 days | 305 | 379 | - | (98) |
| | **7,323** | **5,920** | **-** | **(98)** |

*Continued on next page...*

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

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

| Group | 2013 $000 | 2012 $000 |
|---|---|---|
| Opening balance | (98) | (36) |
| (Increase) / decrease in provision | 98 | (62) |
| Bad debt written off | - | - |
| **Balance at 30 September 2013** | **-** | **(98)** |

The Group maintains a provision for credits which it believes is more appropriate to its client base than a doubtful debts provision.

**Note 17 PROPERTY, PLANT AND EQUIPMENT**

| Group | Furniture & equipment $000 | Computer equipment $000 | Leasehold improvements $000 | 2013 Total $000 |
|---|---|---|---|---|
| **Period ended 30 September 2013** | | | | |
| Opening balance | 178 | 161 | 200 | 539 |
| Additions | 138 | 143 | 141 | 422 |
| Disposals | (31) | (1) | - | (32) |
| Depreciation charge | (48) | (112) | (49) | (209) |
| Effect of movement in foreign exchange | (7) | (7) | (6) | (20) |
| Closing net book amount | 230 | 184 | 286 | 700 |
| Cost | 665 | 996 | 437 | 2,098 |
| Accumulated depreciation | (435) | (812) | (151) | (1,398) |
| Closing net book amount | **230** | **184** | **286** | **700** |

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

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

**Note 18 GOODWILL**

| | Notes | Group 2013 $000 | Group 2012 $000 |
|---|---|---|---|
| Opening balance | | 40,253 | - |
| Net book amount (arising on acquisition) | 2 | 24 | 40,253 |
| Closing net book amount | | 40,277 | 40,253 |

| | |
|---|---|
| Goodwill allocated to Utility | 37,377 |
| Goodwill allocated to Airport | 2,900 |
| Net book amount | 40,277 |

In accordance with the requirements of IAS 36 (Impairment of Assets), the goodwill arising out of the acquisition in 2012 has been allocated to the two cash generating units (CGUs) identified within the Group, namely the Utility and Airport operating units.

The tests conducted for impairment on these CGUs have been based on value-in-use calculations using projections derived from the Group's five year forecast. The forecast has been based on management's consideration of past performance and its assessment of future expectations.

In performing the value-in-use calculations for the CGUs the Group has applied a post-tax discount rate of 17.2%. The discount rate used reflects specific risks associated with business conducted within the CGU, including those risks associated with the countries in which the Group operates. The growth rate used to extrapolate cash flows beyond the 5 year forecast is 2.5% (2012: 2.5%). This growth rate is consistent with forecasts conducted in similar industry reports.

The value-in-use tests are sensitive to discount rates and the assumed growth in cash flows. The Group has performed detailed sensitivity analysis as part of the impairment testing to ensure that the results of its testing are reasonable and prudent. The sensitivity analysis showed that the value-in-use of the two Group's CGUs equals their carrying value as follows:

An increase in the post-tax discount rate: Utilities to 29.9% (an increase of 74%); Airports to 20.6% (an increase of 20%)

A reduction in the growth rate of future cash flows: Utilities by 50%; Airports by 20%.

Consequently management believes that there is no impairment of either CGU.

**Note 19 INTANGIBLE ASSETS**

| Group | Software $000 | Customer Relationships $000 | Brand names $000 | 2013 Total $000 | 2012 Total $000 |
|---|---|---|---|---|---|
| **Period ended 30 September 2013** | | | | | |
| Opening balance | 11,508 | 7,653 | 5,024 | 24,185 | 25,018 |
| Additions | 66 | - | 22 | 88 | - |
| Amortisation charge | (1,198) | (798) | (2) | (1,998) | (833) |
| Closing net book amount | 10,376 | 6,855 | 5,044 | 22,275 | 24,185 |
| | | | | | |
| Cost | 12,075 | 7,986 | 5,045 | 25,106 | 25,018 |
| Accumulated amortisation | (1,699) | (1,131) | (1) | (2,831) | (833) |
| Net book amount | 10,376 | 6,855 | 5,044 | 22,275 | 24,185 |

KPMG

# Notes To The Financial Statements

*For The Year Ended 30 September 2013*

## Note 20 INVESTMENTS

| Parent | 2013<br>$000 | 2012<br>$000 |
|---|---|---|
| *Investment in Gentrack Group Australia Pty Limited* | | |
| Consideration | 57,236 | 57,236 |
| Impairment | (25,236) | - |
| Carrying Amount | 32,000 | 57,236 |
| *Investment in Talgentra NZ Holdings Limited* | | |
| Consideration | 54,000 | - |
| Carrying Amount | 54,000 | - |

## Note 21 TRADE PAYABLES AND ACCRUALS

| | Group | | Parent | |
|---|---|---|---|---|
| | 2013<br>$000 | 2012<br>$000 | 2013<br>$000 | 2012<br>$000 |
| Trade creditors | 328 | 736 | - | - |
| Sundry accruals | 1,644 | 1,479 | 217 | 425 |
| | 1,972 | 2,215 | 217 | 425 |

## Note 22 EMPLOYEE ENTITLEMENTS

| | Group | | Parent | |
|---|---|---|---|---|
| | 2013<br>$000 | 2012<br>$000 | 2013<br>$000 | 2012<br>$000 |
| **Current** | | | | |
| Liability for long-service leave | 316 | 201 | - | - |
| Liability for annual leave | 848 | 860 | - | - |
| | 1,164 | 1,061 | - | - |
| **Non-current** | | | | |
| Liability for long-service leave | 242 | 155 | - | - |
| | 242 | 155 | - | - |

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

### Note 23 INTEREST BEARINGS LOANS AND BORROWINGS

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| **Current borrowings** | | | | |
| Secured bank loan | 4,552 | 4,063 | 4,552 | 4,063 |
| Obligations under finance leases | 33 | 51 | - | - |
| | 4,585 | 4,114 | 4,552 | 4,063 |
| **Non-current borrowings** | | | | |
| Secured bank loan | 24,030 | 33,582 | 24,030 | 33,582 |
| Obligations under finance leases | - | - | - | - |
| | 24,030 | 33,582 | 24,030 | 33,582 |

**Terms and debt repayment schedule**

| **Group** | **Nominal Interest** | **Year of Maturity** | 2013 Face Value $000 | **2013 Carrying amount $000** | 2012 Carrying amount $000 |
|---|---|---|---|---|---|
| Secured bank loan | 5.43% | 2015 | 28,582 | 28,582 | 37,645 |

The bank facility has a 3 year term 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 2013 the Group was operating comfortably within the mandated ratios.

**Finance lease liabilities**

| **Group** | **Computer equipment 2013 $000** | **Leasehold improvements 2013 $000** | **Total 2013 $000** | Total 2012 $000 |
|---|---|---|---|---|
| Less than one year | 8 | - | 8 | 51 |
| Between one and five years | 25 | - | 25 | - |
| More than five years | - | - | - | - |
| | 33 | - | 33 | 51 |

KPMG

### Note 24 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 appropriate 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.

The Group holds the following financial instruments:

| Group | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 | $000 |
| | Held for trading | Loans and receivables | Other amortised cost | Held for trading | Loans and receivables | Other amortised cost |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | 143 | - | - | 473 | - |
| Tax related assets | - | - | - | - | 452 | - |
| Trade and other receivables | - | 11,196 | - | - | 11,481 | - |
| | - | **11,339** | - | - | **12,406** | - |
| **Financial liabilities** | | | | | | |
| Bank overdraft | - | - | - | - | - | (81) |
| Borrowings | - | - | (28,615) | - | - | (37,696) |
| Derivative liabilities | (111) | - | - | (79) | - | - |
| Tax related liabilities | - | - | (2,274) | - | - | (1,247) |
| Trade and other payables | - | - | (3,378) | - | - | (3,431) |
| | **(111)** | - | **(34,267)** | **(79)** | - | **(42,455)** |

| Parent | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 | $000 |
| | Held for trading | Loans and receivables | Other amortised cost | Held for trading | Loans and receivables | Other amortised cost |
| **Financial assets** | | | | | | |
| Amount owing from subsidiary | - | 690 | - | - | 6,716 | - |
| Tax related assets | - | - | - | - | 247 | - |
| Trade and other receivables | - | 292 | - | - | 375 | - |
| | - | **982** | - | - | **7,338** | - |
| **Financial liabilities** | | | | | | |
| Borrowings | - | - | (28,582) | - | - | (37,645) |
| Derivative liabilities | - | - | - | (79) | - | - |
| Trade and other payables | - | - | (217) | - | - | (425) |
| Amount owing to subsidiary | - | - | (354) | - | - | (1,662) |
| | - | - | **(29,153)** | **(79)** | - | **(39,732)** |

**(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 16 for an aging profile for the Group's trade receivables at reporting date.

*Continued on next page...*

KPMG

**(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 2013 | 1 year or less $000 | Over 1 to 5 years $000 | Over 5 years $000 | Total contractual cash flows $000 | Carrying amount liabilities $000 |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Borrowings | 6,045 | 24,805 | - | 30,850 | 28,615 |
| Tax related liabilities | 2,274 | - | - | 2,274 | 2,274 |
| Trade and other payables | 3,378 | 242 | - | 3,620 | 3,378 |
| **Derivative financial liabilities** | | | | | |
| Interest rate swap contracts | 111 | - | - | 111 | 111 |
| | 11,808 | 25,047 | - | 36,855 | 34,378 |

| Parent 2013 | 1 year or less $000 | Over 1 to 5 years $000 | Over 5 years $000 | Total contractual cash flows $000 | Carrying amount liabilities $000 |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Borrowings | 6,011 | 24,805 | - | 30,817 | 28,582 |
| Trade and other payables | 217 | - | - | 217 | 217 |
| Amount owing to subsidiary | 318 | 36 | - | 354 | 354 |
| **Derivative financial liabilities** | | | | | |
| Interest rate swap contracts | - | - | - | - | - |
| | 6,546 | 24,841 | - | 31,387 | 29,153 |

| Group 2012 | 1 year or less $000 | Over 1 to 5 years $000 | Over 5 years $000 | Total contractual cash flows $000 | Carrying amount liabilities $000 |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Bank overdraft | 81 | - | - | 81 | 81 |
| Borrowings | 6,176 | 36,390 | - | 42,567 | 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 |
| | 10,859 | 36,545 | - | 47,405 | 42,534 |

| Parent 2012 | 1 year or less $000 | Over 1 to 5 years $000 | Over 5 years $000 | Total contractual cash flows $000 | Carrying amount liabilities $000 |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Borrowings | 6,125 | 36,390 | - | 42,515 | 37,645 |
| Trade and other payables | 425 | - | - | 425 | 425 |
| Amount owing to subsidiary | 4 | 1,658 | - | 1,662 | 1,662 |
| **Derivative financial liabilities** | | | | | |
| Interest rate swap contracts | 79 | - | - | 79 | 79 |
| | 6,633 | 38,048 | - | 44,681 | 39,811 |

**(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.

*Continued on next page...*

KPMG

**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 Austalian 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:

| | 2013 | 2012 |
|---|---|---|
| AUD | 0.8776 | 0.7867 |
| CAD | 0.8230 | 0.8012 |
| FJD | 1.5240 | 1.4611 |
| HKD | 6.2993 | 6.3444 |
| GBP | 0.5129 | 0.5084 |
| EUR | 0.6087 | 0.6365 |
| USD | 0.8123 | 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):

| 2013 | AUD $000 | CAD $000 | FJD $000 | GBP $000 | EUR $000 | USD $000 |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 69 | - | - | 37 | - | 1 |
| Trade and other receivables | 4,062 | 50 | 46 | 1,102 | 210 | 185 |
| Trade and other payables | (549) | - | - | (111) | - | (6) |
| | **3,582** | **50** | **46** | **1,028** | **210** | **180** |

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

**Debt facility repricing**

The interest rate charged on the bank debt facility is based on a bank margin added to the official cash rate. The bank's margin is determined by the Company's achievement against certain bank covenants. This is reviewed every quarter.

**Interest rate risk**

At the reporting date the secured bank loan was 34% uncovered for interest rate risk, 31% hedged for 1 year and 35% for 2 years.
Interest rate swaps are carried at fair value and are considered to be at Level 2 in the fair value hierarchy. Level 2 means inputs other than unadjusted quoted prices in active markets which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

| Group | Interest Rate % | 2013 Carrying amount $000 | Interest Rate % | 2012 Carrying amount $000 |
|---|---|---|---|---|
| Bank overdraft | 9.65% | - | 9.65% | 81 |
| Obligations under finance leases | 11.9% | 33 | 11.9% | 51 |
| Secured bank loan | 5.43% | 28,582 | 5.7% | 37,645 |
| Net exposure to interest rate risk | | **28,615** | | **37,777** |

| Parent | Interest Rate % | 2013 Carrying amount $000 | Interest Rate % | 2012 Carrying amount $000 |
|---|---|---|---|---|
| Secured bank loan | 5.43% | 28,582 | 5.7% | 37,645 |
| Net exposure to interest rate risk | | **28,582** | | **37,645** |

*Continued on next page...*

KPMG

## Notes To The Financial Statements

*For The Year Ended 30 September 2013*

**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 2013 | 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 | 12 | 12 | (10) | (10) | - | - | - | - |
| Trade and other receivables | 628 | 628 | (514) | (514) | - | - | - | - |
| Trade and other payables | (74) | (74) | 61 | 61 | - | - | - | - |
| Derivative financial instruments | - | - | - | - | (189) | (189) | 189 | 189 |
| Bank overdraft | - | - | - | - | - | - | - | - |
| Borrowings | - | - | - | - | 286 | 286 | (286) | (286) |
| **Total increase/ (decrease)** | **566** | **566** | **(463)** | **(463)** | **97** | **97** | **(97)** | **(97)** |

| Parent 2013 | 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 | - | - | - | - | - | - | - | - |
| Derivative financial instruments | - | - | - | - | (189) | (189) | 189 | 189 |
| Borrowings | - | - | - | - | 286 | 286 | (286) | (286) |
| **Total increase/ (decrease)** | **-** | **-** | **-** | **-** | **97** | **97** | **(97)** | **(97)** |

| 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 | 56 | (46) | (46) | - | - | - | - |
| Trade and other receivables | 732 | 732 | (599) | (599) | - | - | - | - |
| Trade and other payables | (43) | (43) | 35 | 35 | - | - | - | - |
| Derivative financial instruments | - | - | - | - | (290) | (290) | 290 | 290 |
| Bank overdraft | - | - | - | - | 1 | 1 | (1) | (1) |
| Borrowings | - | - | - | - | 377 | 377 | (377) | (377) |
| **Total increase/ (decrease)** | **745** | **745** | **(610)** | **(610)** | **88** | **88** | **(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) | (610) | 746 | 746 | - | - | - | - |
| Derivative financial instruments | - | - | - | - | (290) | (290) | 290 | 290 |
| Borrowings | - | - | - | - | 376 | 376 | (376) | (376) |
| **Total increase/ (decrease)** | **(610)** | **(610)** | **746** | **746** | **86** | **86** | **(86)** | **(86)** |

[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.

**(d) Capital management**

The Group's target is to maintain a strong capital base so as to sustain future development of the business. The Group is not subject to any externally imposed capital requirements.

**(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.

KPMG

**Note 25 RELATED PARTIES**

***Identity of related parties***

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

| *Entity* | *Principal Activity* |
|---|---|
| Gentrack Group Australia Pty Limited | Australian holding company |
| Talgentra Pacific Group Pty Limited | Australian holding company |
| Gentrack Pty Limited | Australian operating company - software development, sales and support |
| Talgentra NZ Holdings Limited | New Zealand holding company |
| Gentrack Limited | New Zealand operating company- software development, sales and suppor |

***Related party receivables***

Loans and receivables between Gentrack Group Limited, the parent, and related parties for the period ended 30 September 2013 amounted to $288,000 (2012: $6,577,000) and are presented in non-current assets 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 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** | **2013**<br>**$000** | 2012<br>$000 |
|---|---|---|
| Gentrack Group Australia Pty Ltd - Long Term Loan | - | 6,577 |
| Gentrack Group Australia Pty Ltd - Interest receivable | 402 | 139 |
| Gentrack Ltd - Long term loan | 288 | - |

***Related party payables***

Loans and payables between Gentrack Group Limited, the parent, and related parties for the period ended 30 September 2013 amounted to $36,000 (2012: $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 paid 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 liabilities in the Statement of Financial Position.

| **Parent** | **2013**<br>**$000** | 2012<br>$000 |
|---|---|---|
| Gentrack Ltd - Long term loan | - | (1,658) |
| Gentrack Group Australia Pty Ltd - Long term loan | (36) | - |
| Gentrack Ltd - Interest payable | (318) | (4) |

***Interest Received/Paid***

| **Parent** | **2013**<br>**$000** | 2012<br>$000 |
|---|---|---|
| Net interest received | (402) | (139) |
| Net interest paid | 318 | 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 26 OPERATING LEASE COMMITMENTS

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| ***Non-cancellable operating lease commitments due:*** | | | | |
| Not later than one year | 1,022 | 824 | - | - |
| Later than one year not later than five years | 3,440 | 3,698 | - | - |
| Later than five years | - | 269 | - | - |
| | 4,463 | 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 27 KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

Short-term benefits represent employee entitlements, including benefits in kind and directors' fees.

| Group | **2013** | 2012 |
|---|---|---|
| | **$000** | $000 |
| Short-term benefits to key management personnel | 792 | 264 |
| Post-employment benefits applicable to key management personnel | 15 | 4 |

*Other transactions with key management personnel*
There were no other transactions with key management personnel during the period.

### Note 28 CAPITAL COMMITMENTS

The capital expenditure commitments as at 30 September 2013 are $nil (2012: $nil).

### Note 29 CONTINGENCIES

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

NZD$291,306 (HKD$1,842,891) to ANZ Hong Kong. This guarantee is due to expire on 26 August 2014.
NZD$65,128 (GBP$33,072) to Bank of Ceylon Limited. This guarantee is due to expire on 15 March 2014.
NZD$915,227 (AUD$800,000) to ANZ Trade Service Delivery. This guarantee is due to expire on 18 September 2014.

### Note 30 EVENTS SUBSEQUENT TO BALANCE DATE

There have been no material events subsequent to the end of the reporting period (2012: nil).

**Note 31 CASH FLOW INFORMATION**

| | Group | | Parent | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **$000** | $000 | **$000** | $000 |
| ***(a) Reconciliation of operating cash flows with reported profit/(loss) after tax:*** | | | | |
| Profit/(loss) after tax | 6,636 | 1,315 | 33,066 | (635) |
| **Add/(less) non-cash items** | | | | |
| Deferred Tax | (1,191) | 559 | - | - |
| Other non-cash expenses/(income) | 237 | 1,236 | 24,617 | (247) |
| Depreciation and amortisation | 2,207 | 907 | - | - |
| | **7,889** | **4,017** | **57,683** | **(882)** |
| **Add/(less) movements in other working capital items:** | | | | |
| Increase/(decrease) in tax payable | 1,472 | (1,267) | - | - |
| Decrease/(increase) in trade & other receivables | 284 | (3,086) | 83 | (375) |
| Decrease/(increase) in GST receivable | 7 | 20 | - | - |
| Decrease /(increase) in deferred revenue | (310) | 980 | - | - |
| Decrease in employee entitlements | 190 | 58 | - | - |
| Increase /(decrease) in trade payables and accruals | (243) | (408) | (208) | 456 |
| | **9,289** | **314** | **57,558** | **(801)** |
| **Items classified as investing activity** | | | | |
| Net finance income | 2,287 | 972 | (57,946) | 769 |
| Loss on disposal of property, plant & equipment | 2 | - | | |
| **Net cash inflow from operating activities** | **11,578** | **1,286** | **(388)** | **(32)** |
| ***(b) Loan Facilities:*** | | | | |
| Loan Facility | 3,684 | 3,763 | - | - |
| Amount utilised | - | 81 | - | - |
| **Unused loan facility** | **3,684** | **3,682** | **-** | **-** |

Working capital is supported by a NZD$3.0m New Zealand and a AUD$0.6m Australian working capital facility both of which were unused as at 30 September 2013 (2012: $81,000 overdraft). Included in working capital is deferred revenues of $2,944,000 (2012: 3,254,000) which are not repayable in cash.

KPMG