

# FINANCIAL STATEMENTS

For the six month period ended 30 September 2019

serko

# Serko Limited

## Contents

For the six month period ended 30 September 2019

---

	Page
Consolidated statement of comprehensive income	3
Consolidated statement of changes in equity	4
Consolidated statement of financial position	5
Consolidated statement of cash flows	6
Notes to the financial statements	7-12

# Serko Limited

## Consolidated statement of comprehensive income

For the six months ended 30 September 2019

	NOTES	6 months Unaudited 30 Sep 2019 \$(000)	6 months Unaudited 30 Sep 2018 \$(000)	12 months Audited 31 Mar 2019 \$(000)
Revenue	2	14,671	11,350	23,361
Other Income	2	541	465	1,215
<b>Total revenue and other income</b>		<b>15,212</b>	<b>11,815</b>	<b>24,576</b>
Operating expenses				
Selling and marketing expenses		(1,224)	(959)	(1,691)
Remuneration and benefits		(7,709)	(6,179)	(13,135)
Administration expenses		(4,884)	(2,769)	(6,563)
Other expenses		(1,834)	(779)	(1,931)
<b>Total operating expenses</b>	3	<b>(15,651)</b>	<b>(10,686)</b>	<b>(23,320)</b>
Finance income		95	93	360
Finance expenses		(470)	(270)	(70)
<b>(Loss)/Profit before income tax</b>		<b>(814)</b>	<b>952</b>	<b>1,546</b>
Income tax (expense)/benefit		(52)	(32)	87
<b>Net (loss)/profit attributable to the shareholders of the company</b>		<b>(866)</b>	<b>920</b>	<b>1,633</b>
Movement in foreign currency reserve		232	30	(126)
<b>Total comprehensive (loss)/income for the year</b>		<b>(634)</b>	<b>950</b>	<b>1,507</b>
<b>Earnings per share</b>				
Basic profit per share	11	\$ (0.01)	\$ 0.01	\$ 0.02
Diluted profit per share	11	\$ (0.01)	\$ 0.01	\$ 0.02

## Consolidated statement of changes in equity

For the six months ended 30 September 2019

	NOTES	Share Capital	Share-based Payment Reserve	Foreign Currency Reserve	Accumulated Losses	Total
		\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
<b>Balance as at 1 April 2019</b>		<b>40,993</b>	<b>1,885</b>	<b>(211)</b>	<b>(16,432)</b>	<b>26,235</b>
Net loss for the year		-	-	-	(866)	(866)
Adjustment on adoption of new IFRS16		-	-	-	(304)	(304)
Other comprehensive loss*		-	-	232	-	232
<b>Total comprehensive (loss) for the year</b>		<b>-</b>	<b>-</b>	<b>232</b>	<b>(1,170)</b>	<b>(938)</b>
Transactions with owners						
Shares allocated to employees	10	-	208	-	-	208
Shares forfeited from employees	10	-	(3)	-	-	(3)
Share-based payments - employee share options	10	-	37	-	-	37
<b>Balance as at 30 September 2019</b>		<b>40,993</b>	<b>2,127</b>	<b>21</b>	<b>(17,602)</b>	<b>25,539</b>
<b>Balance as at 1 April 2018</b>		<b>25,185</b>	<b>1,309</b>	<b>(85)</b>	<b>(18,065)</b>	<b>8,344</b>
Net profit for the year		-	-	-	920	920
Other comprehensive loss*		-	-	30	-	30
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>30</b>	<b>920</b>	<b>950</b>
Transactions with owners						
Issue of shares (net of issue costs)	10	14,288	-	-	-	14,288
Allocated shares to employees	10	-	231	-	-	231
<b>Balance as at 30 September 2018</b>		<b>39,473</b>	<b>1,540</b>	<b>(55)</b>	<b>(17,145)</b>	<b>23,813</b>
<b>Balance as at 1 April 2018</b>		<b>25,185</b>	<b>1,309</b>	<b>(85)</b>	<b>(18,065)</b>	<b>8,344</b>
Net profit for the year		-	-	-	1,633	1,633
Other comprehensive loss*		-	-	(126)	-	(126)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>(126)</b>	<b>1,633</b>	<b>1,507</b>
Transactions with owners						
Issue of share capital	10	15,048	-	-	-	15,048
Cost of equity issued	10	(778)	-	-	-	(778)
Shares allocated to employees	10	-	406	-	-	406
Shares forfeited from employees	10	-	(24)	-	-	(24)
Share-based payments - employee share options	10	-	194	-	-	194
Shares issued in respect of InterplX acquisition	10	1,538	-	-	-	1,538
<b>Balance as at 31 March 2019</b>		<b>40,993</b>	<b>1,885</b>	<b>(211)</b>	<b>(16,432)</b>	<b>26,235</b>

\*Items in other comprehensive income may be reclassified to the income statement and are shown net of tax.



# Serko Limited

## Consolidated statement of financial position

As at 30 September 2019

	NOTES	6 months Unaudited 30 Sep 2019 \$(000)	6 months Unaudited 30 Sep 2018 \$(000)	12 months Audited 31 Mar 2019 \$(000)
Current assets				
Cash at bank and on hand		10,253	18,971	15,732
Receivables	4	6,921	4,198	5,493
Derivative financial instruments	5	-	52	421
<b>Total current assets</b>		<b>17,174</b>	<b>23,221</b>	<b>21,646</b>
Non-current assets				
Property, plant and equipment	6	1,263	998	1,129
Right of use asset	9	1,926		
Intangible assets	7	16,457	3,237	10,553
Deferred tax asset		90	160	84
<b>Total non-current assets</b>		<b>19,736</b>	<b>4,395</b>	<b>11,766</b>
<b>Total assets</b>		<b>36,910</b>	<b>27,616</b>	<b>33,412</b>
Current liabilities				
Trade and other payables	8	5,827	3,338	4,791
Contingent Consideration	14	2,410	-	1,825
Income tax payable		155	77	224
Interest-bearing loans and borrowings		-	51	54
Lease liabilities	9	1,038	-	-
Derivative financial instruments	5	328	-	-
<b>Total current liabilities</b>		<b>9,758</b>	<b>3,466</b>	<b>6,894</b>
Non-current liabilities				
Trade and other payables	8	-	159	134
Interest-bearing loans and borrowings		-	178	149
Lease liabilities	9	1,613	-	-
<b>Total non-current liabilities</b>		<b>1,613</b>	<b>337</b>	<b>283</b>
<b>Total liabilities</b>		<b>11,371</b>	<b>3,803</b>	<b>7,177</b>
<b>Equity</b>				
Share capital	10	40,993	39,473	40,993
Share-based payment reserve	10	2,127	1,540	1,885
Foreign currency reserve		21	(55)	(211)
Accumulated losses		(17,602)	(17,145)	(16,432)
<b>Total equity</b>		<b>25,539</b>	<b>23,813</b>	<b>26,235</b>
<b>Total equity and liabilities</b>		<b>36,909</b>	<b>27,616</b>	<b>33,412</b>

For and on behalf of the Board of Directors, who authorise these financial statements for issue on 20 November 2019



Simon Botherway  
Chairman



Darrin Grafton  
Chief Executive Officer

# Serko Limited

## Consolidated statement of cash flows

For the six months ended 30 September 2019

	NOTES	6 months Unaudited 30 Sep 2019 \$(000)	6 months Unaudited 30 Sep 2018 \$(000)	12 months Audited 31 Mar 2019 \$(000)
Cash flows from operating activities				
Receipts from customers		14,736	10,929	21,855
Interest received		95	30	304
Receipts from grants		541	465	1,264
Taxation (paid)/refund received		(135)	(32)	(142)
Payments to suppliers and employees		(13,210)	(9,825)	(19,395)
Interest payments		(69)	(10)	(20)
Net GST refunded (paid)		(25)	73	(219)
<b>Net cash flows from operating activities</b>	12	<b>1,933</b>	<b>1,630</b>	<b>3,647</b>
Cash flows from investing activities				
Purchase of property, plant and equipment		(280)	(226)	(466)
Capitalised development costs and other intangible assets		(6,284)	(1,921)	(6,813)
<b>Net cash flows (used in) investing activities</b>		<b>(6,564)</b>	<b>(2,147)</b>	<b>(7,279)</b>
Cash flows from financing activities				
Issue of ordinary shares (net of issue costs)	10	-	14,288	14,270
Payment of lease liabilities		(448)	-	-
Net repayment of loans		(26)	(24)	(50)
<b>Net cash flows from/(used in) financing activities</b>		<b>(474)</b>	<b>14,264</b>	<b>14,220</b>
Net (decrease)/increase in total cash		(5,105)	13,747	10,588
Net foreign exchange difference		(374)	(8)	(88)
Cash and cash equivalents at beginning of period		15,732	5,232	5,232
<b>Cash and cash equivalents at end of period</b>		<b>10,253</b>	<b>18,971</b>	<b>15,732</b>
Cash and cash equivalents comprises the following:				
Cash at bank and on hand		10,253	18,971	15,732
		<b>10,253</b>	<b>18,971</b>	<b>15,732</b>

## Serko Limited

### NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2019

#### 1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

##### a) Corporate information

The company is a limited liability company domiciled and incorporated in New Zealand under the Companies Act 1993 and is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX). Its registered office is at Unit 14d, 125 The Strand, Parnell, Auckland. The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The unaudited interim consolidated financial statements of Serko Limited ('the company') and subsidiaries ('the group') were authorised for issue in accordance with a resolution of directors.

The group is involved in the provision of computer software solutions for corporate travel. The group is headquartered in Auckland, New Zealand.

##### b) Basis of preparation

These unaudited interim financial statements of Serko Limited (the company) and its subsidiaries (together "the group") have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting and with New Zealand Equivalent to International Accounting Standard (IAS) 34 Interim Financial Reporting.

The unaudited interim financial statements have been prepared using the going concern assumption and are presented in thousands of New Zealand Dollars. The Company is a profit oriented entity.

##### c) Changes in accounting policies and disclosures

Apart from the changes noted below, the unaudited interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group's annual report for the financial year ended 31 March 2019.

##### Application of new and revised standards, amendments and interpretations

NZ IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard deals with the recognition, measurement, presentation and disclosure of leases and replaces the current guidance in NZ IAS 17 Leases (NZ IAS 17). The new standard introduces a single model for lessees which recognises all leases on the balance sheet through an asset representing the rights to use the leased item during the lease term and a liability for the obligation to make lease payments. This removes the distinction between operating and finance leases and aims to provide users of the financial statements relevant information to assess the effect of that leases have on the statement of financial position, statement of comprehensive income and cash flows of the reporting entity. Lessor accounting remains largely unchanged from NZ IAS 17 for the Group.

The Group adopted NZ IFRS16 using the modified retrospective approach with the right-of-use (ROU) asset being determined as if NZ IFRS 16 had been applied from lease commencement, but using this incremental borrowing rate as at transition date. The Group has made use of the practical expedient available on transition to NZ IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with NZ IAS 17 will continue to be applied to those leases entered or modified before 1 April 2019. Comparative numbers have not been restated.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019. Key changes to the financial statements are set out below:

- recognition of a right of use asset and lease liability for operating leases, adjusted for any incentives on the Statement of Financial Position.
- recognition of interest and depreciation expense (refer to note 3) instead of operating lease rental expense in the Statement of Financial Performance. The change in accounting standard will not significantly impact NPAT for the current financial year.
- interest-bearing loans and borrowings relating to leasehold improvements have been reclassified.

In accordance with the transition provisions of NZ IFRS 16, comparatives will not be restated, with the cumulative effect being recognised in opening retained earnings at 1 April 2019.

A reconciliation of operating lease commitments at 31 March 2019 to the lease liability recognised at 1 April 2019 is shown below:

	Unaudited \$(000)
Operating lease commitments disclosed at 31 March 2019	1,688
The effect of discounting	(232)
Adjustments as a result of a different treatment of extension and termination options	1,200
<b>Lease liabilities recognised as at 1 April 2019</b>	<b>2,656</b>
<i>Classified as:</i>	
Less than one year	818
Later than one year, but not more than five years	1,838
<b>Lease liabilities recognised as at 1 April 2019</b>	<b>2,656</b>

Serko Limited also entered into a lease agreement to sub-lease additional premises through to December 2020, with this premises being available for use in October 2019.

##### Practical expedients applied

In applying NZ IFRS 16 for the first time, Serko has used the following practical expedients permitted by the standard:

- use of a single discount rate to leases with reasonably similar characteristics;
- accounted for each lease component and any associated non-lease components as a single lease component;
- excluded lease contracts of insignificant value;
- excluded lease contracts less than 12 months; and
- exclusion of initial direct costs for the measurement of the lease asset at the date of initial application.

## Serko Limited

### NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2019

#### 2 REVENUE AND OTHER INCOME

	Unaudited 30 Sep 2019 \$(000)	Unaudited 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
Revenue - transaction and usage fees:			
Travel platform booking revenue	9,243	7,721	15,948
Expense platform revenue	2,991	884	2,710
Supplier commissions revenue	837	834	1,538
Revenue - services	1,358	1,722	2,698
Other revenues	242	189	467
<b>Total revenue</b>	<b>14,671</b>	<b>11,350</b>	<b>23,361</b>
Government grants	541	461	1,208
Sundry income	-	4	7
<b>Total other income</b>	<b>541</b>	<b>465</b>	<b>1,215</b>
<b>Total revenue and other income</b>	<b>15,212</b>	<b>11,815</b>	<b>24,576</b>

#### Geographic information

	Unaudited 30 Sep 2019 \$(000)	Unaudited (Restated)* 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
Australia	10,366	9,399	18,238
New Zealand	1,376	998	3,440
US	2,712	815	1,471
Other	217	138	212
<b>Total Revenue</b>	<b>14,671</b>	<b>11,350</b>	<b>23,361</b>

\* Supplier content revenue from US sources was reclassified for prior year interim results to be consistent with classification as per final audited accounts.

#### 3 EXPENSES

	Unaudited 30 Sep 2019 \$(000)	Unaudited 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
Operating profit before taxation includes the following expenses:			
Auditor remuneration and advisory fees	86	40	86
Expected credit loss allowance on receivables	-	-	(7)
Amortisation of intangibles	631	240	754
Depreciation	617	121	294
Fair value remeasurement of contingent consideration	585	-	287
Rental and operating lease expenses	-	351	804
Interest expense on lease liabilities	63	-	-
Employee remuneration	6,977	5,593	11,924
Contributions to pension plans	342	214	433
Share-based payment expenses	242	231	576
Marketing expenses	736	511	1,171
Hosting expenses	1,835	779	1,931
Other operating expenses	3,537	2,607	5,067
<b>Expenses from ordinary activities</b>	<b>15,651</b>	<b>10,686</b>	<b>23,320</b>
<b>Research expenses (excluding capitalised development costs)</b>	<b>2,545</b>	<b>1,940</b>	<b>2,425</b>

Research & Development (R&D) cost is a Non-GAAP measure representing the internal and external costs related to R&D that have been included in operating costs and capitalised as computer software development during the period.

Research expenditure includes all reasonable expenditure associated with R&D activities that does not give rise to an intangible asset. R&D expenses include employee and contractor remuneration related to these activities. Research expenditure includes expenditure that meets the definition of research expenditure as defined in NZ IAS 38.

**Serko Limited**
**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**

For the six months ended 30 September 2019

**4 RECEIVABLES**

	Unaudited 30 Sep 2019 \$(000)	Unaudited 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
<b>Current assets</b>			
Trade receivables	3,050	3,568	3,040
Expected credit loss provision	(7)	-	(7)
Provision for doubtful debts	-	(60)	-
GST receivable	254	83	229
Sundry debtors	98	-	58
Contract assets	2,374	-	1,593
Prepayments	1,110	607	551
Funds held in trust	42	-	29
<b>Total trade and other receivables</b>	<b>6,921</b>	<b>4,198</b>	<b>5,493</b>

**5 DERIVATIVE FINANCIAL INSTRUMENTS**

The group uses derivatives in the form of forward exchange contracts (FECs) to reduce the risk that movements in the exchange rate will affect the group's New Zealand dollar cash flows. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The following table presents the group's foreign currency forward exchange contracts measured at fair value:

	Unaudited 30 Sep 2019 \$(000)	Unaudited 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
<b>Current:</b>			
Foreign currency forward exchange contracts	(328)	52	421
<b>Contractual amounts of forward exchange contracts outstanding were as follows:</b>			
Purchase commitments forward exchange contracts	18,856	9,750	11,016

Derivative Financial Instruments have been determined to be within level 2 of the fair value hierarchy. Foreign currency forward exchange contracts have been fair valued using published market foreign exchange rates.

**6 PROPERTY, PLANT & EQUIPMENT**

	Unaudited 30 Sep 2019 \$(000)	Unaudited 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
Opening balance	1,129	893	893
Additions	280	226	464
Acquisition through business combinations	-	-	68
Depreciation	(161)	(121)	(294)
Currency translation	15	-	(2)
<b>Closing balance</b>	<b>1,263</b>	<b>998</b>	<b>1,129</b>

**7 INTANGIBLE ASSETS**

	Unaudited 30 Sep 2019 \$(000)	Unaudited 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
Opening balance	10,553	1,574	1,574
Additions	6,284	1,903	6,813
Acquisition through business combinations	-	-	3,006
Amortisation	(631)	(240)	(754)
Currency translation	251	-	(86)
<b>Closing balance</b>	<b>16,457</b>	<b>3,237</b>	<b>10,553</b>

# Serko Limited

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2019

### 8 TRADE AND OTHER PAYABLES

	Unaudited 30 Sep 2019 \$(000)	Unaudited 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
Trade payables	428	1,167	1,171
Accrued expenses	4,259	1,259	2,674
Lease incentive*	-	205	193
Employee entitlements	1,140	866	887
<b>Total trade and other payables</b>	<b>5,827</b>	<b>3,497</b>	<b>4,925</b>
Disclosed as:			
Current	5,827	3,338	4,791
Non-current	-	159	134
	<b>5,827</b>	<b>3,497</b>	<b>4,925</b>

\* The lease incentive has been reclassified upon transition to NZ IFRS16.

### 9 RIGHT OF USE ASSETS AND LEASE LIABILITIES

#### Recognition and measurement of Serko leasing activities

Serko leases property for fixed period of between 1 and 6 years and some include extension options. These extension options are usually at the discretion of Serko and are included in the measurement of the lease asset if management intends to exercise the extension.

Prior to 31 March 2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease incentives are recognised as part of the measurement of the right-of-use asset and lease liabilities whereas under NZ IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis. Lease liabilities include the net present value of fixed payments less any lease incentives receivable. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease assets are measured at cost comprising of the amount of the initial measurement of lease liability. The recognised right-of-use asset relates to the property class of underlying assets.

Lease assets	Unaudited 30 Sep 2019 \$(000)
Key movements relating to lease balances are presented below:	
Balance at 1 April 2019, due to first-time adoption of NZ IFRS 16	1,952
Additions during the period	405
Depreciation charges	(456)
Exchange differences	25
<b>Closing balance</b>	<b>1,926</b>

Lease liabilities	Unaudited 30 Sep 2019 \$(000)
Key movements relating to lease balances are presented below:	
Balance at 1 April 2019, due to first-time adoption of NZ IFRS 16	2,656
Leases entered into during the period	405
Principal repayments	(448)
Foreign exchange adjustment	38
<b>Closing balance</b>	<b>2,651</b>
Less than one year	1,038
Later than one year, but not more than five years	1,613
<b>Closing balance</b>	<b>2,651</b>

**Serko Limited**
**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**

For the six months ended 30 September 2019

**10 EQUITY**

	Unaudited 30 Sep 2019	Unaudited 30 Sep 2018	Audited 31 Mar 2019	Unaudited 30 Sep 2019 NUMBER OF SHARES (000)	Unaudited 30 Sep 2018 NUMBER OF SHARES (000)	Audited 31 Mar 2019 NUMBER OF SHARES (000)
	\$(000)	\$(000)	\$(000)			
<b>Ordinary shares</b>						
Share capital at beginning of period	40,993	25,185	25,185	80,923	74,894	74,894
Issue of shares (pursuant to institutional capital placement)	-	14,288	14,270	-	5,455	5,455
Shares issued in respect of InterplX acquisition	-	-	1,538	-	-	574
<b>Share capital</b>	<b>40,993</b>	<b>39,473</b>	<b>40,993</b>	<b>80,923</b>	<b>80,349</b>	<b>80,923</b>
<b>Share-based payment reserve</b>						
Balance at beginning of period	1,885	1,309	1,309	-	-	-
Shares allocated to employees via Restricted Share Plan	208	231	406	-	-	-
Shares forfeited from employees via Restricted Share Plan	(3)	-	(24)	-	-	-
Share-based payments - employee share options	37	-	194	-	-	-
<b>Share-based payment reserve</b>	<b>2,127</b>	<b>1,540</b>	<b>1,885</b>	<b>-</b>	<b>-</b>	<b>-</b>

**11 EARNINGS PER SHARE (EPS)**

	Unaudited 30 Sep 2019 \$(000)	Unaudited 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
Profit attributable to ordinary equity holders of the parent			
Continuing operations	(866)	920	1,633
	<b>(866)</b>	<b>920</b>	<b>1,633</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>
<b>Basic earnings per share</b>			
Issued ordinary shares (refer Note 10)	80,923	80,349	80,923
Weighted average of issued ordinary shares	80,923	76,083	80,923
Adjusted for employee restricted share plan shares	(2,587)	(2,804)	(2,769)
Weighted average of issued ordinary shares	78,336	73,279	78,154
<b>Basic earnings per share (dollars)</b>	<b>(0.01)</b>	<b>0.01</b>	<b>0.02</b>
<b>Diluted earnings per share</b>			
Weighted average of issued ordinary shares	80,923	76,083	80,923
Weighted average of issued ordinary shares for diluted earnings per share	80,923	76,083	80,923
<b>Diluted earnings per share (dollars)</b>	<b>(0.01)</b>	<b>0.01</b>	<b>0.02</b>
	<b>Unaudited 30 Sep 2019 Cents</b>	<b>Unaudited 30 Sep 2018 Cents</b>	<b>Audited 31 Mar 2019 Cents</b>
<b>Net tangible assets per security</b>	<b>11.22</b>	<b>25.61</b>	<b>19.38</b>

**12 RECONCILIATION OF OPERATING CASH FLOWS**

	Unaudited 30 Sep 2019 \$(000)	Unaudited 30 Sep 2018 \$(000)	Audited 31 Mar 2019 \$(000)
Net Profit after tax	(866)	920	1,633
<b>Adjustments</b>			
Depreciation	617	121	294
Amortisation	631	240	754
Fair value remeasurement of contingent consideration	585	-	287
Increase/(decrease) in deferred tax	6	(5)	(72)
(Gain)/loss on foreign exchange transactions	431	241	(153)
Share-based compensation	242	231	576
	<b>1,646</b>	<b>1,748</b>	<b>3,319</b>
<b>Changes in working capital items</b>			
(Increase)/decrease in receivables	(1,007)	(388)	(1,795)
Increase/(decrease) in trade and other payables	1,364	291	1,998
Increase/(decrease) in income tax	(70)	(21)	125
	<b>287</b>	<b>(118)</b>	<b>328</b>
<b>Net cash from operating activities</b>	<b>1,933</b>	<b>1,630</b>	<b>3,647</b>

## Serko Limited

### NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2019

#### 13 RELATED PARTIES

##### a) Subsidiaries

The consolidated financial statements include the financial statements of Serko Limited and subsidiaries as listed in the following table:

Name	Balance date	% EQUITY INTEREST			INVESTMENT \$(000)		
		Unaudited 30 Sep 2019	Unaudited 30 Sep 2018	Audited 31 Mar 2019	Unaudited 30 Sep 2019	Unaudited 30 Sep 2018	Audited 31 Mar 2019
Serko Australia Pty Limited	31 March	100%	100%	100%	1	1	1
Serko Trustee Limited	31 March	100%	100%	100%	-	-	-
Serko India Private Limited	31 March	99%	99%	99%	2	2	2
Serko Investments Limited	31 March	100%	100%	100%	-	-	-
Foshan Sige Information Technology Limited	31 March	100%	100%	100%	-	-	-
Serko Inc	31 March	100%	100%	100%	-	-	-
InterplX Inc	31 March	100%	0%	100%	3,076	-	3,076
					<b>3,079</b>	<b>3</b>	<b>3,079</b>

Serko Australia Pty Limited's principal business is the marketing and support of travel booking software solutions supplied by Serko Limited.

Serko Trustee Limited was incorporated on 4 June 2014 to hold the shares issued to key management and staff in the Restricted Share Scheme and Salary Sacrifice Scheme in trust until vesting.

Serko India Private Limited was incorporated on 18 February 2015 as a subsidiary for the India-based operations.

Serko Investments Limited was incorporated on 5 November 2014 as a holding company. It holds 1% of the shares in Serko India Private Limited.

Foshan Sige Information Technology Limited was incorporated on 7 August 2017 as a subsidiary for the China-based operations.

Serko Inc. was incorporated on 30 October 2017 as a subsidiary for the US-based operations.

InterplX Inc was acquired on 20 December 2018 as a subsidiary of the group. InterplX Inc is an Expense solution based in the US.

#### 14 CONTINGENCIES

Part of the consideration for the acquisition of InterplX relates to the issue of further Serko shares, to be issued 31 January 2020. Contingent consideration is based on achievement of InterplX revenue performance over the period 1 January 2019 to 31 December 2019. Contingent consideration is measured at fair value at each reporting date and remeasurement changes are recognised in profit and loss. Fair value at 30 September 2019 was \$2,410,000 (31 March 2019: \$1,825,000, 30 September 2018: not applicable).

#### 15 EVENTS AFTER BALANCE DATE

On 30 October 2019, Serko issued 9,900,900 shares pursuant to an institutional capital placement at \$4.04 per share. Serko is also expected to raise a further \$5 million through a Share Purchase Plan (SPP) due to settle on 22 November 2019.



# COMPANY DIRECTORY



Serko is a company incorporated with limited liability under the New Zealand Companies Act 1993

New Zealand Companies Office registration number [1927488](#)

Australian Registered Body Number (ARBN) [611 613 980](#)

For investor relations queries contact: [InvestorRelations@serko.com](mailto:InvestorRelations@serko.com)

## KEY CONTACTS

### REGISTERED OFFICE

#### New Zealand

Saatchi Building  
Unit 14D  
125 The Strand  
Parnell, 1010  
+64 9 309 4754

#### Australia

c/- Sly & Russell Legal  
Nominees Pty Ltd  
Level 18  
225 George Street  
Sydney 2000  
NSW, Australia

### PRINCIPAL ADMINISTRATION OFFICE

#### New Zealand

Saatchi Building  
Unit 14D  
125 The Strand  
Parnell, 1010  
+64 9 309 4754

#### Australia

Level 8  
75 Elizabeth Street  
Sydney 2000  
NSW, Australia  
+61 2 9435 0380

### SHARE REGISTRAR

#### New Zealand

Link Market Services Limited  
Level 11, Deloitte House  
80 Queen Street  
Auckland 1140, New Zealand  
+64 9 375 5998  
[serko@linkmarketservices.co.nz](mailto:serko@linkmarketservices.co.nz)

#### Australia

Link Market Services Limited  
Level 12  
680 George Street  
Sydney 2000  
NSW, Australia  
+61 1300 554 474

### DIRECTORS

Simon Botherway (Chairman)  
Claudia Batten  
Robert (Clyde) McConaghy  
Darrin Grafton  
Robert (Bob) Shaw

### AUDITOR

Deloitte Limited  
Deloitte Centre  
80 Queen Street  
Auckland 1040, New Zealand  
+64 9 303 0700



Financial Statements for the six month period ended 30 September 2019  
[www.serko.com](http://www.serko.com)