

Finzsoft Solutions Limited

Half Year Report | 2014

For the period ended 30 September 2014



finzsoft
your vision + our innovation

Directors' Report

28 November 2014

Directors' Report

HALF YEAR RESULT POSITIONS FINZSOFT FOR RECORD FULL YEAR PROFIT

The Directors of Finzsoft Solutions Limited are pleased to report on the Group's performance for the six months ended 30 September 2014.

Finzsoft Group reports a net profit after tax of \$2.023 million on revenue of \$7.865 million. This half year result compares to a reported small loss after tax of \$(0.063 million) and sales of \$4.199 million for the same period of the prior year.

The half year result reflects the acquisition of Sush Mobile effective 28 August 2014, and includes the consolidated accounts of both businesses, reflecting one month revenue from the Sush operations. On a like for like basis, excluding any net profit after tax or revenue from Sush Mobile, Finzsoft Group reports a net profit after tax of \$1.981 million on revenue of \$7.603 million. As above, this compares to a reported small loss after tax of \$(0.063 million) and sales of \$4.199 million for the same period of the prior year.

Finzsoft Managing Director Andrew Holliday said: "Based on the current contracted revenue and pipeline opportunities for the year ending 31 March 2015, we will materially exceed our previous profit guidance of four times last year's profit result"

In light of the excellent first half financial performance, as well as the expected full year financial results for the year ending 31 March 2015, the Board expect to announce that Finzsoft will pay an interim dividend. The Board are meeting in early December to consider this matter and the decision on the interim dividend will be announced after that meeting.

Continuation of record year performance

Finzsoft Managing Director Andrew Holliday said: "As signalled by the Board, FY13 and FY14 have been turnaround years for Finzsoft with the new majority shareholder, Board and management refocussing the business and securing the Company's largest work orders to date. Sales efforts in the previous periods have delivered a strong order book, and the continued focus on efficiency and on-time, on budget delivery to customers has resulted in profitable growth for Finzsoft, and we are on track to deliver a third year of record growth.

"Key highlights for the period include the continued expansion of our Australian operations, the acquisition of Sush Mobile to expand our product offering, and a new management team and structure in place to identify and optimise ongoing gains across our operations."

Strategic Initiatives

As part of Finzsoft's planned approach to build next generation capabilities and transform how Finzsoft's customers approach core banking refreshes and upgrades, the Company successfully acquired and integrated Sush Mobile into its team and signed a five-year cloud agreement with IBM. "An increased focus by banking and finance customers on digital, mobility, online banking and granular customer data means Finzsoft customers want greater flexibility and more personalised and integrated solutions," said Andrew Holliday.

Sush Mobile develops end-to-end mobile solutions, specialising in apps for Android, iOS, and Windows Phone, for businesses primarily in the enterprise space. In the past six months, Sush Mobile has been acknowledged



Directors' Report Continued

for its innovations and growth being named the ninth fastest-growing company in New Zealand in the 2014 Deloitte Fast 50 and just one of 12 New Zealand companies to be ranked in the top 100 of the 2014 index of the Deloitte Asia Pacific Technology Fast 500. The Kiwibank Home Hunter app, co-developed by Sush Mobile, was named a winner of the Innovation in Financial & Professional Services Awards at the recent NZ Innovators Awards.

Andrew Holliday said: "Sush Mobile's innovations, coupled with the company's next generation knowledge and customer support tools, will help Finzsoft and its customers meet the competitive challenges that lie ahead. As a Group, Finzsoft and Sush Mobile will provide 'mBank' solutions to respond to key disruptive trends in banking – O2O (online to offline), IoT (Internet of Things) and customer centricity."

In September, Finzsoft signed an agreement with IBM to move Finzsoft's core and vertical banking application to the IBM cloud. This move will enable Finzsoft to offer solutions-as-a-service across the Asia Pacific Region and allow the Company to be more responsive and more agile.

Under the agreement, Finzsoft will leverage IBM Cloud Managed Infrastructure Services for New Zealand, as well as infrastructure from SoftLayer, an IBM company, enabling Finzsoft to take advantage of IBM's global network of enterprise-grade data centres to support future expansion.

Management and Board appointments

In order to position the Company for future growth, two key executive appointments have been made during the period adding senior IT and banking leadership to the Finzsoft team. Hugh McKellar joined the Company as Chief Operations Officer, and Paul Doig, who comes from an international corporate and commercial banking background, has returned to New Zealand from HSBC in Singapore to be Finzsoft's Sales Director.

Finzsoft was also pleased to welcome Westpac Banking Corporation General Manager Service Delivery Infrastructure, Gary Sim, to the Finzsoft Board. "Attracting a Director of Gary Sim's calibre underscores the quality of Finzsoft's products and service and the company's current momentum and growth path," said Andrew Holliday.

"Finzsoft is well-placed to leverage its world leading capabilities for sustained growth in Australasia and internationally, and I relish the opportunity to apply my experience and passion around leading technology for business transformation," said Mr Sim.

Investment and Product development

Positive product feedback and increased appetite for new modules and services has seen the sale of Finzsoft's next generation Business Origination, tablet app Seal the Deal and Mobile Banking modules to New Zealand and Australian customers.

The Company's focus remains on delivering tools and platforms that drive efficiencies into traditional banking operations and practices and enable our clients to be at the forefront of mobile solutions for their staff and customers.

Markets

FY14 has seen significant growth out of the Australian market with continued substantial work orders from Westpac St. George Bank.

Andrew Holliday says: "St George uses Finzsoft's software and solutions across its vehicle and equipment finance businesses in Australia. Since St George, a division of Westpac Banking Corporation, acquired CFAL

Directors' Report Continued

from Lloyds Banking Group Australia last year, Finzsoft has secured multiple work orders to integrate CFAL's portfolios into St George.

With 59% of our revenue now coming out of Australia we have diversified our income across Australasia. Finzsoft continues to be a significant provider of financial technology services in the New Zealand finance sector, delivering next generation mobile banking solutions to existing Sovereign clients, including the Nelson Building Society and Police and Families Credit Union. In addition to our mobile banking module, our Seal the Deal app allows our customers to be one step closer to paperless banking."

Capital Structure

As previously announced, Finzsoft has engaged PWC to assist with a strategic review of its capital and ownership structure. The review is considering a range of initiatives to improve the capital structure and share trading liquidity to more appropriately reflect current and future market opportunities, the Company's investment in R&D over 25 years and the value of its IP. The Board has the full support of the Company's majority shareholder to execute these initiatives.

Outlook

The Board and Asean Management will continue to focus on known revenue opportunities in Australia, New Zealand and tightly manage costs.

Finzsoft Chairman Brent Impey said: "IDC Financial Insights is tracking external spend on third party financial technology providers at \$300 billion globally. As a financial technology company Finzsoft is positioned to capitalise on the growing Fintech spend with its excellent track record of delivery to banking and finance customers in Australia and New Zealand, combined with the broader market opportunities from its partnership with Sush Mobile and relationship with IBM."

"The Board is absolutely delighted with the outstanding performance by the Company over the period, in particular, the work done by the Finzsoft team on securing and successfully delivering on the work orders for St George Bank. We remain committed as a Board and Management to investing in our people, products and services and delivering continued profitable growth."

Authorised for issue on the 28 November 2014.



Brent Impey
Chairman



Andrew Holliday
Managing Director

Consolidated Statement of Comprehensive Income

for the six months ended 30th September 2014

	Unaudited 6 months to 30/09/2014 \$'000	Unaudited 6 months to 30/09/2013 \$'000	Audited 12 months to 31/03/2014 \$'000
REVENUE			
Revenue	7,865	4,199	9,415
Interest Income	8	-	1
Other income	23	17	4
Total operating revenue	7,896	4,216	9,420
Development, servicing and other direct costs	(3,576)	(2,929)	(5,641)
Occupancy expense	(137)	(142)	(302)
Depreciation & amortisation	(395)	(346)	(691)
Sales and marketing expense	(92)	(196)	(568)
Finance expense	(5)	(19)	(32)
Corporate expense	(334)	(231)	(584)
Other operational overheads	(614)	(405)	(830)
Total operating expense	(5,153)	(4,268)	(8,648)
Profit/(Loss) before income tax expenses	2,743	(52)	772
Share of profit of equity-accounted investment, net of tax	27	-	3
Net Profit/ (Loss) before tax	2,770	(52)	775
Less Income tax expense	(747)	(11)	(21)
Profit/ (Loss) for the period after tax	\$2,023	(\$63)	\$754
Other comprehensive income:			
Exchange difference on translating foreign operations	24	(38)	(71)
Other comprehensive income for the period, net of tax	24	(38)	(71)
Total comprehensive income for the period	\$2,047	(\$101)	\$683
Basic earnings per share (cents per share)	24.36	(0.76)	9.08
Diluted earnings per share (cents per share)	23.64	(0.73)	8.80
Dividend per share (cents per share)	0.00	0.00	0.00

Consolidated Statement of Changes in Equity

for the six months ended 30th September 2014

	Share Capital \$'000	Currency Translation reserve \$'000	Share Option reserve \$'000	Retained Earnings \$'000	Total \$'000
Group (unaudited 30 September 2014)					
Balance at 1st April 2014	3,955	(56)	20	(511)	3,408
Comprehensive income					
Profit or loss	-	-	-	2,023	2,023
Other comprehensive income					
Currency translation difference	-	24	-	-	24
Total comprehensive income	-	24	-	2,023	2,047
Transactions with owners					
Employee share option scheme:					
Options issued to employees under employee share option plan	-	-	-	-	-
Forfeited share options transferred to retained earnings	-	-	(1)	1	-
Total transaction with owners	-	-	(1)	1	-
Balance at 30th September 2014	\$3,955	(\$32)	\$19	\$1,513	\$5,455
Group (unaudited 30 September 2013)					
Balance at 1 st April 2013	3,950	15	18	(1,267)	2,716
Comprehensive income					
Profit or loss	-	-	-	(63)	(63)
Other comprehensive income					
Currency translation difference	-	(38)	-	-	(38)
Total comprehensive income	-	(38)	-	(63)	(101)
Transactions with owners					
Employee share option scheme:					
Options issued to employees under employee share option plan	-	-	3	-	3
Forfeited share options transferred to retained earnings	-	-	(1)	1	-
Total transaction with owners	-	-	2	1	3
Balance at 30th September 2013	\$3,950	(\$23)	\$20	(\$1,329)	\$2,618

Consolidated Statement of Changes in Equity continued

for the six months ended 30th September 2014

	Share Capital \$'000	Currency Translation reserve \$'000	Share Option reserve \$'000	Retained Earnings \$'000	Total \$'000
Group (audited 31st March 2014)					
Balance at 1 st April 2013	3,950	15	18	(1,267)	2,716
Comprehensive income					
Profit or loss	-	-	-	754	754
Other comprehensive income					
Currency translation difference	-	(71)	-	-	(71)
Total comprehensive income	-	(71)	-	754	683
Transactions with owners					
Employee share option scheme:					
Options issued to employees under employee share option plan	-	-	3	-	3
Share options exercised	5	-	-	-	5
Forfeited share option transferred to retained earnings	-	-	(1)	1	-
Total transaction with owners	5	-	2	1	8
Balance at 31st March 2014	\$3,955	(\$56)	\$20	(\$511)	\$3,408

Consolidated Statement of Financial Position

as at 30th September 2014

	Unaudited 6 months to 30/09/2014 \$'000	Unaudited 6 months to 30/09/2013 \$'000	Audited 12 months to 31/03/2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	917	265	811
Trade and other receivables	2,805	751	1,024
Current income tax asset	-	9	-
Total Current Assets	3,722	1,025	1,835
Non-Current Assets			
Investments in jointly controlled entities	334	303	307
Property and equipment	262	131	153
Intangible assets and goodwill	4,907	3,268	3,387
Current income tax receivable	-	-	10
Total Non-Current Assets	5,503	3,702	3,857
TOTAL ASSETS	9,225	4,727	5,692
LIABILITIES			
Current Liabilities			
Trade and other payable	871	594	1,167
Deferred Acquisition Payment	1,367	-	-
Unearned revenue	557	1,071	796
Provision for employee benefits	521	365	288
Finance leases	52	22	33
Bank & Other Loans	-	34	-
Current income tax payable	373	-	-
Total Current Liabilities	3,741	2,086	2,284
Non-Current Liabilities			
Finance leases	29	23	-
Total Non-Current Liabilities	29	23	-
TOTAL LIABILITIES	3,770	2,109	2,284
NET ASSETS	\$5,455	\$2,618	\$3,408
EQUITY			
Ordinary Shares	3,955	3,950	3,955
Other Reserves	(13)	(3)	(36)
Retained Earnings	1,513	(1,329)	(511)
TOTAL EQUITY	\$5,455	\$2,618	\$3,408

Consolidated Statement of Cash Flows

as at 30th September 2014

	Unaudited 6 months to 30/09/2014 \$'000	Unaudited 6 months to 30/09/2013 \$'000	Audited 12 months to 31/03/2014 \$'000
<i>Cashflow from operating activities</i>			
Receipts from customers	7,164	4,866	9,169
Interest received	8	-	-
	<hr/> 7,172	<hr/> 4,866	<hr/> 9,169
Payments to suppliers and employees	(5,563)	(3,922)	(6,904)
Interest paid	(5)	(19)	(32)
Taxation paid	(364)	(35)	(47)
Goods and services tax paid	(425)	(316)	(511)
	<hr/> (6,357)	<hr/> (4,292)	<hr/> (7,494)
Net cashflow generated from operating activities	815	574	1,675
<i>Cashflow used in investing activities</i>			
Sale of equipment	31	-	2
Purchase of equipment	(190)	(38)	(114)
Investment in intangible assets	(171)	(251)	(674)
Acquisition of subsidiary, net of cash received	(456)	-	-
	<hr/> (786)	<hr/> (289)	<hr/> (786)
Net cashflow used in investing activities	(786)	(289)	(786)
<i>Cashflow from financing activities</i>			
Bank & Other loans	-	(46)	(80)
Repayment of finance lease	48	(9)	(20)
Proceeds from exercised share options	-	-	5
	<hr/> 48	<hr/> (55)	<hr/> (95)
Net cash used in financing activities	48	(55)	(95)
Net increase/ (decrease) in Cash and cash equivalents	<hr/> 77	<hr/> 230	<hr/> 794
Exchange gains on cash and cash equivalents	29	-	(18)
Cash and cash equivalents at beginning of period	811	35	35
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	<hr/> \$917	<hr/> \$265	<hr/> \$811

Notes to the Consolidated Financial Statements (Unaudited)

for the six months ended 30th September 2014

1. PRESENTATION AND ACCOUNTING POLICIES

Reporting Entity

Finzsoft Solutions Limited (“the Company”) and its subsidiaries (together “the Group”) is a limited liability company, incorporated and domiciled in New Zealand, registered under the Companies Act 1993, and listed on the New Zealand Exchange (NZX).

Finzsoft Solutions Limited is a reporting entity for the purposes of the Financial Reporting Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 1993.

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

Measurement Base

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities.

Basis of Preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with New Zealand Equivalents to International Financial Reporting Standards as applicable for interim financial statements for profit oriented entities, and in particular NZ IAS 34.

The condensed interim financial statements do not include all of the information required for full annual statements and should be read in conjunction with the Finzsoft Solutions Limited 2014 Annual Report. For this purpose the Group is designated as profit-oriented.

The financial and presentation currency of the parent and the presentation currency of the group is New Zealand dollars and the financial statements are rounded to the nearest thousand dollar.

The same significant judgements, estimates and assumptions included in the notes to the financial statements in the Group's Annual Report for the year ended 31st March 2014 have been applied to these interim financial statements.

Notes to the Consolidated Financial Statements (Unaudited)

for the six months ended 30th September 2014

2. SPECIFIC ACCOUNTING POLICIES

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

Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group has no non-controlling interests in subsidiaries.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Notes to the Consolidated Financial Statements (Unaudited) continued for the six months ended 30th September 2014

Investments in jointly controlled entities (Equity-accounted investees)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statement includes the Group's share of the profit or loss and other comprehensive income of the equity accounted investees, after adjusting to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interest that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the principal operating decision-makers. The principal operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

Goods and Services Taxation

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

Share Option Plan

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

Changes in Accounting Policies

There have been no changes in the accounting policies during the period.

Notes to the Consolidated Financial Statements (Unaudited) continued

for the six months ended 30th September 2014

3. CURRENT INCOME TAX LIABILITY AND EXPENSE

	Unaudited 6 months to 30/09/2014 \$'000	Unaudited 6 months to 30/09/2013 \$'000	Audited 12 months to 31/03/2014 \$'000
<i>The taxation expense consists of:</i>			
Current income tax	747	11	21
Deferred income tax	-	-	-
	<hr/>	<hr/>	<hr/>
Income tax expense	747	11	21

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

Profit before income tax expense	2,770	(52)	775
Tax calculated at domestic tax rates applicable to profits (loss) in the respective countries	776	(15)	217
Expenses not deductible for income tax purposes	3	2	19
Under/(over) provision of prior period			3
Corporate Tax rate variance with Australia @ 30c	1	1	1
Corporate Tax rate variation with Singapore @ 17c	-	-	(10)
Deferred tax asset from temporary differences not booked	(24)	(66)	(16)
Tax effect of timing differences	-	-	-
Taxation Losses utilised	(9)	89	(193)
	<hr/>	<hr/>	<hr/>
	747	11	21

4. ACQUISITION OF SUBSIDIARY

On the 29 August 2014, the Group acquired 100% of the shares and voting interests in Sush Global Solutions Limited (SUSH), an unlisted company based in New Zealand that is a mobile innovation powerhouse that specialises in emerging and disruptive technologies with a diverse portfolio of clients across the finance, agriculture, central and local government and retail sectors

Taking control of SUSH will enable the Group to strengthen its next generation solution offering and provide a diversified income stream with access to comprehensive in-house enterprise mobility solutions.

The consideration was paid partly in cash and equity and partly on consideration of future performance. The fair value of the consideration and assets acquired is still being determined and will be included in the full year financial statements.

Final settlement is deferred on the basis of future performance with the final amount being due on the 29 August 2015.

Notes to the Consolidated Financial Statements (Unaudited) continued

for the six months ended 30th September 2014

5. RECONCILIATION OF NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

	Unaudited 6 months to 30/09/2014 \$'000	Unaudited 6 months to 30/09/2013 \$'000	Audited 12 months to 31/03/2014 \$'000
Profit / (Loss) for the period	2,023	(63)	754
Adjustments for Non-cash items			
Depreciation & Amortisation	395	346	691
Share Options Granted	-	3	3
(Gain) Loss on sale of Fixed assets	9	-	12
Share of profit of equity-accounted investee	(27)	-	(3)
Foreign currency exchange gain (loss)	5	(38)	(53)
Changes in assets and liabilities			
(Increase)/decrease in assets			
Trade receivables	(1,798)	(49)	(312)
Prepayments	17	26	28
Current income tax assets and liabilities	364	(24)	(26)
(decrease) / increase in liabilities			
Trade payable nrt of the effects of acquisition	(296)	(418)	143
Unearned revenue	(239)	717	441
Provisions for employee benefits	233	74	(3)
Net operating cash flows	686	574	1,675

Notes to the Consolidated Financial Statements (Unaudited) continued for the six months ended 30th September 2014

6. DIVIDENDS PER SHARE

No Dividend was paid in the 2014 or 2013 year.

No current year interim dividend is proposed.

7. EVENTS AFTER THE BALANCE SHEET DATES

At the date of this report, there have been no material events occurring after the balance date.

8. COMMITMENTS AND CONTINGENCIES

The Group has no capital expenditure contracted at reporting date.

The Group is contingently liable in respect of an all obligations guarantee and indemnity provided over all monies due to the ANZ National Bank Limited.

Aside from the deferred payment due for the acquisition of SUSH (ref note 4), the Group had no other contingent liabilities

9. SEGMENT INFORMATION

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (Unaudited) continued

for the six months ended 30th September 2014

10. SEGMENT INFORMATION continued

	<i>New Zealand</i>		<i>Australia</i>	<i>Rest of the World</i>	
	Software Delivery & Support \$'000	Transactional Banking \$'000	Software Delivery & Support \$'000	Software Delivery & Support \$'000	Total \$'000
30th September 2014					
Segment revenue from external customers	3,239	-	4,626	-	7,865
Adjusted EBITDA	(744)	-	4,223	(10)	3,469
Depreciation & Amortisation	393	-	2	-	395
Income tax expenses/(benefit)	723	-	24	-	747
Total Assets	6,937	-	2,281	8	9,226
Additions to non-current assets (other than Financial instruments and deferred tax assets)	2,024	-	31	-	2,055
Total Liabilities	3,117	-	650	3	3,770
30th September 2013					
Segment revenue from external customers	3,052	7	1,140	-	4,199
Adjusted EBITDA	(100)	(2)	880	(235)	543
Depreciation & Amortisation	346	-	-	-	346
Income tax expenses/(benefit)	-	-	-	11	11
Total Assets	4,443	-	246	38	4,727
Additions to non-current assets (other than Financial instruments and deferred tax assets)	289	-	-	-	289
Total Liabilities	1,448	-	645	16	2,109

Notes to the Consolidated Financial Statements (Unaudited) continued

for the six months ended 30th September 2014

10. SEGMENT INFORMATION

continued

	<i>New Zealand</i>		<i>Australia</i>	<i>Rest of the World</i>	
	Software Delivery & Support	Transactional Banking	Software Delivery & Support	Software Delivery & Support	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
31st March 2014					
Segment revenue from external customers	5,306	-	4,109	-	9,415
Adjusted EBITDA	2,273	-	201	(395)	2,079
Depreciation & Amortisation	691	-	-	-	691
Income tax expenses/(benefit)	-	-	15	6	21
Total Assets	5,145	-	536	11	5,692
Additions to non-current assets (other than Financial instruments and deferred tax assets)	788	-	-	-	788
Total Liabilities	(1,389)	-	(893)	(1)	(2,283)

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

	Unaudited 6 months to 30/09/2014 \$'000	Unaudited 6 months to 30/09/2013 \$'000	Audited 12 months to 31/03/2014 \$'000
Adjusted EBITDA	3,469	543	2,079
Depreciation and amortisation	(395)	(346)	(691)
Interest received	8	-	1
Dividend received	-	-	-
Interest paid	(5)	(19)	(32)
Legal expenses	(91)	(38)	(84)
Directors fees	(88)	(108)	(196)
Professional and Consultancy costs (not attributed to a segment)	(104)	(28)	(237)
Share of profit in equity-accounted investee	27	-	3
Other	(51)	(56)	(68)
Profit before tax	\$2,770	(\$52)	\$775

Notes to the Consolidated Financial Statements (Unaudited) continued

for the six months ended 30th September 2014

11. KEY INDICATORS

Management measures the performance of the Group on EBITDA. The International Financial Reporting Standards do not provide a definition for EBITDA. Consequently, this information should be viewed as a supplemental disclosure provided for the purpose of measuring more effectively the actual result from regular operations.

EBITDA (earnings before interest, taxes, depreciation and amortisation) are indicators of operating performance. They are computed as follows:

	Profit(Loss) before tax
+	Financial expenses
-	Financial income
-/+	Currency translation gains/losses
-/+	Share of Profit (Loss) from investments in joint venture
-	Depreciation and amortisation
=	EBITDA

	Unaudited 6 months to 30/09/2014 \$'000	Unaudited 6 months to 30/09/2013 \$'000	Audited 12 months to 31/03/2014 \$'000
Net Profit/(Loss) before tax	2,770	(52)	775
EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation)	3,135	313	1,494
A reconciliation of EBITDA to profit before tax is provided as follows:			
EBITDA	3,135	313	1,494
Share of profit of joint venture	27	-	3
Depreciation and amortisation	(395)	(346)	(691)
Interest received	8	-	1
Interest paid	(5)	(19)	(32)
Profit before tax	\$2,770	(\$52)	\$775



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