



Welcome to Smartpay's annual half year report for the year ending 30 September 2017

Smartpay Holdings Limited is the listed Company trading as Smartpay ("NZX:SPY, ASX:SMP")

Smartpay is Australia and New Zealand's largest independent full-service EFTPOS provider. We directly service over 20,000 merchants with approximately 35,000 EFTPOS terminals.

We have longstanding relationships with our bank partners in New Zealand and Australia ranging from terminal supply to fully outsourced service offerings. In New Zealand, we are the largest direct connector of EFTPOS terminals to Paymark, the central electronic payment processing platform.

At Smartpay our vision is to be the payments partner of choice in the markets in which we operate. We strive to provide the most up to date, secure, and feature rich EFTPOS terminals. We believe that we provide the most effective solutions and the very best customer service to ensure our customers can take payments easily, anywhere, any time, everytime. Our helpdesk is manned 24/7 by a multilingual team based in New Zealand.

We recognise our customers, our people, our shareholders and our community as our key stakeholders and aim to add value to each in everything we do.

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Report from the Board & Management



Chairman and Chief Executive's Review

The Board of Smartpay is pleased to announce its half year results to 30 September 2017.

Six Month Financial Highlights

- Revenue \$10.4m, a 3% decrease on the prior year \$10.7m
- EBITDA* \$4.4m, a 5% increase on the prior year \$4.2m
- NPAT \$0.9m, a 68% increase on prior year profit of \$0.5m
- Diluted Earnings Per Share (EPS) of 0.51 cents, a 70% increase on prior year of 0.30 cents

Business Update Highlights

- Australian terminal numbers showing good growth, set to hit 5,000 this month.
- Australian Acquiring capability live October 2017, first merchants onboarded November 2017. Staged roll-out underway, expected to lift both terminal volume growth and margin.
- SmartConnect, our new cloud based payments platform, launched as integrated technology solution for major Australian bank.

Operating Results

The business achieved continued profit growth in the period with EBITDA* up 5%; Net Profit up 68% and EPS up 70%.

Some of the key contributors to the increase in profits include:

- steady growth in Australian terminal numbers (set to hit 5,000 this month). We expect to see this growth rate increase off the back of the recent introduction of acquiring; and
- normalisation of our cost base following some large non-recurring costs in the previous period.

**EBITDA = Earnings Before Interest, Tax, Depreciation, Amortisation (including share option amortisation), impairments and foreign exchange adjustments. EBITDA is a useful non-GAAP measure as it shows the contribution to earnings prior to finance costs and non cash items.*

The 3% decrease in revenue reflects:

- lower revenue from external software development (billed to customers) as the focus of our internal development team has been moved onto internal projects such as our acquiring project and our SmartConnect cloud payments platform, neither of which generated meaningful revenue in the current period but both of which are expected to begin making positive contributions to revenue in the second half and beyond; and
- slightly lower revenue in our NZ business, mainly from our corporate customers, noting however this represents a relatively small segment of Smartpay's customer base.

It is important to note that the second half of each financial year is typically stronger than the first half and we expect the same pattern for the current year.

Net debt increased to \$24.9m from \$24.0m at March 2017 due to:

- as foreshadowed in our March 2017 year end commentary, our payment terms with our terminal supplier are such that the remainder of the NZ terminal upgrade payments carried over into the first half of the current financial year;
- capex associated with the continued growth of our Australian terminal fleet; and
- increasing investment in our 2 major growth initiatives, Australian acquiring and our SmartConnect platform.

With the terminal upgrade now complete, and with an increasing revenue contribution from our Australian growth, we expect our net debt position to steadily improve to the end of the current financial year and beyond, subject of course to our growth capital requirements.

Review of Operations

In addition to the continued organic growth of our Australian terminal fleet, the two key focus areas during the period were:

- Australian Acquiring

We are pleased to confirm that our Australian acquiring capability went live at the end of October. We launched our first acquiring product this month and successfully onboarded our first merchants. This is a significant milestone for the company as it allows us to offer a complete end-to-end EFTPOS offering without the limitations of our previous reliance on third party pricing for the core component of our

Chairman and Chief Executive's Review

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EFTPOS market offering. We are progressing with a staged implementation program which will see us progressively release a number of acquiring products over the coming months.

The significance of this project lies in the ability of Smartpay to participate to a greater extent in the transactional fee pool generated by our terminals which we believe will offer margin accretion and create further opportunities for growth in both our EFTPOS terminal network and ancillary products and services which we can only offer when we participate directly in the revenue flow through our terminals.

We note that with the introduction of these products staged over the later part of the current financial year, the positive revenue impacts will fall mostly into the next financial year.

- SmartConnect Cloud Based Payments Platform

We have made substantial progress over the period in the further development of our SmartConnect cloud based payments platform. SmartConnect is an API architected payments platform that allows integration of any payment initiation device/application to any payment termination device/application.

Since launching our first iteration of the product in NZ earlier this year, we have continued to build integrations to the leading Point-of-Sale vendors which is increasing the addressable market for our EFTPOS products.

We are pleased to report that we have recently launched the product as the integrated technology solution for a major Australian bank on their newest EFTPOS terminals. While early stages in the roll-out, this is a significant outcome for Smartpay as it provides external validation from one of the world's largest banks that Smartpay's products are at the forefront of payments innovation. This further demonstrates the opportunity for us to leverage our IP and broaden our revenue streams beyond payments terminals to include a Software-as-a-Service (SAAS) business model.

We are currently developing integrations for a number of new revenue generating products and services which will allow us to further monetise our investment in this technology.

Summary and Outlook

The company has made significant progress in the first half of this financial year. We expect to see continuing growth in revenue and profits as we continue to execute our strategy.



Gregor Barclay
Chairman



Bradley Gerdis
Managing Director



Directors Holding Office

The profiles of the directors who held office during or since the end of the half year are detailed below:

Gregor John Barclay

Chairman and Independent Director – LLB, Dip. Bus

Greg joined the board of Smartpay in 2010 and was appointed chairman in 2016. He is an experienced company director having held various directorships and advisory roles across a number of New Zealand and off-shore entities. Currently he is also chairman of the Pacific Forest Products group (an international log export and marketing company), Franchised Businesses Limited (by number the largest franchise company in New Zealand) and Boffa Miskell Limited. He is an approved Chartered Member of the NZ Institute of Directors.

Having graduated from Canterbury University in 1985 Greg practises as a commercial lawyer. He was a founder partner of Claymore Partners in 1997 and still continues to act as a consultant to the firm at present. His practice area includes mergers/acquisitions, project commercialisation, new ventures and structured financing.

Greg has also had an extensive involvement in the business of sport as an advisor to sports entities and as an owner of a national sports event and management company. He is currently the chairman of New Zealand Cricket, a member of the board of the International Cricket Council and was a board member of Cricket World Cup 2015 Limited.

Matthew George Turnbull

Independent Director – BCom, CA

Matt joined the Board of Smartpay in April 2013, he is a Chartered Accountant and is a member of the Chartered Accountants Australia and New Zealand. He commenced his career with PWC (then Price Waterhouse) and has over 20 years experience providing accounting and corporate advisory services. Matt has a detailed understanding of Smartpay, having assisted the company in the 2012 recapitalisation and restructure, and the recent acquisition of Viaduct Limited.

Matt resides in Auckland, New Zealand.

In addition to being on the Board, Matt serves on the Board's Remuneration and Appointments Committee and is the Chair of the Audit and Finance Committee.

Bruce Andrew Mansfield

Independent Director – BCom

Bruce joined the Board in October 2017 bringing more than 25 years of experience in the Australian, New Zealand and global payments industry to the Board.

Bruce held the position of Managing Director and CEO of eftpos Payments Australia Limited ('eftpos Payments') overseeing the eftpos business in Australia from May 2010 until he stepped down in August 2017 after completing the successful transformation of the business to include chip, contactless, mobile and centralised processing services. Prior to joining eftpos Payments, Bruce held a number of senior executive positions across the globe for Visa Inc. where he worked for 18 years. This included EVP for the Australian, New Zealand and Pacific businesses, together with the Emerging Products & Technology businesses across Asia Pacific and International regions.

In addition to Smartpay, Bruce holds non-executive director positions on Lifeline Australia Limited and Lifeline Direct Limited boards, together with an executive position at the Minderoo Foundation leading the global Eliminate Cancer Initiative. Bruce was previously a Director of Save the Children Australia and resides in Sydney Australia.

Bradley Gavin Gerdis **Managing Director B.Bus (Hons), MCom**

Bradley joined Smartpay in December 2011 bringing to the company expertise and experience in managing high growth payments businesses. He joined the Smartpay Board in July 2012.

Prior to joining Smartpay, Bradley was a founding executive of Customers Ltd, an ASX listed ATM and payments company which grew from start-up to become Australia's largest ATM operator during his time with the business. Bradley also played a leading role as a founding director in the development of Strategic Payments Services Pty Ltd, a payments processing business in joint venture with Customers Limited, Bendigo Bank Ltd and MasterCard International. Bradley's experience includes direct investment roles with ANZ Private Equity and Gresham Private Equity. He has held executive and non-executive director positions in both publicly listed and private companies.

Bradley ordinarily resides in Sydney, Australia.

In addition to being on the Board, Bradley serves on the Board's Audit and Finance Committee.

Martyn Richard Pomeroy **Executive Director**

Marty joined Smartpay in January 2013 post the acquisition of Viaduct Limited. Marty joined the Smartpay Board in April 2014.

Prior to joining Smartpay Marty was one of the two founding Directors of Viaduct Limited. Marty was instrumental in the development and success of the Viaduct business from a startup in 2001, through a period of growth to it becoming the third largest provider of EFTPOS terminals in New Zealand with an annual turnover of \$7 million and employing 36 staff. Prior to Viaduct Marty held managerial roles in sales and service with EFTPOS New Zealand. He brings over 13 years of experience in the NZ Payments industry to the Board.

Marty resides in Auckland, New Zealand.

Financial Statements





Condensed Statement of Comprehensive Income

For the Six Months Ended 30 September 2017

	Note	Group		
		30 Sept 2017 Unaudited	30 Sept 2016 Unaudited	31 Mar 2017
Continuing operations		\$'000	\$'000	\$'000
Revenue	3	10,410	10,703	20,892
Other income	4	11	9	864
Operating expenditure	5	(6,016)	(6,508)	(12,131)
Earnings before interest, tax, depreciation, share options expense, amortisation, impairments, and unrealised foreign exchange		4,405	4,204	9,625
Depreciation and amortisation	5	(2,951)	(2,869)	(5,937)
Unrealised foreign currency exchange differences		22	(29)	87
Share option amortisation		(10)	(10)	(21)
Net finance (costs) / income	5	(766)	(767)	(1,429)
Impairments	5	(113)	(71)	(380)
		(3,818)	(3,746)	(7,680)
Profit before tax		587	458	1,945
Tax benefit	6	283	59	258
Profit for the period from continuing operations of owners		870	517	2,203
Other comprehensive income				
Foreign currency translation differences for foreign operations which may be reclassified subsequently to profit and loss (no tax effect)		(43)	(198)	(99)
Share based payments reversal which will not subsequently be reclassified to profit / (loss) (no tax effect)		-	212	461
Total comprehensive income of owners		827	531	2,565
Earnings per share from continuing operations attributable to the equity holders of the company during the period.	7			
Basic earnings per share - cents		0.51 cents	0.30 cents	1.29 cents
Diluted earnings per share -cents		0.51 cents	0.30 cents	1.29 cents

The accompanying notes form an integral part of the financial statements.

Condensed Statement of Changes in Equity

For the Six Months Ended 30 September 2017

	Group			
	Share Capital (note 11)	Foreign Currency Translation Reserve	Retained Deficits	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2016	54,438	375	(43,329)	11,484
Profit / (loss) for the six months from continuing operations of owners	-	-	517	517
Other comprehensive income	-	(198)	212	14
Total comprehensive income	-	(198)	729	531
Share options recognised at fair value	(202)	-	-	(202)
Total changes in equity	(202)	(198)	729	329
Balance at 30 September 2016 (unaudited)	54,236	177	(42,600)	11,813
Profit / (loss) for the six months from continuing operations of owners	-	-	1,686	1,686
Other comprehensive income	-	99	249	348
Total comprehensive income	-	99	1,935	2,034
Share options recognised at fair value net of options lapsed	(238)	-	-	(238)
Total changes in equity	(238)	99	1,935	1,796
Balance at 31 March 2017	53,998	276	(40,665)	13,609
Profit / (loss) for the six months from continuing operations of owners	-	-	870	870
Other comprehensive income	-	(43)	-	(43)
Total comprehensive income	-	(43)	870	827
Share options recognised at fair value net of options lapsed	10	-	-	10
Total changes in equity	10	(43)	870	837
Balance at 30 September 2017 (unaudited)	54,008	233	(39,795)	14,446

The accompanying notes form an integral part of the financial statements.

Condensed Statement of Financial Position

As at 30 September 2017

	Note	Group 30 Sept 2017 Unaudited \$'000	Group 30 Sept 2016 Unaudited \$'000	Group 31 Mar 2017 \$'000
Current assets				
Cash and bank balances		819	2,208	2,896
Trade, and other receivables	8	3,639	3,812	2,996
Finance receivable		99	-	98
Income tax receivable		236	31	173
Total current assets		4,793	6,051	6,163
Non-current assets				
Finance and other receivables		176	-	212
Property, plant and equipment	10	15,273	14,488	15,417
Intangible assets		8,564	7,862	7,913
Goodwill		14,772	14,772	14,772
Total non-current assets		38,785	37,122	38,314
Total assets		43,578	43,173	44,477
Current liabilities				
Trade payables and accruals	9	2,839	3,551	3,354
Derivative financial instruments		157	279	90
Borrowings	11	2,993	3,000	2,984
Total current liabilities		5,989	6,830	6,428
Non-current liabilities				
Borrowings	11	22,724	23,984	23,934
Derivative financial instruments		147	156	175
Deferred tax liabilities		272	390	331
Total non-current liabilities		23,143	24,530	24,440
Total liabilities		29,132	31,360	30,868
Net assets		14,446	11,813	13,609
Equity				
Share capital	11	54,008	54,236	53,998
Foreign currency translation reserve		233	177	276
Retained deficits		(39,795)	(42,600)	(40,665)
Total equity		14,446	11,813	13,609
Net tangible asset backing cents per share		(5.18)	(6.30)	(5.28)

The accompanying notes form an integral part of the financial statements.





Condensed Statement of Cash Flows

For the Six Months Ended 30 September 2017

	Note	Group		
		30 Sept 2017	30 Sept 2016	31 Mar 2017
		Unaudited \$'000	Unaudited \$'000	\$'000
Cash flows from operating activities				
Receipts from customers		9,744	9,831	20,512
Interest received		35	51	62
Receipts from R&D Tax Credit		140	-	-
Payments to suppliers & employees		(5,759)	(6,487)	(12,673)
Interest paid		(733)	(730)	(1,521)
Net cash inflow/(outflow) from operating activities	12	3,427	2,665	6,380
Cash flows from investing activities				
Proceeds from disposal of assets		35	25	454
Purchase of terminal assets and other property, plant and equipment		(2,655)	(2,455)	(4,823)
Spend on intangible assets		(1,674)	(1,081)	(2,094)
Net cash inflow/(outflow) from investing activities		(4,294)	(3,511)	(6,463)
Cash flows from financing activities				
Proceeds from borrowings		290	1,155	2,580
Repayment of borrowings		(1,500)	(1,515)	(3,015)
Shares issued		-	-	-
Net cash inflow/(outflow) from financing activities		(1,210)	(360)	(435)
Net increase/(decrease) in cash equivalents		(2,077)	(1,206)	(518)
Add opening cash equivalents		2,896	3,414	3,414
Closing cash equivalents		819	2,208	2,896
Reconciliation of closing cash equivalents to the statement of financial position:				
Cash and bank balances		819	2,208	2,896
Closing cash equivalents		819	2,208	2,896

The accompanying notes form an integral part of the financial statements.

Condensed Notes to the Financial Statements

For the Six Months Ended 30 September 2017

1. General Information

SmartPay Holdings Limited (the "Parent") is a New Zealand company registered under the Companies Act 1993 and listed on both the New Zealand Stock Exchange ("NZX") and the Australian Securities Exchange ("ASX"). The Parent is an issuer (FMC entity) in terms of the Financial Reporting Act 2013. The addresses of its registered office and principal place of business are disclosed in the directory to the interim report.

The condensed consolidated financial statements of SmartPay Holdings Limited comprise the Parent and its subsidiaries (together referred to as the "Group"). The interim report is presented for the six months ended 30 September 2017 and is unaudited.

The Group comprises profit-oriented entities and is a provider of technology products, services and software to merchants and retailers in New Zealand and Australia.

The condensed financial statements were authorised for issue by the Directors on 27 November 2017.

2. Basis of Preparation

a. Statement of Compliance

The unaudited condensed consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice, accounting policies consistent with International Financial Reporting Standards (IFRS) and New Zealand equivalents to IFRS (NZ IFRS) and NZ IAS 34 Interim Financial Statements. The interim report should be read in conjunction with the financial statements and related notes included in the Group's annual report for the year ended 31 March 2017.

The interim report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as comprehensive an understanding of the financial performance, financial position, and financing and investing activities as the full financial report.

b. Judgements and Estimates

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2017.

c. Functional and Presentation Currency

The condensed consolidated financial statements for the six months ended 30 September 2017 are expressed in New Zealand dollars (\$), which is the Parent's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

d. Accounting Policies

The accounting policies are the same as those adopted in the most recent annual financial report. There are some minor changes in presentation and where these have occurred the comparable information in the prior periods has been changed to ensure consistency.

3. Segment Information

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments, whose operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available.

The Group's business provides technology solutions through various product lines into the same markets, to the same customers, with all product lines being reported as a single business.

The only data that is reviewed by management that is analysed by any segment breakdown is revenue showing the various revenue streams split geographically. Costs and funding are not analysed for decision making purposes to a segment level.

Condensed Notes to the Financial Statements

For the Six Months Ended 30 September 2017

Geographical Segments

Geographical Segments at 30 September 2017 and 30 September 2016	New Zealand		Australia	
	2017	2016	2017	2016
	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000
Sales – external				
Operating lease, software and support revenue	7,792	8,020	1,078	975
Other service revenue	618	811	160	120
Sale of goods	857	566	614	584
Finance revenue	1	-	5	9
Other revenue	5	8	1	13
Total segment sales	9,273	9,405	1,858	1,701

In New Zealand and Australia no single customer represents more than 10% of total revenues as such there is no concentration of customers.

Elimination		Total	
2017	2016	2017	2016
Unaudited	Unaudited	Unaudited	Unaudited
\$'000	\$'000	\$'000	\$'000
-	-	8,870	8,995
-	-	778	931
(721)	(403)	750	747
-	-	6	9
-	-	6	21
(721)	(403)	10,410	10,703

Condensed Notes to the Financial Statements

For the Six Months Ended 30 September 2017

4. Other Income

Other Income	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Sale of intangible asset	-	-	429
Fair value adjustment on terminals residual value	-	-	406
Bad debts recovered	11	9	29
	11	9	864

5. Expenditure

Operating Expenditure	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Terminal direct costs of sales	350	357	441
Terminal communication & servicing costs	479	494	924
Compliance,IT and Marketing costs	732	836	1,654
Employee costs	3,462	3,743	7,074
Occupancy costs	397	564	939
Other costs	434	386	809
Travel and accommodation	162	128	290
	6,016	6,508	12,131

Depreciation and Amortisation	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Depreciation	1,964	1,828	3,908
Amortisation	987	1,041	2,029
	2,951	2,869	5,937

5. Expenditure (continued)

Net Finance (costs) / income	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited \$'000	Unaudited \$'000	\$'000
Other interest received	(11)	(21)	(32)
Interest on bank overdrafts and borrowings	731	799	1,585
Change in fair value - Interest rate swap	(15)	(68)	(136)
Change in fair value - foreign exchange contract (realised and unrealised)	52	49	(5)
Finance transaction fees amortisation	9	8	17
	766	767	1,429

Impairments	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited \$'000	Unaudited \$'000	\$'000
Property, plant and equipment	113	71	380
	113	71	380

EFTPOS terminals are impaired if they are damaged and not economic to repair or refurbish.

Condensed Notes to the Financial Statements

For the Six Months Ended 30 September 2017

6. Taxation Expense

	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited \$'000	Unaudited \$'000	\$'000
Income tax (expense) / benefit comprises:			
Current income tax benefits	224	-	140
Deferred tax benefit	59	59	118
Income tax benefit	283	59	258

There has been no material change to the tax position as reported at 31 March 2017.

The current income tax benefit recognised relates to the R&D tax credit to be received from Inland Revenue.

7. Earnings Per Share

The calculation of basic and fully diluted earnings per share is as follows:

	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited \$'000	Unaudited \$'000	\$'000
Basic earnings/(loss) per share - cents			
Profit/(loss) for the period	870	517	2,203
Weighted average number of shares ('000)	171,752	171,752	171,752
Basic earnings/(loss) per share - cents	0.51	0.30	1.29

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares issued during the year (if any).

Diluted earnings/(loss) per share - cents

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares whether issued or able to be issued during the year. For 30 September 2017 the share options were not dilutive so the calculation excludes the impact of 7,000,000 shares (30 September 2016: 12,000,000 and 31 March 2017: 7,000,000 shares) potentially issuable consequently the diluted earnings per share is equivalent to the basic earnings per share.

8. Trade and Other Receivables

	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Accounts receivable	2,084	2,225	1,307
Less: Impairment provision on receivables	(10)	(16)	(9)
Less: Provision for Kit recovery	(352)	(252)	(153)
Accrued Revenue	1,586	1,424	1,633
Prepayments	331	431	191
GST	-	-	27
Total trade and other receivables	3,639	3,812	2,996

9. Trade Payables and Accruals

	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Trade Payables	1,307	2,024	2,043
Other payables	257	193	75
GST	149	185	99
Deferred Revenue	-	98	-
Accruals	192	378	404
Employee Entitlements	933	673	733
Total trade payables and accruals	2,839	3,551	3,354

Condensed Notes to the Financial Statements

For the Six Months Ended 30 September 2017

10. Property, Plant and Equipment

	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited \$'000	Unaudited \$'000	\$'000
Opening carrying value	13,182	10,473	10,473
Transfers from capital work in progress	1,924	2,731	5,561
Additions	482	608	1,412
Depreciation	(1,964)	(1,828)	(3,908)
Disposals	-	(21)	(50)
Cost of sales	(11)	(5)	-
Impairment	(113)	(71)	(320)
FX adjustments	(16)	(101)	14
Closing carrying value	13,484	11,786	13,182
Capital work in progress	1,789	2,702	2,235
Total property, plant and equipment	15,273	14,488	15,417

11. Debt and Equity Securities

There have been no new share or options issues during the period. There has been no movement in options in the six months to 30 September 2017.

Share Capital	Number of Shares ('000)	\$'000
Opening balance at 1 April 2017	171,752	53,998
Share based payments: employee remuneration	-	10
Closing Balance 30 September 2017	171,752	54,008

The total number of shares on issue at 30 September 2017 was 171,752,278 (31 March 2017: 171,752,278 shares and 30 September 2016: 171,752,278 shares). All ordinary shares are fully paid and rank equally with one vote attaching to each share. The ordinary shares have no par value.

The movement in share capital for the six months of \$10,000 was the amortisation of the fair value of options issued to directors and employees in recognition for services rendered.

Debt

No new debt facility has been entered into during the six months since the last balance date, however a drawdown on the capex facility has been made. The existing ASB Bank facilities expire on 11 July 2019. The capex facility is in place until 11 July 2019 however each drawdown on the facility is provided on 90 day terms and rolled over. Normal quarterly repayments have been made and the Company was in compliance with its covenants during this period.

12. Operating Cash Flows Reconciliation

	Group		
	30 Sept 2017	30 Sept 2016	31 Mar 2017
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Profit/(loss) for the period	870	517	2,203
Add/(deduct) non-cash items:			
Depreciation & amortisation	2,951	2,869	5,937
Gain on disposal of fixed assets	-	-	(22)
Other income	-	-	(835)
Share based payments	10	10	21
Financing costs and bad debts	20	4	202
Foreign exchange adjustments	(22)	29	(87)
Impairment	113	71	381
Deferred tax	(59)	(59)	(119)
Add/(deduct) changes in working capital items:			
Trade and other receivables	(547)	(673)	(311)
Derivative financial instruments	37	(19)	(227)
Payables and accruals	117	(108)	(644)
Provision for current tax	(63)	24	(119)
Net cash inflow/(outflow) from operating activities	3,427	2,665	6,380

Condensed Notes to the Financial Statements

For the Six Months Ended 30 September 2017

13. Commitments and Contingencies

a. Operating Lease Commitments

There has been no material change to the operating lease commitments disclosed in the most recent annual financial report.

b. Guarantees

There has been no material change to the guarantees disclosed in the most recent annual financial report.

14. Related Parties

The notes below should be read in conjunction with note 28 Related Parties in the most recent annual financial statements for the year ended 31 March 2017. The comments in the most recent financial statements are not materially different for the period to 30 September 2017.

15. Subsequent Events

Following balance date the following event has occurred:

The appointment of Bruce Mansfield as a director of Smartpay Holdings Limited as of 1 October 2017.

Registered office

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PO Box 100490,
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Email: investor@smartpayltd.com
Website: smartpayinvestor.com

Australian offices

Level 2, 117 York Street
Sydney
NSW 2000, Australia

Board

Greg Barclay – Chairman and Independent Director
Matthew Turnbull – Independent Director
Bruce Mansfield – Independent Director
Bradley Gerdis – Managing Director
Marty Pomeroy – Executive Director

Management

Bradley Gerdis – Managing Director
Marty Pomeroy – Chief Operating Officer
Aidan Murphy – Chief Financial Officer
Rowena Bowman – Company Secretary

Share registrar – New Zealand

Computershare Investor
Services Limited
Private Bay 92119 Auckland 1142
Level 2, 159 Hurstmere Road
Takapuna, North Shore City
Auckland, New Zealand
P: + 64 9 488 8700

Share registrar – Australia

Computershare Investor Services Pty Ltd
GPO Box 3329
Melbourne Victoria 3001, Australia
Freephone: 1 800 501 366

Solicitors

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