

GENTRACK GROUP

ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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Company Directory

For The Year Ended 30 September 2013

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



Independent auditor's report

To the shareholders of Gentrack Group Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of Gentrack Group Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 7 to 34. The financial statements comprise the statements of financial position as at 30 September 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

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

Auditor's responsibility

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

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

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

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



Opinion

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

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company and the group as at 30 September 2013 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

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

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

5 February 2014
Auckland

Directors' Responsibility Statement

For The Year Ended 30 September 2013

In the opinion of the directors of Gentrack Group the financial statements and notes, on pages 7 to 34, comply with New Zealand Generally Accepted Accounting Practice and give a true and fair view of the financial position of the company as at 30 September 2013 and the results of operations and cash flows for the period ended on that date. They have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The shareholders resolved that the information required by paragraphs (a) and (e) - (j) of subsection (1), and subsection (2), of section 211 of the Companies Act 1993 not be disclosed in the annual report pursuant to section 211(3) of the Companies Act 1993.

The directors are pleased to present the financial statements of Gentrack Group Limited for the period ended 30 September 2013.

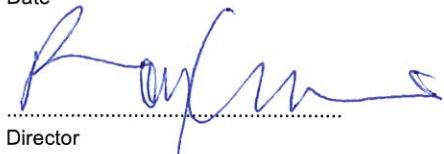
For and on behalf of the Board of Directors:



Director

5 February 2014

Date



Director

5 February 2014

Date

Statement Of Comprehensive Income

For The Year Ended 30 September 2013

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

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

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



Statement Of Financial Position

At 30 September 2013

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



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

Statement Of Changes In Equity

For The Year Ended 30 September 2013

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

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

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



Statement Of Cash Flows

For The Year Ended 30 September 2013

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

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

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

(a) Changes in accounting policy

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

(b) Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate to profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS").

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

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

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: foreign exchange contracts and derivative financial instruments. Non-current assets held for sale are valued at fair value less costs to sell.

Presentation currency

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

Use of estimates and judgements

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

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

(c) Basis of Consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from activities.

The Group recognises the fair value of all identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured as the excess cost of the acquisition over the recognised assets and liabilities. When the excess is negative (negative goodwill), the amount is recognised immediately in the statement of comprehensive income.



Notes To The Financial Statements

For The Year Ended 30 September 2013

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Revenue

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

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

Revenue is recognised for the major business activities as follows:

(i) Software Licence Fee Revenue

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

(ii) Implementation and Consulting Services Revenue for Licensed Software

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

(iii) Post Sales Customer Support Revenue for Licensed Software

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

(iv) Project Services Revenue

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

(v) Income in Advance

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

(vi) Accrued Income

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

(vii) Government Grants

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

(e) Net Finance Cost

Finance income comprises interest income, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit and loss, foreign currency gains, and gains on hedging instruments that are recognised in profit and loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payments is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of the financial assets at fair value through profit and loss, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on hedging instruments that are recognised in profit and loss. All borrowing costs are recognised in profit and loss using the effective interest method.

(f) Income Tax

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

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

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

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

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

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

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

(g) Sales Tax

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

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

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

(h) Foreign Currency Translations

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

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

(i) Research & Development Costs

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

(j) Property, Plant & Equipment

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

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

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

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

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

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

(k) Intangible assets

Goodwill

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Brands

Brands are considered to have an indefinite useful life and are held at cost and are not amortised, but are subject to an annual impairment test.

Other intangible assets

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

Amortisation

Except for goodwill and brands, intangible assets are amortised on a straight-line basis in the Income Statement over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

• Acquired source code	10 years
• Customer relationships	10 years
• Internal use software	3 years

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

(l) Impairment of Non-Financial Assets

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

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

(m) Loans & Receivables

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

(n) Cash & cash equivalents

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

(o) Trade & other receivables

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

(p) Trade & other payables

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

(q) Provisions

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

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

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

(r) Employee Benefits

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

(s) Earnings per Share

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

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

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

(t) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled or transferred outside the Group.

Preference share capital is classified as equity if it is non-redeemable and dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

(u) Segment reporting

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company or Group, except for NZ IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Company and Group does not plan to adopt this standard early and the extent of the impact has not been determined.



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 2 BUSINESS COMBINATIONS

On 15 May 2012 the Talgentra Pacific Group underwent a change of ownership and restructure which involved Gentrack Group Limited (GGL), a newly incorporated New Zealand company, purchasing the shares of the then parent company, Talgentra Pacific Group Pty Ltd (TPGPL), through its newly incorporated Australian subsidiary, Gentrack Group Australia Pty Ltd.

The transaction met the definition of a business combination in accordance with NZ IFRS 3 Business Combinations; therefore the assets and liabilities of the acquired business have been fair valued.

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

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

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

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

a) Intangibles

Fair values were recognised for customer relationships, brands and developed software. Deferred tax was allowed for on the temporary timing differences created by these adjustments. The recognition of these intangibles and deferred tax had a net impact of \$279k (debit) in the statement of comprehensive income of the Group in 2012 and \$545k in the current year.

b) Deferred income

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

Recognised goodwill comprised \$40.3 million arising on the purchase of the 100% interest in the business on the 15th May 2012. Goodwill represents future economic benefits arising from assets that are not capable of being identified individually or recognised as separate assets. This includes the value of a skilled and experienced workforce, the pipeline of both contracted sales in progress and potential sales prospects at various stages of closure at the time of the acquisition and the value of established processes and infrastructure.

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

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 3 OPERATING SEGMENTS

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

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

	Utility \$000	Airport \$000	Total \$000
Group - For the year ended 30 September 2013			
External Revenue	36,005	4,121	40,126
Total external expenditure	(22,430)	(3,448)	(25,878)
Segment contribution	13,575	673	14,248
Depreciation & amortisation			(2,207)
Non-operating costs			(170)
Finance income			94
Finance expense			(2,644)
Income tax (expense)/benefit			(2,685)
Profit/(loss) attributable to the shareholders of the company			6,636
Group - For the period ended 30 September 2012			
External Revenue	11,385	1,806	13,191
Total external expenditure	(7,558)	(1,446)	(9,004)
Segment contribution	3,827	360	4,187
Depreciation & amortisation			(907)
Non-operating costs			(509)
Finance income			209
Finance expense			(1,181)
Income tax (expense)/benefit			(484)
Profit/(loss) attributable to the shareholders of the company			1,315
	2013 \$000	2012 \$000	
Revenue by domicile of entity			
Australia	20,643	6,274	
New Zealand	19,483	6,917	
	40,126	13,191	
Revenue by domicile of customer			
Australia	21,274	6,859	
New Zealand	12,987	4,188	
United Kingdom	2,946	1,152	
Rest of world	2,919	992	
	40,126	13,191	

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 4 REVENUE

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

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

Note 5 EXPENDITURE

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

Research and development expense

Total expenditure on research and development	2,528	730	-	-
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Research and development expense includes a portion of employee costs shown above, directly attributable to research and development activities.



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 6 DEPRECIATION & AMORTISATION

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

Note 7 NON-OPERATING COSTS

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

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

Note 8 NET FINANCE COST

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

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 9 INCOME TAX EXPENSE

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

Note 10 DEFERRED TAX ASSET/(LIABILITY)

	Group		Parent	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Recognised deferred tax assets and liabilities				
<i>Deferred tax assets and (liabilities) are attributable to the following:</i>				
Trade and other receivables	(9)	(352)	-	-
Intangible assets	(4,070)	(4,931)	-	-
Deferred income	267	98	-	-
Provisions including employee entitlements and doubtful trade debtors	347	527	-	-
Other	13	15	-	-
Total deferred tax asset/(liability)	-	(3,452)	-	-

The movement in temporary differences has been recognised in profit or loss. Deferred tax assets have been recognised at a rate of 28% at which they are expected to be realised.

Movement in temporary differences during the period:

Group	Balance 30 Sep 2012	Temporary movements recognised	Balance 30 Sep 2013
	(\$000)	(\$000)	(\$000)
Trade and other receivables	(352)	343	(9)
Intangible assets	(4,931)	861	(4,070)
Deferred income	98	169	267
Provisions including employee entitlements and doubtful trade debtors	527	(180)	347
Other	15	(2)	13
Total	(4,643)	1,191	(3,452)

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Notes To The Financial Statements

For The Year Ended 30 September 2013

Imputation Credits

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

Note 11 EARNINGS PER SHARE

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

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

Note 12 CAPITAL

	Shares Issued		Share Capital	
	2013 000	2012 000	2013 \$000	2012 \$000
Parent				
Ordinary Shares	14,893	14,893	18,617	18,617
Preference Shares	4,340	4,340	6,781	6,781
	19,233	19,233	25,398	25,398

Ordinary shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

Preference shares are fully paid and have no par value and rank equally in all respects with ordinary shares with the exception that in the event the Company is wound up and no bona fide sale of the Company's shares has been transacted at a value greater than the price paid per preference share, the holders of preference shares would have first call on the residual assets of the Company. The preference shares attract no coupon payment.

Note 13 RESERVES

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

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 14 RETAINED EARNINGS

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

Note 15 CASH AND CASH EQUIVALENTS

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

Note 16 TRADE AND OTHER RECEIVABLES

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

(a) Credit risk

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

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

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Notes To The Financial Statements

For The Year Ended 30 September 2013

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

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

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

Note 17 PROPERTY, PLANT AND EQUIPMENT

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

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 18 GOODWILL

	Notes	Group	
		2013 \$000	2012 \$000
Opening balance		40,253	-
Net book amount (arising on acquisition)	2	24	40,253
Closing net book amount		40,277	40,253
Goodwill allocated to Utility		37,377	
Goodwill allocated to Airport		2,900	
Net book amount		40,277	

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

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

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

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

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

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

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

Note 19 INTANGIBLE ASSETS

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 20 INVESTMENTS

Parent

	2013 \$000	2012 \$000
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Investment in Gentrack Group Australia Pty Limited

Consideration	57,236	57,236
Impairment	(25,236)	-
Carrying Amount	32,000	57,236

Investment in Talgentra NZ Holdings Limited

Consideration	54,000	-
Carrying Amount	54,000	-

Note 21 TRADE PAYABLES AND ACCRUALS

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

Note 22 EMPLOYEE ENTITLEMENTS

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 23 INTEREST BEARINGS LOANS AND BORROWINGS

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

Terms and debt repayment schedule

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

The bank facility has a 3 year term which was fully drawn down on 15 May 2012. It is secured over all of the assets of the Group. The Group is required to meet normal quarterly covenants based on interest, debt servicing and leverage ratios. At 30 September 2013 the Group was operating comfortably within the mandated ratios.

Finance lease liabilities

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 24 FINANCIAL RISK MANAGEMENT

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

As a result of the Group's operations and sources of finance, it is exposed to credit risk, liquidity risk and market risks which include foreign currency risk, commodity price risk and interest rate risk. These risks are described below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis upon which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the Statement of Accounting Policies to the financial statements.

The Group holds the following financial instruments:

Group	\$000	2013 \$000	\$000	\$000	2012 \$000	\$000
	Held for trading	Loans and receivables	Other amortised cost	Held for trading	Loans and receivables	Other amortised cost
Financial assets						
Cash and cash equivalents	-	143	-	-	473	-
Tax related assets	-	-	-	-	452	-
Trade and other receivables	-	11,196	-	-	11,481	-
	-	11,339	-	-	12,406	-
Financial liabilities						
Bank overdraft	-	-	-	-	-	(81)
Borrowings	-	-	(28,615)	-	-	(37,696)
Derivative liabilities	(111)	-	-	(79)	-	-
Tax related liabilities	-	-	(2,274)	-	-	(1,247)
Trade and other payables	-	-	(3,378)	-	-	(3,431)
	(111)	-	(34,267)	(79)	-	(42,455)
Parent						
	\$000	2013 \$000	\$000	\$000	2012 \$000	\$000
	Held for trading	Loans and receivables	Other amortised cost	Held for trading	Loans and receivables	Other amortised cost
Financial assets						
Amount owing from subsidiary	-	690	-	-	6,716	-
Tax related assets	-	-	-	-	247	-
Trade and other receivables	-	292	-	-	375	-
	-	982	-	-	7,338	-
Financial liabilities						
Borrowings	-	-	(28,582)	-	-	(37,645)
Derivative liabilities	-	-	-	(79)	-	-
Trade and other payables	-	-	(217)	-	-	(425)
Amount owing to subsidiary	-	-	(354)	-	-	(1,662)
	-	-	(29,153)	(79)	-	(39,732)

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and it arises principally from the Group's trade receivables from customers in the normal course of business.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The creditworthiness of a customer or counterparty is determined by a number of qualitative and quantitative factors. Qualitative factors include external credit ratings (where available), payment history and strategic importance of customer or counterparty. Quantitative factors include transaction size, net assets of customer or counterparty, and ratio analysis on liquidity, cash flow and profitability.

In relation to trade receivables, it is the Group's policy that all customers who wish to trade on terms are subject to credit verification on an ongoing basis with the intention of minimising bad debts. The nature of the Group's trade receivables is represented by regular turnover of product and billing of customers based on the Group's contractual payment terms.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

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

Refer to note 16 for an aging profile for the Group's trade receivables at reporting date.

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Notes To The Financial Statements

For The Year Ended 30 September 2013

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they become due and payable. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due and payable, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Maturities of financial liabilities

The following table details the Group's contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, as at the reporting date:

Group 2013	1 year or less	Over 1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$000	\$000	\$000	\$000	\$000
Non-derivative financial liabilities					
Borrowings	6,045	24,805	-	30,850	28,615
Tax related liabilities	2,274	-	-	2,274	2,274
Trade and other payables	3,378	242	-	3,620	3,378
Derivative financial liabilities					
Interest rate swap contracts	111	-	-	111	111
	11,808	25,047	-	36,855	34,378
Parent 2013	1 year or less	Over 1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$000	\$000	\$000	\$000	\$000
Non-derivative financial liabilities					
Borrowings	6,011	24,805	-	30,817	28,582
Trade and other payables	217	-	-	217	217
Amount owing to subsidiary	318	36	-	354	354
Derivative financial liabilities					
Interest rate swap contracts	-	-	-	-	-
	6,546	24,841	-	31,387	29,153
Group 2012	1 year or less	Over 1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$000	\$000	\$000	\$000	\$000
Non-derivative financial liabilities					
Bank overdraft	81	-	-	81	81
Borrowings	6,176	36,390	-	42,567	37,696
Tax related liabilities	1,247	-	-	1,247	1,247
Trade and other payables	3,276	155	-	3,431	3,431
Derivative financial liabilities					
Interest rate swap contracts	79	-	-	79	79
	10,859	36,545	-	47,405	42,534
Parent 2012	1 year or less	Over 1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$000	\$000	\$000	\$000	\$000
Non-derivative financial liabilities					
Borrowings	6,125	36,390	-	42,515	37,645
Trade and other payables	425	-	-	425	425
Amount owing to subsidiary	4	1,658	-	1,662	1,662
Derivative financial liabilities					
Interest rate swap contracts	79	-	-	79	79
	6,633	38,048	-	44,681	39,811

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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Notes To The Financial Statements

For The Year Ended 30 September 2013

Foreign currency risk

The Group is exposed to currency risk on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian Dollar (AUD), Hong Kong Dollar (HKD), Pound Sterling (GBP), EURO (EUR) and US Dollar (USD).

The Group reports in New Zealand dollars. Movements in foreign currency exchange rates affect reported financial results, financial position and cash flows. Where practical, the Group attempts to reduce this risk by matching revenues and expenditures, as well as assets and liabilities, by country and by currency. More weight is given to known exposures where there is little or no natural hedge. Consideration is given to projected exposures based on the probability of them occurring in the near future.

Foreign exchange rates applied against the New Zealand Dollar, at 30 September are as follows:

	2013	2012
AUD	0.8776	0.7867
CAD	0.8230	0.8012
FJD	1.5240	1.4611
HKD	6.2993	6.3444
GBP	0.5129	0.5084
EUR	0.6087	0.6365
USD	0.8123	0.8182

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

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

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

Debt facility repricing

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

Interest rate risk

At the reporting date the secured bank loan was 34% uncovered for interest rate risk, 31% hedged for 1 year and 35% for 2 years.

Interest rate swaps are carried at fair value and are considered to be at Level 2 in the fair value hierarchy. Level 2 means inputs other than unadjusted quoted prices in active markets which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

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Notes To The Financial Statements

For The Year Ended 30 September 2013

Summarised sensitivity analysis

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

Group 2013	Foreign currency risk ⁽¹⁾				Interest rate risk ⁽²⁾			
	-10%		+10%		-100bps		+100bps	
	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
Cash and cash equivalents	12	12	(10)	(10)	-	-	-	-
Trade and other receivables	628	628	(514)	(514)	-	-	-	-
Trade and other payables	(74)	(74)	61	61	-	-	-	-
Derivative financial instruments	-	-	-	-	(189)	(189)	189	189
Bank overdraft	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	286	286	(286)	(286)
Total increase/ (decrease)	566	566	(463)	(463)	97	97	(97)	(97)

Parent 2013	Foreign currency risk ⁽¹⁾				Interest rate risk ⁽²⁾			
	-10%		+10%		-100bps		+100bps	
	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
Amount owing from subsidiary	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	(189)	(189)	189	189
Borrowings	-	-	-	-	286	286	(286)	(286)
Total increase/ (decrease)	-	-	-	-	97	97	(97)	(97)

Group 2012	Foreign currency risk ⁽¹⁾				Interest rate risk ⁽²⁾			
	-10%		+10%		-100bps		+100bps	
	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
Cash and cash equivalents	56	56	(46)	(46)	-	-	-	-
Trade and other receivables	732	732	(599)	(599)	-	-	-	-
Trade and other payables	(43)	(43)	35	35	-	-	-	-
Derivative financial instruments	-	-	-	-	(290)	(290)	290	290
Bank overdraft	-	-	-	-	1	1	(1)	(1)
Borrowings	-	-	-	-	377	377	(377)	(377)
Total increase/ (decrease)	745	745	(610)	(610)	88	88	(88)	(88)

Parent 2012	Foreign currency risk ⁽¹⁾				Interest rate risk ⁽²⁾			
	-10%		+10%		-100bps		+100bps	
	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
Amount owing from subsidiary	(610)	(610)	746	746	-	-	-	-
Derivative financial instruments	-	-	-	-	(290)	(290)	290	290
Borrowings	-	-	-	-	376	376	(376)	(376)
Total increase/ (decrease)	(610)	(610)	746	746	86	86	(86)	(86)

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

⁽²⁾The interest rate sensitivity above represents a 100 basis point decrease and increase in variable interest rates.

(d) Capital management

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

(e) Fair value measurement

The carrying amounts of the Groups financial assets and liabilities approximate their fair value due to their short maturity periods or fixed rate nature.



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 25 RELATED PARTIES

Identity of related parties

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

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

Related party receivables

Loans and receivables between Gentrack Group Limited, the parent, and related parties for the period ended 30 September 2013 amounted to \$288,000 (2012: \$6,577,000) and are presented in non-current assets in the Statement of Financial Position. It is not expected that these loans will be received in the following 12 months. These loans bear an annual interest rate of 6%.

Trade receivables from related parties are non-interest bearing and repayable on demand and are accordingly disclosed as current assets in the Statement of Financial Position.

Parent	2013 \$000	2012 \$000
Gentrack Group Australia Pty Ltd - Long Term Loan	-	6,577
Gentrack Group Australia Pty Ltd - Interest receivable	402	139
Gentrack Ltd - Long term loan	288	-

Related party payables

Loans and payables between Gentrack Group Limited, the parent, and related parties for the period ended 30 September 2013 amounted to \$36,000 (2012: \$1,658,000) and are presented in non-current liabilities in the Statement of Financial Position. It is not expected that these loans will be paid in the following 12 months. These loans bear an annual interest rate of 6%.

Trade payables from related parties are non-interest bearing and repayable on demand and are accordingly disclosed as current liabilities in the Statement of Financial Position.

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

Interest Received/Paid

Parent	2013 \$000	2012 \$000
Net interest received	(402)	(139)
Net interest paid	318	4

Management fees are charged by Gentrack Limited, the New Zealand operating company, to related parties during the year to cover management type activities.



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 26 OPERATING LEASE COMMITMENTS

	Group		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Non-cancellable operating lease commitments due:				
Not later than one year	1,022	824	-	-
Later than one year not later than five years	3,440	3,698	-	-
Later than five years	-	269	-	-
	4,463	4,791	-	-

The Group leases premises, plant and equipment. Operating leases held over properties give the Group the right to renew the lease subject to redetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of plant and equipment held under operating leases.

Note 27 KEY MANAGEMENT PERSONNEL

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

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

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

Other transactions with key management personnel

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

Note 28 CAPITAL COMMITMENTS

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

Note 29 CONTINGENCIES

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

NZD\$291,306 (HKD\$1,842,891) to ANZ Hong Kong. This guarantee is due to expire on 26 August 2014.

NZD\$65,128 (GBP\$33,072) to Bank of Ceylon Limited. This guarantee is due to expire on 15 March 2014.

NZD\$915,227 (AUD\$800,000) to ANZ Trade Service Delivery. This guarantee is due to expire on 18 September 2014.

Note 30 EVENTS SUBSEQUENT TO BALANCE DATE

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



Notes To The Financial Statements

For The Year Ended 30 September 2013

Note 31 CASH FLOW INFORMATION

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

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

