



2016 Annual Report

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Corporate Directory

Principal Business	Computer software development, sales and support with hosting
Board of Directors	Brent Impey (Chairman) Andrew Holliday Paul Cook Gary Sim Yong Sin Kwong
Registered Office	Level 4, Australis Nathan Building, Britomart Precinct, 37 Galway Street, Auckland
Auditors	Staples Rodway
Solicitors	Russell McVeagh
Bankers	ANZ National Bank Limited St George Bank Limited
Share Registry	Computershare Limited
Stock Exchange Listing	New Zealand Stock Exchange

Chairman and Managing Director's Report

The Directors of Finzsoft Solutions Limited are pleased to report on the Group's performance for the 15 months ended 30 June 2016.

As Finzsoft Solutions Limited ("Finzsoft" or "the company") has previously advised the market, the company's financial year-end date has changed from 31 March to 30 June, to align with the balance date of Silverlake Axis Group (SAG), which became the majority shareholder in the company in 2015.

Finzsoft Group reports net profit after tax reduced from \$2.7m in 2015 to \$0.23m in 2016. Revenue for the 15-month period was \$21.9 million compared with \$19.6 million for the 12-month period in the prior financial year. The net profit is, as previously signalled, a reduction on 2015 largely due to longer than expected timeframes to access new business opportunities in the Asian markets and increased investment in the development of next generation financial services solutions.

During the past financial year, the company has focussed on the following:

1. Operating priorities:

- Delivery of several significant projects, on time and on budget, to customers in New Zealand and Australia.
- Automation and streamlining of internal processes and right-sizing the business to drive further efficiencies.

2. Securing new business:

- Won the contract to be the provider of choice for banking software and technology to New Zealand's largest credit Union, First Credit Union.
- Signed a new three-year deal with ASX-Listed IT managed services company, CSG that will see Finzsoft's Sovereign Global software running CSG's trans-Tasman financing and leasing operations for office IT equipment.
- Revenue from these transactions signed in 2016 will appear in the financial accounts from FY17 onwards, and reflects the significant increase in deal activity Finzsoft is experiencing, particularly in the wider credit union market and with building societies and other non-bank providers.

"We are now through the foundation period bedding in our partnership with Silverlake and we are starting to see the benefits of new deals rolling through. As noted in our market update, we expect to see Finzsoft continue to operate profitably.

"As previously signalled, we have seen a delay in contracts and slower than expected access to new business opportunities in Asian markets following our partnership with Silverlake. Although some markets continue to be challenging, we are proactively managing our cost base to ensure that performance remains in line with management expectations.

Chairman and Managing Director's Report continued

"We remain focussed on core business capabilities and operational excellence to serve our customers and look forward to making further progress and regaining momentum as we head into our new fiscal year," said Holliday.

For more information on our activities, please refer to our website <http://www.finzsoft.com>



B G IMPEY
Chairman



A A Holliday
Managing Director

Auditor's Report to the Shareholders of Finzsoft Solutions Limited

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 **staplesrodway**
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINZSOFT SOLUTIONS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Finzsoft Solutions Limited and its subsidiaries (together the 'Group') on pages 7 to 45, which comprise the consolidated statement of financial position of the Group as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the 15 months period then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation of consolidated financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors our firm carries out other assignments for the Group in the area of taxation compliance services and other assurance services. The provision of these services has not impaired our independence as auditors of the Group. Our firm has no other relationship with, or interest in the Group.

Auditor's Report to the Shareholders of Finzsoft Solutions Limited continued



Opinion

In our opinion, the consolidated financial statements on pages 7 to 45 present fairly, in all material respects, the financial position of the Group as at 30 June and of its financial performance and cash flows for the 15 months period then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.



STAPLES RODWAY AUCKLAND
AUCKLAND

23 September 2016

Statement of Comprehensive Income

for the 15 months ended 30 June 2016

	Note	15 months to 30/06/2016 \$	12 months to 31/03/2015 \$
Revenue	4	21,852,696	19,578,600
Other Income	4	11,718	14,353
Total operating revenue		<u>21,864,414</u>	<u>19,592,953</u>
Development, servicing and other direct costs		(12,981,174)	(10,432,857)
Occupancy expense		(754,565)	(359,094)
Depreciation and amortisation	8,9	(1,265,865)	(885,801)
Sales and marketing expenses		(2,701,752)	(745,163)
Finance expenses	4	(182,917)	(15,408)
Corporate expenses	4	(1,326,453)	(1,534,150)
Other operational overheads		(2,268,557)	(1,788,474)
Total operating expense		<u>(21,481,283)</u>	<u>(15,760,947)</u>
Profit before income tax expense and joint arrangements		383,131	3,832,006
Share of profit of joint venture, net of tax	16	-	22,855
Net Profit before tax		<u>\$383,131</u>	<u>\$3,854,861</u>
Less Income tax expense	17	(157,193)	(1,172,087)
Profit for the year		<u>\$225,938</u>	<u>\$2,682,774</u>
Other Comprehensive Income:			
Exchange difference on translating foreign operations	11	(54,764)	(28,151)
Other comprehensive income for the year, net of tax		<u>(54,764)</u>	<u>(28,151)</u>
Total Comprehensive income for the year		<u>\$171,174</u>	<u>\$2,654,623</u>

Earnings per share for profit attributable to the owners of the Company during the year.

Basic earnings per share (cents per share)	20	2.56	31.32
Diluted earnings per share (cents per share)	20	2.59	31.94
Dividend per share (cents per share)	21	-	22.62

The accompanying notes are an integral part of these consolidated financial statements

Statement of Changes in Equity

for the 15 months ended 30 June 2016

	Note	Share Capital \$	Currency Translation reserve \$	Share Option reserve \$	Retained Earnings \$	Total Equity \$
Balance at 31 March 2014		3,954,620	(55,801)	19,911	(510,666)	3,408,064
Comprehensive income						
Profit or loss		-	-	-	2,682,774	2,682,774
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Currency translation differences		-	(28,151)	-	-	(28,151)
Total comprehensive income		-	(28,151)	-	2,682,774	2,654,623
Transactions with owners						
Employee share option scheme:						
Options issued to employees under employee share option plan	11	94,888	-	(19,911)	-	74,977
Dividends Paid		-	-	-	(1,944,518)	(1,944,518)
Total transactions with owners		94,888	-	(19,911)	(1,944,518)	(1,869,541)
Balance at 31 March 2015		4,049,508	(\$83,952)	-	227,590	\$4,193,146
Comprehensive income						
Profit or loss		-	-	-	225,938	225,938
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Currency translation differences		-	(54,764)	-	-	(54,764)
Total comprehensive income		-	(54,764)	-	225,938	171,174
Transactions with owners						
Sush acquisition:						
Purchase consideration		266,933	-	-	-	266,933
Share put option	11	-	-	128,495	-	128,495
Total transactions with owners		266,933	-	128,495	-	395,428
Balance at 30 June 2016		\$4,316,441	(\$138,716)	\$128,495	\$453,528	\$4,759,748

The accompanying notes are an integral part of these consolidated financial statements.

Statement of Financial Position

as at 30 June 2016

	Note	30/06/2016 \$	31/03/2015 \$
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	5	420,481	1,187,872
Trade and other receivables	6	3,330,599	2,810,322
Total Current Assets		3,751,080	3,998,194
<u>NON - CURRENT ASSETS</u>			
Property and equipment	8	417,138	426,561
Intangible assets and goodwill	9	5,234,756	4,546,578
Deferred tax benefit	17	151,688	165,189
Total non-current assets		5,803,582	5,138,328
TOTAL ASSETS		\$9,554,662	\$9,136,522
<u>CURRENT LIABILITIES</u>			
Trade and other payables	12	1,580,117	3,622,436
Unearned revenue	13	1,904,319	215,265
Provision for employee benefits	14	513,499	518,117
Finance Leases	15	-	15,281
Bank & Other Loans	5	750,000	-
Current income tax payable		46,979	568,318
Total current liabilities		4,794,914	4,939,417
<u>NON - CURRENT LIABILITIES</u>			
Finance Leases	15	-	3,959
Total non-current liabilities		-	3,959
TOTAL LIABILITIES		\$4,794,914	\$4,943,376
NET ASSETS		\$4,759,748	\$4,193,146
<u>EQUITY</u>			
Ordinary shares	10	4,316,441	4,049,508
Other reserves	11	(10,221)	(83,952)
Retained earnings		453,528	227,590
TOTAL EQUITY		\$4,759,748	\$4,193,146

Authorised for issue on the 23 September 2016.



B G IMPEY



A HOLLIDAY

The accompanying notes are an integral part of these consolidated financial statements.

Statement of Cash Flows

for the 15 months ended 30 June 2016

	Note	15 months to 30/06/2016 \$	12 months to 31/03/2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		22,895,993	17,643,374
Interest received		4,624	14,353
		<u>22,900,617</u>	<u>17,657,727</u>
Payments to suppliers and employees		(19,434,409)	(12,194,718)
Interest paid		(182,917)	(15,408)
Taxation paid		(665,031)	(836,991)
Goods and services tax paid		(2,172,492)	(1,107,045)
		<u>(22,454,849)</u>	<u>(14,154,162)</u>
Net cash generated from operating activities	5	<u>445,768</u>	<u>3,503,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment		(265,750)	(393,414)
Net proceeds received from dissolution of JV		-	329,456
Net proceeds paid for purchasing Sush Global Solutions Ltd		-	(1,066,667)
Investment in intangible assets		(1,680,341)	(180,896)
Net cash used in investing activities		<u>(1,946,091)</u>	<u>(1,311,521)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from Bank and other loans		750,000	-
Repayment of finance lease		(19,240)	(13,890)
Dividend paid		-	(1,944,518)
Proceeds from issue of shares		-	74,977
Net cash used in financing activities		<u>730,760</u>	<u>(1,883,431)</u>
NET INCREASE IN CASH and CASH EQUIVALENTS		(769,563)	308,613
Exchange gains on cash and cash equivalents		2,172	(13,359)
Cash included in purchase of Sush Global Solutions Limited		-	81,966
Cash and cash equivalents at beginning of the year		<u>1,187,872</u>	<u>810,652</u>
Cash and cash equivalents at end of the year	5	<u>\$420,481</u>	<u>\$1,187,872</u>

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Financial Statements

for the 15 months ended 30 June 2016

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Finzsoft Solutions Limited is a limited liability company, incorporated and domiciled in New Zealand, registered under the Companies Act 1993, and listed on the New Zealand Stock Exchange (NZX).

Finzsoft Solutions Limited is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The consolidated financial statements of Finzsoft Solutions Limited and its subsidiaries (together “the Group”) have been prepared in accordance with the Financial Markets Conduct Act 2013 and the Companies Act 1993.

The Group's principal activity is that of computer software development, sale and support which is undertaken in New Zealand and Australia. There have been no changes to the Group's principal activities during the year.

These Group's consolidated financial statements were authorised for issue by the board of directors on 23 September 2016.

Measurement Base

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

Basis of Preparation

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for-profit entities. They also comply with International Financial Reporting Standards. For this purpose the Company and Group is designated as a for-profit entity.

The functional and presentation currency of the Group is New Zealand dollars and the financial statements are rounded to the nearest dollar.

Finzsoft Solutions Limited has changed its balance date to the 30 June in order to align with its cornerstone shareholder, Silverlake Axis Limited. This has had the impact of creating a 15 month financial period ending the 30 June 2016, comparing to a 12 month period ending 31 March 2015.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries are the same as those adopted by the Group and the financial statements of subsidiaries are prepared for the same period as those of the Group.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

b) Joint arrangements

Under NZ IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

d) Property and Equipment

Property and Equipment are measured at historical cost less accumulated depreciation and any impairment loss.

When an item of plant and equipment is disposed of, any gain or loss is recognised in profit or loss and is calculated as the difference between the sale price and the carrying value of the item. Subsequent costs are added to the carrying amount of an item of plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit and loss as an expense as incurred.

Depreciation is provided on the straight line method and diminishing value methods at rates calculated to allocate the cost less estimated residual value over the estimated economic lives of the assets. The current rates of depreciation are as follows:

	Straight Line Rates	Diminishing Value Rates
Office Furniture and Equipment	12% to 17.5%	13% to 25%
Computer Equipment	18% to 40%	30% to 67%
Motor Vehicles	25%	

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

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

e) Trade and other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an on-going basis. Individual debts which are known to be uncollectible are written off. 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.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss.

Subsequent recoveries of amounts written off are recognised in profit or loss.

f) Trade and other Payables

These represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with registered banks, and other short term highly liquid investments (i.e. Term Deposits) with original maturities of three months or less.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

h) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss, except to the extent that it relates to items in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, 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. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rate (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.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except when 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 legal enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

i) Leases

The Group lease certain plant and equipment and land and buildings.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the Group are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the lower of the fair value of the leased assets and the present value of the minimum lease payments. Leased assets are amortised over their estimated useful lives. Each lease payment is allocated between the liability and finance charges and the interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease.

j) Goods and Services Taxation

The financial statements have been prepared exclusive of goods and services taxation. All revenue and expense items are shown net of goods and services tax (GST); and for assets and liabilities, if the GST is recoverable or payable, all items in the statement of financial position are stated net of GST with the exception of trade receivables and payables which are stated with GST included. All amounts stated in the Statement of Cash Flows are stated net of GST.

k) Intangible Assets

i) Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. Goodwill has an indefinite life and is recorded initially at cost less any accumulated impairment loss. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

ii) Brands, trademarks customer contracts and customer relationships

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the Statement of Comprehensive Income over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life is systematically tested for impairment at each balance date.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

Acquired customer contracts and customer relationships are amortised over their useful lives as follows:

Customer contracts	expected cash flow basis	between 3-5 years
Customer relationships	straight line basis	10 years

iii) Computer Software

Costs associated with maintaining computer software programmes and research expenditure are recognised as an expense as incurred. Development costs that are directly attributed to the design and testing of identified and unique software products controlled by the Group are recognised as intangible assets when 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 attributed to the software product during its development can be reliably measured.

Directly attributed costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Capitalised computer software	3-5 years
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l) Impairment of Non-Financial Assets

Intangible assets with an indefinite useful life, for example goodwill, and intangible assets under development, are not amortised but are tested annually for impairment in accordance with NZ IAS 36 *Impairment of assets*. Other assets are subject to annual depreciation or amortisation and are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

m) Share Option Plan

The Group established an employee share option plan offering options to senior management staff. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding credit to the share option reserve. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) when the options are exercised.

n) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of the goods or services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of the revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

i) Software licence fee revenue

Revenue from licence fees is recognised on the transferring of significant risks and rewards of the licensed software under an agreement between the company and the customer. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the licences. Licence fees are charged on an annual basis and recognised on delivery as no portion of the fee is refundable.

ii) Implementation, development and consulting services revenue

Implementation and development service revenue attributable to our licensed software is recognised in the accounting period in which services are rendered, by reference to stage of completion of the specific contract and assessed on the basis of actual hours spent as a proportion to the projected total hours of completion. Consulting services revenue is recognised in the accounting period in which services are rendered, by reference to stage of completion of the specific contract and assessed on the basis of actual hours spent as a proportion to the projected total hours of completion and expenses are recognised when incurred.

iii) Maintenance and support service revenue

Revenue received in relation to the annual maintenance and service portion of customer contracts is initially credited to the liability account called unearned revenue and then the service portion is recognised on a straight line basis over 12 months or the period of the maintenance contract.

iv) Other contracted service revenue

Revenue is recognised in the accounting period in which services are rendered, by reference to stage of completion of the specific contract and assessed on the basis of actual hours spent as a proportion to the projected total hours of completion.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

o) Foreign Currencies

i) Functional and presentation currency

At the reporting date, 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 (NZD) which is the presentation currency of the Group.

The financial statements have been rounded to the nearest dollar.

ii) Transactions and balances

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 profit and loss.

iii) Group companies

As at reporting date, the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of Finzsoft Solutions Limited at the rate of exchange ruling at the reporting date and the profit and loss is translated at the weighted average exchange rates for the period where this approximates the rate at the date of the transaction.

The exchange differences arising on the translation are recognised in the currency translation reserve in equity.

p) Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulated sick leave expected to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable. The Group pays contributions to defined contribution superannuation plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

q) Financial Instruments

Financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

i) Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance date, otherwise they are classified as non-current assets.

The Group does not have any financial assets classified as fair value through profit or loss.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

The Group's loans and receivables comprise cash and cash equivalents, trade and other receivables and related party balances.

iii) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

The Group does not have any financial assets classified as held to maturity.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

iv) Available for sale financial assets

Available for sale financial assets are non-derivatives, principally equity securities, that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

The Group does not have any financial assets classified as available for sale.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income, except for foreign exchange movements on monetary assets, which are recognised in profit or loss. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

Financial Liabilities

Other financial liabilities

This category includes all financial liabilities other than those designated as fair value through profit or loss. Liabilities in this category are initially measured at fair value less transaction costs and thereafter carried at amortised cost.

These include:

Trade and other payables.

These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

r) Changes in Accounting Policies

There have been no significant changes in accounting policies during the current year.

Accounting policies have been applied on a basis consistent with the prior annual financial statements.

s) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been approved but are not yet effective and have not been adopted by the Group for the period ended 30 June 2016. These will be applied when they become mandatory. The significant standards are:

NZ IFRS 9: Financial Instruments

NZ IFRS 9: 'Financial Instruments' was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

2 SPECIFIC ACCOUNTING POLICIES continued

main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. The standard is effective for reporting periods beginning on or after 1 January 2018.

The Group is yet to assess NZ IFRS 9's full impact.

NZ IFRS 15: Revenue from Contracts with Customers

NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18: Revenue and NZ IAS 11: Construction Contracts and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for periods beginning on or after 1 January 2018.

The Group is yet to assess NZ IFRS 15's full impact.

NZ IFRS 16: LEASES

NZ IFRS 16 address the recognition of leased assets and financial liabilities. This standard is effective for the period beginning on or after 1 January 2019.

The Group has assessed that the adoption of NZ IFRS 16 will not have a material impact on the Group.

There are a number of other standards on issue which are either not applicable or management have assessed will not have an impact on the Group financial statements.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the company to exercise its judgement in the process of applying the company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results.

The estimates and assumptions used in the current period are unlikely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The critical accounting estimates and assumptions relating to the company are as follows:

Intangible assets and goodwill

The carrying value of intangible assets under development and goodwill are subject to an annual impairment test to ensure the carrying value does not exceed the recoverable amount at reporting date. Other intangible assets are reviewed annually for indicators of impairment. For the purpose of impairment testing, intangible assets and goodwill are allocated to individual cash-generating units to which they relate. Any impairment losses are recognised in the profit and loss.

In determining the recoverable amount, the Group uses a valuation model to calculate the present value of expected future cash flows of the cash-generating units, discounted at the Company's weighted average cost of capital. The major inputs and assumptions that are used in the model that require management judgement includes sales forecast (new sales and project work), the employment of new staff to match expected project work, discount rates and the market price of Sovereign software for new sales, (refer note 9).

Deferred Tax Asset

The Group has recorded a deferred tax asset on its statement of financial position as at 30 June 2016.

Significant judgement is required in determining if the utilisation of these deferred tax assets is probable. In determining if the utilisation of the deferred tax assets is probable the Directors have reviewed detailed forecasts of future earnings of the Group (refer note 17) and determined that future assessable income will be earned in the future.

Revenue Recognition

Management base their judgements of revenue recognition on the latest available information. In some cases the results reflect the expected outcome of long term contractual obligations which span more than one reporting period. Revenue is affected by many uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. Estimates of revenue are updated regularly. Internal reviews focus on the timing and recognition of revenue and the age and recoverability of any un-agreed revenue from variations to the contract scope or claims. The impact of these changes in accounting estimates is then reflected in the ongoing results.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

4 REVENUE AND EXPENSES

a) Revenue

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
REVENUE		
Software licence fees	3,316,730	4,254,429
Implementation, development and consulting services	15,538,688	13,755,528
After hours support services	335,911	320,647
Hosting fees	1,498,131	1,041,066
Other contracted services	1,163,236	206,930
	\$21,852,696	\$19,578,600
OTHER INCOME		
Interest received	4,624	14,353
Dividend received	1,535	-
Foreign currency exchange gain	5,559	-
	\$11,718	\$14,353

b) Expenses

FINANCE EXPENSE

Interest paid	182,917	15,408
	\$182,917	\$15,408

CORPORATE EXPENSE

Audit fees		
- Audit of the financial statements	65,548	82,370
- Fee for other services	38,685	11,140
Director fees	304,167	200,040
Foreign currency exchange loss	-	156,165
Legal fees	266,189	430,531
Professional and Consultancy costs	524,370	605,049
Stock exchange fees	28,478	35,591
Other expenses	99,016	13,264
	\$1,326,453	\$1,534,150

c) Other expense items requiring separate disclosure

Employee benefits – Salaries & wages	13,665,167	8,886,104
Included in employee benefits		
- Contributions to defined contribution plans	442,055	225,898
Rental	636,873	268,686

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

5 CASH AND CASH EQUIVALENTS

15 months to 30/06/2016	12 months to 31/03/2015
\$	\$

Cash at bank and on hand

420,481	1,187,872
\$420,481	\$1,187,872

Cash at bank are the operating bank accounts earning no interest.

b) Reconciliation of net operating cash flows to profit for the year

15 months to 30/06/2016	12 months to 31/03/2015
\$	\$

Profit for the year

225,938	2,682,774
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Adjustments for non-cash items

Depreciation

273,702	127,095
---------	---------

Amortisation of finite life intangible assets

992,163	758,706
---------	---------

Loss on sale of fixed asset

1,471	10,503
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Share of profit of equity-accounted investee

-	(22,855)
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Foreign currency exchange gain

(56,936)	(14,792)
----------	----------

Deferred tax recognised

13,501	(165,189)
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Changes in assets and liabilities

(Increase) / decrease in assets

Trade receivable

(652,850)	(1,230,214)
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Prepayments

132,573	(124,778)
---------	-----------

Current income tax assets and liabilities

(521,339)	500,285
-----------	---------

(Decrease) / increase in liabilities

Trade payable

(1,646,891)	1,332,518
-------------	-----------

Unearned revenue

1,689,054	(580,234)
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Provisions for employee benefits

(4,618)	229,746
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Net operating cash flows

\$445,768	\$3,503,565
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Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

5 CASH AND CASH EQUIVALENTS continued

A deed of security dated 16 November 2000 is held by ANZ Bank New Zealand Ltd on behalf of New Zealand Stock Exchange. Finzsoft Solution Limited, the parent, and Finzsoft Settlements Limited, a subsidiary, granted a General Security Agreement dated 27 March 2009 in favour of ANZ Bank New Zealand Ltd to cover the existing overdraft facility, flexible credit facility and the flexible rate term loan.

A Cross Guarantee and Indemnity for the benefit of ANZ Bank New Zealand Ltd was signed, in March 2009, between Finzsoft Solutions (Australia) Pty Ltd and Finzsoft Solutions Ltd, Finzsoft Solutions (New Zealand) Ltd and Finzsoft Settlements Ltd.

The Group has an overdraft facility of \$40,000 with ANZ Bank New Zealand Ltd. Interest on the overdraft facility is charged on a daily basis and payable monthly in arrears. Interest is charged at the applicable rate as determined by the bank from time to time. At the date of the agreement the overdraft interest rate was 11.7%. At balance date none of the facility (2015: \$Nil) had been drawn down.

The Group has a flexible credit facility of \$1,000,000 with ANZ Bank New Zealand Ltd. The facility may be drawn down in tranches up to the agreed limit for a monthly period as determined. Interest is charged on the daily balance of each tranche drawn at a fixed rate quoted and advised by the Bank on the interest determination date as being the Bank's cost of funding that tranche plus a margin of 2% (2015: 2% above the Bank's cost of funding). Interest is payable monthly in arrears on the last day of each month. The facility is repaid at the end of each determined funding period. At balance date NZ\$750,000 (2015: \$Nil) had been drawn down on this facility. Maturity of the facility is open ended but the Group uses all excess cash available at month end to reduce this balance.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

6 TRADE AND OTHER RECEIVABLES

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Related Party Receivables (ref note 24b)	18,278	77,114
Trade Receivables	3,177,177	2,465,491
Prepayments	135,144	267,717
	\$3,330,599	\$2,810,322

7 INVESTMENTS - UNLISTED SUBSIDIARIES

	Ownership Interest		Reporting Date	Country of Incorporation
	2016	2015		
Finzsoft Solutions (NZ) Limited	100%	100%	30 June	New Zealand
Computer software development, sales and support				
Finzsoft Solutions (Australia) Pty Limited	100%	100%	30 June	Australia
Computer software development, sales and support				
Finzsoft Settlements Limited	100%	100%	30 June	New Zealand
Computer software development, sales and support				
Sush Global Solutions Limited	100%	100%	30 June	New Zealand
Computer software development, sales and support				
Sush Mobile Pty Limited	100%	100%	30 June	Australia
Computer software development, sales and support				
Finzsoft Solutions SDN. BHD	100%	100%	30 June	Malaysia
Computer software development, sales and support				
Finzsoft Solutions Ltd (Singapore Branch)	100%	100%	30 June	Singapore
Computer software development, sales and support				

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

8 PROPERTY AND EQUIPMENT

	Computer equipment \$	Office furniture and equipment \$	Motor Vehicle \$	Total \$
Balance at 1st April 2014				
Cost	964,655	104,225	-	1,068,880
Accumulated Depreciation	(880,608)	(34,825)	-	(915,433)
Net book amount	\$84,047	\$69,400	\$-	\$153,447
Year ended 31st March 2015				
Opening net book amount	84,047	69,400	-	153,447
Additions	340,251	27,940	25,223	393,414
Acquisition of business	13,231	4,067	-	17,298
Disposals	(2,803)	(7,700)	-	(10,503)
Depreciation charged	(111,641)	(10,648)	(4,806)	(127,095)
Closing net book amount	\$323,085	\$83,059	\$20,417	\$426,561
Balance at 31st March 2015				
Cost	1,100,395	125,538	25,223	1,251,156
Accumulated depreciation	(777,310)	(42,479)	(4,806)	(824,595)
Net book amount	\$323,085	\$83,059	\$20,417	\$426,561
Year ended 31st March 2016				
Opening net book amount	323,085	83,059	20,417	426,561
Additions	83,271	181,766	-	265,037
Foreign Currency adjustment	-	-	713	713
Disposals	(1,471)	-	-	(1,471)
Depreciation charged	(235,756)	(29,705)	(8,241)	(273,702)
Closing net book amount	\$169,129	\$235,120	\$12,889	\$417,138
Balance at 30th June 2016				
Cost	1,180,952	307,304	25,936	1,514,192
Accumulated depreciation	(1,011,823)	(72,184)	(13,047)	(1,097,054)
Net book amount	\$169,129	\$235,120	\$12,889	\$417,138

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

9 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Software development	Brands and customer relationships	Total
	\$	\$	\$	\$
Balance at 1st April 2014				
Cost	2,683,485	3,104,016	-	5,787,501
Accumulated amortisation	(1,073,392)	(1,327,054)	-	(2,400,446)
Net carrying amount	\$1,610,093	\$1,776,962	\$-	\$3,387,055
Year ended 31st March 2015				
Opening net carrying amount	1,610,093	1,776,962	-	3,387,055
Additions	1,458,333	180,896	279,000	1,918,229
Amortisation charge	-	(675,405)	(83,301)	(758,706)
Closing net carrying amount	\$3,068,426	\$1,282,453	\$195,699	\$4,546,578
Balance at 31st March 2015				
Cost	4,141,818	3,284,912	279,000	7,705,730
Accumulated amortisation	(1,073,392)	(2,002,459)	(83,301)	(3,159,152)
Net carrying amount	\$3,068,426	\$1,282,453	\$195,699	\$4,546,578
Year ended 31st March 2016				
Opening net carrying amount	3,068,426	1,282,453	195,699	4,546,578
Additions	-	1,680,341	-	1,680,341
Amortisation charge	-	(954,948)	(37,215)	(992,163)
Closing net carrying amount	\$3,068,426	\$2,007,846	\$158,484	\$5,234,756
Balance at 30th June 2016				
Cost	4,141,818	4,965,253	279,000	9,386,071
Accumulated amortisation	(1,073,392)	(2,957,407)	(120,516)	(4,151,315)
Net carrying amount	\$3,068,426	\$2,007,846	\$158,484	\$5,234,756

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

9 INTANGIBLE ASSETS AND GOODWILL continued

Impairment testing of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (k).

Goodwill is allocated to the Group's cash-generating units (CGU's) identified according to operating segment. An operating segment-level summary of the goodwill is presented below.

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
New Zealand	2,274,777	2,274,777
Australia	793,649	793,649
Rest of World	-	-
Net carrying amount	\$3,068,426	\$3,068,426

The recoverable amount for the above cash generating units have been determined on a value in use calculation using cash flow projections on financial budgets approved by the Board covering a 5 year period and a discount rate of 11.2% (2015: 11.2%). Cash flows for the five year period and beyond have been extrapolated using a 5% growth rate for the first year and 2% thereafter (2015: 5% growth rate for the first year and 2% thereafter).

If impairment of goodwill is identified, it is first recognised by reducing the carrying amount of goodwill, then by reducing the carrying amounts of the other assets on a pro-rata basis.

The above estimates are sensitive in the following areas:

- An increase of 5% (from 11.2% to 16.2%) in the discount rate used would still not have generated impairment.
- A 10% decrease in planned cash flows over the five year period would still not have generated impairment.

10 SHARE CAPITAL

The total number of authorised and issued ordinary shares is 8,808,830 shares (2015: 8,566,164) with a total value of \$4,316,441 (2015: \$4,049,508). There is only one class of share and all issued shares are fully paid.

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.

Nil ordinary shares (2015: 252,164) were issued as a result of the exercise of vested options arising from the 2012 option programme granted to key management. Options were exercised at an average rate of \$0.37 per option in the prior year.

242,666 ordinary shares (2015: Nil) were issued as part of the consideration for the purchase of Sush Global Solutions Limited.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

10 SHARE CAPITAL continued

	15 months to 30/06/2016	12 months to 31/03/2015
Reconciliation of Share Capital		
Balance at beginning of year	8,566,164	8,314,000
Share options exercised	-	252,164
Shares issued	242,666	-
Balance at end of year	<u>8,808,830</u>	<u>8,566,164</u>

11 OTHER RESERVES

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Share Option reserve		
Opening balance	-	19,911
Options issued during year		
Value of put option on shares issued for the purchase of Sush Global Solutions Limited	128,495	-
Share options exercised	-	(19,911)
Total Share option reserve	<u>\$128,495</u>	<u>\$-</u>

The put option relates to shares issued as part of the purchase consideration for Sush Global Solutions Limited in the prior year.

These have a strike rate of \$1.10 and have an exercise date of 29 September 2016.

Foreign currency translation reserve

Opening balance	(83,952)	(55,801)
Currency translation difference recorded in other comprehensive income	(54,764)	(28,151)
Total Foreign currency translation reserve	<u>(138,716)</u>	<u>(83,952)</u>
Total Other Reserves	<u>(\$10,221)</u>	<u>(\$83,952)</u>

12 TRADE AND OTHER PAYABLES

Related Party Payable (ref note 24b)	181,968	38,334
Trade Payables	329,651	1,625,594
Goods and services tax	338,069	575,894
Accrued expenses	730,429	1,382,614
	<u>\$1,580,117</u>	<u>\$3,622,436</u>

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

13 UNEARNED REVENUE

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Unearned revenue	1,904,319	215,265
	\$1,904,319	\$215,265

14 PROVISION FOR EMPLOYEE BENEFITS

Annual leave	459,938	459,871
Long service leave	53,561	58,246
	\$513,499	\$518,117

15 FINANCE LEASE

Gross finance leases	-	19,965
Less unexpired interest	-	(725)
	-	19,240
Less finance lease (current portion)	-	(15,281)
Finance lease (non-current portion)	\$-	\$3,959

Minimum lease payments:

Not later than 1 year	-	15,281
Later than 1 year & not later than 5 years	-	3,959
	\$-	\$19,240

Property and equipment includes the following amounts where the Group is lessee under a finance lease:

Motor Vehicles		
- capitalised finance lease	-	25,223
Accumulated depreciation	-	(4,806)
Net book value	\$-	20,417
Total net book value	\$-	\$20,417

The finance lease was secured over a motor vehicle with interest rates on the outstanding lease agreement of Nil (2015: 5.59%).

This rate was fixed through the life of the lease. The term of the lease was 24 months.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

16 JOINT VENTURE

In November 2014 the decision was made to dissolve the joint venture, NZ Bureau Limited. The Group had a 50 per cent equity shareholding with equivalent voting power in NZ Bureau Limited, a joint venture requiring unanimous consent for strategic financial and operating decisions, established in New Zealand on the 29th March 2012. The Group had no interest in the joint venture during the 2016 period.

The Group's share of profit in its equity accounted investee, NZ Bureau Limited, for the 2015 year was \$22,855.

During the 2015 year the Group received \$329,456 in cash relating to the dissolution of the Joint Venture.

Summary financial information for equity accounted investees is as follows:

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Current assets	-	-
Non-Current Assets	-	-
Total Assets	-	-
Current Liabilities	-	-
Total Liabilities	-	-
Net Assets	\$-	\$-
Income	-	1,096,305
Expenses	-	1,042,460
Profit after tax	-	45,710
Groups share of net assets	\$-	\$-
Carrying amount	\$-	\$-
Groups share of profit after tax	\$-	\$22,855

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

17 CURRENT INCOME TAX LIABILITY AND EXPENSE

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
a) Profit and loss		
The income tax expense consists of:		
Current income tax	143,692	1,415,396
Deferred income tax	13,501	(243,309)
	\$157,193	\$1,172,087

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Profit before tax expense	383,131	3,832,006
Tax calculated at domestic tax rates applicable to profits in the respective countries	107,277	1,072,962
Expenses not deductible for income tax purposes	47,520	311,741
Over/Under provision of prior year	(8,887)	22,967
Corporate Tax rate variance with Australia @ 30c	7,026	7,726
Deferred tax asset movement for the year		(243,309)
Taxation Losses not utilised	4,257	-
Income tax expense	\$157,193	\$1,172,087

b) Deferred Tax

Opening Balance	165,189	-
Charged to profit or loss	(13,501)	243,309
Acquired on business combination	-	(78,120)
Closing balance	\$151,688	\$165,189

The deferred tax asset is attributed to the following items:

	Intangibles	Provision	Total
Balance as at 30 June 2016	(\$44,376)	\$196,064	\$151,688
Balance as at 31 March 2015	(\$78,120)	\$243,309	\$165,189

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Directors believe the Group will have future taxable profits based on its profit projections.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

17 CURRENT INCOME TAX LIABILITY AND EXPENSE continued

c) Imputation Credits

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Balance at beginning of year	11	2,315
Tax payments, net of refunds	665,031	836,991
RWT on interest received	1,847	4,071
IC attached to dividends received	500	758,333
IC attached to dividends paid	-	(1,514,535)
IC lost due to breach of shareholder continuity	-	(87,186)
Balance at end of year	\$667,389	\$11
Imputation credits available to shareholders		
Through the company	23,079	-
Through subsidiaries	664,310	11
Balance at end of year	\$687,389	\$11

18 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

Credit risk is defined as the risk a loss will be incurred if the counter party to a transaction does not fulfil its financial obligation. The Group's concentration of credit risk is stated below. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with registered banks, as well as credit exposure to registered banks and financial institutions, including outstanding trade and other receivables. For registered banks, only independently rated parties with a minimum rating of 'AA' are accepted. For financial institution, the majority are independently rated 'BB' or above. If there is no independent rating, risk control assesses the credit quality of those customers internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

Maximum exposure to credit risk at the reporting date are carrying amounts of financial assets.

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Cash and cash equivalents	420,481	1,187,872
Related party receivables (ref note 24b)	18,278	77,114
Trade receivables	3,177,177	2,465,491

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

18 FINANCIAL RISK MANAGEMENT continued

Concentrations of Credit Risk

The Group's two largest customers accounted for 61% and 35% trade accounts receivable at 30 June 2016 and 31 March 2015 respectively. The Group at the reporting date holds 84% (2015: 78%) of cash with one registered bank.

At 30 June, the ageing analysis of trade receivables is as follows:

Consolidated Entity	TOTAL	<30 days	31-60 days	61-90 days	+91 days
2016	\$3,195,455	\$2,726,657	\$284,671	\$155,570	\$28,557
2015	\$2,542,605	\$1,710,654	\$521,735	\$81,572	\$228,644

Trade receivables are non-interest bearing and are generally on 30 day terms. The balances past due as at the reporting date but not impaired, are expected to be received based on continuation of normal business subsequent to year end. At the reporting date, the directors have reviewed the carrying value of trade receivables to determine whether there is any indication that those assets have been impaired. Due to the short term nature of these receivables, their carrying amounts are a reasonable approximation of their fair value. The maximum exposure to credit risk is the carrying amount of receivables.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet commitments associated with financial instruments. Consolidated cash flow forecasting is performed for all operating entities in the Group. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient head-room on its undrawn committed borrowings (note 5) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on its borrowing facility. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying Value	Gross Nominal Outflow	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years
	\$	\$	\$	\$	\$
Balance at 30 June 2016					
Related party payables (ref note 24b)	181,968	181,968	181,968	-	-
Trade payables	329,651	329,651	329,651	-	-
Bank borrowings	753,531	753,531	753,531	-	-
	\$1,265,150	\$1,265,150	\$1,265,150	\$-	\$-
Balance at 31 March 2015					
Finance lease liabilities	19,965	19,965	3,741	12,265	3,959
Related party payables (ref note 24b)	38,334	38,334	38,334	-	-
Trade payables	1,625,594	1,625,594	1,625,594	-	-
	\$1,683,893	\$1,683,893	\$1,667,669	\$12,265	\$3,959

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

18 FINANCIAL RISK MANAGEMENT continued

Market Risk

Interest Rate Risk

Interest rate risk is the risk of loss to the Group arising from changes in interest rates. The Group policy is to maintain minimal borrowings in fixed rate instruments and therefore any interest rate movement impact is minor. Excess funds are held in interest paying deposit accounts.

The Group is exposed to interest rate risk in that future interest rate movements will affect the market value of cash held. The Group policy is to have minimal exposure to interest rate risk on cash held as they are held on short term maturity terms. The weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 5.67% (2015: 6.75%). While interest rates have been dropping in New Zealand over the past financial year, had the interest rate increased by 1% during the financial period, the impact (with all other variables being constant), post-tax profit for the year would have been \$32,260 (2015: \$2,283).

Foreign Exchange Rate Risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from change in the measurement of exchange rate between transaction date and settlement date, primarily with respect to the Australian dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency arising from future commercial transactions and recognised assets and liabilities.

In the event of a strong market outlook that the Australian/New Zealand cross rate will move significantly, a Group treasury risk management hedging policy exists. The current hedging policy is:

- up to 50% of anticipated cash flows for the next 90 days, and
- up to 25% of anticipated cash flows between 90 and 180 days

It has been assessed that hedging will not be required in the short term.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from net assets of the Group's foreign operations is managed primarily through regular repatriation of excess bank funds to New Zealand.

At 30 June 2016, if the Australian currency had weakened (to 0.8696: 31 March 2015 to 0.8825) or strengthened (to 0.9611: 31 March 2015 to 0.9753) by 5% against the NZ dollar with all other variables held constant, post-tax profit for the year would have been NZ\$21,000 (31 March 2015: NZ\$12,000) higher or lower mainly as a result of foreign exchange gains or losses on translation of Australian dollar denominated trade receivables and foreign exchange gains / losses on translation of Australian dollar denominated trade payables. The sensitivity analysis is based on a reasonably possible change in interest rates with all other variables held constant.

There were no forward cover contracts at the reporting date for the 2016 and 2015 periods.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

18 FINANCIAL RISK MANAGEMENT continued

Maximum exposures to foreign currency risk at reporting date are:

	Group	
	30 June 2016	31 March 2015

Current assets

New Zealand dollar equivalents of amounts receivable and cash held in foreign currencies which are not effectively hedged:

Australian dollars	\$964,421	\$1,794,864
Singapore dollars	\$2,276	\$-

Current liabilities

New Zealand dollar equivalents of amounts payable in foreign currencies which are not effectively hedged:

Australian dollars	\$284,981	\$1,105,897
Singapore dollars	\$1,595	\$-
Malaysian Rupees	\$4,589	\$-

The fair value of financial instruments approximates their carrying value (refer specific accounting policies e and f) as these are short term, carried at market interest rates and receivables are subject to impairment.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, reserves and retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on capital above 50%; in 2016 the return was 11.68% (2015: 62.78%). The decline in return on capital from 2015 is largely due to contractual and market factors. The Board strategy into the 2017 financial year is to proactively managing the Group's cost base and ensure that performance remains in line with management expectations. In addition, the Group plans to leverage its strong history of working with New Zealand's credit unions and building societies.

In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 5.67% (2015: 6.75%).

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

19 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board.

The Board considers the business from both a geographic and product perspective. Geographically, management considers the performance of sales and services in New Zealand, Australia and the rest of the world.

The reportable operating segments derive their revenue primarily from software delivery and support with the exception of New Zealand which is further segregated into revenue from transactional banking.

The Board assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA). This measurement basis excludes the effects of non-recurring expenditure from operating segments. Interest income and expenditure are not allocated to segments, as this type of activity is considered to be a central treasury function.

There are no sales between segments. The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of comprehensive income.

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

19 SEGMENT INFORMATION continued

	New Zealand	Australia	Rest of the World	Total
	Software Delivery & Support	Software Delivery & Support	Software Delivery & Support	
	\$	\$	\$	\$
Segment revenue from external customers	11,365,896	10,486,800	-	21,852,696
Adjusted EBITDA	2,767,678	386,065	-	3,153,743
Depreciation and amortisation	1,255,872	9,993	-	1,265,865
Income tax expense	69,268	87,925	-	157,193
Total Assets	8,568,329	978,868	7,465	9,554,662
Additions to non-current assets (other than Financial instruments and deferred tax assets)	1,945,378	-	-	1,945,378
Total Liabilities	(4,398,314)	(390,416)	(6,184)	(4,794,914)

The segment information for the year ended 31 March 2015 is as follows:

Segment revenue from external customers	5,510,034	14,068,566	-	19,578,600
Adjusted EBITDA	5,978,863	274,420	(271)	6,253,012
Depreciation and amortisation	880,128	5,673	-	885,801
Income tax expense	1,056,290	115,797	-	1,172,087
Total Assets	7,398,342	1,738,180	-	9,136,522
Additions to non-current assets (other than Financial instruments and deferred tax assets)	2,300,163	28,777	-	2,328,940
Total Liabilities	(3,785,898)	(1,151,168)	(6,310)	(4,943,376)

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

19 SEGMENT INFORMATION continued

A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Adjusted EBITDA from reportable segments	3,153,743	6,253,012
Depreciation and amortisation	(273,702)	(127,095)
Amortisation	(992,163)	(758,706)
Interest received	4,624	14,353
Interest paid	(182,917)	(15,408)
Legal expenses	(266,189)	(430,531)
Directors fees	(304,167)	(200,040)
Professional and Consultancy costs (not attributable to a segment)	(563,055)	(430,531)
Share of profit in equity-accounted investee	-	22,855
Other	(193,043)	(473,048)
Profit before income tax	\$383,131	\$3,854,861

The entity is domiciled in New Zealand. The result of its revenue from external customers in New Zealand is \$11,365,896 (2015: \$5,510,034), and the total revenue from external customers from other countries is \$10,486,800 (2015: \$14,068,566).

The total of non-current assets located in New Zealand is \$5,795,567 (2015: \$5,188,229).

Revenues of approximately \$9,911,074 and \$1,822,027 (2015: \$12,936,107 and \$1,167,439) are derived from two single external customers. The revenue attributable to the Australian segment is \$9,911,074 (2015: \$12,936,107).

20 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributed to owners of the company by the weighted average number of ordinary shares in issue during the year.

	15 months to 30/06/2016	12 months to 31/03/2015
Profit attributable to owners of the company	225,938	2,682,774
Weighted average number of ordinary shares in issue	8,727,941	8,399,427
Adjusted for share options	-	-
Weighted average number of ordinary shares for diluted earnings per share	8,727,941	8,399,427
Basic earnings per share (cents per share)	2.56	31.32
Diluted earnings per share (cents per share)	2.59	31.94

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

20 EARNINGS PER SHARE continued

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

21 DIVIDENDS PER SHARE

The dividend per share is calculated by multiplying the dividend declared per share attributed to owners of the company by the number of ordinary shares on issue at the record date

15 months to 12 months to
30/06/2016 31/03/2015

Number of ordinary shares on issue	8,808,830	8,566,164
Dividend per share	Nil	22.62

No dividend was declared or paid during the 15 months ended 30 June 2016 (12 months to 31 March 2015: \$22.62 per share)

22 CONTINGENT LIABILITIES

The Group is contingently liable in respect of an all obligations guarantee and indemnity provided over all monies due to the ANZ Bank New Zealand Limited (ref note 5).

23 COMMITMENTS

The Group is not committed to incur any capital expenditure as at reporting date.

The Group is committed under operating leases for premises as follows:

	30/06/2016	31/03/2015
	\$	\$
Premises		
Not Later than 1 year	641,099	969,422
Later than 1 year & not later than 5 years	2,404,913	6,294,659
More than 5 years	-	263,064
	<u>3,046,012</u>	<u>7,527,145</u>

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

23 COMMITMENTS continued

The Group is committed under the following lease agreements:

Lease entered into in February 2015 for the premises on Fort Street for a two year term expiring on 7 September 2016.

Lease entered into in June 2014 for the premises in the Australis Nathan Building for a term of five years commencing 1 August 2016.

Lease entered into in May 2016 for a premises in Wellington for a one year term expiring on 30 April 2017.

Lease entered into in March 2016 for accommodation in Auckland for a 6 month term expiring in September 2016.

24 RELATED PARTY DISCLOSURES

Parent and ultimate controlling party

The immediate parent is Finzsoft Solutions Limited and controlling entity of the Group is Silverlake HGH Limited.

Note 7 identifies all entities within the Group and they are all related parties of the Company.

In addition, the directors and key management personnel of the Group are also related parties.

a) Key management compensation

Key management includes directors (including executive directors) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

	15 months to 30 June 2016	12 months to 31 March 2015
	\$	\$
Salaries and other short-term employee benefits	3,105,034	2,220,680
Post-employment benefits	126,474	57,115
	3,231,508	2,277,795

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

24 RELATED PARTY DISCLOSURES continued

b) Other Related party transactions

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Sale of Goods and Services		
NZ Bureau Ltd – Service Expenses paid	-	378,593
NZ Bureau Ltd – Service Expenses received	-	(14,657)
NZ Bureau Ltd – Software Licence Fees received	-	(41,614)
NZ Bureau Ltd – Development and consulting received	-	(15,012)
Silverlake HGH Ltd - Services Expenses received	-	(77,114)
 Silverlake Axis MSC Sdn Bhd - Service expenses received	448,479	-
Silverlake (Thailand) Ltd - Service expenses received	6,127	-
Silverlake Digital Economy SDN BHD - Service expenses received	6,127	-
Silverlake Digitale SDN BHD - Service expenses received	12,254	-
Silverlake Infrastructure & Logistics SDN BHD - Service expenses received	24,507	-
Silverlake Mobility Ecosystem SDN BHD - Service expenses received	6,127	-
Silverlake One Paradigm Sdn. Bhd - Services expenses received	12,254	-
Silverlake Science & Mathematical Solution Pte Ltd - Service expenses received	6,127	-
Silverlake Science & Mathematical Solution SDN BHD - Service expenses received	12,254	-
Silverlake Sprints Sdn Bhd - Service expenses received	232,821	-
Holliday Group Holdings Ltd – Consulting & Management Services paid	683,165	650,330
GMS Limited - Consulting & Management Services paid	44,149	-

Holliday Group Holdings Ltd is a related party by virtue of common directorship.

GMS Limited is a related party by virtue of common directorship.

Silverlake Group Companies are related parties by virtue of common directorship.

Silverlake HGH Limited is related by virtue of common directorship.

All outstanding balances with these related parties are priced on normal commercial terms and are to be settled in cash within two months of the reporting date. None of the balances are secured. Included in Accounts Receivable is a balance owed by Silverlake Axis MSC Sdn Bhd \$18,278 (2015: \$Nil) and Silverlake HGH Ltd of \$Nil (2015: \$77,114). Included in Accounts Payable is a balance owing to Holliday Group Holdings \$133,504 (2015: \$38,333) and to GMS Limited \$48,464 (2015: Nil).

25 EVENTS AFTER THE BALANCE DATE

There were no significant events occurring after the balance date.

Corporate Governance

for the 15 months ended 30 June 2016

Principal Activity

Finzsoft Solutions Limited (FIN) is a listed IT software development company for the banking and finance sector. We predominately operate in New Zealand and Australia. There has not been any change in the nature of the company's business in the 15 months ended 30 June 2016.

Directors Holding Office

Directors holding office during the year were:

Paul Cook	(appointed 15/12/11)
Andrew Holliday	(appointed Managing Director 23/03/12)
Brent Impey	(appointed 15/12/11)
Gary Sim	(appointed 10/10/14)
Yong Sin Kwong	(appointed 20/04/2015)

Director Independence

The Board has resolved that the following Directors are independent within the meaning of the NZX listing rules.

Brent Impey	Chairman
Paul Cook	Non-Executive Director
Gary Sim	Non-Executive Director

Directors considered not independent due to a disqualifying relationship within the meaning of the NZX listing rules are:

Andrew Holliday	Substantial Security Holder
Yong Sin Kwong	Substantial Security Holder

The Board of Directors, with advice from the Managing Director and Senior Management Team, is responsible for developing and maintaining the company's corporate governance and ethical business practices.

Directors of Subsidiaries

Directors of Finzsoft Solutions (New Zealand) Limited during the year were:

Paul Cook	(appointed 22/08/14)
Andrew Holliday	(appointed 26/06/07)
Brent Impey	(appointed 22/08/14)
Gary Sim	(appointed 10/10/14)

Directors of Finzsoft Settlements Limited during the year were:

Andrew Holliday	(appointed 26/06/07)
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Directors of Sush Global Solutions Limited during the year were:

Paul Cook	(appointed 29/08/14)
Andrew Holliday	(appointed 29/08/14)

Corporate Governance continued

for the 15 months ended 30 June 2016

Brent Impey (appointed 29/08/14)

Directors of Finzsoft Solutions (Australia) Pty Limited during the year were:

Robert Hunter	(appointed 21/09/10)
Brent Impey	(appointed 05/04/12)
Paul Cook	(appointed 06/06/14)
Gary Sim	(appointed 10/10/14)
Andrew Holliday	(appointed 21/03/08)

Directors of Sush Mobile Pty Limited (Australia) during the year were:

Paul Cook	(appointed 09/10/14)
Andrew Holliday	(appointed 09/10/14)
Brent Impey	(appointed 09/10/14)
Gary Sim	(appointed 09/10/14)

Directors of Finzsoft Solutions Limited (Singapore Branch) during the year were:

Kwong Yong Sin	(appointed 20/04/15)
Brent Impey	(appointed 15/12/11)
Paul Cook	(appointed 15/12/11)
Andrew Holliday	(appointed 26/06/07)
Gary Sim	(appointed 10/10/14)

Directors of Finzsoft Solutions (Malaysia) SDN BHD during the year were:

Andrew Holliday	(appointed 08/11/12)
Lim Saw Imm	(appointed 08/11/12)
Chong Swee Yoon	(appointed 08/11/12)

Governance Standards

The Board has reviewed the Rules, Principles and Guidelines embodied in the NZX listing rules and is taking progressive steps to improve the governance systems and processes by reference to them. Finzsoft's corporate governance principles do not materially differ from the Corporate Governance Best Practice Code issued by NZX.

The primary responsibilities of the Board include:

- The establishment of the long term goals of the company and strategic plans to achieve those goals.
- The approval of the annual and half year financial statements.
- The review and adoption of annual budgets for the financial performance of the company and monitoring the results on a monthly basis.
- Ensuring that the company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

Corporate Governance continued

for the 15 months ended 30 June 2016

Independent Professional Advice

With the approval of the Chairman, each director has the right to seek independent legal and other professional advice at the Group's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Audit & Remuneration Committee

The Audit & Remuneration Committee reviews the Group's financial statements and announcements. It also liaises with the external auditors and reviews internal controls which are relevant to financial reporting and related matters. This committee approves the management staff remuneration.

The current members of the committee are: Brent Impey (Chairman), Paul Cook and Andrew Holliday.

Nomination Committee

Due to the size of the Group, a separate Nomination Committee has not been formally established. Any Board nomination is dealt with by the Board as a whole.

Attendance at meetings

During the financial 15 months ending 30 June 2016, the Board met 10 times (2015: 9). The table below sets out attendance at meetings by all Directors.

	2016		2015	
	Board attendance (scheduled and special purpose)	Audit & Remuneration Committee	Board attendance (scheduled and special purpose)	Audit & Remuneration Committee
Paul Cook	10	1	9	1
Andrew Holliday	9	1	9	1
Brent Impey	10	1	9	1
Gary Sim	8	-	3	-
Yong Sin Kwong	10	-	-	-

Directors Interests Register

In March 2016 the Board authorised the renewal of the Directors' and Officers' insurance cover as at 31 March 2016 for a period of 15 months and has certified, in terms of section 162 of the Companies Act 1993, that this cover is fair to the company. No director has given notice to the company of an interest in any transaction with the company. No director has sought authorisation to use company information.

The following are particulars of general disclosures of interest given by the Directors of the Company pursuant to Section 140(2) of the Companies Act 1993:

Andrew Holliday	Director of Holliday Group Holdings Limited Holliday Group Holdings (ICT Investments) Limited Silverlake HGH Limited
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Corporate Governance continued

for the 15 months ended 30 June 2016

Directors Remuneration

Below are details of the total of the value of remuneration and other benefits received by each Director during the year.

	15 months ended 30 June 2016		12 months ended 31 March 2015	
	Director Fees	Other Remuneration	Director Fees	Other Remuneration
	\$	\$	\$	\$
Paul Cook	62,500	-	50,000	-
Paul Cook (prior year adjustment)	20,000	-	-	-
Brent Impey	143,750	-	75,000	-
Andrew Holliday	16,667	683,165	50,000	650,330
Gary Sim	61,250	44,149	25,040	-
	\$304,167	\$727,314	\$200,040	\$650,330

Neither the Company nor its subsidiaries have provided any other benefits to a director for services as a director or in any other capacity, apart from the following consultancy fees:

	15 months to 30 June 2016	12 month to 31 March 2015
Andrew Holliday	683,165	650,330
Gary Sim	44,149	-
	\$727,314	\$650,330

Dealings in Company Securities

The Board has developed a policy that covers trading in Finzsoft securities and the disclosure requirements for directors, managers and representatives.

No shares were traded by directors during the 15 months ended 30 June 2016.

Neither the Group nor its subsidiaries have made loans to a director, nor has the Group or subsidiaries guaranteed any debts incurred by a director.

Donations

Neither the Group nor its subsidiaries made any donations during the year.

Auditor's fees

Staples Rodway	Audit fees	\$65,548
	Other fees paid to auditors for agreed upon procedures engagements	\$38,685

Contracts with Related Parties

During the course of the accounting period the Group entered into an agreement for the provision of services with Andrew Holliday. The Group has relied on the exception in Listing Rule 9.2.4(d) in respect of this agreement.

Corporate Governance continued

for the 15 months ended 30 June 2016

Remuneration of Employees

The number of employees, who are not directors, whose remuneration and other benefits exceeded \$100,000 in the 15 months were:

	15 months to 30 June 2016		12 months to 31 March 2015	
	Group	Parent	Group	Parent
\$100,000-\$110,000	6	-	7	-
\$110,000-\$120,000	9	-	5	-
\$120,000-\$130,000	6	-	7	-
\$130,000-\$140,000	9	-	2	-
\$140,000-\$150,000	5	-	2	-
\$150,000-\$160,000	6	-	2	-
\$160,000-\$170,000	4	-	4	-
\$170,000-\$180,000	-	-	3	-
\$180,000-\$190,000	1	-	2	-
\$190,000-\$200,000	2	-	-	-
\$200,000-\$210,000	3	-	1	-
\$210,000-\$220,000	1	-	1	-
\$220,000-\$230,000	1	-	-	-
\$230,000-\$240,000	1	-	-	-
\$240,000-\$250,000	-	-	-	-
\$250,000-\$260,000	3	-	-	-
\$260,000-\$270,000	-	-	-	-
\$270,000-\$280,000	-	-	-	-
\$280,000-\$290,000	-	-	1	-
\$290,000-\$300,000	-	-	-	-
\$300,000-\$310,000	-	-	-	-
\$310,000-\$320,000	1	-	1	-
\$320,000-\$330,000	1	-	-	-
\$330,000-\$340,000	-	-	-	-
\$340,000-\$350,000	-	-	-	-
\$350,000-\$360,000	1	-	-	-
\$360,000-\$370,000	-	-	-	-
\$370,000-\$380,000	-	-	-	-
\$380,000-\$390,000	-	-	-	-
\$390,000-\$400,000	-	-	-	-
\$400,000-\$410,000	1	-	-	-

Corporate Governance continued

for the 15 months ended 30 June 2016

Gender Composition of Directors and Officers

	2016		2015	
	Male	Female	Male	Female
Directors	5	-	4	-
Officers	4	1	2	2
	9	1	6	2

Diversity

The Company does not have a gender diversity policy as at 30 June 2016.

Shareholder and Statutory Financial Information

as at 10 August 2016

The following information is provided in accordance with the Listing Rules of the New Zealand Stock Exchange.

PRINCIPAL SHAREHOLDERS

The names and holdings of the largest twenty registered shareholders as at 10 August 2016 were:

	Shares Held	Percentage (%)
Silverlake HGH Limited	7,528,990	85.47 %
CRX Investment Pty Limited	323,150	3.67 %
Timothy James Hurring and Susan Jane Hurring as trustees of the Hurring Family Trust	130,000	1.48 %
Sheenu Chawla	91,333	1.04 %
Sulabh Sharma	91,333	1.04 %
Tania Matulic	65,907	0.75 %
Tim Hurring	65,867	0.75 %
FNZ Custodians Limited	51,649	0.59 %
Neville Baden Dickey	37,900	0.43 %
Ying Zhu	30,000	0.34 %
John Lammin & Sharan Foga	29,700	0.34 %
Rupert Peter Scott	25,000	0.28 %
Brandon Milgate	22,870	0.26 %
John Neil McCallum and Ross Fraser McCallum as trustees for the McCallum Family Trust	20,000	0.23 %
Lee Adam Dare	15,000	0.17 %
Richard Alexander Coutts	13,711	0.16 %
Michael John Robins	12,870	0.15 %
ACE Finance Limited	12,000	0.14 %
Kay Erica Foster Mansfield	12,000	0.14 %
William Rupert Aldridge & Gillian Mary Aldridge	10,500	0.12 %
	8,589,780	97.55 %

Shareholder and Statutory Financial Information continued

as at 10 August 2016

SHAREHOLDER ANALYSIS

Domicile	No. of Holders	Percentage	No. of Shares	Percentage
Australia	2	1.46%	326,020	3.70 %
Belgium	1	0.72 %	2,000	0.02 %
China	1	0.72 %	30,000	0.34 %
Fiji	1	0.72 %	6,800	0.08 %
New Zealand	132	95.66 %	8,443,710	95.86 %
Switzerland	1	0.72 %	300	0.00 %
Total	138	100.00%	8,808,830	100.00%

Size of Holding	No. of Holders	Percentage	No. of Shares	Percentage
1 – 999	47	34.06%	19,342	0.22 %
1,000 - 4,999	59	42.75%	110,266	1.25 %
5,000 - 9,999	10	7.25%	69,442	0.79 %
10,000 - 49,999	14	10.14%	261,551	2.97 %
50,000 – 499,999	7	5.08 %	819,239	9.30 %
500,000 - 7,999,999	1	0.72%	7,528,990	85.47 %
Total	138	100.00%	8,808,830	100.00%

SUBSTANTIAL PRODUCT HOLDERS

As at 10 August 2016, the following security holders had given notice pursuant to section 280(1)(b) of the Financial Markets Conduct Act 2013 that they were substantial product holders in the Company and had a relevant interest in the number of ordinary shares below:

	Shares Held	Percentage
Silverlake HGH Limited	7,528,990	85.47 %
HGH (ICT Investments No.2) Limited	7,528,990	85.47 %
Silverlake Axis Ltd	7,528,990	85.47 %

DIRECTORS HOLDINGS

Directors hold the following relevant interests in shares in the Company as at 30 June 2016:

	Relevant Interest Held
Andrew Holliday	7,528,990 ordinary shares



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