

MARKET RELEASE

FOR IMMEDIATE RELEASE

SMARTPAY ANNOUNCES 30 SEPTEMBER 2014 HALF YEAR RESULTS

AUCKLAND, 26 November 2014 - Smartpay (NZX: SPY, ASX: SMP), a leading provider of payments and transactional solutions in New Zealand and Australia is pleased to release its half year result for the period to 30 September 2014 which has been subject to independent auditors' review. The following documents are attached:

- Appendix 4D (as required under the ASX Listing Rules)
- Appendix 1 (as required under the NZX Listing Rules)
- Directors' Declaration
- Half Year Report for the six month period ending 30 September 2014 (including the independent auditors' Review Report).

Smartpay Holdings Limited

| NZX : SPY | ASX : SMP | ARBN: 160 712 210 |



APPENDIX 4D (Rule 4.2A ASX Listing Rules)

HALF –YEAR REPORT FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2014

This information should be read in conjunction with the 31 March 2014 Annual Report

Results for announcement to the market

(all comparisons to the six month period ended 30 September 2013)

The information below supplements the information disclosed in the attached Half Year Report

Revenue and Profit	30 Sept 2014 \$NZ'000	30 Sept 2013 \$NZ'000	Up/Down	Movement %
Revenues from ordinary activities	11,770	11,308	↑	4.09
Profit/(Loss) after tax attributable to members	1,499	884	↑	69.57
Profit after tax attributable to owners	1,499	884	↑	69.57

Dividend Information	Dividend paid/payable date	Amount per share (cents)	Franked amount per shared (cents)	Tax rate for franking
Final 2014 dividend per share		Nil		
Interim 2015 dividend per share		Nil		
Interim dividend dates		n/a		
Ex-dividend date		n/a		
Record date for determining entitlements to dividend		n/a		
Payment date		n/a		

Net tangible assets per share	30 Sept 2014 \$NZ	30 Sept 2013 \$NZ
Net tangible assets per share (cents)	(6.20)	(6.71)

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

Nil

Additional Appendix 4D disclosure requirements can be found in the attached Half Year Report and the notes thereto.

This report is based on the attached Half Year Report which has been subject to the independent auditors' review.

Smartpay Holdings Limited

| NZX : SPY | ASX : SMP | ARBN: 160 712 210 |



APPENDIX 1 (NZX Listing Rules)

HALF –YEAR REPORT FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2014

This information should be read in conjunction with the 31 March 2014 Annual Report

Results for announcement to the market

(all comparisons to the six month period ended 30 September 2013)

The information below supplements the information disclosed in the attached Half Year Report

Reporting Period	6 months to 30 September 2014	
Previous Reporting Period	6 months to 30 September 2013	
	Amount (\$NZ '000)	Percentage change %
Revenue from ordinary activities	11,770	4.09
Profit (loss) from ordinary activities after tax attributable to security holders	1,499	69.57
Net profit (loss) attributable to security holders	1,499	69.57
Interim/Final Dividend	Amount per security \$ NZ	Imputed amount per security
	Nil	n/a
Record Date	n/a	
Dividend Payment Date	n/a	
Comments:	As per attached report	

Details of entities that have been gained or lost over the period

Nil

Additional NZX Appendix 1 disclosure requirements can be found in the attached Half Year Report and the notes thereto.

This report is based on the attached Half Year Report which has been subject to the independent auditor's review.

Directors' Declaration

The Directors of Smartpay Holdings Limited hereby declare that:

- The interim financial statements for the six month period to 30 September 2014, as set out on pages 5 to 22 of the Half Year Report, have been prepared in accordance with New Zealand International Financial Reporting Standards and give a true and fair view of the financial position of Smartpay Holdings Limited as at 30 September 2014; and
- In the Directors' opinion at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors' dated 25 November 2014 and is signed for and on behalf of the Board of Directors by the Managing Director.

For and on behalf of the Directors,



Bradley Gerdis
Managing Director

Half Year Report 2014

For the six months ending 30 September





Welcome

Welcome to Smartpay's Half Year Report for the six months ending 30 September 2014

Contents

Reports from the Board and Management

1. Chairman and Managing Director's review
3. Directors holding office

Financial Statements

5. Condensed statement of comprehensive income
7. Condensed statement of changes in equity
9. Condensed statement of financial position
12. Condensed statement of cash flows
13. Condensed notes to the financial statements
23. Independent auditors review
24. Directory





The Board of Smartpay is pleased to announce its half year results to 30 September 2014.

The company achieved growth in both revenue and profit after tax through positive contributions from our growing Australian business and some notable achievements in our New Zealand business.

Operating Results

Revenue of \$11.8m was in line with Director's expectations for the half year and represents a 4% increase on the prior period of \$11.3m. The growth for the period includes revenues from the EPAY deal announced earlier in the year, SME growth in Australia, and the completion of a long term payments software development project for an Australian state government transport authority.

EBITDA* of \$4.8m represents a decrease on the prior period's reported \$4.9m, however the prior result included a number of one off benefits and costs relating to the release of an accrual for communication costs, and the inclusion of a number of non recurring costs relating to the ASX listing. When viewed in the context of the prior period's normalised result of \$4.7m, the current period's EBITDA* of \$4.8 million grew by 2%. The lower growth rate of EBITDA* relative to turnover reflects the investment in additional capacity, mainly staff costs, in both Australia and New Zealand to support current and future growth.

Net Profit after Tax grew by 70% to \$1.5m from \$0.9m. This strong improvement was largely due to the positive impact of unrealised foreign currency exchange differences due to the strengthening of the Australian Dollar against the New Zealand Dollar and lower share option amortisation.

Review of Operations

The company made good progress in all aspects of the business in the first half of the financial year. Notable achievements in our New Zealand business during the period include:

- a number of new distribution deals for our new mobile integrated payments terminals, including the provision of our mPos solution to ASB Bank announced in August this year;
- the conclusion of the Epay deal announced in July this year. This deal brought an immediate revenue contribution and offers ongoing potential to increase revenue per unit as we grow this new product in New Zealand;
- the delivery of a significant software payments project for an Australian state government transport authority which contributed to revenue in this half and with potential for future revenue streams.
- the recent launch of an integrated mobile taxi booking and payment app for our New Zealand taxi partners. The app includes the unique functionality and integration to our in-car payments terminals which are prevalent across the majority of the New Zealand taxi industry.

In Australia, this half saw the first revenue contribution from the growth of our Australian terminal base. We have deployed over 1,000 new merchant terminals since the beginning of this calendar year and our month-on-month

terminal growth rate continues to build. Importantly as the majority of these terminals were added in the later part of the period, the full revenue benefit will come through in the second half and beyond.

Summary and Outlook

The key focus areas for the second half of this financial year and into next year are:

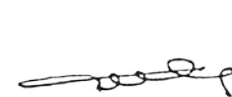
- The continued growth of our Australian SME business.
- The launch of our Australian taxi payments business. We expect this to be a significant growth area for Smartpay as changes in the Australian taxi industry open opportunities suited to our business model and technology capability.
- The launch of our Australian corporate business off the back of the introduction of our new integrated payments terminals. This will broaden our reach in Australia into larger volume terminal deals.

- The addition of at least one additional bank / acquiring relationship in Australia.

- Further growth of our mobile integrated payments technology products in New Zealand.

Overall the company is making pleasing progress in all aspects of the business. In addition to the specific achievements and opportunities highlighted above, we are seeing increasing engagement by banks on both sides of the Tasman as our technical, operational and sales capability make Smartpay an increasingly important partner to them. With the Smartpay team highly energized and focused on monetising these opportunities, we are very confident of the company's current and future prospects.

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



Ivan Hammerschlag
Chairman



Bradley Gerdis
Managing Director



Directors holding office

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

Ivan Jeremy Hammerschlag, Chairman and Independent Director - BCom, CTA

Ivan joined the Board of Smartpay as its Chairman in July 2012. Ivan is an accountant and has extensive experience in retail, property and investment in both listed and unlisted companies in South Africa and Australia.

In 1990, Ivan purchased Freedom Furniture which, during Ivan's years of ownership, grew to sales in excess of A\$200 million. Ivan spent 5 years in Australia working alongside private equity fund investors and was executive chairman of five of the businesses purchased by the private equity fund investors. In 2006 Ivan was instrumental in taking control of a retail conglomerate listed on the ASX called RCG Limited. The business consists of 171 stores selling athletic and lifestyle footwear in Australia and New Zealand and also has a wholesale division selling dominant international brands into the Australian market.

Ivan was a 50% shareholder in Divergence Technologies that became a leading provider of Point of Sales systems to retailers in Australia.

Ivan resides in Sydney, Australia.

In addition to being Chairman of the Board, Ivan is the Chair of the Board's Remuneration and Appointments Committee.

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

Bradley joined Smartpay in December 2011 bringing to the company expertise and experience in managing high growth payments businesses. He joined the Smartpay Board in July 2012. Prior to joining Smartpay, Bradley was a founding executive of Customers Ltd, an ASX listed ATM and payments company which grew from start-up to become Australia's largest ATM operator during his time with the business. Bradley also played a leading role as a founding director in the development of Strategic Payments Services Pty Ltd, a payments processing business in joint venture with Customers Limited, Bendigo Bank Ltd and MasterCard International. Bradley's experience includes direct investment roles with ANZ Private Equity and Gresham Private Equity. He has held executive and non-executive director positions in both publicly listed and private companies.

Bradley ordinarily resides in Sydney, Australia.

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

Gregor John Barclay, Independent Director – LLB, Dip. Bus

Greg joined the Board of Smartpay in April 2010. He is an experienced commercial lawyer, was a founding principal of Auckland law firm Claymore Partners and currently acts as a consultant to that firm. Greg is a past or present director of some high profile New Zealand corporate or sporting entities including Rugby Sales LP (a partner in the commercial programme for Rugby World Cup 2011) and Experience Group (a leading national sports and event management company). He is currently a director of New Zealand Cricket and is also a director of Cricket World Cup 2015. He is chairman of Pacific Forest Products Group (a significant log and export marketing company in New Zealand) and currently chairs Franchised Businesses Limited (the largest franchise company in New Zealand with over 700 Green Acres and Hire-A-Hubby franchisees).

Greg resides in Auckland, New Zealand.

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

Matthew George Turnbull, Independent Director – BCom, CA

Matt joined the Board of Smartpay in April 2013, he is a Chartered Accountant and is a member of the New Zealand Institute of Chartered Accountants. He commenced his career with PWC (then Price Waterhouse) and has over 20 years experience providing accounting and corporate advisory services.

Matt has a detailed understanding of Smartpay, having assisted the company in the 2012 recapitalisation and restructure, and the recent acquisition of Viaduct Limited.

Matt resides in Auckland, New Zealand.

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

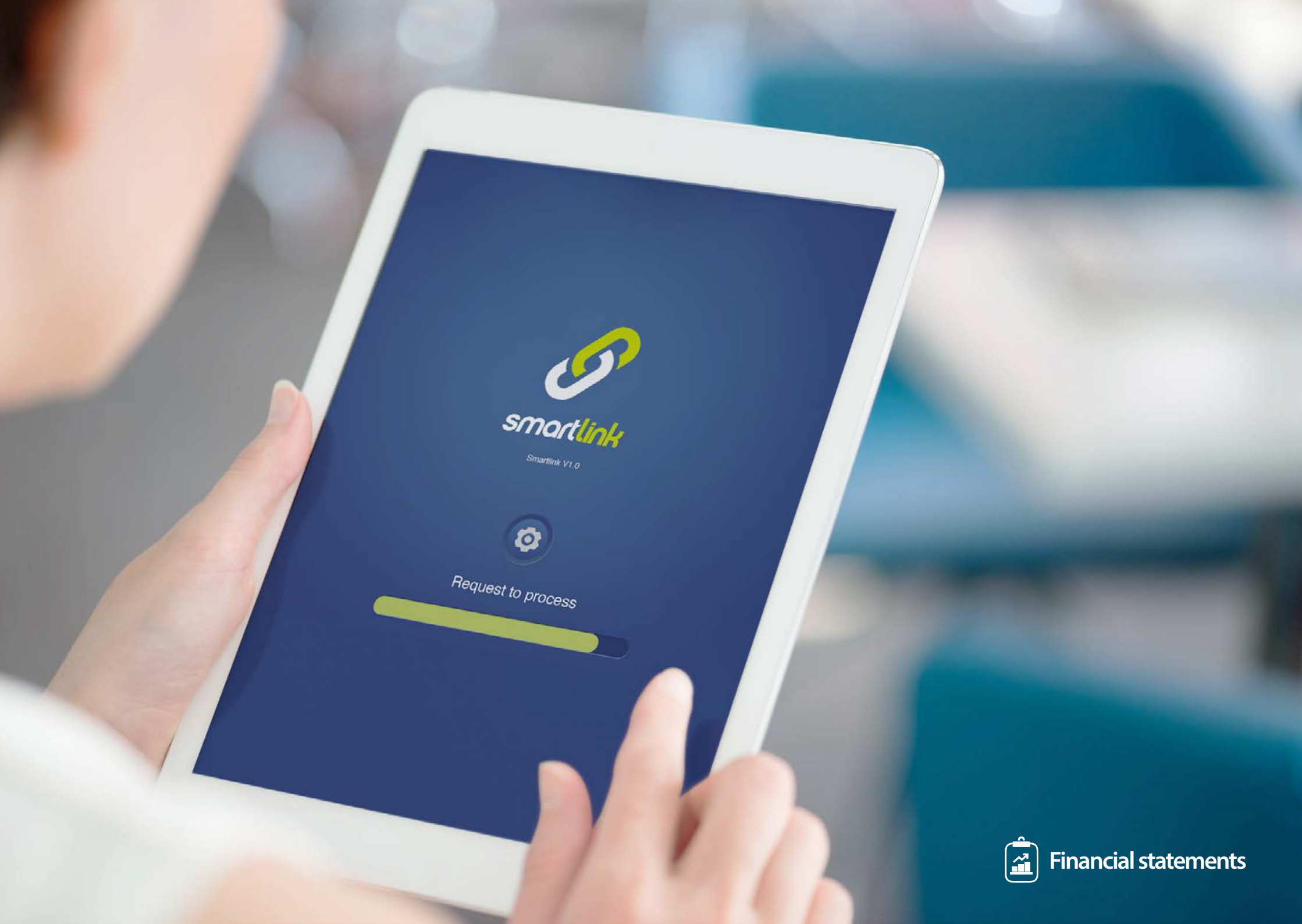
Martyn Richard Pomeroy, Executive Director

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

Prior to joining Smartpay Marty was one of the two founding Directors of Viaduct Limited. Marty was instrumental in the development and success of the Viaduct business from a startup in 2001, through a period of growth to it becoming the third largest provider of eftpos terminals in New Zealand with an annual turnover of \$7 million and employing 36 staff. Prior to Viaduct Marty held managerial roles in sales and service with Eftpos New Zealand. He brings over 12 years of experience in the NZ Payments industry to the Board.

Marty has a detailed understanding of the operational, sales and commercial elements of the Smartpay business and is also involved in the strategy and build of the opportunity in Australia.

Marty resides in Auckland, New Zealand.



Financial statements



Condensed Statement of Comprehensive Income

For the Six Months Ended 30 September 2014

	Note	Group		
		30 Sept 2014	30 Sept 2013	31 Mar 2014
		Unaudited	Unaudited	
Continuing operations		\$'000	\$'000	\$'000
Revenue	3	11,770	11,308	22,884
Other income		2	-	22
Operating expenditure	4	(6,968)	(6,362)	(13,239)
Earnings before interest, tax, depreciation, share option expense, amortisation, impairments, and unrealised foreign exchange		4,804	4,946	9,667
Depreciation and amortisation	4	(2,223)	(1,926)	(4,049)
Unrealised foreign currency exchange differences		261	(720)	(983)
Share option amortisation		(58)	(196)	(380)
Net finance (costs) / income	4	(1,043)	(951)	(1,837)
Impairments		(301)	(263)	(682)
		(3,364)	(4,056)	(7,931)
Profit before tax		1,440	890	1,736
Tax (expense)/credit	5	59	(6)	-

Condensed Statement of Comprehensive Income (continued)

	Note	Group		
		30 Sept 2014	30 Sept 2013	31 Mar 2014
		Unaudited	Unaudited	
Profit for the period from continuing operations of owners		1,499	884	1,736
Other comprehensive income				
Foreign currency translation differences for foreign operations which may be reclassified subsequently to profit and loss (no tax effect)		(147)	331	485
Share based payments reversal which will not subsequently be reclassified to profit / (loss) (no tax effect)		-	-	116
Total comprehensive income of owners		1,352	1,215	2,337
Earnings per share from continuing operations attributable to the equity holders of the company during the year.	6			
Basic earnings/(loss) per share - cents		0.87 cents	0.51 cents	1.01 cents
Diluted earnings/(loss) per share -cents		0.87 cents	0.51 cents	1.01 cents

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



Condensed Statement of Changes in Equity

For the Six Months Ended 30 September 2014

	Group			
	Share Capital	Foreign Currency Translation Reserve	Retained Deficits	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2013	54,378	97	(47,385)	7,090
Total comprehensive income of owners	-	331	884	1,215
Share options recognised at fair value	196	-	-	196
Total changes in equity	196	331	884	1,411
Balance at 30 September 2013 (unaudited)	54,574	428	(46,501)	8,501
Profit / (loss) for the six months from continuing operations of owners	-	-	852	852
Other comprehensive income	-	154	116	270
Total comprehensive income	-	154	968	1,122
Share options recognised at fair value net of options lapsed	68	-	-	68
Total changes in equity	68	154	968	1,190
Balance at 31 March 2014	54,642	582	(45,533)	9,691
Total comprehensive income of owners	-	(147)	1,499	1,352
Share options recognised at fair value	58	-	-	58
Total changes in equity	58	(147)	1,499	1,410
Balance at 30 September 2014 (unaudited)	54,700	435	(44,034)	11,101

The accompanying notes form an integral part of the financial statements





Condensed Statement of Financial Position

For the Six Months Ended 30 September 2014

	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited \$'000	Unaudited \$'000	\$'000
Current assets			
Cash and cash equivalents	3,664	3,563	4,300
Trade and other receivables	3,520	2,257	2,556
Derivative financial instruments	32	-	147
Total current assets	7,216	5,820	7,003
Non-current assets			
Finance and other receivables	379	723	477
Property, plant and equipment	7 12,882	12,017	11,212
Intangible assets	6,925	7,339	7,142
Goodwill	14,772	14,772	14,772
Total non-current assets	34,958	34,851	33,603
Total assets	42,174	40,671	40,606
Current liabilities			
Trade payables and accruals	3,656	4,076	4,264
Provisions	-	50	-
Borrowings	8 2,829	2,769	2,772
Total current liabilities	6,485	6,895	7,036

Condensed Statement of Financial Position (continued)

	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited \$'000	Unaudited \$'000	\$'000
Non-current liabilities			
Borrowings	8 23,960	24,582	23,192
Deferred tax liabilities	628	693	687
Total non-current liabilities	24,588	25,275	23,879
Total liabilities	31,073	32,170	30,915
Net assets	11,101	8,501	9,691
Equity			
Share capital	8 54,700	54,574	54,642
Foreign currency translation reserve	435	428	582
Retained deficits	(44,034)	(46,501)	(45,533)
Total equity	11,101	8,501	9,691

The accompanying notes form an integral part of the financial statements



Condensed Statement of Cash Flows

For the Six Months Ended 30 September 2014

	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers	10,938	11,866	22,805
Interest received	90	100	94
Payments to suppliers & employees	(7,638)	(7,722)	(14,225)
Interest paid	(1,215)	(951)	(1,532)
Net cash inflow/(outflow) from operating activities	9	3,293	7,142
Cash flows from investing activities			
Purchase of terminal assets and other property, plant and equipment	(3,057)	(2,262)	(3,384)
Development of computer software	(464)	(382)	(872)
Net cash inflow/(outflow) from investing activities	(3,521)	(2,644)	(4,256)
Cash flows from financing activities			
Proceeds from borrowings	2,210	-	-
Repayment of borrowings	(1,500)	(1,515)	(3,015)
Net cash inflow/(outflow) from financing activities	710	(1,515)	(3,015)
Net increase/(decrease) in cash equivalents	(636)	(866)	(129)
Add opening cash equivalents	4,300	4,429	4,429
Closing cash equivalents	3,664	3,563	4,300
<i>Reconciliation of closing cash equivalents to the statement of financial position:</i>			
Cash and cash equivalents	3,664	3,563	4,300
Closing cash equivalents	3,664	3,563	4,300

The accompanying notes form an integral part of the financial statements



Condensed Notes to the Financial Statements

For the Six Months Ended 30 September 2014

1. General Information

Smartpay Holdings Limited (the "Parent") is a New Zealand company registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX") and, as from 3 September 2013, the Australian Stock Exchange ("ASX"). The addresses of its registered office and principal place of business are disclosed in the directory to the interim report.

The condensed financial statements of Smartpay Holdings Limited comprise the Parent and its subsidiaries (together referred to as the "Group"). The interim report is unaudited.

The Parent is a profit-oriented entity. The Group is a provider of technology products and services to merchants and retailers in New Zealand and Australia.

From 1 April 2014, the new Financial Reporting Act 2013 has come into force replacing the Financial Reporting Act 1993. This is effective for the Group's financial statements for the year ended 31 March 2015. The change in legislation does not have a material impact on the group's obligation to prepare general purpose financial statements. In addition to the change in legislation, the External Reporting Board of New Zealand ("the XRB") has released a new accounting standards framework which establishes the financial standards to be applied to entities with statutory financial reporting obligations. The group has reported under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Under the new XRB framework Smartpay will continue to apply NZ IFRS as applicable to Tier 1 for-profit entities when preparing its consolidated group financial statements.

2. Basis of Preparation

a. Statement of Compliance

The condensed financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and IAS 34 Interim Financial Statements. The condensed financial statements should be read in conjunction with the financial statements and related notes included in the Group's annual report for the year ended 31 March 2014.

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

b. Estimates

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

In preparing these condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2014.

Condensed Notes to the Financial Statements (continued)

c. Functional and Presentation Currency

The condensed financial statements for the six months ended 30 September 2014 are expressed in New Zealand dollars (\$), which is the Parent's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

d. Accounting Policies

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

e. Comparatives

When the presentation or classification is changed, comparative amounts are reclassified unless the reclassification is impractical. The finalisation of the fair values of the Viaduct acquisition necessitated the revision to the 2013 half year comparative period of the Consolidated Statement of Financial Position (see note 16 of the 2014 Annual report).

f. Adoption of New and Revised Standards and Interpretations

i) Standards and Interpretations Effective in the Current Period

The following standards have been implemented in the current period. These standards had no significant impact on the calculation of the reported financial information of the Group.

NZ IAS 32 amendments Offsetting Financial Assets and Financial Liabilities

NZ IAS 36 amendments Recoverable Amount Disclosures for Non-Financial Assets

IFRIC 21 Levies

There have been a number of other minor amendments to various standards which have not had a material impact on the Group in the current reporting period.

	Effective Date*
NZ IFRS 15 Revenue from Contracts with Customers	31-Dec-17
NZ IFRS 9 Financial Instruments	1-Jan-15

* The effective date for the Group is the commencement date of the next accounting period after the effective date.

Condensed Notes to the Financial Statements (Continued)

3. Segment Information

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

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

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

In New Zealand no customer represents more than 10% of total revenues so there is no concentration of customers. In Australia two customers make up 94% of total Australian revenues, with the largest Australian customer representing 78% of total Australian revenues.

Geographical Segments

Geographical Segments at 30 September 2014 and 30 September 2013	New Zealand		Australia		Elimination		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000
Sales - external								
Operating lease, software and support revenue	8,428	8,374	1,283	1,190	-	-	9,711	9,564
Other service revenue	926	852	170	224	-	-	1,096	1,076
Sale of goods	428	373	411	287	(103)	(97)	736	563
Finance revenue	1	2	32	45	-	-	33	47
Other revenue	194	58	-	-	-	-	194	58
Total segment sales	9,977	9,659	1,896	1,746	(103)	(97)	11,770	11,308

Condensed Notes to the Financial Statements (Continued)

4. Expenditure

Operating Expenditure	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Direct costs of sales and installations	772	724	1,828
Compliance and IT	396	458	1,195
Employee costs	4,366	4,019	7,905
Occupancy costs	440	448	896
Other costs	848	516	1,060
Travel and accommodation	146	197	355
	6,968	6,362	13,239

Depreciation and Amortisation	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Depreciation	1,472	1,480	2,815
Amortisation	751	446	1,234
	2,223	1,926	4,049

Auditors fees included in operating expenditure	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Audit fees to the principal auditor	28	28	134
Taxation services - consultancy - to the principal auditor	14	0	18
Non audit fees to principal auditor	4	47	56
	46	75	208

Condensed Notes to the Financial Statements (Continued)

Net finance cost	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Other interest received	(90)	(54)	(94)
Interest on bank borrowing	904	952	1,829
(Gain)/loss on interest rate swap	115	(135)	(199)
Finance transaction fees amortisation	114	188	301
	1,043	951	1,837

5. Taxation Expense

	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Income tax expense / (credit) comprises:			
Deferred tax	(59)	6	-
Income tax expense / (credit)	(59)	6	-
Reconciliation between charge for year and accounting profit			
Profit/(loss) before tax	1,440	890	1,736
Income tax at 28%	403	249	486
Add/(deduct) the tax effect of:			
Non-deductible expenses	45	92	451
Non-assessable income	(777)	-	(2,820)
Australian tax rate difference	14	4	-
Prior year tax losses utilised	-	(290)	-
Current year tax losses and deferred tax not recognised	256	(49)	1,883
Income tax (credit) / expense	(59)	6	-

Condensed Notes to the Financial Statements (Continued)

6. Earnings per Share

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

	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Basic earnings/(loss) per share - cents			
Profit/(loss) for the period	1,499	884	1,736
Weighted average number of shares ('000)	171,752	171,752	171,752
Basic earnings/(loss) per share - cents	0.87	0.51	1.01
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.			
Diluted earnings/(loss) per share - cents			
Diluted weighted average number of shares:			
Weighted average number of shares	171,752	171,752	171,752
Weighted average number of shares attributable to the share options and convertible notes	24,750	26,500	24,750
Diluted weighted average number of shares	196,502	198,252	196,502
Diluted earnings/(loss) per share - cents	0.87	0.51	1.01

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares whether issued or able to be issued during the year. For 30 September 2014 the share options were not dilutive so the calculation excludes the impact of 24,750,000 shares (30 September 2013: 26,500,000 and 31 March 2014: 24,750,000 shares) potentially issuable.

Condensed Notes to the Financial Statements (Continued)

7. Property, Plant and Equipment

	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Opening carrying value	9,794	9,877	9,877
Additions	2,240	2,198	3,574
Depreciation	(1,472)	(1,480)	(2,815)
Impairment	(301)	(263)	(682)
FX adjustments	54	(117)	(160)
Closing carrying value	10,315	10,215	9,794
Capital work in progress	2,567	1,802	1,418
Total property, plant and equipment	12,882	12,017	11,212

8. Debt and Equity Securities

There have been no new share or option issues during the period.

Share Capital	Number of Shares ('000)	\$'000
Opening balance at 1 April 2014	171,752	54,642
Share based payments: employee remuneration	-	58
Closing Balance 30 September 2014	171,752	54,700

The total number of shares on issue at 30 September 2014 was 171,752,278 (31 March 2014: 171,752,278 shares and 30 September 2013: 171,752,278 shares). All ordinary shares are fully paid and rank equally with one vote attaching to each share. The ordinary shares have no par value.

The movement in share capital for the six months of \$58,000 was the amortisation of the fair value of options issued to directors and employees in recognition for services rendered.

Debt

No new debt has been entered into during the six months since the last balance date, however a total of \$2.21 million has been drawn on the short term cash advance facility to fund terminal assets and a total of \$1.5 million has been repaid on the term debt facility. Normal quarterly repayments have been made and there has been no breach of covenants during this period.

Condensed Notes to the Financial Statements (Continued)

9. Operating Cash Flows Reconciliation

	Group		
	30 Sept 2014	30 Sept 2013	31 Mar 2014
	Unaudited	Unaudited	
	\$'000	\$'000	\$'000
Profit/(loss) for the period	1,499	884	1,736
<i>Add/(deduct) non-cash items:</i>			
Depreciation & amortisation	2,223	1,926	4,049
Loss on disposal of fixed assets	-	-	40
Share based payments	58	196	380
Financing costs and bad debts	115	77	207
Foreign exchange adjustments	(261)	720	983
Impairment	301	263	682
Provisions	-	-	(50)
Deferred tax	(59)	6	-
<i>Add/(deduct) changes in working capital items:</i>			
Trade and other receivables	(858)	605	(79)
Derivative financial instruments	115	-	(199)
Payables and accruals	(958)	(1,384)	(559)
Provision for current tax	-	-	(48)
Net cash inflow/(outflow) from operating activities	2,175	3,293	7,142

10. Commitments and Contingencies

a. Operating Lease Commitments

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

b. Guarantees

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

11. Related Parties

The notes below should be read in conjunction with note 33 Related Parties in the most recent annual financial statements for the year ended 31 March 2014. The comments in the most recent financial statements unless amended below, are not materially different for the period to 30 September 2014.

12. Subsequent Events

Following balance date the following events have occurred:

- The existing ASB Bank facilities have been extended for a further 12 months and now expires on 11 July 2017 and a new interest rate swap has been entered into with the ASB Bank resulting from the extension to the debt facilities.



Independent auditor's review

For the Six Months Ended 30 September 2014



Independent review report

To the shareholders of Smartpay Holdings Limited

We have completed a review of the interim financial statements of Smartpay Holdings Limited on pages 5 to 22 which comprise the statement of financial position as at 30 September 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities

The directors of Smartpay Holdings Limited are responsible for the preparation and fair presentation of interim financial statements in accordance with the applicable financial reporting framework and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with the applicable financial reporting framework. As the auditor of Smartpay Holdings Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Our firm has also provided other services to the company and the group in relation to taxation and general accounting services. Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of Smartpay Holdings Limited do not present fairly, in all material respects, or "give a true and fair view of" the financial position of Smartpay Holdings Limited as at 30 September 2014, and of its financial performance and its cash flows for the period ended on that date, in accordance with applicable financial reporting framework.

KPMG

25 November 2014

Directory

Registered office

182-190 Wairau Road, Glenfield
PO Box 100490,
North Shore
Auckland, New Zealand
P: +64 9 442 2700
F: +64 9 442 2722
Email: info@smartpay.co.nz
Website: www.smartpayltd.com

Australian offices

Level 2, 117 York Street
SYDNEY
NSW 2000, Australia
T: +61 2 8876 2300
F: +61 2 9869 4223
Website: www.smartpay.com.au

Board

Ivan Hammerschlag – Chairman and Independent Director
Bradley Gerdis – Managing Director
Greg Barclay – Independent Director
Matthew Turnbull – Independent Director
Marty Pomeroy – Executive Director

Management

Bradley Gerdis – Managing Director
Marty Pomeroy – GM New Zealand
Mark Unwin – General Manager Product
Ben Stevens – Chief Financial Officer
Linc Burgess – Eftpos and Payments Strategy
Rowena Bowman – Company Secretary

Auditors

KPMG
KPMG Centre
18 Viaduct Harbour Avenue
Auckland, New Zealand
P: + 64 9 367 5800

Share registrar – New Zealand

Computershare Investor Services Limited
Private Bay 92119 Auckland 1142
Level 2, 159 Hurstmere Road
Takapuna, North Shore City
Auckland, New Zealand
P: + 64 9 488 8700
F: +64 9 488 8787

Share registrar – Australia

Computershare Investor Services Pty Ltd
GPO Box 3329
Melbourne Victoria 3001, Australia
Freephone: 1 800 501 366
Fax: +61 3 947 3200

Solicitors

Claymore Partners Limited
Level 2
63 Fort Street
Auckland, New Zealand
P: +64 9 379 3163

