GENTRACK GROUP LIMITED
ANNUAL REPORT

2017

Gentrack

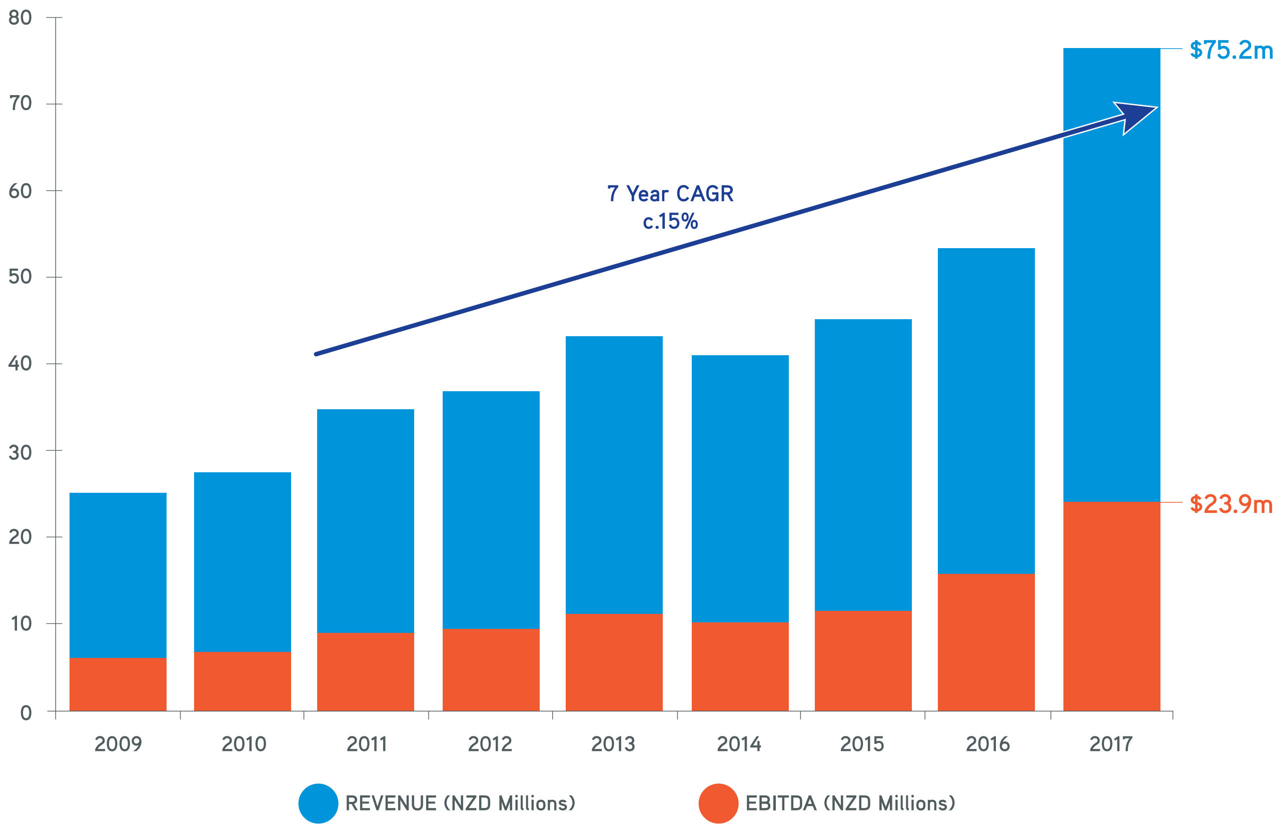

APPROACHABLE


Gentrack


ONE TEAM
COLLABORATING
SHARING EXPERTISE

CONTENTS

FINANCIAL **HIGHLIGHTS**



REVENUE

$75.2m

43% Growth over FY16

18% PRE ACQUISITIONS

EBITDA

$23.9m

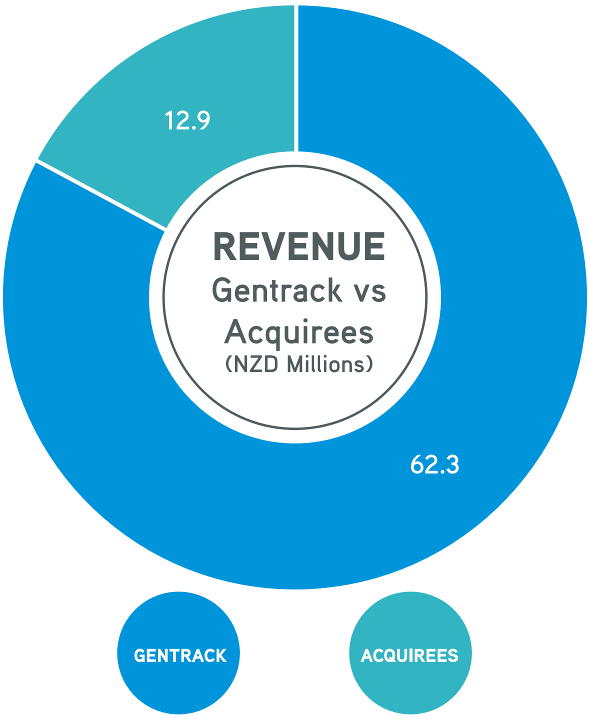
43% Growth over FY16

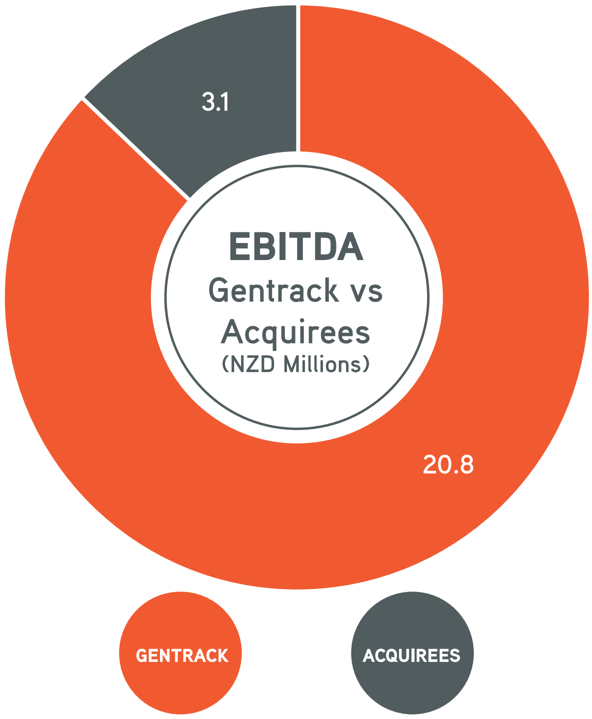
24% PRE ACQUISITIONS

NPAT

$11.8m

23% Growth over FY16





CASH FLOW

84%

Pre-tax free cash flow as a % of EBITDA

DIVIDEND

12.7cps

Full Year Dividend

RETURNS

143%

Total Shareholder Returns since IPO

"This year we have delivered strong organic growth while successfully integrating our strategic acquisitions."

Ian Black, CEO

CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

DEAR SHAREHOLDER,

Gentrack delivered strong and cash generative organic growth in the year to 30 September 2017, on top of which we made three strategic acquisitions which should enable us to lift our ongoing growth rate.

We added 12 new utility customers and 9 new airports, which together with a high level of support and upgrade projects with our customer base of 75 utilities and 65 airports, drove 18% organic revenue growth at improved operating margins.

The acquisition of Junifer in the UK makes us a market leader there with a combined 36 utility customers. It also gives us a SaaS product and revenue model well suited to new entrant utilities, which we are bringing into the Australian market.

In Airports, the acquisitions of Blip Systems and CA Plus on top of our existing Airport 20/20 product, gives us a unique set of capabilities and we are already seeing success in cross selling and combining these businesses.

We are beginning to see clear benefits from ongoing investment to productise our utility software, so that it can be installed faster by fewer people, which allows us to scale the business more rapidly and efficiently and to offer subscription based solutions. We expect to see this strategy continue to lift margins over time.

It was a busy year with new senior executives joining the Group in New Zealand, the UK, Australia and in the Airports division.

We moved into new premises in Auckland and would welcome shareholders to see this impressive new facility. We also opened an office in Singapore to service our growing customer base of utilities in South East Asia.

A final dividend of 8.5cps brings the full year dividend to 12.7cps in line with our policy to pay out 70-80% of NPATA. This continues a track record of continuous dividend growth since our IPO in 2014, and reflects the strong cash generation of the business.

The Group now targets 15%+ annual EBITDA growth as we continue to optimise value from the recent strategic growth acquisitions, shift to an increasingly recurring revenue model, and expand our resources and expertise to support larger and more profitable projects.

It's been an exciting year for Gentrack and we thank our customers, team and shareholders for their support as we continue to grow our world-class business.

John Clifford
Chairman

Ian Black
Chief Executive

▲42%
Utilities Revenue

▲74%
Licence Revenue

▲43%
Recurring Revenue

71%
NPATA paid as dividends

▲46%
Airports Revenue

▲84%
UK Revenue

All growth based on FY16.

PLAY YOUR WAY,
SHAPE YOUR FUTURE

ESSENTIAL SOFTWARE **FOR ESSENTIAL SERVICES**

EXPERTISE AND **PASSION**

For close to 30 years we've assembled a talented team to design, deliver and support the essential software that utilities and airports need to lower service costs, drive innovation and confidently navigate market reform. We pair our powerful platforms with deep market knowledge to help our customers to evolve with the expectations of their customers and the opportunities presented by disruptive technologies challenging traditional business models. Our customers value Gentrack's authenticity and the expertise that our people bring to the table and depend on us to guide software investment decisions that deliver real outcomes to their businesses and their customers.

We're Knowledgeable. We're Approachable. We Deliver.


Gentrack Velocity
Junifer utilities

UTILITY **FOCUS**

Market reforms, competition and the introduction of renewable technologies in energy and water sectors continue to drive opportunities for Gentrack with both its Velocity and Junifer billing and customer management platforms. The ability for utilities to adapt rapidly to market change is essential and a key factor driving many utilities to re-invent themselves with new business models, systems replacements, meter-to-cash automation and new customer engagement strategies.

Gentrack has continued its tradition of actively engaging with customers to ensure they have flexible solutions to meet their obligations as market participants, and to do so as quickly and painlessly as possible. Our expertise in new market frameworks such as retail contestability is also engrained in our service offering, giving utilities the confidence that we will deliver the solutions to support their rapidly changing businesses.

A SNAPSHOT OF MARKET TRANSFORMATION

AUSTRALIA — POWER OF CHOICE

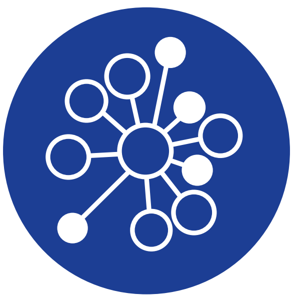
Australia's Power of Choice (PoC) programme has seen players in the National Electricity Market (NEM) moving quickly to meet new compliance requirements designed to encourage more customer choice, demand side participation and opportunities to make more informed decisions about the way residential and business customers use electricity. Gentrack is fully engaged with customers across the NEM, configuring the Velocity retail and distribution solutions to support new market processes and reporting requirements. Our customers remain on track and ahead of the pack as PoC compliance continues to grip the energy sector.

UK — SMART METER DEPLOYMENT

The UK energy sector is also experiencing the transformation of its energy market with the introduction of Smart DCC, a centralised data and communication network to support the deployment of smart meters and connectivity of these technologies. Gentrack is actively engaged in sharing its expertise in market interaction solutions and processes to ensure its Velocity and Junifer customers can navigate the Smart DCC environment with confidence.

SINGAPORE — ELECTRICITY MARKET COMPETITION

The introduction of full market competition in 2018 in Singapore follows a strong period of contestability in the city-state's business market. And where energy conservation and efficiency have dominated the discussion for the last couple of years, energy suppliers are now gearing up for residential competition. Gentrack has established a new office in Singapore's Capital Tower to engage with and prepare energy suppliers in the region for the competitive environment. This includes market testing in H1 2018 using Velocity's Singapore market systems, and support for controlled market entry in H2 next year. At last count, the Electricity Market Authority (EMA) in Singapore has 27 registered market participants and over 1.3 million metered connections all of which will have a choice of energy supplier in Singapore's Open Electricity Market.



EVOLVING BUSINESS MODELS

DISRUPTIVE TECHNOLOGIES

COMPETITIVE RETAIL LANDSCAPE

CUSTOMER INTERACTIONS

PRODUCT **DEVELOPMENT**

In the past 12 months, we've transformed how we build and deliver new product capabilities. We've learned that utilities are looking to engage with vendors that can move quickly, deliver continuous value and clearly demonstrate leadership in best practice meter-to-cash solutions. We're meeting these expectations head-on through our Agile software development approach and product strategy that focuses on building highly productised solutions for our core markets. We've embedded close to 30 years of industry experience and market specific best practice into our pre-configured market ready solutions to drive improved operational efficiency, enhance customer service and lower the cost to serve for our customers.

WE EXCEL AT UTILITY BILLING, MARKET COMPLIANCE AND CUSTOMER INFORMATION

Quite simply, our solutions are world-class at enabling utilities to bill anything, interact with the market seamlessly, manage customer data as the 'system of record' and utilise large volumes of metering data. Our products cover the full spectrum of meter-to-cash processes and include strong operational CRM capabilities.

To deliver the expertise at the core of our product strategy, we've established a strong product management capability. Our product development teams have embraced an Agile mindset to continuously deliver value through our market ready solutions for utilities.

PREDICTABLE OWNERSHIP COSTS

We understand the market pressures our customers are facing and are evolving our licence and support models to better support our customers' need for predictable cost to serve and Software as a Service. Gentrack's subscription based licence model now gives utilities a highly predictable, long-term cost of ownership with software subscription, support and maintenance, and hosting fees all based on the number of billable meter points. The new model includes options for regular product upgrades to be included, providing even greater long-term cost certainty and reduction in the total cost of ownership.

DELIVERING VALUE THROUGH PARTNERSHIPS

We believe that tomorrow's solutions for digital businesses need to enable rapid change around a stable core. This is driven by a shift away from traditional business models with stable partnerships towards becoming part of a far more dynamic networked digital ecosystem. Our meter-to-cash solutions provide the 'system of record', which forms a critical part of this core. The new Gentrack Platform will provide the basis for an ecosystem of customers and partners that extend this core and will enable all our customers to rapidly benefit from innovation anywhere within that digital ecosystem.

CLOUD READY – MANAGED SERVICE OFFERING

The global shift towards cloud computing and Software as a Service has reached utilities. We are seeing strong demand for cloud delivered meter-to-cash solutions across our markets. Cloud delivered solutions are now essential elements of our core offering for utilities, and they remain a focus of our ongoing R&D investment to deliver greater value to our customers and reduce our cloud delivery cost. Gentrack's Hosted Managed Services offering leverages our expertise in maintaining the Velocity and Junifer solutions in the cloud. In combination with our market ready solutions, this enables us to deliver frequent and low risk upgrades that keep our customers current and ensures they stay compliant and realise value from our ongoing product development.

“We’ve achieved some great things with our customers. The goal now is to further empower our teams with agile so we can scale and deliver faster time-to-value.”

David Wills, COO

PRODUCT DELIVERY **AND SUPPORT**

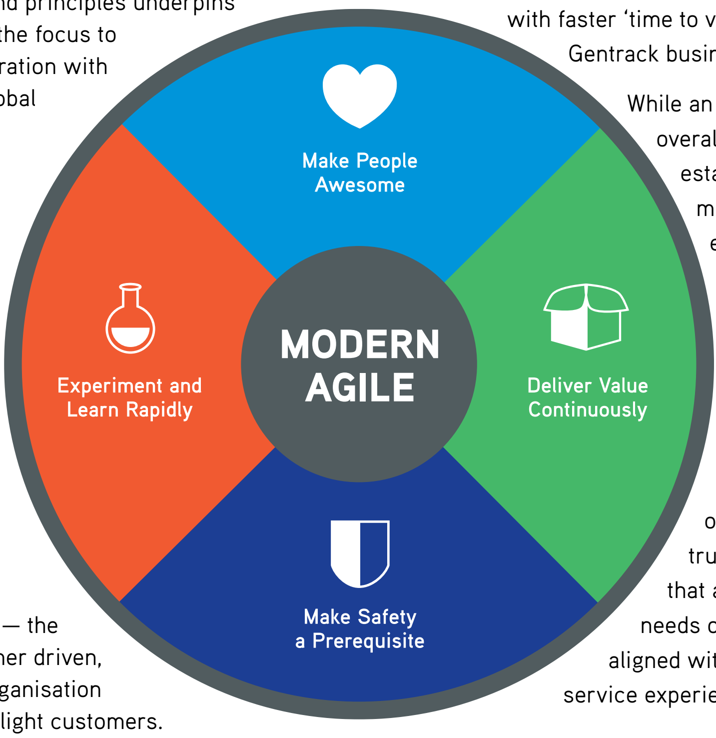
ENHANCED VALUE THROUGH AGILE

The continued growth of the Gentrack business into new regions and market segments is challenging traditional approaches to customer service. So we've embarked on a transformational programme designed to deliver more transparency to customers and greater certainty around our forecasted annual support revenues and resourcing requirements. And let's not forget — delivering an exceptional customer service experience.

LEADING WITH AGILE

Application of agile values and principles underpins this transformation, shifting the focus to more interaction and collaboration with customers and within our global teams, to deliver more value with our products, faster. Over the last 12 months, embedding agile has been a priority of our learning and development programme, giving our delivery and support teams the tools and training they need for thinking and doing agile.

Agile provides an environment that encourages the continuous development of our people, allows them to speak their mind and to experiment and learn rapidly — the outcome being a truly customer driven, collaborative and engaged organisation that can scale at pace and delight customers.



TRANSFORMING THE CX

As we transition from traditional licensing to subscription based products, we are working to align and scale our service model accordingly. An example is the further commercialisation of our Hosted Managed Service; by offering a cloud based billing and customer information solution, our customers have the benefits of a scalable resource to meet their growth aspirations. Removing the need to manage their own technical environments also lets them get on with doing what they do best, delivering essential services and great customer journeys. Gentrack's ecosystem of partners includes leading cloud providers Amazon and Microsoft, as well as other 3rd party hosting providers used by our customers in New Zealand, Australia, Singapore and the UK.

SUPPORTING MARKET READY SOLUTIONS

We announced to investors our intention to invest in the ongoing productisation of our software which will enable the Gentrack business to scale at pace as we chase new energy and water opportunities. Our goal — to deliver more of our software, quicker, with reduced operational risk and with faster 'time to value' for customers and the Gentrack business.

While an essential aspect of our overall product strategy is to establish these localised market ready solutions for energy and water markets, it also presents significant opportunities to build new service offerings for customers around annual product support and maintenance. As we become increasingly global, so does our need to make available truly global support services that are tailored to the specific needs of our customer base and aligned with an awesome customer service experience.

FOCUS ON SECURITY

Data security remains a high priority for many of our customers around the world. We play a key role in enabling their compliance with new security standards and our obligations are extended to not only delivering software solutions and services that meet the stringent requirements of regulations such as GDPR[1] and SOC 2[2], but also to the data protection policies and processes across our global business. Gentrack has invested in ISO 27001 compliance and expects significant progress towards full certification in 2018.

[1] General Data Protection Regulation — www.eugdpr.org
[2] System and Organisation Controls — www.aicpa.org/soc


Eixides / Departures
Salidas
TAXI
Taxi
Bus
AIRPORT 20/20
BlipTrack™
CA+
Concessionaire Analyzer +
INTELLIGENCE FOR AIRPORTS

AIRPORT **FOCUS**

Airport growing pains are becoming acute. Capacity constraints are hurting the traveller and the bottom line. Isolated data silos and systems also means airports and their partners are often not working at maximum efficiency and are unable to react quickly to unexpected events.

Gentrack's suite of airport software is relied on by over 120 airports worldwide to make brilliant airport decisions and build memorable passenger experiences.

Our operations, passenger forecasting and flow management, and revenue platforms enable airports to connect with guests, airlines and service partners. This help to improve visibility across the entire airport ecosystem in real time. Proactive, data driven decision making and smart resource allocation enhances the airport's ability to predict and optimise passenger flow through the terminal and the flight turnaround process.

MAKING BETTER OPERATIONAL DECISIONS

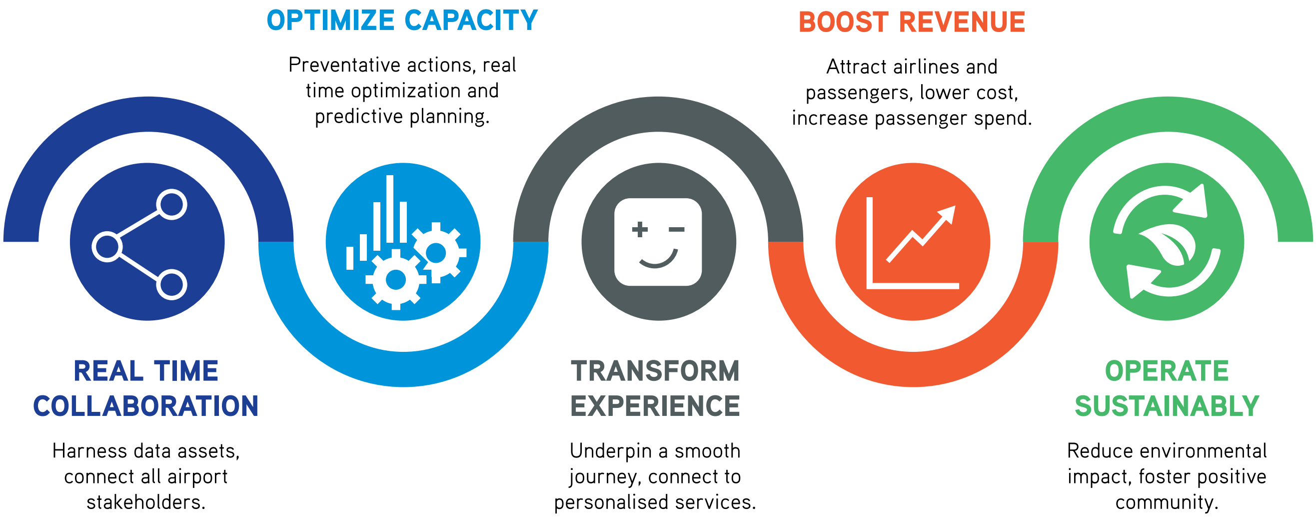
Integrating airport-wide data, flexible billing, flight information display and resource management into one smart platform. Airports using our **20/20** solution are experiencing more on time departures and lower operational costs while retaining the charging flexibility needed to attract new carriers and expand routes.

IMPROVING THE PASSENGER EXPERIENCE

From queue predictions and flow measurements to capacity forecasting, **BLIP Technology** is reducing queue times, smoothing the journey through the airport and increasing retail dwell time, which in turn grows spend.

BOOSTING CONCESSION BASED REVENUES

Award winning **Concessionaire Analyzer +** software automates contract and property management, billing and concessionaire sales data capture. With CA+, airports can understand trends, influence tactics and maximise their revenue potential.



> **"Airport-wide collaboration and intelligent optimisation are critical to improving airport performance and creating the passenger experiences of the future."**
>
> Chris Warrington, VP Airports

“ONE TEAM; COLLABORATING; SHARING EXPERTISE”

FOCUS ON **CULTURE**

Our people are the foundation of our success.

Recent acquisitions, new projects and an intensive R&D programme have led to a 55% jump in global staff numbers this year to 429, with R&D resources up by 30%. This is expected to continue as we extend our global footprint and deliver our projects. We're excited by the talent we see in the market and now, more so than ever, we are attracting a strong mix of high performing graduates, experienced analysts and business leaders to guide our projects and our global expansion.

WE'RE KNOWLEDGEABLE

To support this growth, we've paid particular attention to our learning and development programme. We continue to invest in the processes and tools that will help our people to learn quickly and become valuable contributors to our global performance. With the right leadership, teaming structures and collaborative work spaces in place, we are giving our staff opportunities to build a successful life at Gentrack.

WE'RE APPROACHABLE

While our people are valued for their expertise and passion, they are also valued for their authenticity and ability to interact with customers. We listen. We consult. We focus on positive engagement. And we work collaboratively with customers to understand their business aspirations and how we can best deliver valuable solutions to enable their success.

WE DELIVER

Delivering tangible business benefits is what we do best. The proof is in our track record. And this is more critical than ever, as utilities and airports themselves are committed to delivering value to their shareholders and customers. Our success is founded on a culture of dedication and commitment to a positive outcome — our customers expect it, as do our own project teams.

Gentrack's culture is critical to our ongoing success and we foster the diversity throughout the business. Collaboration is key and our people are challenged not only by the major projects they are engaged in every day, but also by each other as we design and deliver new products for our utilities and airports customers.

LEADING GENTRACK INTO THE FUTURE

In FY17 we spent time recruiting the leadership team needed to drive the Gentrack business into its next phase of global growth:

David Wills, Chief Operations Officer

An experienced technology leader and agile evangelist.

Chris Warrington, VP Airports

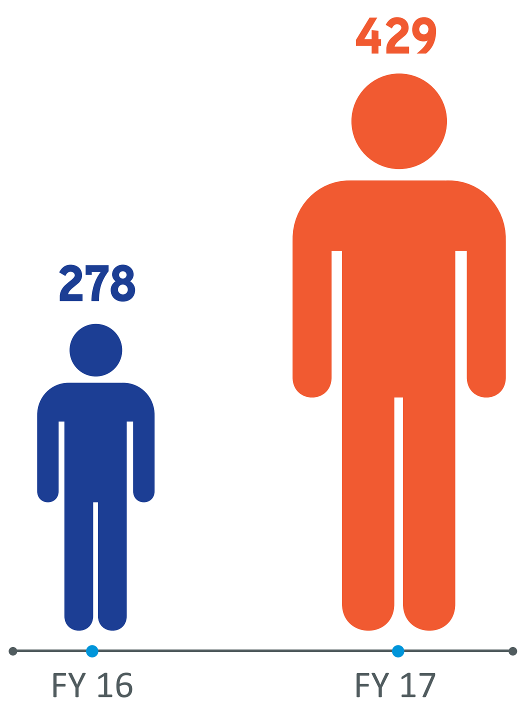
Seasoned technology executive, and strategic sales and customer success leader.

Saul Nurtman, Managing Director – UK/Europe

Senior billing industry expert and technology leader.

Paul King, Country Manager – Australia

Operations leader and advisor to global information technology and consulting sectors.




HELLO
WORLD


LEADING
TOGETHER

FINANCIAL STATEMENTS 2017

Independent Auditor's Report

To the shareholders of Gentrack Group Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Gentrack Group Limited (the company) and its subsidiaries (the group) on pages 27 to 51:

i. present fairly in all material respects the Group's financial position as at 30 September 2017 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 September 2017;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to taxation compliance and tax advisory services, due diligence, and accounting advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $900,000 determined with reference to a benchmark of group profit before tax. We chose the benchmark because, in our view, this is a key measure of the group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
1. Revenue from implementation services	
Refer to note 3 of the consolidated financial statements. The Group has reported revenues of \$75.2m (2016: \$52.7m) which includes implementation services revenue of \$26.1m. We focussed on the revenue from implementation services as a key audit matter due to inherent complexities of software implementation projects and the estimates involved. Revenue from implementation services is recognised based on the stage of completion calculated using either the proportion of actual hours at the reporting date compared to managements estimates for total forecast hours or with reference to milestones. Accurate recording of revenue is highly dependent on: — Detailed knowledge of individual characteristics of a contract, including unique terms, knowledge of software and length of time to complete contractual milestones; — Ongoing adjustments to estimates of forecast hours for changes in scope, estimated timing and project delays; and — Changes to total project revenue based on variations to the contract or additional billing for changes in scope or additional hours incurred.	We focused our procedures on the implementation service projects that were in progress at balance date, based on their significance of the project revenue to total revenue, and those that are potentially loss making projects. For the projects selected for testing we checked that revenue recognised is consistent with the contractual terms, including considering how the initial licence fee, design and implementation, and maintenance phases of the contract are arranged. We recalculated the stage of completion based on hours to date as a proportion of total forecast hours or with reference to milestones. We critically assessed the forecast hours through discussion with project managers and senior management and challenged key assumptions, including considering alternative scenarios and how management has planned for risks in the contract. We agreed significant changes in total forecast hours to correspondence with customers, legal documentation or contract variations. We evaluated potential exposures to liquidated damages through relevant legal correspondence and correspondence with customers. We also agreed a sample of milestone billings to invoice and cash receipts. In addition we considered the historical accuracy of managements' estimates of forecast hours by analysing previous forecasts to actual hours.

The key audit matter	How the matter was addressed in our audit
2. Business combinations	
During the year the Group acquired Junifer Systems Limited, CA Plus Limited and Blip Systems A/S, the details of these acquisitions are outlined in note 30. Accounting for the business combinations required management to make judgments in order to: — Measure the fair value of the purchase consideration, including the put/ call options for the remaining non-controlling interests; — Identify and measure the fair value of assets acquired and liabilities assumed as part of the acquisitions; — Determine the valuation methods used and assumptions underlying forecast revenues, margin, growth and discount rates; and — Allocate the purchase consideration between identifiable assets and liabilities and goodwill; The calculations underlying the fair value assessments are both subjective and complex and the fair values are very sensitive to the assumptions adopted. In light of this, there can be a wide range of acceptable outcomes with respect to fair value assessments.	We performed procedures in relation business combinations, which included the following: — We reviewed respective sale and purchase agreements for the acquisitions, along with due diligence reports, to assess whether the consideration given and the identifiable assets acquired and liabilities assumed were complete and appropriate; — We assessed the appropriateness of the controlling interest for accounting purposes; — We ensured that the underlying accounting was in accordance with accounting standards and that the disclosures properly reflected the judgements and estimates made; — With the assistance of our Corporate Finance specialists, we reviewed and challenged management's assessment of the: 1. Fair value of the consideration given for the acquisitions, in particular valuation of put/ call option liabilities; 2. Fair values of the tangible and intangible assets acquired with a particular focus on the intangible assets acquired and their useful lives. — In addition, our Corporate Finance specialists assessed the appropriateness of the valuation methodology used by management, testing the assumptions used against other external market data. — We also subjected the key assumptions to sensitivity analyses to assess whether the valuations fell within an acceptable range.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes the Chairman's report, Chief Executive's report and disclosures relating to corporate governance. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The annual report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears materially misstated. If so, we are required to report such matters to the Directors.

Use of this independent auditor's report

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

KPMG

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is **Jason Doherty.**

For and on behalf of

KPMG

Jason Doherty
KPMG Auckland

30 November 2017

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required to prepare financial statements for each financial year that present fairly the financial position of the Group and its operations and cash flows for that period.

The Directors consider these financial statements have been prepared using accounting policies suitable to the Group's circumstances, which have been consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1993. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors of the Company authorised these financial statements for issue on 29 November 2017.

For and on behalf of the Board of Directors:

John Clifford

Chairman
Date: 29 November 2017

Graham Shaw

Director
Date: 29 November 2017

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017

($000)	NOTES	2017	2016
Revenue	3	75,181	52,734
Expenditure	4	(51,277)	(36,007)
Profit before depreciation, amortisation, acquisition related costs, financing and tax		**23,904**	**16,727**
Depreciation and amortisation	5	(3,991)	(2,377)
Acquisition related costs	6	(1,325)	-
Profit before financing and tax		**18,588**	**14,350**
Finance income		78	187
Finance expense		(1,230)	(1,395)
Net finance expense	7	**(1,152)**	**(1,208)**
Profit before tax		**17,436**	**13,142**
Income tax expense	8	(5,611)	(3,534)
Profit attributable to the shareholders of the company		**11,825**	**9,608**
OTHER COMPREHENSIVE INCOME			
Translation of international subsidiaries		3,580	78
Total comprehensive income for the year		**15,405**	**9,686**
EARNINGS PER SHARE FROM PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (EXPRESSED IN DOLLARS PER SHARE)			
Basic and diluted earnings per share	10	$0.15	$0.13

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

($000)	NOTES	2017	2016
CURRENT ASSETS			
Cash and cash equivalents	14	9,727	18,818
Trade and other receivables	15	21,713	9,791
Inventory		336	-
Total current assets		**31,776**	**28,609**
NON-CURRENT ASSETS			
Property, plant and equipment	16	2,524	1,024
Goodwill	17	122,212	40,277
Intangibles	18	41,958	16,366
Deferred tax asset	9	2,888	1,914
Total non-current assets		**169,582**	**59,581**
Total assets		**201,358**	**88,190**
CURRENT LIABILITIES			
Trade payables and accruals	19	4,979	1,570
Deferred revenues		9,488	8,479
GST payable		1,434	501
Financial liabilities	22	527	-
Employee entitlements	20	4,737	3,299
Income tax payable		2,583	972
Total current liabilities		**23,748**	**14,821**
NON-CURRENT LIABILITIES			
Bank loans	21	44,989	-
Trade payables and accruals	19	693	-
Financial liabilities	22	5,964	-
Employee entitlements	20	361	334
Deferred tax liabilities	9	7,076	2,072
Total non-current liabilities		**59,083**	**2,406**
Total liabilities		**82,831**	**17,227**
Net assets		**118,527**	**70,963**
EQUITY			
Share capital	11	101,490	60,396
Share based payment reserve	12	239	61
Foreign currency translation reserve		3,820	240
Retained earnings		12,978	10,266
Total shareholders' equity		**118,527**	**70,963**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

($000)	NOTES	SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	RETAINED EARNINGS	TRANSLATION RESERVE	TOTAL EQUITY
Balance as at 1 October 2015		**60,396**	**-**	**8,946**	**162**	**69,504**
Profit attributable to the shareholders of the company		-	-	9,608	-	9,608
Other comprehensive income		-	-	-	78	78
Total comprehensive income for the year, net of tax			**-**	**9,608**	**78**	**9,686**
TRANSACTIONS WITH OWNERS:						
Share based payments	12	-	61	-	-	61
Dividends paid	13	-	-	(8,288)	-	(8,288)
Balance at 30 September 2016		**60,396**	**61**	**10,266**	**240**	**70,963**
Balance as at 1 October 2016		**60,396**	**61**	**10,266**	**240**	**70,963**
Profit attributable to the shareholders of the company		-	-	11,825	-	11,825
Other comprehensive income		-	-	-	3,580	3,580
Total comprehensive income for the year, net of tax		**-**	**-**	**11,825**	**3,580**	**15,405**
TRANSACTIONS WITH OWNERS:						
Issue of capital	11	41,094	-	-	-	41,094
Share based payments	12	-	178	-	-	178
Dividends paid	13	-	-	(9,113)	-	(9,113)
Balance at 30 September 2017		**101,490**	**239**	**12,978**	**3,820**	**118,527**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

($000)	NOTES	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		69,169	55,242
Payments to suppliers and employees		(50,302)	(33,832)
Income tax paid		(4,808)	(5,651)
Net cash inflow from operating activities	29	**14,059**	**15,759**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,268)	(745)
Purchase of intangibles		(920)	(165)
Acquisition of a business, net of cash		(77,636)	-
Net cash outflow from investing activities		**(79,824)**	**(910)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares		35,512	-
Costs in relation to issue of ordinary shares		(110)	-
Drawdown of borrowings		42,481	-
Repayment of borrowings		(11,852)	-
Interest (paid)/received		(493)	187
Dividends paid	13	(9,113)	(8,288)
Net cash inflow/(outflow) from financing activities		**56,425**	**(8,101)**
Net (decrease)/increase in cash held		**(9,340)**	**6,748**
Foreign currency translation adjustment		**249**	**(302)**
Cash at beginning of the financial year		**18,818**	**12,372**
Closing cash and cash equivalents		**9,727**	**18,818**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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. The registered office of the Company is 17 Hargreaves Street, Auckland 1011, New Zealand.

The financial statements presented are for Gentrack Group Limited and its subsidiaries (together 'the Group') for the year ended 30 September 2017. Last year comparatives are for the year ended 30 September 2016.

The consolidated financial statements of the Group for the year ended 30 September 2017 were authorised for issue in accordance with a resolution of the directors on 29 November 2017.

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 year.

Certain comparatives have been updated to ensure consistency with current year presentation.

(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 Company is an FMC entity for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013 and is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, Financial Markets Conduct Act 2013 and the Companies Act 1993.

Presentation currency

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

Use of estimate and judgements

In preparing the financial statements, management has to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these judgements, estimates and assumptions. Judgements, estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors, including expectations about future events, which are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

(i) Impairment of goodwill and other assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 17 for details of these assumptions and the potential impact of changes to the assumptions. All other assets are reviewed for indicators or object evidence of impairment. If indicators or objective evidence exists, the recoverable amount is reviewed.

(ii) Revenue recognition

Revenue recognition involves certain revenue streams being recognised based on the stage of completion. This is discussed in more detail in note 3.

(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 exposure or right to variable returns from involvement with the entity and the ability to affect those returns through power over the entity.

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.

The Group applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (so-called put/call arrangements). Under the anticipated acquisition method the interests of the non-controlling shareholder are derecognised when the Group's liability relating to the purchase of its shares is recognised. The recognition of the financial liability implies that the interests subject to the purchase are deemed to have been acquired already. Therefore, the corresponding interests are presented as already owned by the Group even though legally they are still non-controlling interests. The initial measurement of the fair value of the financial liability recognised by the Group forms part of the consideration for the acquisition.

This is discussed in more detail in note 30.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

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) SALES TAX

The Statement of Comprehensive Income and the Statement 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 Statement 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.

(e) 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 Statement of Comprehensive Income. Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within net finance expense.

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 Statement of Financial Position at the closing rates and the Statement of Comprehensive Income at the average rates is recorded within the foreign currency translation reserve.

(f) IMPAIRMENT

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.

(g) LOANS AND 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 and 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 and other receivables' and 'cash and cash equivalents' in the Statement 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 15.

(h) INVENTORY

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using a weighted average method and includes expenditure incurred to purchase the inventory and transport it to its current location. Net realisable value is the estimated selling price of the inventory in the ordinary course of business less costs necessary to make the sale. The cost of inventories consumed during the year are recognised as an expense and included in expenditure in the Statement of Comprehensive Income.

(i) 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.

Provisions are measured at the present value of the expenditure 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 a finance expense in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

(j) STANDARDS OR INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND RELEVANT TO THE GROUP

The International Accounting Standards Board has issued a number of standards, amendments and interpretations which are not yet effective and which may have an impact on the Group's financial statements. These are detailed below. The Group has not applied these in preparing these financial statements and will apply each standard in the period in which it becomes mandatory:

(a) NZ IFRS 9 – Financial Instruments – Classification and Measurement

This standard addresses the classification, measurement and de-recognition of financial assets, financial liabilities, impairment of financial assets and hedge accounting, and will be effective for the year ended 30 September 2019. The Group is currently assessing the impact of the implementation of this standard.

(b) NZ IFRS 16 – Leases

This standard requires a lessee to recognise a lease liability reflecting the future lease payments and a 'right-of-use asset' for substantively all lease contracts, and will be effective for the year ended 30 September 2020. The Group is currently assessing the impact of the implementation of this standard.

(c) NZ IFRS 15 – Revenue from Contracts with Customers

This standard establishes the framework for revenue recognition, and will be effective for the year ended 30 September 2019. The Group is currently in the process of assessing and does not expect there to be a material impact from the implementation of this standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

2 OPERATING SEGMENTS

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.

The Group currently operates in two business segments, utility billing software and airport management software, as at 30 September 2017. These segments have been determined based on the reports reviewed by the Board (Chief Operating Decision Maker) 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.

($000)	UTILITY	AIRPORT	TOTAL
GROUP – FOR THE YEAR ENDED 30 SEPTEMBER 2017			
External revenue	63,523	11,658	75,181
Total expenditure	(42,833)	(8,444)	(51,277)
Segment contribution before depreciation, amortisation, acquisition related costs, financing and tax	**20,690**	**3,214**	**23,904**
Depreciation and amortisation			(3,991)
Acquisition related costs			(1,325)
Finance income			78
Finance expense			(1,230)
Income tax expense			(5,611)
Profit attributable to the shareholders of the company			**11,825**
GROUP – FOR THE YEAR ENDED 30 SEPTEMBER 2016			
External revenue	44,770	7,964	52,734
Total expenditure	(30,771)	(5,236)	(36,007)
Segment contribution before depreciation, amortisation, financing and tax	**13,999**	**2,728**	**16,727**
Depreciation and amortisation			(2,377)
Finance income			187
Finance expense			(1,395)
Income tax expense			(3,534)
Profit attributable to the shareholders of the company			**9,608**

($000)	2017	2016
REVENUE BY DOMICILE OF ENTITY		
Australia	30,274	25,436
New Zealand	18,397	27,298
United Kingdom	23,126	-
Rest of World	3,384	-
	75,181	**52,734**
REVENUE BY DOMICILE OF CUSTOMER		
Australia	33,258	26,618
New Zealand	12,283	9,939
United Kingdom	23,092	12,543
Rest of World	6,548	3,634
	75,181	**52,734**

Revenues of approximately $10,361,000 (2016: $14,395,000) 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 2017

3 REVENUE

Revenues are recognised at the fair value of the consideration received or receivable.

The Group 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 Group's activities as described below. The Group bases its estimates on the 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:

SOFTWARE LICENCE FEE REVENUE (NON-RECURRING)

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

IMPLEMENTATION SERVICES REVENUE FOR LICENSED SOFTWARE (PROFESSIONAL SERVICES)

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

POST SALES CUSTOMER SUPPORT REVENUE FOR LICENSED SOFTWARE (RECURRING)

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.

CONSULTING SERVICES REVENUE (PROFESSIONAL SERVICES)

Revenue from project services agreements is based on the stage of completion, typically in accordance with the achievement of contract milestones and/or hours expended, and forecast.

DEFERRED REVENUES

Consideration received prior to the goods or service being rendered is recognised in the Statement of Financial Position as deferred revenues.

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.

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.

($000)	2017	2016
OPERATING REVENUE:		
Recurring	21,097	14,424
Non-recurring	6,292	3,626
Professional services	47,153	34,172
	74,542	**52,222**
OTHER INCOME:		
Government grants	639	512
Total revenue	**75,181**	**52,734**

Government grants includes revenue relating to a 3 year agreement for 'Technology Development Grant Funding' with Callaghan Innovations. This was effective from 1 January 2014 to 31 December 2016. A new 3 year agreement has been signed that is effective from 1 January 2017 to 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

4 EXPENDITURE

($000)	2017	2016
Profit before tax includes the following specific expenses:		
Employee entitlements	36,048	24,752
Employee entitlements - share based payment	178	61
Capitalised development	(892)	-
Superannuation costs	1,295	765
Staff recruitment	633	669
Third party customer-related costs	3,079	1,882
Occupancy costs	2,097	1,659
Travel related	1,813	1,060
Advertising and marketing	1,223	985
Consulting and subcontracting	3,309	1,998
Communication and office administration	749	718
Doubtful debts	(36)	299
Directors' fees	371	332
Auditor's remuneration (1)	333	290
Other operating expenses	1,077	537
Total expenditure	**51,277**	**36,007**
RESEARCH AND DEVELOPMENT EXPENSES		
Expenditure on research and development	4,209	2,567

Research and development expenses include payroll overhead, employee benefits and other employee-related costs associated with product development. Technological feasibility for software products is generally reached shortly before products are released for commercial sale to customers. Generally costs incurred after technological feasibility is established are not material, and accordingly, these research and development costs are expensed when incurred. Where costs are material they are capitalised if they meet the criteria in note 18.

Research and development expenses include a portion of employee costs shown above, directly attributable to research and development activities. This excludes expenses relating to customer paid development.

($000)	2017	2016
(1) AUDITOR'S REMUNERATION		
KPMG – audit fees	216	130
KPMG – interim review fees	31	25
KPMG – taxation services	80	120
KPMG - accounting advice	6	15
Auditor's remuneration costs within expenditure	**333**	**290**
KPMG - costs relating to acquisitions	181	-
Total fees paid to auditor	**514**	**290**

In 2017, KPMG charged $181,000 for due diligence and tax services in relation to the acquisition of subsidiaries in the year. These costs are included within Note 6: Acquisition related costs.

5 DEPRECIATION AND AMORTISATION

($000)	2017	2016
Depreciation	581	362
Amortisation	3,410	2,015
	3,991	**2,377**

6 ACQUISITION RELATED COSTS

Acquisition related costs of $1,325,000 related to legal, due diligence, tax and accounting expenses incurred in relation to the acquisitions made in the year.

7 NET FINANCE EXPENSE

Finance income comprises interest income, changes in the fair value of financial assets at fair value through the Statement of Comprehensive Income, foreign currency gains, and gains on hedging instruments that are recognised in the Statement of Comprehensive Income. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, foreign currency losses, changes in the fair value of the financial assets at fair value through the Statement of Comprehensive Income, impairment losses recognised on the financial assets (except for trade receivables), and losses on hedging instruments that are recognised in the Statement of Comprehensive Income. All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

($000)	2017	2016
FINANCE INCOME		
Interest income	78	187
	78	**187**
FINANCE EXPENSES		
Interest expense	(572)	-
Interest paid - NPV discount	(51)	-
Foreign exchange losses – realised	(521)	(348)
Foreign exchange losses – unrealised[1]	(86)	(1,047)
	(1,230)	**(1,395)**
Net finance expense	**(1,152)**	**(1,208)**

[1]Foreign exchange losses included a $144,000 (2016: $623,000) unrealised loss on intercompany loans.

8 INCOME TAX EXPENSE

In the Statement of Comprehensive Income the income tax expense 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. Current tax payable also includes any tax liability arising from the declaration of dividends.

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, 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.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

8 INCOME TAX EXPENSES (CONTINUED)

($000)	2017	2016
(a) RECONCILIATION OF EFFECTIVE TAX RATE		
Profit before tax for the year	17,436	13,142
Income tax using the Company's domestic tax rate of 28%	4,882	3,680
Non-deductible expense	343	14
Difference in tax rates of overseas subsidiaries	(187)	35
Under/(over) provided in prior periods	573	(195)
Income tax expense	**5,611**	**3,534**

($000)	2017	2016
(b) INCOME TAX CHARGE IS REPRESENTED AS FOLLOWS:		
Tax payable in respect of current year	5,846	5,393
Deferred tax benefit	(808)	(1,664)
Under/(over) provided in prior periods	573	(195)
	5,611	**3,534**

9 DEFERRED TAX ASSET/(LIABILITY)

($000)	2017	2016
RECOGNISED DEFERRED TAX ASSETS		
Deferred tax assets are attributable to the following:		
Trade and other receivables	10	(99)
Deferred revenue	815	988
Provisions including employee entitlements and doubtful trade debtors	1,421	1,025
Trade losses carried forward	640	-
Other	2	-
Total deferred tax asset	**2,888**	**1,914**
RECOGNISED DEFERRED TAX LIABILITIES		
Deferred tax liabilities are attributable to the following:		
Intangible assets	(7,076)	(2,072)
Total deferred tax liabilities	**(7,076)**	**(2,072)**

The movement in temporary differences has been recognised in the Statement of Comprehensive Income. Deferred tax has been recognised at a rate at which they are expected to be realised: 28% for New Zealand entities, 30% for Australian entities, 19% for UK entities, 22% for Denmark and 35% for Malta.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 DEFERRED TAX ASSET/(LIABILITY) (CONTINUED)

Movement in temporary timing differences during the year:

($000)	BALANCE 1 OCT 2015	TEMPORARY MOVEMENTS RECOGNISED	BALANCE 30 SEP 2016	BUSINESS COMBINATIONS	TEMPORARY MOVEMENTS RECOGNISED	CURRENCY TRANSLATION	BALANCE 30 SEP 2017
Trade and other receivables	(219)	120	(99)	9	114	(14)	10
Intangible assets	(2,805)	734	(2,071)	(5,525)	741	(221)	(7,076)
Deferred revenue	470	518	988	-	(173)	-	815
Provisions including employee entitlements and doubtful trade debtors	712	312	1,024	165	167	65	1,421
Trade losses carried forward	-	-	-	620	(24)	44	640
Other	20	(20)	-	31	(19)	(10)	2
Total	**(1,822)**	**1,664**	**(158)**	**(4,700)**	**806**	**(136)**	**(4,188)**

IMPUTATION CREDITS

($000)	2017	2016
NZ Imputation credits available for use in subsequent reporting periods	2,099	3,384

10 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 net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares on issue during the year, excluding shares purchased and held as treasury shares.

Diluted EPS is determined by adjusting the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares on issue for the effects of the dilutive impact of potential ordinary shares, which comprise performance share rights granted to employees. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease EPS or increase the profit per share.

($000)		2017	2016
Profit attributable to the shareholders of the company	($000)	11,825	9,608
Basic weighted average number of ordinary shares issued	**(000)**	**78,258**	**72,699**
Basic and diluted earnings per share (dollars)	**($)**	**0.15**	**0.13**

11 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.

	SHARES ISSUED		SHARE CAPITAL	
(000)	2017	2016	2017	2016
Ordinary Shares	**83,697**	**72,699**	**101,490**	**60,396**

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.

On 30 March 2017, Gentrack Group Limited received gross proceeds of $35,511k from the allotment of 9,538,373 new ordinary shares at an issue price of $3.72 per share, as discussed in note 30.

On 3 April 2017, Gentrack Group Limited received gross proceeds of $5,326k from the allotment of 1,459,371 new ordinary shares at an issue price of $3.65 per share, fair valued at $3.90 per share resulting in an increase in capital of $367k, as discussed in note 30.

Transaction costs directly related to the issue of new shares of $109,725 being stock exchange fees were incurred in these transactions and reduce the share proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 EMPLOYEE SHARE PLAN

The Group operates an equity based share rights scheme for selected senior employees. If the unlisted performance share rights vest, ordinary shares will be issued to the employees at or around the vesting date. The issue price of the shares was determined by reference to the 10 trading day volume weighted average price of shares traded on the NZX immediately following the announcement of the annual financial results to which the commencement date of the share rights performance period relates.

Vesting is conditional on the completion of the necessary years' service to the vesting date and performance goals over the vesting period.

The share rights scheme is an equity settled scheme and is measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share based payments is expensed over the vesting period, based on the Group's estimate that the shares will vest. These options were valued using the Black Scholes valuation model and the option cost for the year ending 31 March 2017 of $178,000 has been recognised in the Group's Statement of Comprehensive Income for that period (2016: $61,000).

Details of the unlisted performance share rights scheme are:

Commencement date	1 October 2016	2 May 2016
Issue price	3.25	2.2441
Vesting date	30 November 2019	31 January 2019
Granted	75,859	152,400
% of shares vested	0%	0%

13 DIVIDENDS PAID

	DIVIDEND PER SHARE		DIVIDEND PAID	
($000)	**2017**	**2016**	**2017**	**2016**
Final dividend paid	0.077	0.072	5,598	5,234
Interim dividend paid	0.042	0.042	3,515	3,054
	0.119	**0.114**	**9,113**	**8,288**

14 CASH AND CASH EQUIVALENTS

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

($000)	2017	2016
Bank balances	9,723	18,813
Cash on hand	4	5
	9,727	**18,818**

15 TRADE AND 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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income.

($000)	2017	2016
Trade debtors	15,909	5,921
Provision for doubtful debts	(167)	(115)
Provision for warranty claims	(15)	(15)
Work in progress/accrued debtors	4,182	3,235
Sundry receivables and prepayments	1,804	765
	21,713	**9,791**

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FOR THE YEAR ENDED 30 SEPTEMBER 2017

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) CREDIT RISK

The aging of the Group's trade debtors at the reporting data was as follows:

($000)	GROSS 2017	GROSS 2016	ALLOWANCE FOR DOUBTFUL DEBTS 2017	ALLOWANCE FOR DOUBTFUL DEBTS 2016
Not past due	11,773	4,922	-	-
Past due 1-30 days	2,116	555	-	-
Past due 31-60 days	1,008	240	-	-
Past due 61-90 days	368	75	-	-
Past due over 90 days	644	129	167	115
	15,909	**5,921**	**167**	**115**

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

($000)	2017	2016
Opening balance	115	395
Acquired through business combinations	83	-
Increase in provision	-	387
Write back of provision	(36)	-
Effect of movement in foreign exchange	5	(77)
Bad debt written off	-	(590)
Balance at 30 September	**167**	**115**

16 PROPERTY, PLANT AND EQUIPMENT

In the Statement of Financial Position 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 leases

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 Statement of Comprehensive Income.

($000)	NOTE	FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	LEASEHOLD IMPROVEMENTS	2017 TOTAL
YEAR ENDED 30 SEPTEMBER 2017					
Opening balance		260	489	275	1,024
Acquired through business combinations	30	257	188	350	795
Additions		96	467	705	1,268
Disposals		-	-	(33)	(33)
Depreciation charge		(93)	(385)	(103)	(581)
Effect of movement in foreign exchange		16	14	21	51
Closing net book amount		**536**	**773**	**1,215**	**2,524**
Cost		1,232	2,290	1,665	5,187
Accumulated depreciation		(696)	(1,517)	(450)	(2,663)
Net book amount		**536**	**773**	**1,215**	**2,524**

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

($000)	FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	LEASEHOLD IMPROVEMENTS	2016 TOTAL
YEAR ENDED 30 SEPTEMBER 2016				
Opening balance	162	327	182	671
Additions	166	407	175	748
Disposals	(10)	(3)	(7)	(20)
Depreciation charge	(52)	(241)	(69)	(362)
Effect of movement in foreign exchange	(6)	(1)	(6)	(13)
Closing net book amount	**260**	**489**	**275**	**1,024**
Cost	827	1,626	615	3,068
Accumulated depreciation	(567)	(1,137)	(340)	(2,044)
Net book amount	**260**	**489**	**275**	**1,024**

17 GOODWILL

Goodwill represents the difference between the cost of 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.

($000)	NOTE	2017	2016
Opening balance		40,277	40,277
Goodwill arising on acquisition	30	78,643	-
Exchange rate differences		3,292	-
Closing net book amount		**122,212**	**40,277**
Goodwill allocated to Gentrack Velocity		37,377	37,377
Goodwill allocated to Airport 20/20		2,900	2,900
Goodwill allocated to Junifer		60,144	-
Goodwill allocated to Blip		7,833	-
Goodwill allocated to CA Plus		13,958	-
Net book amount		**122,212**	**40,277**

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 Gentrack Velocity and Airport 20/20 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 10.4% (2016: 10.7%). 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% (2016: 2.5%). This growth rate is consistent with forecast conducted in similar industry reports.

During the year ended 30 September 2017 no impairment arose as a result of the review of goodwill. The recoverable amounts of the two existing CGUs are greater than the carrying amounts and, based on sensitivity analysis performed, no foreseeable changes in the assumptions would cause the carrying amounts of the CGUs to exceed their recoverable amounts.

For the three CGUs acquired in the year, the purchase price reflected the fair value and there have been no significant changes in the fair value since acquisition.

Exchange rate differences arise from the translation of goodwill from functional currency of Group entities to presentation currency.

18 INTANGIBLE ASSETS

CAPITALISED DEVELOPMENT

Costs that are directly associated with the development of software are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Software development costs that meet the above criteria are capitalised. Other development expenditure that does not meet the above criteria is recognised as an expense as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period. Software development costs recognised as assets are amortised over their estimated useful lives.

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 consistent with the methodology outlined for goodwill above.

OTHER INTANGIBLE ASSETS

Other intangible assets consist of internal use software, acquired source code, trade-marks 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 Statement of Comprehensive Income 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
- Capitalised development 5-10 years

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

($000)	NOTE	SOFTWARE	CUSTOMER RELATIONSHIPS	BRAND NAMES	TRADE-MARKS	CAPITALISED DEVELOPMENT	2017 TOTAL
YEAR ENDED 30 SEPTEMBER 2017							
Opening balance		6,870	4,458	5,024	14	-	16,366
Additions		28	-	-	-	892	920
Acquisition through business combinations	30	19,296	7,686	-	-	-	26,982
Amortisation charge		(2,219)	(1,177)	-	(3)	(11)	(3,410)
Effect of movement in foreign exchange		808	283	-	-	9	1,100
Closing net book amount		**24,783**	**11,250**	**5,024**	**11**	**890**	**41,958**
Cost		32,400	15,964	5,024	22	901	54,311
Accumulated amortisation		(7,617)	(4,714)	-	(11)	(11)	(12,353)
Net book amount		**24,783**	**11,250**	**5,024**	**11**	**890**	**41,958**

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18 INTANGIBLE ASSETS (CONTINUED)

($000)	SOFTWARE	CUSTOMER RELATIONSHIPS	BRAND NAMES	TRADE-MARKS	CAPITALISED DEVELOPMENT	2016 TOTAL
YEAR ENDED 30 SEPTEMBER 2016						
Opening balance	7,919	5,257	5,024	16	-	18,216
Additions	165	-	-	-	-	165
Amortisation charge	(1,214)	(799)	-	(2)	-	(2,015)
Closing net book amount	**6,870**	**4,458**	**5,024**	**14**	**-**	**16,366**
Cost	12,241	7,986	5,024	22	-	25,273
Accumulated amortisation	(5,371)	(3,528)	-	(8)	-	(8,907)
Net book amount	**6,870**	**4,458**	**5,024**	**14**	**-**	**16,366**

19 TRADE PAYABLES AND ACCRUALS

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.

($000)	2017	2016
CURRENT		
Trade creditors	3,188	683
Sundry accruals	1,791	887
	4,979	**1,570**
NON-CURRENT		
Lease incentive	693	-

20 EMPLOYEE ENTITLEMENTS

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.

($000)	2017	2016
CURRENT		
Liability for long service leave	433	346
Short term employee benefits	4,304	2,953
	4,737	**3,299**
NON-CURRENT		
Liability for long service leave	361	334
	361	**334**

21 INTEREST BEARING LOANS AND BORROWINGS

FUNDING ACTIVITIES

The Group currently maintains a revolving five year credit facility and a working capital facility with ASB on the terms outlined below.

The revolving credit facility aggregated is NZD$42.5 million, and the working capital facility is NZD$8 million, totalling NZD$50.5 million. The purpose of the revolving credit facility is to part fund the acquisitions made during the year. The purpose of the working capital facility is to assist with funding the working capital requirements of the Group. At 30 September 2017, NZD$44,989k was drawn down. Interest on both is payable at a rate calculated as a base rate plus a pre-determined margin. During the year, the average rates for the borrowings were GBP1.4871%, NZD3.1850% and EUR1.200%. There are covenants in place relating to gearing and interest cover. The maturity date for each drawdown is the end of the next interest reset date. Gentrack has the right to roll over the drawdowns up to the maturity of the facility, 28 March 2022.

The Group has provided a General Security Deed over all the present and after acquired property of all entities in the consolidated Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

22 FINANCIAL LIABILITIES

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities.

The amount that may become payable under the option on exercise is initially recognised at fair value within borrowings. Options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

See note 30 Business Combinations for more details.

($000)	2017	2016
Earn-out	527	-
Put/call options	5,964	-
Balance at 30 September 2017	**6,491**	**-**

23 FINANCIAL RISK MANAGEMENT

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

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 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 for 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 and notes to the financial statements.

The Group holds the following financial instruments:

($000)	2017			2016		
	FAIR VALUE THROUGH PROFIT & LOSS	LOANS AND RECEIVABLES	OTHER AMORTISED COST	FAIR VALUE THROUGH PROFIT & LOSS	LOANS AND RECEIVABLES	OTHER AMORTISED COST
FINANCIAL ASSETS						
Cash and cash equivalents	9,727	-	-	18,818	-	-
Trade debtors	-	15,742	-	-	5,806	-
	9,727	**15,742**	**-**	**18,818**	**5,806**	**-**
FINANCIAL LIABILITIES						
Bank loans	-	-	44,989	-	-	-
Trade creditors	-	-	3,188	-	-	683
	-	**-**	**48,177**	**-**	**-**	**683**

(a) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counter party 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 counter party 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 counter party. Quantitative factors include transaction size, net assets of customer or counter party, and ratio analysis on liquidity, cash flow and profitability.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 carrying amount of the Group's financial assets represents the maximum credit exposure as summarised above.

Refer to Note 15 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 has sufficient cash to meet its requirements in the foreseeable future.

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:

2017 ($000)	1 YEAR OR LESS	OVER 1 TO 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT LIABILITIES
NON-DERIVATIVE FINANCIAL LIABILITIES					
Bank loans	2,836	45,441	-	48,277	44,989
Financial liabilities	527	5,964	-	6,491	6,491
Trade and other payables	3,188	-	-	3,188	3,188
	6,551	**51,405**	**-**	**57,956**	**54,668**

2016 ($000)	1 YEAR OR LESS	OVER 1 TO 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT LIABILITIES
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables	683	-	-	683	683
	683	**-**	**-**	**683**	**683**

(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), Singapore Dollar (SGD) and Danish Krone (DKK).

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FOR THE YEAR ENDED 30 SEPTEMBER 2017

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

2017 ($000)	AUD	CAD	FJD	GBP	EUR	USD	HKD	SGD	DKK
Cash and cash equivalents	914	-	-	2,299	263	763	-	-	727
Trade and other receivables	6,141	7	69	3,948	1,605	398	-	364	125
Bank loans	-	-	-	(33,794)	(9,021)	-	-	-	-
Trade and other payables	(74)	-	-	(598)	(2,007)	(3)	(4)	(74)	(94)
	6,981	**7**	**69**	**(28,145)**	**(9,160)**	**1,158**	**(4)**	**290**	**758**

2016 ($000)	AUD	CAD	FJD	GBP	EUR	USD	HKD	SGD	DKK
Cash and cash equivalents	7,984	-	-	1,197	-	21	-	-	-
Trade and other receivables	1,865	1	34	1,515	264	74	60	-	-
Trade and other payables	(88)	(14)	-	(144)	(48)	(10)	(4)	-	-
	9,761	**(13)**	**34**	**2,568**	**216**	**85**	**56**	**-**	**-**

Summarised sensitivity analysis

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

2017 ($000)	FOREIGN CURRENCY RISK [1] PROFIT IMPACT	
	-10%	+10%
Cash and cash equivalents	552	(451)
Trade and other receivables	1,406	(1,151)
Bank loans	(4,757)	3,892
Trade and other payables	(317)	259
Total (decrease)/increase	**(3,116)**	**2,549**

2016 ($000)	FOREIGN CURRENCY RISK [1] PROFIT IMPACT	
	-10%	+10%
Cash and cash equivalents	1,022	(837)
Trade and other receivables	424	(347)
Trade and other payables	35	85
Total increase/(decrease)	**1,481**	**(1,099)**

[1] The foreign currency sensitivity above represents a 10% decrease and increase in spot foreign exchange rates.

Interest rate risk

The Group's interest rate risk arises from its bank loans. The repricing of these exposes the Group to cash flow interest rate risk. The Group does not enter into interest rate hedges.

The interest rate repricing profiles of the Group's financial assets and liabilities subject to interest rate risk are:

At 30 September 2017 if interest rates had been 1.0% higher/lower with all other variables held constant, the impact on the interest expense of the Group would have been $217,000 higher/$99,000 lower respectively.

(d) CAPITAL MANAGEMENT

The capital structure of the Group consists of equity raised by the issue of ordinary shares in the parent company.

The Group manages its capital to ensure that companies in the Group are able to continue as going concerns. The Group is not subject to any externally imposed capital requirements.

(e) FAIR VALUE MEASUREMENT

The carrying amounts of the Group's financial assets and liabilities approximate their fair value due to their short interest maturity periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

24 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[2]	Australian holding company
Gentrack Pty Limited	Australian operating company – software development, sales and support
Gentrack Holdings (Denmark) ApS	Danish holding company
Blip Systems A/S	Danish operating company – software development, sales and support
CA Plus Limited	Maltese operating company – software development, sales and support
Talgentra NZ Holdings Limited[1]	New Zealand holding company
Total Terminal Technologies Limited	New Zealand holding company
Gentrack Limited	New Zealand operating company – software development, sales and support
Gentrack Holdings (UK) Limited	United Kingdom holding company
Gentrack UK Limited	United Kingdom operating company – software development, sales and support
Junifer Systems Limited	United Kingdom operating company – software development, sales and support
Gentrack (Singapore) Pte Limited	Singapore trading company

Management fees of $2,010,200 (2016: $755,000) were charged by Gentrack Limited, the New Zealand operating company, to related parties during the year to cover management type activities.

[1] Talgentra NZ Holdings Limited was amalgamated into Gentrack Group Ltd on 1 August 2016.

[2] Talgentra Pacific Group Pty Limited was wound up at 30 September 2016.

25 OPERATING LEASE COMMITMENTS

($000)	**2017**	**2016**
NON-CANCELLABLE OPERATING LEASE COMMITMENTS DUE:		
Not later than one year	2,264	1,003
Later than one year, not later than five years	8,171	1,899
Later than five years	8,497	572
	18,932	**3,474**

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.

26 KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and include the Directors, the Chief Executive, his direct reports. The following table summarises remuneration paid to key management personnel.

($000)	**2017**	**2016**
Salaries, bonuses and other benefits	3,316	2,392
Share based payments	178	61
Post employment benefits	-	-
Directors' fees	371	322
Total salaries and benefits	**3,867**	**2,775**

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

27 CAPITAL COMMITMENTS

The capital expenditure commitments as at 30 September 2017 are $843k relating to relocating to new premises in Auckland (2016: $nil).

28 CONTINGENCIES

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

NZD$266,862 (AUD$245,700) to ASB Bank. This guarantee is open ended.

NZD$2,172,260 (AUD$2,000,000) to ASB Bank. This guarantee expires on 31 January 2018.

NZD$176,3661 (HKD$994,528) to ASB Bank. This guarantee expires on 24 September 2019.

NZD$75,000 to NZX Limited. This guarantee has no expiry date.

NZD$114,076 (AUD$105,030) to ASB Bank. This guarantee is open ended.

NZD$64,802 (AUD$558,038) to ASB Bank. This guarantee expires on 30 April 2020.

Gentrack Group Limited had utilised $2,935,829 of their $3.5m bond from ASB Bank at 30 September 2017.

29 CASH FLOW INFORMATION

($000)	2017	2016
(a) RECONCILIATION OF OPERATING CASH FLOWS WITH REPORTING PROFIT AFTER TAX:		
Profit after tax	11,825	9,608
Adjustments		
Deferred tax	(808)	(1,705)
Doubtful debts	(36)	299
Loss on foreign exchange transactions	86	1,047
Share based payments	178	61
Net interest expense/(income)	494	(187)
Other non-cash items	33	14
Depreciation and amortisation	3,991	2,377
	15,763	**11,514**
Add/(less) movements in other working capital items:		
(Increase)/decrease in trade and other receivables	(6,656)	(360)
(Decrease)/increase in tax payable	1,611	(411)
(Decrease)/increase in GST payable	933	265
(Decrease)/increase in deferred revenue	1,009	3,010
(Decrease)/increase in employee entitlements	1,465	1,696
(Decrease)/increase in trade payables and accruals	(66)	45
Net cash inflow from operating activities	**14,059**	**15,759**
(b) BANK FACILITIES:		
Bank facility	50,500	3,623
Unused bank facility	**5,511**	**3,623**

30 BUSINESS COMBINATIONS

The Group made the following acquisitions during the year:

(a) On 3 April 2017 the Group acquired 100% of the shares in Junifer Systems Limited ("Junifer") for cash consideration $73.2 million. The non-cash consideration in Junifer is the issue of 1,459,371 shares (fair value of $5.7 million) in Gentrack Group Limited, subscribed for by the sellers of Junifer Systems Limited.

Junifer is a market leading utility customer information and billing system provider for energy retailers in the UK with 25 existing customers out of approximately 50 energy retailers in that market. Junifer's technology is provided on a SaaS basis and offers new entrant utilities a cost effective and preconfigured solution. The combined Gentrack and Junifer businesses provide a full range of product functionality and will position the Group as the market leader in the UK, providing a strong base to expand into new markets.

For the six months ended 30 September 2017, Junifer contributed revenue of $9.5 million and net profit after tax of $2.1 million to the Group's result. If the acquisition had occurred on 1 October 2016, the contribution to revenue and net profit after tax for the Group would have been $15.7 million and $2 million respectively.

(b) On 23 April 2017 the Group acquired 79.81% of the shares in BLIP Systems A/S ("Blip") for cash consideration of $8.4 million. The Blip non-cash consideration is made up of two elements; the value of an earn-out provision based on total revenue achieved for the year ending December 2017 (fair value $0.5 million) and the present value of the liability associated with a vendor put option over 20.19% of the shares in Blip (fair value $2.4 million). The put option is based on the probability of achieving an average EBITDA target over financial years ending 31 December 2017, 2018 and 2019 and an exercise date of March 2020. The minimum payable under the option is $2.1 million and there is no upper limit. The undiscounted estimated payment is $2.5m. The Group have accounted for this element of the consideration using the anticipated acquisition method, and accordingly no non-controlling interest has been recognised.

Based in Denmark, Blip is a sensor-agnostic analysis and BI platform that tackles one of the biggest impacts on airport retail revenue, lengthy queues. With 26 airport customers worldwide including Schiphol, JFK T4, Geneva and Auckland the acquired business will provide the Group with a global presence to help facilitate the expansion of its airport business.

For the five months ended 30 September 2017, Blip contributed revenue of $3 million and net profit after tax of $0.3 million to the Group's result. If the acquisition had occurred on 1 October 2016, the contribution to revenue and net profit after tax for the Group would have been $6.7 million and $1.7 million, excluding transaction costs of $0.6 million.

(c) On 8 May 2017 the Group acquired 75% of the shares in CA PLUS Limited ("CA") for cash consideration of $6,000. The CA non-cash consideration is the present value of the liability associated with a vendor put option over 25% of the shares in CA (fair value $3.4 million). The put option is valued based on a cumulative EBITDA target for the financial years ending 31 December 2017, 2018 and 2019 and an exercise date of May 2020. The minimum payable under the option is $0.8 million and the maximum $11.9 million. The undiscounted estimated payment is $3.6m. The Group have accounted for this element of the consideration using the anticipated acquisition method, and accordingly no non-controlling interest has been recognised.

Gentrack Group Limited subscribed to 7,496,400 non-profit participating Redeemable Preference Shares("RPS") issued by CA with a nominal value of €1.00 each, fully paid up. The RPS do not entitle the Group to receive notice of and to attend and vote at general meetings of the Company or to receive dividends. The RPS may be redeemed at any time between April 2020 and April 2055, and shall only be redeemed out of the distributable profits of CA or out of the proceeds of a fresh issue of shares made for the purpose of redemption. The RPS have been classified in the CA accounts as a term liability, as the instrument does not have the characteristics of equity, and is eliminated on consolidation having no overall effect on the Group position. This did not form part of consideration as the RPS are not subscribed for in exchange for control of CA.

On the date of acquisition the Group repaid $11.8 million of CA's borrowings. The repayment was treated as a separate transaction.

CA, based in Malta, is a concession management platform that enables airports to better manage their non-aeronautical operations through the efficient automation of sales data collection and by providing a central tool for commercial contract management and analysis. With six airport customers including London City, Antigua, Quito, Malta and Nairobi the acquired business will provide the Group with a global presence to help facilitate the expansion of its airport business.

For the five months ended 30 September 2017, CA contributed revenue of $0.4 million and net loss after tax of $0.1 million to the Group's result. If the acquisition had occurred on 1 October 2016, the contribution to revenue and net loss after tax for the Group would have been $0.9 million and $0.5 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

30 BUSINESS COMBINATIONS (CONTINUED)

($000)	JUNIFER SYSTEMS LIMITED	BLIP SYSTEMS A/S	CA PLUS LIMITED
FAIR VALUE OF NET ASSETS ACQUIRED AT ACQUISITION DATE			
Cash	3,107	756	83
Trade and other receivables	2,523	1,373	446
Property, plant and equipment	759	36	-
Inventories	-	371	-
Intangible assets	20,498	2,379	4,105
Payables and accruals	(2,259)	(1,258)	(1,499)
Borrowings	-	-	(11,852)
Deferred tax	(3,584)	288	(1,404)
Net assets	**21,044**	**3,945**	**(10,121)**
Cash consideration	73,193	8,382	6
Non-cash consideration	5,692	2,876	3,361
Total consideration	**78,885**	**11,258**	**3,367**
GOODWILL RECOGNISED AS A RESULT OF THE ACQUISITION			
Total consideration	78,885	11,258	3,367
Net assets	(21,044)	(3,945)	10,121
Goodwill	**57,841**	**7,313**	**13,488**

The difference between fair value of assets and liabilities acquired and the purchase price has been recognised as goodwill. The goodwill recognised as a result of the acquisitions reflects the technology and technical expertise of the acquired companies and the synergies expected to be achieved from integrating the companies into the Group's existing business. Intangible assets consist of fair values assessed for software and customer relationships (refer note 18).

31 EVENTS SUBSEQUENT TO BALANCE DATE

A final dividend of $7,114,267 ($0.085 per share) was declared on 29 November 2017 for the year ended 30 September 2017, and will be paid on 20 December 2017. During the year an interim dividend of $3,515,285 ($0.042 per share) was paid on 27 June 2017.

CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance, particularly its role in delivering improved corporate performance and protecting the interests of all stakeholders.

The Board is responsible for establishing and implementing the Company's corporate governance frameworks, and is committed to fulfilling this role in accordance with best practice while observing applicable laws, and NZX Corporate Governance guidance.

This section sets out the Company's commitment to good corporate governance and addresses the Company's compliance with the eight fundamental principles of the NZX Corporate Governance Code (NZX Code) published in May 2017. The Company is not required to report against the NZX Code until its next annual report (for the financial year to 30 September 2018). However, the Board has determined that the NZX Code provides the most appropriate basis for this review.

Gentrack's Constitution, the Charters and most of the policies referred to in this Corporate Governance Statement are available on the Company's website www.gentrack.com ("Company Website") in the Leadership and Governance section of the Investor Centre.

This corporate governance statement is current as at 21 November 2017 and has been approved by the Board.

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

The Board maintains high standards of ethical conduct and the Chief Executive is responsible for ensuring that high standards of conduct are maintained by all staff. The Board has adopted a "Code of Ethics", a copy of which is available in the Investor Centre section of the Company's website.

The Board is the overall and final body responsible for all decision making within the Company, with the core objective of representing and promoting the interests of shareholders by adding long-term value to the Company.

The Company has a Share Trading Policy for the approval of all share purchases and sales by staff, including directors. A copy of this policy is available in the Investor Centre section of the Company's website.

The Company undertakes appropriate checks of prospective Directors prior to putting forward a candidate for election and provides all material information in its possession relevant to such a decision to security holders.

PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

BOARD CHARTER

This describes the Board's role and responsibilities and regulates internal Board procedures; a copy of this document is available in the Investor Centre section on the Company's website.

The Board directs, and supervises the management of, the business affairs of the Company including, in particular:

- ensuring that the Company's goals are clearly established, and that strategies and resources are in place for achieving them;
- ensuring that there is an ongoing review of performance against the Company's strategic objectives;
- approving transactions relating to acquisitions and divestments and capital expenditure above delegated authority limits;
- ensuring that there is an ongoing assessment of business risks and that there are appropriate control and accountability systems in place to manage them;
- monitoring the performance of management and overseeing company-wide remuneration, employment and health and safety practices;
- appointing the Chief Executive, setting the terms of their employment and, where necessary, terminating their employment;
- approving and monitoring the Company's financial and other reporting and ensuring the Company's financial statements represent a true and fair view; and
- setting the dividend policy.

NOMINATION AND APPOINTMENT

The procedures for the appointment and removal of Directors are ultimately governed by the Company's Constitution. The Board has established a Nominations and Remuneration Committee whose role is to identify and recommend to the Board individuals for nomination as members of the Board and its Committees, taking into account such factors as it deems appropriate, including experience, qualifications, judgement and the ability to work with other Directors.

COMPOSITION OF BOARD

As at 30 September 2017 the Board comprised six Directors, as follows:

- John Clifford (Non-executive Chair) – appointed May 2012
- James Docking (Non-executive Director) – appointed May 2012
- Andy Coupe (Non-executive Director) – appointed April 2014
- Graham Shaw (Non-executive Director) – appointed March 2014
- Leigh Warren (Non-executive Director) – appointed May 2012
- Nic Humphries (Non-executive Director) – appointed May 2017

Profiles of each Director are available in the Investor Centre section on the Company's website.

The Company has written agreements with each board member establishing the terms of their appointment.

DELEGATION

To enhance efficiency, the Board has delegated some of its powers to Board Committees and other powers to the Chief Executive. The terms of the delegation by the Board to the Chief Executive are documented in the Board Charter and more clearly set out in the Company's Delegated Authority Framework. This framework also establishes the authority levels for decision-making within the Company's management team.

DIRECTOR INDEPENDENCE

The Board Charter requires that at least 50% of Directors be "independent".

The Board takes into account the guidance provided under the NZX Listing Rules in determining the independence of Directors.

CORPORATE GOVERNANCE

The Board will review any determination it makes as to a Director's independence on becoming aware of any information that may have an impact on the independence of the Director. For this purpose, Directors are required to ensure that they immediately advise the Board of any relevant new or changed relationships to enable the Board to consider and determine the materiality of the relationships.

The Board considers that Leigh Warren, Graham Shaw and Andy Coupe are Independent Directors. The Board has determined that James Docking and John Clifford are not Independent Directors because they are both substantial shareholders of the Company. Nic Humphries is not classed as an independent director because HgCapital (of which he is Senior Partner) controls Devaron (NZ) Limited, which is a substantial shareholder of the Company.

SELECTION AND ROLE OF CHAIRMAN

The Chairman of the Board is elected by the non-executive Directors. The Board supports the separation of the role of Chairman and Chief Executive Officer. The Chairman's role is to manage the Board effectively, to provide leadership to the Board, and to facilitate the Board's interface with the Chief Executive Officer.

John Clifford has held the role of Chairman throughout the financial year. The Board has determined that John Clifford is not an Independent Director because he is a substantial shareholder in the Company (as noted above). However, given the nature of the Company, John Clifford is considered the most appropriate Director to act as Chairman given his wealth of experience in the utilities sector, having served as Chairman of two other businesses involved in utility smart metering.

DIVERSITY POLICY

The Board has approved a Diversity Policy, a copy of which is available in the Investor Centre on the Company's website.

At 30 September 2017, the gender breakdown for the Company (and its wholly owned subsidiaries) was as follows:

	BOARD	SENIOR EXECUTIVES	ALL EMPLOYEES
FY17			
Female	0	2	91
Male	6	8	297
% Female	0%	20%	23%
FY16			
Female	0	2	57
Male	5	8	216
% Female	0%	20%	21%

These figures include permanent full-time, permanent part-time and fixed-term employees, but not independent contractors. A Senior Executive is defined as an employee who reports directly to the Chief Executive Officer. The Company recruits for predominantly technology roles. Although there are increasing numbers of women leaving tertiary study with technology qualifications, this has yet to translate into candidates for technology roles, with the majority being men. This continues to make it difficult to achieve short-term increases in gender diversity as the Company grows its employee numbers.

The Company recognises the importance of diversity in the workplace and its positive impact on the work environment and culture. Progress continues to be made in that regard in accordance with the Company's Diversity and Inclusion Strategy

DIRECTOR EDUCATION

All Directors are responsible for ensuring they remain current in understanding their duties as Directors. Directors are provided access to the Company's on-line knowledge hub.

RETIREMENT AND RE-ELECTION

The Board acknowledges and observes the relevant Director rotation/retirement rules under the NZX Listing Rules.

DIRECTORS' SHARE OWNERSHIP

The table of Directors' shareholdings is included in the Disclosures section of this Annual Report.

INDEMNITIES AND INSURANCE

Deeds of Indemnity have been granted by the Company in favour of the Directors in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as Directors.

The Directors' and Officers' Liability insurance covers risks normally covered by such policies arising out of acts or omissions of Directors and employees in their capacity as such.

BOARD MEETINGS

The Board met formally ten times in the year ended 30 September 2017 and there were also separate meetings of the Board Committees. Directors receive detailed information in Board papers to facilitate decision making. At each meeting the Board considers key financial and operational information as well as matters of strategic importance.

Executives regularly attend Board meetings and are also available to be contacted by Directors between meetings.

Directors who are not members of the Committees may attend the Committee meetings where invited to do so by the Chairman of the relevant Committee.

The Board has a broad range of IT, financial, sales, business, risk management and other skills and expertise necessary to meet its objectives.

BOARD ACCESS TO INFORMATION AND ADVICE

The Company Secretary is responsible for supporting the effectiveness of the board by ensuring that policies and procedures are followed and co-ordinating the completion and dispatch of the Board agendas and papers.

All Directors have access to the senior management team to discuss issues or obtain information on specific areas in relation to items to be considered at Board meetings or other areas as they consider appropriate. Further, Directors have unrestricted access to Group records and information.

The Board, the Board Committees and each Director have the right, subject to the approval of the Chairman, to seek independent professional advice at the Company's expense to assist them to carry out their responsibilities. Further, the Board and Board Committees have the authority to secure the attendance at meetings of outsiders with relevant experience and expertise.

CORPORATE GOVERNANCE

CONFLICTS OF INTEREST

The Board Charter outlines the Board's policy on conflicts of interest. Where conflicts of interest do exist, Directors excuse themselves from discussions and do not exercise their right to vote in respect of such matters.

PERFORMANCE REVIEW

The Board has a formal review of its performance on an annual basis. A review was undertaken in August 2017.

PRINCIPLE 3 – BOARD COMMITTEES

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

BOARD COMMITTEES

The Board has established two Committees: the Audit and Risk Committee, and the Nominations and Remuneration Committee. The Charters of each Committee are in the Investor Centre section of the Company's website.

The membership of each Committee at 30 September 2017 was:

1. Audit and Risk Committee – Graham Shaw (Chair), Andy Coupe, John Clifford
2. Nominations and Remuneration Committee – John Clifford (Chair), Leigh Warren and Graham Shaw.

For further details on the functions of the Audit and Risk Committee please refer to "Principle 7". For further details on the functions of the Nominations and Remuneration Committee please refer to "Principle 2" and "Principle 5".

The Board is currently considering a Takeover Response Protocol, which is a recommendation under the NZX code. The protocol will outline the procedure to be followed if the Company is subject to a takeover offer and will be finalised shortly.

PRINCIPLE 4 – REPORTING AND DISCLOSURE

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

Gentrack is committed to maintaining a fully informed market through effective communication with the NZX and ASX, the Company's shareholders, analysts, media and other interested parties. The Company provides all stakeholders with equal and timely access to material information that is accurate, balanced, meaningful and consistent.

The Board has adopted a Market Disclosure Policy and a Shareholder Communications Policy, copies of which are available in the Investor Centre section on the Company's website. The Policies have been communicated internally to ensure that they are strictly adhered to by the Board and the Company's employees. The Company has been listed on the NZX Main Board and the ASX since 25 June 2014 and has at all times complied with its continuous disclosure obligations under the NZX Listing Rules, the Securities Markets Act 1988 (NZ), and the applicable ASX Listing Rules.

Directors consider at each Board meeting whether there is any material information which should be disclosed to the market.

The "Code of Ethics", Board Committee Charters and other key governance documents are available in the Investor Centre section of the Company's website.

The Company does not currently provide non-financial reporting on environmental, social and governance factors other than as set out in this statement.

PRINCIPLE 5 – REMUNERATION

The remuneration of Directors and executives should be transparent, fair and reasonable.

The Board has a Nominations and Remuneration Committee. One of that Committee's principal functions is to oversee the remuneration strategies and policies of the Company. The Nominations and Remuneration Committee is governed by a formal charter, a copy of which is available in the Investor Centre section on the Company's website.

DIRECTOR REMUNERATION

The Company distinguishes the structure of non-executive Directors' remuneration from that of executive Directors. Total Directors' fees are currently set at a maximum of $450,000 per annum for the non-executive Directors. The actual amount of fees paid in the past year was $371,247.

CEO REMUNERATION

This is structured as follows:

Fixed base salary of $380,000 per annum. This amount is reviewable at the Board's discretion each year.

Annual short term incentive payments of up to 50% of the fixed base salary. The actual short term incentive awarded (if any) is determined at the discretion of the Board after assessing the performance of the Company and the performance of the CEO against performance targets and priorities agreed annually.

The CEO participates in the Company's Long Term Incentive Scheme (LTI Scheme). In December 2016, the Company issued a total of 32,393 performance rights under the LTI Scheme to the CEO. These rights vest over three years and are subject to Gentrack Group achieving certain performance hurdles contained within the LTI Scheme that are aligned to sustained earnings per share growth.

The Remuneration Policy Statement is available in the Investor Centre section of the Company's website.

PRINCIPLE 6 – RISK MANAGEMENT

Directors should have a sound understanding of the material risks faced by the business. The Board should regularly verify that the entity has appropriate processes that identify and manage potential and material risks.

The Board has an Audit and Risk Committee that reports to the Board – please see "Principle 7" below for further detail in relation to the Audit and Risk Committee.

CORPORATE GOVERNANCE

The Company's senior management maintain a Risk Register, which is reviewed by the Audit and Risk Committee and forms a key part of the risk management framework.

Gentrack does not have an internal audit function, but through the steps outlined above the Board ensures the company is reviewing, evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company considers that it does not have any material exposure to economic, environmental and social sustainability risks. The Board receives a health and safety report each month and considers health and safety matters at each Board meeting.

PRINCIPLE 7 – AUDITORS

The Board should ensure the quality and independence of the external audit process.

The Board is committed to a transparent system for auditing and reporting of the Company's financial performance. The Board established an Audit and Risk Committee, which performs a central role in achieving this goal. The members of the Committee provide a balance of independence, sector experience and relevant professional experience and qualifications.

The Audit and Risk Committee's principal functions are:

- to assist the Board in fulfilling its responsibilities for Gentrack's financial statements and external financial reporting;
- assist the Board in ensuring that the ability and independence of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;
- to assist the Board in ensuring appropriate accounting policies and internal controls are established and maintained; and
- to assist the Board in ensuring the efficient and effective management of all business risks.

One of the main purposes of the Audit and Risk Committee is to ensure the quality and independence of the audit process. The Chairman of the Audit and Risk Committee and Chief Financial Officer work with the external auditors to plan the audit approach. All aspects of the audit are reported back to the Audit and Risk Committee and the auditors are given the opportunity at Audit and Risk Committee meetings to meet with the Board.

The Audit and Risk Committee has adopted a formal Charter, a copy of which is available in the Investor Centre section on the Company's website.

As a New Zealand company, section 295A of the Australian Corporations Act is not applicable to the Company. This section requires the Company's Chief Executive Officer and Chief Financial Officer to make a declaration in relation to the financial records and financial statements and notes. However, the Company's Chief Executive Officer and Chief Financial Officer provide equivalent assurances to the Board as part of the annual external audit process.

The Company's external auditors will attend the annual meeting, and are available to answer questions relating to the conduct of the external audit and the preparation and content of the auditor's report.

PRINCIPLE 8 – SHAREHOLDER RISKS AND RELATIONS

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the entity.

The company currently keeps shareholders informed through:

- the annual report;
- the interim report;
- the annual meeting of shareholders;
- disclosure to the NZX and ASX in accordance with the Company's Shareholder Communications Policy and Market Disclosure Policy; and
- the Investor Centre section on the Company's website.

The company's Shareholder Communications Policy and Market Disclosure Policy are designed to ensure that communications with shareholders and all other stakeholders are managed efficiently. The Chairman, Chief Executive Officer and Chief Financial Officer are the points of contact for shareholders and analysts.

The Board considers the annual report to be an essential opportunity for communicating with shareholders. The company publishes its annual and interim results and reports electronically on the Company Website. Investors may also request a hard copy of the annual report by contacting the company's share registrar, Link Market Services Limited. Contact details for the registrar appear at the end of this report.

The Company considers the annual meeting to be a valuable element of its communications programme. The Chairman will provide an opportunity for shareholders to raise questions for their Board. The Chairman may ask the Chief Executive Officer and any relevant manager of the Company to assist in answering questions if required. As noted earlier, the Company's external auditors will also attend the annual meeting, and are available to answer questions relating to the conduct of the external audit and the preparation and content of the auditor's report.

DISCLOSURES

ENTRIES RECORDED IN THE INTERESTS REGISTER

The Company maintains an Interest Register in accordance with the Companies Act 1993 and the Securities Markets Act 1988. The following are particulars of entries made in the Interests Register for the period 1 October 2016 to 30 September 2017.

DIRECTORS' INTERESTS

Directors disclosed interest, or cessation of interest, in the following entities pursuant to section 140 of the Companies Act 1993 during the year ended 30 September 2017.

DIRECTOR/ENTITY	RELATIONSHIP
John Clifford	
JCVC Pty Limited	Director
Uplands Group Pty Limited in its capacity as trustee of the Uplands Group Trust	Director
James Docking	
Jametti Limited	Director
Nic Humphries	
HgCapital	Senior Partner
Leigh Warren	
Warren Family Business Pty Limited in its capacity as trustee of the Warren Family Business Superannuation Fund	Director
Graham Shaw	
Pushpay Holdings Ltd	Director

SHARE DEALINGS OF DIRECTORS

Directors disclosed the following acquisitions and disposals of relevant interests in Gentrack shares during the year ended 30 September 2017.

SHARES	DATE OF ACQUISITION/DISPOSAL	CONSIDERATION PER SHARE	NUMBER OF SHARES ACQUIRED/ (DISPOSED)
Leigh Warren	9 June 2017	AUD$4.42	(350,000)

SHAREHOLDINGS OF DIRECTORS AT 30 SEPTEMBER 2017

	TYPE OF HOLDING	2017 NUMBER OF SHARES	2016 NUMBER OF SHARES
John Clifford	Beneficial Interest	9,151,374	9,151,374
Andy Coupe	Held Personally	20,833	20,833
James Docking	Beneficial Interest	5,358,196	5,358,196
David Ingram[1]	Held Personally	50,000	50,000
Graham Shaw	Held Personally	50,000	50,000
Leigh Warren	Beneficial Interest	279,184	629,184
Paul Fitzgerald[2]	Held Personally	437,387	-
Kenton Judson[2]	Held Personally	437,387	-
Saul Nurtman[2]	Held Personally	453,578	-
Nic Humphries[3]	Beneficial Interest	9,538,373	-
John de Giorgio[4]	Held Personally	382,671	-
Nigel Farley[5]	Beneficial Interest	3,312,661	4,712,661

[1] David Ingram is a Director of the following subsidiary companies: Gentrack Limited, Gentrack Pty Limited, Gentrack Group Australia Pty Limited, Gentrack UK Limited, Gentrack Holdings (UK) Limited, Total Terminal Technologies Ltd.

[2] Paul Fitzgerald, Kenton Judson and Saul Nurtman are Directors of the following subsidiary company: Junifer Systems Limited.

[3] Nic Humphries is the Senior Partner of HgCapital. HgCapital controls Devaron (NZ) Limited which holds shares in Gentrack Group Limited.

[4] John de Giorgio is a Director of the following subsidiary company: CA Plus Limited.

[5] Nigel Farley is a Director of the following subsidiary company: Blip Systems.

DISCLOSURES

REMUNERATION OF DIRECTORS

Details of the total remuneration of, and the value of other benefits received by, each Director of Gentrack Group Limited during the financial year ended 30 September 2017 are as follows:

	2017 FEES	2017 REMUNERATION	2016 FEES	2016 REMUNERATION
John Clifford	100,000	-	100,000	-
Andy Coupe	60,000	-	60,000	-
James Docking[1]	60,000	-	42,500	128,797
Nic Humphries[2]	21,247	-	-	-
Graham Shaw[3]	70,000	-	70,000	-
Leigh Warren	60,000	-	60,000	-
	371,247	**-**	**332,500**	**128,797**

[1] James Docking, now a Non-executive Director, was an Executive Director until he retired as CEO on 15 January 2016 and received remuneration from Gentrack in the form of a salary and short-term incentives until this date.

[2] Nic Humphries was appointed as a non-executive director on 24 May 2017. His fees cover the period from 24 May 2017 to 30 September 2017.

[3] Graham Shaw was paid $60,000 for his role as Director and $10,000 for his role as the chair of the Audit and Risk Management Committee.

EMPLOYEE REMUNERATION

The number of current employees of the parent and subsidiaries receiving remuneration and benefits above $100,000 in the year ended 30 September 2017 are set out in the table below:

REMUNERATION	NUMBER OF EMPLOYEES
$100,001 – $110,000	30
$110,001 – $120,000	22
$120,001 – $130,000	7
$130,001 – $140,000	8
$140,001 – $150,000	8
$150,001 – $160,000	7
$160,001 – $170,000	8
$170,001 – $180,000	4
$180,001 – $190,000	2
$190,001 – $200,000	4
$200,001 – $210,000	1
$210,001 – $220,000	1
$220,001 – $230,000	2
$230,001 – $240,000	3
$240,001 – $250,000	2
$250,001 – $260,000	1
$260,001 – $270,000	3
$270,001 – $280,000	3
$280,001 – $290,000	1
$320,001 – $330,000	3
$330,001 – $340,000	1
$340,001 – $500,000	1
Total	**122**

The analysis above includes the remuneration and benefits paid to employees, in the relevant bandings, where their annual remuneration and benefits exceed $100,000.

DISCLOSURES

ANALYSIS OF SHAREHOLDING AT 30 SEPTEMBER 2017

SIZE OF HOLDING	NUMBER OF HOLDERS	FULLY PAID ORDINARY SHARES NUMBER OF SHARES[1]	% OF ISSUED CAPITAL
1 – 1,000	955	534,426	1
1,001 – 5,000	1,359	3,624,363	4
5,001 – 10,000	321	2,494,552	3
10,0001 – 100,000	241	5,772,873	7
100,001 and over	45	71,271,040	85
TOTAL	**2,921**	**83,697,254**	**100**

[1] The total number of shares on issue as at 30 September 2017 was 83,697,254.

TWENTY LARGEST SHAREHOLDERS AT 30 SEPTEMBER 2017

The twenty largest shareholders of fully paid ordinary shares as at 30 September 2017 were:

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
Devaron (NZ) Limited	9,538,373	11.40
Uplands Group Pty Limited	8,052,689	9.62
Jametti Limited	5,358,196	6.40
HSBC Nominees (New Zealand) Limited[1]	5,191,243	6.20
Tea Custodians Limited[1]	4,827,429	5.77
HSBC Nominees (New Zealand) Limited[1]	4,178,414	4.99
JP Morgan Nominees Australia Limited	3,383,203	4.04
Nigel Peter Farley and Richard John Burrell as trustees of the Nigel Farley Family Trust	3,312,661	3.96
National Nominees Limited[1]	2,050,772	2.45
Roy Desmond Grant, Nina Catherine Maria Grant and Adrienne Alexandra Wigmore	2,000,000	2.39
One Managed Investment Funds Limited	1,577,763	1.89
Custodial Services Limited	1,570,295	1.88
Terence De Montalt Maude and Wendy Fay Wood	1,500,000	1.79
Accident Compensation Corporation[1]	1,470,400	1.68
Jcvc Pty Ltd	1,098,685	1.31
Custodial Services Limited	1,058,437	1.26
HSBC Custodial Nominees (Australia) Limited	968,977	1.16
National Nominees Limited	898,828	1.07
New Zealand Superannuation Fund Nominees Limited[1]	847,067	1.01
JP Morgan Chase Bank[1]	792,015	0.95

[1] These shareholdings are held through New Zealand Central Securities Depository Limited (NZCSD) which allows electronic trading of securities to members.

The percentage shareholding of the 20 largest shareholders of Gentrack Group Limited fully paid ordinary shares was 71%.

DISCLOSURES

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2017

According to notices given under the Securities Markets Act 1988, the following persons were Substantial Shareholders in Gentrack Group Limited at 30 September 2017 in respect of the number of voting securities set opposite their names.

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
Devaron (NZ) Limited	9,538,373	11.4
First NZ Capital Group Limited	5,572,552	6.7
Uplands Group Pty Limited as trustees of Uplands Group Trust, JCVC Pty Limited as trustees of JCVC Superannuation Fund, John Clifford and Valerie Clifford	9,151,374	10.9
Jametti Limited as trustees of the Fraxinus Aurea Trust	5,358,196	6.4
Mawer Investment Management Limited	5,719,847	6.8

Nigel Peter Farley and Richard John Burrell as trustees of the Nigel Farley Family Trust ceased to be a substantial shareholder on 19 January 2017 and submitted a revised notice to NZX and ASX on 24 January 2017.

Pie Funds Management Limited ceased to be a substantial shareholder on 30 March 2017 and submitted a revised notice to NZX and ASX on 31 March 2017.

The total number of issued voting shares of Gentrack Group Limited at 30 September 2017 was 83,697,254. Where voting at a meeting of the shareholders is by voice or show of hands, every shareholder present in person or by representative has one vote, and on a poll, every shareholder present in person, or by representative has one vote for each fully paid ordinary share in the Company.

At 30 September 2017, there were 49 shareholders holding marketable parcels of less than $500.

SUBSIDIARY COMPANY DIRECTORS

The following people held office as Directors of subsidiary companies at 30 September 2017:

Gentrack Limited	John Clifford, Ian Black, David Ingram
Gentrack Pty Limited	John Clifford, Ian Black, David Ingram
Gentrack Group Australia Pty Limited	John Clifford, Ian Black, David Ingram
Gentrack UK Limited	John Clifford, Ian Black, David Ingram
Junifer Systems Limited	Paul Fitzgerald, Kenton Judson, Saul Nurtman
Blip Systems	John Clifford, Ian Black, Peter Knudsen, Lars Tørholm, Nigel Farley
CA Plus Limited	John Clifford, Ian Black, John de Giorgio
Total Terminal Technologies Limited	John Clifford, Ian Black, David Ingram*
Gentrack Holdings (Denmark) Limited	John Clifford**
Gentrack Holdings (UK) Limited	John Clifford, Ian Black, David Ingram***

Directors of the company's subsidiaries do not receive any remuneration or other benefits in respect of their appointments.

* All three directors where appointed on incorporation on 18 April 2017.

** John Clifford was appointed on incorporation on 27 March 2017.

*** All three directors were appointed on incorporation on 24 March 2017.

DONATIONS

The Company made donations of $800 during the year ended 30 September 2017.

DISCLOSURES

CREDIT RATING

The Company has no credit rating.

FOREIGN EXEMPT LISTING

ASX approved a change in the Company's ASX admission category from an ASX Listing to an ASX Foreign Exempt Listing, effective from the commencement of trading on 30 March 2016.

The Company continues to have a full listing on the NZX Main Board, and the Company's shares are still listed on the ASX. The Company is primarily regulated by the NZX, complies with the NZX Listing Rules, and is exempt from complying with most of the ASX Listing Rules (based on the principle of substituted compliance).

WAIVERS

Gentrack Group Limited had no NZX waivers granted or published by NZX within or relied upon in the 12 months ending 30 September 2017. On listing in 2014, Gentrack Group Ltd was granted waivers from the ASX which are standard for a New Zealand company listed on the ASX. This includes confirmation that ASX will accept financial statements denominated in New Zealand dollars and prepared and audited in accordance with New Zealand Generally Accepted Accounting Principles and Auditing Standards. The waivers granted by the ASX have been extended to reflect the Company's ASX Foreign Exempt listing status from 30 March 2016.

ANNUAL MEETING

Gentrack Group Limited's Annual Meeting of Shareholders will be held in Auckland on 28 February 2018 at 4:00pm. A notice of Annual Meeting and Proxy Form will be circulated to shareholders in January 2018.

CORPORATE DIRECTORY

REGISTERED OFFICE

Gentrack Group Limited
17 Hargreaves Street, St Marys Bay, Auckland 1011,
New Zealand
Phone: +64 9 966 6090
Facsimile: +64 9 376 7223

Level 9, 390 St Kilda Road, Melbourne, VIC 3004
Australia
Phone: +61 3 9867 9100
Facsimile: +61 9867 9140

POSTAL ADDRESS

PO Box 3288, Shortland Street, Auckland 1140
New Zealand

NEW ZEALAND INCORPORATION NUMBER

3768390

AUSTRALIAN REGISTERED BODY NUMBER (ARBN)

169 195 751

DIRECTORS

John Clifford, Chairman
Andy Coupe
James Docking
Nic Humphries*
Graham Shaw
Leigh Warren

*Nic Humphries was appointed by the Board as a non-executive director on 24 May 2017.

COMPANY SECRETARY

Jon Kershaw

AUDITOR

KPMG

18 Viaduct Harbour Avenue, Auckland, 1140
Phone: +64 9 367 5800
Facsimile: +64 9 367 5875

LEGAL ADVISERS

BELL GULLY

BANKERS

ASB BANK LIMITED

ANZ LIMITED

HSBC PLC

SHARE REGISTRAR

NEW ZEALAND

LINK MARKET SERVICES LIMITED

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Gentrack

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