

**GENTRACK GROUP LIMITED  
ANNUAL REPORT**



**2016**

***Gentrack***





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## FINANCIAL HIGHLIGHTS

**\$52.7<sub>m</sub>**

Revenue, 25% growth<sup>1</sup>

**\$16.7<sub>m</sub>**

EBITDA, 16% growth<sup>1</sup>

**\$11.1<sub>m</sub>**

NPATA, 2% growth<sup>2</sup>

**\$18.8<sub>m</sub>**

Cash Balance, 52% growth<sup>1</sup>

**7.7<sub>¢</sub>**

Final Dividend (cps)

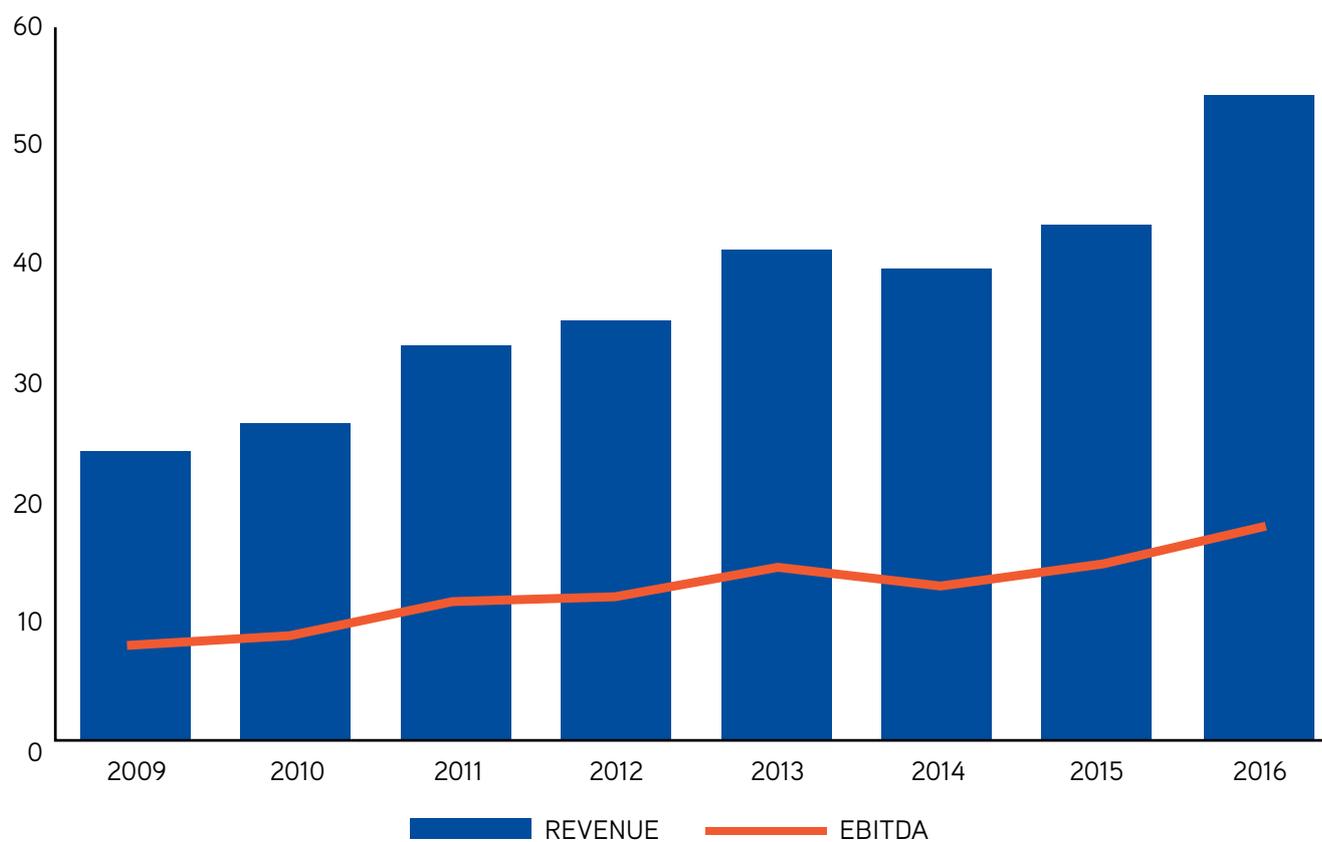
**11.9<sub>¢</sub>**

Annual Dividend

<sup>1</sup> All growth based on FY15.

<sup>2</sup> NPATA is Gentrack's preferred measure of bottomline profit, being Net Profit After Tax adjusted for the Amortisation of acquisition related intangibles and its associated tax effect.

## REVENUE AND EBITDA (NZ\$m)



## 7 YEAR CAGR (2009–2016)

**12.2%**

Revenue

**11.6%**

EBITDA

# CHAIRMAN AND CHIEF EXECUTIVE'S REPORT



“It’s been a record year for both our utilities and airport divisions and we enter FY17 with a solid pipeline of opportunities in our core markets.”

John Clifford, Chairman



“Our focus has been on creating an environment to support the continued growth of the Gentrack business. Investment in learning and development as well as supporting systems has given us more flexibility, expert resources and delivery capability as we head into FY17.”

Ian Black, CEO

## DEAR SHAREHOLDER,

We are pleased to report that Gentrack performed strongly in the year to 30 September 2016. Revenue was up 25% on last year to NZ\$52.7m and EBITDA was up 16% to \$16.7m. This 32% operating margin reflects the strength of our product and market position, despite a headwind from the strong New Zealand dollar, which also resulted in a \$1.4m foreign exchange loss on the translation of offshore assets. NPATA, our preferred measure of bottom line profit before amortisation of intangibles, was \$11.1m, up 2% on FY15.

A full year dividend of 11.9c represents a total payout of \$8.7m. This is 78% of NPATA, reflecting the strong ongoing cash generation of the business which finished the year with \$18.8m net cash.

Gentrack’s objective is to be the leader in our target markets in Australia, New Zealand and the UK for mission critical enterprise application software for electricity, gas and water utilities, and for airports worldwide. In FY16 our focus was on delivering some of our largest projects to date, with ten systems going live, four new customers won and five existing customers starting upgrades. Both the utilities and airports divisions grew strongly with revenues up 26% and 24% respectively. UK revenue also grew strongly, up 75% on FY15.

Gentrack’s strategy is to focus on mid-market utilities where we deliver market leading billing and customer information functionality, to enable our customers to offer outstanding customer service and to reduce their cost to serve.

During FY16 we made solid progress to position the business for ongoing growth building on our 7 year track record of c.12% cumulative average revenue and EBITDA growth. We have streamlined our project implementation organisation and refocused our product development, with a new CTO, Jan Behrens, joining in July. During the year we invested substantially in new staff, training and systems, with headcount increasing 28% over last year to 277.

Outlook: We enter FY2017 with a solid pipeline of opportunities and expect to continue to deliver long term revenue and EBITDA growth of 10%+pa, albeit that our results may be impacted by the timing of projects. Continued deregulation of energy and water markets and the growth of smart metering in the UK and Australia, with evolving utility business models to accommodate the growth in distributed generation and consumer expectations for online engagement, provide us with a growing market opportunity.

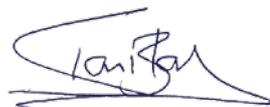
Gentrack continues to review acquisition opportunities and is well placed to pursue a strategic acquisition in our existing markets when the opportunity arises on attractive terms.

Our employees in New Zealand, Australia and the UK are the heart of the business and we take this opportunity to thank them again for their hard work, passion and commitment to Gentrack. 79 staff and directors hold c.30% of the equity in Gentrack and we thank them, and all our shareholders and partners for their ongoing support.

Yours sincerely,



**John Clifford**  
Chairman



**Ian Black**  
Chief Executive

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## HIGHLIGHTS

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Organic EBITDA growth of 11.6%  
CAGR 2009–2016.

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Approximately 60% of FY16 revenue is  
recurring.

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>90% of total FY16 revenue is from  
existing customers.

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32% EBITDA margin.

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Strong cash generation with 78% of FY16  
NPATA paid as dividends.

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Debt free balance sheet with capacity for  
acquisitions.

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28% staff growth over the year to 277.

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# OUR EXPERTISE, YOUR FUTURE



# **Mission critical software for energy utilities, water companies and airports.**

“We deliver the essential software, thought leadership and market expertise our customers need to adapt to changing customer expectations, ongoing structural reform and the impact of disruptive technologies. Along with the industry’s growing obsession with customer experience there is significant change taking place for utilities and airports alike.

Now more than ever, organisations want to work with providers they trust, who bring insight, innovation and who help deliver measurable business value. That has always been the Gentrack difference.”

Ian Black, CEO

# FOSTERING INNOVATION AND AGILITY



“We can now react far more quickly to emergent customer, market and consumer demands, solve problems and continually innovate.”

Jan Behrens, CTO, Gentrack



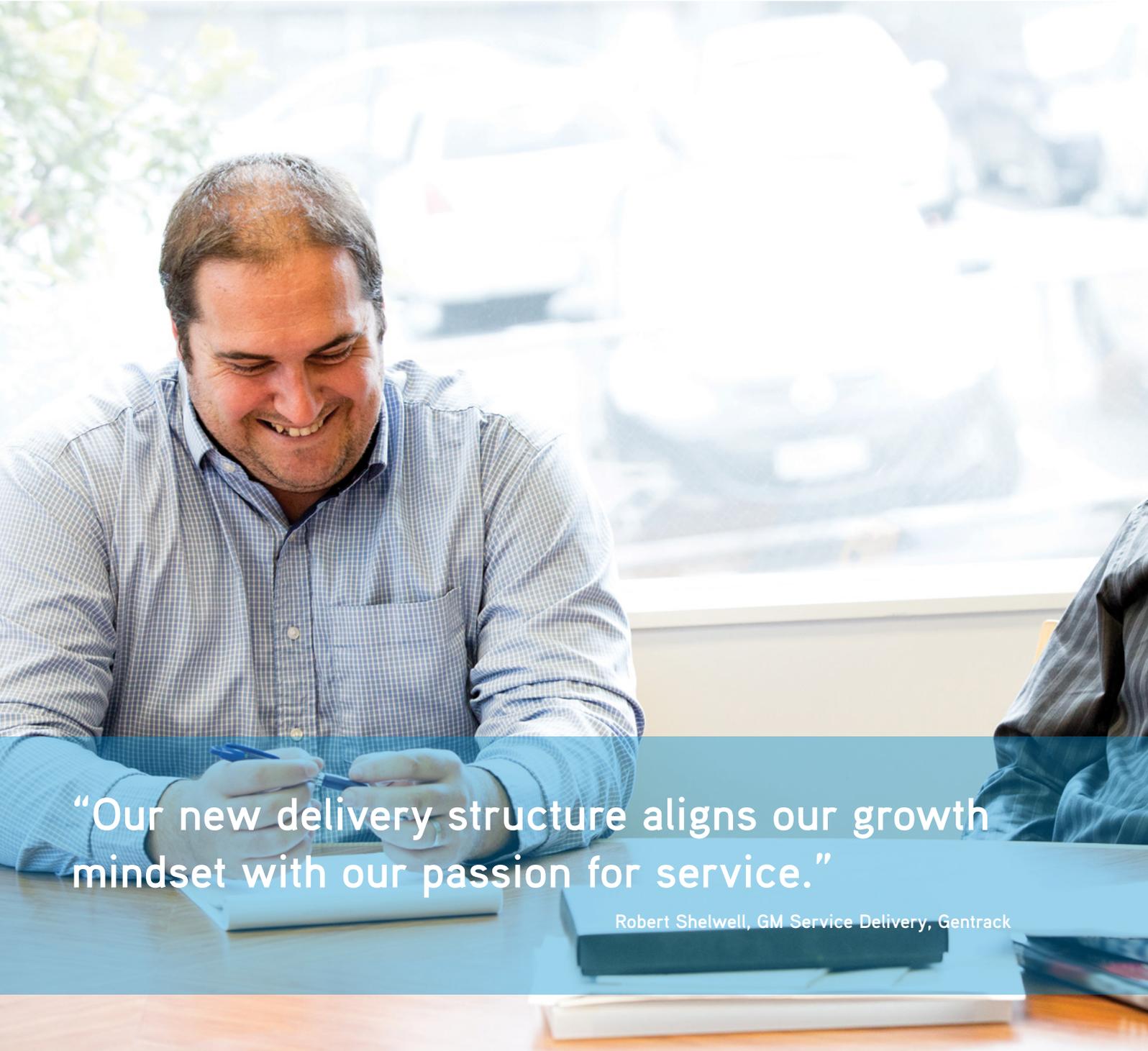
The pace of change in Gentrack's markets is accelerating. The drive towards renewables, the growing adoption of electric vehicles, developments in energy battery storage along with the digitisation of customer experience are reshaping the way our customers do business.

Gentrack has always stood out from other market players with our culture of collaboration. New CTO Jan Behrens' goal is to nurture an even stronger ethos of innovation, agility and customer collaboration to ensure we deliver incremental and regular value to our customers around the world.

"Long term roadmaps can no longer be set in stone. By working in empowered, smaller, cross functional teams, we can now be more proactive in our R&D efforts, and react far more quickly to emergent customer, market and consumer demands. We can also solve problems and continually innovate within the context of our overall product vision."

Our teams have embraced this more nimble approach and our customers are already reaping the benefits. In the UK for example, we were able to develop and launch a critical new market interface for our water customers well ahead of the regulator deadline. We are currently one of the only suppliers in the market to have this capability integrated directly within our billing platform.

# DELIVERING REAL OUTCOMES



“Our new delivery structure aligns our growth mindset with our passion for service.”

Robert Shelwell, GM Service Delivery, Gentrack



In the last year, Gentrack has re-organised its teams and management structure to ensure that the depth of industry and product knowledge within the organisation is more widely accessible to all of our customers.

Gentrack aims to leverage its experience in high growth, high change markets to help customers to better navigate the changing regulatory and business environments. Our consultants also support customers in extracting even greater value from their investment in the Velocity and Airport 20/20 software. This division deepens and strengthens our client relationships, and drives further growth and value within each of our utility and airports accounts.

We've also restructured our Service Delivery team around a model for scalability, growth and customer service excellence. Our key point of difference is our complete accountability and commitment to a successful project delivery. The new structure will ensure consistency and round the clock support for each customer as we continue to expand.

# INNOVATION IS NOTHING WITHOUT PEOPLE

On a daily basis, we are actively engaged with utilities and airports in our core markets solving their complex problems with our Velocity and Airport 20/20 software solutions. However, software innovation is not the whole story. Gentrack's ability to compete against some of the largest software companies in the world can also be attributed to the expertise, talent and collaborative approach of the people across our business. Take a moment to meet a couple of our team who live and breathe our winning attributes – AGILITY, ABILITY and ATTITUDE.



## SUJITH RAMACHANDRA

Getting through a university degree and finding that first job to jump start your career is a challenge for every graduate. Sujith began his career at Gentrack almost immediately following graduation from Auckland University with a BE in Computer Systems Engineering, and has progressed to a System Delivery Manager and Project Manager playing a key part on some of our largest and most complex software projects. And like many of the graduates working in our business, Sujith's winning values are characteristic of the great people at Gentrack, underpinning our commitment to success and shaping our ability to delivery complex software projects ahead of many competitors.

## HENTIE HICKS

Hentie brings a world of technical expertise to Gentrack through her knowledge of the software development lifecycle as well as real life experiences in supporting enterprise software solutions. As a Gentrack Product Specialist, Hentie looks after our software user interface. This is the window into our Velocity software and gives the thousands of agents in call centres around the world direct and fast access to the information they need to do their job. Hentie's passion is good design and she strives to make sure our software not only looks great but is easy to use. Emigrating from South Africa with her family, Hentie has quickly become an integral part of the Gentrack Development team and is truly representative of the diverse and energised culture fostered at Gentrack.



## **FOCUS ON LEARNING AND DEVELOPMENT**

A woman with shoulder-length brown hair, wearing a white blazer over a black top and a gold necklace with a cross pendant, is smiling and looking towards two men. The men are seen from the back/side, one in a dark blue shirt and the other in a dark suit. They appear to be in a professional office environment with blurred blue-toned background elements.

**Tailored development programs not only enable our people to do their jobs better, but also offer professional growth opportunities.**



The knowledge and experience of our people is a huge asset and sets us apart. This year we have invested significantly in new learning systems that will develop our staff and improve collaboration and knowledge sharing across teams and geographies. This is critical as we continue to grow and push into new markets globally.

Our immediate goal is to have new employees contributing faster and so we have rolled out access to new tools and resources designed for rapid and meaningful knowledge transfer.

We have also launched Gentrack University, where we are building an online repository of hundreds of technical and professional learning experiences. Access to these courses will enable employees to not only do their jobs better and deliver exceptional value to our customers, but will provide access to a rich source of growth opportunities.

These learning and development initiatives are expected to further strengthen staff retention in FY17 as our people work towards their professional goals and progress their career aspirations within the Gentrack business.

## FOCUS ON CUSTOMERS: UTILITIES



“Our partnership with Gentrack has been a long term one and we appreciate Gentrack’s capability, can do attitude and willingness to work with us collaboratively to achieve our business aspirations.”

Simon Clarke, GM Business Solutions & Technology, Trustpower



## TRUSTPOWER

Gentrack has partnered with leading utilities for over 25 years providing them with a core platform for innovation, market compliance and customer service excellence. New Zealand's Trustpower signed on for our billing and customer care software in 1999 just as competition was introduced into the energy market, enabling households and businesses to choose their energy supplier for the first time.

Several software upgrades and enhancement projects later, Gentrack's software remains at the core of the Trustpower business, supporting the retailers' growth and commitment to deliver a quality service to its customers in both the energy and telco markets.

With our billing and new customer relationship management capabilities, Trustpower can now offer tailored bundled services such as gas, electricity, phone and broadband. As a result, the utility is delivering real value and connectivity to its customers and nurturing long term relationships.

# FOCUS ON CUSTOMERS: AIRPORTS



“The 20/20 solution from Gentrack enables us to implement our growth and development strategies including the sharing of real-time flight, resource and passenger information across the entire airport community. We are thrilled to be using a modern and leading solution that has continued to evolve and support our ability to deliver an enhanced passenger experience and new levels of operational excellence.”

Wayne Smith, Head of IT Services, Birmingham Airport



## BIRMINGHAM AIRPORT

With customers across Europe, Australasia, North America, South America and Asia, Gentrack continues to build its community of leading airports and civil aviation authorities using the 20/20 solution.

Birmingham Airport in the UK, with over 11 million passengers per annum through its terminals, celebrated its 75<sup>th</sup> Anniversary in 2014. Selecting Gentrack's 20/20 Airport Operational Software in 2012, Birmingham Airport has now deployed a fully integrated suite of 20/20 capabilities covering Airport Operational Database (AODB), Flight Information Display (FIDS), Resource Management (RMS), and Reporting as well as Gentrack's flagship 20/20 Aeronautical Billing solution.

In recent years Birmingham Airport has experienced significant growth in aircraft movements and passengers traveling through the airport and is now the 7<sup>th</sup> busiest airport in the UK. Airport 20/20 plays a crucial role in the airport's business, delivering improved operational efficiencies and cash flow which in turn enables the airport to focus resources on its strategic development goals.





# FINANCIAL STATEMENTS





# Independent Auditor's Report

To the Shareholders of Gentrack Group Limited.

## Report on the Audit of the Consolidated Financial Statements

### Opinion

In our opinion, the accompanying Consolidated Financial Statements of Gentrack Group Limited (the Company) and its subsidiaries (the Group):

- i. Present fairly in all material respects the Group's financial position as at 30 September 2016 and its financial performance and cash flows for the year ended on that date; and
- ii. Comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

### We have audited the Consolidated Financial Statements which comprise:

- the consolidated statement of financial position as at 30 September 2016;
- the consolidated statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our Audit in accordance with International Standards on Auditing (New Zealand) (ISA's (NZ)). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under International Standards on Auditing (New Zealand) are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.



### Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$630,000 determined with reference to a benchmark of Group profit before tax. We chose the benchmark of profit before tax as the Group is a profit oriented business and we consider this represents a key measure of performance.



### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely



for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

#### The key audit matter

#### How the matter was addressed in our audit

### 1. Revenue from implementation services

Refer to note 3 of the consolidated financial statements.

The Group has reported revenues of \$52.7m (2015: \$42.1m) which includes implementation services revenue of \$17.9m. We focussed on the revenue from implementation services as a key audit matter due to inherent complexities of software implementation projects and the estimates involved.

Revenue from implementation services is recognised based on the stage of completion calculated using the proportion of actual hours at the reporting date compared to managements estimates for total forecast hours.

Accurate recording of revenue is highly dependent on:

- Detailed knowledge of individual characteristics of a contract, including unique terms, knowledge of software and length of time to complete contractual milestones;
- Ongoing adjustments to estimates of forecast hours for changes in scope, estimated timing and project delays; and
- Changes to total project revenue based on variations to the contract or additional billing for changes in scope or additional hours incurred.

We focused our procedures on the implementation service projects that were in progress at balance date, based on their significance of the project revenue to total revenue, and those that are potentially loss making projects.

For the projects selected for testing we checked that revenue recognised is consistent with the contractual terms, including considering how the initial licence fee, design and implementation, and maintenance phases of the contract are arranged.

We recalculated the stage of completion based on hours to date as a proportion of total forecast hours. We critically assessed the forecast hours through discussion with project managers and senior management and challenged key assumptions, including considering alternative scenarios and how management has planned for risks in the contract.

We agreed significant changes in total forecast hours to correspondence with customers, legal documentation or contract variations. We evaluated potential exposures to liquidated damages through relevant legal correspondence and correspondence with customers.

We also agreed a sample of milestone billings to invoice and cash receipts. In addition we considered the historical accuracy of managements' estimates of forecast hours by analysing previous forecasts to actual hours.

## Other Information

The Directors, on behalf of the Company, are responsible for the other information included in the entity's Annual Report. Other information may include the Chairman's report, Chief Executive's report, disclosures relating to corporate governance and statutory information. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The annual report is expected to be made available to us after the date of this audit report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.



## Use of this Audit Report

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



## Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm has also provided other services to the Group in relation to taxation compliance and advisory services for transfer pricing. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.



## Responsibilities of Directors for the Consolidated Financial Statements

The Directors, on behalf of the Company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of consolidated financial statements that are fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



A further description of our responsibilities for the Audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

[https://www.xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page1.aspx](https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx). This description forms part of our Auditor's Report.

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

**Jason Doherty**

KPMG

Auckland

23 November 2016

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required to prepare financial statements for each financial year that present fairly the financial position of the Group and its operations and cash flows for that period.

The Directors consider these financial statements have been prepared using accounting policies suitable to the Group's circumstances, which have been consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1993. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors of the Company authorised these financial statements for issue on 23 November 2016.

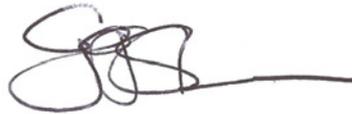
For and on behalf of the Board of Directors:



John Clifford

**Chairman**

Date: 23 November 2016



Graham Shaw

**Director**

Date: 23 November 2016

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2016

(\$000)	NOTES	2016	2015
Revenue	3	52,734	42,069
Expenditure	4	(36,007)	(27,605)
<b>Profit before depreciation, amortisation, financing and tax</b>		<b>16,727</b>	<b>14,464</b>
Depreciation and amortisation	5	(2,377)	(2,302)
<b>Profit before financing and tax</b>		<b>14,350</b>	<b>12,162</b>
Finance income		187	822
Finance expense		(1,395)	(14)
<b>Net finance (expense)/income</b>	6	<b>(1,208)</b>	<b>808</b>
<b>Profit before tax</b>		<b>13,142</b>	<b>12,970</b>
Income tax expense	7	(3,534)	(3,605)
<b>Profit attributable to the shareholders of the company</b>		<b>9,608</b>	<b>9,365</b>
OTHER COMPREHENSIVE INCOME			
Translation of international subsidiaries		78	41
<b>Total comprehensive income for the year</b>		<b>9,686</b>	<b>9,406</b>
EARNINGS PER SHARE FROM PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (EXPRESSED IN DOLLARS PER SHARE)			
Basic and diluted earnings per share	9	\$0.13	\$0.13

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

(\$000)	NOTES	2016	2015
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	13	18,818	12,372
Trade and other receivables	14	9,791	10,522
<b>Total current assets</b>		<b>28,609</b>	<b>22,894</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	1,024	671
Goodwill	16	40,277	40,277
Intangibles	17	16,366	18,216
Deferred tax asset	8	1,914	983
<b>Total non-current assets</b>		<b>59,581</b>	<b>60,147</b>
<b>Total assets</b>		<b>88,190</b>	<b>83,041</b>
<b>CURRENT LIABILITIES</b>			
Trade payables and accruals	18	1,570	1,556
Deferred revenues		8,479	5,592
GST payable		501	248
Employee entitlements	19	3,299	1,709
Income tax payable		972	1,345
<b>Total current liabilities</b>		<b>14,821</b>	<b>10,450</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee entitlements	19	334	282
Deferred tax liabilities	8	2,072	2,805
<b>Total non-current liabilities</b>		<b>2,406</b>	<b>3,087</b>
<b>Total liabilities</b>		<b>17,227</b>	<b>13,537</b>
<b>Net assets</b>		<b>70,963</b>	<b>69,504</b>
<b>EQUITY</b>			
Share capital	10	60,396	60,396
Share based payment reserve	11	61	-
Foreign currency translation reserve		240	162
Retained earnings	12	10,266	8,946
<b>Total shareholders' equity</b>		<b>70,963</b>	<b>69,504</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2016

(\$000)	NOTES	SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	RETAINED EARNINGS	TRANSLATION RESERVE	TOTAL EQUITY
<b>Balance as at 1 October 2014</b>		<b>60,396</b>	-	<b>5,179</b>	<b>121</b>	<b>65,696</b>
Profit attributable to the shareholders of the company		-	-	9,365	-	9,365
Other comprehensive income		-	-	-	41	41
<b>Total comprehensive income for the year, net of tax</b>		-	-	<b>9,365</b>	<b>41</b>	<b>9,406</b>
TRANSACTIONS WITH OWNERS:						
Dividends paid		-	-	(5,598)	-	(5,598)
<b>Balance as at 30 September 2015</b>		<b>60,396</b>	-	<b>8,946</b>	<b>162</b>	<b>69,504</b>
<b>Balance as at 1 October 2015</b>		<b>60,396</b>	-	<b>8,946</b>	<b>162</b>	<b>69,504</b>
Profit attributable to the shareholders of the company		-	-	9,608	-	9,608
Other comprehensive income		-	-	-	78	78
<b>Total comprehensive income for the year, net of tax</b>		-	-	<b>9,608</b>	<b>78</b>	<b>9,686</b>
TRANSACTIONS WITH OWNERS:						
Share based payments	11	-	61	-	-	61
Dividends paid		-	-	(8,288)	-	(8,288)
<b>Balance at 30 September 2016</b>		<b>60,396</b>	<b>61</b>	<b>10,266</b>	<b>240</b>	<b>70,963</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

(\$000)	NOTES	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		55,242	44,753
Payments to suppliers and employees		(33,832)	(27,716)
Income tax paid		(5,651)	(3,813)
<b>Net cash inflow from operating activities</b>	27(a)	<b>15,759</b>	<b>13,224</b>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(745)	(391)
Purchase of intangibles		(165)	-
<b>Net cash outflow from investing activities</b>		<b>(910)</b>	<b>(391)</b>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(6)
Net interest received		187	138
Dividends paid		(8,288)	(5,598)
<b>Net cash (outflow) from financing activities</b>		<b>(8,101)</b>	<b>(5,466)</b>
<b>Net increase in cash held</b>		<b>6,748</b>	<b>7,367</b>
<b>Foreign currency translation adjustment</b>		<b>(302)</b>	<b>(244)</b>
<b>Cash at beginning of the financial year</b>		<b>12,372</b>	<b>5,249</b>
<b>Closing cash and cash equivalents</b>		<b>18,818</b>	<b>12,372</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 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. The registered office of the Company is 25 College Hill, Auckland 1011, New Zealand.

The financial statements presented are for Gentrack Group Limited and its subsidiaries (together 'the Group') for the year ended 30 September 2016. Last year comparatives are for the year ended 30 September 2015.

The consolidated financial statements of the Group for the year ended 30 September 2016 were authorised for issue in accordance with a resolution of the directors on 23 November 2016.

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 year.

Certain comparatives have been updated to ensure consistency with current year presentation.

### (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 Company is an FMC entity for the purposes of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013 and is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX). Both these acts became effective for financial years beginning on or after 1 April 2014, and the Financial Reporting Act 1993 was repealed with effect from this date.

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

### Presentation currency

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

### Use of estimate and judgements

In preparing the financial statements, management has to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these judgements, estimates and assumptions. Judgements, estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors, including expectations about future events, which are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

#### (i) Impairment of goodwill and other assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 16 for details of these assumptions and the potential impact of changes to the assumptions. All other assets are reviewed for indicators or objective evidence of impairment. If indicators or objective evidence exists, the recoverable amount is reviewed.

#### (ii) Revenue recognition

Revenue recognition involves certain revenue streams being recognised based on the stage of completion. This is discussed in more detail in note 3.

#### (iii) Doubtful debts

In providing for doubtful debts, management have used assumptions and estimates. The actual outcome may differ from the reported position.

### (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 exposure or right to variable returns from involvement with the entity and the ability to affect those returns through power over the entity.

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 2016

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

### 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) SALES TAX

The Statement of Comprehensive Income and the Statement 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 Statement 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.

### (e) 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 Statement of Comprehensive Income. Foreign exchange gains and losses are presented in the Statement of Comprehensive Income 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 Statement of Financial Position at the closing rates and the Statement of Comprehensive

Income at the average rates is recorded within the foreign currency translation reserve.

### (f) IMPAIRMENT

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.

### (g) LOANS AND 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 and 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 and other receivables' and cash and cash equivalents in the Statement 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 14.

### (h) 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.

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 Statement of Comprehensive Income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

### (i) STANDARDS OR INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND RELEVANT TO THE GROUP

The International Accounting Standards Board has issued a number of standards, amendments and interpretations which are not yet effective and which may have an impact on the Group's financial statements. These are detailed below. The Group has not applied these in preparing these financial statements and will apply each standard in the period in which it becomes mandatory:

#### (a) NZ IFRS 9 – Financial Instruments – Classification and Measurement

This standard addresses the classification, measurement and de-recognition of financial assets, financial liabilities, impairment of financial assets and hedge accounting, and will be effective for the year ended 30 September 2019.

#### (b) NZ IFRS 15 – Revenue from Contracts with Customers

This standard establishes the framework for revenue recognition, and will be effective for the year ended 30 September 2019.

#### (c) NZ IFRS 16 – Leases

This standard requires a lessee to recognise a lease liability reflecting the future lease payments and a 'right-of-use asset' for substantively all lease contracts, and will be effective for the year ended 30 September 2020.

The Group has not yet assessed the potential impact of the above standards.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 2 OPERATING SEGMENTS

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.

The Group currently operates in two business segments, utility billing software and airport management software, as at 30 September 2016. These segments have been determined based on the reports reviewed by the Board (Chief Operating Decision Maker) to make strategic decisions.

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

(\$000)	UTILITY	AIRPORT	TOTAL
GROUP – FOR THE YEAR ENDED 30 SEPTEMBER 2016			
External revenue	44,770	7,964	52,734
Total expenditure	(30,771)	(5,236)	(36,007)
<b>Segment contribution before depreciation, amortisation, financing and tax</b>	<b>13,999</b>	<b>2,728</b>	<b>16,727</b>
Depreciation and amortisation			(2,377)
Finance income			187
Finance expense			(1,395)
Income tax expense			(3,534)
<b>Profit attributable to the shareholders of the company</b>			<b>9,608</b>
GROUP – FOR THE YEAR ENDED 30 SEPTEMBER 2015			
External revenue	35,621	6,448	42,069
Total expenditure	(23,159)	(4,446)	(27,605)
<b>Segment contribution before depreciation, amortisation, financing and tax</b>	<b>12,462</b>	<b>2,002</b>	<b>14,464</b>
Depreciation and amortisation			(2,302)
Finance income			822
Finance expense			(14)
Income tax expense			(3,605)
<b>Profit attributable to the shareholders of the company</b>			<b>9,365</b>
(\$000)		2016	2015
REVENUE BY DOMICILE OF ENTITY			
Australia		25,436	19,849
New Zealand		27,298	22,220
		<b>52,734</b>	<b>42,069</b>
REVENUE BY DOMICILE OF CUSTOMER			
Australia		26,618	21,891
New Zealand		9,939	10,133
United Kingdom		12,543	7,152
Rest of World		3,634	2,893
		<b>52,734</b>	<b>42,069</b>

Revenues of approximately \$14,395,000 (2015: \$4,987,000) 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 utilities business segment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 3 REVENUE

Revenues are recognised at the fair value of the consideration received or receivable.

The Group 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 Group's activities as described below. The Group bases its estimates on the 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:

### SOFTWARE LICENCE FEE REVENUE

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

### IMPLEMENTATION AND CONSULTING SERVICES REVENUE FOR LICENSED SOFTWARE

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

### 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.

### PROJECT SERVICES REVENUE

Revenue from project services agreements is based on the stage of completion, typically in accordance with the achievement of contract milestones and/or hours expended, and forecast.

### DEFERRED REVENUES

Consideration received prior to the goods or service being rendered is recognised in the Statement of Financial Position as deferred revenues.

### 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.

### 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.

(\$000)	2016	2015
<b>OPERATING REVENUE:</b>		
Recurring	14,424	12,993
Non-recurring	3,626	3,467
Professional services	34,172	25,240
	<b>52,222</b>	<b>41,700</b>
<b>OTHER INCOME:</b>		
Government grants	512	369
<b>Total revenue</b>	<b>52,734</b>	<b>42,069</b>

Government grants revenue relates to a 3 year agreement for 'Technology Development Grant Funding' with Callaghan Innovations. This is effective from 1 January 2014 to 31 December 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 4 EXPENDITURE

(\$000)	2016	2015
Profit before income tax includes the following specific expenses:		
Employee entitlements	24,813	19,156
Superannuation costs	765	611
Staff recruitment	669	162
Third party customer-related costs	1,882	1,984
Occupancy costs	1,659	1,706
Travel related	1,060	811
Advertising and marketing	985	746
Consulting and subcontracting	1,998	835
Communication and office administration	718	715
Doubtful debts	299	(36)
Directors' fees	332	290
Auditors' remuneration (1)	290	312
Other operating expenses	537	313
<b>Total expenditure</b>	<b>36,007</b>	<b>27,605</b>
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>		
Expenditure on research and development	2,567	1,887

Research and development expenses include payroll overhead, employee benefits and other employee-related costs associated with product development. Technological feasibility for software products is generally 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.

Research and development expenses include a portion of employee costs shown above, directly attributable to research and development activities. This excludes expenses relating to customer paid development.

(\$000)	2016	2015
<b>(1) AUDITORS' REMUNERATION</b>		
KPMG – audit fees	130	120
KPMG – review fees	25	25
KPMG – taxation	120	132
KPMG – other services	15	35
<b>Total fees paid to auditors</b>	<b>290</b>	<b>312</b>

In 2016, other services of \$15,000 included work undertaken in relation to transfer pricing matters and other advisory work (2015: \$35,000).

## 5 DEPRECIATION AND AMORTISATION

(\$000)	2016	2015
Depreciation	362	285
Amortisation	2,015	2,017
	<b>2,377</b>	<b>2,302</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 6 NET FINANCE COST

Finance income comprises interest income, changes in the fair value of financial assets at fair value through the Statement of Comprehensive Income, foreign currency gains, and gains on hedging instruments that are recognised in the Statement of Comprehensive Income. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, foreign currency losses, changes in the fair value of the financial assets at fair value through the Statement of Comprehensive Income, impairment losses recognised on the financial assets (except for trade receivables), and losses on hedging instruments that are recognised in the Statement of Comprehensive Income. All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

(\$000)	2016	2015
<b>FINANCE INCOME</b>		
Interest income	187	152
Foreign exchange gains – realised	-	842
	<b>187</b>	<b>994</b>
<b>FINANCE EXPENSES</b>		
Interest expense	-	(14)
Foreign exchange losses – realised	(348)	-
Foreign exchange losses – unrealised <sup>1</sup>	(1,047)	(172)
	<b>(1,395)</b>	<b>(186)</b>
<b>Net finance (expense)/income</b>	<b>(1,208)</b>	<b>808</b>

<sup>1</sup>Foreign exchange losses included a \$623,000 (2015: \$130,000) unrealised loss on intercompany loans.

## 7 INCOME TAX EXPENSES

In the Statement of Comprehensive Income the income tax expense 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. Current tax payable also includes any tax liability arising from the declaration of dividends.

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, 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.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 7 INCOME TAX EXPENSES (CONTINUED)

(\$000)	2016	2015
(a) RECONCILIATION OF EFFECTIVE TAX RATE		
Profit before tax for the year	13,142	12,970
Income tax using the Company's domestic tax rate of 28%	3,680	3,632
Non-deductible expense	14	18
Difference in tax rates of overseas subsidiaries	35	28
(Over) provided in prior periods	(195)	(73)
<b>Income tax expense</b>	<b>3,534</b>	<b>3,605</b>

(\$000)	2016	2015
(b) INCOME TAX CHARGE IS REPRESENTED AS FOLLOWS:		
Tax payable in respect of current year	5,393	4,665
Deferred tax benefit	(1,664)	(987)
(Over) provided in prior periods	(195)	(73)
	<b>3,534</b>	<b>3,605</b>

## 8 DEFERRED TAX ASSET/(LIABILITY)

(\$000)	2016	2015
RECOGNISED DEFERRED TAX ASSETS		
<i>Deferred tax assets are attributable to the following:</i>		
Trade and other receivables	(99)	(219)
Deferred revenue	988	470
Provisions including employee entitlements and doubtful trade debtors	1,025	712
Other	-	20
<b>Total deferred tax asset</b>	<b>1,914</b>	<b>983</b>
RECOGNISED DEFERRED TAX LIABILITIES		
<i>Deferred tax liabilities are attributable to the following:</i>		
Intangible assets	(2,072)	(2,805)
<b>Total deferred tax liabilities</b>	<b>(2,072)</b>	<b>(2,805)</b>

The movement in temporary differences has been recognised in the Statement of Comprehensive Income. Deferred tax has been recognised at a rate at which they are expected to be realised; 28% for New Zealand entities and 30% for Australian entities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 8 DEFERRED TAX ASSET/(LIABILITY) (CONTINUED)

Movement in temporary timing differences during the year:

(\$000)	BALANCE 1 OCT 2014	TEMPORARY MOVEMENTS RECOGNISED	BALANCE 30 SEP 2015	TEMPORARY MOVEMENTS RECOGNISED	BALANCE 30 SEP 2016
Trade and other receivables	(332)	113	(219)	120	(99)
Intangible assets	(3,284)	479	(2,805)	734	(2,071)
Deferred revenue	266	204	470	518	988
Provisions including employee entitlements and doubtful trade debtors	613	99	712	312	1,024
Other	(72)	92	20	(20)	-
<b>Total</b>	<b>(2,809)</b>	<b>987</b>	<b>(1,822)</b>	<b>1,664</b>	<b>(158)</b>

## IMPUTATION CREDITS

(\$000)	2016	2015
NZ Imputation credits available for use in subsequent reporting periods	3,384	1,781

## 9 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 net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares on issue during the year, excluding shares purchased and held as treasury shares.

Diluted EPS is determined by adjusting the net profit 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 performance share rights granted to employees. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease EPS or increase the profit per share.

(\$000)	2016	2015
Profit attributable to the shareholders of the company	(\$000) 9,608	9,365
<b>Basic weighted average number of ordinary shares issued</b>	<b>(000) 72,699</b>	<b>72,699</b>
<b>Basic and diluted earnings per share (dollars)</b>	<b>0.13</b>	<b>0.13</b>

## 10 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.

(000)	SHARES ISSUED		SHARE CAPITAL	
	2016	2015	2016	2015
<b>Ordinary Shares</b>	<b>72,699</b>	<b>72,699</b>	<b>60,396</b>	<b>60,396</b>

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 11 EMPLOYEE SHARE PLAN

The Group operates an equity based share rights scheme for selected senior employees. If the unlisted performance share rights vest, ordinary shares will be issued to the employees at or around the vesting date. The issue price of the shares was determined by reference to the 10 trading day volume weighted average price of shares traded on the NZX immediately following the announcement of the annual financial results to which the commencement date of the share rights performance period relates.

Vesting is conditional on the completion of the necessary years' service to the vesting date and performance goals over the vesting period.

The share rights scheme is an equity settled scheme and is measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share based payments is expensed over the vesting period, based on the Group's estimate that the shares will vest. These options were valued using the Black Scholes valuation model and the option cost for the year ending 31 March 2016 of \$61,000 has been recognised in the Group's Statement of Comprehensive Income for that period (2015: Nil).

Details of the unlisted performance share rights scheme are:

Commencement date	2 May 2016
Issue price	2.2441
Vesting date	31 January 2019
Granted	152,400
% of shares vested	0%

The share rights scheme commenced in May 2016, so there is no prior year comparative information.

## 12 RETAINED EARNINGS

(\$000)	2016	2015
Opening balance	8,946	5,179
Profit for the year	9,608	9,365
Dividend paid	(8,288)	(5,598)
<b>Balance at 30 September</b>	<b>10,266</b>	<b>8,946</b>

## 13 CASH AND CASH EQUIVALENTS

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

(\$000)	2016	2015
Bank balances	18,813	12,367
Cash on hand	5	5
	<b>18,818</b>	<b>12,372</b>

## 14 TRADE AND 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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income.

(\$000)	2016	2015
Trade debtors	5,921	6,401
Provision for doubtful debts	(115)	(395)
Provision for warranty claims	(15)	(15)
Work in progress/accrued debtors	3,235	3,276
Sundry receivables and prepayments	765	1,255
	<b>9,791</b>	<b>10,522</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 14 TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) CREDIT RISK

The aging of the Group's trade debtors at the reporting data was as follows:

(\$000)	GROSS		ALLOWANCE FOR DOUBTFUL DEBTS	
	2016	2015	2016	2015
Not past due	4,922	3,817	-	-
Past due 1-30 days	555	1,197	-	-
Past due 31-60 days	240	323	-	-
Past due 61-90 days	75	95	-	-
Past due over 90 days	129	969	115	395
	<b>5,921</b>	<b>6,401</b>	<b>115</b>	<b>395</b>

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

(\$000)	2016	2015
Opening balance	395	448
Increase in provision	387	-
Write back of provision	-	(36)
Effect of movement in foreign exchange	(77)	68
Bad debt written off	(590)	(85)
<b>Balance at 30 September</b>	<b>115</b>	<b>395</b>

## 15 PROPERTY, PLANT AND EQUIPMENT

In the Statement of Financial Position 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 Statement of Comprehensive Income.

(\$000)	FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	LEASEHOLD IMPROVEMENTS	2016 TOTAL
YEAR ENDED 30 SEPTEMBER 2016				
Opening balance	162	327	182	671
Additions	166	407	175	748
Disposals	(10)	(3)	(7)	(20)
Depreciation charge	(52)	(241)	(69)	(362)
Effect of movement in foreign exchange	(6)	(1)	(6)	(13)
<b>Closing net book amount</b>	<b>260</b>	<b>489</b>	<b>275</b>	<b>1,024</b>
Cost	827	1,626	615	3,068
Accumulated depreciation	(567)	(1,137)	(340)	(2,044)
<b>Closing net book amount</b>	<b>260</b>	<b>489</b>	<b>275</b>	<b>1,024</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(\$000)	FURNITURE & EQUIPMENT	COMPUTER EQUIPMENT	LEASEHOLD IMPROVEMENTS	2015 TOTAL
YEAR ENDED 30 SEPTEMBER 2015				
Opening balance	179	158	228	565
Additions	32	343	17	392
Depreciation charge	(48)	(174)	(63)	(285)
Effect of movement in foreign exchange	(1)	-	-	(1)
<b>Closing net book amount</b>	<b>162</b>	<b>327</b>	<b>182</b>	<b>671</b>
Cost	699	1,440	461	2,600
Accumulated depreciation	(537)	(1,113)	(279)	(1,929)
<b>Closing net book amount</b>	<b>162</b>	<b>327</b>	<b>182</b>	<b>671</b>

## 16 GOODWILL

Goodwill represents the difference between the cost of 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.

(\$000)	2016	2015
Opening balance	40,277	40,277
Net book amount arising on acquisition	-	-
<b>Closing net book amount</b>	<b>40,277</b>	<b>40,277</b>
Goodwill allocated to Utility	37,377	37,377
Goodwill allocated to Airport	2,900	2,900
<b>Net book amount</b>	<b>40,277</b>	<b>40,277</b>

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 10.7% (2015: 13.0%). 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% (2015: 2.5%). This growth rate is consistent with forecast conducted in similar industry reports.

During the year ended 30 September 2016 no impairment arose as a result of the review of goodwill. The recoverable amounts of the two CGUs are greater than the carrying amounts and, based on sensitivity analysis performed, no foreseeable changes in the assumptions would cause the carrying amounts of the CGUs to exceed their recoverable amounts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 17 INTANGIBLE ASSETS

### 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 consistent with the methodology outlined for goodwill above.

### OTHER INTANGIBLE ASSET

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 Statement of Comprehensive Income 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.

(\$000)	SOFTWARE	CUSTOMER RELATIONSHIPS	BRAND NAMES	TRADEMARKS	2016 TOTAL
YEAR ENDED 30 SEPTEMBER 2016					
Opening balance	7,919	5,257	5,024	16	18,216
Additions	165	-	-	-	165
Amortisation charge	(1,214)	(799)	-	(2)	(2,015)
<b>Closing net book amount</b>	<b>6,870</b>	<b>4,458</b>	<b>5,024</b>	<b>14</b>	<b>16,366</b>
Cost	12,241	7,986	5,024	22	25,273
Accumulated amortisation	(5,371)	(3,528)	-	(8)	(8,907)
<b>Net book amount</b>	<b>6,870</b>	<b>4,458</b>	<b>5,024</b>	<b>14</b>	<b>16,366</b>

(\$000)	SOFTWARE	CUSTOMER RELATIONSHIPS	BRAND NAMES	TRADEMARKS	2015 TOTAL
YEAR ENDED 30 SEPTEMBER 2015					
Opening balance	9,134	6,057	5,024	18	20,233
Additions	-	-	-	-	-
Amortisation charge	(1,215)	(800)	-	(2)	(2,017)
<b>Closing net book amount</b>	<b>7,919</b>	<b>5,257</b>	<b>5,024</b>	<b>16</b>	<b>18,216</b>
Cost	12,075	7,986	5,024	22	25,107
Accumulated amortisation	(4,156)	(2,729)	-	(6)	(6,891)
<b>Net book amount</b>	<b>7,919</b>	<b>5,257</b>	<b>5,024</b>	<b>16</b>	<b>18,216</b>

## 18 TRADE PAYABLES AND ACCRUALS

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.

(\$000)	2016	2015
Trade creditors	683	766
Sundry accruals	887	790
	<b>1,570</b>	<b>1,556</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 19 EMPLOYEE ENTITLEMENTS

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.

(\$000)	2016	2015
<b>CURRENT</b>		
Liability for long service leave	346	383
Short term employee benefits	2,953	1,326
	<b>3,299</b>	<b>1,709</b>
<b>NON-CURRENT</b>		
Liability for long service leave	334	282
	<b>334</b>	<b>282</b>

## 20 INTEREST BEARING LOANS AND BORROWINGS

### FUNDING ACTIVITIES

The Group currently maintains a revolving facility with ANZ, on the terms outlined below.

#### Revolving facility

The Group has two revolving facilities with ANZ Bank, one in New Zealand (NZD\$3.1m) and one in Australia (AUD\$0.6m), both of which are subject to annual review. The purpose of the facility is to provide funding for general working capital management. Interest is payable at a rate calculated as a base rate plus a pre-determined margin.

The Group has provided a General Security Deed over all the present and after-acquired property of all entities in the consolidated Group.

At 30 September 2016 there were nil balances drawn down.

## 21 FINANCIAL RISK MANAGEMENT

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

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 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 for 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 and notes to the financial statements.

The Group holds the following financial instruments:

(\$000)	FAIR VALUE THROUGH PROFIT & LOSS	2016 LOANS AND RECEIVABLES	OTHER AMORTISED COST	FAIR VALUE THROUGH PROFIT & LOSS	2015 LOANS AND RECEIVABLES	OTHER AMORTISED COST
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents	18,818	-	-	12,372	-	-
Trade and other receivables	-	5,806	-	-	6,006	-
	<b>18,818</b>	<b>5,806</b>		<b>12,372</b>	<b>6,006</b>	
<b>FINANCIAL LIABILITIES</b>						
Borrowings	-	-	-	-	-	-
Trade and other payables	-	-	683	-	-	766
			<b>683</b>			<b>766</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counter party 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 counter party 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 counter party. Quantitative factors include transaction size, net assets of customer or counter party, 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 carrying amount of the Group's financial assets represents the maximum credit exposure as summarised above.

Refer to Note 14 for an aging profile for the Group's trade receivables at reporting date.

### (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 has sufficient cash to meet its requirements in the foreseeable future. The Group has no debt.

Working capital is supported by a NZD\$3.1m (New Zealand) and a AUD\$0.6m (Australian) working capital facility, both of which were unused as at 30 September 2016 (2015: \$nil). Included in working capital is deferred revenues of \$8.5m (2015: \$5.6m) which are not repayable in cash.

### 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:

2016 (\$000)	1 YEAR OR LESS	OVER 1 TO 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT LIABILITIES
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables	683	-	-	683	683
	<b>683</b>	-	-	<b>683</b>	<b>683</b>
2015 (\$000)	1 YEAR OR LESS	OVER 1 TO 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT LIABILITIES
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade and other payables	766	-	-	766	766
	<b>766</b>	-	-	<b>766</b>	<b>766</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (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.

### 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).

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

	2016	2015
AUD	0.9628	0.8972
CAD	0.9558	0.8398
FJD	1.4911	1.3590
HKD	5.6627	4.9095
GBP	0.5553	0.4127
EUR	0.6514	0.5637
USD	0.7301	0.6335

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

2016 (\$000)	AUD	CAD	FJD	GBP	EUR	USD	HKD
Cash and cash equivalents	7,984	-	-	1,197	-	21	-
Trade and other receivables	1,865	1	34	1,515	264	74	60
Trade and other payables	(88)	(14)	-	(144)	(48)	(10)	(4)
	<b>9,761</b>	<b>(13)</b>	<b>34</b>	<b>2,567</b>	<b>216</b>	<b>85</b>	<b>56</b>

2015 (\$000)	AUD	CAD	FJD	GBP	EUR	USD	HKD
Cash and cash equivalents	2,167	-	-	403	-	229	-
Trade and other receivables	2,615	16	91	1,029	61	147	278
Trade and other payables	(276)	-	-	(197)	(29)	(23)	-
	<b>4,506</b>	<b>16</b>	<b>91</b>	<b>1,235</b>	<b>32</b>	<b>353</b>	<b>278</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 21 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Summarised sensitivity analysis

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

2016 (\$000)	FOREIGN CURRENCY RISK <sup>1</sup>			
	-10%		+10%	
	PROFIT	EQUITY	PROFIT	EQUITY
Cash and cash equivalents	1,022	1,022	(837)	(837)
Trade and other receivables	424	424	(347)	(347)
Trade and other payables	35	35	85	85
<b>Total increase/(decrease)</b>	<b>1,481</b>	<b>1,481</b>	<b>(1,098)</b>	<b>(1,098)</b>

2015 (\$000)	FOREIGN CURRENCY RISK <sup>1</sup>			
	-10%		+10%	
	PROFIT	EQUITY	PROFIT	EQUITY
Cash and cash equivalents	311	311	(254)	(254)
Trade and other receivables	470	470	(385)	(385)
Trade and other payables	(26)	(26)	74	74
<b>Total increase/(decrease)</b>	<b>755</b>	<b>755</b>	<b>(565)</b>	<b>(565)</b>

<sup>1</sup> The foreign currency sensitivity above represents a 10% decrease and increase in spot foreign exchange rates.

The Group was not exposed to any material interest rate risk during the current or previous year.

### (d) CAPITAL MANAGEMENT

The capital structure of the Group consists of equity raised by the issue of ordinary shares in the parent company.

The Group manages its capital to ensure that companies in the Group are able to continue as going concerns. The Group is not subject to any externally imposed capital requirements.

### (e) FAIR VALUE MEASUREMENT

The carrying amounts of the Group's 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 2016

## 22 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:

<i>Entity</i>	<i>Principal Activity</i>
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 <sup>1</sup>	New Zealand holding company
Gentrack Limited	New Zealand operating company – software development, sales and support
Gentrack UK Limited	United Kingdom dormant company

Management fees of \$755,000 (2015: \$767,000) were charged by Gentrack Limited, the New Zealand operating company, to related parties during the year to cover management type activities.

<sup>1</sup> Talgentra NZ Holdings Limited was amalgamated into Gentrack Group Ltd on 1 August 2016.

## 23 OPERATING LEASE COMMITMENTS

<b>(\$000)</b>	<b>2016</b>	<b>2015</b>
NON-CANCELLABLE OPERATING LEASE COMMITMENTS DUE:		
Not later than one year	1,003	1,089
Later than one year, not later than five years	1,899	1,800
Later than five years	572	-
	<b>3,474</b>	<b>2,889</b>

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.

## 24 KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and include the Directors, the Chief Executive, his direct reports. This year the assessment of the key management personnel was expanded to include the Chief Executive's direct reports. The 2015 comparative has been updated to reflect this change in definition. The following table summarises remuneration paid to key management personnel.

<b>(\$000)</b>	<b>2016</b>	<b>2015</b>
Salaries, bonuses and other benefits	2,392	2,376
Share based payments	61	-
Post employment benefits	-	25
Directors' fees	322	290
<b>Total salaries and benefits</b>	<b>2,775</b>	<b>2,691</b>

### OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 25 CAPITAL COMMITMENTS

The capital expenditure commitments as at 30 September 2016 are \$nil (2015: \$nil).

## 26 CONTINGENCIES

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

NZD\$262,640 (AUD\$245,700) to Australia and New Zealand Banking Group. This guarantee is open ended.

NZD\$2,137,894 (AUD\$2,000,000) to Australia and New Zealand Banking Group. This guarantee expires on 10 May 2017.

NZD\$178,801 (HKD\$994,528) to ANZ Hong Kong. This guarantee expires on 24 September 2019.

NZD\$90,068 (EUR57,509) to Isavia Limited. This guarantee expires on 1 April 2017.

NZD\$75,000 to NZX Limited. This guarantee has no expiry date.

## 27 CASH FLOW INFORMATION

(\$000)	2016	2015
<b>(a) RECONCILIATION OF OPERATING CASH FLOWS WITH REPORTING PROFIT AFTER TAX:</b>		
Profit after tax	9,608	9,365
<b>Add/(less) non-cash items</b>		
Deferred tax	(1,705)	(979)
Doubtful debts	299	(36)
Unrealised loss on foreign exchange transactions	1,047	172
Share based payments	61	-
Other non-cash items	14	(1)
Depreciation and amortisation	2,377	2,302
	<b>11,701</b>	<b>10,823</b>
<b>Add/(less) movements in other working capital items:</b>		
(Increase)/decrease in trade and other receivables	(360)	199
(Decrease)/increase in tax payable	(411)	610
Increase/(decrease) in GST payable	265	(96)
Increase in deferred revenue	3,010	1,318
Increase in employee entitlements	1,696	381
Increase in trade payables and accruals	45	127
	<b>15,946</b>	<b>13,362</b>
<b>Items classified as financing activity</b>		
Net finance (income)	(187)	(138)
	<b>15,759</b>	<b>13,224</b>
<b>(b) BANK FACILITIES:</b>		
Bank facility	3,623	3,672
<b>Unused bank facility</b>	<b>3,623</b>	<b>3,672</b>

## 28 EVENTS SUBSEQUENT TO BALANCE DATE

A final dividend of \$5,597,862 (\$0.077 per share) was declared on 23 November 2016 for the year ended 30 September 2016, and will be paid on 19 December 2016. During the year an interim dividend of \$3,053,379 (\$0.042 per share) was paid on 21 June 2016.

## CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance, particularly its role in delivering improved corporate performance and protecting the interests of all stakeholders.

The Board is responsible for establishing and implementing the Company's corporate governance frameworks, and is committed to fulfilling this role in accordance with best practice while observing applicable laws, and the NZX Corporate Governance Best Practice Code (NZX Code),

This section sets out the Company's commitment to good corporate governance and addresses the Company's compliance with the eight fundamental principles of the proposed NZX Corporate Governance Best Practice Code (Proposed NZX code) published in August 2016. The principles of the Proposed NZX Code are generally in alignment with the principles published in the Corporate Governance in New Zealand – Principles and Guidelines issued by the Financial Markets Authority. The Board has determined that the Proposed NZX Code provides the most appropriate basis for this review.

Gentrack's Constitution, the Charters and most of the policies referred to in this Corporate Governance Statement are available on the Company's website [www.gentrack.com](http://www.gentrack.com) ("Company Website") in the Governance section of the Investor Centre section.

This corporate governance statement is current as at 24 November 2016 and has been approved by the Board.

### PRINCIPLE 1 – ETHICAL STANDARDS

*Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for delivering these standards throughout the organisation.*

The Board maintains high standards of ethical conduct and the Chief Executive is responsible for ensuring that high standards of conduct are maintained by all staff. The Board has adopted a "Code of Ethics", a copy of which is available in the Investor Centre section of the Company's website.

The Board is the overall and final body responsible for all decision making within the Company, with the core objective of representing and promoting the interests of shareholders by adding long-term value to the Company.

The Company has a Share Trading Policy for the approval of all share purchases and sales by staff, including directors. A copy of this policy is available in the Investor Centre section of the Company's website.

The Company undertakes appropriate checks of prospective Directors prior to putting forward a candidate for election and provides all material information in its possession relevant to such a decision to security holders.

### PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

*To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.*

#### BOARD CHARTER

This describes the Board's role and responsibilities and regulates internal Board procedures; a copy of this document is available in the Investor Centre section on the Company's website.

The Board directs, and supervises the management of, the business affairs of the Company including, in particular:

- ensuring that the Company's goals are clearly established, and that strategies and resources are in place for achieving them;
- ensuring that there is an ongoing review of performance against the Company's strategic objectives;
- approving transactions relating to acquisitions and divestments and capital expenditure above delegated authority limits;
- ensuring that there is an ongoing assessment of business risks and that there are appropriate control and accountability systems in place to manage them;
- monitoring the performance of management and overseeing company-wide remuneration, employment and health and safety practices;
- appointing the Chief Executive, setting the terms of their employment and, where necessary, terminating their employment;
- approving and monitoring the Company's financial and other reporting and ensuring the Company's financial statements represent a true and fair view; and
- setting the dividend policy.

#### NOMINATION AND APPOINTMENT

The procedures for the appointment and removal of Directors are ultimately governed by the Company's Constitution. The Board has established a Nominations and Remuneration Committee whose role is to identify and recommend to the Board individuals for nomination as members of the Board and its Committees, taking into account such factors as it deems appropriate, including experience, qualifications, judgement and the ability to work with other Directors.

#### COMPOSITION OF BOARD

As at 30 September 2016 the Board comprised five Directors, as follows:

- John Clifford (Non-executive Chair) – appointed May 2012
- James Docking (Non-executive Director) – appointed May 2012
- Andy Coupe (Non-executive Director) – appointed April 2014
- Graham Shaw (Non-executive Director) – appointed March 2014
- Leigh Warren (Non-executive Director) – appointed May 2012

James Docking was appointed as an Executive Director in May 2012, however after completing his appointment as Chief Executive Officer of the Company in January 2016, he has remained on the Board as a Non-Executive Director. Profiles of each Director are available in the Investor Centre section on the Company's website.

The Company has written agreements with each board member establishing the terms of their appointment.

#### DELEGATION

To enhance efficiency, the Board has delegated some of its powers to Board Committees and other powers to the Chief Executive. The terms of the delegation by the Board to the Chief Executive are documented in the Board Charter and more clearly set out in the Company's Delegated Authority Framework. This framework also establishes the authority levels for decision-making within the Company's management team.

# CORPORATE GOVERNANCE

## DIRECTOR INDEPENDENCE

The Board Charter requires that a majority of Directors be “independent”.

The Board takes into account the guidance provided under the NZX Listing Rules in determining the independence of Directors.

The Board will review any determination it makes as to a Director’s independence on becoming aware of any information that may have an impact on the independence of the Director. For this purpose, Directors are required to ensure that they immediately advise the Board of any relevant new or changed relationships to enable the Board to consider and determine the materiality of the relationships.

The Board considers that Leigh Warren, Graham Shaw and Andy Coupe are Independent Directors. The Board has determined that James Docking and John Clifford are not Independent Directors because they are both substantial shareholders of the Company.

## SELECTION AND ROLE OF CHAIRMAN

The Chairman of the Board is elected by the non-executive Directors. The Board supports the separation of the role of Chairman and Chief Executive Officer. The Chairman’s role is to manage the Board effectively, to provide leadership to the Board, and to facilitate the Board’s interface with the Chief Executive Officer.

John Clifford has held the role of Chairman throughout the financial year. The Board has determined that John Clifford is not an Independent Director because he is a substantial shareholder in the Company (as noted above). However, given the nature of the Company, John Clifford is considered the most appropriate Director to act as Chairman given his wealth of experience in the utilities sector, having served as Chairman of two other businesses involved in utility smart metering.

## DIVERSITY POLICY

The Board has approved a Diversity Policy, a copy of which is available in the Investor Centre on the Company’s website.

At 30 September 2016, the gender breakdown for the Company (and its wholly owned subsidiaries) was as follows:

	BOARD	SENIOR EXECUTIVES	ALL EMPLOYEES
<b>FY16</b>			
Female	0	2	57
Male	5	8	216
Total	5	10	273
% Female	0%	20%	21%
<b>FY15</b>			
Female	0	1	40
Male	5	10	176
Total	5	11	216
% Female	0%	9%	19%

These figures include permanent full-time, permanent part-time and fixed-term employees, but not independent contractors. A Senior

Executive is defined as an employee who reports directly to the Chief Executive. The Company recruits for predominantly technology roles. Although there are increasing numbers of women leaving tertiary study with technology qualifications, this has yet to translate into candidates for technology roles, with the majority being men. This continues to make it difficult to achieve short-term increases in gender diversity as the Company grows its employee numbers.

The Company recognises the importance of diversity in the workplace and its positive impact on the work environment and culture. Progress continues to be made in that regard in accordance with the Company’s Diversity and Inclusion Strategy.

## DIRECTOR EDUCATION

All Directors are responsible for ensuring they remain current in understanding their duties as Directors. Directors are provided access to the Company’s on-line knowledge hub.

## RETIREMENT AND RE-ELECTION

The Board acknowledges and observes the relevant Director rotation/retirement rules under the NZX Listing Rules.

## DIRECTORS’ SHARE OWNERSHIP

The table of Directors’ shareholdings is included in the Disclosures section of this Annual Report.

## INDEMNITIES AND INSURANCE

Deeds of Indemnity have been granted by the Company in favour of the Directors in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as Directors.

The Directors’ and Officers’ Liability insurance covers risks normally covered by such policies arising out of acts or omissions of Directors and employees in their capacity as such.

## BOARD MEETINGS

The Board met formally ten times in the year ended 30 September 2016 and there were also separate meetings of the Board Committees. Directors receive detailed information in Board papers to facilitate decision making. At each meeting the Board considers key financial and operational information as well as matters of strategic importance.

Executives regularly attend Board meetings and are also available to be contacted by Directors between meetings.

Directors who are not members of the Committees may attend the Committee meetings where invited to do so by the Chairman of the relevant Committee.

The Board has a broad range of IT, financial, sales, business, risk management and other skills and expertise necessary to meet its objectives.

## BOARD ACCESS TO INFORMATION AND ADVICE

The Company Secretary is responsible for supporting the effectiveness of the board by ensuring that policies and procedures are followed and co-ordinating the completion and dispatch of the Board agendas and papers.

All Directors have access to the senior management team to discuss issues or obtain information on specific areas in relation to items to be considered at Board meetings or other areas as they consider

## CORPORATE GOVERNANCE

appropriate. Further, Directors have unrestricted access to Group records and information.

The Board, the Board Committees and each Director have the right, subject to the approval of the Chairman, to seek independent professional advice at the Company's expense to assist them to carry out their responsibilities. Further, the Board and Board Committees have the authority to secure the attendance at meetings of outsiders with relevant experience and expertise.

### CONFLICTS OF INTEREST

The Board Charter outlines the Board's policy on conflicts of interest. Where conflicts of interest do exist, Directors excuse themselves from discussions and do not exercise their right to vote in respect of such matters.

### PERFORMANCE REVIEW

The Board has a formal review of its performance on an annual basis. A review was undertaken in July 2016.

### PRINCIPLE 3 – BOARD COMMITTEES

*The Board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.*

#### BOARD COMMITTEES

The Board has established two Committees: the Audit and Risk Committee, and the Nominations and Remuneration Committee. The Charters of each Committee are in the Investor Centre section of the Company's website.

The membership of each Committee at 30 September 2016 was:

1. Audit and Risk Committee – Graham Shaw (Chair), Andy Coupe, John Clifford
2. Nominations and Remuneration Committee – John Clifford (Chair), Leah Warren and Graham Shaw.

For further details on the functions of the Audit and Risk Committee please refer to "Principle 7". For further details on the functions of the Nominations and Remuneration Committee please refer to "Principle 2" and "Principle 5".

### PRINCIPLE 4 – REPORTING AND DISCLOSURE

*The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.*

Gentrack is committed to maintaining a fully informed market through effective communication with the NZX and ASX, the Company's shareholders, analysts, media and other interested parties. The Company provides all stakeholders with equal and timely access to material information that is accurate, balanced, meaningful and consistent.

The Board has adopted a Market Disclosure Policy and a Shareholder Communications Policy, copies of which are available in the Investor Centre section on the Company's website. The Policies have been communicated internally to ensure that they are strictly adhered to by the Board and the Company's employees. The Company has been listed on the NZX Main Board and the ASX since 25 June 2014 and has at all times complied with its continuous disclosure obligations

under the NZX Listing Rules, the Securities Markets Act 1988 (NZ), and the applicable ASX Listing Rules.

Directors consider at each Board meeting whether there is any material information which should be disclosed to the market.

The "Code of Ethics", Board Committee Charters and other key governance documents are available in the Investor Centre section of the Company's website.

The Company does not currently provide non-financial reporting on environmental, social and governance factors other than as set out in this statement.

### PRINCIPLE 5 – REMUNERATION

*The remuneration of Directors and the CEO should be transparent, fair and reasonable.*

The Board has a Nominations and Remuneration Committee. One of that Committee's principal functions is to oversee the remuneration strategies and policies of the Company. The Nominations and Remuneration Committee is governed by a formal charter, a copy of which is available in the Investor Centre section on the Company's website.

#### DIRECTOR REMUNERATION

The Company distinguishes the structure of non-executive Directors' remuneration from that of executive Directors. Total Directors' fees are currently set at a maximum of \$350,000 per annum for the non-executive Directors. The actual amount of fees paid in the past year was \$332,500.

#### CEO REMUNERATION

This is structured as follows:

Fixed base salary of \$380,000 per annum. This amount is reviewable at the Board's discretion each year.

Annual short term incentive payments of up to 50% of the fixed base salary. The actual short term incentive awarded (if any) is determined at the discretion of the Board after assessing the performance of the Company and the performance of the CEO against performance targets and priorities agreed annually.

The CEO participates in the Company's Long Term Incentive Scheme (LTI Scheme). In May 2016, the Company issued a total of 152,400 performance rights under the LTI Scheme to the CEO. These rights vest over two years and nine months and are subject to Gentrack Group achieving certain performance hurdles contained within the LTI Scheme that are aligned to sustained earnings per share growth.

### PRINCIPLE 6 – RISK MANAGEMENT

*Directors should have a sound understanding of the key risks faced by the business. The Board should regularly verify that the entity has appropriate processes that identify and manage potential and relevant risks.*

The Board has an Audit and Risk Committee that reports to the Board– please see "Principle 7" below for further detail in relation to the Audit and Risk Committee.

The Company's senior management maintain a Risk Register, which is reviewed by the Audit and Risk Committee and forms a key part of the risk management framework.

## CORPORATE GOVERNANCE

Gentrack does not have an internal audit function, but through the steps outlined above the Board ensures the company is reviewing, evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company considers that it does not have any material exposure to economic, environmental and social sustainability risks. The Board receives a health and safety report each month and considers health and safety matters at each Board meeting.

### PRINCIPLE 7 – AUDITORS

*The Board should ensure the quality and independence of the external audit process.*

The Board is committed to a transparent system for auditing and reporting of the Company's financial performance. The Board established an Audit and Risk Committee, which performs a central role in achieving this goal. The members of the Committee provide a balance of independence, sector experience and relevant professional experience and qualifications.

The Audit and Risk Committee's principal functions are:

- to assist the Board in fulfilling its responsibilities for Gentrack's financial statements and external financial reporting;
- assist the Board in ensuring that the ability and independence of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired
- to assist the Board in ensuring appropriate accounting policies and internal controls are established and maintained; and
- to assist the Board in ensuring the efficient and effective management of all business risks.

One of the main purposes of the Audit and Risk Committee is to ensure the quality and independence of the audit process. The Chairman of the Audit and Risk Committee and Chief Financial Officer work with the external auditors to plan the audit approach. All aspects of the audit are reported back to the Audit and Risk Committee and the auditors are given the opportunity at Audit and Risk Committee meetings to meet with the Board.

The Audit and Risk Committee has adopted a formal Charter, a copy of which is available in the Investor Centre section on the Company's website.

As a New Zealand company, section 295A of the Australian Corporations Act is not applicable to the Company. This section requires the Company's Chief Executive Officer and Chief Financial

Officer to make a declaration in relation to the financial records and financial statements and notes. However, the Company's Chief Executive Officer and Chief Financial Officer provide equivalent assurances to the Board as part of the annual external audit process.

The Company's external auditors will attend the annual meeting, and are available to answer questions relating to the conduct of the external audit and the preparation and content of the auditor's report.

### PRINCIPLE 8 – SHAREHOLDER RISKS AND RELATIONS

*The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the entity.*

The company currently keeps shareholders informed through:

- the annual report;
- the interim report;
- the annual meeting of shareholders;
- disclosure to the NZX and ASX in accordance with the Company's Shareholder Communications Policy and Market Disclosure Policy; and
- the Investor Centre section on the Company's website.

The company's Shareholder Communications Policy and Market Disclosure Policy are designed to ensure that communications with shareholders and all other stakeholders are managed efficiently. The Chairman, Chief Executive Officer and Chief Financial Officer are the points of contact for shareholders and analysts.

The Board considers the annual report to be an essential opportunity for communicating with shareholders. The company publishes its annual and interim results and reports electronically on the Company Website. Investors may also request a hard copy of the annual report by contacting the company's share registrar, Link Market Services Limited. Contact details for the registrar appear at the end of this report.

The Company considers the annual meeting to be a valuable element of its communications programme. The Chairman will provide an opportunity for shareholders to raise questions for their Board. The Chairman may ask the Chief Executive Officer and any relevant manager of the Company to assist in answering questions if required. As noted earlier, the Company's external auditors will also attend the annual meeting, and are available to answer questions relating to the conduct of the external audit and the preparation and content of the auditor's report.

## DISCLOSURES

### ENTRIES RECORDED IN THE INTERESTS REGISTER

The Company maintains an Interest Register in accordance with the Companies Act 1993 and the Securities Markets Act 1988. The following are particulars of entries made in the Interests Register for the period 1 October 2015 to 30 September 2016.

#### DIRECTORS' INTERESTS

Directors disclosed interest, or cessation of interest, in the following entities pursuant to section 140 of the Companies Act 1993 during the year ended 30 September 2016.

DIRECTOR/ENTITY	RELATIONSHIP
<b>John Clifford</b> JCVC Pty Limited Uplands Group Pty Limited in its capacity as trustee of the Uplands Group Trust	Director Director
<b>James Docking</b> Jametti Limited	Director
<b>Leigh Warren</b> Warren Family Business Pty Limited in its capacity as trustee of the Warren Family Business Superannuation Fund	Director
<b>Graham Shaw</b> PushPay Holdings Ltd	Director

#### SHARE DEALINGS OF DIRECTORS

Directors disclosed the following acquisitions and disposals of relevant interests in Gentrack shares during the year ended 30 September 2016.

SHARES	DATE OF ACQUISITION/DISPOSAL	CONSIDERATION PER SHARE	NUMBER OF SHARES ACQUIRED/ (DISPOSED)
Graham Shaw	27 November 2015	\$2.24	8,333
Jametti Ltd (James Docking)	3 June 2016	\$2.80	(2,000,000)
JCVC Pty Ltd (John Clifford)	8 June 2016	AUD\$2.75	(821,315)
Uplands Group Pty Ltd (John Clifford)	8 June 2016	AUD\$2.75	821,315

#### SHAREHOLDINGS OF DIRECTORS AT 30 SEPTEMBER 2016

	TYPE OF HOLDING	2016 NUMBER OF SHARES	2015 NUMBER OF SHARES
John Clifford	Beneficial Interest	9,151,374	9,151,374
Andy Coupe	Held Personally	20,833	20,833
James Docking	Beneficial Interest	5,358,196	7,358,196
David Ingram <sup>1</sup>	Held Personally	50,000	50,000
Graham Shaw	Held Personally	50,000	41,666
Leigh Warren	Beneficial Interest	629,184	629,184

<sup>1</sup> David Ingram is a Director of the following subsidiary companies: Gentrack Limited, Gentrack Pty Limited, Gentrack Group Australia Pty Limited, Gentrack UK Limited, Talgentra NZ Holdings Limited, Talgentra Pacific Group Pty Limited.

## DISCLOSURES

### REMUNERATION OF DIRECTORS

Details of the total remuneration of, and the value of other benefits received by, each Director of Gentrack Group Limited during the financial year ended 30 September 2016 are as follows:

	2016 FEES	2016 REMUNERATION	2015 FEES	2015 REMUNERATION
John Clifford	100,000	-	100,000	-
Andy Coupe	60,000	-	60,000	-
James Docking <sup>1</sup>	42,500	128,797	-	400,897
Graham Shaw <sup>2</sup>	70,000	-	70,000	-
Leigh Warren	60,000	-	60,000	-
	<b>332,500</b>	<b>128,797</b>	<b>290,000</b>	<b>400,897</b>

<sup>1</sup> James Docking, now a Non-executive Director, was an Executive Director until he retired as CEO on 15 January 2016 and received remuneration from Gentrack in the form of a salary and short-term incentives until this date.

<sup>2</sup> Graham Shaw was paid \$60,000 for his role as Director and \$10,000 for his role as the chair of the Audit and Risk Management Committee.

### EMPLOYEE REMUNERATION

The number of current employees of the parent and subsidiaries receiving remuneration and benefits above \$100,000 in the year ended 30 September 2016 are set out in the table below:

REMUNERATION	NUMBER OF EMPLOYEES
\$100,001 – \$110,000	14
\$110,001 – \$120,000	7
\$120,001 – \$130,000	7
\$130,001 – \$140,000	7
\$140,001 – \$150,000	2
\$150,001 – \$160,000	4
\$160,001 – \$170,000	3
\$170,001 – \$180,000	2
\$180,001 – \$190,000	2
\$190,001 – \$200,000	1
\$200,001 – \$210,000	1
\$210,001 – \$220,000	2
\$230,001 – \$240,000	1
\$250,001 – \$260,000	1
\$260,001 – \$270,000	1
\$270,001 – \$280,000	1
\$330,001 – \$340,000	1
<b>Total</b>	<b>57</b>

The analysis above includes the remuneration and benefits paid to employees, in the relevant bandings, where their annual remuneration and benefits exceed \$100,000.

## DISCLOSURES

### ANALYSIS OF SHAREHOLDING AT 30 SEPTEMBER 2016

SIZE OF HOLDING	NUMBER OF HOLDERS	FULLY PAID ORDINARY SHARES NUMBER OF SHARES <sup>1</sup>	% OF ISSUED CAPITAL
1 – 1,000	541	339,175	0%
1,001 – 5,000	1,025	2,878,309	4%
5,001 – 10,000	280	2,211,455	3%
10,0001 – 100,000	213	4,805,176	7%
100,001 and over	36	62,465,395	86%
<b>TOTAL</b>	<b>2,095</b>	<b>72,699,510</b>	<b>100%</b>

<sup>1</sup> The total number of shares on issue as at 30 September 2016 was 72,699,510.

### TWENTY LARGEST SHAREHOLDERS AT 30 SEPTEMBER 2016

The twenty largest shareholders of fully paid ordinary shares as at 30 September 2016 were:

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
Uplands Group Pty Limited	8,052,689	11.08
Tea Custodians Limited <sup>1</sup>	5,853,786	8.05
Jametti Limited	5,358,196	7.37
HSBC Nominees (New Zealand) Limited <sup>1</sup>	5,064,964	6.97
Nigel Peter Farley and Richard John Burrell	4,712,661	6.48
J P Morgan Nominees Australia Limited	4,401,230	6.05
Roy Desmond Grant, Nina Catherine Maria Grant and Adrienne Alexandra Wigmore	2,620,000	3.6
National Nominees Limited	2,353,559	3.24
Accident Compensation Corporation <sup>1</sup>	2,342,405	3.22
HSBC Nominees (New Zealand) Limited <sup>1</sup>	2,277,671	3.13
RBC Investor Services Australia Nominees Pty Ltd	1,883,553	2.59
Terence De Montalt Maude and Wendy Fay Wood	1,850,000	2.54
BNP Paribas Noms Pty Ltd	1,500,000	2.06
Custodial Services Limited	1,254,485	1.73
Jcvc Pty Ltd	1,098,685	1.51
Guardian Nominees No 2 Ltd <sup>1</sup>	865,574	1.19
JP Morgan Chase Bank <sup>1</sup>	839,683	1.16
Citibank Nominees (NZ) Limited <sup>1</sup>	623,402	0.86
Cogent Nominees (NZ) Limited <sup>1</sup>	613,046	0.84
Cogent Nominees Limited <sup>1</sup>	561,722	0.77

<sup>1</sup> These shareholdings are held through New Zealand Central Securities Depository Limited (NZCSD) which allows electronic trading of securities to members.

The percentage shareholding of the 20 largest shareholders of Gentrack Group Limited fully paid ordinary shares was 74%.

## DISCLOSURES

### SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2016

According to notices given under the Securities Markets Act 1988, the following persons were Substantial Shareholders in Gentrack Group Limited at 30 September 2016 in respect of the number of voting securities set opposite their names.

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
First NZ Capital Group Limited	4,914,094	6.7
Uplands Group Pty Limited as trustees of Uplands Group Trust, JCVC Pty Limited as trustees of JCVC Superannuation Fund, John Clifford and Valerie Clifford	9,151,374	12.6
Jametti Limited as trustees of the Fraxinus Aurea Trust	5,358,196	7.4
Nigel Peter Farley and Richard John Burrell as trustees of the Nigel Farley Family Trust	4,712,661	6.5
Mawer Investment Management Limited	5,719,847	7.8
Pie Funds Management Limited	4,344,000	6.0

Perpetual Limited ceased to be a substantial shareholder on 2 September 2016 and submitted a revised notice to ASX on 7 September 2016.

The total number of issued voting shares of Gentrack Group Limited at 30 September 2016 was 72,699,510. Where voting at a meeting of the shareholders is by voice or show of hands, every shareholder present in person or by representative has one vote, and on a poll, every shareholder present in person, or by representative has one vote for each fully paid ordinary share in the Company.

At 30 September 2016, there were 21 shareholders holding marketable parcels of less than \$500.

### SUBSIDIARY COMPANY DIRECTORS

The following people held office as Directors of subsidiary companies at 30 September 2016:

<b>Gentrack Limited</b>	John Clifford, Ian Black, David Ingram*
<b>Talgentra NZ Holdings Limited<sup>1</sup></b>	John Clifford, Ian Black, David Ingram*
<b>Gentrack Pty Limited</b>	John Clifford, Ian Black, David Ingram
<b>Gentrack Group Australia Pty Limited</b>	John Clifford, Ian Black, David Ingram
<b>Talgentra Pacific Group Pty Limited</b>	John Clifford, Ian Black, Leigh Warren, David Ingram*
<b>Gentrack UK Limited</b>	John Clifford**, Ian Black, David Ingram

Directors of the company's subsidiaries do not receive any remuneration or other benefits in respect of their appointments.

James Docking resigned from all six subsidiaries on 15 January 2016.

Ian Black was appointed Director of the company's subsidiaries on 27 April 2016.

\*David Ingram was appointed Director on 27 April 2016.

\*\*John Clifford was appointed Director on 27 April 2016.

<sup>1</sup> Talgentra NZ Holdings Limited was amalgamated into Gentrack Group Ltd on 1 August 2016.

### DONATIONS

The Company made donations of \$10,399 during the year ended 30 September 2016.

## DISCLOSURES

### CREDIT RATING

The Company has no credit rating.

### FOREIGN EXEMPT LISTING

ASX approved a change in the Company's ASX admission category from an ASX Listing to an ASX Foreign Exempt Listing, effective from the commencement of trading on 30 March 2016.

The Company continues to have a full listing on the NZX Main Board, and the Company's shares are still listed on the ASX. The Company is primarily regulated by the NZX, complies with the NZX Listing Rules, and is exempt from complying with most of the ASX Listing Rules (based on the principle of substituted compliance).

### WAIVERS

Gentrack Group Limited had no NZX waivers granted or published by NZX within or relied upon in the 12 months ending 30 September 2016. On listing in 2014, Gentrack Group Ltd was granted waivers from the ASX which are standard for a New Zealand company listed on the ASX. This includes confirmation that ASX will accept financial statements denominated in New Zealand dollars and prepared and audited in accordance with New Zealand Generally Accepted Accounting Principles and Auditing Standards. The waivers granted by the ASX have been extended to reflect the Company's ASX Foreign Exempt listing status from 30 March 2016.

### ANNUAL MEETING

Gentrack Group Limited's Annual Meeting of Shareholders will be held in Auckland on 23 February 2017 at 4:00pm. A notice of Annual Meeting and Proxy Form will be circulated to shareholders in January 2017.

# CORPORATE DIRECTORY

## REGISTERED OFFICE

Gentrack Group Limited  
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Phone: +64 9 966 6090  
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## POSTAL ADDRESS

PO Box 3288, Shortland Street, Auckland 1140  
New Zealand

## NEW ZEALAND INCORPORATION NUMBER

3768390

## AUSTRALIAN REGISTERED BODY NUMBER (ARBN)

169 195 751

## DIRECTORS

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

## COMPANY SECRETARY

Jon Kershaw

## AUDITOR

KPMG

18 Viaduct Harbour Avenue, Auckland, 1140  
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## LEGAL ADVISERS

BELL GULLY

## BANKERS

ANZ LIMITED

HSBC PLC

## SHARE REGISTRAR

*NEW ZEALAND*

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