Pushpay®

Prospectus

21 September 2016

Pushpay Holdings Limited | Incorporated in New Zealand under the Companies Act 1993 with company number 3481675

This Prospectus has been issued to facilitate an application for the admission of Pushpay to the Official List of ASX. Only one Share will be offered on the basis of this Prospectus, solely for the purpose of satisfying a regulatory requirement regarding the proposed admission of Pushpay to the Official List of ASX.

Important information

Prospectus

This Prospectus is issued by Pushpay. Only one Share will be offered on the basis of this Prospectus. The offer of that one Share is solely to satisfy a regulatory requirement regarding the proposed admission of Pushpay to the Official List.

Lodgement and Listing

This Prospectus is dated 21 September 2016 and was lodged with ASIC on that date.

Pushpay has applied to ASX for admission of Pushpay to the Official List and for quotation of its Shares on ASX.

None of ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Pushpay was listed by NZX and its Shares were quoted on the NZX Alternative Market on 14 August 2014. Pushpay migrated the quotation of its Shares to the NZX Main Board on 9 June 2015. Pushpay has at all times complied with its continuous disclosure obligations under the NZX Listing Rules.

This Prospectus is intended to be read in conjunction with the publicly available information lodged with NZX. As noted above, Shares issued by Pushpay are quoted on the NZX Main Board. As an NZX listed company, Pushpay is subject to disclosure obligations which require it to notify certain material information to NZX for the purpose of that information being made available to participants in the NZX Main Board securities market. A copy of the material information notified to NZX may be viewed and obtained on its website at https://www.nzx.com under the company name "Pushpay Holdings Limited". NZX has not examined or approved the contents of this document.

Expiry Date

No Shares will be issued on the basis of this Prospectus after the date which is 13 months after the date of this Prospectus.

Warning

This document is important and should be read in its entirety.

You should read this entire Prospectus carefully before deciding whether to invest in Shares. In particular, you should consider the risk factors that could affect the performance of Pushpay or the value of an investment in Pushpay, some of which are outlined in sections 1 and 6. There may be risk factors additional to those included that should be considered in light of your personal circumstances and investment objectives.

The information contained in this Prospectus is not financial or investment advice and does not take into account your investment objectives, financial situation, tax position and particular needs. Before deciding whether to invest in Shares, you should consider whether they are a suitable investment for you in light of your personal circumstances (including financial and taxation issues) and seek appropriate professional guidance.

Restrictions on the distribution of this Prospectus

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Prospectus (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you are a potential investor outside Australia and New Zealand and come into possession of this Prospectus, you should observe and seek your own advice on any restrictions.

In particular, this document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Prospectus have not been, and will not be, registered under the US Securities Act or any applicable US state securities laws and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Disclaimer

No person warrants or guarantees the future performance of Pushpay or any return in relation to Shares.

This Prospectus includes information regarding the past performance of Pushpay. Past performance should not be relied upon as being indicative of future performance.

This Prospectus contains forward looking statements. The forward looking statements in this Prospectus are based on Pushpay's current expectations, estimates, forecasts and projections about Pushpay's business and the industry in which Pushpay operates, based on an assessment of present economic and operating conditions and a number of assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place. The forward looking statements are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Pushpay or the Directors that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. This Prospectus details in section 6 some important factors and risks that may cause Pushpay's actual results to differ from the forward looking statements in this Prospectus.

Any references to documents included on Pushpay's website are provided for convenience only, and none of the documents or other information on the website is incorporated by reference in this Prospectus.

Definitions

Terms used in this Prospectus are defined in the Glossary in section 9.

Currency

Unless otherwise specified, a reference to NZD or NZ$ is a reference to New Zealand currency, a reference to USD or US$ is a reference to US currency and a reference to AUD or AU$ is a reference to Australian currency. On 31 August 2016 the NZD/USD exchange rate was NZD$1.00:USD$0.72, the NZD/AUD exchange rate was NZD$1.00:AUD$0.96 and the AUD/USD exchange rate was AUD$1.00:USD$0.75.

Privacy

Under the Privacy Act, you may request access to or correction of your personal information held by, or on behalf of, Pushpay or the Share Registry. A fee may be charged for access. You can request access to your personal information by telephoning or writing to the Share Registry (see Corporate Directory at the end of this Prospectus).

Pushpay and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers.

Photographs and diagrams

Photographs and diagrams in this Prospectus that do not have descriptions are for illustrative purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents, or that the assets shown in them are owned or used by Pushpay. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Contents

1. Investment overview

Topic and Summary	Further details

A. An introduction to Pushpay

Who is Pushpay? — **Section 2**

Pushpay Holdings Limited provides mobile commerce tools that facilitate fast, secure and easy mobile payments between consumers and Merchants. Pushpay targets merchants who are looking to offer convenient, personalised and intuitive payment solutions to their consumers. Today, our revenue is primarily comprised of subscription fees charged to Merchants based on their size and volume fees based on a percentage of the total dollar value of payments processed, primarily within the USA Faith Sector.

What is Pushpay's strategy and focus? — **Section 2**

Pushpay initially selected a large, underserviced vertical market, the USA Faith Sector, before expanding into other segments. Since inception in 2011, Pushpay has assembled a highly experienced team of distribution, marketing and software development professionals to build an intuitive, secure and scalable platform.

From the outset, it was clear Pushpay's largest target market was the USA. Not only is it the largest consumer market in the world, it is also one of the most highly religious with over 150 million people[1] regularly attending services at over 340,000 churches.[2] Estimates show around 13% of donations to religious organisations in the USA were done via digital mediums last year.[3] During the 2015 Christmas shopping season, 70% of Amazon customers shopped using a mobile device[4], underscoring how substantially the USA Faith Sector lags behind that of other sectors. Now that churchgoers have an intuitive, fast and secure way to make contributions to their organisations, Pushpay believes the adoption of digital payments will increase.

Pushpay's technology is also extendable to other verticals, primarily Non-Profit Organisations and Enterprises which represent even larger addressable markets for future expansion.

Pushpay offers an excellent user experience based on our intuitive and simple interface that has been designed with a "mobile first" mind set – Merchants can deploy it with minimal training and, once registered, users can make payments in under 10 seconds from their preferred payment method using a four digit passcode or fingerprint on supported devices.

B. What are the benefits of investing in Pushpay?

"Hyper-Growth" SaaS Business Model with Attractive Unit Economics — **Sections 2 and 5**

Pushpay uses a Software as a Service ("SaaS") business model, generating recurring monthly revenue in exchange for services provided.

Pushpay increased Annualised Committed Monthly Revenue ("ACMR") from NZ$5.3 million for the year ended 31 March 2015, to NZ$29.1 million for the year ended 31 March 2016, a 445.6% increase. Pushpay is now targeting US$72 million

1 US Census Bureau (2012). Statistical Abstract of the United States
2 Hartford Institute (2010). Religious Congregations Membership Study
3 Dunham + Company (2015). Study shows churches lag behind in facilitating online giving
4 Amazon.com, Inc (2015). Amazon Celebrates a Record-Setting Holiday for Prime, Amazon Original Series and Amazon Devices

Topic and Summary	Further details
ACMR (NZ$100 million based on the Exchange Rate) by December 2017, eight months sooner than its original target communicated to investors in November 2015. In the fiscal year ended 31 March 2016, Pushpay's revenue[5] was NZ$15.0 million, a 713.4% increase over the prior year. Pushpay's months-to-recover CAC is very attractive at less than 12 months with gross Annual Revenue Retention Rates greater than 95%, leading to an LTV / CAC of more than 10, which we believe places us among the best-in-class for SaaS companies serving small organisations.	
Large Total Addressable Market with Limited Penetration Pushpay has identified three large target markets to address with its existing technology: the Faith Sector; Non-Profit Organisations (NPOs) and Enterprises (both SMEs and Corporate Organisations). While our primary focus today is on the USA Faith Sector, we are well positioned to capture share in our other large target markets – non-profits and enterprises – in the future. US$115 billion was given to religious organisations in the USA in 2014[6]. Using that figure, and assuming digital giving of 30%, Pushpay assesses the potential digital payment revenue opportunity in the USA Faith Sector (i.e. in terms of subscription and transaction fees which could be earned from digital payments) to be over US$1.6 billion. If total religious giving in the USA was to grow by 2% per annum and if total giving through digital payments was to increase to 60%, the potential digital payment revenue opportunity in the USA Faith Sector grows to US$2.7 billion in 2020. Pushpay has calculated these revenue opportunity figures on the basis of its current subscription and transaction fee pricing, on an assumption that there are over 340,000 churches in the USA Faith Sector (including Catholic churches, Mormon churches and Orthodox churches)[7] and on the basis of assumed church sizes (which Pushpay has estimated on the basis of demographic data)[8]. The non-profit sector in the USA consists of around 1.41 million organisations as registered with the IRS, which contributed US$905.9 billion to the US economy in 2013.[9] The US enterprise market is the largest in the world, with over 5.6 million small-to-medium enterprises and over 17,000 corporate organisations[10].	Section 2
Shift Towards Smart Mobile Devices Pushpay is well positioned to take advantage of the growth in the mobile commerce market and emerging opportunities in the Smartphone market. The general shift towards mobility acts as a key driver for business software applications, such as Pushpay's mobile commerce tools. This shift is complemented by a combination of sector trends including a proliferation of Smart Mobile Devices and increased spending on R&D, increasing the availability of devices and apps as well as decreasing mobile data costs. All of these factors culminate in a mobile payment environment that is expanding very quickly – according to eMarketer, the total value of mobile payment transactions in the USA will grow 210% in 2016.[11]	Section 2

5 Revenue and other income from continuing operations
6 Giving USA (2015). Giving USA 2015: Annual report on philanthropy for the year 2014
7 Hartford Institute (2010). Religious Congregations Membership Study
8 Hartford Institute (2010). Religious Congregations Membership Study and other demographic data
9 Urban Institute (2015). The Non-profit Sector in Brief 2015: Public Charities, Giving, and Volunteering
10 US Census Bureau (2012). Statistical Abstract of the United States 2012
11 eMarketer (2015). Mobile Payments Will Triple in the US in 2016

Topic and Summary	Further details
Rapidly Growing Customer Base with Strong Retention Rates	**Section 2**
We grew our Merchant count from 996 in March 2015, to 3,766 as at 31 March 2016. This represents a growth rate of more than 278% over that period. With our rapidly scaling Merchant base, we are continuing to experience Annual Revenue Retention Rates of greater than 95%. We attribute this success to our dedication to customer satisfaction, confirmed with positive feedback from the customer base.	
Leader in a Fragmented Market	**Section 2**
Pushpay Merchants now represent over 1% of the USA Faith Sector, including five of the top 10 largest churches in the USA. Current competitors in that sector include Kindrid, Secure Give, easyTithe and Tithe.ly. We do not believe any of these competitors possess the same end to end platform, robust technology or scale that forms the foundation of Pushpay.	
Strong Leadership Team	**Sections 2 and 3**
Pushpay is led by a strong management team with a staff of 255 across Redmond, Washington, USA and Auckland, New Zealand, as at 30 June 2016. This is complemented by an experienced group of Independent, Non-executive and Executive Directors. The management team and Directors have a strong track record of success with public guidance and targets consistently being achieved and exceeded. Recently, the team has exceeded targets for the quarter ended 31 March 2015, and the six-month periods ended 30 September 2015 and 31 March 2016.	
C. What are the key risks of investing in Pushpay?	
Specific Risk factors	**Section 6**
Pushpay is an Early Stage Company - Pushpay has a limited trading history, and there can be no certainty that Pushpay can successfully execute on its business plan and strategies.	
Pushpay Will Continue to Make Losses - Pushpay may not achieve the results it is planning for, and the costs to execute its business strategy may be higher than currently anticipated. Pushpay does not expect to be profitable or pay dividends, and will have Negative Cash Flow, in the near term.	
Pushpay May Need to Raise Further Capital - If Pushpay cannot raise new capital if required in the future, Pushpay will need to adopt alternative funding options or a modified growth strategy. There is a risk that required future funding may not be available on favourable terms or may not be available at all.	
Missing Front Book Sales/ARPM Targets - Pushpay may miss its net Merchant acquisition (sales) targets and/or Front Book ARPM increase targets. Missing one or both of these goals may impact Pushpay's ability to meet its revenue and/or ACMR targets.	
Missing Back Book ARPM growth targets - Pushpay may not be able to grow its Back Book ARPM at the expected rate. Pushpay's ACMR and ARPM targets rely upon growth within the Revenue received from our Back Book.	
Pushpay Needs to be Able to Hire Qualified Staff - Any failure to generally attract, retain, motivate and effectively manage qualified personnel could adversely affect Pushpay's business.	

Topic and Summary	Further details
Pushpay Operates in a Competitive Market - There is a risk that Pushpay is unable to compete successfully against its current and any future competitors, which would have an adverse effect on Pushpay's business.	
Pushpay's Business Relies on Customer Renewals - If customers do not renew their subscriptions when their existing subscription term rolls over, or if they renew on less favourable terms, revenue may decline.	
Pushpay is Impacted by Security and Privacy Concerns - Any systems failure or compromise of security that results in the unauthorised access to or release of user data could harm Pushpay's business.	
Pushpay's Technology Relies on Third Parties - There is the possibility of third party failure risks in relation to security, back-up and dependence on the internet, data centres, mapping software, third party licences and mobile networks, which are outside the direct control of Pushpay.	
Pushpay Operates in a Rapidly Evolving Market - If Pushpay's products fail to keep pace with rapid technological advancements, particularly in the mobile environment, Pushpay's results may be adversely affected.	
Pushpay's Business Relies on Partners - Termination of existing relationships, or the failure by Pushpay to develop new partner relationships in key markets, may slow the growth of Pushpay's business, and may have an adverse effect on its financial performance.	
Pushpay May Face Greater Regulation in the Future - A significant portion of Pushpay's Revenue is from international markets. The complexity of identifying and complying with local regulations will require increased expenditure. There may be further risks associated with local regulations that have not been identified or have not been enacted at the current time.	
Pushpay's Business Involves Intellectual Property - The intellectual property under development or in use by Pushpay may be subject to competing applications or challenges.	
Pushpay's Business is Subject to Credit, Fraud and Compliance Risk - Pushpay's business assumes credit, fraud and compliance risk for its Merchants.	
Pushpay's Success Depends on Adoption of New Technology – Companies and organisations may be reluctant to change to Smart Mobile Device technology. The failure of Pushpay's offering to achieve and maintain acceptance in its key target markets would adversely affect Pushpay's business and impact its future growth.	
Health and Safety – Non-compliance with New Zealand or USA health and safety regulations could result in injury of staff, fines or legal action.	
Pushpay is Exposed to Exchange Rate and Currency Risk – Pushpay's business is exposed to exchange rate and currency risk.	
D. Summary of the Offer Details	
What is the Offer?	Section 8
The Offer is an invitation to subscribe for one Share in the Company.	
What is the purpose of the Offer?	Section 8
The Offer is made solely to satisfy a regulatory requirement regarding the proposed admission of Pushpay to the Official List.	

Topic and Summary	Further details
In October 2015, Pushpay issued Shares under a private placement. These Shares were issued without the equivalent of a cleansing notice, in accordance with certain exemptions under New Zealand securities law and the NZX Listing Rules. Pushpay intends to conduct a placement of new Shares to institutional and exempt investors in Australia in conjunction with its application for a foreign exempt listing on ASX to raise AU$40 million (Placement). These Shares will be issued without a cleansing notice, in accordance with certain exemptions under Australian securities law and the NZX Listing Rules. Pushpay now proposes to seek a foreign exempt listing on the ASX. Upon being admitted to the Official List, the Shares would have been subject to the resale restrictions in the Corporations Act for 12 months from the date of issue. An Australian prospectus is required to essentially remove such resale restrictions. ASIC has granted Pushpay ongoing sale offer and rights issue relief for a New Zealand foreign exempt listed body, by way of ASIC instrument 16-0807, which will effectively apply once the company has been listed on the ASX for three months.	
What is the capital structure of Pushpay? There are currently 231,179,315 fully paid ordinary shares on issue. The number of shares on issue will increase following the anticipated subscription under the Placement. The exact number of shares by which it will increase is currently unknown. Pushpay will provide an updated disclosure at the appropriate time. In addition, 355,514 restricted share units in Pushpay (RSUs) have been issued to certain USA-based Pushpay employees. The RSUs are a conditional contractual entitlement to be issued Shares upon vesting, and form part of the remuneration package of certain employees based in the USA. Up to 355,514 Shares may be issued to holders of RSUs upon vesting of the RSUs. There are no other classes of securities currently on issue.	**Sections 4 and 7**
Will Pushpay need to raise additional funds in the future? The Directors believe that following the completion of the Placement, Pushpay will have sufficient funds available from existing cash reserves, the business operations of Pushpay and the Standby Funding Facility to achieve the stated business objectives summarised in section 2.	**Section 3**
What is the financial position of Pushpay? The table below presents a summary of the financial position of Pushpay as at 31 March 2016. It has been derived from the audited financial statements set out in section 5. Since 31 March 2016 cash and cash equivalents have reduced and accumulated losses have increased as Pushpay continues to invest in growing the business. Pushpay does not expect to be profitable or pay dividends, and will have Negative Cash Flow in the near term. A Pro Forma Statement of Financial Position illustrating the anticipated impact of the placement as at 31 March 2016 is included in Section 5. Pushpay's audited financial statements for FY16, FY15 and FY14 are also included in section 5.	**Section 5**

Topic and Summary	Further details

	Actual NZ$'000
Assets	
Current assets	
Cash and cash equivalents	12,181
Trade and other receivables	3,628
Total current assets	15,809
Non-current assets	
Property, plant and equipment	2,769
Intangible assets	4,132
Long term receivable	69
Restricted cash balances	2,113
Total non-current assets	9,083
Total assets	24,892
Liabilities	
Current liabilities	
Trade and other payables	4,185
Employee benefits	394
Provision for tax	127
Total current liabilities	4,706
Net assets	20,186
Equity	
Share capital	49,077
Foreign currency translation reserve	(76)
Share based payment reserve	269
Accumulated losses	(29,084)
Total equity	20,186
Share based payment reserve	269
Accumulated losses	(29,084)
Total equity	20,186

E. Pushpay's Directors and management

Who are the directors of Pushpay?

Section 3

The Directors and Pushpay's key management have a broad range of experience in technology and payments, combined with New Zealand public company, capital markets, financial and commercial expertise. The Directors are:

Director	*Position*	*Independence*
Bruce Gordon	Non-Executive Chairman	Yes
Graham Shaw	Non-Executive Director	Yes
Christopher Huljich	Non-Executive Director	No
Douglas (Doug) Kemsley	Non-Executive Director	No
Christopher (Chris) Heaslip	CEO, Executive Director	No
Eliot Crowther	Sales, Executive Director	No

Topic and Summary	Further details
Key management personnel include: *Name* — *Position* Chris Heaslip — Chief Executive Officer Shane Sampson — Chief Financial Officer Paul Shingles — Chief Operating Officer Steve Basden — SVP Customer Relations	
Are there any significant benefits payable to persons in connection with the Offer? No significant benefits are payable to persons in connection with the Offer.	Section 7.5
F. Other	
What are the key taxation implications of holding Shares? The taxation implications of investing in Shares will depend on each investor's individual circumstances. Investors should seek their own tax advice prior to investing in Shares.	Section 7.5
Where can I find more information? If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional advice from your stockbroker, accountant, financial adviser or other professional adviser.	

2. Pushpay, its business and focus

Pushpay's History

Pushpay provides web and mobile commerce tools that facilitate fast, secure and easy Non-POS payments between Consumers and Merchants. Pushpay targets merchants who are looking to offer convenient, personalised and intuitive payment solutions to their Consumers. Pushpay services three target markets: the Faith Sector, NPOs and Enterprises (both SMEs and Corporate Organisations). Pushpay's main focus is the USA Faith Sector.

Pushpay was incorporated in 2011 by Chris Heaslip and Eliot Crowther, technology entrepreneurs focused on integrated Consumer friendly cloud-based mobile commerce solutions. Since inception, they have assembled a highly experienced executive team comprising distribution, marketing and software development professionals to build a scalable platform.

In December 2013, the Huljich family became cornerstone shareholders through an initial investment of NZ$2.0 million through Christopher & Banks Private Equity V Limited ("Christopher & Banks"). Since this time they have further invested over NZ$17.5 million through various investment entities under their control. In addition, in June 2016 Christopher & Banks made available a Standby Funding Facility to the Company of up to NZ$10.0 million. The Huljich family have significant international business experience including the sole pre-IPO funding and ongoing support for Diligent Board Member Services, Incorporated. Christopher Huljich, the Managing Partner of Christopher & Banks, is a Director of Pushpay.

Pushpay has offices in Auckland, New Zealand and Redmond, Washington, USA with a total of 255 staff as at 30 June 2016. In the short term, Pushpay plans to add more staff to accelerate growth in its key target market, the USA Faith Sector, and plans to grow headcount to around 380 staff by 31 March 2017.

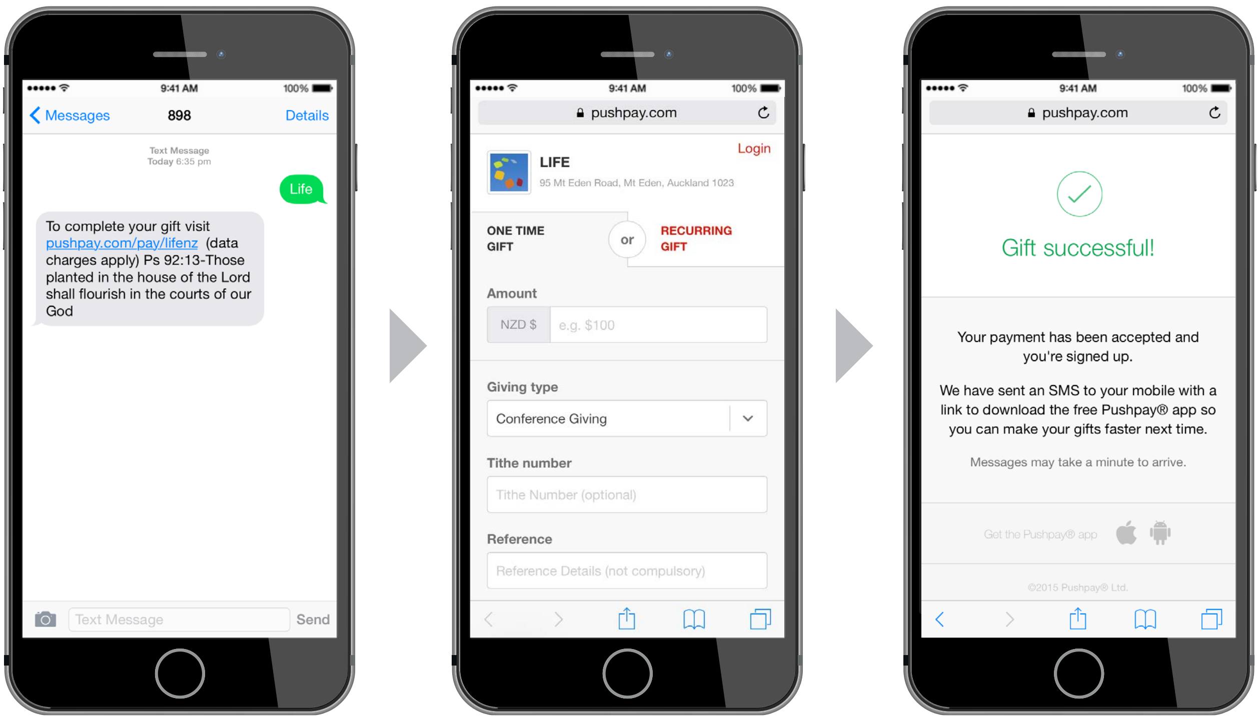
To date, the Company has raised NZ$58.2 million of funding, including the NZ$10.0 million Standby Funding Facility. Pushpay has used the funding:

- to further develop its technology stack;
- as working capital; and
- to accelerate growth in its key target market, the USA Faith Sector, by increasing sales via its direct sales, referrals strategy and strategic channel partnerships.

Our Products

Pushpay has a number of mobile commerce solutions including a mobile App Payment Platform, Hosted Payments, mobile Payment Kiosks and SMS engagement. Our typical payment experiences encourage Consumers to adopt the mobile App Payment Platform as illustrated on page 13.

The Pushpay solution



1. The Merchant prompts the Consumer to text a short code to instantly receive a link to a web payments page.

2. The link opens a web payments page where the Consumer can make either a One Time Gift or Recurring Gift through the Consumer's preferred payment method such as credit or debit card.

3. While completing the gift the Consumer is prompted to register and once complete, to download the Pushpay App for free so they can make 10 second payments from their preferred payment method using a four digit Passcode or their fingerprint on supported devices.

Pushpay has focused on making the user experience quick, intuitive and simple – key drivers in the mobile and App markets for strong uptake among both merchants and Consumers.

Pushpay considers that the following features and benefits of its products make Pushpay a compelling proposition for merchants wishing to offer convenient, personalised and intuitive mobile commerce solutions to their Consumers:

- Pushpay offers an intuitive and easy to use interface and Consumer payment experience that has been designed for mobile – Merchants can deploy it with minimal training and, once registered, Consumers can make payments in under 10 seconds from their preferred payment method, authenticating using a 4 digit passcode or their fingerprint, where supported, on Smart Mobile Devices;
- It provides easy payment pathways for Consumers – through Hosted Payments, Payment Kiosks, custom mobile Apps and SMS engagement, further enabling mobile engagement opportunities and removing barriers to making and receiving payments;
- It can be easily integrated with Merchants' Church Management Systems (in the case of the USA Faith Sector) and IT systems for easier administration and reconciliation of payments – saving time and cost;

- Pushpay makes the most of mobile connectivity – allowing real time, fast, secure and easy connections between Consumers and Merchants on any Smart Mobile Device with an internet connection;
- Intelligent products – providing insights to allow Merchants to better serve their Consumers;
- Pushpay is dynamic and adaptable – regional payment system integration for each new country market typically requires 4-6 weeks of software development, and user feedback can be incorporated into the product development path and regular update schedule;
- Pushpay is able to be integrated with other applications through an API offering additional functionality and access to a wider pool of merchants;
- Pushpay is cost effective – Merchants pay ongoing monthly subscription fees instead of one-off investment costs;
- Pushpay offers a return on investment – by providing a platform for increasing sales and revenue, while simplifying business processes and reducing costs; and
- There are no costs to Consumers – the Pushpay App is free.

The Technology We Use

Pushpay's products have been built as a 'mobile-first' solution, rather than being adapted from a desktop environment, meaning that its iOS and Android Apps are native to those operating systems and Smart Mobile Devices. Pushpay believes that this translates into a smoother, more intuitive user experience.

Pushpay uses SaaS platforms and products for its development and hosting environments, internal infrastructure, business processes and support systems. SaaS solutions are generally regarded as easily scalable while offering reduced infrastructure costs, and Pushpay's use of Cloud Computing gives it the capacity to cater for thousands of Merchants – and associated increases in Consumer data and transaction volume – in the Medium Term with minimal additional cost. As well as being cost effective, this enables Pushpay's development team to focus on its core product.

Pushpay's payment solutions are PCI DSS Level 1 compliant and regularly undergo penetration testing, and external security audits by an approved independent Qualified Security Assessor.

Our Mission

Pushpay's mission is to become the global mobile platform of choice for merchants and Consumers in Non-POS mobile commerce.

Merchants have historically been faced with a limited choice of mobile commerce solutions that intuitively engage with Consumers and integrate with their core IT systems. The increasing uptake of Smart Mobile Devices and mobile connectivity mean that merchants can more easily and effectively access and connect with their Consumers, using the Smart Mobile Devices that many Consumers carry with them every day. Pushpay offers the channel through which Consumer payments can be made and received, and Merchants can more effectively engage with their Consumers.

Pushpay is focused on three target markets:

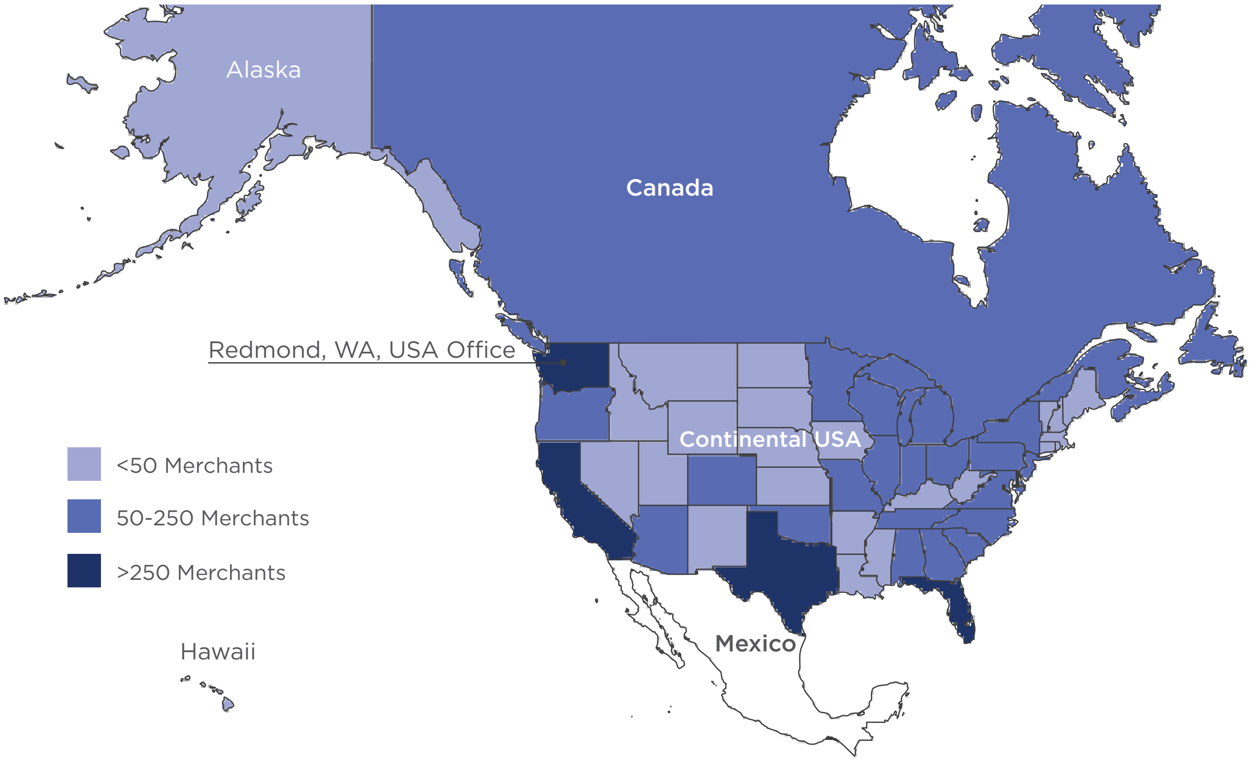
- Faith Sector;
- NPOs; and
- Enterprises (both SMEs and Corporate Organisations).

Our Customers

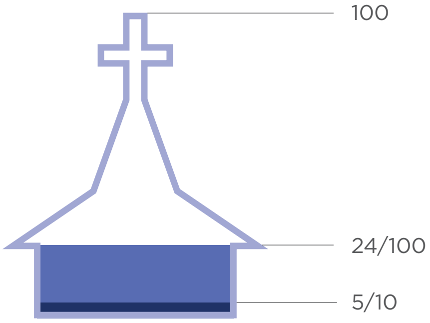
Customers of the overall business operated by Pushpay are categorised as Merchants, which are businesses or organisations that utilise Pushpay's Payment Platform to process electronic transactions.

As at 30 June 2016, Pushpay had 4,491 Merchants across New Zealand, Australia, Canada and the USA. Around 96% of Pushpay's Merchants were located in North America, which consists of the USA and Canada. The map below illustrates Pushpay's ability to attract merchants from all over the USA, suggesting the business model is not location specific.

Locations of Pushpay's Merchants in North America[12]



100 largest churches in the USA[13]



Pushpay now services **5** of the top 10 largest churches in the USA and **24** of the top 100 largest churches in the USA

Our Business Model

Pushpay uses a Software as a Service (SaaS) business model, generating recurring monthly revenue in exchange for services provided.

12 Includes locations in North America of Merchants which have been added to the Pushpay platform as at 30 June 2016.
13 Outreach Magazine (2015). The Largest Churches 2015

Annualised Committed Monthly Revenue (ACMR)

ACMR is Average Revenue Per Merchant (ARPM) multiplied by the number of Pushpay's Merchants and annualised. ACMR is a key metric to track the acquisition of revenue by a SaaS business.

The Company increased ACMR by US$7.69 million to US$27.29 million (NZ$38.77 million), an increase of 39.22% over the quarter to 30 June 2016. Pushpay expects to reach its US$72 million (NZ$100 million) ACMR target prior to the end of December 2017, eight months sooner than initially anticipated. This is subject to the risks and assumptions outlined in section 5 (Risk factors) and under "ACMR" below. By way of comparison, Xero Limited (ASX: XRO) grew from NZ$10 million to NZ$100 million of ACMR in around 42 months and Pushpay expects to accomplish this in less than 28 months.

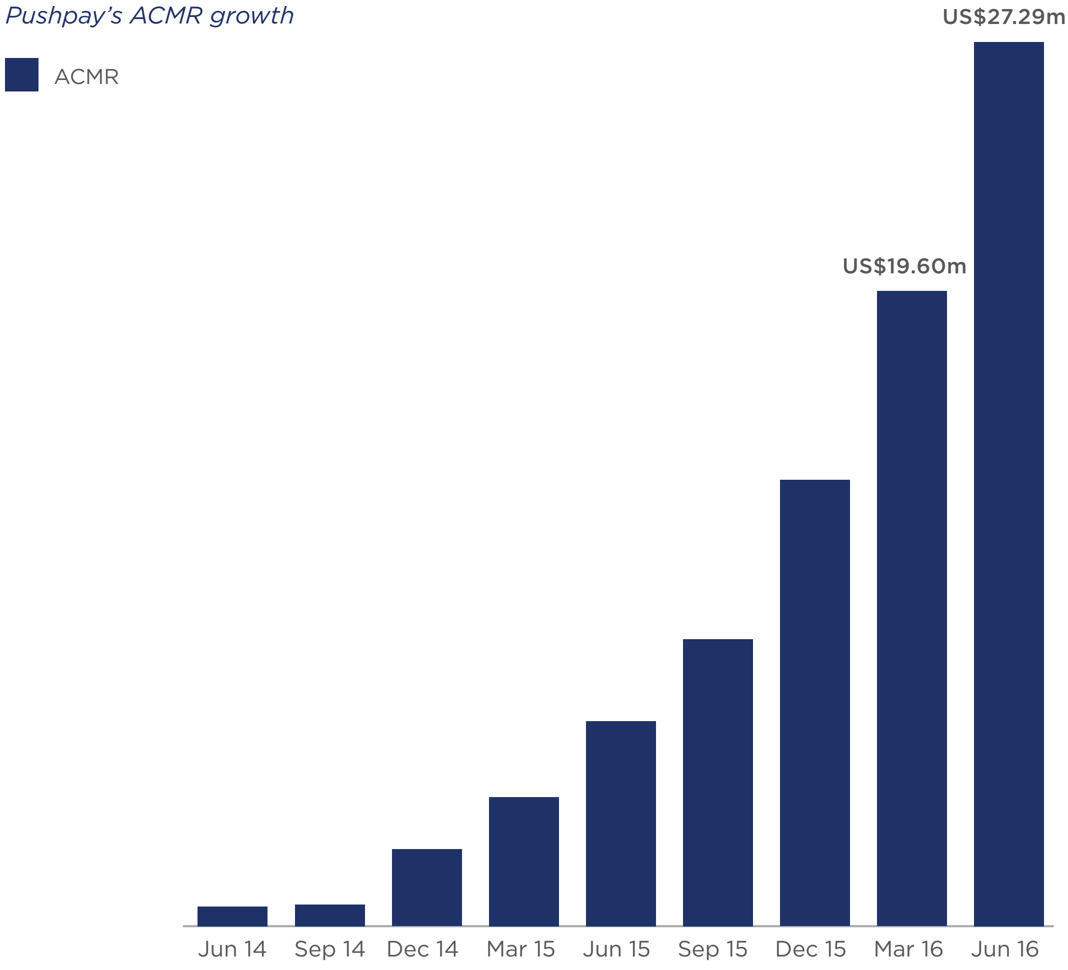
Pushpay expects to reach its target based on further development of its product, direct sales, referrals strategy and through targeting merchants that have existing relationships with Pushpay's strategic channel partners and other distribution partners.

Pushpay continues to refine our growth strategy, focusing on attracting larger Merchants which have the resources to maximise implementation, which in turn increases engagement and leads to higher retention. To complement this, the Company is investing in a more targeted marketing strategy, shifting away from transactional sales techniques and towards relational sales techniques and investing in sales training.

Attracting a higher number of larger Merchants is expected to increase our ACMR growth and our Annual Revenue Retention Rate over time.

If we see opportunities to further refine our growth strategy to attain the US$72 million ACMR target sooner, we will position ourselves to take advantage of them.

Pushpay's ACMR growth

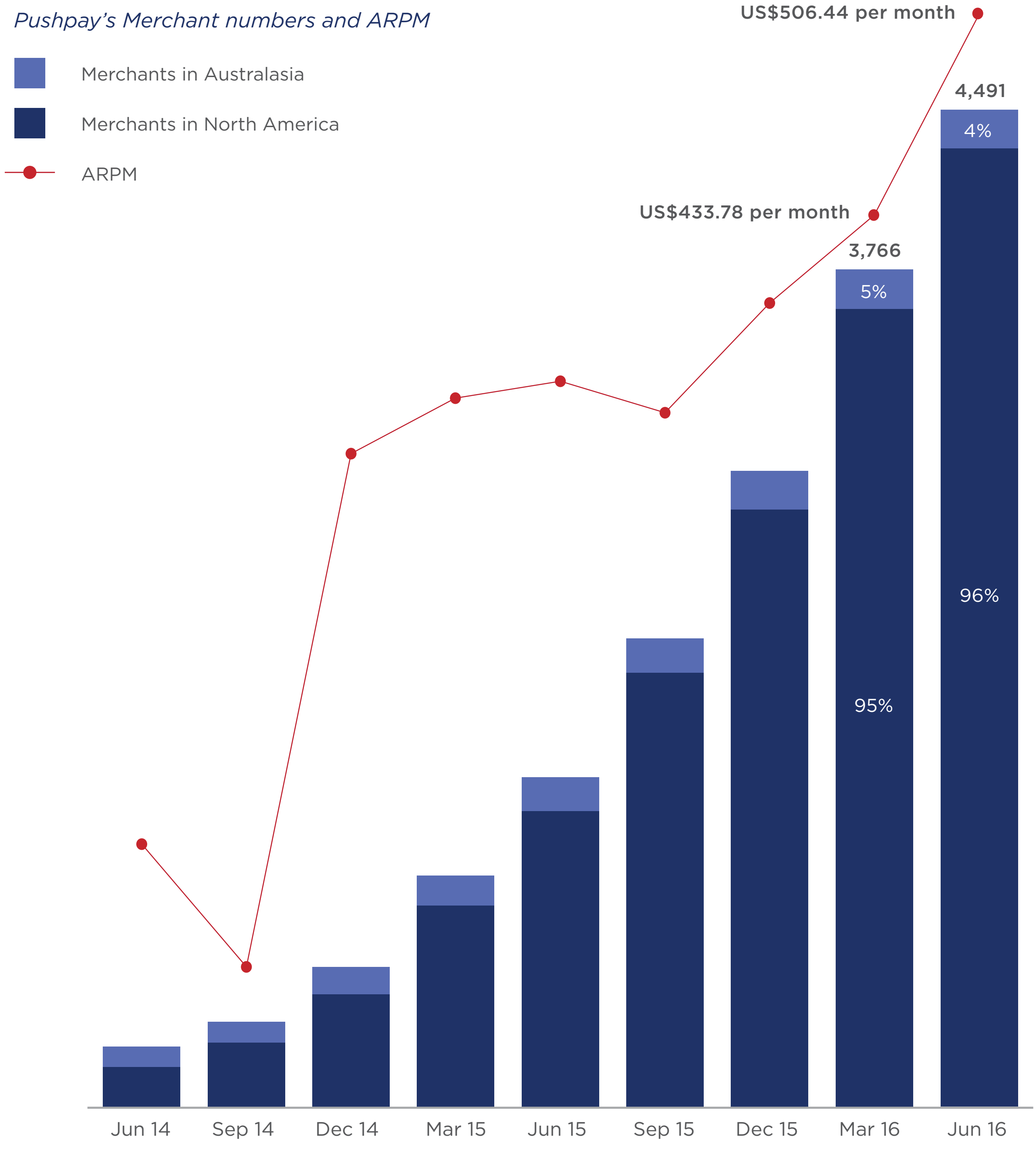


Average Revenue Per Merchant (ARPM)

Pushpay calculates ARPM using a combination of subscription fees and volume fees. Subscription fees are based on the size of the Merchant and volume fees are based on payment transaction volume. Volume fees are recognised on a gross basis and associated costs payable to processing banks, such as Visa and MasterCard, are classified as expenses. In order to remove the seasonal effect on volume fees the last 12-month average volume fee per Merchant is used for the volume fee component of ARPM.

ARPM increased by US$72.66 per month to US$506.44 per month, an increase of 16.75% over the quarter to 30 June 2016. There are a number of factors that have contributed to our increased ARPM, which include larger deal sizes, continued growth in processing revenues from our existing customers and upgrading existing Merchants who are on legacy plans. As the graph below indicates, Pushpay is successfully increasing the amount of revenue derived from each Merchant as it continues to gain market share in the USA Faith Sector.

Pushpay's Merchant numbers and ARPM



ZipZap Processing is a wholly-owned payments processing subsidiary of Pushpay. More than 96% of Pushpay's total US payment transaction volume was processed through it as at 30 June 2016.

Some of Pushpay's Merchants are on historic pricing plans that do not reflect refinements that Pushpay has made to its standard pricing plans over time. Pushpay intends to transition those Merchants to new pricing plans over time, so that there is consistency across its Merchant base.

Pushpay measures its Annual Revenue Retention Rate as recurring revenue retained from Merchants (for example, in the case of Merchants in the Faith Sector, this is measured by the amount of recurring revenue at the end of the period excluding Upsells into the existing Merchant base, over the amount of recurring revenue from the end of the previous period). As at 30 June 2016 Pushpay's Annual Revenue Retention Rate continued to exceed 95% and the Company expects its Annual Revenue Retention Rate to continue to exceed 95% as the business grows.

SaaS

Pushpay has adopted a SaaS model for delivery of its products and services to its customers, under which the Pushpay application software and associated data are hosted centrally in the cloud, and delivered to customers via the internet. Customers access Pushpay's products via their end user devices (desktop computer, laptop or Smart Mobile Device) and avoid the need to have any software installed locally on their systems.

This model has benefits for both Pushpay and its customers:

- Pushpay can manage and update, and (if needed) resolve issues in its software centrally, meaning that customers always have access to the most up-to-date version with minimal downtime;
- Because there is no need for local installation on systems or desktops at customers' locations, sales and implementation of SaaS solutions can be quicker and require less support from the SaaS provider;
- Access to the software requires only an internet connection and a suitable end user device, allowing for greater geographic reach;
- Customer support requirements are generally lower than for on-premise software, as performance of the software is not affected by the customer's own IT environment (aside from their internet connection and browser software);
- Customers using SaaS solutions can reduce their investment in IT infrastructure (and associated support and maintenance costs), which can lead to potential savings of 20-30% across the entire IT budget[14];
- SaaS solutions are highly scalable, allowing for the additional transaction and processing volume that comes with a growing customer base with only minimal incremental cost. This means that, as the number of Pushpay's Merchants grow (and associated increases in recurring revenue occur), there should be potential for higher margins provided Pushpay can maintain a high Annual Revenue Retention Rate and keep fixed costs reasonably stable; and
- A SaaS model works for Pushpay as organisations in its target markets typically have the same platform requirements, meaning that Pushpay's product can be provided to new Merchants with minimal customisation or new functionality.

Pushpay's own use of third party SaaS products (for internal infrastructure, business processes and support systems) means that Pushpay's development team can focus on development of Pushpay products rather than ongoing maintenance of back-office systems.

Sales and Distribution Channels

To reach new Merchants, Pushpay primarily uses direct sales, a referrals strategy and strategic channel partnerships such as Church Community Builder (CCB) and Renewed Vision in the USA. The relationship

14 McKinsey on Government (2011). Getting ahead in the cloud

with CCB made Pushpay a preferred service provider for the giving component of the CCB Church Management System, which is available to new and existing clients of CCB. In addition, the Renewed Vision partnership gave thousands of churches across the USA the opportunity to begin using Pushpay.

Pushpay hopes to secure a number of further strategic channel partnerships over the next year, which if secured are expected to result in an increase in the number of Merchants acquired.

Pushpay's Goals

Pushpay's mission is to become the global mobile platform of choice for merchants and Consumers in Non-POS mobile commerce.

Pushpay expects to reach its target of US$72 million ACMR target prior to the end of December 2017 based on further development of its product, direct sales, referrals strategy and through targeting merchants that have existing relationships with Pushpay's strategic channel partners and other distribution partners. As Pushpay continues to accelerate growth and deliver on its strategic plan, the Company will focus on maintaining best-in-class SaaS metrics.

The Company continues to refine its growth strategy, focusing on attracting larger Merchants which have the resources to maximise implementation, which in turn increases engagement and leads to higher retention. To complement this, the Company continues to invest in a more targeted marketing strategy, shifting away from transactional sales techniques and towards relational sales techniques and investing in sales training. Attracting a higher number of larger Merchants will increase our ACMR growth, while also increasing our Annual Revenue Retention Rate over time. If we see opportunities to further refine our growth strategy to attain the US$72 million ACMR target sooner, we will position ourselves to take advantage of them.

More specifically, Pushpay is working towards the following in relation to its operational metrics:

Merchant Numbers

Pushpay increased its customer base by 725 Merchants to 4,491 Merchants, an increase of 19.25%, over the quarter to 30 June 2016. As at 30 June 2016, five of the top 10 largest churches in the USA and 24 of the top 100 largest churches in the USA had chosen to use Pushpay. To give context as to the sizes of these organisations, the largest church that Pushpay services in terms of attendees has over 34,000 attendees. The confidence and support of large Merchants such as these demonstrates that Pushpay's payment solutions are well-understood by key participants in our main target market, the USA Faith Sector.

Pushpay is focused on attracting larger Merchants which have the resources to maximise implementation, which in turn increases engagement and leads to higher retention. To complement this, the Company is investing in a more targeted marketing strategy, shifting away from transactional sales techniques and towards relational sales techniques and investing in sales training.

Attracting a higher number of larger Merchants is expected to increase the Company's ACMR growth and Annual Revenue Retention Rate over time.

Annual Revenue Retention Rate

Annual Revenue Retention Rate (excluding Upsells into the existing Merchant base) continued to exceed 95%, which the Company believes places it among the best-in-class for SaaS companies. Pushpay expects its Annual Revenue Retention Rate to remain at this level as the business scales.

ACMR

Based on internal management forecasts Pushpay expects to achieve US$72 million ACMR prior to the end of December 2017. The key drivers of the forecast growth in ACMR are continued growth in both the number of Merchants and the ARPM. Pushpay expects to increase its number of Merchants by more than

5,500 and its ARPM by more than US$100 prior to 31 December 2017. On a quarterly basis this requires 20% more Merchants to be added per quarter relative to the rate of addition of Merchants in the four quarters to 30 June 2016 and ARPM growth per quarter of approximately half of the average quarterly ARPM growth over the four quarters to 30 June 2016. If the same rate of ARPM growth as occurred over the four quarters to 30 June 2016 were achieved, the number of Merchants required to be added would fall to approximately 4,100, which is less than 90% of the combined quarterly additions in the four quarters to 30 June 2016.

Pushpay considers the forecast growth in Merchant numbers and ARPM is reasonable, having regard to the potential market size, the strong current competitive position in the market, the track record of growing ARPM while adding significant numbers of customers net of churn and the planned initiatives. The initiatives are discussed elsewhere in this Prospectus and include continued development of the product set, new pricing models to reflect the added features, additional resources and enhanced strategies in sales and marketing, working with existing Merchants to maximise their use of the Payment Platform and upselling additional feature value, the focus on attracting a higher number of larger Merchants and the referrals and partnering strategies. The key risks to achievement of the forecast are set out in section 6.

Margin

Pushpay is currently generating a gross margin[15] of greater than 55% of revenue and assuming that accompanying subscription and volume fees increase in line with the Company's forecasts, and costs remain relatively stable, Pushpay believes there are opportunities to continue to increase the gross margin as the business grows.

Pushpay considers that the use of strategic channel partnerships will also help to increase customer and revenue growth. However, it should be noted that as Pushpay pursues more strategic relationships with distribution and referral partners, it may be required to pay some of its margin to those channel partners in exchange for the introduction of new Merchants to Pushpay.

Capital Requirements

To date, Pushpay has raised over NZ$58.2 million, including the Standby Funding Facility of up to NZ$10.0 million made available on 30 June 2016 to the Company by Christopher & Banks to fund USA growth. Pushpay has used the funding to further develop its technology stack, as working capital and to accelerate growth in international markets, focusing on its key target market, the USA Faith Sector, increasing sales via its direct sales, referrals strategy and strategic channel partnerships.

As an early-stage company, Pushpay's management believes that it is preferable to focus on and invest in growth as the best means to achieve overall value in its business. As such, Pushpay may raise additional capital in the future to pursue growth.

Update on progress for the quarter ending 30 September 2016

Pushpay is expecting net Merchant growth for the quarter ended 30 September 2016 to exceed net Merchant growth of 725 Merchants added in the previous quarter ended 30 June 2016. Pushpay further expects Average Revenue Per Merchant (ARPM) for the quarter ending 30 September 2016 to increase by more than 5% from US$506 per month in the previous quarter ended 30 June 2016.

Pushpay remains on track to reach US$72 million in Annualised Committed Monthly Revenue (ACMR) prior to the end of calendar year 2017. Pushpay also remains on track to reach breakeven on a monthly cash flow basis in calendar year 2017.

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15 Gross margin is calculated based on revenue less the third party costs of hosting and infrastructure, third party direct services and bank Interchange Fees.

Our Leadership

Pushpay is led by a strong management team, complemented by an experienced group of Independent Directors, comprising Bruce Gordon and Graham Shaw and Non-Executive Directors, comprising Christopher Huljich and Douglas Kemsley. Further information on the Board of Directors and management team is set out in section 3.

Industry Overview

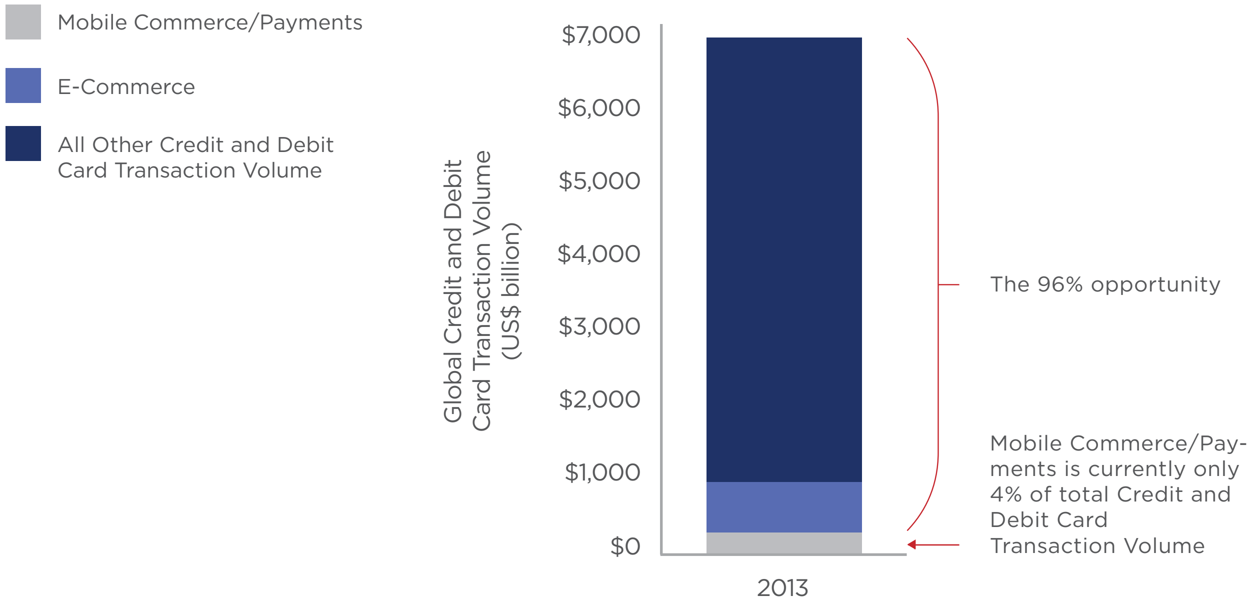
Pushpay believes it is well-positioned to take advantage of opportunities in the global Non-POS mobile commerce market.

Smartphone penetration in the USA is estimated to be around 80%.[16] Pushpay believes that this – coupled with falling costs in data connectivity and transmission, growing business uptake of Cloud Computing and increasing Consumer demand for convenience applications that take advantage of mobility (including mobile commerce tools) – will help grow the global mobile commerce market.

A Global Opportunity

Mobile commerce represents a significant global market opportunity with Consumer demand set to continue to drive adoption of mobile commerce tools. The graph below shows that (as at October 2013) only 4% of total global credit and debit card transaction volume was made via mobile commerce.

Global Credit and Debit Card Transaction Volume[17]



Going Mobile

Mobility is the latest in a long line of disruptive technologies in the historical IT landscape.[18] In the same way that personal computing and the internet each led to major realignments for Consumers and businesses, the proliferation, potential and power of Smart Mobile Devices mean that mobility is poised to be the next major disruption.

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16 ComScore (2016) U.S. Smartphone Penetration Approaches 80 Percent in Q4 2015
17 Business Insider (2013, October 15). There's Virtually No Ceiling To Mobile's Potential In The Larger Payments And E-Commerce Markets
18 McKinsey & Company, Inc (2012). The mobile disruption: The next enterprise IT shake-up

McKinsey & Company[19] expects mobility adoption to grow based on the following trends:

- Consumerisation – Consumers are early adopters of mobility and use it extensively in their personal lives;
- Verticalisation – increasing availability of mobile applications to meet specific vertical business needs;
- New device categories – frequent and significant innovations to Smart Mobile Devices, with new categories and subcategories emerging every few months; and
- Cloud-based mobile applications – growing availability of cloud-based applications allowing users to access a wide range of products and services despite traditional limitations (such as device capacity or geographic location).

McKinsey further identifies mobile enterprise uses to which these forces give rise. Several of these apply to the mobile commerce market as described below and Pushpay has indicated in the table below the ways in which it believes those uses apply to its business and the basis on which Pushpay expects its products to appeal to merchants.

Mobile enterprise uses/applications

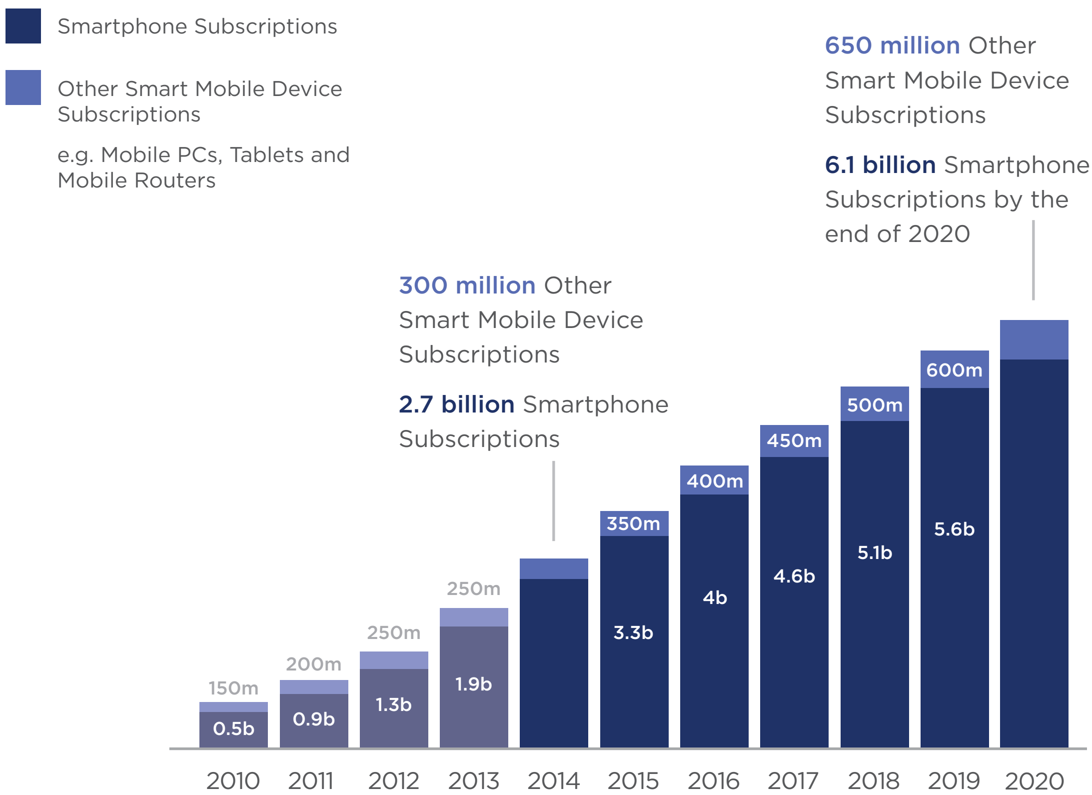
McKinsey Finding[20]	Application to Pushpay
Enhanced communication and collaboration	Expanded opportunities for Merchants to interact more effectively with Consumers, strengthening Merchant/Consumer relationships
Mobile as a channel to the customer	By increasing the number and depth of touch points, mobility innovations allow Merchants to engage with Consumers in more meaningful ways, and leverage mobile commerce tools to enable targeted, convenient and integrated mobile Consumer payments
Administrative efficiency	API integrations connect with Merchant databases reducing manual payment processing and reconciliations

The general shift towards mobility acts as a key driver for business software applications, such as Pushpay's mobile commerce tools, complemented by a combination of other sector trends:

- Proliferation of Smart Mobile Devices – Ericsson estimates total global Smartphone subscriptions are expected to grow from 2.7 billion in 2014 to 6.1 billion in 2020 and mobile subscriptions for other Smart Mobile Devices are expected to grow from 300 million in 2014 to around 650 million in 2020;[21]
- Increased spending on R&D and new Smart Mobile Device features and functionality – expected to exceed overall IT industry growth by 2017;[22]
- Increasing availability of high demand Apps and mobile functionality – will help to further fuel growth, as Consumers purchase Smart Mobile Devices based on the Apps they can run on them; and
- Decreasing mobile data and connection costs[23] – increasing prevalence of fixed mobile pricing plans.

19 McKinsey & Company, Inc (2012). The mobile disruption: The next enterprise IT shake-up
20 McKinsey & Company, Inc (2012, June). The mobile disruption: The next enterprise IT shake-up
21 Ericsson (2014). Ericsson Mobility Report
22 McKinsey on Semiconductors (2012). The supercomputer in your pocket
23 Commerce Commission New Zealand (2014). Annual Telecommunications Monitoring Report 2013

Global smartphone and other smart mobile devices with cellular connection[24]



The SaaS Market

The market for SaaS solutions is expected to continue to strengthen – Internal Data Corporation (IDC) believes that SaaS delivery will significantly outpace traditional software product delivery, growing nearly five times faster than the traditional software market and becoming a significant growth driver to all functional software markets. By 2019, the cloud software model will account for $1 of every $4.59 spent on software. The cloud software market reached US$48.8 billion in revenue in 2014, representing a 24.4% year on year growth rate. IDC expects cloud software will grow to surpass US$112.8 billion by 2019 at a compound annual growth rate of 18.3%.[25]

Pushpay's Positioning

Pushpay believes it offers a solution that is well-positioned to take advantage of the potential growth in the mobile commerce market and to take advantage of the emerging opportunities presented by the drivers described above in 'Going Mobile':

- Its mobile commerce tools are tailored for Consumers with an intuitive and easy to use interface, while meeting the needs of merchants;
- The Pushpay solution is easy for Merchants to implement;
- Pushpay is achieving attractive gross margins and expects to improve those gross margins as it continues to scale the business;
- Pushpay's SaaS model is attractive to merchants, as it requires minimal or no upfront infrastructure investment costs (keeping total cost of ownership low) and requires minimal ongoing support or maintenance on the part of the Merchant;

24 Ericsson (2014, November). Ericsson Mobility Report
25 IDC (2015). Worldwide SaaS and Cloud Software 2015–2019 Forecast and 2014 Vendor Shares

- Pushpay's product is scalable to keep up with customer demand and payment transaction volume; and
- As a mobile product, Pushpay can exploit the growth in Smart Mobile Device penetration to increase use and demand.

Pushpay's targets

Pushpay currently has customers in New Zealand, Australia, Canada and the USA – the largest consumer market in the world. In the Medium Term Pushpay is likely to offer its services in other international jurisdictions.

The Faith Sector

The Faith Sector in the USA is Pushpay's main target market. It consists of over 340,000 churches[26], with an average size of over 500 attendees[27]. Pushpay believes it is the most significant player in the USA Faith Sector and is proud to service over 1% of the estimated 340,000 churches including five of the top 10 largest churches in the USA and 24 of the top 100 largest churches in the USA[28].

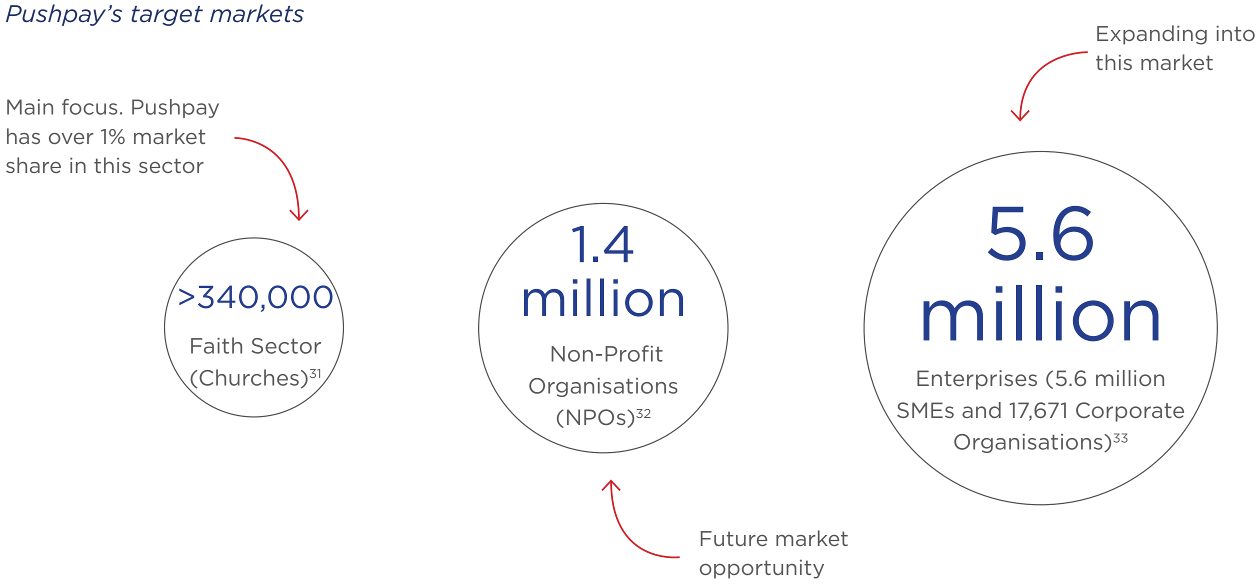
Non-Profit Organisations

The NPO sector in the USA consists of 1.41 million Internal Revenue Service (IRS) registered organisations. These organisations contributed US$905.9 billion to the USA economy in 2013, composing 5.4% of the country's gross domestic product (GDP)[29].

Enterprises (Both SMEs and Corporate Organisations)

The USA commercial merchant market is the largest merchant market in the world, with over 5.6 million SMEs and 17,671 Corporate Organisations.[30] Pushpay initially plans to develop mobile commerce solutions for Non-POS Enterprises (such as utilities) as Pushpay believes these Enterprises would benefit most through better utilisation of mobile commerce tools.

Pushpay's target markets



26 Hartford Institute (2010). Religious Congregations Membership Study
27 US Census Bureau (2012). Statistical Abstract of the United States: 2012
28 Outreach Magazine (2015). The Largest Churches 2015
29 Urban Institute (2015). The Nonprofit Sector in Brief 2015: Public Charities, Giving, and Volunteering
30 US Census Bureau (2012). Statistical Abstract of the United States: 2012
31 Hartford Institute (2010). Religious Congregations Membership Study
32 Urban Institute (2014). The Nonprofit Sector in Brief 2014: Public Charities, Giving, and Volunteering
33 US Census Bureau (2012). Statistical Abstract of the United States: 2012

Competitive Landscape

In the past, merchants in Pushpay's target markets have had a limited choice of mobile commerce solutions that intuitively engage with Consumers and integrate with merchants' core IT systems. In the case of the Faith Sector, merchants have traditionally relied on a collection of fragmented Consumer payment methods including cash, cheques, manual credit, debit card payments and hosted web payments. Pushpay provides a full and complete payments solution and ancillary services with mobile commerce tools that facilitate fast, secure and easy Non-POS payments between merchants and Consumers.

There are a number of companies in the USA operating in the Faith Sector payments market. However, Pushpay believes it is the most significant player with over 1% of the USA Faith Sector and five of the top 10 largest churches in the USA[34].

Competitor groups in the USA Faith Sector

In the USA Faith Sector, Pushpay has three groups of competitors, being Church Management Systems, independent payment companies and "do-it-yourself".

Church Management Systems offer a broad range of services and are widely used in the medium-large segment of the USA Faith Sector. Church Management Systems typically provide a range of features including people management, child and volunteer check-in, and facilities management, where one of those features would be payments. Pushpay differs from Church Management Systems in that it solely focuses on intuitive, simple and secure payments and subsequently is able to offer a significantly superior and comprehensive payments solution than its competitors.

Pushpay has the unique ability to partner with some Church Management Systems which do not offer a mobile-centric payments solution (see 'Partnerships' below) and has partnered with Church Community Builder (CCB), a leading church management system. Pushpay has a referral contract with CCB which involves CCB referring merchants to Pushpay, and Pushpay paying CCB a fee for the referral services.

In terms of independent payment companies in the USA Faith Sector, we believe we are the most significant player in this category. Pushpay offers a complete payments solution as well as additional ancillary services, whereas most independent payment companies might offer one or two payment features rather than a complete solution. For example, with Pushpay's superior product offering, innovative and fast-moving culture, Pushpay has overtaken independent payments players such as SecureGive (with around 1,500 churches[35]) and Kindrid (less than 2,000 churches[36]) in terms of market share. Pushpay does not expect any of its current competitors who are independent payment companies in this space to pose a significant threat, as Pushpay believes it offers a significantly superior and comprehensive payments solution than its competitors.

Lastly, the largest merchants in the USA Faith Sector with large annual budgets, may consider developing their own payments platform. Developing a payments platform poses a number of issues such as the up-front investment in developing the product and entering the payments space, notwithstanding the high level of risk involved with processing payments. Pushpay has spent years developing its payments solution, has invested millions into the security and infrastructure of the platform and has over 50 development employees building new features and maintaining existing features – making the Pushpay proposition difficult to replicate. The cost to a large merchant to utilise Pushpay rather than develop their own solution is significantly more affordable and attractive.

Pushpay considers it highly unlikely that a large global company such as Google or Apple will target payments in the USA Faith Sector due to the high level of integration and specialisation required.

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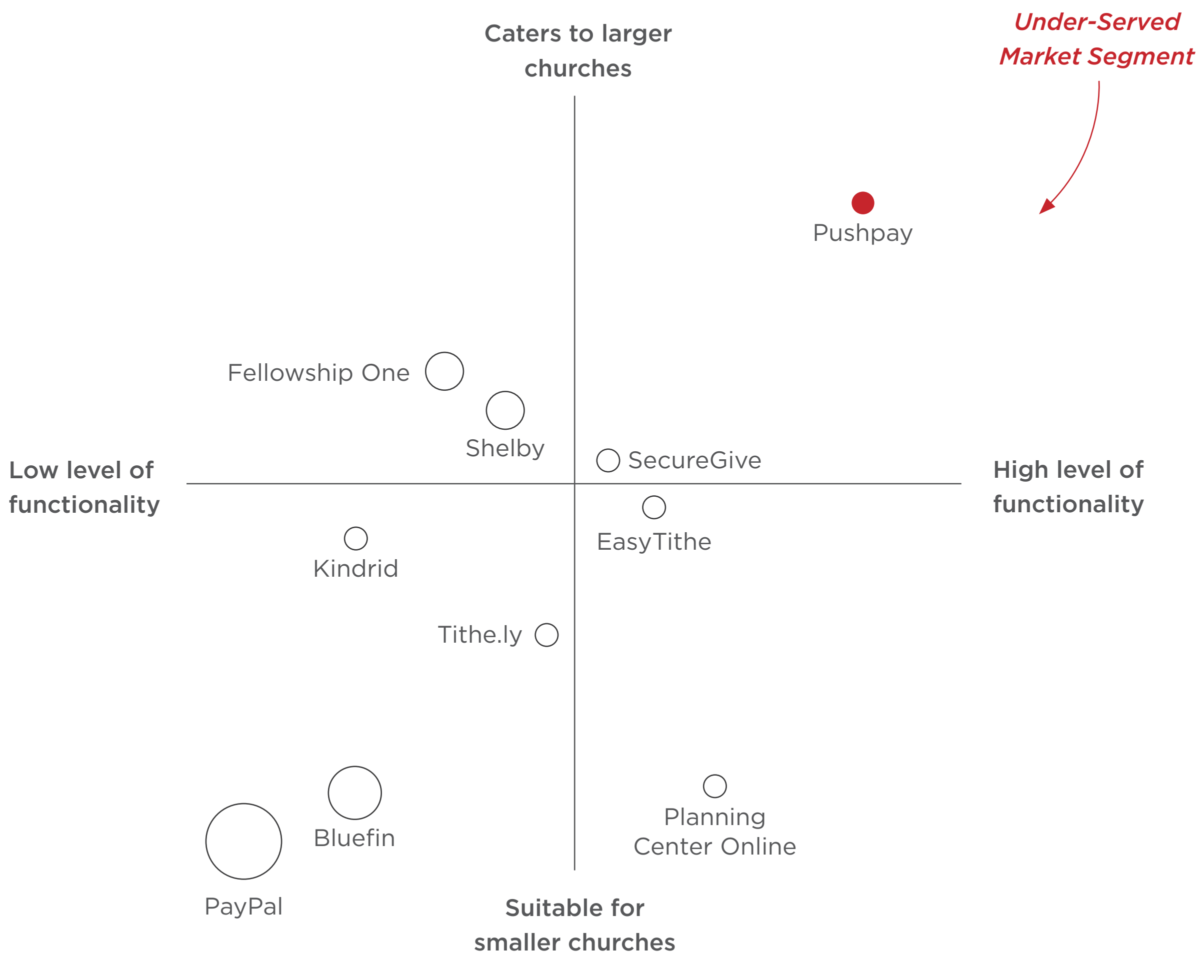
34 Outreach Magazine (2015). The Largest Churches 2015
35 Fast Company (2014). Church Giving Tops $50 Billion A Year In U.S. – And Its Future Is Not A Collection Plate
36 Kindrid (2016). Kindrid Website

How Pushpay compares with competitors

Pushpay monitors a number of providers of competing mobile commerce solutions in its target markets, with an emphasis on its main target market of the USA Faith Sector.

Some of these competitors who specifically target the USA Faith Sector include Bluefin (USA), Fellowship One (USA), Kindrid (USA), EasyTithe (USA), Tithe.ly (USA), SecureGive (USA), Shelby (USA), and Planning Centre Online (USA).

Pushpay USA faith sector competitor analysis[37]

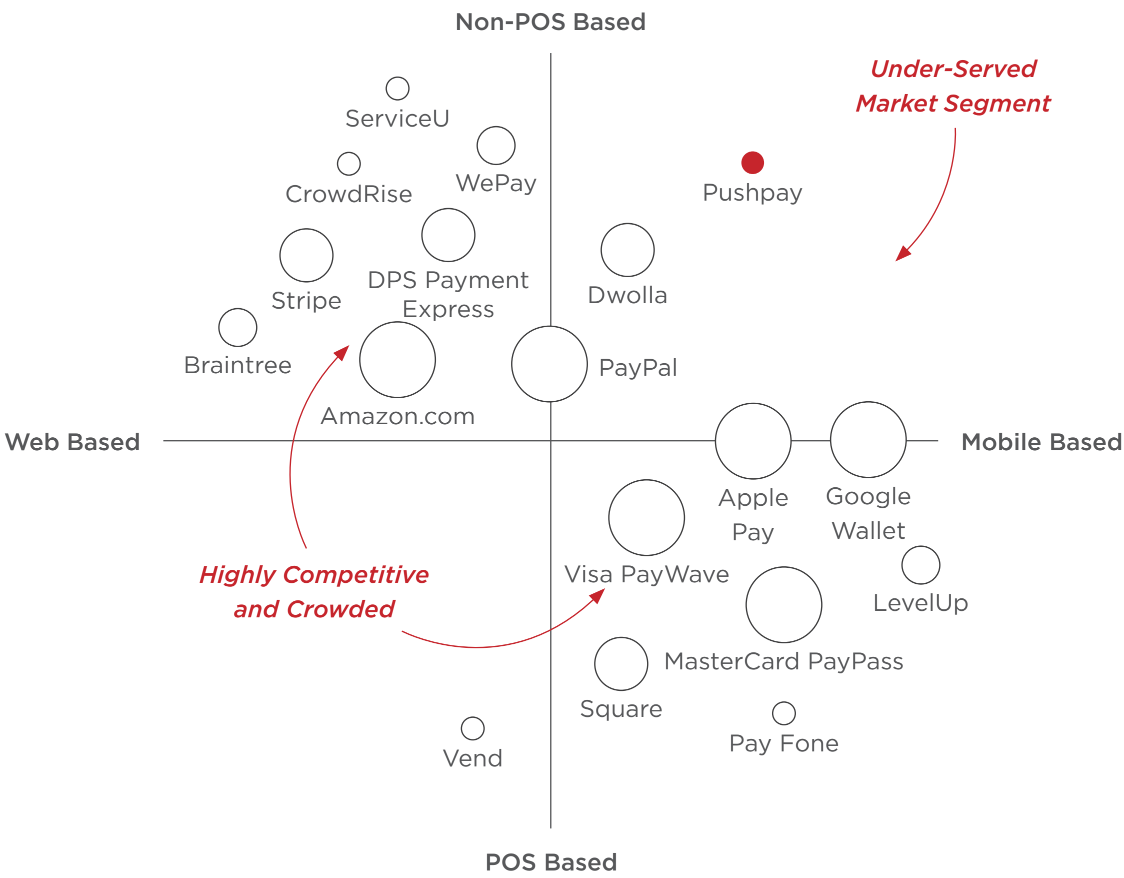


As illustrated above, the market segment covering low functionality and catering to smaller churches is crowded. Pushpay differentiates by offering enterprise grade software with a very high level of functionality. By offering a superior proposition of a complete payments solution and a suite of ancillary services, Pushpay has been able to gain significant traction in the market for larger churches.

The 'Pushpay mobile commerce competitor analysis' on page 27 sets out a competitor analysis of the general payments market in which it operates (New Zealand, Australia, Canada and the USA). The diagram illustrates where Pushpay considers that some general payments competitors of whom Pushpay is aware of sit in comparison to Pushpay's offering. It is not an exhaustive list of all current (or future potential) competitors in the general payments space.

37 Level of functionality is defined by the payment and engagement feature set available, the payment pathways provided, and the number of third party systems that can consume the platform data (integrations).

Pushpay mobile commerce competitor analysis

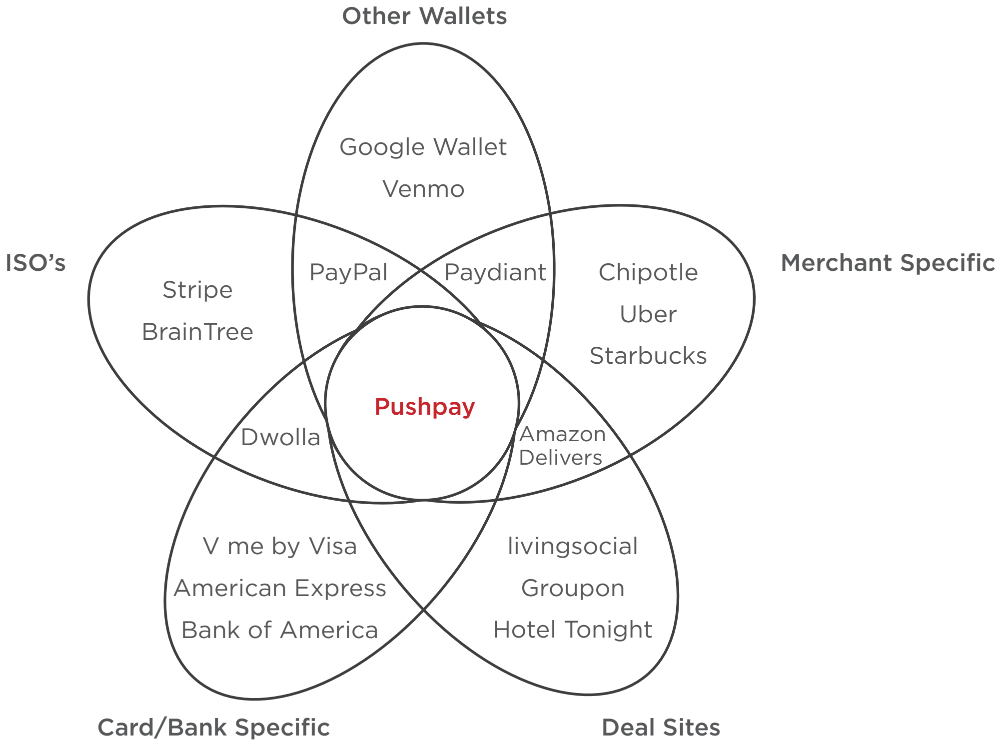


Within the Non-POS mobile based sector in the diagram above, most competitors do not offer modular tools that support multiple payment pathways or integrate directly with merchants' IT software. By offering non-aggregated credit card, debit card and bank payments, both merchants and Consumers have more choice and control over payments.

Partnerships

Pushpay believes that it has a particular strength in that it can add value to many competitors in the Faith Sector and in the general payments market, providing a catalyst for possible partnership opportunities. We can achieve this by providing a payment solution that enables payments across a number of different payment pathways (debit card, credit card, bank payments and, if developed, PayPal and other crypto currencies) that are not tied in to a specific bank or brand. In addition, other competitors will be able to benefit from the growing active Pushpay user base who would have an up to date payment method pre-loaded and ready to go. 'Pushpay's potential competitor partnerships' below includes a sample of competitors that may benefit from Pushpay's mobile commerce tools.

Pushpay's potential competitor partnerships



Indirect Competitors

There are a number of further companies whose products and services may be regarded as indirectly competing offerings to Pushpay, a number of which are monitored by Pushpay.

Pushpay considers that its offering is distinguishable from those companies' solutions, because currently:

- They do not use SaaS delivery models;
- They target different markets from Pushpay;
- They are point of sale-based; and/or
- They are web-based (as opposed to mobile).

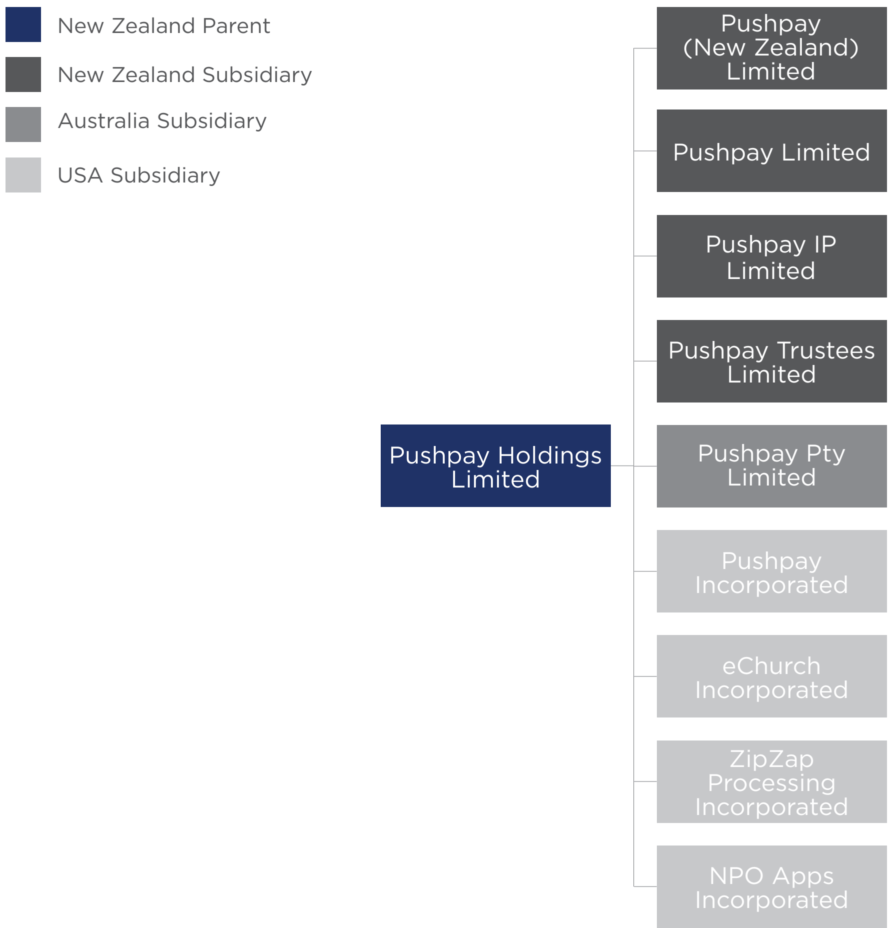
Those companies include, but are not limited to Apple (USA), Blackbaud (UK), Breadcrumb (USA), DPS (New Zealand and Australia), Eway (Australia), Fetch (New Zealand), Fiserve (USA), Frendo (USA), Google (USA), Intuit GoPayment (USA), IP Payments (Australia), Lemon Wallet (USA), Masterpass (USA), Microsoft (USA), MYOB (Australia), Paystation (New Zealand), Paywave (USA), Pingit (UK), Smartpay (New Zealand), Square (USA), Verifone (USA), Xero (New Zealand) and YQ (New Zealand).

There are some well-funded companies such as Apple (USA), Google (USA) and Microsoft (USA) which could in the future become direct competitors to Pushpay.

3. Management and corporate governance

3.1 Corporate structure

Pushpay's corporate structure chart



3.2 Board of directors

The Board of Directors oversees the business of Pushpay and is responsible for the corporate governance of Pushpay.

Detailed biographies of each of the Directors are provided below.

Bruce Gordon | Independent Chairman

Bruce Gordon has over 23 years' of governance and commercial experience in senior positions with both SMEs and Corporate Organisations across Asia Pacific, the UK and the USA.

He currently serves as CEO of Cristal Air International (trading as HRV) and has expertise in retail, banking, finance and electronic payments.

A pioneer of many of the electronic banking services that Consumers now enjoy, Bruce was Chairman of Electronic Transaction Services (now Paymark), Chief Manager Electronic Banking and Payments at Bank of New Zealand and has held senior roles at Retail Financial Services (trading as Farmers Credit), National Australia Bank, ASB Bank and The Warehouse Group. He has extensive Board experience including The Warehouse Financial Services, The Merino Company of New Zealand, and Bendon Group.

Bruce specialises in achieving strategic growth for companies and the restructuring of under-performing entities. He is a Fellow of FINSIA and holds an MBA and a PGDipBus (Information Systems) both from the University of Auckland. Bruce lives with his family in Auckland.

On 28 April 2015 Mr Gordon and the other directors of Hanover Finance, Hanover Capital and United Finance settled civil proceedings brought against them in 2014 by the FMA. There was no admission of liability by the directors. The FMA had alleged that the directors and promoters made untrue statements in certain documents issued by the companies in 2007 and 2008, which Mr Gordon and the other directors denied. Consistent with this, the settlement did not involve an admission of liability by Mr Gordon or the other directors. The settlement agreement can be found at: https://fma.govt.nz/assets/Settlement-Decisions/150428-Hanover-Settlement-Agreement.pdf.

Graham Shaw | Independent Director

Graham is a chartered accountant with over 30 years' experience in business. He sits on a number of corporate and not-for-profit boards, and has extensive SaaS governance experience from being on the board of Xero for eight years and more recently Gentrack.

He spent 10 years with KPMG primarily as an adviser to businesses. He then joined Works Infrastructure where he held a number of finance roles before being appointed Chief Executive Officer, leading the company to substantial growth and successful expansion into Australia. Graham has also been Chief Executive Officer of Kensington Swan, one of New Zealand's national law firms.

Graham has a Bcom from the University of Canterbury, is a Member of Chartered Accountants Australia and New Zealand, a Chartered Member of the Institute of Directors in New Zealand, a Fellow of the New Zealand Institute of Management and a Companion of the Institution of Professional Engineers New Zealand. Graham lives with his family in Wellington.

Christopher Huljich | Non-Executive Director

Christopher Huljich was the co-founder of Best Corporation which floated on the NZX in 1991, and was subject to a takeover by the Danone Group in 1995.

He has over 40 years' experience in both commercial and residential property in New Zealand and Australia including large scale commercial, industrial and residential developments and has business interests in many listed and unlisted companies in New Zealand and Australia.

Christopher is the Managing Partner of Christopher & Banks Private Equity and has invested in many SaaS-based companies, including the sole pre-IPO funding for Diligent Board Member Services. He is also the co-founder of the Huljich Foundation which aims to provide memorable experiences for children suffering from life threatening disease.

Christopher brings immense business knowledge across many industries as well as good strategic appreciation and vision. Chris lives with his family in Auckland.

Douglas (Doug) Kemsley | Non-Executive Director

Doug has more than 20 years' experience as an investor in and director of software and technology companies in New Zealand.

Doug was a co-founder and director of CA-Systems, a $1,200 start-up which sold to MYOB for $22 million in 1999. During his time as Chairman of Maxnet, the company grew from a start-up internet service provider to become a leading data centre and cloud services provider and was subsequently acquired by Vocus Communications in 2012.

Outside of his investment in Pushpay, Doug is passionate about a number of causes in the Non-Profit Organisation sector in New Zealand and Nepal. Formerly a helicopter pilot in the Royal New Zealand Air Force and an administrator of a community health program in Nepal, Doug lives with his family in Hamilton.

Christopher (Chris) Heaslip | Chief Executive Officer, Executive Director and Co-Founder

Chris Heaslip is the Chief Executive Officer and Co-Founder of Pushpay. Along with General Manager of Sales Eliot Crowther, Chris envisioned an integrated Consumer friendly cloud-based mobile commerce solution that could simultaneously provide a platform for increased sales and revenue, while simplifying business processes and reducing costs.

Chris has worked in and for a number of SMEs and Corporate Organisations to develop effective and efficient systems.

He has previously served as CEO of an accounting and tax consultancy and prior to that as a tax management professional and business adviser at KPMG. Chris was also an investigator at the New Zealand Inland Revenue Department.

Chris is an accountant by vocation, with a BCom (Accounting), GradDipCom (Taxation and Law) and a MCom Hons (Taxation) all from the University of Auckland. Chris lives with his family in Seattle.

Eliot Crowther | Sales, Executive Director and Co-Founder

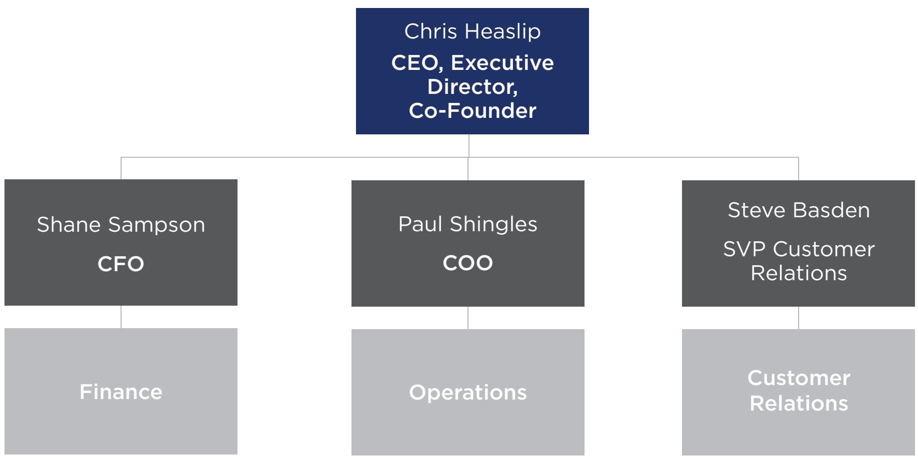
Eliot Crowther is a Co-Founder of Pushpay (along with CEO Chris Heaslip) and is a proven sales professional with several years' experience working in commercial high value sales. Eliot co-founded Pushpay after realising there was a significant opportunity to aggregate mobile commerce tools to enable Merchants to efficiently and effectively communicate and transact with Consumers. Eliot helps drive Merchant growth and Consumer engagement through targeted product offerings.

Prior to co-founding Pushpay, Eliot was a leading sales executive at HRV, the home ventilation business. His in-depth understanding of the sales process and mobile commerce was essential in establishing two of Pushpay's key vertical markets, the Faith Sector and Non-Profit Organisations.

Eliot, a former New Zealand representative in cycling, holds a DipAppSc from AUT University and lives with his family in Seattle.

3.3 Management team

Pushpay's organisation chart



Shane Sampson | Chief Financial Officer

Shane has over 23 years' experience in finance, commercial and leadership roles, most notably with NZX Main Board listed Vector for around five years of which two and a half he served as Acting CFO, at Spark (previously Telecom) in various positions including General Manager Finance and Commercial for Gen-i and most recently as CFO of then NZAX-listed Pulse Energy. In addition to his technical expertise Shane brings strong commercial acumen and a broad strategic outlook to Pushpay's senior management team.

Shane has a BCA and LLB (Hons) from Victoria University of Wellington and is a member of Chartered Accountants Australia and New Zealand. Shane lives with his family in Auckland.

Paul Shingles | Chief Operating Officer

Paul joined Pushpay after returning from the UK. He spent six years working in the software industry, most notably as COO of Clearlybusiness, a London-based innovation unit of Barclays bank. As well as supporting Barclays' strategic solutions like Barclays Pingit, Clearlybusiness developed award winning cloud solutions for Barclays' SME customers across Europe, the Middle East and Africa.

Paul's experience at Barclays has left him with an understanding of what it takes to deliver growth and innovation in a fast paced SaaS business, and he brings a clear focus on execution and delivery. Prior to working in the UK, Paul spent more than five years in the New Zealand telecommunications industry. Paul lives with his family in Auckland.

Steve Basden | SVP Customer Relations

Steve Basden is the Senior Vice President (SVP) of Customer Relations for Pushpay and ZipZap Processing, Inc.

Steve spent 16 years with United Parcel Service (UPS) in a number of operations management and industrial engineering roles before transitioning into the non-profit sector to work with Adventures In Missions (AIM). While at AIM, Steve held Director of Operations and Director of Short Term Missions roles during which he helped scale the organization as it achieved annual growth rates in excess of 18% over 11 years.

Steve holds a BBA from Dallas Baptist University and lives with his family in Seattle.

3.4 Remuneration and interests

See section 7.5 for details of the remuneration and interests of, and the indemnity, access and insurance arrangements in place for, Directors and officers and the remuneration of certain members of key management personnel.

3.5 Corporate governance

This section describes how the Board oversees the management of Pushpay's business.

The Board is responsible for Pushpay's overall corporate governance, monitoring its operational and financial position, performance and business strategy.

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and sustaining the growth and success of the Pushpay business.

The Board seeks to ensure that Pushpay is properly managed to protect and grow Shareholder interests. It has created a framework for management, including adopting corporate governance policies and practices which it believes are appropriate, are typical for a company listed on the NZX Main Board and which are designed to promote responsible management.

(a) Board of Directors

The Board of Directors is comprised of two Executive Directors and four Non-executive Directors, including the Chairman. Biographies of the Directors are provided in section 3.2.

The Board considers an Independent Director to be a Non-executive Director who is not an employee of Pushpay and who is free of a "disqualifying relationship" under the NZX Listing Rules.

The Board considers that each of Bruce Gordon and Graham Shaw are free from disqualifying relationships and, accordingly, has determined that each of them is an Independent Director for the purposes of the NZX Listing Rules.

Christopher Huljich, Doug Kemsley, Chris Heaslip and Eliot Crowther are currently considered by the Board not to be independent for the following reasons:

- Chris Heaslip and Eliot Crowther are each an employee of the Pushpay group; and
- Christopher Huljich and Doug Kemsley are each "Associated Persons" (in terms of the NZX Listing Rules) of persons who have a relevant interest in 5% or more of the Shares.

The Directors believe that they are able to objectively analyse the issues before them in the best interests of the Company and in accordance with their duties as Directors. The Directors consider that the Board is currently of an appropriate size and composition and that the Directors have the skills and commitment to enable the Board to discharge its duties effectively.

Corporate Governance Code

The Board has adopted a written Corporate Governance Code to provide a framework for the effective operation of the Board, which sets out:

1. the Board's composition and processes;
2. the Board's role and responsibilities;
3. the relationship and interaction between the Board and management; and
4. the authority delegated by the Board to management and Board committees.

A copy of the Corporate Governance Code, which includes key policies and committee charters, is available on Pushpay's website at www.pushpay.com/investors/governance.

(b) Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established three standing committees to assist the Board in fulfilling its responsibilities:

- Audit and Risk Management Committee; and
- Nominations and Remuneration Committee; and
- Technology, Innovation and Intellectual Property Committee.

Each of these committees has the responsibilities described in the committee charters adopted by the Board. A copy of the charter for each of the above committees is available on Pushpay's website at www.pushpay.com/investors/governance.

(c) Policies

The Board adopted the following corporate governance policies which are typical for an NZX Main Board listed company.

- Code of Ethics – Pushpay is committed to a high level of integrity and ethical standards in all business practices. The code of ethics sets out the standards of conduct and behaviour expected from Directors, officers, employees and contractors.
- Securities Trading Policy – This policy applies to Directors, officers, employees, contractors and advisers and certain associates of these people. It sets out when they may deal in Pushpay securities and explains how insider trading laws affect their dealings.

These policies and further information about Pushpay's corporate governance practices can be found on Pushpay's website at www.pushpay.com/investors/governance.

(d) Company Secretary

The Company Secretary is responsible for ensuring that Board procedures and policies are followed and provides advice to the Board including on matters involving corporate governance and the NZX and ASX Listing Rules. All Directors have unfettered access to the advice and services of the Company Secretary. As at the date of this Prospectus, Shane Sampson is the Company Secretary.

4. Ownership

4.1 Stock exchange Information

Pushpay's shares are currently quoted on the NZX Main Board, operated by NZX, and have traded on the NZX Main Board since the Company's admission on 9 June 2015. Details of the trading history for the last 12 months are shown below:

Table 4.1 - Share price range

Prices (12 months ending 16 September 2016)	
Highest Price	NZ$2.75
Lowest Price	NZ$1.475
Closing Price (as at 16 September 2016)	NZ$2.50

Table 4.2 - Share issues since Pushpay's migration to the NZX Main Board

Date of Issue	No. of Shares Issued/Acquired	Total Shares on Issue	Explanation
5 October 2015	3,855,677 ordinary shares issued	57,714,711 ordinary shares	Pursuant to a private placement
23 December 2015	187,859 ordinary shares issued	57,902,570 ordinary shares	Issue of shares to Pushpay Trustees Limited to be held for the benefit of certain employees and contractors under the Company's Share Incentive Scheme to attract, retain and reward personnel and to motivate them to excel.
8 January 2016	114,153 ordinary shares issued	58,016,723 ordinary shares	Issue of shares to Pushpay Trustees Limited to be held for the benefit of certain employees and contractors under the Company's Share Incentive Scheme to attract, retain and reward personnel and to motivate them to excel.
5 February 2016	4:1 share split	232,066,892 ordinary shares	A 4:1 share split occurred on 9 February 2016 as the Pushpay Board believed that the subdivision was likely to enhance liquidity in the market for Pushpay's ordinary shares and attract further shareholders
17 March 2016	941,636 ordinary shares acquired	231,125,256 ordinary shares	As described in the Disclosure Document of 2 March 2016, the Pushpay Board considers that the acquisition of Unallocated Shares (as defined in that document) from Pushpay Trustees Limited (in its capacity as the trustee of the Pushpay Share Incentive Scheme) (Trustee) is in the best interests of Pushpay and the remaining shareholders because: - the Unallocated Shares were originally issued to the Trustee for the benefit of persons who are no longer participants in the Company's Share Incentive

(Continued)			
			Scheme. As those shares are no longer held for the former participants' benefit, the directors believe that it is appropriate that they be acquired by the Company; - the acquisition will have no cash cost to the Company (as the purchase price will be set off against amounts owing by the Trustee to the Company for the original issue price of the Unallocated Shares); and - the acquisition will have the effect of increasing shareholders' economic interest in the Company on a proportionate basis.
31 March 2016	40,824 ordinary shares issued	231,166,080 ordinary shares	Issue of shares to Pushpay Trustees Limited to be held for the benefit of certain employees and contractors under the Company's Share Incentive Scheme to attract, retain and reward personnel and to motivate them to excel.
19 August 2016	a) 13,235 ordinary shares issued b) 335,514 RSUs issued	a) 231,179,315 ordinary shares b) 335,514 RSUs (a conditional contractual right to be issued up to 335,514 Ordinary Shares) upon vesting	a) Issue of 13,235 ordinary shares to Pushpay Trustees Limited to be held for the benefit of an employee under the SIS. The SIS is intended to attract, retain and reward personnel and to motivate them to excel. b) Grant of 335,514 RSUs pursuant to the RSU Scheme as part of the remuneration package of certain employees based in the United States of America.

4.2 Substantial Shareholdings

The following table sets out the spread of Shareholders as at 16 September 2016:

Table 4.3 - Shareholders spread

Range	No. of Shareholders	Shares	Percentage (%)
1-1,000	210	129,352	0.06
1,001-5,000	366	1,047,562	0.45
5,001-10,000	156	1,164,655	0.50
10,001-50,000	179	4,191,704	1.81
50,001-100,000	55	4,143,551	1.79
Greater than 100,000	115	220,502,491	95.38
Total	1,081	231,179,315	100.00

The following table sets out the top 20 Shareholders as at 16 September 2016:

Table 4.4 - Top 20 Shareholders

	Number of shares	Percentage (%)
1. Christopher & Banks Private Equity V Limited	54,215,572	23.45
2. Dds Trustee Services Limited	29,712,148	12.85
3. Eliot Barry Crowther & Dorette Crowther & Crowther Trustee Limited	27,918,976	12.08
4. Douglas David Kemsley & Linda Tanu Kemsley & Michael John Roberts	14,000,000	6.06
5. FNZ Custodians Limited	11,163,537	4.83
6. Christopher Peter Huljich & Colin Gordon Powell	8,371,924	3.62
7. Shannon Trustee Company Ltd & Ruth Shannon & Ross Shannon	6,041,042	2.61
8. Rodney Macdonald & Rex Macdonald & Leonard Gardner	5,183,527	2.24
9. Pushpay Trustees Limited	4,267,847	1.85
10. Christopher Peter Huljich & Constance Maria Huljich & Elizabeth Ferguson Anne	3,999,812	1.73
11. Noah John Hickey & Susannah Rose Hickey & Hayman Trustees Limited	2,848,544	1.23
12. Huljich Holdings Pty Ltd	2,651,295	1.15
13. New Zealand Central Securities Depository Limited	2,566,304	1.11
14. Aaron Richard Bhatnagar & Alexander Ernest Houghton	2,041,639	0.88
15. Timothy John Cook	2,013,996	0.87
16. Jason Timothy Kilgour	1,557,983	0.67
17. Perry Savill Trustees Limited & George Savill & Phillida Perry	1,442,316	0.62
18. Graham John Shaw & Delwyn Joy Shaw	1,313,732	0.57
19. JBWERE (Nz) Nominees Limited	1,166,100	0.50
20. Emma Inc	1,152,912	0.50

5. Financial information

5.1. Financial statements

Financial statements in NZ$ for Pushpay for FY 2014, FY 2015 and FY 2016 are set out in this section. The consolidated statements of comprehensive income, changes in equity, financial position, and cash flows and the accompanying notes have been independently audited by Pushpay's auditors, Deloitte.

The financial statements of Pushpay have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand Equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards.

For reporting periods commencing on or after 1 April 2016, Pushpay will be changing the presentation currency for its consolidated financial statements to USD from NZD and will also report key metrics in USD. This accounting policy change is allowed under the relevant financial reporting standard, NZ IAS 21, and is being made to assist users of the financial statements to assess the performance of the business, by reducing the impact of exchange rate movements on reported financial results and key metrics.

The 31 March 2016 consolidated financial statements are presented in NZD for consistency with prior periods and the 30 September 2016 interim report will be the first of Pushpay's financial statements to be presented in USD.

5.2 Events subsequent to 31 March 2016 and pro forma statement of financial position

In September 2016 Pushpay announced its intention to raise approximately AU$40 million through a placement of Shares to exempt investors.

There have been no other significant events subsequent to 31 March 2016.

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9 September 2016

The Board of Directors
Pushpay Holdings Limited
PO Box 90383
Victoria Street West
Auckland 1010

Dear Directors

Independent Assurance Practitioner's Report on the compilation of the Pro Forma Consolidated Statement of Financial Position of Pushpay Holdings Limited as at 31 March 2016 to satisfy ASX listing requirements

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statement of Financial Position of Pushpay Holdings Limited (the 'Company') and its subsidiaries (the 'Group') by the directors of the Company.

The pro forma financial information consists of the Pro Forma Consolidated Statement of Financial Position as at 31 March 2016 prepared by the Company's directors on the basis of the accompanying assumptions and related notes on pages 1 to 3 (pro forma financial information). The pro forma financial information has been prepared for the purposes of the Company's proposed listing on the Australian Securities Exchange ('ASX').

The pro forma financial information has been compiled by the Directors to illustrate the impact on the Company's consolidated statement of financial position as at 31 March 2016 of the anticipated private placement of new shares to Australian institutional and exempt investors ('private placement') set out in the basis of preparation note on page 2 as if the private placement had taken place at 31 March 2016, including the issuance of shares and payment of incremental costs related to the transaction. As part of this process, information about the Company's consolidated financial position has been extracted by the Directors from the Company's consolidated financial statements for the period ended 31 March 2016, on which an unmodified audit report was issued on 18 May 2016.

Board of Directors Responsibility

The Company's directors are responsible for compiling the pro forma financial information on the basis of the accompanying assumptions and related notes on pages 1 to 3, which were prepared by them.

Independent Assurance Practitioner's responsibilities

Our responsibility is to express an opinion whether, in our opinion, the pro forma financial information has been compiled, in all material respects, by the Company's directors on the basis of the accompanying assumptions and related notes.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (New Zealand) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the New Zealand Auditing and Assurance Standards Board. This standard requires that the assurance practitioner plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma financial information on the basis of the accompanying assumptions and related notes.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of the pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction will be as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the assurance practitioner's judgement, having regard to the assurance practitioner's understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Other than in our capacity as auditor of the consolidated financial statements, agreed upon procedures performed on the interim financial statements and the provision of taxation services, we have no relationship with or interests in Pushpay Holdings Limited or any of its subsidiaries.

9 September 2016
Pushpay Holdings Limited
Page 3

The firm applies Professional and Ethical Standard 3 (Amended): *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* issued by the New Zealand Auditing and Assurance Standards Board, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Use of Report

This report has been prepared for the Company's directors so that they can satisfy their obligations in relation to the proposed ASX listing. We disclaim any responsibility for reliance on this report or the amounts included in the pro forma financial information attached for any purpose other than that for which they were prepared.

Opinion

In our opinion, the pro forma financial information as at 31 March 2016 and as attached has been compiled, in all material respects, on the basis of the accompanying assumptions and related notes on pages 1 to 3.

Yours faithfully

Deloitte

Deloitte
Chartered Accountants
Auckland

Pro Forma Consolidated Statement of Financial Position
As at 31 March 2016

		Anticipated Subscription AU$40m	
	Audited Actual 31 March 2016	Unaudited Pro Forma Adjustments	Unaudited Pro Forma 31 March 2016
Assets	NZ$'000	NZ$'000	NZ$'000
Current assets			
Cash and cash equivalents	12,181	41,030	53,211
Trade and other receivables	3,628	-	3,628
Total current assets	15,809	41,030	56,839
Non-current assets			
Property, plant and equipment	2,769	-	2,769
Intangible assets	4,132	-	4,132
Goodwill	-	-	-
Long term receivable	69	-	69
Restricted cash balances	2,113	-	2,113
Total non-current assets	9,083	-	9,083
Total assets	24,892	41,030	65,922
Liabilities			
Current liabilities			
Trade and other payables	4,185	-	4,185
Employee benefits	394	-	394
Provision for tax	127	-	127
Total current liabilities	4,706	-	4,706
Total non-current liabilities	-	-	-
Total liabilities	4,706	-	4,706
Net assets	20,186	41,030	61,216
Equity			
Share capital	49,077	41,774	90,851
Foreign currency translation reserve	(76)	-	(76)
Share based payment reserve	269	-	269
Accumulated losses	(29,084)	(744)	(29,828)
Total equity	20,186	41,030	61,216

Notes to the Pro Forma Consolidated Statement of Financial Position

Basis of Preparation

The unaudited consolidated Pro Forma Statement of Financial Position ("Pro Forma Statement of Financial Position") is for Pushpay Holdings Limited ("the Company") and its subsidiaries (the "Group").

The Pro Forma Statement of Financial Position for the Group has been prepared as at 31 March 2016 using the same accounting policies and methods of computation as, and should be read in conjunction with, the audited financial statements for the year ended 31 March 2016. The audited financial statements for the year ended 31 March 2016 can be obtained from Pushpay Holdings limited's website which is www.pushpay.com.

The Pro Forma Statement of Financial Position is presented in New Zealand dollars (NZD).

The Pro Forma Statement of Financial Position consists of the audited consolidated Statement of financial Position as at 31 March 2016 and adjustments to demonstrate the financial position of the Group as if the anticipated private placement of new shares had taken place, with the shares issued, offer expenses paid and net cash proceeds received, as at 31 March 2016. The number of shares issued, the amount of offer expenses and net cash proceeds are based on the Group's current expectations as described below.

This Pro Forma Statement of Financial Position has been prepared in order to satisfy the listing requirements the Australian Securities Exchange (ASX) as part of the proposed foreign exempt listing of Pushpay Holdings limited shares on the ASX.

Capital Raise

The Pro Forma Statement of Financial Position sets out the adjustments that have been made to the audited Consolidated Statement of Financial Position of Pushpay Holdings Limited as at 31 March 2016 to present the Company's Pro Forma Consolidated Statement of Financial Position as if the Placement had occurred at 31 March 2016.

The Pro Forma Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as being indicative of the Group's future position. Further information on the assumptions used in preparing the adjustments is set out below.

Anticipated Proceeds of the Placement

The Placement refers to the proposed issue of ordinary shares to Australian institutional and exempt investors anticipated to occur in October 2016. The subscription under the Placement is anticipated to be AU$40 million which will be applied against Share Capital net of the incremental costs directly attributable to the issue of new shares under the Placement. The currently anticipated incremental costs of the Placement are NZ$2,537,283 and include the anticipated legal and other adviser fees and disbursements associated with the Placement. The anticipated costs associated with the Prospectus and ASX listing are NZ$744,433 and these costs are not considered to be directly attributable to the issue of new shares and are recorded against accumulated losses.

Exchange Rate

An exchange rate of $0.9027 Australian dollars per New Zealand dollar has been applied for the translation of the equity raised under the Placement and for Placement related costs. This exchange rate is based on the Reserve Bank of New Zealand daily exchange rate as at 31 March 2016 consistent with the preparation of the Pro Forma Consolidated Statement of Financial Position as if the Placement had occurred at 31 March 2016. As at 31 August 2016 the exchange rate was $0.9628 Australian dollars per New Zealand dollars and use of that exchange rate would have resulted in a reduction in the net proceeds from the Placement in the Pro Forma Consolidated Statement of Financial Position of NZ$2.6 million.

Operational Results Since 31 March 2016 not Included

As noted above the Pro Forma Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as being indicative of the Group's future position. Consistent with normal practice in preparing Pro Forma financial information, results of operations since 31 March 2016 are not incorporated into the Pro Forma Consolidated Statement of Financial Position. Since 31 March 2016 cash and cash equivalents have reduced and accumulated losses have increased as the Group continues to invest in growing the business.

5.3 Company tax status

Pushpay is a tax resident of New Zealand and not a tax resident of Australia. The proposed ASX listing in itself does not have a direct effect on the tax residency of Pushpay.

Deloitte.

Independent Auditor's Report

To the shareholders of Pushpay Holdings Limited,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Pushpay Holdings Limited and its subsidiaries ('the Group') on pages 18 to 43, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year 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. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors are responsible on behalf of the company 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 Board of 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 Responsibilities

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 and 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall 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 auditor of these consolidated financial statements, agreed upon procedures performed on the interim financial statements and the provision of taxation services, we have no relationship with or interests in Pushpay Holdings Limited or any of its subsidiaries. These services have not impaired our independence as auditor of the Group.

Opinion

In our opinion, the consolidated financial statements on pages 18 to 43 present fairly, in all material respects, the financial position of Pushpay Holdings Limited and its subsidiaries as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Deloitte

Chartered Accountants
18 May 2016
Auckland, New Zealand

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 $'000	2015 $'000
Continuing operations			
Revenue			
Operating revenue		14,771	1,729
Other income		196	111
Total revenue and other income	3	14,967	1,840
Product development and maintenance		(4,668)	(2,003)
Direct costs, sales & marketing		(23,829)	(3,807)
General and other administration		(6,540)	(4,127)
Net foreign exchange gains		231	163
Total expense and other gains and losses	4	(34,806)	(9,774)
Net loss before tax		(19,839)	(7,934)
Tax (expense)/benefit	5	(386)	312
Net loss for the year from continuing operations		(20,225)	(7,622)
Net profit for the year from discontinued operations	20	830	144
Net loss for the year		(19,395)	(7,478)
Other comprehensive income			
Exchange differences on translation of international operations		(16)	(99)
Total comprehensive loss attributable to the shareholders of the Company		(19,411)	(7,577)
Loss per share			
Basic and diluted (loss) per share (cents) from continuing and discontinued operations	14	(8.60)	(4.05)
Basic and diluted (loss) per share (cents) from continuing operations	14	(8.60)	(4.05)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Share capital	Foreign currency translation reserve	Share based payment reserve	Accumulated losses	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2015	16,427	(60)	193	(9,689)	6,871
Net loss	-	-	-	(19,395)	(19,395)
Currency translation movements	-	(16)	-	-	(16)
Total comprehensive loss	-	(16)	-	(19,395)	(19,411)
Transactions with owners:					
Issue of shares	32,932	-	-	-	32,932
Capital raising costs	(282)	-	-	-	(282)
Share based payments	-	-	76	-	76
Balance as at 31 March 2016	49,077	(76)	269	(29,084)	20,186
Balance at 1 April 2014	1,860	39	92	(2,211)	(220)
Net loss	-	-	-	(7,478)	(7,478)
Currency translation movements	-	(99)	-	-	(99)
Total comprehensive loss	-	(99)	-	(7,478)	(7,577)
Transactions with owners:					
Issue of shares	12,690	-	-	-	12,690
Conversion of preference shares	2,000	-	-	-	2,000
Capital raising costs	(123)	-	-	-	(123)
Share based payments	-	-	101	-	101
Balance as at 31 March 2015	16,427	(60)	193	(9,689)	6,871

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2016

Assets	Notes	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	8	12,181	251
Trade and other receivables	9	3,628	2,205
Total current assets		15,809	2,456
Non-current assets			
Property, plant and equipment	6	2,769	572
Intangible assets	7	4,132	3,945
Goodwill	7	-	2,423
Long term receivable	9	69	69
Restricted cash balances	9	2,113	73
Total non-current assets		9,083	7,082
Total assets		24,892	9,538
Liabilities			
Current liabilities			
Trade and other payables	10	4,185	2,498
Employee benefits	11	394	169
Provision for tax	5	127	-
Total current liabilities		4,706	2,667
Total non-current liabilities		-	-
Total liabilities		4,706	2,667
Net assets		20,186	6,871
Equity			
Share capital	12	49,077	16,427
Foreign currency translation reserve	15	(76)	(60)
Share based payment reserve	15	269	193
Accumulated losses		(29,084)	(9,689)
Total equity		20,186	6,871

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Cash was provided from (applied to):			
Receipts from customers		19,145	3,496
Payment to suppliers & employees		(36,034)	(10,320)
Interest received		93	86
Net cash inflow/(outflow) from operating activities	21	(16,796)	(6,738)
Cash flows from investing activities			
Cash was provided from (applied to):			
Proceeds from sale of property, plant and equipment		-	1
Purchase of property, plant and equipment		(2,616)	(552)
Capitalised development costs and intangible assets		(3,082)	(1,432)
Purchase of business – Run The Red		-	(3,600)
Disposal of business – Run The Red	20	3,961	-
Restricted cash balances		(2,040)	(73)
Net cash inflow/(outflow) from investing activities		(3,777)	(5,656)
Cash flows from financing activities			
Cash was provided from (applied to):			
Issue of ordinary shares (net of costs)		32,312	10,000
Net cash inflow/(outflow) from financing activities		32,312	10,000
Net increase/(decrease) in cash held		11,739	(2,394)
Foreign currency translation adjustment		191	(101)
Add cash and cash equivalents at start of year		251	2,746
Balance at end of year	8	12,181	251
Comprised of:			
Cash and cash equivalents		12,181	251
Total cash and cash equivalents on hand	8	12,181	251

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2016

1. Corporate information

Pushpay Holdings Limited (the "**Company**" or "**Pushpay**") is a limited liability company, domiciled and incorporated in New Zealand and registered under the Companies Act 1993. The registered office of the Company is Level 6, 167 Victoria Street West, Auckland 1010, New Zealand.

The financial statements presented are for Pushpay and its subsidiaries (together, the "**Group**") for the year ended 31 March 2016.

Pushpay is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and is listed on the New Zealand Stock Exchange ("**NZX**").

The financial statements for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Directors on 18 May 2016.

The Group's principal activity is the provision of a platform for mobile commerce and electronic payments and tools for merchants to engage with consumers.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice ("**NZ GAAP**"). They comply with New Zealand equivalents to International Financial Reporting Standards ("**NZ IFRS**") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("**IFRS**").

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to each period presented, unless otherwise stated.

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

The financial statements are presented in thousands of New Zealand Dollars.

(b) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. There are areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements.

Key sources of estimation uncertainty and key judgments

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates are in the relevant notes to the financial statements.

Key sources of estimation, uncertainty and judgment include:

- The application of the going concern assumption (see Note 23); and
- Determining whether the intangible assets to which the development expenditure relate are not economically viable in the future and whether the development expenditure asset could therefore be overstated (see Note 7).

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

(c) Changes in accounting policies and disclosures

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

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has the rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are consolidated from the date the Company obtains control. They are de-consolidated from the date that control is lost. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for an acquisition is measured as the fair value of the assets given by the Group, equity instruments issued and liabilities incurred or assumed by the Group at the date of exchange. Costs directly attributable to the acquisition are recognised in the profit or loss.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Intra-Group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in New Zealand Dollars, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using a monthly exchange rate set at the start of each month as an estimate of the exchange rate prevailing at the dates of 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 or loss.

(iii) Foreign operations

The results and financial position of all foreign operations that have a functional currency different from New Zealand Dollars are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each profit or loss component of the statement of comprehensive income are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised as other comprehensive income and accumulated in the foreign currency translation reserve.

(f) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services, excluding Goods and Services Tax, Value Added Tax, rebates and discounts. Revenue is recognised as follows:

(i) Provision of services

(a) Subscriptions

The provision of services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed, on the basis of the actual service provided as a proportion of the total services to be provided. Revenue in advance represents amounts billed to customers in advance of the provision of services and are accounted for as a liability.

Contract acquisition costs such as sales commissions and sales discounts which are directly related to the acquisition of a particular customer, are recognised as an asset and are amortised on a systematic basis consistent with the pattern of transfer of services to which the asset relates.

(b) Merchant fees

Revenues from merchant fees are recognised on a gross basis when the customer has an obligation to pay transaction fees on the related through-put. Associated costs payable to processing banks are classified as expenses.

(ii) Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(iii) Interest

Interest revenue is accrued on a time basis by reference to the principal outstanding and using the effective interest rate method.

(g) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the profit or loss component of the statement of comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous year.

Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

(h) Goods and Services Tax (GST)

Assets, liabilities, revenues and expenses are stated exclusive of GST, with the exception of receivables and payables, which include GST.

(i) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(j) Leases

Operating leases are recognised on a straight-line basis over the lease term. In the event that lease incentives are received, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business and measured at amortised cost less any impairment. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(m) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from other suppliers. Accounts payable are classified as current liabilities if it expects to settle the liability in its normal operating cycle or it is due to be settled within 12 months. If not, they are presented as non-current liabilities.

(n) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis so as to write off the cost of the asset over its expected useful life to its estimated residual value. The following estimates of useful lives are used in the calculation of depreciation:

Category	*Estimated useful life*
Office equipment	5 years
Computer equipment	3 years
Fixtures and fittings	5-7 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the profit or loss.

(o) Intangible assets

Research costs are expensed as incurred. Costs associated with maintaining internal computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of the software products controlled by the Group are recognised as intangible assets only if all the following criteria are met:

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

Directly attributable costs that are capitalised as part of the capitalised software development costs include the software development employee costs. Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Other intangible assets acquired are initially measured at cost. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the profit or loss in the year in which the expenditure is incurred.

The useful lives of the Group's intangible assets are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful life of the intangible asset, from the date it is available for use.

The estimated useful lives are:

Trademarks/patents	10 years
Capitalised software development costs	3-5 years
Customer contracts	3 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the profit or loss when the asset is derecognised.

(p) Goodwill

Goodwill is not amortised but is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(q) Impairment of non-financial assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

(r) Employee benefits

(i) Entitlements

Provision is made for benefits accruing to employees in respects of wages and salaries, annual leave and sick leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(s) Earnings per share

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

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

(ii) Diluted EPS is determined by adjusting the Group profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of any dilutive potential ordinary shares.

(t) Share capital

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(u) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Chief Executive Officer and senior management team (who is the entity's Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(v) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 13. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled share-based payment reserve.

(w) Statement of cash flows

For the purpose of the statement of cash flow, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

The statement of cash flow is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive income.

Definition of terms used in the cash flow statement:

(i) Operating activities include all transactions and other events that are not investing or financing activities.

(ii) Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

(iii) Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity.

(x) Adoption of new and revised standards and interpretations

New standards, amendments and interpretations have been published that are not yet effective and have not been early adopted by the Group. Those which may be relevant to the Group are explained below:

- NZ IFRS 9 'Financial Instruments'. This standard will eventually replace NZ IAS 39 Financial Instruments - Recognition and Measurement. It is required to be adopted by the Group in the financial statements for the year ending 31 March 2019. The Group has not yet assessed the impact of this standard.
- NZ IFRS 15 'Revenue from Contracts with Customers'. This standard addresses the recognition of revenue from contracts with customers. It specifies the revenue recognition criteria governing 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 or services. It is required to be adopted by the Group in the financial statements for the year ending 31 March 2019. The Group has not yet assessed the impact of this standard.
- NZ IFRS 16 'Leases'. This standard will replace the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting for leases under NZ IFRS 16 is almost the same. However, as the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. The standard is effective for accounting periods beginning on or after 1 April 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers. The group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

3. Revenues and other income

	Continuing operations		Discontinued operations	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Sales	14,771	1,729	3,998	3,059
Government grants	107	27	-	-
Interest received	89	84	3	2
	14,967	1,840	4,001	3,061

4. Expenses

	Continuing operations		Discontinued operations	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Operating expenses include:				
Amortisation of intangible assets	948	197	469	430
Bad debts	-	113	-	-
Depreciation of property, plant & equipment	334	84	17	10
Directors fees	156	67	-	-
Employee benefits – defined contribution expense	329	42	19	16
Employee benefits/entitlements	19,846	3,907	639	527
Fees paid to Auditors – audit of acquisition accounting	-	4	-	-
Fees paid to Auditors – audit of financial statements	55	25	-	-
Fees paid to Auditors – half year review	-	9	-	-
Fees paid to Auditors – agreed upon procedures	11	-	-	-
Fees paid to Auditors – tax services	5	5	-	-
Foreign exchange (gains)/losses	(231)	(163)	2	3
Interest paid	-	1	-	-
Lease expenses	795	237	52	46
Loss on disposal of property, plant & equipment	52	-	-	3
Share based payments	73	101	3	-

5. Taxation

(a) Statement of comprehensive income:	2016	2015
	$'000	$'000
Current income tax expense from continuing operations	127	-
Deferred tax expense/(benefit)	259	(312)
Tax expense	386	(312)
(b) Reconciliation of income tax expense to prima facie tax payable		
Loss before tax (continuing operations)	(19,839)	(7,934)
Earnings before tax (see Note 20)	571	144
	(19,268)	(7,790)
Benefit at 28%	5,395	2,181
Non-deductible expenses	(59)	(49)
Taxation rate variances on subsidiaries	(8)	35
Deferred tax (expense)/benefit arising on disposal/acquisition of business activity	(259)	312
Future benefit of tax losses not recognised	(5,455)	(2,167)
Income tax expense/benefit	(386)	312
(c) Current tax assets and liabilities		
Current tax payable	127	-

d) Deferred tax balances	Employee benefits	Depreciation and amortisation	Other timing differences	Tax losses	Identifiable intangible assets	Net
Deferred tax asset/liability balances:						
At 1 April 2014	6	(15)	(5)	14		-
Charged to profit or loss	36	(32)	(83)	338	53	312
Business acquisition	-	-	-	-	(312)	(312)
At 31 March 2015	42	(47)	(88)	352	(259)	-
Deferred tax asset/liability balances:						
At 1 April 2015	42	(47)	(88)	352	(259)	-
Charged to profit or loss	70	(1)	(289)	(38)	-	(259)
Disposal of business activity	-	-	-	-	259	259
At 31 March 2016	112	(48)	(377)	314	-	-

The Group also has an unrecognised deferred tax asset arising from tax losses. These are subject to confirmation by the Inland Revenue and subject to meeting the requirements of the Income Tax Act 2007.

The Group had estimated New Zealand tax losses of $25,119,000 (2015: $8,627,000) available to carry forward, subject to shareholder continuity being maintained as required by New Zealand tax legislation.

(e) Imputation credit account balances	2016	2015
	$'000	$'000
Balance at the end of the financial year	24	24

6. Property, plant and equipment

	Fixture and fittings	Office equipment	Computer equipment	Total
	$'000	$'000	$'000	$'000
As at 31 March 2014				
Cost	-	20	58	78
Accumulated depreciation	-	(1)	(13)	(14)
Carrying amount at beginning of year	-	19	45	64
Year ended 31 March 2015				
Additions	-	300	252	552
Acquisition of business	-	34	17	51
Disposals	-	(3)	(1)	(4)
Depreciation	-	(25)	(69)	(94)
Foreign exchange variation	-	1	2	3
Carrying amount at end of year	-	326	246	572
As at 31 March 2015				
Cost	-	352	328	680
Accumulated depreciation	-	(26)	(82)	(108)
Carrying amount at end of year	-	326	246	572
Year ended 31 March 2016				
Additions	674	1,001	940	2,615
Disposal of business activity (see Note 20)	-	(50)	-	(50)
Disposals	-	(26)	(26)	(52)
Depreciation	(9)	(117)	(225)	(351)
Foreign exchange variation	8	11	16	35
Carrying amount at end of year	673	1,145	951	2,769
As at 31 March 2016				
Cost	682	1,283	1,250	3,215
Accumulated depreciation	(9)	(138)	(299)	(446)
Carrying amount at end of year	673	1,145	951	2,769

7. Intangible assets and goodwill

	Customer contracts & brands	Software development	Patents & trademarks	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
Balance at 1 April 2014	-	829	64	-	893
Additions	-	1,126	305	-	1,431
Acquisition of business	1,113	1,202	23	2,423	4,761
Balance at 31 March 2015	1,113	3,157	392	2,423	7,085
Amortisation					
Balance at 1 April 2014	-	(84)	(6)	-	(90)
Amortisation	(189)	(421)	(17)	-	(627)
Balance at 31 March 2015	(189)	(505)	(23)	-	(717)
Net carrying value 31 March 2015	924	2,652	369	2,423	6,368
Cost					
Balance at 1 April 2015	1,113	3,157	392	2,423	7,085
Additions	-	3,063	18	-	3,081
Disposal of business activity (see Note 20)	(1,113)	(1,202)	(22)	(2,423)	(4,760)
Balance at 31 March 2016	-	5,018	388	-	5,406
Amortisation					
Balance at 1 April 2015	(189)	(505)	(23)	-	(717)
Amortisation	(227)	(1,138)	(52)	-	(1,417)
Disposal of business activity (see Note 20)	416	440	4	-	860
Balance at 31 March 2016	-	(1,203)	(71)	-	(1,274)
Net carrying value 31 March 2016	-	3,815	317	-	4,132

The Group capitalises software development costs based on direct costs associated with the project and a proportion of employee costs that directly relate to software development. Amortisation is recognised as an expense in the statement of comprehensive income.

Software development relates to the continued development of the Company's mobile commerce and electronic payment software.

An impairment test of goodwill was performed in the prior year. As a result of the test, no impairment of goodwill was necessary.

8. Cash and cash equivalents

	2016	2015
	$'000	$'000
Cash and cash equivalents	12,181	251
	12,181	251
As at 31 March 2016 the amounts held in foreign currencies were as follows:-		
United States Dollars	2,358	100
Australian Dollars	70	9

9. Trade and other receivables

	2016	2015
	$'000	$'000
Gross trade receivables	239	599
Provision for impairment of receivables	-	(118)
Net trade receivables	239	481
Prepayments	1,119	839
Deferred consideration – disposal of business activity (see Note 20)	436	-
Capitalised commissions and sales discounts	1,034	367
Other receivables	800	58
Charity revenue	-	460
Current trade and other receivables	3,628	2,205
Long term receivables – rental bonds	69	69
Restricted Cash Balances	2,113	73

Restricted cash balances represent tenant security deposits relating to property lease arrangements that the Group has entered into.

Aging analysis

The aging analysis of these trade receivables is as follows:

	2016	2015
	$'000	$'000
1-60 days	197	410
61-90 days	17	61
91+ days	25	128
	239	599

Trade and other receivables

The average credit period for sales of services is 6 days (2015: 45 days). The provision for impairment of receivables has been determined on specific balances by management based on likelihood of recovery. In accepting a new customer the Group assesses the customer's credit quality and reviews credit performance monthly.

Past due but not impaired trade receivables

Included in the trade receivables balance are debtors amounting to $31,000 (2015: $134,000), which are past due but not impaired at balance date.

Impaired receivables

As at 31 March 2016 trade receivables with impairment in respect of the Group amounts to: $ Nil (2015: $118,000).

Movement in provision for impairment of receivables

	2016	2015
	$'000	$'000
Balance at 1 April	118	-
Impaired receivables recognised	-	113
Net foreign currency exchange differences	-	5
Written-off during the year	(118)	-
Balance at 31 March	-	118

10. Trade and other payables

The average credit period on purchases of services represents an average of 24 days credit (2015: 26 days credit). Grant revenue in advance is the amount yet to be amortised to revenue based on the estimated life of the software development to which the grant relates.

	2016	2015
	$'000	$'000
Trade payables	708	525
Other payables and accrued expenses	1,947	866
Grant revenue in advance	146	180
Deferred payment from business acquisition	-	400
Charity revenue	-	509
Deferred revenue	1,384	18
	4,185	2,498

11. Current employee benefits

	2016	2015
	$'000	$'000
Liability for annual leave	394	169
	394	169

12. Share capital

	Number of shares	
	000's	$'000
Balance at 1 April 2014	1,582	1,860
Movements during year		
Preference shares converted to ordinary shares	384	2,000
Issue of shares	261	2,779
Issue of shares to Pushpay Trustees Limited	4	-
Share issue costs	-	(26)
Balance prior to share subdivision 3 June 2014	2,231	6,613
Share subdivision 3 June 2014 – 18.1554 per 1 share	40,500	-
Issue of shares	9,000	9,000
Issue of shares – purchase Run The Red	500	500
Share issue costs	-	(97)
Capital raised on employee share scheme	-	510
Share buy back from employee share scheme	(343)	(99)
Issue of shares to Pushpay Trustees Limited	446	-
Balance at 31 March 2015	50,103	16,427
Movements during the year		
Issue of shares	7,736	32,595
Issue of shares to Pushpay Trustees Limited	177	-
Capital raised on employee share scheme	-	124
Share issue costs	-	(282)
Balance prior to share subdivision 9 February 2016	58,016	48,864
Share subdivision 9 February 2016 – 4 per 1 share	232,066	-
Capital raised on employee share scheme	-	213
Issue of shares to Pushpay Trustees Limited	41	-
Share buy back from employee share scheme	(942)	-
Balance as at 31 March 2016	231,166	49,077

The paid up capital comprises ordinary shares. The total number of ordinary shares on issue is 231,166,080 shares (2015: 50,102,766 shares). The shares have no par value. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

As at 31 March 2016, these include 4,731,580 shares (2015: 1,590,843 shares) issued to Pushpay Trustees, a subsidiary for the purpose of the employee share scheme.

13. Share based payments

In April 2013 the Group established an employee share scheme ("the scheme") that entitles selected directors, executives and employees to purchase shares in the Company. In August 2014 this scheme was disestablished and replaced by a new scheme. Under this new scheme the ordinary shares in Pushpay are issued to a trustee, Pushpay Trustees Limited, a wholly owned subsidiary ("Trustee") and allocated to participants on a grant date using funds lent to them by the Company through limited recourse loans. Under the scheme, the shares are beneficially owned by the participants. The length of retention period before the shares vest is between one and four years. If an employee leaves prior to the shares vesting, the Trustee may repurchase the shares. All shares are held by the Trustee in accordance with the rules and trust deed of the scheme. The number of shares issued is determined by the Board.

The Trustee holds 4,731,580 shares (2015: 1,590,843 shares). All of these shares are held on behalf of employees and subject to repayment of employee loans. Loans are not recognized as they are limited recourse and accounted for as options. The fair value of services received in return for the share granted is based on the fair value of share granted measured using a Black Scholes option pricing model.

The number and exercise price is as follows:

	2016		2015	
	Exercise price	Number of shares	Exercise price	Number of shares
	$		$	
Total at 1 April	-	1,590,843	-	1,568,260
Granted during the year	3.947	187,859	0.343 - 0.381	492,300
Granted during the year	3.18 - 7.69	114,153	0.574 - 0.588	154,176
Granted during the year	-	-	1.000	300,000
Granted during the year	-	-	2.000	146,250
Less: transferred to employees during the year	0.343-3.947	(186,273)	-	-
		1,706,582		2,660,986
Share subdivision 9 February 2016 – 4 per 1 share		6,826,328		-
Granted during the year	1.674	40,824	-	-
Less: transferred to employees during year	0.287-3.947	(1,193,936)	0.287-2.00	(726,659)
Less: forfeited and repurchased		(941,636)		(343,484)
Total 31 March		4,731,580		1,590,843

The inputs for the Black Scholes option pricing model are as follows:

Issue Date	01/04/14	11/04/14	01/10/14	05/10/15	23/12/15	08/01/16	31/03/16
Number of shares issued ('000)	346	137	446	177	187	114	41
Estimated fair value per share at granted date	0.06-0.18	0.11-0.26	0.45-1.23	0.22-1.04	0.33-1.72	0.34-2.88	0.38-0.66
Exercise price per share	0.343	0.588	1.00-2.00	2.00-2.76	3.95	3.18-7.69	1.67
Expected volatility	40%	40%	40%	55%	55%	55%	55%
Risk free interest rate	3.50%	3.50%	3.50%	2.70%	2.70%	2.70%	2.70%

Shares issued prior to 9 February 2016 have not been adjusted for the effects of the subdivision. The volatility measured is the standard deviation based on a statistical analysis of the daily share price of the Company over the last 12 months. In the previous financial year, the volatility was measured based on estimates of listed equity securities for businesses with a similar nature to the Company operating in the technology industry, as the Company did not have a sufficient trading history to develop its own standard deviation metrics.

Operating expenses	2016	2015
	$'000	$'000
Share based payment expense	76	101

14. Earnings per share

The loss of $19,395,000 (2015: $7,478,000) represented a loss per share shown below based on weighted average ordinary shares on issue during the year.

	2016	2015
Number of issued ordinary shares	231,166,080	50,102,766
Weighted average ordinary shares outstanding	224,284,911	184,617,448
Basic and diluted loss per share (cents) from continuing and discontinued operations	8.60	4.05
Basic and diluted loss per share (cents) from continuing operations	8.60	4.05

Calculated on a weighted average basis of the number of shares on issue. Diluted loss per share is the same as basic loss per share. For 2016 there are no instruments that could potentially dilute basic earnings per share. For 2015 there were preference shares which were later converted to ordinary shares, but were not included in the calculation of diluted earnings per share for that period.

The Company completed a 4 for 1 share split on 9 February 2016, which resulted in 231,166,080 shares being on issue at 31 March 2016. The weighted average number of ordinary shares used in the calculation of earnings per share for 31 March 2015 has been restated to reflect the share split.

15. Reserves

Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into New Zealand Dollars are recorded in other comprehensive income and accumulated in the foreign currency translation reserve.

Share based payment reserve

Share based payment reserve is used to record the value of share-based payments provided to employees, including key management personnel as part of their remuneration.

16. Segment reporting

The Chief Executive Officer and members of the senior management team are the Group's chief operating decision makers. They have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms a single operating segment, the development and deployment of mobile payment solutions. The segment result is reflected in the continuing operations financial statements. Prior to the sale of the Run The Red business the Group had a second operating segment, text messaging, the segment result of which is reflected in discontinued operations.

a) Geographical information

The Group operated principally in the United States for the year ended 31 March 2016, of which over 90% of its revenue from continuing operations in generated.

17. Subsidiaries

	Country of incorporation	Ownership	
Name		**2016**	**2015**
eChurch Inc	United States	100%	100%
Pushpay Inc	United States	100%	100%
Pushpay IP Limited	New Zealand	100%	100%
Pushpay Pty Limited	Australia	100%	100%
Pushpay Trustees Limited	New Zealand	100%	100%
Pushpay NZ Limited (formerly Run The Red Limited)	New Zealand	100%	100%
ZipZap Processing Inc	United States	100%	100%
Pushpay Limited (not trading)	New Zealand	100%	100%

All companies have a 31 March balance date.

18. Related parties

The Group has a related party relationship with its directors.

(a) Loans to directors

Loans include transactions under the Employee Share Scheme are limited recourse and are not recognised on the balance sheet. A new loan was made during the year to Graham Shaw of $66,000 in relation to the Employee Share Scheme. Geelong Investments Limited (a company for which Bruce Gordon provides services) had an outstanding balance of $50,000 (2015: $65,000) after repaying $15,000 during the year.

(b) Remuneration

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include the Directors, the Chief Executive Officer and senior management team.

The following table summarises remuneration paid to key management personnel:

	2016	2015
	$'000	$'000
Directors' fees	157	67
Short term employee benefits	2,638	1,291
Share based payments	40	28

(c) Standby loan facility

On 16 March 2015, Christoper & Banks Private Equity V Limited, a company in which Director Christopher Huljich and Peter Huljich (Alternate Director for Christopher Huljich - resigned 17 May 2016) have beneficial ownership, provided a standby facility of up to $4.0m. No amounts were drawn on that facility during the year.

19. Financial risk management

The Group is subject to a number of financial risks including liquidity risk, credit risk and market risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Specific risk management objectives and policies are set out below:

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity.

The capital structure of the Group consists of shares, comprising issued capital and retained losses.

The Group's board of directors reviews the capital structure on a regular basis to ensure that entities in the Group are able to continue as going concerns. The Group is not subject to externally imposed capital requirements.

(b) Interest rate risk

The Group's interest rate risk arises from its cash balances. These are placed on deposit at variable rates that expose the Group to cashflow interest rate risk. The Group does not enter into forward rate agreements.

The Group's management regularly reviews its banking arrangements to ensure the best returns on funds.

	2016	2015
	$'000	$'000
Variable rate instruments		
Financial assets - cash and cash equivalents and restricted cash balances	14,294	324
	14,294	324

Cash at the bank is subject to floating interest rate risk. During the year interest rates ranged from 0%-2.0% (2015: 0%-4.1%).

As at 31 March 2016 if interest rates had been 1% higher/lower with all other variables held constant, the impact on interest income and net loss of the Group would have been $45,000 higher/lower (2015: $21,000 higher/lower).

(c) Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk principally consist of cash and accounts receivable. The Board monitors and manages the exposure to credit risk by ensuring the customers have an appropriate credit history.

The maximum exposures to credit risk at the balance date are:

	2016	2015
	$'000	$'000
Accounts receivable	1,475	999
Cash and cash equivalents and restricted cash balances	14,294	324

The Group does not require any collateral or security to support financial instruments. As at 31 March 2016, accounts receivable includes an amount of $436,000 due from a 3rd party relating to the disposal of the Run The Red business. The Group's bank accounts are held with ASB Bank, City National Bank and Wells Fargo Bank.

(d) Liquidity risk management

Liquidity risk is the risk that the Company or the Group cannot pay contractual liabilities as they fall due. During the year the Company raised $32,595,000 by way of a Private Placement and an Entitlement Offer. Following receipt of these proceeds the Company had sufficient cash to meet its requirements. The Board regularly reviews its liquidity position by examining future cash requirements.

All financial liabilities of the Group for 31 March 2016 and 31 March 2015 are non-interest bearing and mature within 3 months of balance sheet date.

The Group has secured a standby facility from Christopher & Banks Private Equity V Limited for an amount up to $4 million. Interest is payable on drawn amounts at ASB Bank commercial lending rates plus 1.5% and the facility is unsecured. Repayment is to occur not later than 30 June 2016 unless otherwise agreed between the parties (see Notes 18 and 23). As at 31 March 2016 no draw down had occurred.

(e) Foreign currency risk

The Group is exposed to foreign currency movements against the New Zealand Dollar as it has significant United States operations.

As a result the financial statements can be affected by movements in United States Dollar rates.

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. As at 31 March 2016, had the New Zealand Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and loss and equity would have been affected as follows:

	2016	2015
Increase in value of NZ Dollar of 10 percent	**$'000**	**$'000**
Impact on profit or (loss)	40	18
Impact on equity	40	18
Decrease in value of NZ Dollar of 10 percent		
Impact on profit or (loss)	33	(22)
Impact on equity	33	(22)

The sensitivity analysis was calculated by taking the spot rate as at balance date of 0.6913 (2015: 0.7490) for United States Dollars and moving this spot rate by the reasonably possible movements of plus and minus 10 percent and then re-converting the foreign currency into New Zealand Dollars with the "new spot rate". This methodology reflects the translation methodology undertaken by the Group.

(f) Fair value of financial instruments

The carrying value of cash and cash equivalents, trade receivables, trade payables and accruals are assumed to approximate their fair values due to the short term maturity of these assets and liabilities.

All financial assets of the Group are classified as loans and receivables and all financial liabilities are carried at amortised cost.

20. Discontinued operations

In the previous financial year, the Group acquired Run The Red, a mobile messaging business, for a consideration of $4,500,000. The acquisition gave rise to goodwill of $2,423,000. On 31 March 2016 the Group sold Run The Red for an aggregate value of $4,500,000 before working capital adjustments. The segment was not a discontinued operation or classified as held for sale prior to at 31 March 2015. The comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

	2016	2015
	$'000	$'000
Results of discontinued operation		
Revenue	4,001	3,061
Expenses	(3,610)	(2,917)
Results from operating activities	391	144
Tax expense	-	-
Results from operating activities before tax	391	144
Gain on sale of discontinued operation	180	-
	571	144
Deferred tax credit on disposal	259	-
Profit (loss) for the year	830	144
Basic and diluted loss per share (New Zealand Dollars)	0.003	0.003

The profit from discontinued operations of $830,000 (2015: profit of $144,000) is attributable entirely to the owners of the Company.

	2016	2015
	$'000	$'000
Cash flows from (used in) discontinued operation		
Net cash from operating activities	638	595
Net cash used in investing activities	(2)	(16)
Net cash flows for the year	636	579

	2016
	$'000
Effect of disposal on the financial position of the Group	
Property, plant and equipment	50
Intangible assets	1,477
Goodwill	2,423
Trade and other receivables	784
Cash and cash equivalents	39
Trade and other payables	(517)
Net assets and liabilities	4,256
Consideration received, satisfied in cash	4,000
Cash and cash equivalents disposed	(39)
Net cash inflow	3,961

21. Reconciliation of net loss with cash flows from operating activities

		2016	2015
	Notes	$'000	$'000
Net loss for the year		(19,395)	(7,478)
Adjustments for non-cash items:			
Depreciation		351	94
Loss on disposal, property, plant and equipment		52	3
Amortisation of development costs and intangibles		1,418	627
Gain on disposal of business activity	20	(439)	-
Share based payment expense	13	76	101
Non-cash expense relating to employee remuneration		-	424
Bad debts		-	113
Unrealised gain on foreign exchange		(231)	(163)
Deferred tax expense/(benefit)		259	(312)
Movements in working capital		(17,909)	(6,591)
Accounts receivable		(928)	(2,202)
Accounts payable and accruals		1,914	2.055
Provision for taxation		127	-
		1,113	(147)
Net cash inflow/(outflow) from operating activities		(16,796)	(6,738)

22. Subsequent events

There were no significant events between balance date and the date these financial statements were authorised for issue.

23. Going concern

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

The Group has recorded a net deficit of $19,395,000 for the year ended 31 March 2016 (2015: net deficit of $7,478,000), and as at balance date is in a net asset position of $20,186,000 (2015: net asset position of $6,871,000). The Group has no debt and at balance date had available cash of $12,181,000 (2015: $251,000).

With the Company continuing on a market growth strategy there is a requirement for additional capital to fund execution of the growth strategy and maximise shareholder value. The Directors believe that additional capital can be raised based on the Company's market capitalisation, strong operating performance and growth, and the Company's track record of successful capital raises. In the unlikely event that a capital raise could not be completed the Company has concluded that it could adjust its strategy and operations to continue operating for the foreseeable future, which is not less than twelve months from the date these financial statements are approved. That conclusion is based on forecasts which take in to account the available cash on hand, the recurring revenue streams of the business and the ability to adjust the level of investment in growth.

The Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the Company during the period of one year from the date these financials are approved and to circumstances which they believe will occur after that date which could affect the validity of the going concern assumption.

24. Contingent liabilities

As at the balance date there were no material contingent liabilities (2015: Nil).

25. Capital commitments and operating lease commitments

As at the balance date there were no material capital commitments (2015: Nil).

Non-cancellable operating lease commitments where the Group is a lessee in relation to leases of office space are:

	2016	2015
	$'000	$'000
Less than one year	2,286	416
After one year but not more than five years	12,717	1,323
More than 5 years	3,258	
	18,261	1,739

Non-cancellable operating lease receivables where the Group is a lessor in relation to sub-leases of office space are:

	2016	2015
	$'000	$'000
Less than one year	374	-
After one year but not more than five years	943	-
	1,317	-

Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PUSHPAY HOLDINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Pushpay Holdings Limited and its subsidiaries ('the Group') on pages 13 to 43, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of 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, International Financial Reporting Standards and generally accepted accounting practice in New Zealand, and for such internal control as the Board of 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 Responsibilities

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 and 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall 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 auditor of these consolidated Financial Statements, the review of the Interim Financial Statements and the provision of taxation services, we have no relationship with or interests in Pushpay Holdings Limited or any of its subsidiaries. These services have not impaired our independence as auditor of the Group.

Opinion

In our opinion, the consolidated financial statements on pages 13 to 43 present fairly, in all material respects, the financial position of Pushpay Holdings Limited and its subsidiaries as at 31 March 2015, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards, International Financial Reporting Standards and generally accepted accounting practice in New Zealand.

Deloitte

Deloitte
Chartered Accountants
27 May 2015
Auckland, New Zealand

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Group 2015 $'000	Group 2014 $'000
Revenue			
Operating Revenue		4,788	316
Other Income		113	12
Total Revenue and Other Income	3	4,901	328
Product development and maintenance		(2,433)	(323)
Direct costs, sales & marketing		(6,025)	(724)
General and other administration		(4,233)	(919)
Total Expense	4	(12,691)	(1,966)
Loss before income tax		(7,790)	(1,638)
Income tax expense	5	312	-
Loss for the year after tax		(7,478)	(1,638)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations		(99)	34
Total comprehensive loss for the year attributable to the shareholders of the Company		(7,577)	(1,604)
Earnings/(loss) per share			
Basic and diluted (loss) per share (cents) (post share subdivision)	14	(16.20)	(6.10)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Share Capital $'000	Foreign Currency Translation Reserve $'000	Share Based Payment Reserve $'000	Accumulated Losses $'000	Total Equity $'000
GROUP						
Balance as at 1 April 2013 (unaudited)		979	5	-	(573)	411
Comprehensive loss						
Loss for the year		-	-	-	(1,638)	(1,638)
Currency translation movements		-	34	-	-	34
Total comprehensive income/(loss)		-	34	-	(1,638)	(1,604)
Transactions with owners						
Issue of shares	12	885	-	-	-	885
Capital raising costs	12	(4)	-	-	-	(4)
Share based payments	13	-	-	92	-	92
Balance as at 31 March 2014 (audited)		1,860	39	92	(2,211)	(220)
Balance as at 1 April 2014 (audited)		1,860	39	92	(2,211)	(220)
Comprehensive loss						
Loss for the year		-	-	-	(7,478)	(7,478)
Currency translation movements		-	(99)	-	-	(99)
Total comprehensive income/(loss)		-	(99)	-	(7,478)	(7,577)
Transactions with owners						
Issue of shares	12	12,690	-	-	-	12,690
Conversion of preference shares	12	2,000	-	-	-	2,000
Capital raising costs	12	(123)	-	-	-	(123)
Share based payments	13	-	-	101	-	101
Balance as at 31 March 2015 (audited)		16,427	(60)	193	(9,689)	6,871

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	Group 2015 $'000	Group 2014 $'000
Assets			
Current assets			
Cash and cash equivalents	8	324	2,746
Trade and other receivables	9	2,274	185
Total current assets		2,598	2,931
Non-current assets			
Property, plant and equipment	6	572	64
Intangible assets	7	3,945	803
Goodwill	7	2,423	-
Total non-current assets		6,940	867
Total assets		9,538	3,798
Liabilities			
Current liabilities			
Trade and other payables	10	2,498	351
Employee benefits	11	169	24
Preference shares	12	-	2,000
Capital contributions in advance	22	-	1,643
Total current liabilities		2,667	4,018
Total non-current liabilities		-	-
Total liabilities		2,667	4,018
Net (liabilities)/assets		6,871	(220)
Equity			
Share capital	12	16,427	1,860
Foreign currency translation reserve	15	(60)	39
Share based payment reserve	15	193	92
Accumulated losses		(9,689)	(2,211)
Total equity/(deficit)		6,871	(220)

The accompanying notes form part of these financial statements.

For and on behalf of the Board on 27 May 2015.

Bruce Gordon
Chairman

Chris Heaslip
Chief Executive and Executive Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Group 2015 $'000	Group 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to):			
Receipts from customers		3,496	204
Payment to suppliers & employees		(10,320)	(1,467)
Interest received		86	-
Net cash inflow/(outflow) from operating activities	21	(6,738)	(1,263)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to):			
Proceeds from sale of property, plant and equipment		1	2
Purchase of property, plant and equipment		(552)	(53)
Capitalised development costs and intangible assets		(1,432)	(644)
Purchase of business – Run The Red	20	(3,600)	-
Restricted cash balances		(73)	-
Net cash inflow/(outflow) from investing activities		(5,656)	(695)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from (applied to):			
Issue of ordinary shares (net of costs)		10,000	816
Issue of preference shares		-	2,000
Capital received in advance		-	1,643
Repayment of shareholder advances		-	(60)
Net cash inflow/(outflow) from financing activities		10,000	4,399
Net increase/(decrease) in cash held		(2,394)	2,441
Foreign currency translation adjustment		(101)	34
Add cash and cash equivalents at start of year		2,746	271
Balance at end of year	8	251	2,746
COMPRISED OF:			
Cash and cash equivalents		251	2,746
Plus restricted cash balances		73	-
Total cash and cash equivalents on hand	8	324	2,746

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. Corporate information

Pushpay Holdings Limited (the "Company" or "Pushpay") is a limited liability company, domiciled and incorporated in New Zealand and registered under the Companies Act 1993. The registered office of the Company is Ground Floor, Microsoft House, 22 Viaduct Harbour Avenue, Auckland 1010, New Zealand.

The financial statements presented are for Pushpay and its subsidiaries (together, the "Group") for the year ended 31 March 2015.

Pushpay is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and is listed on the NZX Alternative Market ("NZAX").

The financial statements for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Directors on 27 May 2015.

The Group's principal activity is the provision of a platform for mobile commerce and electronic payments, text messaging servicing and tools for merchants to engage with consumers.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS").

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to each period presented, unless otherwise stated.

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

The financial statements are presented in thousands of New Zealand Dollars.

(b) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. There are areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements.

Determination of functional currency

NZ IAS 21 The Effects of Changes in Foreign Exchange Rates defines the functional currency as the currency of the primary economic environment in which an entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. The majority of sales are in New Zealand Dollars. The Directors have concluded that the New Zealand dollar is the functional currency of the Company.

Key sources of estimation uncertainty and key judgments

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates are in the relevant notes to the financial statements.

Key sources of estimation, uncertainty and judgment include:

- The application of the going concern assumption (see Note 24);
- Whether the intangible assets to which the development expenditure relate are not economically viable in the future and the development expenditure asset could therefore be overstated (see Note 7);
- Determining the fair value of a share based payment made to employees and directors require management to exercise their judgment as to the fair value of the shares issued (see Note 13);
- Determining the average contract life of a customer using a mobile payment service for purposes of spreading the cost of acquisition and free service periods for that customer (see Note 9); and
- Determining the recoverable amount for the cash generating unit for the calculation of goodwill (see Note 7).

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

(c) Changes in accounting policies and disclosures

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

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Group. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has the rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are consolidated from the date the Company obtains control. They are de-consolidated from the date that control is lost. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for an acquisition is measured as the fair value of the assets given by the Group, equity instruments issued and liabilities incurred or assumed by the Group at the date of exchange. Costs directly attributable to the acquisition are recognised in the income statement.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Intra-Group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in New Zealand Dollars, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using a monthly exchange rate set at the start of each month as an estimate of the exchange rate prevailing at the dates of transactions based on monthly exchange rates. 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 or loss.

(iii) Foreign operations

The results and financial position of all foreign operations that have a functional currency different from New Zealand Dollars are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each profit and loss component of the statement of comprehensive income are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised as other comprehensive income and accumulated in the foreign currency transaction reserve.

(f) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services, excluding Goods and Services Tax, Value Added Tax, rebates and discounts. Revenue is recognised as follows:

(i) Provision of services

(a) Subscriptions

The provision of services is recognized in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(b) Merchant fees

Revenues from merchant fees are recognised on a gross basis when the customer has an obligation to pay transaction fees on the related through-put, via the interchange merchant. Associated costs payable to processing banks are classified as expenses.

Revenue in advance represents amounts billed to customers in advance of the provision of services and are accounted for as a liability.

(ii) Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(iii) Interest

Interest revenue is accrued on a time basis by reference to the principal outstanding and using the effective interest rate method.

(iv) Charity revenue

Funds received from suppliers on behalf of charities are not treated as revenue but held under agency as restricted funds until paid to charities. No deductions are made or commissions earned on these funds.

(g) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the profit or loss component of the statement of comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of the previous year.

Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

(h) Goods and Services Tax (GST)

Assets, liabilities, revenues and expenses are stated exclusive of GST, with the exception of receivables and payables, which include GST.

(i) Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(j) Leases

Leases in which the Group is the lessee and where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business and measured at amortised cost less any impairment. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(m) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from other suppliers. Accounts payable are classified as current liabilities if it is expected to settle the liability in its normal operating cycle. If not, they are presented as non-current liabilities.

(n) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis so as to write off the cost of the asset over its expected useful life to its estimated residual value. The following estimates of useful lives are used in the calculation of depreciation.

Category	Estimated useful life
Office equipment	5 years
Computer equipment	3 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

(o) Intangible assets

Research costs are expensed as incurred.

Costs associated with maintaining internal computer software programs are recognised as an expense incurred. Costs that are directly associated with the development of the software products controlled by the Group are recognised as intangible assets only if all the following criteria are met:

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

Directly attributable costs that are capitalised as part of the capitalised software development costs include the software development employee costs. Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Other intangible assets acquired are initially measured at cost. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the profit and loss in the year in which the expenditure is incurred.

The useful lives of the Group's intangible assets are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the intangible asset, from the date it is available for use.

The estimated useful lives are:

Trademarks/patents	10 years
Software development costs	3-5 years
Customer contracts	3 years

(p) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(q) Impairment of non-financial assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

(r) Employee Benefits

(i) Entitlements

Provision is made for benefits accruing to employees in respects of wages and salaries, annual leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(ii) Employee share scheme

The Group operates an equity settled, share based plan, under which selected employees are issued shares using funds lent to them by the Company. The amount is determined by reference to the fair value of the shares issued.

(s) Earnings per share

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

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

(ii) Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares on issue for the effects of any shares held as treasury stock.

(t) Share capital

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(u) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Chief Executive Officer and senior management team (who is the entity's Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group currently operates in two operating segments providing text messaging and mobile payment solutions primarily in New Zealand and the United States. Geographical information is produced in Note 16.

(v) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 13. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period. At the end of each reporting period, the Group revises its fair value estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss over the remaining vesting period, with a corresponding adjustment to the equity-settled share-based payment reserve.

(w) Statement of cash flow

For the purpose of the statement of cash flow, cash and cash equivalents includes cash on hand in banks and investments in money market instruments net of outstanding bank overdrafts.

The statement of cash flow is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive income.

Definition of terms used in the cash flow statement:

(i) Operating activities include all transactions and other events that are not investing or financing activities.

(ii) Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

(iii) Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity.

(x) Adoption of new revised standards and interpretations

NZ IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018) – This standard addresses the requirements for classification and measurements of financial asset and financial liabilities, impairment methodology and general ledger accounting. The standard is not expected to have a material impact on the Group financial statements. The Group will adopt the standard for the year ending 31 March 2019.

NZ IFRS 15 Revenue from contracts with customers (effective for accounting periods beginning on or after 1 January 2017). This standard addresses recognition of revenue from contracts with customers and replaces the current revenue recognition guidance in IAS 18 Revenue. The Group is yet to assess NZ IFRS 15 for its full impact on the Group financial statements. The Group will adopt the standard for year ending 31 March 2018.

There are a number of other amendments to accounting standards as part of the ongoing improvement process. None of these changes is expected to have a significant impact on the Company or the Group.

(y) Accounting policies adopted since 31 March 2014

- **Revenue recognition**
  The current policy has been extended to include policies on receipt of merchant fees and charity revenue (see Note 2(f)).
- **Goodwill and impairment**
  With the purchase of the Run The Red business a goodwill and impairment policy has been adopted (see Notes 2(p) and 2(q)).

3. Revenues and other income

	Group	
	2015	**2014**
	$'000	**$'000**
Revenue from sale of services	4,788	316
Government grants	27	12
Interest received	86	-
	4,901	328

4. Expenses

	Group 2015 $'000	Group 2014 $'000
Operating expenses include:		
Amortisation of intangible assets	627	90
Bad debts	113	-
Depreciation of property, plant & equipment	94	10
Directors fees	67	5
Employee benefits – defined contribution expense	58	12
Employee benefits/entitlements	4,434	865
Fees paid to Auditors – audit of acquisition accounting	4	-
Fees paid to Auditors – audit of financial statements	25	16
Fees paid to Auditors – half year review	9	-
Fees paid to Auditors – tax services	5	-
Foreign Exchange (Gains)/Losses	(163)	44
Interest paid	1	2
Lease expenses	283	60
Loss on disposal of property, plant & equipment	3	-
Share based payments	101	92

5. Taxation

(a) Statement of comprehensive income:

	Group 2015 $'000	Group 2014 $'000
Current income tax expense	-	-
Deferred tax benefit	312	-

(b) Reconciliations of income tax expense to prima facie tax payable

Profit/(loss) before tax	(7,790)	(1,638)
Benefit at 28%	2,181	459
Non-deductible expenses	(49)	-
Taxation effect of temporary differences	62	-
Taxation rate variances on subsidiaries	35	-
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	312	-
Future benefit of tax losses not recognised	(2,229)	(459)
Income tax benefit	312	-

(c) Current tax assets and liabilities

Current tax refundable	24	-
Current tax payable	-	-

(d) Deferred tax balances

	Group employee benefits	Group depreciation and amortisation	Other timing differences	Group tax losses	Identifiable intangible assets	Group net
Deferred tax asset/liability balances:						
At 1 April 2014	6	(15)	(5)	14		-
Charged to income statements	36	(32)	(83)	338	53	312
Business acquisition	-	-	-	-	(312)	(312)
At 31 March 2015	42	(47)	(88)	352	(259)	0

The Group also has an unrecognised deferred tax asset arising from tax losses of $2,523,250. These are subject to confirmation by the Inland Revenue and subject to meeting the requirements of the Income Tax Act 2007. At the beginning of the year a shareholder continuity breach occurred resulting in a forfeiture of some available tax losses.

(e) Imputation credit account balances

Balance at 31 March 2015	24	-

The Group had estimated tax losses of $8,626,503 (2014: $1,638,576) at year end. In terms of the Income Tax Act 2007 losses up to 11 April 2014 of $1,045,988 are forfeited, due to breaches in the shareholder continuity rules. New shareholders have changed the Company ownership by more than 51%.

6. Property, plant and equipment

GROUP	Office Equipment $'000	Computer Equipment $'000	Total $'000
As at 31 March 2013			
Cost	4	23	27
Accumulated depreciation	-	(4)	(4)
Carrying amount at beginning of year	4	19	23
Year ended 31 March 2014			
Additions	17	36	53
Disposals	(1)	(1)	(2)
Depreciation	(1)	(9)	(10)
Carrying amount at end of year	19	45	64
As at 31 March 2014			
Cost	20	58	78
Accumulated depreciation	(1)	(13)	(14)
Carrying amount at end of year	19	45	64
Year ended 31 March 2015			
Additions	300	252	552
Acquisition of business	34	17	51
Disposals	(3)	(1)	(4)
Depreciation	(25)	(69)	(94)
Foreign exchange variation	1	2	3
Carrying amount at end of year	326	246	572
As at 31 March 2015			
Cost	352	328	680
Accumulated depreciation	(26)	(82)	(108)
Carrying amount at end of year	326	246	572

No impairment losses were recorded in 2015 or 2014.

7. Intangible assets and goodwill

	Customer Contracts & Brands $'000	Software Development $'000	Patent & Trademarks $'000	Goodwill $'000	Total $'000
Group cost					
Balance at 1 April 2013	-	243	6	-	249
Additions	-	586	58	-	644
Balance at 31 March 2014	-	829	64	-	893
Amortisation					
Balance at 1 April 2013	-	-	-	-	-
Amortisation	-	(84)	(6)	-	(90)
Balance at 31 March 2014	-	(84)	(6)	-	(90)
Net carrying value 31 March 2014	-	745	58	-	803
Group cost					
Balance at 1 April 2014	-	829	64	-	893
Additions	-	1,126	305	-	1,431
Acquisition of business	1,113	1,202	23	2,423	4,761
Balance at 31 March 2015	1,113	3,157	392	2,423	7,085
Amortisation					
Balance at 1 April 2014	-	(84)	(6)	-	(90)
Amortisation	(189)	(421)	(17)	-	(627)
Balance at 31 March 2015	(189)	(505)	(23)	-	(717)
Net carrying value 31 March 2015	924	2,652	369	2,423	6,368

The Group capitalises software development costs based on direct costs associated with the project and a proportion of employee costs that directly relate to software development. Amortisation is recognised as an expense in the statement of comprehensive income.

Software development relates to the continued development of the Company's mobile commerce and electronic payment software. During the year ended 31 March 2015 the Board reviewed the intangible assets and have determined that there is no evidence of impairment of any intangible assets including intangible assets not yet available for use. The calculation of the recoverable amounts has been determined based on a value in use calculation that uses cash flow projection based on financial forecast approved by management covering a three year period.

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's text messaging cash generating unit which represents the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of each cash generating unit is based on its value in use.

The carrying amount of goodwill is attributed to:

	Group 2015 $'000	Group 2014 $'000
Text messaging	2,423	-

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. Cash flows were projected based on a five year strategic business plan as approved by the Board of Directors. Cash flows are also dependent on assumptions on the EBITDA margins projected in the five year strategic business plan as approved by the Board of Directors.

As a result of the review, no impairment of goodwill was necessary (2014: nil).

Management has determined that the recoverable amount calculations are most sensitive to change in the assumptions as set out below. Post-tax discount rates of 20% have been applied in these projections. Cash flows for the five year period have been based on a detailed forecast produced by management. The recoverable amount is sensitive to the assumptions being achieved. If these assumptions are not achieved, it is possible that the recoverable amount of the goodwill will be less than the carrying value. If the post-tax discount rate were increased to 25%, and all other assumptions were held, the surplus in the impairment calculation would continue to remain positive. If the forecast cash flows in the impairment calculation were reduced by 10% and all the other assumptions were held, the surplus in the impairment calculation would remain positive. If all other assumptions were held constant the post tax discount rate would need to increase to 50% before any impairment would be incurred.

Key assumptions used in calculations for value in use for text messaging cash generating unit

	Group	
	2015	**2014**
Cash flow forecast period	5 years	-
Growth rate	2-14%	-
Discount rate	20%	-
Terminal year sales growth	2%	-

Key assumptions used in calculations for value in use for mobile payments cash generating unit

	Group	
	2015	**2014**
Cash flow forecast period	5 years	5 years
Growth rate	150-400%	150-300%
Discount rate	20%	20%
Terminal year sales growth	2%	2%

8. Cash and cash equivalents

	Group	
	2015 $'000	**2014 $'000**
Cash at bank and on hand	251	2,746
Restricted cash balance – NZX Bond	20	-
Restricted cash balance – Charities (Note 20)	53	-
	324	2,746
As at 31 March 2015 the amounts held in foreign currencies were as follows:-		
US Dollars	100	25
Australian Dollars	9	1

9. Trade and other receivables

	Group	
	2015	2014
	$'000	$'000
Gross trade receivables	599	18
Provision for impairment of receivables	(118)	-
Net trade receivables	481	18
Prepayments	908	50
Other receivables	425	117
Charity revenue (Note 20)	460	-
Total trade and other receivables	2,274	185

Aging analysis

The aging analysis of these trade receivables is as follows:

	Group	
	2015	2014
	$'000	$'000
1-60 days	410	12
61-90 days	61	-
91+ days	128	6
	599	18

Trade and other receivables

The average credit period for sales of services is 45 days (2014: 21 days). The provision for impairment of receivables has been determined on specific balances by management based on likelihood of recovery. In accepting a new customer the Group assesses the customer's credit quality and reviews credit performance monthly. Of the trade receivable balances at end of year $144,531 (2014: $6,903) representing 24% (2014: 38%) are due from three largest customers, are not impaired and considered to be a low credit risk.

Past due but not impaired trade receivables

Included in the trade receivables balance are debtors amounting to $134,187 (2014: $7,058) which are past due but not impaired at balance date.

Impaired receivables

As at 31 March 2015 trade receivables with impairment in respect of the Group amounts to: $118,180. (2014: Nil).

Movement in provision for impairment of receivables

	Group	
	2015	2014
	$'000	$'000
Balance at 1 April	-	-
Impaired receivables recognised	113	-
Net foreign currency exchange differences	5	-
Balance at 31 March	118	-

Average customer contract life

In determining the average customer contract life using a mobile payment service, management has considered elements relevant to the term of customer contracts and customer churn. For the current year this has been set at 12 months. Customer acquisition costs and free service periods have been amortised over this period. Amounts still to be amortised are included in prepayments. This does not apply to customers using the text messaging services.

10. Trade and other payables

	Group	
	2015	2014
	$'000	$'000
Trade payables	525	114
Other payables and accrued expenses	884	21
Grant revenue in advance	180	216
Deferred payment from business acquisition	400	-
Charity revenue (Note 20)	509	-
	2,498	351

Trade and other payables

The average credit period on purchases of services represents an average of 26 days credit (2014: 36 days credit). The Group has financial risk average net policies in place to ensure that all payables are met within reasonable terms and conditions.

Grant revenue in advance is the amount yet to be amortised to revenue based on the estimated life of the software development to which the grant relates.

11. Current employee benefits

	Group	
	2015	2014
	$'000	$'000
Liability for annual and long service leave	169	24
	169	24

12. Share capital

	Group	
	Number of shares 000's	$'000
Balance at 1 April 2013	1,373	979
Movements during year		
Issue of shares	209	820
Share issue costs	-	(4)
Capital raised on employee share scheme		
Allotment	-	65
Balance at 31 March 2014	1,582	1,860
Movements during the period		
Preference shares converted to ordinary shares	384	2,000
Issue of shares	261	2,779
Issue of shares to Pushpay Trustees Limited	4	-
Share issue costs	-	(26)
Balance prior to share subdivision 3 June 2014	2,231	6,613
Share subdivision 3 June 2014 – 18.1554 per 1 share	40,500	-
Issue of shares	9,000	9,000
Issue of shares – purchase Run The Red	500	500
Share issue costs	-	(97)
Capital raised on employee share scheme allotment	-	510
Share buy back from employee share scheme	(343)	(99)
Issue of shares to Pushpay Trustees Limited	446	-
Balance as at 31 March 2015	50,103	16,427

The paid up capital comprises ordinary shares. The total number of ordinary shares on issue is 50,102,766 shares (2014: 1,582,675). The shares have no par value. All ordinary shares are issued and paid up except for 2015: 1,590,843. (2014: 1,568,260 allotted, 657,534 unallotted) shares held by Pushpay Trustees Limited. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

In January 2015 the Company acquired 343,484 shares as Treasury Stock and at the same time transferred these shares to Pushpay Trustees Limited for allocation to employees under the employee share scheme.

Preference shares

At 1 April 2014 the Company had 383,679 preference shares on issue at a total value of $2,000,000 classified as financial liabilities. On 26 May 2014 these shares were converted to ordinary shares and re-classified as equity at a rate of one ordinary share for each preference share.

13. Share based payments

In April 2013 the Group established an employee share scheme that entitles selected directors, executives and employees to purchase shares in the Company. In August 2014 this scheme was disestablished and replaced by a new scheme. Under this new scheme the ordinary shares in Pushpay are issued to a trustee, Pushpay Trustees Limited, a wholly owned subsidiary ("Trustee") and allocated to participants on a grant date using funds lent to them by the Company. All shares are held by the Trustee in accordance with the rules and trust deed of the scheme. The number of shares issued is determined by the Board.

Terms and conditions of grants are:

Grant date	Personnel entitled	Number of instruments	Terms and conditions	Outstanding loans as at 31/03/2015
1/04/2013	Employees	99,754	All shares vest on specified future date and are subject to loans repayable over three years	$25,000
1/02/2014	Employees	328,138	All shares vest on specified future date and are subject to loans repayable over three years	$72,916
11/02/2014	Director	87,563	All shares vest on specified future date and are subject to loans repayable over two years	$15,000
		145,951	All shares vest on specified future date and are subject to loans repayable over three years	$50,000
1/04/2014	Employees	264,674	All shares vest on specified future date and are subject to loans repayable over three years	$72,500
		81,336	All shares vest on specified future date and are subject to loans repayable over four years	$23,885
11/04/2014	Employees	137,177	All shares vest on specified future date and are subject to loans repayable over three years	$70,000
01/10/2014	Employees	346,250	All shares vest on specified future date and are subject to loans repayable over three years	$388,500
		100,000	All shares vest on specified future date and are subject to loans repayable over four years	$160,000
		1,590,843		$877,801

The Trustee holds 1,590,843 shares (2014: 3,095,008). All of these shares (2014: 1,646,860 shares) are held on behalf of employees and subject to repayment of employee loans. At 31 March 2015 (2014: nil) there were 264,888 shares paid for and not yet transferred to the employee by the share registry.

The number and grant price is as follows:

	2015		2014	
Company and Group	**Issue price ($)**	**Number of shares**	**Issue price ($)**	**Number of shares**
Total at 1 April	-	1,568,260	-	-
Granted during the year	0.343-0.381	492,300	0.401	324,200
Granted during the year	0.574-0.588	154,176	0.287	1,010,546
Granted during the year	1.000	300,000	0.343	233,514
Granted during the year	2.000	146,250		
		2,660,986		1,568,260
Less transferred to employees during year		(726,659)		-
Less share buy back		(343,484)		-
Total 31 March		1,590,843		1,568,260

The fair value of services received in return for the share granted is based on the fair value of share granted measured using a Black Scholes model with the following inputs:

Issue Date	01/04/2013*	01/02/2014*	11/02/2014*	1/04/2014	11/04/2014	1/10/2014
Estimated fair value per share at granted date	2.056	0.781	0.932	0.063-0.175	0.108-0.263	0.447-1.232
Exercise price per share	7.28	5.21	6.22	0.343	0.588	1.00-2.00
Expected volatility	40%	40%	40%	40%	40%	40%
Risk free interest rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Expected volatility was estimated by reference to the volatility of listed equity securities for businesses of a similar nature to the Company operating in the technology industry. All prices and number of shares have been adjusted for share subdivision on 3 June 2014.

Operating expenses

	2015 $'000	2014 $'000
Share based payment expense	101	92

14. Earnings per share

The loss of $7,478,621 (2014: $1,638,576) represented a loss per share shown below based on weighted average ordinary shares on issue during the year.

	Group	
	2015	2014
Number of issued ordinary shares	50,102,766	28,734,098
Weighted average ordinary shares issued	46,154,362	26,835,907
Basic and diluted loss per share (cents)	16.20	6.10

Calculated on a weighted average basis of the number of shares on issue. Diluted loss per share is the same as basic loss per share. For 2015 there are no instruments that could potentially dilute basic earnings per share. For 2014 there were preference shares which were later converted to ordinary shares, but were not included in the calculation of diluted earnings per share for that period.

15. Reserves

Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into New Zealand Dollars are brought to account by entries made directly to the foreign currency translation reserve.

Share based payment reserve

Share based payment reserve is used to record the value of share-based payments provided to employees, including key management personnel as part of their remuneration.

16. Segment reporting

a) Text messaging

Primarily operates under the subsidiary, Run The Red Limited integrating text messaging with core business applications using an SMS Gateway and facilitates personalised communication and other mobile commerce experiences.

b) Mobile payments

Primarily operates under E-Church Inc and Zip Zap Processing Inc in the USA faith market delivering mobile payment solutions between consumers and merchants using software and applications owned by a New Zealand subsidiary.

2015 (000's)	Text messaging	Mobile payments	Corporate	Group
Income Statement				
Sales to External customers	3,057	1,731	-	4,788
Interest	-	-	86	86
Government grants	-	27	-	27
	3,057	1,758	86	4,901
Profit/(loss) before depreciation, amortisation and tax	574	(5,197)	(2,444)	(7,067)
Depreciation & Amortisation	(404)	(276)	(43)	(723)
Net Profit/(Loss) before tax	170	(5,473)	(2,487)	(7,790)

Geographical information	2015	2014
Operating revenues (000's)		
New Zealand	3,083	24
United States	1,705	292
	4,788	316

The assets and liabilities of the Group are reported to and reviewed by the Chief Operating Decision Maker in total and not allocated by operating segment. The necessary information is not available and the cost to develop would be excessive. Therefore operating segment assets and liabilities are not disclosed.

Revenue is allocated to geographical segments based on where the sale is recorded. For the year ended 31 March 2014 there was only one operating segment - mobile payments.

17. Subsidiaries

Name	Country of Incorporation	Ownership 2015	2014
eChurch Inc	United States	100%	100%
Pushpay Inc	United States	100%	100%
Pushpay IP Limited	New Zealand	100%	100%
Pushpay Pty Limited	Australia	100%	100%
Pushpay Trustees Limited	New Zealand	100%	100%
Run The Red Limited (formerly Pushpay Limited)	New Zealand	100%	100%
ZipZap Processing Inc	United States	100%	100%
Pushpay Limited (not trading)	New Zealand	100%	-

All companies have a 31 March balance date.

18. Related parties

The Group has a related party relationship with its directors and executive officers.

(a) Loans to directors and executive

	Interest Paid		Balances outstanding	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Directors executive	-	-	-	60
Directors non-executive	-	2	65	80

Loans include transactions under the employee share scheme (see Note 13). None of the balances are secured. No amounts have been written off or forgone during the year.

(b) Remuneration

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include the Chief Executive Officer and senior leadership team.

The following table summarises remuneration paid to key management personnel:

	Group	
	2015	2014
	$'000	$'000
Directors' fees	67	5
Short term employee benefits	1,291	410

(c) Shareholding and other transactions

Directors of the Group and their immediate relatives control 73.58% (2014: 81.98%) of the voting shares.

On 11 April 2014 new capital was raised totaling $2,778,910. The following directors participated in this issue:-

- Christopher Huljich through beneficial ownership in Christopher & Banks Private Equity V Limited: $1,008,280

- Christopher Huljich through beneficial related ownership in other entities: $580,000
- Rodney Macdonald through beneficial related ownership in Sol Solis Trust: $120,160
- Rodney Macdonald through direct ownership $17,317

On 9 May 2014 Christopher & Banks Private Equity V Limited entered into an underwriting agreement with the Company to underwrite a capital raise of $9,000,000 for nil consideration. As the capital raise was oversubscribed the arrangement was not required.

On 11 June 2014 Pushpay Trustees Limited transferred the following shares to the following directors as beneficial owners:-

- Christopher Heaslip through beneficial ownership in Dorchester Trust: 263,843 shares
- Eliot Crowther through beneficial ownership in Crowther Family Trust: 263,843 shares

On 11 June 2014, Pushpay Trustees Limited transferred 137,109 shares to Geelong Investments Limited, which is the entity for which Bruce Gordon provides services.

On 4 July 2014 new capital was raised totaling $9,000,000. The following directors participated in this issue:-

- Christopher Huljich through beneficial ownership in Christopher & Banks Private Equity V Limited: $2,201,000
- Christopher Huljich through beneficial related ownership in other entities: $1,969,000

On 30 September 2014 Pushpay Trustees Limited transferred the following shares to the following director as beneficial owner:-

- Rodney Macdonald through direct ownership: 156,808 shares

On 30 October 2014 2015 Pushpay Trustees Limited repurchased from Rodney Macdonald 113,250 shares for a consideration of $32,500.

On 24 November 2014 Rodney Macdonald sold 277,777 shares for a consideration of $499,998.

On 16 March 2015 Christopher & Banks Private Equity V Limited provided a standby facility to the Company of up to $4.0 million (see Note 19).

On 31 March 2015 Pushpay Trustees Limited transferred to Geelong Investments Limited (a company for which Bruce Gordon provides services) 43,781 shares

Key management of the Group had the following share transactions:

On 30 September 2014 Pushpay Trustees Limited transferred the following shares to the following key management:-

- Paul Shingles (Chief Operations Officer) through direct ownership 121,962 shares
- Tim Abare (Senior Vice President Partnerships) through direct ownership 17,000 shares
- Jason Glover (Chief Technology Officer) through direct ownership 78,594 shares

On 24 November 2014 Paul Shingles from direct ownership sold 90,000 shares

On 29 January 2015 shares were allocated under the employees share scheme to the following key management:-

- Tim Abare 101,997 shares
- Noah Hickey 300,000 shares
- Derrell Hunter 100,000 shares

On 31 March 2015, Pushpay Trustees Limited transferred the following shares to the following key management:-

- Paul Shingles through direct ownership 52,269 shares
- Tim Abare through direct ownership 16,999 shares
- Derrell Hunter (former Chief Financial Officer) though direct ownership 20,000 shares

19. Financial risk management

The Group is subject to a number of financial risks including liquidity risk, credit risk and market risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Specific risk management objectives and policies are set out below:

(a) Capital risk management

The Group manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of debt and equity.

The capital structure of the Group consists of shares, comprising issued capital and retained losses.

The Group's board of directors reviews the capital structure on a regular basis to ensure that entities in the Group are able to continue as going concerns.

The Group is not subject to externally imposed capital requirements.

(b) Interest rate risk

The Group's interest rate risk arises from its cash balances. These are placed on deposit at variable rates that expose the Group to cashflow interest rate risk. The Group does not enter into forward rate agreements.

The Group's management regularly reviews its banking arrangements to ensure the best returns on funds.

	Group	
	2015	**2014**
Variable rate instruments	**$'000**	**$'000**
Financial assets - cash and cash equivalents	324	2,746
	324	2,746

Cash at the Bank is subject to floating interest rate risk during the year ranged from 0%-4.1% (2014: nil).

As at 31 March 2015 if interest rates had been 1% higher/lower with all other variables held constant, the impact on interest income and net loss of the Group would have been $21,000 higher/lower (2014: nil).

(c) Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk principally consist of cash and accounts receivable. The Board monitors and manages the exposure to credit risk by ensuring the customers have an appropriate credit history.

The maximum exposures to credit risk at the balance date are:

	Group	
	2015	2014
	$'000	$'000
Accounts receivable	1,366	132
Cash and cash equivalents	324	2,746

The Group does not require any collateral or security to support financial instruments. As at 31 March 2015, accounts receivable includes an amount of $144,531 due from three customers (all paid subsequent to year end) and the Groups bank accounts are held with ASB Bank and City National Bank. Otherwise the Group does not have any other concentrations of credit risk.

(d) Liquidity risk management

Liquidity risk is the risk that the Company or the Group cannot pay contractual liabilities as they fall due. During the year the Company raised $12,689,847 by way of private placement. Following receipt of these proceeds the Company had sufficient cash to meet its requirements. The Board regularly reviews its liquidity position by examining future cash requirements.

The following table details the Group's contractual maturity for its non-derivative financial liabilities:-

	Less than 1 month	1-3 months	Total	Carrying Amount
31 March 2014	$'000	$'000	$'000	$'000
Non-interest bearing	114	-	114	114
Preference shares	-	2,000	2,000	2,000
	114	2,000	2,114	2,114

	Less than 1 month	1-3 months	Total	Carrying Amount
31 March 2015	$'000	$'000	$'000	$'000
Non-interest bearing	525	-	525	525
Deferred payment from business acquisition	-	400	400	400
Charity revenue	-	509	509	509
	525	909	1,434	1,434

The Group has secured a standby facility from Christopher & Banks Private Equity V Limited for an amount up to $4.0 million. Interest is payable on drawn amounts at ASB Bank commercial lending rates plus 1.5% and the facility is unsecured. Repayment is to occur not later than 30 June 2016 unless otherwise agreed between the parties (see Notes 18 and 24).

As at 31 March 2015 no draw down had occurred.

(e) Foreign currency risk

The Group is exposed to foreign currency movements against the New Zealand Dollar. The US and Australian operations are funded directly from New Zealand and will require continual funding for at least the next twelve months.

As a result the financial statement can be affected by movements in these rates. During this time the foreign currency risk will increasingly be mitigated by repatriation of revenues in the US.

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. As at 31 March 2015, had the New Zealand Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and loss and equity would have been affected as follows:

	Group	
	2015	2014
	$'000	$'000
Increase in value of NZ Dollar of 10 percent		
Impact on profit or (loss)	18	(11)
Impact on equity	18	(11)
Decrease in value of NZ Dollar of 10 percent		
Impact on profit or (loss)	(22)	14
Impact on equity	(22)	14

The sensitivity analysis was calculated by taking the spot rate as at balance date of 0.7490 (2014: 0.8663) for US Dollars and moving this spot rate by the reasonably possible movements of plus and minus 10 percent and then re-converting the foreign currency into New Zealand Dollars with the "new spot rate". This methodology reflects the translation methodology undertaken by the Group.

(f) Fair value of financial instruments

The carrying value of cash and cash equivalents, trade receivables, trade payables and accruals are assumed to approximate their fair values due to the short term maturity of these assets and liabilities.

Set out below is the designation by category of the carrying amounts of the Group's financial instruments.

	Trade and Receivables $'000	Financial Liabilities at Amortised Cost $'000	Total Carrying Value $'000
Group – year ended 31 March 2014			
Assets			
Trade and other receivables	135		135
Cash and cash equivalents	2,746		2,746
Total financial assets	2,881		2,881
Liabilities			
Trade and other payables		114	114
Capital in advance and preference shares		3,643	3,643
Total financial liabilities		3,757	3,757
Group – year ended 31 March 2015			
Assets			
Trade and other receivables	1,366		1,366
Cash and cash equivalents	324		324
Total financial assets	1,690		1,690
Liabilities			
Trade and other payables		1,434	1,434
Total financial liabilities		1,434	1,434

g) Categories of financial assets and financial liabilities

Cash and cash equivalents, trade and other receivables are classified as loans and receivables. Trade and other payables, capital contributions in advance and preference shares are classified as financial liabilities at amortised cost.

20. Business combination

On 15 May 2014 Pushpay entered into an agreement for the purchase of all the assets from a text messaging service company, Run The Red Limited for settlement on 31 May 2014. Consideration was to be a maximum of $5,000,000 based on several variables and Pushpay has determined that the maximum purchase price will now be no more than $4,500,000. The business delivers over 150 million texts and other mobile messages per annum in New Zealand and other countries and enables the Group to deliver integrated mobile commerce communication and payments solutions to customers. The purchase price was satisfied or will be satisfied in cash from existing sources and the issue of new capital.

Assets were purchased at fair value consisted of:

	$'000
Patents and trademarks	23
Property, plant and equipment	51
Software	1,202
Customer contracts	680
Brand name	433
Deferred tax liabilities	(312)
Total identifiable net assets	2,077
Goodwill	2,423
Total consideration paid or payable	4,500
Consideration was paid or is payable in:	
Cash paid	3,600
Shares issued 4 July 2014	500
Payment due on 30 May 2015	400
	4,500

The goodwill arising from the acquisition reflects expected future synergies, integration and growth prospects of Run The Red Limited. The business contributed sales revenue and a net profit before amortisation to the Consolidated Statement of Comprehensive Income since acquisition of $3,057,000 and $574,000 respectively. Had the business been acquired at 1 April 2014 the sales revenue and net profit before amortisation are estimated at $3,652,000 and $652,000 respectively.

Transactions involving not for profit activity

Part of Run The Red Limited's activities involves the collection of charity revenues for on-forwarding to registered charities and organisations. As at 31 March 2015 the following balances relating to charities were included in these classifications:-

		Group	
		2015	2014
	Notes	$'000	$'000
Cash and cash equivalents	8	53	-
Trade and other receivables	9	460	-
Trade and other payables	10	509	-
Total collection of charity revenues during the year amounted to		1,147	-

21. Reconciliation of net profit/(loss) with cash flows from operating activities

		Group	
		2015	2014
	Notes	$'000	$'000
Net profit/loss for the year		(7,478)	(1,638)
Adjustments for non-cash items:			
Depreciation		94	10
Loss on disposal, property, plant and equipment		3	-
Amortisation of development costs and intangibles		627	90
Employee share scheme expenses	12	-	65
Share based payment expense	13	101	92
Non cash expense relating to employee remuneration		424	-
Bad debts		113	-
Deferred tax benefit		(312)	-
		(6,428)	(1,381)
Movements in working capital			
Accounts receivable		(2,202)	(165)
Accounts payable and accruals		1,892	283
		(310)	118
Net cash inflow/(outflow) from operating activities		(6,738)	(1,263)

22. Capital received in advance

During the period ended 31 March 2014 some of the new and existing shareholders paid before balance date monies for the issue of shares on 11 April 2014 amounting to $1,643,280. These funds were retained in short term deposits until the issue of new shares were completed on 11 April 2014.

23. Subsequent events

On 23 April 2015, Pushpay announced a pro-rata non renounceable entitlement offer of new ordinary shares to raise a total of $13.8 million. Under the offer, each eligible shareholder is entitled to apply for 1 new ordinary share for every 14 shares held by the eligible shareholder on the record date of 5 May 2015, at a subscription price of $3.85 per share. Certain interests associated with the Huljich and Bhatnagar families have agreed to take up their full entitlements under the offer. The balance of the offer is fully underwritten by a number of investors who have entered into subscription agreements with Pushpay for this purpose. The proceeds from the entitlement offer will be utilised to further develop Pushpay's product offering and as working capital to accelerate growth in international markets. Some of the proceeds may be used to repay any outstanding debt under the standby loan facility from Christopher & Banks Private Equity V Ltd. The entitlement offer was made to eligible shareholders on 12 May 2015, and will close on 28 May 2015. Allotment and issue of shares under the entitlement offer is expected to occur on 5 June 2015.

Pushpay has been approved to receive an R&D project grant from Callaghan Innovation for qualifying expenditure. The total possible allocation of $960,000 will be available over an 18 month period representing 40% of R&D spend.

Pushpay applied to NZX for permission to cease quotation of its shares on the NZAX, and to commence quotation of its shares on the NZX Main Board. NZX has approved Pushpay's application, subject to satisfaction of a number of pre-conditions set by NZX. Quotation of Pushpay's shares is expected to migrate to the NZX Main Board on 9 June 2015.

24. Going concern

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

The Group has recorded a net deficit of $7,478,621 for the year ended 31 March 2015 (2014: $1,638,576), and as at balance date is in a net asset position of $6,871,105 (2014: net deficit position of $220,050).

With the Company continuing on a market growth strategy there is a requirement for additional capital. The Company is in the process of undertaking an entitlement offer to raise $13.8 million to fund its working capital and ongoing obligations, as noted in Note 23. The going concern assumption is dependent on a successful capital raise and a $4.0 million loan facility which has been made available from Christopher & Banks Private Equity V Limited.

The Company has prepared forecasts which indicate that the $13.8 million in capital and up to $4.0 million in loan facility will enable the Group to continue operating for the foreseeable future which is not less than twelve months from the date these financial statements are approved.

The Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the Company during the period of one year from the date these financials are approved and to circumstances which they believe will occur after that date which could affect the validity of the going concern assumption.

25. Contingent liabilities

As at the balance date there were no material contingent liabilities (2014: nil).

26. Capital commitments and operating lease commitments

As at the balance date there were no material capital commitments (2014: nil).

Non-cancellable operating lease commitments are:

	Group	
	2015	2014
	$'000	$'000
Less than one year	416	46
After one year but not more than five years	1,323	-
	1,739	46

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
PUSHPAY HOLDINGS LIMITED

Report on the Financial Statements

We have audited the financial statements of Pushpay Holdings Limited and group on pages 6 to 26, which comprise the consolidated and separate statements of financial position of Pushpay Holdings Limited, as at 31 March 2014, the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year 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 Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibility for the Financial Statements

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

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

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

Other than in our capacity as auditor, we have no relationship with or interests in Pushpay Holdings Limited or any of its subsidiaries.

Opinion

In our opinion, the financial statements on pages 6 to 26:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Pushpay Holdings Limited and group as at 31 March 2014, and their financial performance and cash flows for the year then ended.

Other matter

We were appointed auditors of Pushpay Holdings Limited and group during the year ended 31 March 2014. The corresponding figures for the year ended 31 March 2013 are unaudited.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2014:

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

Deloitte

Chartered Accountants
26 May 2014
Auckland, New Zealand

This audit report relates to the financial statements of Pushpay Holdings Limited for the year ended 31 March 2014 included on Pushpay Holdings Limited website. The board of directors is responsible for the maintenance and integrity of Pushpay Holdings Limited website. We have not been engaged to report on the integrity of Pushpay Holdings Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated date to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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PUSHPAY HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Group 2014 (Audited) $'000	Group 2013 (Unaudited) $'000	Parent 2014 (Audited) $'000	Parent 2013 (Unaudited) $'000
Revenue					
Operating Revenue		316	8	-	-
Other Income		12	-	-	-
Total Revenue and Other Income	3	328	8	-	-
Operating Expenses	4	(1,966)	(574)	(215)	(10)
Operating (Loss) before income tax		(1,638)	(566)	(215)	(10)
Income tax expense	5	-	-	-	-
Operating loss for the year after tax		(1,638)	(566)	(215)	(10)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Translation of foreign operations		34	5	-	-
Total comprehensive loss for the year attributable to the shareholders of the company		(1,604)	(561)	(215)	(10)
Earning/(loss) per share					
Basic (loss) per share (cents)	14	(110.85)	(52.52)	(14.58)	(0.93)

The accompanying notes form part of these financial statements.

PUSHPAY HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Share Capital $'000	Foreign Currency Reserve $'000	Share Based Payment Reserve $'000	Accumulated Losses $'000	Total Equity $'000
GROUP						
Balance at 1 April 2012 (unaudited)		80	-	-	(7)	73
Comprehensive loss						
Loss for the year		-	-	-	(566)	(566)
Currency translation movements		-	5	-	-	5
Total comprehensive income		**-**	5	-	(566)	(561)
Transactions with owners						
Issue of shares		929	-	-	-	929
Capital raising costs		(30)	-	-	-	(30)
Balance as at 31 March 2013 (unaudited)		979	5	-	(573)	411
Balance at 1 April 2013 (unaudited)		979	5	-	(573)	411
Comprehensive loss						
Loss for the year		-	-	-	(1,638)	(1638)
Currency translation movements		-	34	-	-	34
Total comprehensive income		-	34	-	(1,638)	(1,604)
Transactions with owners						
Issue of shares	12	885	-	-	-	885
Capital raising costs		(4)	-	-	-	(4)
Share based payments		-	-	92	-	92
Balance as at 31 March 2014 (audited)		1,860	39	92	(2,211)	(220)

The accompanying notes form part of these financial statements.

PUSHPAY HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Share Capital $'000	Share Based Payment Reserve $'000	Accumulated Losses $'000	Total Equity $'000
PARENT					
Balance at 1 April 2012 (unaudited)		80	-	-	80
Comprehensive loss					
Loss for the year		-	-	(10)	(10)
Total comprehensive income		-	-	(10)	(10)
Transactions with owners					
Issue of shares		929	-	-	929
Capital raising costs		(30)	-	-	(30)
Balance as at 31 March 2013 (unaudited)		979	-	(10)	969
Balance at 1 April 2013 (unaudited)		979	-	(10)	969
Comprehensive loss					
Loss for the year		-	-	(215)	(215)
Total comprehensive income		-	-	(215)	(215)
Transactions with owners					
Issue of shares	12	885	-	-	885
Capital raising costs		(4)	-	-	(4)
Share based payments		-	92	-	92
Balance as at 31 March 2014 (audited)		1,860	92	(225)	1,727

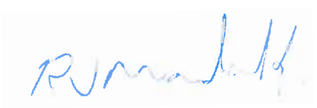
The accompanying notes form part of these financial statements.

PUSHPAY HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Notes	Group 2014 (Audited) $'000	Group 2013 (Unaudited) $'000	Parent 2014 (Audited) $'000	Parent 2013 (Unaudited) $'000
Assets					
Current assets					
Cash and cash equivalents	8	2,746	271	2,709	200
Trade and other receivables	9	185	20	-	-
Total current assets		2,931	291	2,709	200
Non-current assets					
Trade and other receivables	9	-	-	2,659	828
Investments in subsidiaries	16	-	-	2	1
Property, plant and equipment	6	64	23	-	-
Intangible assets	7	803	249	-	-
Total non-current assets		867	272	2,661	829
Total assets		3,798	563	5,370	1,029
Liabilities					
Current liabilities					
Trade and other payables	10	351	92	-	-
Shareholder advances		-	60	-	60
Employee benefits	11	24	-	-	-
Preference shares	12	2,000	-	2,000	-
Capital contributions in advance	20	1,643	-	1,643	-
Total current liabilities		4,018	152	3,643	60
Total non-current liabilities		-	-	-	-
Total liabilities		4,018	152	3,643	60
Net (liabilities) / assets		(220)	411	1,727	969
Equity					
Share capital	12	1,860	979	1,860	979
Foreign currency translation reserve		39	5	-	-
Share based payment reserve	13	92	-	92	-
Accumulated losses		(2,211)	(573)	(225)	(10)
Total equity		(220)	411	1,727	969

The accompanying notes form part of these financial statements.

For and on behalf of the Board 26 May 2014:



Pushpay Holdings Limited – Director

Pushpay Holdings Limited – Director

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PUSHPAY HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Group 2014 (Audited) $'000	Group 2013 (Unaudited) $'000	Parent 2014 (Audited) $'000	Parent 2013 (Unaudited) $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from (applied to):					
Receipts from customers		204	3	-	-
Payment to suppliers & employees		(1,467)	(488)	(58)	(10)
Net cash inflow(outflow) from operating activities	19	(1,263)	(485)	(58)	(10)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from (applies to):					
Proceeds from sale fixed assets		2	-	-	-
Purchase of property, plant and equipment		(53)	(26)	-	-
Capitalised development costs and intangible assets		(644)	(225)	-	-
Purchase shares in subsidiary		-	-	(1)	-
Advances to subsidiaries		-	-	(1,831)	(740)
Net cash inflow(outflow) from investing activities		(695)	(251)	(1,832)	(740)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from (applied to):					
Issue of ordinary shares (net of costs)		816	909	816	909
Issue of preference shares		2,000	-	2,000	-
Capital received in advance	20	1,643	-	1,643	-
Proceeds from shareholder advances		-	41	-	41
Repayment of shareholder advances		(60)	-	(60)	-
Net cash inflow(outflow) from financing activities		4,399	950	4,399	950
Net increase/(decrease) in cash held		2,441	214	2,509	200
Foreign currency translation adjustment		34	5	-	-
Add cash and cash equivalents at start of year		271	52	200	-
Balance at end of year		2,746	271	2,709	200
COMPRISED OF:					
Cash and cash equivalents	8	2,746	271	2,709	200

The accompanying notes form part of these financial statements.

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PUSHPAY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. Corporate information
Pushpay Holdings Limited is a limited Company, domiciled and incorporated in New Zealand and registered under the New Zealand Companies 1993. The registered office of the Company is 3 Ferncroft Street, Grafton, Auckland, 1010, New Zealand.

The financial statements presented are for Pushpay Holdings Limited (the “Parent”) and its subsidiaries (together “the Group”) for the year ended 31 March 2014.

The financial statements for the year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Directors on 26 May 2014.

The Group’s principal activity is the provision of a platform for mobile commerce and electronic payments and tools for merchants to engage with consumers.

2. Summary of significant accounting policies
The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (“IFRS”).

(a) Basis of preparation
The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

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

The financial statements for the “Parent” are for Pushpay Holdings Limited as a separate legal entity. The consolidated financial statements for the “Group” are for the economic entity comprising Pushpay Holdings Limited and its subsidiaries.
The Company and Group are designated as profit-orientated entities for financial reporting purposes.
The financial statements are presented in thousands of New Zealand dollars.

(b) Critical accounting estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. There are areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements including the determination of the functional currency for Pushpay Holdings Limited.

Determination of functional currency: *NZ IAS 21 The Effects of Changes in Foreign Exchange Rates* defines the functional currency as the currency of the primary economic environment in which an entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. Although a majority of the sales are denominated in US dollars, as the services provided are web based the selling prices are influenced by a series of global factors. The New Zealand economic environment influences a significant proportion of the expenses incurred. In addition funding for the Company is sourced in New Zealand dollars. Therefore, the Directors have concluded that the New Zealand dollar is the functional currency of the Company.

Key sources of estimation uncertainty and key judgements
Judgements made by management in the application of NZIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed where applicable, in the relevant notes to the financial statements.

Key sources of estimation, uncertainty and judgement include:

- Judgement is required in relation to the application of the going concern assumption (refer note 22);
- If the intangible assets to which the development expenditure relate are not economically viable in the future the development expenditure asset could be overstated (refer note 7); and
- The Company determines whether finite life intangibles are impaired at least on an annual basis. Determining the recoverable amounts of intangible assets require judgement in relation to the effects of uncertain future events at balance date and assumptions are required with respect to future cash flows and discount rates used (refer note 7).
- Determining the fair value of a share based payment made to employees and directors require management to exercise their judgement as to the fair value of the shares issued. (refer Note 13).

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 measurable under the circumstances.

2. Summary of significant accounting policies (continued)
(c) Changes in accounting policies and disclosures
The accounting policies adopted are consistent with those of the previous year.

(d) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Parent and entities (including structured entities) controlled by the Parent and its subsidiaries. Control is achieved when the Parent:

- Has power over the investee;
- Is exposed, or has the rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Parent reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Parent has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent considers all relevant facts and circumstances in assessing whether or not the Parent's voting rights in an investee are sufficient to give it power, including:

- The size of the Parent's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Parent, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Parent has, or does not have, the current ability to direct the relevant activities at the time decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are fully consolidated from the date on which control is transferred to the Parent. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Parent. The consideration transferred for an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the income statement.

Inter-Company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(e) Foreign currency translation
(i) Functional and presentation currency
Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using a monthly exchange rate set at the start of each month as an estimate of the exchange rate prevailing at the dates of transactions based on monthly exchange rates. 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 or loss.

(iii) Foreign operations
The results and financial position of all foreign operations that have a functional currency different from New Zealand dollars are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each profit and loss component of the statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as other comprehensive income.

(f) Revenue recognition
Revenue comprises the fair value of the consideration or receivable for the provision of services, excluding Goods and Services tax, Value Added Tax, rebates and discounts. Revenue is recognized as follows:

2. Summary of significant accounting policies (continued)

(i) Provision of services
The provision of services is recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue in advance represents amounts billed to customers in advance of the provision of services and are accounted for as a liability.

(ii) Government grants
Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

(iii) Interest
Interest revenue is accrued on a timely basis by reference to the principal outstanding and using the effective interest rate method.

(g) Income tax
Income tax expense comprises current and deferred tax. Income tax is recognized in the profit or loss component of the statement of comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

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

(h) Goods and Services Tax (GST)
Assets, liabilities, revenues and expenses are stated exclusive of GST, with the exception of receivables and payables, which include GST.

(i) Financial instruments
Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(j) Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(k) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Trade and other receivables
Trade receivables are amounts due from customers for services performed in the ordinary course of business and measured at amortised cost less any impairment. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.
Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

2. Summary of significant accounting policies (continued)
(m)Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if it is expected to settle the liability in its normal operating cycle. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at cost.

(n) Property, plant and equipment
All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis so as to write off the next cost of the asset over its expected useful life to its estimated residual value. The following estimates of useful lives are used in the calculation of depreciation.

Category	**Estimated useful life**
Office equipment	5 years
Computer equipment	3 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

(o) Intangible assets
Research costs are expensed as incurred.

Costs associated with maintaining internal computer software programs are recognized as an expense incurred. Costs that are directly associated with the development of the software products controlled by the Group are recognised as intangible assets where the following criteria are met:

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

Directly attributable costs that are capitalised as part of the capitalised software development costs include the software development employee costs. Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Other tangible assets acquired are initially measured at cost. Internally generated assets, excluding capitalised development costs, are not capitalised and expenditure is recognized in the profit and loss in the year in which the expenditure is incurred.

The useful lives of the Group's intangible assets are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired.

Amortisation is recognized in the income statement on a straight-line basis over the estimated useful life of the intangible asset, from the date it is available for use.

The estimated useful lives are:

Trademarks/patents	10 years
Software development costs	2-5 years

(p) Investments in subsidiaries
The investment in the subsidiaries in the Parent financial statements is stated at cost less impairment.

2. Summary of significant accounting policies (continued)

(q) Impairment of non-financial assets

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

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

(r) Employee Benefits

(i) Entitlements

Provision is made for benefits accruing to employees in respects of wages and salaries, annual leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(ii) Employee share scheme

The Group operates an equity settled, share based plan, under which selected employees are issued shares using funds lent to them by the Company. The amount is determined by reference to the fair value of the shares issued.

(s) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.
Basic EPS is calculated by dividing the Group profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares on issue during the period.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(u) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the CEO (who is the entity's Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group currently operates in one operating segment providing mobile commerce and payment solutions in New Zealand, United States and Australia. Discrete financial information is not produced on a geographical basis and the operating results are reviewed on a group basis.

(v) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 13. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period. At the end of each reporting period, the company revises its fair value estimate of the number of equity instruments issued. The impact of the revision of the original estimates, if any, is recognised in profit and loss over the remaining vesting period, with a corresponding adjustment to the equity-settled share-based payment reserve.

(w) Adoption of new revised standards and interpretations

NZ-IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2017) – This standard is addressing financial assets and financial liabilities. The standard is not expected to have a material impact on the Group financial statements. The Group will adopt the standard for the year ending 31 March 2018.

There are a number of other amendments to accounting standards as part of the ongoing improvement process. None of these changes is expected to have a significant impact on the company or Group.

PUSHPAY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2014

3. Revenues and other income

	Group 2014 (Audited) $'000	Group 2013 (Unaudited) $'000	Parent 2014 (Audited) $'000	Parent 2013 (Unaudited) $'000
Revenue from sale of services	316	8	-	-
Government grants	12	-	-	-
	328	8	-	-

4. Expenses

	Group 2014 (Audited) $'000	Group 2013 (Unaudited) $'000	Parent 2014 (Audited) $'000	Parent 2013 (Unaudited) $'000
Operating expenses include:				
Amortisation of intangible assets	90	-	-	-
Depreciation	10	4	-	-
Lease expenses	60	15	-	-
Employee benefits/entitlements	865	271	-	-
Employee benefits – defined contribution expense	12	4	-	-
Fees paid to Auditors – audit of financial statements	16	-	-	-
Foreign Exchange (Gains)/Losses	44	(2)	43	(2)
Interest paid	2	-	2	-
Share based payments (Note 13)	92	-	92	-

5. Reconciliations of income tax expense to prima facie tax payable

	Group 2014 (Audited) $'000	Group 2013 (Unaudited) $'000	Parent 2014 (Audited) $'000	Parent 2013 (Unaudited) $'000
Profit/(Loss) before tax	(1,638)	(566)	(215)	(10)
Tax benefit at effective income tax rate of 28%	459	158	60	3
Tax effect of non-deductible expenses	-	-	-	-
Future benefit of tax losses not recognised	(459)	(158)	(60)	(3)
Income tax expense	-	-	-	-
Comprising				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Income tax expense/(credit)	-	-	-	-
Imputation credit account balance	-	-	-	-
Closing balance	-	-	-	-

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5. Reconciliations of income tax expense to prima facie tax payable (continued)
The Group had estimated tax losses of $1,638,576 (2013: $566,218) during the period. In terms of the Income Tax Act 2007 these losses are forfeited as at balance date, due to breaches in the shareholder continuity rules. New shareholders have changed the company ownership by more than 51%.

6. Property, plant and equipment

GROUP	**Office Equipment $'000**	**Computer Equipment $'000**	**Total $'000**
As at 1 April 2012			
Cost	-	1	1
Accumulated depreciation	-	-	-
Carrying amount at beginning of year	-	1	1
Year ended 31 March 2013			
Additions	4	22	26
Disposals	-	-	-
Depreciation	-	(4)	(4)
Carrying amount at end of year	4	19	23
As at 31 March 2013			
Cost	4	23	27
Accumulated depreciation	-	(4)	(4)
Carrying amount at end of year	4	19	23
Year ended 31 March 2014			
Additions	17	36	53
Disposals	(1)	(1)	(2)
Depreciation	(1)	(9)	(10)
Carrying amount at end of year	19	45	64
As at 31 March 2014			
Cost	20	58	78
Accumulated depreciation	(1)	(13)	(14)
Carrying amount at end of year	19	45	64

There are no plant, property and equipment in the Parent Company.

7. Intangible assets

	Software Development $'000	Patents & Trademarks $'000	Total $'000
Group cost			
Balance at 1 April 2012	-	-	-
Additions	243	6	249
Balance at 31 March 2013	243	6	249
Amortisation			
Balance at 1 April 2012	-	-	-
Amortisation	-	-	-
Balance at 31 March 2013	**-**	**-**	**-**
Net carrying value 31 March 2013	243	6	249
Group cost			
Balance at 1 April 2013	243	6	249
Additions	639	5	644
Balance at 31 March 2014	882	11	893
Amortisation			
Balance at 1 April 2013	-	-	-
Amortisation	90	-	90
Balance at 31 March 2014	90	-	90
Net carrying value 31 March 2014	792	11	803

There are no intangible assets in the Parent Company.

The Group capitalises software development costs based on direct costs associated with the project and a proportion of employee costs.

Software development relates to the continued development of the Company's mobile commerce and electronic payment software. During the year ended 31 March 2014 the Board reviewed the intangible assets and have determined that there is no evidence of impairment of any intangible assets. The calculation of the recoverable amounts has been determined based on a value in use calculation that uses cash flow projection based on financial forecast approved by management covering a three year period.

Management has determined that the recoverable amount calculations are most sensitive to change in the following assumptions. Post-tax discount rates of 20% have been applied in these projections. Cash flows beyond the three year period have been based on a detailed forecast produced by management. The recoverable amount is sensitive to the assumptions being achieved. If these assumptions are not achieved, it is likely that the recoverable amount of the capitalized development expenditure will be less than the carrying value. If the post-tax discount rate were increased to 25%, and all other assumptions were held, the surplus in the impairment calculation would become negative. If the forecast cash flows in the impairment calculation were reduced by 10% and all the other assumptions were held, the surplus in the impairment calculation would remain positive.

8. Cash and cash equivalents

	Group		Parent	
	2014 (Audited) $'000	2013 (Unaudited) $'000	2014 (Audited) $'000	2013 (Unaudited) $'000
Cash at bank and on hand	2,746	271	2,709	200
As at 31 March 2014 the amounts held in foreign currencies were as follows:-				
US dollars	25	56	-	-
Australian dollars	1	-	-	-

9. Trade and other receivables

	Group		Parent	
	2014 (Audited) $'000	2013 (Unaudited) $'000	2014 (Audited) $'000	2013 (Unaudited) $'000
Gross trade receivables	18	1	-	-
Provision for impairment of receivables	-	-	-	-
Net trade receivables	18	1	-	-
Amounts owing by subsidiaries	-	-	2,659	828
Prepayments and other receivables	167	19	-	-
Total trade and other receivables	185	20	2,659	828
Comprising:				
Current assets	185	20	-	-
Non-current assets	-	-	2,659	828
	185	20	2,659	828

Amounts owing by subsidiaries are subject to interest if demanded, unsecured and repayable on demand.

Impaired receivables
As at 31 March 2014 trade receivables with impairment in respect of the Group: Nil. (2013: Nil).
As at 31 March 2014 trade receivables with impairment in respect of the Parent: Nil. (2013: Nil).

Aging analysis
The aging analysis of these trade receivables is as follows:-

	Group		Parent	
	2014 (Audited) $'000	2013 (Unaudited) $'000	2014 (Audited) $'000	2013 (Unaudited) $'000
1-60 days overdue	12	-	-	-
61-90 days overdue	-	1	-	-
91+ days overdue	6	-	-	-
Impairment provision	-	-	-	-
	18	1	-	-

10.Trade and other payables

	Group		Parent	
	2014 (Audited) $'000	2013 (Unaudited) $'000	2014 (Audited) $'000	2013 (Unaudited) $'000
Trade payables	114	92	-	-
Other payables and accrued expenses	21	-	-	-
Grant revenue in advance	216	-	-	-
	351	92	-	-

11. Current employee benefits

	Group		Parent	
	2014 (Audited) $'000	2013 (Unaudited) $'000	2014 (Audited) $'000	2013 (Unaudited) $'000
Liability for annual and long service leave	24	-	-	-
	24	-	-	-

12. Share capital & shares

Share capital

	Group		Parent	
	Number of shares 000's	$'000	Number of shares 000's	$'000
Balance at 1 April 2012	1,000	80	1,000	80
Movements during year				
Issue of shares	236	929	236	929
Share issue costs	-	(30)	-	(30)
Issue of shares to Pushpay Trustees Ltd	137	-	137	-
Balance at 31 March 2013	1,373	979	1,373	979
Movements during year				
Issue of shares	209	1,820	209	1,820
Share issue costs	-	(4)	-	(4)
Capital raised on employee share scheme Allotment (Note 13)	-	65	-	65
Balance at 31 March 2014	1,582	1,860	1,582	1,860

The paid up capital comprises ordinary shares. The total number of ordinary shares on issue is 1,582,675 shares (2013: 1,373,166). The shares have no par value. All ordinary shares are issued and paid up except for 36,217 shares held by Pushpay Trustee Limited. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

In February 2014 the Company acquired 90,010 shares as Treasury Stock and at the same time transferred these shares to a new shareholder for market value consideration.

12. Share capital & shares (continued)
Preference shares
The total number of preference shares on issue is 383,679 shares (2013: Nil), and the total value of these shares is $2,000,000 (2013: Nil). Preference shares have no par value. They rank in priority to ordinary shares in a liquidation and convert to ordinary shares on listing or earlier at any time at the option of the holder. Preference shares are also entitled to a dividend of 7.5%, however this dividend has been waived for the year ended 31 March 2014. The shares may be redeemed at the option of the holder subject to certain redemption criteria.

The preference shares issued by the Company have been classified as liabilities. However subsequent to year end (refer note 21) the preference shares have been converted to ordinary shares and have consequently been re-classified as equity.

13. Share based payments
In April 2013 the group established an employee share scheme that entitles selected executives and employees to purchase shares in the company. Under this scheme the ordinary shares in Pushpay Holdings Limited are issued to a Trustee, Pushpay Trustee Limited, a wholly owned subsidiary and allocated to participants on grant date, using funds lent to them by the Company. Under the scheme the shares are beneficially owned by the participants subject to terms and conditions in the Trust Deed. The number of shares issued is determined by the Board. Terms and conditions of grants are:

Grant date	Personnel entitled	Number of instruments	Terms and conditions	Outstanding loans as at 31/03/2014
01/04/2013	Employees	17,857	All shares vest on grant Date and are subject to loans repayable over three years	$130,000
01/02/2014	Director	11,516	All shares vest on grant Date and are subject to loans repayable over three years	$60,000
01/02/2014	Employees	44,145	All shares vest on grant Date and are subject to loans repayable over three years	$230,000
11/02/2014	Director	4,823	All shares vest on grant Date and are subject to loans repayable over two years	$30,000
		8,039	All shares vest on grant Date and are subject to loans repayable over three years	$50,000
		86,380		

All shares are held by the Trustee until the loans have been repaid. Loans are subject to full recourse and attract interest at prevailing FBT interest rates.

The number and grant price is as follows:

Company and Group	Issue price (2014)	Number of shares (2014)
Total at 1 April 2013	-	-
Granted during the year	$7.28	17,857
Granted during the year	$5.21	55,661
Granted during the year	$6.22	12,862
Total 31 March 2014		86,380

The fair value of services received in return for the share granted is based on the fair value of share granted measured using a Black Scholes model with the following inputs:

Issue Date	01/04/2013	01/02/2014	11/02/2014
Estimated fair value per share at granted date	6.98	5.14	6.14
Exercise price per share	7.28	5.21	6.22
Expected volatility	40%	40%	40%
Risk free interest rate	3.5%	3.5%	3.5%

13. Share based payments (continued)
Expected volatility was estimated by reference to the volatility of listed equity securities for businesses of a similar nature to the company operating in the technology industry.

Operating expenses	**2014 $'000**	**2013 $'000**
Share based payment expense	92	-

The Trustee also holds fully paid shares on behalf of employees not part of the scheme.

The Trustee holds 170,473 shares (2013: 137,316). Of these shares, 90,709 (2013: nil) shares are held on behalf of employees and subject to employee loans. A further 43,547 shares (2013: nil) are classified as shares with loans fully paid (or have been fully paid in cash). The remaining 36,217 shares (2013: 137,316) are unallocated.

14. Earnings per share
The loss of $1,638,576 (2013: $566,218) represented a loss per share shown below based on weighted average ordinary shares on issue during the year.

	Group		**Parent**	
	2014 (Audited)	**2013 (Unaudited)**	**2014 (Audited)**	**2013 (Unaudited)**
Weighted average ordinary shares issued	1,478,122	1,077,583	1,478,122	1,077,583
Basic loss per share (cents)	110.85	52.52	14.58	0.93

Calculated on a weighted average basis of the number of shares on issue. Diluted loss per share is the same as basic loss per share.

15. Segment reporting
The Company is organised into one operating segment, providing the development and deployment of mobile commerce and payment solutions. The segment result is reflected in the financial statements. The Company operated principally in New Zealand during the year ended 31 March 2014. It also has a presence in the US and Australia. While there are customers across all regions the Company is experiencing growth in the US "faith" sector selling its products to churches. Software and product development are primarily for this market but are transferable to other vertical market and geographic locations.

16. Subsidiaries

Name	**Country of Incorporation**	**Ownership 2014**	**2013**
Pushpay Ltd	New Zealand	100%	100%
Pushpay IP Ltd	New Zealand	100%	-%
Pushpay Trustee Ltd	New Zealand	100%	-%
eChurch Inc	United States	100%	100%
ZipZap Processing Inc (not trading)	United States	100%	-%
Pushpay Inc (not trading)	United States	100%	-%
Pushpay Pty Ltd	Australia	100%	100%

All companies have a 31 March balance date.

The parent Company has equity greater than the Group equity, due to losses incurred in the subsidiaries. The Board has reviewed the carrying value of investments in subsidiaries and consider no impairment is required.

17. Related parties
The Group has a related party relationship between its Parent, subsidiaries and its directors and executive officers.

(i) Group entities
The following balances were outstanding with related parties at 31 March:

	Consolidated		**Parent**	
	2014 (Audited) $'000	**2013 (Unaudited) $'000**	**2014 (Audited) $'000**	**2013 (Unaudited) $'000**
Amounts due from subsidiaries	-	-	2,659	828

These amounts relate to the funding of the subsidiary operations by the Parent under normal trading and commercial terms. None of the balances are secured. Each subsidiary is responsible for its own direct costs.

PUSHPAY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

17. Related parties (continued)

(ii) Key management personnel

	Interest Paid 2014 (Audited) $'000	Interest Paid 2013 (Unaudited) $'000	Balances outstanding 2014 (Audited) $'000	Balances outstanding 2013 (Unaudited) $'000
(a) Loans to directors and executive				
Directors executive	-	-	-	60
Directors non-executive	2	-	-	-

All loans are with the Parent and include transactions under the employee share scheme. None of the balances are secured. No amounts have been written off or forgone during the year.

(b) Remuneration

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include the Chief executive and his direct reports.

The following table summarises remuneration paid to key management personnel:

	Consolidated 2014 (Audited) $'000	Consolidated 2013 (Unaudited) $'000	Parent 2014 (Audited) $'000	Parent 2013 (Unaudited) $'000
Directors' fees	5	-	5	-
Short term employee benefits	410	99	-	-

(c) Shareholding and loans

Directors of the Company and their immediate relatives control 81.98% (2013: 66.66%) of the voting shares.
Director and shareholder loans of $60,300 were repaid during the year.

18. Financial risk management

The Group is subject to a number of financial risks including liquidity risk, credit risk and market risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Specific risk management objectives and policies are set out below:

(a) Capital risk management

The Group manages its capital to ensure that the company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of debt and equity.

The capital structure of the Group consists of shares, comprising issued capital and retained losses.

The Group's board of directors reviews the capital structure on a regular basis to ensure that entities in the Group are able to continue as going concerns.

The Group is not subject to externally imposed capital requirements.

(b) Interest rate risk

The Group's interest rate risk arises from its cash balances. These are placed on deposit at variable rates that expose the Group to cashflow interest rate risk. The Group does not enter into forward rate agreements. The Group's management regularly reviews its banking arrangements to ensure the best returns on funds.

	Group 2014 (Audited) $'000	Group 2013 (Unaudited) $'000	Parent 2014 (Audited) $'000	Parent 2013 (Unaudited) $'000
Financial assets - cash and cash equivalents	2,746	271	2,709	200
	2,746	271	2,709	200

Cash at the Bank is subject to floating interest rate risk.

18. Financial risk management (continued)

(c) Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk, principally consist of accounts receivable. The Board monitors and manages the exposure to credit risk by ensuring the customers have an appropriate credit history. The majority of sales have customers paying before the service is delivered.

The maximum exposures to credit risk at balance date are:

		Group		Parent	
		2014	2013	2014	2013
		(Audited)	(Unaudited)	(Audited)	(Unaudited)
	Notes	$'000	$'000	$'000	$'000
Accounts receivable	9	132	20	2,659	828
Cash and cash equivalents	8	2,746	271	2,709	200

The Group does not require any collateral or security to support financial instruments.

(d) Liquidity risk management

Liquidity risk is the risk that the Company or Group cannot pay contractual liabilities as they fall due. During the year the Company raised $2,885,420 by way of private placement. Following receipt of these proceeds the Company had sufficient cash to meet its requirements (note 22). The Board regularly reviews its liquidity position by examining future cash requirements.

(e) Foreign currency risk

The Group is exposed to foreign currency movements against the New Zealand dollar. The US and Australian operations are funded directly from New Zealand and will require continual funding for at least the next twelve months. As a result the financial statement can be affected by movements in these notes. During this time the foreign currency risk will increasingly be mitigated by regeneration of revenues in the US.

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date. At 31 March 2014, had the New Zealand dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Group		Parent	
	2014	2013	2014	2013
	(Audited)	(Unaudited)	(Audited)	(Unaudited)
	$'000	$'000	$'000	$'000
Increase in value of NZ Dollar of 10 percent				
Impact on profit before taxation	(11)	(3)	-	-
Impact on equity before taxation	(11)	(3)	-	-
Decrease in value of NZ Dollar of 10 percent				
Impact on profit before taxation	14	3	-	-
Impact on equity before taxation	14	3	-	-

The sensitivity was calculated by taking the spot rate as at balance date of 0.8663 (2013: 0.8371) for USD and moving this spot rate by the reasonably possible movements of plus and minus 10 percent and then re-converting the foreign currency into NZD with the "new spot rate". This methodology reflects the translation methodology undertaken by the group.

(f) Fair value of financial instruments

The carrying value of cash and cash equivalents, trade receivables, trade payables and accruals are assumed to approximate their fair values due to the short term maturity of these assets and liabilities. Non current receivables from subsidiaries do not materially differ from their carrying value.

19. Reconciliation of net profit/(loss) with cash flows from operating activities

	Group		Parent	
	2014 (Audited) $'000	2013 (Unaudited) $'000	2014 (Audited) $'000	2013 (Unaudited) $'000
Net profit/loss for the year	(1,638)	(566)	(215)	(10)
Adjustments for non-cash items:				
Depreciation	10	4	-	-
Amortisation of development costs and intangibles	90	-	-	-
Employee share scheme expenses (Note 12)	65	-	65	-
Share based payment expense (Note 13)	92	-	92	-
	(1,381)	(562)	(58)	(10)
Movements in working capital				
Accounts receivable	(165)	(13)	-	-
Accounts payable and accruals	283	90	-	-
	118	77	-	-
Net cash inflow (outflow from operating activities)	(1,263)	(485)	(58)	(10)

20. Capital received in advance

Some of the new and existing shareholders paid before balance date monies for the issue of shares on 11 April 2014 amounting to $1,643,280. These funds were retained in short term deposits until the issue of new shares were completed on 11 April 2014.

21. Subsequent events

On 15 May 2014 Pushpay Holdings Limited entered into an agreement for the purchase of all the assets from a text messaging service company, Run the Red Limited for settlement on 31 May 2014. Consideration is a maximum of $5,000,000 subject to performance, claw-back and retention clauses. The business delivers over 150 million text and other mobile messages per annum in New Zealand and other countries and enables the Company to deliver integrated mobile commerce communication and payment solutions to customers. The purchase price will be satisfied in cash from existing sources and new capital to be raised as noted below.

On 11 April 2014 Pushpay Holdings Limited issued a further 260,204 shares for a consideration of $2,778,910.

On 26 May 2014 all preference shares (as disclosed in Note 12) were converted to ordinary shares at the option of the holders.

Pushpay Holdings Limited has entered into an underwriting agreement with Christopher and Banks Private Equity to underwrite a capital raise of $9,000,000 with the intention to list its shares on the NZAX market via a compliance listing. The underwriting agreement is offered subject to a number of conditions including the disclosure document being available on opening day, the NZX having approved the disclosure document and the shares proceeding to being listed on the NZAX on closing day. The underwriting agreement in some circumstances may be terminated if there is a withdrawal of the offer or a material adverse event.

Pushpay Holdings Limited has formed a subsidiary called Zip Zap Processing Inc in the USA with the intention of establishing its own Independent Service Organisation for the processing of credit and debit card transactions for merchants who are customers of eChurch Inc. This business is expected to enable merchants to receive a seamless 'one-stop' payments solution for their electronic and mobile transaction requirements.

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

The Group has recorded a net deficit of $1,638,576 for the year ended 31 March 2014 (2013: $566,218), and as at balance date is in a net liability position of $220,000 (2013: net asset position of $411,000). At balance date the Group had $2,746,311 in cash of which $1,643,280 is from capital received in advance (refer Note 20).

As disclosed in note 21 all preference shares were converted to ordinary shares subsequent to year end. Consequently the Group is in a significant positive equity position.

With respect to future cash flows a further $2,778,910 of new capital has been raised subsequent to balance date. The going concern assumption is dependent on the capital raised since the reporting date, generating positive operating cashflows in the future in accordance with management's plans and forecasts as well as raising $9,000,000 additional capital to enable the company to meet its working capital requirements and ongoing obligations, including the purchase of Run the Red Limited as noted in note 21. The company has prepared forecasts which indicate that the $2,778,910 of cash generated as a result of the post year end capital raising, cash flows from operations and raising a further $9,000,000 of additional capital subsequent to year end will enable the company to continue operating for the foreseeable future, which is not less than 12 months from the date these financial statements are approved. This additional capital raising as outlined in note 21 is 100% underwritten, subject to certain conditions as noted in note 21.

The Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the company during the period of one year from the date these financials are approved, and to circumstances which they believe will occur after that date which could affect the validity of the going concern assumption.

23. Contingent liabilities
As at balance date there were no material contingent liabilities. (2013: nil).

24. Capital commitments and operating lease commitments
As at balance date there were no material capital commitments. (2013: nil).

Non-cancellable operating lease commitments are:

	Consolidated		Parent	
	2014 (Audited) $'000	2013 (Unaudited) $'000	2014 (Audited) $'000	2013 (Unaudited) $'000
Less than one year	46	-	-	-
After one year but not more than five years	-	-	-	-
	46	-	-	-

25. Categories of financial assets and financial liabilities
Cash and cash equivalents, trade and other receivables and share scheme loans are classified as loans and receivables. Trade and other payables and capital contributions in advance are classified as financial liabilities at amortised cost.

6. Risk factors

6.1 Introduction

There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of Pushpay and the value of the Shares. Some of these risks may be mitigated by Pushpay's internal controls and processes, but many are outside the control of Pushpay, the Directors and management. An investment in Pushpay should be considered speculative. There can be no assurance that Pushpay will achieve its stated objectives or that any forward-looking statements will eventuate.

Investors should consider the risk factors described below. These risks have been separated into:

- specific risks which relate to Pushpay, its business and the industry described in section 6.2; and
- general risks relating to an investment in a listed company described in section 6.3.

This is not an exhaustive list of risks. They should be considered in conjunction with the other information disclosed in this Prospectus. Investors should have regard to their own investment objectives and financial circumstances, and should consider seeking professional guidance from their stockbroker, accountant, financial or other professional adviser before deciding whether to participate in the Offer.

6.2 Specific risk factors

While Pushpay is listed on NZX and ASX, Pushpay Shares may trade lower than any price paid for them and there is a risk that investors may not be able to sell their Shares at the sale price that they wish for due to the illiquid nature of the Shares. The market prices for technology shares are historically volatile.

No investment is risk-free and the Shares in Pushpay are no exception. Potential investors should seek financial and legal advice before deciding to acquire Shares in Pushpay.

Pushpay actively manages risk through the Audit and Risk Management Committee, which reports regularly to the Board.

In particular, investors should consider the following risks:

Pushpay is an Early Stage Company

Pushpay is an early stage technology business, and is a high risk investment. At this stage, the Company has a limited trading history, and there can be no certainty that Pushpay can successfully execute on its business plan and strategies. Potential investors should seek financial advice before deciding to invest.

Pushpay Will Continue to Make Losses

Pushpay is focused on establishing and growing its business. Pushpay may or may not achieve the results it is planning for, and the costs to execute its business strategy may be higher than currently anticipated.

The financial statements for the year ended 31 March 2016 show that Pushpay and its subsidiaries recorded a 'net loss for the year' of NZ$19.395 million, and as at the balance date had 'total equity' of NZ$20.186 million. As at 31 March 2016 the consolidated group had NZ$12.181 million in 'cash and cash equivalents', and the Company prepared financial projections which indicated that the NZ$12.181 million of 'cash and cash equivalents' in addition to cash flows from operations would enable the Company to continue to operate but would constrain growth if not supplemented by additional funding. Subsequent to 31 March 2016, the Standby Funding Facility of up to NZ$10.00 million made available by Christopher & Banks has provided additional funding to support the continued growth strategy of the Company in the near term. Since 31 March 2016 cash and cash equivalents have reduced and accumulated losses have increased as Pushpay continues to invest in growing the business and Pushpay has begun drawing on the Standby Funding Facility in September 2016. The Placement will enable Pushpay to continue to focus on driving investor value by continuing to rapidly grow the business. Pushpay does not expect to be profitable or pay dividends, and will have Negative Cash Flow, in the near term.

Pushpay May Need to Raise Further Capital

Pushpay may require further funding in the future to maintain and grow its business. There is a risk that required future funding may not be available on favourable terms or may not be available at all. If Pushpay does not raise new capital when required, Pushpay will need to adopt alternative funding options or a modified growth strategy.

Missing Front Book Sales/ARPM Targets

Pushpay may miss its net Merchant acquisition (sales) targets and/or Front Book ARPM increase targets. The Company is currently executing a strategy of growing our penetration into the larger church segments and increasing the value provided to Merchants to support higher price points. In order to achieve our ACMR and revenue growth goals Pushpay must finely balance the acquisition rate (sales) with increasing the value of new deals (ARPM growth). Missing one or both of these goals may impact our ability to meet our revenue and/or ACMR targets. The Company is committed to focusing on the importance of recruitment and executing on the market segmentation strategy.

Missing Back Book ARPM growth targets

Pushpay may not be able to grow the Back Book ARPM in line with budget and forecasts. Along with the execution of our Front Book strategy to gain market share within the largest churches in the US, the ACMR and ARPM targets rely upon growth within our Back Book customer ARPM. Pushpay will seek to achieve this by increasing our Back Book subscription income by delivering and upselling additional feature value, and encouraging greater adoption of our Payment Platform through better implementations and additional payment pathways. Pushpay expects that use of digital means of payments will increase over time resulting in organic growth in processing revenues. Should we be unable to execute effectively on these strategies or should the trend of increased use of digital payments not continue it may have an impact on our overall ACMR and revenue growth. The Company has invested and continues to invest in developing implementation and account management expertise in order to execute these Back Book upsell strategies.

Pushpay Needs to be Able to Hire Qualified Staff

Any failure to generally attract, retain, motivate and effectively manage qualified personnel could adversely affect Pushpay's business. Pushpay will need to hire additional key software development staff in the future and they may or may not be available. Pushpay has put in place an appropriate employee compensation structure for an organisation of its size and nature and will continue to monitor this. In addition, all of Pushpay's senior managers either participate in the SIS or are Substantial Product Holders as defined in the FMC Act.

Pushpay Operates in a Competitive Market

As discussed in section 2 and elsewhere in this Prospectus, Pushpay operates in a competitive market. There is a risk that Pushpay is unable to compete successfully against its current and any future competitors, which would have an adverse effect on Pushpay's business.

In particular, new entrants may enter the market offering free or cheaper mobile payment offerings with the same or a greater range of functions than Pushpay's offering. Existing or new competitors may exert downward price pressure in Pushpay's key target markets, and competitors with greater resources may be able to develop, promote and sell their products more actively than Pushpay. To respond to competitive pressure, Pushpay may need to introduce a low priced (or free) pricing plan in the future. Conversions from that plan to a fully priced plan may not eventuate or such plans may adversely affect Pushpay's business.

As Pushpay operates in the payments sector, it has a number of dependencies to deliver its service to Consumers. Pushpay is dependent on financial service providers such as card schemes, networks, gateways, ISOs, ODFIs and banks to provide its service. Some of these providers operate in the mobile payments space, or may do so in the future. Should a financial service provider block a Merchant from using Pushpay to accept payments this would affect Pushpay's business.

Pushpay is also dependent on mobile operating systems such as Apple's iOS, Google's Android and Microsoft's mobile platform to allow Consumers to download and install payment Apps on their Smart Mobile Devices. Google currently has its own payments service and others may also operate in the mobile payments space, or may do so in the future. Should a mobile operating system block the use of Pushpay's App or not let their Consumers use Pushpay, this would significantly affect Pushpay's business. In addition, because a substantial number of Consumers access Pushpay through Smart Mobile Devices, the Company is particularly dependent on the interoperability of services with Smart Mobile Devices and operating systems.

Pushpay's Business Relies on Customer Renewals

Pushpay is a SaaS business, and in most cases, does not lock Merchants or Clients into long-term contracts. It is important that customers renew their subscriptions with Pushpay when the existing subscription term rolls over, which for most customers is on a monthly or annual basis. Although Pushpay's historical Retention has been high, if customers do not renew their subscriptions, or renew on less favourable terms, revenue may decline which could adversely affect Pushpay's business. Pushpay's business relies on customer renewals, and faces risks that customers do not renew their subscriptions or renew on less favourable terms.

Pushpay is Impacted by Security and Privacy Concerns

Pushpay is reliant on data transmission over the internet. Any systems failure or compromise of security that results in the unauthorised access to or release of user data (including payment information) could harm Pushpay's reputation, erode customer confidence in the effectiveness of its security measures, negatively impact Pushpay's ability to attract new customers, or cause existing customers to elect not to renew their agreements. Furthermore, Pushpay may have to pay fines in relation to a security breach.

Pushpay consumers can use its service to store personal or identifying information. Foreign data protection, privacy and other laws and regulations are often more restrictive and costly to comply with than in New Zealand. Existing and proposed laws both in New Zealand and internationally can be costly to comply with and/or delay the release of new features or new products. Compliance with privacy rules could increase costs, require management attention or make changes to the way products function. Some countries are currently considering rules, which would require local storage and usage of data. Furthermore, should Pushpay suffer a privacy breach this could harm its reputation, erode customer confidence in the effectiveness of its security measures, negatively impact its ability to attract new customers, or cause existing customers to elect not to renew their agreements.

Pushpay's Technology Relies on Third Parties

Pushpay is reliant on a number of parties to provide essential services on an out-sourced basis. There is the possibility of third party failure risks in relation to security, back-up and dependence on the internet, data centres, mapping software, third party licences and mobile networks, which are outside the direct control of Pushpay. There are risks of outages caused by third party data centre providers, which would mean Pushpay's customers may not be able to access the Pushpay system. To mitigate these risks, Pushpay operates a comprehensive security and back-up regime for data storage, working with third party experts. Pushpay has an ongoing security review process undertaken by external consultants. Pushpay uses secure data hosting businesses with back-up capabilities provided in a remote location.

Pushpay Operates in a Rapidly Evolving Market

Pushpay's success depends on its ability to expand its products in response to changing technology, customer demands and competition. If Pushpay's products fail to keep pace with rapid technological advancements, particularly in the mobile environment, Pushpay's results may be adversely affected. The success of new features depends on several factors including the timely completion, introduction and market acceptance of these new features. Because Pushpay services are designed to operate on numerous systems, Pushpay needs to enhance its services on web browsers, mobile Apps and other communication, browser and database technologies. Modifications to Pushpay's software to operate on existing systems, or new systems may increase development expense, or may not be successful in developing for systems, which in turn would adversely affect its business. Additionally, the development of entirely new technologies to replace existing offerings could make Pushpay's existing or future products outdated or less competitive.

In some cases Pushpay may choose to advance its business through acquisitions rather than developing the technology and competencies internally. Should it be unable to successfully integrate acquisitions (management, technology, staff, and IP) across to Pushpay, its business may be materially affected.

Pushpay's Business Relies on Partners

To date, Pushpay has relied primarily on a direct sales model. However, in order to scale the growth of the business, Pushpay has developed a number of significant commercial relationships. For example, in the case of the Faith Sector, with Church Community Builder (CCB) and Renewed Vision in the USA. Termination of existing relationships, or the failure by Pushpay to develop new partner relationships in key markets, will slow the growth of Pushpay's business, and may have an adverse effect on its financial performance.

Pushpay May Face Greater Regulation in the Future

The performance of Pushpay and consequently the value of its shares is influenced by both regulatory changes and an environment of regulatory uncertainty in each jurisdiction in which Pushpay operates. A significant portion of Pushpay's revenue is from international markets. The complexity of identifying and complying with local regulations will require increased expenditure. Failure to identify and comply with regulations will materially impact Pushpay's business.

The key regulations that govern the payments market are:

- Privacy;
- Data protection;
- PCI compliance;
- Financial Service Provider / banking licence regulations; and
- Consumer guarantees / contract law.

There may be further risks associated to local regulations that have not been identified or have not been enacted at the current time. These risks may have significant implications that may affect the viability of the business and adversely affect the value of its shares. However, Pushpay is a software service and not a financial service provider, and does not require banking licences as it relies on third party service providers, which minimises some of the direct risks that would be faced by being a financial service provider. This significantly reduces compliance costs otherwise associated with fraud detection and associated risks, and reduces requirements for direct customer interaction, as no funds are held directly by Pushpay at any stage of a transaction. If, at some point in the future, Pushpay becomes a financial service provider it will be exposed to risks it does not currently face. However, if Pushpay decides to become a financial service provider, plans will be put in place to mitigate these risks as much as possible.

Pushpay may be subject to Consumer guarantees and contract law in some countries. However, the legal relationship for payments exists directly between Merchant and Consumer, which reduces the risks that Pushpay may otherwise face.

As discussed above, privacy, data protection, and PCI compliance are direct responsibilities of Pushpay, and there are risks that security could be breached and data lost or stolen. To manage this risk, Pushpay is PCI DSS Level 1 compliant. Pushpay's subsidiary, ZipZap Processing, is an ISO that re-sells services as a third party payment processor. ZipZap Processing's supplier service providers (including banks) are primarily responsible for ensuring compliance with the requirements of anti-money laundering or countering financing of terrorism laws (such as the Bank Secrecy Act 1970 in the USA). However, ISOs may be subject to further regulation in the future. In addition, ZipZap Processing may be subject to contractual or reputational risks for any failure to maintain adequate standards. ZipZap Processing is currently PCI DSS Level 1 compliant. In the future, it will undergo periodic reviews of compliance and may face risks that it cannot be certified in a timely manner or for reasonable cost.

Pushpay's Business Involves Intellectual Property

Pushpay does not typically apply to register for patents for the intellectual property it has developed. The intellectual property under development or in use by Pushpay may be subject to patent applications by unrelated parties in New Zealand or in other jurisdictions. Alternatively, other parties may develop and patent other very similar, potentially substitutable products, processes or technologies. Such events may be outside the control of Pushpay and may have adverse consequences for its business. Pushpay may or may not decide to register patents in the future. There is a risk that any patents Pushpay seeks to have registered in the future may not be registered in New Zealand, the United States or any other particular jurisdiction. Any enforcement of Pushpay's intellectual property rights could be costly, time-consuming and distracting to management and have a material adverse effect on Pushpay's business.

Pushpay has decided to register the key trademarks in its key geographical markets and may or may not decide to register trademarks in other jurisdictions in the future. Pushpay currently holds trademarks on the Pushpay name in each of its major jurisdictions (New Zealand, Australia, Canada and the USA). There is a risk that any trademarks Pushpay has registered (or seeks to register in the future) may infringe on other trademarks. Pushpay actively enforces its trademark rights given their importance. Any enforcement of Pushpay's trademark rights could be costly, time-consuming and distracting to management and have a material adverse effect on Pushpay's business.

Pushpay's Business is Subject to Credit, Fraud and Compliance Risk

Pushpay's wholly-owned USA-based subsidiary, ZipZap Processing has a wholesale processing agreement with First Data to provide payment processing services to Merchants in the United States. As a Wholesale ISO, ZipZap Processing assumes the credit risk for each Merchant should they be unable or unwilling to meet their obligation to pay fees owed or amounts associated with transactions that result in returns, chargebacks, or similar transactions.

ZipZap Processing is subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted making it difficult or impossible for ZipZap Processing to remain compliant. If ZipZap Processing fails to comply with these rules or requirements, it may be subject to fines and higher transaction fees and/or the loss of its ability to process credit and debit card payments or facilitate other types of online payments, which could negatively impact business results.

ZipZap Processing also provides Merchants with the ability to process bank payments in the USA through the ACH Payments network, which is governed by NACHA rules. The risks associated with processing ACH Payments are similar to those identified above for credit card processing which means that ZipZap Processing is responsible for the credit risk of its Merchants. Additionally, failure to comply with NACHA rules or requirements, may result in fines and higher transaction fees and/or the loss of its ability to process bank payments which could negatively impact business results.

To mitigate these risks we engage external consultants on a periodic basis to audit internal systems and processes to ensure we are following industry best practices in credit underwriting, fraud detection and are compliant with the various rules governing the payments industry.

Pushpay's Success Depends on Adoption of New Technology

As discussed in this Prospectus, many companies and organisations rely on traditional payment methods and Consumer engagement, which are well established. These companies and organisations may be reluctant to change to Smart Mobile Device technology. The failure of Pushpay's offering to achieve and maintain acceptance in its key target markets would adversely affect Pushpay's business and impact its future growth.

Health and Safety

Non-compliance with New Zealand or USA health and safety regulations could result in injury of staff, fines or legal action.

Pushpay is Exposed to Exchange Rate and Currency Risk

There may be a risk that unfavourable foreign currency movements may occur impacting the profitability of Pushpay. Pushpay does not presently use foreign exchange instruments to hedge its foreign currency exposure however Pushpay does seek to hold cash in the currencies in which material net cash outflows are anticipated. As the business grows, Pushpay may utilise some appropriate foreign currency strategies to mitigate some of its exchange rate risk.

6.3 General risk factors

(a) Share market and liquidity

The market price of the Shares can rise and fall and may be subject to varied and unpredictable influences on the share market. The trading price of the Shares at any given time may be higher or lower than the price paid under the Offer. Further, you may be unable to sell or realise your investment because the market for Shares may be illiquid.

Share market conditions are affected by many factors, including:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment towards equities or particular market sectors;
- political instability;
- short selling and other trading activities;
- the demand for, and supply of, capital; and
- force majeure events.

(b) General economic conditions

Pushpay may be negatively impacted by changes in the USA or international economies. In particular, there are risks from continued volatility in the US and Europe, international debt issues, impacts from currency and interest rate shifts and the potential for a contraction in the availability of debt or capital.

These macro-economic factors may impact negatively through reduced future revenues, reduced demand for Pushpay's products, increased costs, foreign exchange losses, impacts of government responses to macro-economic issues and impacts on equity markets. These factors are beyond the control of Pushpay and the impact cannot be predicted.

(c) Dividends

Pushpay considers that continuing to invest in growth will generate the greatest value for shareholders and does not anticipate paying a dividend in the Medium Term. Many of the factors that will affect Pushpay's ability to pay dividends in the longer term and the timing of those dividends will be outside the control of Pushpay and its Directors. The Directors cannot give any assurance regarding the payment of dividends in the future.

(d) Changes to New Zealand International Financial Reporting Standards

Pushpay's financial reports will be subject to compliance with New Zealand International Financial Reporting Standards (NZ IFRS) issued by the New Zealand External Reporting Board. The accounting treatment under NZ IFRS of transactions and events occurring in the operation of Pushpay's business, or changes to accounting standards, may have a material adverse effect on the performance reported in Pushpay's financial statements or in respect of other announcements to ASX.

(e) Other general risks

There are a range of other general risks, which may impact on Pushpay's business or an investment in the Shares, which include but are not limited to:

- industrial action impacting the business directly or indirectly; and
- government policies generally (including in relation to taxation).

7. Additional information

7.1 Corporate history

Pushpay was incorporated under the Companies Act on 25 July 2011. It was listed by NZX and its Shares were quoted on the NZAX on 14 August 2014. Pushpay migrated the quotation of its Shares to the NZX Main Board on 9 June 2015. It remains listed by NZX as at the date of this Prospectus. The Company is registered to conduct business in Australia.

7.2 Applicable Law

Pushpay is a company incorporated in New Zealand and is principally governed by New Zealand law, rather than Australian law. In Australia, Pushpay is registered with ASIC as a foreign company. As Pushpay is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Companies Act and the FMA and the New Zealand Registrar of Companies.

Set out below is a table summarising key features of the laws that apply to Pushpay as a New Zealand company (under New Zealand law, including as modified by exemptions or waivers) compared with the laws that apply to Australian publicly listed companies generally. It is important to note that this summary does not purport to be a complete review of all matters of New Zealand law applicable to Pushpay or all matters of Australian law applicable to Australian publicly listed companies or to highlight all provisions that may differ from the equivalent provisions in Australia.

Unless otherwise stated, Corporations Act provisions referred to in the table below do not apply to Pushpay as a company established outside of Australia.

	New Zealand	*Australia*
Transactions that require shareholder approval	Under the Companies Act, the principal transactions or actions requiring shareholder approval include: • adopting or altering the constitution of the company; • appointing or removing a director or an auditor; • major transactions (being transactions involving the acquisition or disposal of assets, the acquisition of rights or interests or the incurring of obligations or liabilities, the value of which is more than half the value of the company's total assets before the transaction); • amalgamations (other than a short-form amalgamation between the company and its wholly-owned subsidiaries); • putting the company into liquidation; and • changes to the rights attached to shares.	Under the Australian Corporations Act, the principal transactions or actions requiring shareholder approval are comparable to those under the Companies Act. Shareholder approval is also required for certain transactions affecting share capital (e.g., share buybacks and share capital reductions). Although there is no shareholder approval requirement for major transactions, certain related party transactions require shareholder approval. Shareholder approval is also required under the ASX Listing Rules for: • increases in the total amount of directors' fees; • directors'termination benefits in certain circumstances; • certain transactions with related parties; • certain issues of shares; and • significant changes to the nature or

	New Zealand	*Australia*
	In addition to the Companies Act requirements listed above, except to the extent modified by waivers or rulings granted by NZX Regulation in respect of Pushpay, shareholder approval is required under the NZX Listing Rules for: • director remuneration; • certain material transactions, and certain significant transactions with related parties; • certain issues, buybacks and redemptions of shares; and • in certain circumstances, the provision of financial assistance for the purpose of, or in connection with, the acquisition of shares.	scale of a company's activities or proposals to dispose of a company's main undertaking.
Shareholders' right to request or requisition a general meeting	A special meeting of shareholders must be called by the board on the written request of shareholders holding shares carrying together not less than 5% of the voting rights entitled to be exercised on the issue.	The Australian Corporations Act contains a comparable right. Directors must call a general meeting on the request of shareholders with at least 5% of the votes that may be cast at the general meeting. Shareholders with at least 5% of the votes that may be cast at the general meeting may also call and arrange to hold a general meeting at their own expense.
Shareholders' right to appoint proxies to attend and vote at meetings on their behalf	A shareholder may exercise the right to vote at a meeting either by being present in person or by proxy. A proxy is entitled to attend and be heard, and to vote, at a meeting of shareholders as if the proxy were the shareholder. A proxy must be appointed by notice in writing signed by or, in the case of an electronic notice, sent by the shareholder to the company. The notice of appointment must state whether the appointment is for a particular meeting or a specified term.	The position is comparable under the Australian Corporations Act. To be effective, the proxy appointment (and any authority under which the appointment is made) must be given to the company at least 48 hours before the meeting.
Changes in the rights attaching to shares	A company must not take action that affects the rights attached to shares unless that action has been approved by a special res-olution of each affected interest group. (An "interest group" in relation to an action or proposal affecting the rights attached to shares means a	The Australian Corporations Act allows a company to set out in its constitution the procedure for varying or cancelling rights attached to shares in a class of shares. If the company does not have a constitution, or has a constitution that

	New Zealand	*Australia*
	group of shareholders whose affected rights are identical and whose rights are affected by the action or proposal in the same way and who comprise the holders of one or more classes of shares in the company).	does not set out a procedure, the rights attaching to shares may only be varied or cancelled by: • a special resolution passed at a meeting for a company with a share capital of the class of members holding shares in the class; or • a written consent of members with at least 75% of the votes in the class.
Shareholder protections against oppressive conduct	A shareholder or former shareholder of a company (or any other entitled person) who considers that the affairs of a company have been (or are being, or are likely to be) conducted in a manner that is (or any act or acts of the company have been, or are, or are likely to be) oppressive, unfairly discriminatory, or unfairly prejudicial to him or her in any capacity may apply to the court for relief. The court may, if it thinks it is just and equitable to do so, make such orders as it thinks fit.	Under the Australian Corporations Act, shareholders have statutory remedies for oppressive or unfair conduct of the company's affairs. The court can make any order as it sees appropriate.
Shareholders' rights to bring or intervene in legal proceedings on behalf of Pushpay	A court may, on the application of a shareholder or director of a company, grant leave to that shareholder or director to bring proceedings in the name and on behalf of the company or any related company, or intervene in proceedings to which the company or any related company is a party, for the purpose of continuing, defending or discontinuing the proceedings on behalf of the company or related company. Leave may only be granted if the court is satisfied that either the company or related company does not intend to bring, diligently continue or defend, or discontinue the proceedings, or it is in the interests of the company or related company that the conduct of the proceedings should not be left to the directors or to the determination of the shareholders as a whole. No proceedings brought by a shareholder or a director or in which a shareholder or a director intervenes with leave of the court (as described above) may be settled or compromised or discontinued without the approval of the court.	The Australian Corporations Act permits certain persons to apply to the court for leave to bring proceedings on behalf of the company, or to intervene in proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for those proceedings, or for a particular step in those proceedings. Those who may apply are members, former members, persons entitled to be members, officers and former officers of the company. The court must grant the application if it is satisfied that: • it is probable that the company will not itself bring the proceedings or properly take responsibility for them, or for the steps in them; • the applicant is acting in good faith; • it is in the best interests of the company that the applicant be granted leave; • if the applicant is applying for leave

	New Zealand	*Australia*
		to bring proceedings, there is a serious question to be tried; and • either at least 14 days before making the application, the applicant gave written notice to the company of the intention to apply for leave and of the reasons for applying, or the court considers it appropriate to grant leave. Proceedings brought or intervened in with leave must not be discontinued, compromised or settled without the leave of the court.
'2 strikes' rule in relation to remuneration reports	There is no equivalent of a "2 strikes" rule in relation to remuneration reports in New Zealand. New Zealand companies are not required to publish remuneration reports so shareholders necessarily cannot vote on them. There is, however, an obligation to state in the company's annual report, in respect of each director or former director of the company, the total of the remuneration and the value of other benefits received by that director or former director from the company during the accounting period to which the annual report relates and, in respect of employees or former employees of the company (not being directors of the company) who received remuneration and any other benefits in their capacity as employees during the relevant accounting period, the value of which was or exceeded NZ$100,000 per annum, the number of such employees, stated in brackets of NZ$10,000.	The Australian Corporations Act requires that a company's annual report must include a report by the directors on the company's remuneration framework (called a remuneration report). For a listed company, a resolution must be put to shareholders at each annual general meeting of the company's shareholders (AGM) that the remuneration report be adopted. That result is advisory only. However, if at least 25% of shareholders vote against the remuneration report at two consecutive AGMs (i.e. '2 strikes') an ordinary (50%) resolution must be put to shareholders at the second AGM proposing that a further meeting (spill meeting) be held within 90 days at which all of the directors who were directors of the company at the later AGM when the resolution to adopt the remuneration report was put to the vote must resign and stand for re-election (except for the managing director who may continue to hold office indefinitely in accordance with the ASX Listing Rules).
Related party transactions and interests	Pushpay must comply with NZX Listing Rule requirements in respect of related party transactions, except to the extent this obligation is modified by waivers or rulings granted by NZX Regulation in respect of Pushpay. In particular, shareholder approval is required for "material transactions" between a listed company and a "related party". The definition of related party	Under the Australian Corporations Act, public companies must obtain shareholder approval before giving a financial benefit to a 'related party' of the public company unless an exemption applies. The exemptions include: • the arrangement is on arm's length terms; • the benefit is reasonable

	New Zealand	*Australia*
	catches a number of persons, for example, a director of the listed company, or the holder of a relevant interest in 10% or more of a class of securities of the listed company carrying voting rights. A related party who is a party to or a beneficiary of a material transaction (and its associated persons) are prohibited from voting in favour of a resolution to approve that transaction. In addition, the listed company must obtain and provide to shareholders an appraisal report from an independent expert which must state whether or not the material transaction with the related party is fair to shareholders (other than those associated with the related party). The FMC Act requires a director or senior manager of a listed issuer who has a "relevant interest" in a quoted financial product of the listed issuer to give notice of this fact to NZX and to disclose any such relevant interest in the interests register of the listed issuer. The Companies Act requires directors who are "interested" in transactions or potential transactions with the company to make appropriate disclosure to the company. Under Pushpay's constitution and the NZX Listing Rules, interested directors will generally not be permitted to vote on such transactions. Director remuneration requires approval of shareholders under the NZX Listing Rules. Certain share issues redemptions and buybacks, and certain "financial assistance" in connection with the acquisition of shares, will also require shareholder approval if a director (or an associated person of a director) is party to that transaction. Each New Zealand company is required to keep an interests register, containing particulars of certain director disclosures. Pushpay's annual report must state particulars of entries in the interests register made during the relevant accounting period.	remuneration paid to an officer or employee of the company; • the benefit is a reasonable indemnity or insurance premium given to an officer of the company; • the value or amount of the financial benefit given to a related entity is less than or equal to an amount prescribed by the Australian Corporations Regulations; • the benefit is given to a closely held subsidiary; • the benefit is given to all shareholders and does not discriminate other shareholders unfairly.

	New Zealand	Australia
Disclosure of substantial holdings	The FMC Act requires every person who is a "substantial product holder" in a listed issuer to give notice to that listed issuer and NZX that they are a substantial product holder. "Substantial product holder" means, in relation to a listed issuer, a person who has a relevant interest in 5% or more of a class of quoted voting products of that listed issuer. The substantial product holder has ongoing disclosure requirements to notify the listed issuer and NZX of certain changes in the number of voting securities in which the substantial product holder has a relevant interest, if there is any change in the nature of any relevant interest in the relevant holding or where that person ceases to be a substantial product holder.	The Australian Corporations Act requires every person who is a substantial holder to notify the listed company and ASX and to give prescribed information in relation to their holding if: • the person begins to have, or ceases to have, a substantial holding in the company; or • the person has a substantial holding in the company and there is a movement of at least 1% in their holding; or • the person makes a takeover bid for securities of the company. A person has a substantial holding if the total votes attached to voting shares in the company in which they or their associates have relevant interests is 5% or more of the total number of votes attached to voting shares in the company, or the person has made a takeover bid for voting shares in the company and the bid period has started and not yet ended. These provisions do not apply to Pushpay as a company established outside of Australia. However, Pushpay will be required to release to ASX any substantial holder notices that are released to NZX.
How takeovers are regulated	The New Zealand position under the Takeovers Code and the FMC Act is comparable to the Australian position in relation to the regulation of takeovers. The Takeovers Code prohibits a person who holds or controls less than 20% of the voting rights in a "Code Company" from increasing the percentage of voting rights held or controlled by them to above 20%. The Code also prohibits a person who holds 20% or more of the voting rights in a Code Company from becoming the holder or controller of an increased percentage of voting rights. Exceptions to these prohibitions include full and partial takeover offers, 5% "creep" over 12 months in the 50% to 90% range, and acquisitions with shareholder approval.	The Australian Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if any person's voting power in the company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. Exceptions to the prohibition apply (e.g., acquisitions with shareholder approval, 3% creep over six months, and rights issues that satisfy prescribed conditions). Substantial holder notice requirements apply (as discussed above under the heading 'Disclosure of substantial holdings'). Compulsory acquisitions are permitted by persons who hold 90% or more of

	New Zealand	Australia
	Compulsory acquisitions are permitted (or can be required) by persons who hold or control 90% or more of voting rights in a Code Company.	securities or voting rights in a company. The Australian takeovers regime will not apply to Pushpay as a company established outside of Australia.
Filing of documents	Pushpay must prepare and file the following documents with the Companies Office every year: • annual financial statements as an issuer under the Financial Reporting Act 2013 and the FMC Act (including the statement of financial position, statement of financial performance, statement of cash flows, statement of movements in equity, statement of accounting policies, notes to the accounts and an audit report); and • an annual return required under the Companies Act. The Companies Office must also be notified of certain changes (e.g. the appointment or resignation of directors or changes to Pushpay's Constitution).	As a foreign registered company under the Australian Corporations Act, Pushpay has limited filing obligations. It is required to file annual accounts with ASIC (including the balance sheet, cash flow statement and profit and loss statement for the last financial year, as well as any other documents required to be prepared under New Zealand law). ASIC must also be notified of certain changes (e.g. the appointment or resignation of directors or changes to Pushpay' constitution). Filing obligations applicable to Australian registered companies will not apply to Pushpay as a company established outside of Australia.

7.3 Rights attaching to Shares

A Shareholding in Pushpay is held subject to its Constitution. The Share to be issued under this Prospectus will rank equally with existing Shares. The Constitution may be inspected at the registered office during ordinary business hours by prior appointment. The Constitution can also be accessed through the New Zealand Companies Office website: https://www.business.govt.nz/companies/.

The following is a summary of the principal rights of Shareholders. It is not intended to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders, which can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. If you who wish to obtain a definitive assessment of the rights and liabilities that attach to Shares in any specific circumstance, you should seek your own advice.

(a) Issue of Shares

The power to issue Shares and other securities in the capital of Pushpay lies with the Board, subject to the restrictions contained otherwise in the Constitution, the NZX Listing Rules, the Companies Act and the FMC Act.

(b) Voting

Subject to certain voting prohibitions imposed by the NZX Listing Rules and the Takeovers Code, every Shareholder present in person or by proxy, representative or attorney at a meeting of Shareholders has one vote on a show of hands, and on a poll, one vote for every Share held. A poll may be demanded at a meeting in the manner permitted by the Constitution and the Companies Act.

(c) Dividends

Dividends are payable upon the determination of the Directors, who may fix the amount, time for payment and method of payment of dividends.

(d) Transfer of Shares

Subject to the Constitution, the Companies Act, the NZX Listing Rules, and the FMC Act, the Takeovers Code and the New Zealand Overseas Investment Act 2005, Shares are freely transferable. The Directors may in certain circumstances refuse to register any transfer of Shares.

(e) Meetings and notice

Each Shareholder is entitled to receive notice of, and to attend, general meetings and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Companies Act and the NZX Listing Rules. A Director may call a meeting of Shareholders and Shareholders may also requisition or convene general meetings in accordance with the procedures set out in the Companies Act. Shareholders must be given not less than 10 working days' written notice of any general meeting unless otherwise permitted by the Companies Act.

(f) Rights on winding up

All Shares rank equally in the event of a winding up. Once all of Pushpay's liabilities are met, the liquidator may, with the approval of an ordinary resolution of Shareholders, divide the whole or any part of the assets of Pushpay among the Shareholders in kind. With the approval of an ordinary resolution of Shareholders, the liquidator may also vest the whole or any part of any surplus assets of Pushpay in a trust for the benefit of the Shareholders.

(g) Alteration of shareholder rights

Pushpay must not take any action that affects the rights attached to Shares unless that action has been approved by a special resolution of each interest group. An interest group, in relation to any action or proposal affecting rights attached to Shares, means a group of Shareholders: (i) whose affected rights are identical; (ii) whose rights are affected by the action or proposal in the same way; and (iii) who comprise the holders of one or more classes of shares in Pushpay.

(h) Minimum Holdings

If a Shareholder holds a number of Shares that is less than a minimum holding (as defined in the NZX Listing Rules), Pushpay has the power to sell or dispose of the Shares unless otherwise instructed by the Shareholder. The net proceeds from the sale will be paid to the Shareholder.

(i) NZX Listing Rules

Pushpay has applied for an ASX foreign exempt listing. When Pushpay is admitted to the Official List, it will primarily be regulated by the NZX Listing Rules and will be exempt from complying with most of the ASX Listing Rules. Despite anything in the Constitution, the NZX Listing Rules prevail over the provisions of the Constitution.

7.4 Escrow arrangements

Name(s) of Shareholder(s)	Number of shares that are subject to trading restrictions[38]	Percentage held in class	Relevant agreement	Expiry date of restriction
Alexander Ernest Houghton	122,948	0.05%	Investor undertaking dated 11 September 2015	5 October 2017
Befora Family Trust	819,672	0.35%	Investor undertaking dated 1 September 2015	5 October 2017
Christopher & Banks Private Equity V Limited	3,621,912	1.57%	Investor undertaking dated 29 September 2015	5 October 2017
Christopher Peter Huljich + Constance Maria Francis Huljich + Elizabeth Anne Ferguson	230,544	0.10%	Investor undertaking dated 29 September 2015	5 October 2017
FNZ Custodians Limited	410,652	0.18%	Investor undertaking dated 29 September 2015	5 October 2017
Graham John Shaw & Delwyn Joy Shaw	409,836	0.18%	Investor undertaking dated 10 September 2015	5 October 2017
Sutton Group Holdings Limited	819,672	0.35%	Investor undertaking dated 11 September 2015	5 October 2017
The East Street Trust	174,044	0.08%	Investor undertaking dated 17 September 2015	5 October 2017
The Upland Business Trust	1,065,572	0.46%	Investor undertaking dated 30 August 2015	5 October 2017
Christopher David Astley Milne	140,000	0.06%	Investor undertaking dated 17 September 2015	5 October 2016
Hillview Trust	163,932	0.07%	Investor undertaking dated 17 September 2015	5 October 2016
Total number of Pushpay shares subject to trading restrictions	7,978,784	3.45%		

Pushpay operates two equity incentive schemes, which its employees, non-executive Directors and contractors participate in.

The first of those incentive schemes is the Pushpay Share Incentive Scheme (SIS). Under the rules of the SIS, legal ownership of the Shares issued under the SIS are held by the trustee for the SIS, until it is transferred to the relevant employee, non-executive Director or contractor. Participants in the SIS are restricted from trading their interests in the SIS until legal ownership of their Shares are transferred to them.

The second scheme is the recently-introduced Pushpay Holdings Limited 2016 Share Incentive Plan (RSU Scheme) as part of the remuneration package of certain employees based in the USA. Restricted Share

38 The number of Shares set out in this table reflects the number of Shares that are subject to trading restrictions. The actual number of Shares held or controlled by the Shareholder named in this table may differ.

Units, or RSUs, represent a conditional agreement to be issued Shares subject to satisfaction of certain vesting criteria.

The RSUs will vest in December of each in 2016 to 2019 subject to the terms of the RSU Scheme, including the continued employment of the relevant participating employee with the Pushpay group on each vesting date The Shares issued upon vesting of RSUs may be subject to trading restrictions.

The SIS and the RSU Scheme are summarised in section 7.5(c).

7.5 Benefits to Directors, other related parties and those involved in the preparation of this Prospectus

Other than as set out below or elsewhere in this Prospectus:

- no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or to qualify as, a director of Pushpay; and
- none of the following persons:
  - a Director or proposed Director;
  - each person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
  - a promoter of Pushpay,

  holds or held at any time during the last two years an interest in:
  - the formation or promotion of Pushpay;
  - property acquired or proposed to be acquired by Pushpay in connection with its formation or promotion or the Offer; or
  - the Offer,

  or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of Pushpay or the Offer.

(a) Relevant interests of Directors

Directors are not required to hold Shares. The relevant interest of each Director in Shares (whether held directly or indirectly) at the date of this Prospectus is set out below but will be reduced as a result of the Placement's diluting effect:

Director	Class of share	Held by associated entities	% of Shares on issue
Christopher Heaslip	Fully paid ordinary	29,712,148	12.85%
Christopher Huljich	Fully paid ordinary	67,776,572	29.32%
Douglas Kemsley	Fully paid ordinary	14,000,000	6.06%
Eliot Crowther	Fully paid ordinary	27,918,976	12.08%
Graham Shaw	Fully paid ordinary	1,409,316	0.61%

(b) Remuneration of Directors

The remuneration received by and other benefits given to the Directors by Pushpay in the last two completed financial years is set out below:

	FY 2016		FY 2015	
Director	**Fees**	**Other remuneration**	**Fees**	**Other remuneration**
	NZ$'000	**NZ$'000**	**NZ$'000**	**NZ$'000**
Bruce Gordon	68	-	59	-
Christopher Heaslip*	-	375	-	176
Christopher Huljich	21	-	-	-
Douglas Kemsley	24	-	-	-
Eliot Crowther*	-	371	-	204
Graham Shaw	44	-	8	-
Total	157	746	67	380

* Remuneration received in capacity as Officer (rather than Director)

The annual remuneration of Directors for the current financial year is:

Director	**Annual remuneration (inclusive of superannuation)**
Bruce Gordon	NZ$ 84,000
Christopher Huljich	NZ$ 57,000
Douglas Kemsley	NZ$ 63,000
Graham Shaw	NZ$ 61,000

Chris Heaslip and Eliot Crowther are employees of Pushpay and do not receive directors' fees.

(c) Directors' indemnity, access and insurance

Pushpay has executed a Deed of Access, Indemnity and Insurance with each Director. In summary, each Deed provides:

- certain indemnities to the Director, to the extent permitted by law and to the extent that the Director is not indemnified by any directors' and officers' liability insurance, against all liabilities incurred by the Director (including reasonable legal costs incurred by the Director) as a Director or as a director of any company which is a related body corporate of Pushpay;
- that Pushpay will advance funds to the Director for reasonable legal costs and expenses incurred by the Director in defending an action for a liability to which the indemnities relate and before the outcome of the legal proceedings is known. The Director is required to repay these funds in certain circumstances upon the outcome of the legal proceedings becoming known. The Director must also repay any amounts paid for legal costs and expenses to the extent it receives payment for them under any insurance policy or another indemnity;
- that Pushpay will maintain directors' and officers' liability insurance for the benefit of the Director during the period which the Director holds office as a director of Pushpay and for a period of seven years after the Director ceases to hold office; and
- the Director a limited right of access to Pushpay's books during the period which the Director holds office as a director of Pushpay and for a period of seven years after the Director ceases to hold office.

(d) Equity incentive scheme

Share Incentive Scheme

Pushpay recognises it is important to incentivise employees, non-executive Directors and contractors through share ownership. The Pushpay Share Incentive Scheme (SIS) is aimed at motivating key employees, non-executive Directors and contractors and at attracting potential high achievers to work at Pushpay. Non-executive Directors and contractors, as well as employees, are eligible to participate in the SIS.

The SIS Shares are held in trust, by the trustee for the SIS, Pushpay Trustees Limited, of which Bruce Gordon and Christopher Heaslip are directors.

Some, or all, of the SIS Shares may be bought back by Pushpay, if the participant ceases to be employed or engaged by the Company or does not meet loan repayments. If Pushpay was to buy back any of the SIS Shares they would likely be held in the SIS for future use or cancelled.

Restricted Share Unit Scheme

In addition to the SIS, Pushpay recently introduced the Pushpay Holdings Limited 2016 Share Incentive Plan (RSU Scheme) as part of the remuneration package of certain employees based in the USA. Restricted Share Units, or RSUs, represent a conditional agreement to be issued Shares subject to satisfaction of certain vesting criteria. No cash consideration is required to be paid for the grant of RSUs or for the RSUs to vest.

The RSUs which have been issued prior to the date of this Prospectus will vest in December of each in 2016 to 2019 subject to the terms of the RSU Scheme, including the continued employment of the relevant participating employee with the Pushpay group on each vesting date. Pushpay first issued RSUs on 19 August 2016 and will continue to offer participation in the RSU Scheme to certain new or existing employees in the USA after the date of this Prospectus.

(e) Interests of advisers

Deloitte has provided audit and accounting advisory services including conducting its review of the Pro Forma Statement of Financial Position and certain other services in connection with this Prospectus. Fees payable by Pushpay for Deloitte's services, are estimated to be approximately NZ$35,000.

Unless stated otherwise, all such payments have been paid or are payable in cash and exclude GST.

7.6 Consents to be named and disclaimers of responsibility

Each of the parties referred to below:

- has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in the Prospectus and to the inclusion of any statements mentioned below in the form and context in which they appear; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility or liability for any part of or any statement in or omission from the Prospectus other than as specified below.

Deloitte has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to Pushpay in the form and context in which it is named and to the inclusion of its reasonable assurance report in relation to the Pro Forma Statement of Financial Position as at 31 March 2016 and its audit reports in relation to the financial statements for the financial years ended 31 March 2014, 2015, and 2016 in section 5 in the form and context in which they are included.

Link Market Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as Pushpay's Share Registry in the form and context in which it is named. Link Market Services Limited has not taken part in the preparation of any part of this Prospectus other than the recording of its name as Share Registry to Pushpay.

7.7 Expenses of the Offer

The expenses connected with the Offer, which are payable by Pushpay, include the anticipated legal and other adviser fees, disbursements, registration fees and listing fees and based on the anticipated subscription under the Placement of AU$40 million are expected to be NZ$3.3 million.

7.8 Legal proceedings

As far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which Pushpay is directly or indirectly concerned which are likely to have a material adverse effect on the business or financial position of Pushpay.

7.9 Taxation

Prospective investors are advised to obtain their own tax advice in relation to any future dividends that may be payable by Pushpay and any future disposal of their shares.

7.10 Directors' consent

Each Director on behalf of the Company has authorised and consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent before its lodgement with ASIC.

This Prospectus is signed by a Director of Pushpay, under section 351 of the Corporations Act on behalf of the Company.

Signed for and on behalf of Pushpay by:

Bruce Gordon
Chairman

8. The Offer

8.1 The Offer

The Offer comprises an offer of one Share to a non-executive Director nominated by the Board for NZ$2.49, being the 20 day volume weighted average price as at 20 September 2016, and is made solely to satisfy a regulatory requirement regarding the proposed admission of Pushpay to the Official List.

This Share will rank equally in all respects with the Shares currently on issue. The rights and liabilities attaching to all Shares are summarised in section 7.3.

8.2 Opening and Closing Dates

The proposed opening date for acceptance of the Offer will be 1 October 2016 or such later date as may be prescribed by ASIC.

The Offer will remain open until 5:00 pm, 11 October 2016.

Pushpay reserves the right to open and close the Offer at any other date and time, without prior notice.

8.3 Withdrawal

Pushpay reserves the right to withdraw the Offer at any time before the issue of the Share.

If the Offer is withdrawn, the application money will be refunded. No interest will be paid on any application money refunded as a result of the withdrawal of the Offer or otherwise. The Company will retain any interest which accrues on application money.

9. Glossary

In this Prospectus, the following terms and abbreviations have the following meanings, unless the context otherwise requires:

ACH Payments	An arrangement made with a bank that allows a third party to transfer money from a person's account on agreed dates, typically in order to pay bills (similar to Direct Debits in New Zealand)
AEST	Australian Eastern Standard Time
Android	Operating system (developed by Google) used on a range of (non-Apple) Smart Mobile Devices
Annual Revenue Retention Rate	Pushpay measures its Annual Revenue Retention Rate as recurring revenue retained from Merchants (for example, in the case of Merchants in the Faith Sector, this is measured by the amount of recurring revenue at the end of the period excluding upsells into the existing Merchant base, over the amount of recurring revenue from the end of the previous period)
Annualised Committed Monthly Revenue (ACMR)	ACMR is Average Revenue Per Merchant (ARPM) multiplied by its Merchants and annualised. ACMR is a key metric to track how a SaaS business is acquiring revenue
API	Application Programming Interface
App	Software application for Smart Mobile Devices
ASIC	The Australian Securities and Investments Commission
ASPL	ASX Settlement Pty Ltd ACN 008 504 532
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires
ASX Listing Rules	The official listing rules of the ASX, as amended from time to time
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Rules	The operating rules of the settlement facility provided by ASPL
Average Revenue Per Merchant (ARPM)	Pushpay calculates ARPM using a combination of subscription fees and volume fees. Subscription fees are based on the size of the Merchant and volume fees are based on payment transaction volume. Volume fees include Interchange Fees, which are collected by the Company on behalf of third parties, such as Visa or MasterCard. In order to remove the seasonal effect on volume fees the last 12-month average volume fee per Merchant is used for the volume fee component of ARPM
Back Book	Existing Merchants who may be on historical or outdated pricing plans
Board or Board of Directors	The board of Directors of Pushpay

Cash and Available Funding Lines	This includes the Standby Funding Facility
Cash Flow	The difference between the available cash at the beginning of an accounting period and that at the end of the period
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Chairman	The chairman of the Board
CHESS	Clearing House Electronic Sub-register System
Christopher & Banks	Christopher & Banks Private Equity V Limited
Church Management System	Specialised software that assists churches and other religious organisations in organisation and automation of daily operations
Cloud Computing	The practice of using a network of remote servers hosted on the internet to store, manage and process data, rather than a local server or a personal computer
Companies Act	The New Zealand Companies Act 1993
Compliance Listing	The listing of Pushpay shares on the NZAX
Constitution	The constitution of Pushpay
Consumer	A person that acquires goods or services for direct use or ownership rather than for resale or use in production or manufacturing
COO	Chief Operating Officer
Corporate Organisations	An organisation with typically 500 or more employees
Corporations Act	Corporations Act 2001 (Cth)
Customer Acquisition Cost (CAC)	CAC is calculated as sales, marketing and implementation costs divided by the number of new Merchants added over a certain period of time.
Direct Debit	An arrangement made with a bank that allows a third party to transfer money from a person's account on agreed dates, typically in order to pay bills (similar to ACH Payments in the USA)
Directors	The directors of Pushpay from time to time, being as at the date of this Prospectus: Bruce Gordon, Graham Shaw, Christopher Huljich, Douglas Kemsley, Christopher Heaslip, and Eliot Crowther
Enterprises	SMEs and Corporate Organisations
Executive Directors	Christopher Heaslip and Eliot Crowther
Exchange Rate	NZD/USD spot rate 0.72 as at 31 August 2016 used

Faith Sector	Churches or other religious organisations
FMA	The New Zealand Financial Markets Authority
FMC Act	The New Zealand Financial Markets Conduct Act 2013
Front Book	New Merchants on current pricing plans
FY 2014	The financial year ended 31 March 2014
FY 2015	The financial year ended 31 March 2015
FY 2016	The financial year ended 31 March 2016
GST	Goods and services tax
Hosted Payments	Transactions facilitated through Pushpay's hosted web-based payment application
Hyper-Growth	The term "Hyper-Growth" was coined by Software as a Service (SaaS) expert, Jason Lemkin (http://www.saastr.com/gadi-shamia-coo-of-talkdesk-8-things-i-learned-after-joining-a-hyper-growth-saas-startup/). Hyper-Growth is defined as growing from $1 million to $10 million of annual recurring revenue in five quarters or less. Pushpay achieved this level of growth in less than 10 months
Independent Directors	Bruce Gordon and Graham Shaw
Interchange Fees	Fees paid between banks for the acceptance of card-based transactions, which are collected by a wholly-owned USA-based processing subsidiary of Pushpay, ZipZap Processing, Incorporated through revenue invoiced to the Merchant
iOS	Apple Incorporated's mobile operating system
IPO	Initial Public Offering
IRS	The US Internal Revenue Service
ISO	Independent Sales Organisation
IT	Information Technology
Lifetime Value (LTV)	Lifetime Value, usually referred to as LTV measures the profit your business makes from any given customer
Listing	The proposed admission of Pushpay to the Official List
Medium Term	A period of one to three years
Merchant	A 'Merchant' is a business or organisation that utilises Pushpay's Payment Platform to process electronic transactions. Pushpay reports Merchants that have entered into an agreement and completed the paperwork necessary to setup their facility
Negative Cash Flow	Where the available cash at the end of an accounting period is lower than that at the start of the period

Non-executive Director	A Director who is not a member of management
Non-Executive Directors	Bruce Gordon, Graham Shaw, Christopher Huljich and Douglas Kemsley
Non-POS	Non Point of Sale, being any point of sale other than a traditional fixed physical point of sale such as at a cash register at the front counter of a shop
Non-Profit Organisation (NPO)	An organisation that uses surplus revenues to achieve its goals rather than distributing them as profits or dividends
NZAX	The Alternative Market operated by NZX
NZX	NZX Limited
NZX Listing Rules	Means the listing rules of the NZX Main Board of NZX.
NZX Main Board	The NZX main board equity security market operated by the NZX
ODFI	Originating Depository Financial Institution
Offer	The offer of one Share at NZ$2.49 on the terms set out in this Prospectus
Official List	The official list of entities that ASX has admitted and not removed from listing
Payment Kiosk	A Tablet used to facilitate Hosted Payments
Payment Platform	Software used to transfer payment information from the Merchant to the acquiring bank
PCI DSS	Payment Card Industry Data Security Standard (PCI DSS), a proprietary information security standard for organisations that handle cardholder information for major debit, credit, prepaid, e-purse, ATM, and POS cards. Level 1 compliance is the highest standard of PCI DSS compliance requested by major card companies for organisations managing card information
Placement	The proposed issue of Shares to Australian institutional and exempt investors to raise AU$40 million, to be conducted in conjunction with Pushpay's admission to the Official List
Placement Shares	The Shares proposed to be issued under the Placement
Privacy Act	Privacy Act 1989 (Cth)
Pro Forma Statement of Financial Position	The Pro Forma Statement of Financial Position is included in Section 5
Prospectus	This document and any supplementary or replacement prospectus
Pushpay or Company	Pushpay Holdings Limited a company incorporated in New Zealand under the Companies Act with registered number 3481675, and includes its Subsidiaries, as relevant
R&D	Research and development

Retention	The percentage of recurring revenue retained over the period excluding upsells into the existing Merchant base (see page 19 for more information)
Revenue	Income received from normal business activities
RSU Scheme	The Pushpay Holdings Limited 2016 Share Incentive Plan for the US-based employees of Pushpay
Share	A fully paid ordinary share in the capital of Pushpay
Share Registry	Link Market Services Limited or any other share registry that Pushpay appoints to maintain the register of Shares
Shareholder	A holder of Shares
SIS	The Pushpay Share Incentive Scheme
Smart Mobile Device	Smartphone, Tablet or other mobile device that is able to connect to the internet using mobile broadband and/or Wi-Fi
Smartphone	A mobile phone utilising a mobile operating system, with more advanced computing capability and connectivity than a feature phone, that is able to connect to the internet by using mobile broadband and Wi-Fi
SME	Small/Medium Enterprise typically with less than 500 employees
SMS	Short Message Service commonly referred to as text messaging
Software as a Service or SaaS	A software licensing and delivery model where software and associated data is hosted in the cloud and delivered over a network or the internet as a service
Standby Funding Facility	A standby funding facility of up to NZ$10 million provided on 30 June 2016 to Pushpay by Christopher & Banks for a period of one year
Subsidiaries	The wholly owned subsidiaries of Pushpay, as set out under section 3.1 (Corporate structure)
Tablet	A mobile computer that is able to connect to the internet using mobile broadband and/or Wi-Fi
Takeovers Code	The New Zealand Takeovers Code recorded in the Takeovers Code Approval Order 2000 (NZ)
Upsells	The increase in revenue derived from a Merchant from current and/or additional products (excluding increases in volume fees)
US Securities Act	The United States Securities Act of 1933, as amended
USA or United States or US	The United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
Wi-Fi	Wireless technology that uses radio waves to provide wireless, high speed internet and network connections

Directory

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New Zealand

Phone: +64 9 377 7720

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New Zealand

Company number

3481675

Website

www.pushpay.com

Investor Relations

investors@pushpay.com

Directors

Bruce Gordon
Chairman

Graham Shaw

Christopher Huljich

Douglas Kemsley

Christopher Heaslip

Eliot Crowther

Leadership team

Christopher Heaslip
CEO and Co-founder

Shane Sampson
CFO

Paul Shingles
COO

Steve Basden
SVP Customer Operations

Auditor

Deloitte New Zealand

Share Registrar

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Pushpay®

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