



Gentrack Group Limited

Interim Report

For the Six Months Ended 31 March 2016

GENTRACK GROUP INTERIM REPORT_

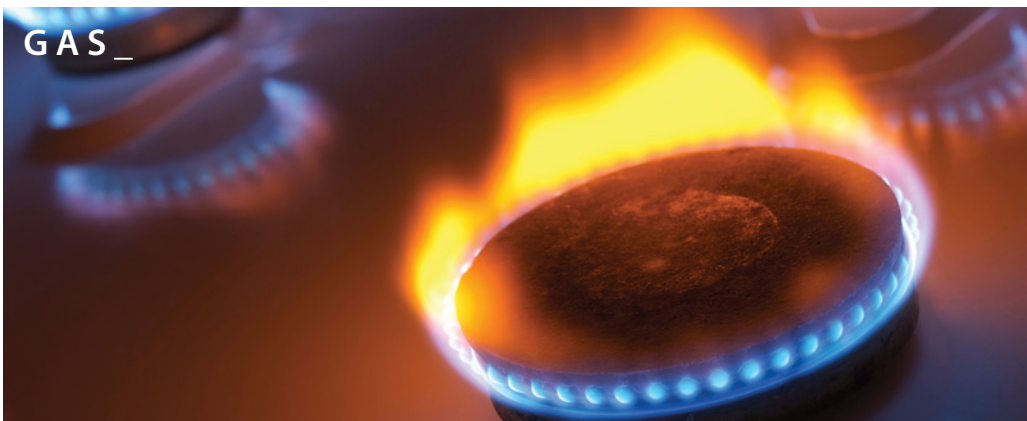
ELECTRICITY_



WATER_



GAS_



AIRPORTS_



Gentrack develops, implements and supports specialist software solutions for electricity, gas and water utilities and airports. Gentrack's software is designed to support the core billing, customer care and collections processes for utilities in competitive and reforming markets, as well as the real-time information flows and resources of modern airports.

Gentrack performed well in the first half of fiscal 2016. Revenue increased 26% to \$23.3m, with operating expenses in line with expectations. EBITDA² increased \$1.2m to \$6.7m, a 23% increase.

The Revenue increase over last year reflects a 29% increase in licence sales, a 35% increase in service revenue and an 11% increase in underlying recurring revenues. In our growth markets in the UK and Australia revenue was up 80% and 16% respectively.

Gentrack continued with its planned investment in products, people and capability with headcount increasing by 13 to 230 at 31 March, with further significant recruitment planned in the second half.

Cash generation remains strong, with the cash position increasing \$4.5m over last year to \$9.9m, after payment of an \$8.2m full year dividend (11.3cps) for FY15.

An interim dividend for FY16 of 4.2cps is declared, up from 4.1cps last year.

2016 INTERIM RESULTS¹

\$23.3_m

Revenue

2015 H1 \$18.5m

\$6.7_m

EBITDA²

2015 H1 \$5.5m

\$3.8_m

NPAT

2015 H1 \$3.2m

4.2_{cps}

Interim dividend

2015 H1 4.1cps

\$9.9_m

Cash

2015 H1 \$5.4m

1. 6 months to 31 March 2016 (all figures in NZD\$).

2. Underlying EBITDA, being earnings before net finance expense, income tax, depreciation, and amortisation.



INTERIM REPORT_

| | |
|---------------------------------------------------------------------|----|
| CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 8 |
| CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 9 |
| CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 10 |
| CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS | 11 |
| NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS | 12 |
| INDEPENDENT REVIEW REPORT | 17 |
| COMPANY DIRECTORY | 19 |

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME_

FOR THE SIX MONTHS ENDED 31 MARCH 2016

| \$000 | NOTES | 6 MONTHS UNAUDITED GROUP 31 MARCH 2016 | 6 MONTHS UNAUDITED GROUP 31 MARCH 2015 | 12 MONTHS AUDITED GROUP 30 SEPTEMBER 2015 |
|----------------------------------------------------------------------------------------|-------|----------------------------------------------|----------------------------------------------|-------------------------------------------------|
| Revenue | 3 | 23,263 | 18,501 | 42,069 |
| Expenditure | 4 | (16,524) | (13,021) | (27,605) |
| Profit before depreciation, amortisation, financing and tax | | 6,739 | 5,480 | 14,464 |
| Depreciation and amortisation | | (1,164) | (1,128) | (2,302) |
| Profit before financing and tax | | 5,575 | 4,352 | 12,162 |
| Finance income | | 90 | 69 | 822 |
| Finance expense | | (407) | (93) | (14) |
| Net finance cost | 5 | (317) | (24) | 808 |
| Profit before tax | | 5,258 | 4,328 | 12,970 |
| Income tax expense | | (1,448) | (1,174) | (3,605) |
| Profit attributable to the shareholders of the company | | 3,810 | 3,154 | 9,365 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Exchange differences on translation of foreign operations | | (5) | (70) | 41 |
| Total comprehensive income for the period | | 3,805 | 3,084 | 9,406 |
| EARNINGS PER SHARE FROM TOTAL COMPREHENSIVE INCOME (EXPRESSED IN DOLLARS PER SHARE) | | | | |
| Basic and diluted earnings per share | | \$0.05 | \$0.04 | \$0.13 |
| Weighted average number of ordinary shares issued (000) | | 72,700 | 72,700 | 72,700 |

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION_

AS AT 31 MARCH 2016

| \$000 | NOTES | 6 MONTHS UNAUDITED GROUP 31 MARCH 2016 | 6 MONTHS UNAUDITED GROUP 31 MARCH 2015 | 12 MONTHS AUDITED GROUP 30 SEPTEMBER 2015 |
|--------------------------------------|-------|----------------------------------------------|----------------------------------------------|-------------------------------------------------|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | | 9,880 | 5,438 | 12,372 |
| Trade and other receivables | 6 | 11,806 | 10,180 | 10,522 |
| Income tax receivable | | - | 283 | - |
| Total current assets | | 21,686 | 15,901 | 22,894 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | | 776 | 718 | 671 |
| Goodwill | | 40,277 | 40,277 | 40,277 |
| Intangibles | | 17,208 | 19,223 | 18,216 |
| Deferred tax asset | | 1,216 | 574 | 983 |
| Total non-current assets | | 59,477 | 60,792 | 60,147 |
| Total assets | | 81,163 | 76,693 | 83,041 |
| CURRENT LIABILITIES | | | | |
| Trade payables and accruals | 7 | 1,760 | 1,668 | 1,556 |
| Deferred revenues | | 6,186 | 4,036 | 5,592 |
| GST payable | | 312 | 63 | 248 |
| Employee entitlements | | 1,921 | 1,337 | 1,709 |
| Income tax payable | | (12) | - | 1,345 |
| Borrowings | | - | 1 | - |
| Total current liabilities | | 10,167 | 7,105 | 10,450 |
| NON-CURRENT LIABILITIES | | | | |
| Employee entitlements | | 284 | 266 | 282 |
| Deferred tax liabilities | | 2,637 | 3,159 | 2,805 |
| Total non-current liabilities | | 2,921 | 3,425 | 3,087 |
| Total liabilities | | 13,088 | 10,530 | 13,537 |
| Net assets | | 68,075 | 66,163 | 69,504 |
| EQUITY | | | | |
| Share capital | | 60,396 | 60,396 | 60,396 |
| Retained earnings | | 7,522 | 5,716 | 8,946 |
| Reserves | | 157 | 51 | 162 |
| Total equity | | 68,075 | 66,163 | 69,504 |

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



CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY_

FOR THE SIX MONTHS ENDED 31 MARCH 2016

| GROUP (UNAUDITED TO 31 MARCH 2016) (\$000) | SHARE CAPITAL | RETAINED EARNINGS | TRANSLATION RESERVE | TOTAL EQUITY |
|-------------------------------------------------------------------------|------------------|----------------------|------------------------|-----------------|
| Balance as at 1 October 2015 | 60,396 | 8,946 | 162 | 69,504 |
| Profit after tax for the period | - | 3,810 | - | 3,810 |
| Other comprehensive income | - | - | (5) | (5) |
| Total comprehensive income/(loss) for the period, net of tax | - | 3,810 | (5) | 3,805 |
| Transaction with owners: Dividend paid | - | (5,234) | - | (5,234) |
| Balance at 31 March 2016 | 60,396 | 7,522 | 157 | 68,075 |

| GROUP (UNAUDITED TO 31 MARCH 2015) (\$000) | SHARE CAPITAL | RETAINED EARNINGS | TRANSLATION RESERVE | TOTAL EQUITY |
|-------------------------------------------------------------------------|------------------|----------------------|------------------------|-----------------|
| Balance as at 1 October 2014 | 60,396 | 5,179 | 121 | 65,696 |
| Profit after tax for the period | - | 3,154 | - | 3,154 |
| Other comprehensive income | - | - | (70) | (70) |
| Total comprehensive income/(loss) for the period, net of tax | - | 3,154 | (70) | 3,084 |
| Transaction with owners: Dividend paid | - | (2,617) | - | (2,617) |
| Balance at 31 March 2015 | 60,396 | 5,716 | 51 | 66,163 |

| GROUP (AUDITED TO 30 SEPTEMBER 2015) (\$000) | SHARE CAPITAL | RETAINED EARNINGS | TRANSLATION RESERVE | TOTAL EQUITY |
|-----------------------------------------------------------------------------|------------------|----------------------|------------------------|-----------------|
| Balance as at 1 October 2014 | 60,396 | 5,179 | 121 | 65,696 |
| Profit attributable to the shareholders of the company | - | 9,365 | - | 9,365 |
| Other comprehensive income | - | - | 41 | 41 |
| Total comprehensive income for the period, net of tax | - | 9,365 | 41 | 9,406 |
| Transaction with owners: Dividends paid prior to Initial Public Offering | - | (5,598) | - | (5,598) |
| Balance at 30 September 2015 | 60,396 | 8,946 | 162 | 69,504 |

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

FOR THE SIX MONTHS ENDED 31 MARCH 2016

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS_

FOR THE SIX MONTHS ENDED 31 MARCH 2016

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These unaudited consolidated condensed interim financial statements of Gentrack Group Limited (the Company) and its subsidiaries (together “the Group”) have been prepared in accordance with the New Zealand equivalent of IAS34: Interim Financial Reporting and New Zealand Generally Accepted Accounting Practice (“NZ GAAP”).

The Group is a profit-oriented entity for financial reporting purposes.

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

These unaudited consolidated condensed interim financial statements of the Group for the six months ended 31 March 2016 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group’s Annual Report for the year ended 30 September 2015.

The same significant judgements, estimates and assumptions included in the notes to the financial statements in the Group’s Annual Report for the year ended 30 September 2015 have been applied to these consolidated condensed interim financial statements.

Certain comparatives have been reclassified to ensure consistency with the current period.



NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS_

FOR THE SIX MONTHS ENDED 31 MARCH 2016

2. OPERATING SEGMENTS

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

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

| \$000 | UTILITY | AIRPORT | TOTAL |
|-------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------------|
| GROUP — FOR THE SIX MONTHS ENDED 31 MARCH 2016 (UNAUDITED) | | | |
| External revenue | 19,510 | 3,753 | 23,263 |
| Total external expenditure | (14,263) | (2,261) | (16,524) |
| Segment contribution | 5,247 | 1,492 | 6,739 |
| Depreciation and amortisation | | | (1,164) |
| Finance income | | | 90 |
| Finance expense | | | (407) |
| Income tax expense | | | (1,448) |
| Profit attributable to the shareholders of the company | | | 3,810 |
| GROUP — FOR THE SIX MONTHS ENDED 31 MARCH 2015 (UNAUDITED) | | | |
| External revenue | 15,740 | 2,761 | 18,501 |
| Total external expenditure | (10,954) | (2,067) | (13,021) |
| Segment contribution | 4,786 | 694 | 5,480 |
| Depreciation and amortisation | - | - | (1,128) |
| Finance income | - | - | 69 |
| Finance expense | - | - | (93) |
| Income tax expense | - | - | (1,174) |
| Profit attributable to the shareholders of the company | - | - | 3,154 |
| GROUP — FOR THE YEAR ENDED 30 SEPTEMBER 2015 (AUDITED) | | | |
| External revenue | 35,621 | 6,448 | 42,069 |
| Total expenditure | (23,159) | (4,446) | (27,605) |
| Segment contribution before depreciation, amortisation, non-operating costs, financing and tax | 12,462 | 2,002 | 14,464 |
| Depreciation and amortisation | - | - | (2,302) |
| Finance income | - | - | 822 |
| Finance expense | - | - | (14) |
| Income tax expense | - | - | (3,605) |
| Profit attributable to the shareholders of the company | - | - | 9,365 |
| \$000 | UNAUDITED 31 MARCH 2016 | UNAUDITED 31 MARCH 2015 | AUDITED 30 SEPTEMBER 2015 |
| REVENUE BY DOMICILE OF ENTITY | | | |
| Australia | 11,163 | 9,178 | 19,849 |
| New Zealand | 12,100 | 9,323 | 22,220 |
| | 23,263 | 18,501 | 42,069 |
| REVENUE BY DOMICILE OF CUSTOMER | | | |
| Australia | 11,782 | 10,163 | 21,891 |
| New Zealand | 4,577 | 4,111 | 10,133 |
| United Kingdom | 5,089 | 2,832 | 7,152 |
| Rest of World | 1,815 | 1,395 | 2,893 |
| | 23,263 | 18,501 | 42,069 |

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS_

FOR THE SIX MONTHS ENDED 31 MARCH 2016

3. REVENUE

| \$000 | UNAUDITED 31 MARCH 2016 | UNAUDITED 31 MARCH 2015 | AUDITED 30 SEPTEMBER 2015 |
|-----------------------|----------------------------|----------------------------|------------------------------|
| OPERATING REVENUE: | | | |
| Recurring | 7,041 | 6,316 | 12,993 |
| Non-recurring | 1,677 | 1,297 | 3,467 |
| Professional services | 14,390 | 10,696 | 25,240 |
| | 23,108 | 18,309 | 41,700 |
| OTHER INCOME: | | | |
| Government grants | 155 | 192 | 369 |
| | 23,263 | 18,501 | 42,068 |

4. EXPENDITURE

| \$000 | UNAUDITED 31 MARCH 2016 | UNAUDITED 31 MARCH 2015 | AUDITED 30 SEPTEMBER 2015 |
|-----------------------------------------|----------------------------|----------------------------|------------------------------|
| Employee entitlements | 11,332 | 9,035 | 19,156 |
| Superannuation costs | 366 | 294 | 611 |
| Staff recruitment | 354 | 36 | 162 |
| Third party customer-related costs | 731 | 828 | 1,984 |
| Occupancy costs | 858 | 830 | 1,706 |
| Travel related | 481 | 397 | 811 |
| Advertising and marketing | 509 | 428 | 746 |
| Consulting and subcontracting | 796 | 366 | 835 |
| Communication and office administration | 362 | 346 | 715 |
| Doubtful debts | 146 | - | (36) |
| Directors' fees | 157 | 145 | 290 |
| Auditors' remuneration | 116 | 141 | 312 |
| Other operating expenses | 316 | 175 | 314 |
| Total expenditure | 16,524 | 13,021 | 27,605 |

5. NET FINANCE COST

| \$000 | UNAUDITED 31 MARCH 2016 | UNAUDITED 31 MARCH 2015 | AUDITED 30 SEPTEMBER 2015 |
|-------------------------|----------------------------|----------------------------|------------------------------|
| FINANCE INCOME | | | |
| Interest income | 90 | 69 | 152 |
| Foreign exchange gains | - | - | 670 |
| | 90 | 69 | 822 |
| FINANCE EXPENSE | | | |
| Interest expense | (1) | (14) | (14) |
| Foreign exchange losses | (406) | (79) | - |
| | (407) | (93) | (14) |
| Net finance cost | (317) | (24) | 808 |

FOR THE SIX MONTHS ENDED 31 MARCH 2016

| \$000 | UNAUDITED 31 MARCH 2016 | UNAUDITED 31 MARCH 2015 | AUDITED 30 SEPTEMBER 2015 |
|------------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| Trade debtors | 9,439 | 5,991 | 6,401 |
| Provision for doubtful debts | (490) | (364) | (395) |
| Provision for warranty claims | (15) | (15) | (15) |
| Work in progress/accrued revenue | 2,045 | 3,914 | 3,276 |
| Sundry receivables and prepayments | 827 | 654 | 1,255 |
| | 11,806 | 10,180 | 10,522 |

| \$000 | UNAUDITED 31 MARCH 2016 | UNAUDITED 31 MARCH 2015 | AUDITED 30 SEPTEMBER 2015 |
|--------------------------|------------------------------------|------------------------------------|--------------------------------------|
| Trade creditors | 715 | 1,028 | 766 |
| Sundry accruals/payables | 1,045 | 640 | 790 |
| | 1,760 | 1,668 | 1,556 |

NZD\$53,126 (AUD\$52,175) TO ANZ TRADE AND SUPPLY CHAIN.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS_

FOR THE SIX MONTHS ENDED 31 MARCH 2016

12. EVENTS AFTER THE BALANCE DATE

A dividend of \$3,053,379 (\$0.042 per share) was declared on 25 May 2016 for the six months ended 31 March 2016, and will be paid on 21 June 2016.

In May 2016, the Company issued a total of 152,400 performance rights under the LTI scheme to the CEO. These rights vest over 2 years and nine months and are subject to Gentrack Group achieving certain performance hurdles contained within the LTI scheme.

13. RECONCILIATION OF OPERATING CASH FLOWS

| \$000 | UNAUDITED 31 MARCH 2016 | UNAUDITED 31 MARCH 2015 | AUDITED 30 SEPTEMBER 2015 |
|----------------------------------------------------|----------------------------|----------------------------|------------------------------|
| Profit after tax | 3,810 | 3,154 | 9,365 |
| ADD/(LESS) NON-CASH ITEMS | | | |
| Deferred tax | (400) | (222) | (979) |
| Other non-cash expenses/(income) | 306 | 75 | 135 |
| Depreciation and amortisation | 1,164 | 1,128 | 2,302 |
| | 4,880 | 4,135 | 10,823 |
| ADD/(LESS) MOVEMENTS IN OTHER WORKING CAPITAL | | | |
| Decrease in tax payable | (1,341) | (1,005) | 199 |
| (Increase)/decrease in trade and other receivables | (1,559) | (167) | 610 |
| (Increase)/decrease in GST receivable | 66 | (270) | (96) |
| Increase/(decrease) in deferred revenue | 590 | 200 | 1,318 |
| Increase in employee entitlements | 213 | 39 | 381 |
| Increase/(decrease) in trade payables and accruals | 218 | 264 | 127 |
| | 3,067 | 3,196 | 13,362 |
| ITEMS CLASSIFIED AS INVESTING ACTIVITY | | | |
| Net finance expense | (91) | (56) | (138) |
| Net cash inflow from operating activities | 2,976 | 3,140 | 13,224 |



Independent Review Report

To the shareholders of Gentrack Group Limited

We have completed a review of the interim financial statements of Gentrack Group Limited on pages 8 to 16 which comprise the statement of financial position as at 31 March 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information.

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

Directors' responsibilities

The directors of Gentrack Group Limited are responsible for the preparation and fair presentation of interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting. As the auditor of Gentrack Group Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Our firm has also provided other services to Gentrack Group Limited in relation to taxation. Subject to certain restrictions, partners and employees of our firm may also deal with Gentrack Group Limited on normal terms within the ordinary course of trading activities of the business of the Gentrack Group Limited. These matters have not impaired our independence as auditors of the Group. The firm has no other relationship with, or interest in the Group.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of Gentrack Group Limited do not present fairly, in all material respects, the financial position of the Gentrack Group Limited as at 31 March 2016, and of its financial performance and its cash flows for the six month period ended on that date, in accordance with NZ IAS 34 Interim Financial Reporting.

A handwritten signature in blue ink that reads 'KPMG'.

25 May 2016
Auckland



CORPORATE DIRECTORY_

REGISTERED OFFICE

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NEW ZEALAND INCORPORATION NUMBER

3768390

AUSTRALIAN REGISTERED BODY NUMBER (ARBN)

169 195 751

DIRECTORS

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

COMPANY SECRETARY

Jon Kershaw

AUDITOR

KPMG

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Gentrack