

Smartpay Holdings Limited

NZX : SPY ASX : SMP
ARBN: 160 712 210



28 May 2014

Market Information
NZX Limited
Level 2, NZX Centre
11 Cable Street
PO Box 2959
Wellington
NEW ZEALAND

Company Announcements Office
ASX Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney
NSW 2000
AUSTRALIA

Smartpay Holdings Limited – Results for announcement to the market

Attached are the following documents in relation to Smartpay's preliminary announcement for the year ended 31 March 2014:

1. Media Release
2. Appendix 4E (ASX)
3. Appendix 1 (NZX)
4. Financial Statements
 - a. Statement of Comprehensive Income
 - b. Statement of Financial Position
 - c. Statement of Cash Flows
 - d. Statement of Changes in Equity
 - e. Notes to the Financial Statements
5. Results Announcement Presentation

Bradley Gerdis
Managing Director
Smartpay Holdings Limited

NZX: SPY
ASX: SMP

SHARE INFORMATION

Issued Shares: 171,752,278

BOARD OF DIRECTORS

Chairman: Ivan Hammerschlag
Managing Director: Bradley Gerdis
Non-Executive: Greg Barclay
Non-Executive: Matthew Turnbull
Executive Director: Marty Pomeroy

WEBSITES

www.smartpay.co.nz
www.smartpay.com.au

REGISTERED OFFICES

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Smartpay Achieves Record Full Year Profit

Smartpay Holdings Ltd today announced a record full year profit for the year ended 31 March 2014.

Full Year Financial Highlights

- **Revenue of \$22.9m, a 37% increase on the prior year \$16.7m**
- **EBITDA* of \$9.7m, a 76% increase on the prior year \$5.5m**
- **Net Profit After Tax of \$1.7m, an increase on the prior year loss of \$5.0m**
- **Diluted Earnings Per Share (EPS) of 1.0 cents, an increase on the prior year loss of 3.8 cents**
- **This result includes a full year's contribution from the Viaduct acquisition which was completed in January 2013**

Managing Director, Bradley Gerdis, said "We are delighted to report our first full year profit. The result presented today reflects strong improvements across all metrics and is the culmination of the positive changes made in the business including the integration of the Viaduct acquisition."

Operating Results

Revenue of \$22.9m is in-line with Directors' expectations for the full year.

EBITDA* of \$9.7m included non-recurring items with a net benefit of \$227k. Adjusting for these non-recurring items results in normalised EBITDA* of \$9.4m.

Net Profit After Tax increased to \$1.7m after a negative \$1.0m unrealised foreign exchange adjustment due to the weaker Australian Dollar against the NZ Dollar during the period.

A large component of the year-on-year increase is due to the inclusion of the Viaduct acquisition for the full year compared with only 2 months in the prior period. Excluding the benefit of the Viaduct acquisition, on a pro forma basis based on Viaduct's stand-alone numbers pre-acquisition, revenue increased 6% and EBITDA* increased 36% (30% on a normalised basis).

Net debt reduced to \$21.7m from \$24.3m in the prior period and remains at a comfortable level.

Overall, the above results represent another significant year-on-year improvement and forms a solid foundation for the Company going forward.

Review of Operations

New Zealand

The 2014 financial year was a year of consolidation for our NZ business after a period of substantial change which included the complete restructure of

the business and the completion and integration of a significant acquisition in the Viaduct business.

A core focus of the NZ business during the year was the development of new products to set the foundation for growth in the current 2015 financial year. This investment in time and resource is now enabling the business to enter the new financial year with a host of new growth opportunities, some highlighted below.

Australia

The year under review saw the commencement of our Australian sales business. The initial focus has been to identify and test sales channels into this large market which is over 5x larger than the NZ market. We are continually refining our sales approach as we learn the subtleties of merchant engagement in a previously bank dominated market. While our terminal numbers are showing steady growth, the current level of deployment reflects the early stage of development of this part of our business. Given the size of the market and the very few direct competitors this remains the most significant growth opportunity for Smartpay.

Product Development

During the period under review we have made significant advances in product development which will set the foundation for our growth this year and beyond. Some technology and product highlights include:

- **MPos and Mobile Payments** - We have developed market leading MPos and mobile payments products, including development of our own Till2Go MPos app and integration of our next generation mobile payments terminals with both smartphones and tablet computers (Apple IOS, Android and Windows devices). We have only just begun to introduce these products into the NZ market and will follow with the Australian market later this calendar year. Importantly, we are seeing significant interest from both our bank partners and specific industry verticals in this new technology which we expect will lead to tangible growth through additional terminal numbers in the current financial year.
- **Australian Products** – We introduced a full range of contactless terminals into the Australian market during the year which together with a number of our value add “apps” running on those terminals creates a unique value proposition for retail merchants in this market. This unique product set combined with our growing Australian sales capability are the key ingredients for growth in our Australian terminal sales.
- **Smartlink POS Integration** – We have begun integrating our next generation Smartlink Point Of Sale (POS) integrated payments solution with various POS systems. We have developed two versions of this product, our corporate level product which allows larger corporate customers to integrate our payments terminals to their PC based POS systems; and a SME level product which integrates to simpler Electronic Cash Register (ECR) systems typically found in SMEs. The SME market is a significant market which we believe is currently under serviced based on the positive response we are seeing from both ECR / POS vendors and SME merchants. Our ability to offer larger corporate customers wireless in-store payments integration is creating new opportunities in this newly developing market as retailers look to improve the purchase experience away from fixed till points.



Outlook for the current year

New Zealand

Although our New Zealand business operates in a mature market in which we already have a leading position, we expect to see growth from this market as we deploy our new products into existing and new market segments. In particular as the electronic payments market continues to displace cash as a means of payment, our market leading MPos and mobile payment technology looks set to benefit from this trend as both our merchants and our bank partners look for solutions to service this space.

In addition to targeting growth in terminal numbers, we are also targeting increase in Revenue Per Unit as we add new product and content to our existing and new merchants. We have a number of opportunities in development which we expect to bring to market shortly, each expected to make immediate contributions to revenue and profit.

Australia

We expect to see continued growth in our Australian business this year through a combination of refining and expanding our sales channels and through the addition of new products and technology. In particular the introduction of our MPos and mobile payments products into this market later this calendar year is expected to open up new verticals. These new verticals have the potential to significantly increase our growth opportunities for example in the multi-lane corporate market and route trade.

As our presence in the Australian market grows, we expect to build engagement with additional bank and non-bank acquirers which in turn we expect will lead to further channel opportunities.

Taxis

The Australian taxi market is undergoing significant structural change driven by both regulatory change, for example the recent move from a 10% surcharge on card payments to 5% in Victoria in February and possibly later this year in NSW, and technology change as “booking apps” for smartphones seek to disrupt the industry structure by disintermediating the traditional dispatch networks.

Around 8% of Smartpay’s revenue comes from a single relationship with an Australian taxi payments provider who provides our terminals directly to taxi drivers across Australia. As foreshadowed in Smartpay’s ASX listing Information Memorandum, the current contract ends on 31 December 2014 and is not expected to be renewed. In a strategy to capitalise on both the regulatory and technology changes underway in the industry, we will soon be launching a new business “Smartpay Taxis” aimed at participating directly in the Australian taxi payments industry rather than through the current model of supplying terminals and transaction services to a single customer. While it will take us time to develop this business, we anticipate that a direct participation model will ultimately earn us higher margins than the current model where we have no participation in the transaction surcharge fees.

In preparation for the launch of this business, we have developed a market leading taxi payment technology which includes what we believe to be a world first taxi eco system integrating a mobile booking app with full mobile wallet payment capabilities and integration into the physical in-car payments terminal, taxi meter and dispatch network. While a primary driver of this strategy is to replace the revenue of our expiring taxi supply contract over time, we believe that the introduction of



our new technology combined with our overall scale places us well to be a significant contender in this changing market.

Summary

This year is set to be another exciting year in the development of Smartpay. While the key focus will continue to be on Australian growth, we are also targeting growth in our NZ business as we bring new products to market. Although we will see a reduction in our contracted Australian taxi revenues in the last quarter of this financial year, with the imminent launch of our own taxi payments business and with the continued growth of both our Australian and NZ merchant businesses, we are confident of achieving another year of positive growth.



Corporate Directory

Registered and Principal offices

New Zealand:

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Website:
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Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

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GPO Box 3329
Melbourne, VIC 3001

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APPENDIX 4E (Rule 4.3A ASX Listing Rules)

PRELIMINARY REPORT FOR THE FULL YEAR PERIOD TO 31 MARCH 2014

Results for announcement to the market

(all comparisons to the twelve month period ended 31 March 2013)

1. Preliminary annual report on results for the year ended 31 March 2014 (including comparative results for the year ended 31 March 2013) in accordance with ASX Listing Rule 4.3A.
2. Results for Announcement to the market

Revenue and Profit	31 Mar 2014 NZ\$'000	31 Mar 2013 NZ\$'000	Up/Down	Movement %
2.1 Revenue from ordinary activities	22,884	16,672	↑	37
2.2 Profit/(loss) from ordinary activities after tax attributable to members	1,736	(5,037)	↑	Not meaningful
2.3 Net Profit/(loss) for the period attributable to members	1,736	(5,037)	↑	Not meaningful

2.4 – 2.5 Dividend Information	Dividend paid/payable date	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking
Interim 2014 dividend per shares	N/A	NIL	N/A	N/A
Final 2014 dividend per share	N/A	NIL	N/A	N/A
Interim dividend dates	N/A	NIL	N/A	N/A
Ex-dividend date	N/A	NIL	N/A	N/A
Record date for determining entitlements to dividend	N/A	NIL	N/A	N/A
Payment Date	N/A	NIL	N/A	N/A

See attached Financial Statements, Notes to the Financial Statements and Media Release for additional information and commentary on these numbers.

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3. Statement of Comprehensive Income

Please see attached

4. Statement of Financial Position

Please see attached

5. Statement of Cash Flows

Please see attached

6. Statement of changes in Equity

Please see attached

7. Details of individual and total dividends

Nil

8. Details of Dividend Distribution

Nil

	31 Mar 2014	31 Mar 2013
9. Net tangible assets per share		
Net tangible assets per share (NZ cents)	(7.22)	(7.54)

10. Details of entities over which control has been gained or lost during the period

Nil

11. Associates or joint ventures

Nil

12. Other Significant information

See attached financial statements, notes to the financial statements and media release for additional information and commentary on these numbers.

13. Accounting Standards

The accounts as presented have been prepared in accordance with New Zealand International Financial Reporting Standards (NZIFRS).

14. Commentary

See attached financial statements, notes to the financial statements and media release for additional information and commentary on these numbers.

15. This report is based on unaudited accounts; they are in the process of being audited.

Smartpay Holdings Limited

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APPENDIX 1 (Rule 10.3 NZX Listing Rules)

PRELIMINARY REPORT FOR THE FULL YEAR PERIOD TO 31 MARCH 2014

Results for announcement to the market

(all comparisons to the twelve month period ended 31 March 2013)

Reporting Period	12 months to 31 March 2014
Previous Reporting Period	12 months to 31 March 2013

Revenue and Profit	31 Mar 2014 NZ\$'000	31 Mar 2013 NZ\$'000	Up/Down	Movement %
Revenue from ordinary activities	22,884	16,672	↑	37
Profit/(Loss) from ordinary activities after tax attributable to security holder	1,736	(5,037)	↑	Not meaningful
Net profit (loss) attributable to security holders	1,736	(5,037)	↑	Not meaningful

Dividend Information	Amount per security	Imputed amount per security
	Nil	Nil

Record Date	Not applicable
Dividend Payment Date	Not applicable

Comments	The numbers above are based on unaudited accounts. Please see attached Financial Statements, Notes to the Financial Statements and Media Release
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Statement of Comprehensive Income

For the year ended 31 March 2014

	Unaudited Group	
	2014	2013
	\$'000	\$'000
Continuing operations		
Revenue		
Operating lease, software and support revenue	19,935	13,960
Other service revenue	1,931	1,850
Sale of goods	807	653
Finance revenue	85	116
Other revenue	126	93
Total Revenue	22,884	16,672
Other income	22	50
Expenditure		
Commissions and buyouts	415	153
Finance lease and direct sales costs	360	372
Communication costs of installations	588	619
Other costs of installations	465	373
Compliance and IT	1,195	1,153
Communications	237	578
Consultancy services	6	72
Employee costs	7,905	5,731
Legal expenses	244	745
Occupancy costs	896	821
Other administration costs	573	383
Travel and accommodation	355	254
	13,239	11,254
Earnings before interest, tax, depreciation, share options expense, amortisation, impairments and foreign exchange adjustments	9,667	5,468
Depreciation and amortisation	(4,049)	(4,485)
Share option amortisation	(380)	(373)
Net finance costs	(1,837)	(3,410)
Property, plant and equipment impairment	(682)	(510)
Unrealised foreign exchange adjustments	(983)	-
Goodwill impairment	-	(753)
	(7,931)	(9,531)
Profit / (loss) before tax	1,736	(4,063)
Tax credit/(expense)	-	(974)
Profit / (loss) for the year from continuing operations of owners	1,736	(5,037)
Other comprehensive income		
Foreign currency translation differences for foreign operations	485	(11)
Total comprehensive income of owners	2,221	(5,048)
Earning / (losses) per share from continuing operations attributable to the equity holders of the company during the year.		
Basic earnings/(loss) per share - cents	1.01 cents	(3.77) cents
Diluted earnings/(loss) per share - cents	1.01 cents	(3.77) cents

Statement of Financial Position

as at 31 March 2014

Unaudited
Group

	2014 \$'000	2013 \$'000
Current assets		
Cash and bank balances	4,300	4,429
Trade and other receivables	2,556	2,595
Derivative financial instruments	147	-
Non current assets held for sale	-	158
Total current assets	7,003	7,182
Non-current assets		
Finance receivables	477	834
Property, plant and equipment - merchant terminals	9,912	11,786
Property, plant and equipment - other	1,123	1,151
Intangible assets - computer software and development	3,402	3,187
Intangible assets - customer contracts	3,917	2,016
Intangible assets - goodwill	14,772	14,842
Total non-current assets	33,603	33,816
Total assets	40,606	40,998
Current liabilities		
Trade payables and accruals	4,264	4,972
Provisions	-	50
Income tax payable	-	48
Borrowings	2,772	2,784
Total current liabilities	7,036	7,854
Non-current liabilities		
Borrowings	23,192	25,969
Deferred tax liabilities	687	85
Total non-current liabilities	23,879	26,054
Total liabilities	30,915	33,908
Net assets / liabilities	9,691	7,090
Equity		
Share capital	54,758	54,378
Foreign currency translation reserve	582	97
Retained deficits	(45,649)	(47,385)
Total equity / deficit	9,691	7,090

Statement of Cash Flows

For the year ended 31 March 2014

	Unaudited Group	
	2014 \$'000	2013 \$'000
Cash flows from operating activities		
Receipts from customers	22,471	15,708
Interest received	94	194
Payments to suppliers & employees	(14,010)	(14,819)
Interest paid	(1,531)	(2,547)
Net cash inflow/(outflow) from operating activities	7,024	(1,464)
Cash flows from investing activities		
Purchase of terminal assets and other property, plant and equipment	(3,204)	(1,910)
Purchase of Viaduct	(89)	(14,211)
Development of computer software	(860)	(728)
Net cash inflow/(outflow) from investing activities	(4,153)	(16,849)
Cash flows from financing activities		
Proceeds from borrowings	-	33,750
Repayments of borrowings	(3,000)	(34,226)
Shares issued	-	19,376
Net cash inflow/(outflow) from financing activities	(3,000)	18,900
Net increase/(decrease) in cash equivalents	(129)	587
Add opening cash equivalents	4,429	3,842
Closing cash equivalents	4,300	4,429
<i>Reconciliation of closing cash equivalents to the balance sheet:</i>		
Cash and cash equivalents	4,300	4,429
Closing cash equivalents	4,300	4,429

Statement of Changes in Equity

For the year ended 31 March 2014

Unaudited

\$'000	Group			Total
	Share Capital	Foreign Currency Translation Reserve	Retained Deficits	
Balance at 31 March 2012	30,585	108	(42,348)	(11,655)
Total comprehensive income (restated)	-	(11)	(5,037)	(5,048)
Share options recognised at fair value	373	-	-	373
Shares issued	23,420	-	-	23,420
Total changes in equity (restated)	23,793	(11)	(5,037)	18,745
Balance at 31 March 2013	54,378	97	(47,385)	7,090
Total comprehensive income	-	485	1,736	2,221
Share options recognised at fair value	380	-	-	380
Total changes in equity	380	485	1,736	2,601
Balance at 31 March 2014	54,758	582	(45,649)	9,691

Notes to the Financial Statements

31 Mar 2014 31 Mar 2013

1. Currency

The financial statements are presented in New Zealand dollars.

2. Net Tangible Assets per Share (cents per share)

(7.22) (7.54)

The calculation of net tangible assets per share is based on the profit attributable to ordinary shareholders and the year end number of shares issued. In August 2013 there was a 2:1 share consolidation so for comparison purposes the 2013 share numbers reflect this consolidation.

3. Business Combination

On 23 January 2013 the business and assets of Viaduct Limited were acquired by Smartpay Limited. During the year under review the fair values were finalised with the following amendments.

The following summarises the major classes of consideration transferred and the recognised amounts and assets acquired and liabilities assumed at the acquisition date.

	Group		
	Fair Value at Acquisition date	Adjustments to Fair Values	Final Fair Values
	\$'000	\$'000	\$'000
GST receivable	32	-	32
Property, plant & equipment - merchant terminals	4,066	(1,075)	2,991
Property, plant & equipment - merchant terminals CWIP	812	(311)	501
Property, plant & equipment - other	102	-	102
Intangible assets - computer software & development	29	-	29
Intangible assets - customer contracts	2,087	2,147	4,234
Intangible assets - goodwill	10,245	(70)	10,175
Employee entitlements	(37)	-	(37)
Deferred tax liability	(584)	(602)	(1,186)
Total consideration	16,752	89	16,841

The consideration was adjusted by a topup payment in cash of:

Consideration:			
Shares issued at fair value	2,541	-	2,541
Cash paid	14,211	89	14,300
Total consideration	16,752	89	16,841

There was no change to the equity instruments issued or the costs of acquisition.

The reasons for the adjustments to the fair value of the assets acquired are as follows:

- the merchant terminals and merchant terminals capital work in progress (CWIP) acquired have been valued in accordance with the Groups standard costing policy resulting in a change in the fair value of the merchant terminals and merchant terminals CWIP
- the fair value of the customer contracts were previously determined using a customer life profile of 8.3 years, this has now been determined to be 10 years on a weighted average basis.
- the additional deferred tax liability results from the increase in the value of the customer contracts.
- the change in value of goodwill reflects the changes discussed above

4. Taxation

As noted in the 2013 Annual Report (note 3.b.iii) the NZ Group has sizeable tax losses which have been added to in 2014. As a result any tax expense has been offset against the unrecognised tax losses and no deferred tax asset booked.

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5. Segment Information

Geographical Segments

	New Zealand		Australia		Elimination		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Operating lease, software and support revenue	17,579	11,920	2,356	2,040	-	-	19,935	13,960
Other service revenue	1,688	852	243	998	-	-	1,931	1,850
Sale of goods	477	653	330	-	-	-	807	653
Finance revenue	4	7	81	109	-	-	85	116
Other revenue	126	93	-	-	-	-	126	93
Inter segment sales	-	371	-	-	-	(371)	-	-
Total segment revenue	19,874	13,896	3,010	3,147	-	(371)	22,884	16,672
Capital expenditure	3,635	2,306	429	234	-	-	4,064	2,540
Non current assets	31,912	31,769	1,691	2,047	-	-	33,603	33,816

Merchant terminals are transferred to Australia. Previously these were recorded as revenue with a margin to New Zealand but during the current financial year these are treated as fixed asset transfers at cost.

6. Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares issued during the year. In August 2013 there was a 2:1 share consolidation so for comparison purposes the 2013 share numbers reflect this consolidation.

7. Subsequent Events

Since balance date there have been no events requiring disclosure.

8. Audit Status

This report is unaudited. The 31 March 2014 audit is ongoing.



RESULTS PRESENTATION FOR THE 12 MONTHS ENDED 31 MARCH 2014



Disclaimer



This presentation may contain certain statements and projections provided by or on behalf of SmartPay Group (SmartPay) with respect to anticipated future undertakings. Any forward looking statements reflect various assumptions by or on behalf of SmartPay. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with the business of SmartPay which may be beyond the control of SmartPay which could cause actual results or trends to differ materially, including but not limited to competition, industry downturns, inability to enforce contractual and other arrangements, legislative and regulatory changes, sovereign and political risks, ability to meet funding requirements, dependence on key personnel and other market and economic factors. Accordingly, there can be no assurance that any such statements and projections will be realised. SmartPay makes no representations as to the accuracy or completeness of any such statement of projections or that any projections will be achieved and there can be no assurance that any projections are attainable or will be realised.

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Agenda



1

Full Year Financial Highlights

2

Results Table for the Full Year

3

Results Commentary

4

Business Update

5

Summary and Outlook

Full Year Financial Highlights



1 Full Year Financial Highlights

2 Results Table for the Full Year

3 Results Commentary

4 Business Update

5 Summary and Outlook

Full Year Financial Highlights



- Record full year profit
- Revenue of \$22.9m, up 37% on the previous period of \$16.7m
- EBITDA* of \$9.7m, up 76% on the previous period of \$5.5m
- Net Profit After Tax of \$1.7m, up on previous period Net Loss After Tax of \$5.0m
- Diluted EPS of 1.0 cents, up on prior year loss of 3.8 cents
- Net Debt down to \$21.7m from \$24.3m in the prior period

*EBITDA = Earnings Before Interest, Tax, Depreciation, Amortisation (including share option amortisation), impairments and foreign exchange adjustments

Results Table for the Full Year



1

Full Year Financial Highlights

2

Results Table for the Full Year

3

Results Commentary

4

Business Update

5

Summary and Outlook

Results Table for the Full Year



Statement of Comprehensive Income

	Full Year -Unaudited Group	
	2014	2013
	NZ\$'000	NZ\$'000
Total Revenue	22,906	16,722
Earnings before interest , tax, depreciation, share options expense, amortisation, impairments and foreign exchange adjustments	9,667	5,468
Depreciation and amortisation	(4,049)	(4,485)
Share option amortisation	(380)	(373)
Net finance costs	(1,837)	(3,410)
Property, plant and equipment impairment	(682)	(510)
Unrealised foreign exchange adjustments	(983)	-
Goodwill impairment	-	(753)
	(7,931)	(9,531)
Profit / (loss) before tax	1,736	(4,063)
Tax credit/(expense)	-	(974)
Profit / (loss) for the year from continuing operations of owners	1,736	(5,037)
Other comprehensive income		
Foreign currency translation differences for foreign operations	485	(11)
Total comprehensive income of owners	2,221	(5,048)
Earning / (losses) per share from continuing operations		
Basic earnings/(loss) per share - cents	1.01 cents	(3.77) cents
Diluted earnings/(loss) per share - cents	1.01 cents	(3.77) cents

1 Full Year Financial Highlights

2 Results Table for the Full Year

3 Results Commentary

4 Business Update

5 Summary and Outlook

- Normalised EBITDA* = of \$9.4m after adjusting for non-recurring items
- Increase in Net Profit After Tax to \$1.7m after a negative \$1.0m of unrealised forex adjustments due to weaker A\$ vs NZ\$
- Results include full year contribution from Viaduct acquisition completed in January 2013 (2 months included in prior period)
- On a pro-forma basis excluding Viaduct acquisition, revenue increased 6% and EBITDA* increased 36% (30% normalised)

*EBITDA = Earnings Before Interest, Tax, Depreciation, Amortisation (including share option amortisation), impairments and foreign exchange adjustments

1

Full Year Financial Highlights

2

Results Table for the Full Year

3

Results Commentary

4

Business Update

5

Summary and Outlook

New Zealand

- Past 12 months focused on:
 1. Consolidation post restructure and integration of Viaduct acquisition
 2. New product development
- We have achieved significant advances in technology / products including development of market leading mobile payments technology.
- We are seeing new growth opportunities through increasing engagement with banks and merchants seeking our new products and technology capability.
- Targeting increase in both terminal numbers and Revenue Per Unit.

Business Update

New Products - Mobility Solutions

Interoperability



Developer Programme

integration available through
Smartlink – Smartpay's Secure API

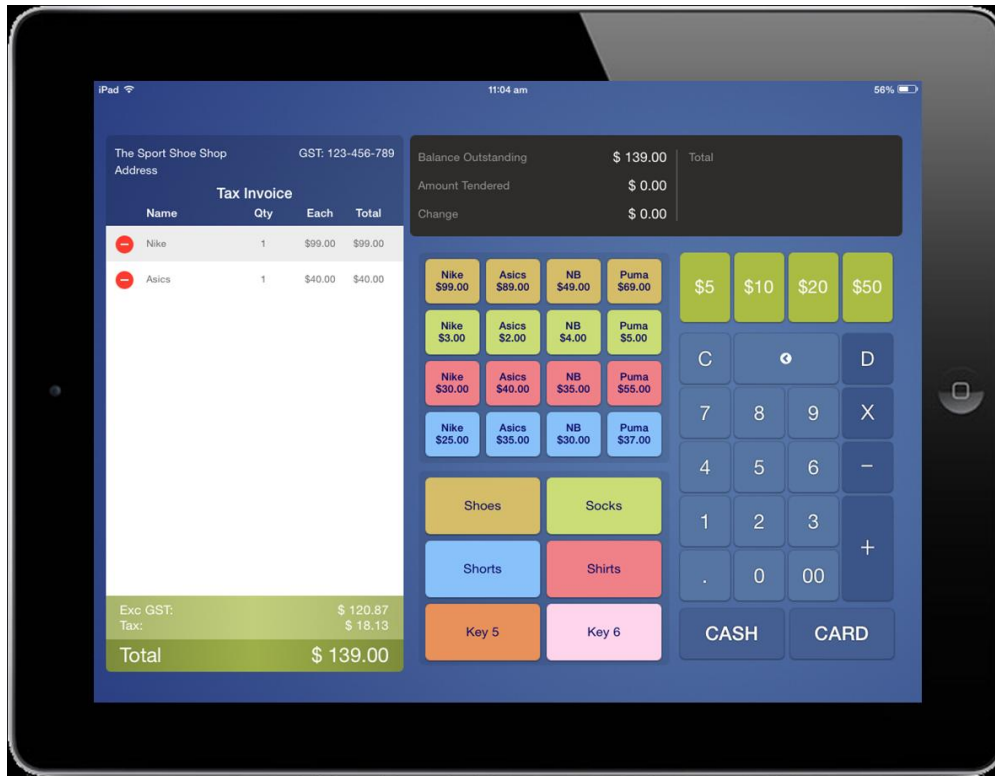


Business Update

New Products - Mobility Solutions



Till2Go



Australia

- Australian sales business commenced during the financial year
- Initial focus on identifying and testing sales channels
- Market opportunity: 800,000 terminals = 5x larger than NZ with very few direct competitors
- Structural shift underway from banks to independent providers
- Unique product offering through value add apps
- Terminal numbers are growing but still at early stage of development

Australian Sales Channels

Banks



1. Smartpay enables banks with innovative merchants technology to offer to their customers;
2. Smartpay provides an outsourced merchant acquisition services to our bank / acquirer partners with flexible solutions.

Direct



The Direct Sales Channel performs two functions:
Lead Generation and Lead Conversion
This channel is responsible for sourcing, qualifying and converting leads to transacting merchants

Resellers



The Resellers Channel is manages 3rd party companies who sell Smartpay solutions direct to merchants on Smartpay's behalf

Partners



Together with our Partners Channel we create value-added services and solutions for merchants. Our partners typically have specific verticals to whom we jointly sell the new solutions

Web



The Smartpay website is driving enquiries to the Smartpay sales teams, making full use of SEO and SEM as well as other inbound and outbound marketing campaigns

At capacity, every 1,000 terminals added = ~A\$500k incremental revenue / EBITDA

Taxis

- Australian taxi market undergoing significant change:
 - Regulatory change reducing payment surcharge fees from 10% - 5% in Vic from Feb 2014, NSW set to follow
 - Technology disruption as smartphone booking “apps” disintermediate traditional dispatch networks
- Smartpay has core competency in taxi payments technology
- Current Australian taxi supply contract representing around 8% of revenue ends Dec 14
- “Smartpay Taxis” business to launch soon to capitalise on changes underway in the market
- Introduction of market leading taxi payment eco system technology combining booking apps with terminals to gain market share

Summary and Outlook



1

Full Year Financial Highlights

2

Results Table for the Full Year

3

Results Commentary

4

Business Update

5

Summary and Outlook

Summary and Outlook



- Milestone financial result
- Significant opportunity leading innovation in a changing market
- We have experience, scale, capability and competitive advantage
- High margin, scalable business with barriers to entry
- Significant and real growth opportunities:
 - Australian sales growth coming on line
 - Forefront of next generation mobile payments technology



Questions.