

TRANSFORMING BUSINESS TRAVEL



serko

SERKO LIMITED
HALF YEAR REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014



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KEY DATES

30 SEP 2014

HALF-YEAR END

20 NOV 2014HALF-YEAR RESULT
ANNOUNCED**31 MAR 2015**

FINANCIAL YEAR-END

MAY 2015FULL YEAR RESULTS
ANNOUNCED**JUN 2015**ANNUAL REPORT
RELEASED**AUG 2015**ANNUAL SHAREHOLDERS
MEETING

THIS REPORT IS DATED 20 NOVEMBER 2014 AND IS SIGNED ON BEHALF OF THE BOARD OF SERKO LIMITED BY SIMON BOTHERWAY, CHAIRMAN, AND DARRIN GRAFTON, CHIEF EXECUTIVE OFFICER



Simon Botherway
Chairman



Darrin Grafton
Chief Executive

KEY HIGHLIGHTS

SKO:NZX

➤ LISTED ON NZX ON 24 JUNE 2014

\$ ON TRACK

➤ ON TRACK TO ACHIEVE FULL-YEAR FINANCIAL FORECASTS

50percent

➤ GROWTH IN TOTAL REVENUE 50%¹

NEW BUSINESS

➤ STRONG PIPELINE OF NEW BUSINESS COMMITMENTS BUILDING FOR FY16

36percent

➤ GROWTH IN ON LINE TRANSACTION BASED REVENUE 36%^{1,2}

GROWTH

➤ GROWTH IN ON LINE TRANSACTIONS 32%¹

59percent

➤ ON LINE TRANSACTION GROWTH RUN RATE AT 30 SEPTEMBER 59%³

MOBILE

➤ SERKO MOBILE IN PILOT PHASE

¹ Comparing the six months ended 30 September 2014 to the six months ended 30 September 2013

² Excluding usage based revenue from Serko Incharge, an expense management application

³ Comparing the month of September 2014 to September 2013

THE SECOND HALF OF THIS FINANCIAL YEAR PROMISES TO BE AN EXCITING AND PIVOTAL PERIOD FOR SERKO

We are pleased to report that Serko is performing well and after the first six months of the 2015 financial year is on-track to achieve the financial forecast for the 12 months to March 2015 included in the prospective financial information (PFI) contained in the Prospectus.

Serko's reported revenue and losses at 30 September 2014 of \$4.7million and (\$3.6million) respectively, and our cash balance of \$8.3million, were all in line with expectations for the period.

During the period Serko experienced growth in online bookings in line with our expectations. Online transactions grew by 32% compared to the same period in FY14. Monthly run-rate growth, which is a comparison of transactions for a month against the same month in the previous year, is accelerating and reached 59% in September 2014.

The growth of Incharge, our online expense management platform, is also pleasing. A partnership with the Discover Group (Diners) was announced in July and will help to drive the growth of that product line. Work to integrate Serko Online and Incharge continues behind the scenes and we look forward to seeing more integrated offerings being announced in the near future.

Operationally, we have made good progress scaling up the business since the Initial Public Offering (IPO). Total employees in Serko's offices worldwide were 118 at the end of the period, with another 13 new starters contracted to join. Growth has been focused predominantly in our Sales, Operations and Technology teams. Serko was awarded a further Research and Development grant worth up to \$4.2million over three years in October 2014 and we will use the funds to help boost our innovation and delivery capabilities.

Serko Mobile, our flagship new product has commenced commercial trial, with a full commercial launch planned for February 2015. The product has already garnered significant interest from overseas markets, with nuTravel, a leading US travel technology provider, signing a three year reseller deal for the technology. We remain convinced that mobile is right at the core of our industry transformation strategy and plan to continue substantial investment in this space.

At a macro level, the global market for travel technology remains strong and is experiencing a level of consolidation. The acquisition of our main competitor Concur by SAP in October 2014 is a clear demonstration of the value inherent in the market.

It is also appropriate to refer to the Ebola outbreaks in the context of the risk it could present to the travel industry in our region and to Serko's business. At this stage we have not detected or been made aware of any material impacts to corporate travel in the Australasia and South East Asian markets. However, we are closely monitoring the situation with our Travel Agent⁴ partners.

⁴ Also known as Travel Management Companies or TMCs.

OUTLOOK:

In our Investment Statement, we also provided forecasts for the six months to September 2015. Based on our current pipeline of business alone, the outlook for this period looks promising. However, as we highlighted at the Annual Meeting in August, the timing of new contract implementation delivered from our sales pipeline is dependent on client and reseller readiness to on-board, which makes it difficult for Serko to forecast revenue growth with precision. In other words, we are confident that we have secured the business but we cannot be certain of the exact timing of the transition of that business to our platform.

In addition, Serko is now actively involved in a number of significant discussions concerning our mass movement "Groups" technology. These involve major global companies in the Mining, Energy & Resources sector in Australia and also the US. Our unique patented technology offers a compelling business case to these businesses. To date Serko has secured numerous clients in the Australian mining sector, but the potential to extend this product to new markets such as North America represents significant future growth potential for Serko.

Moreover, we are seeing interest in our online and mobile technology from Travel Agents in the US market.

These two developments indicate that there is an opportunity to grow the business in the US. This may result in deployment of resources to North America in addition to Asia and we are currently considering how best to undertake such an expansion of the company's footprint.

We also expect to sign additional mobile reseller or 'white-label' agreements in the future.

In light of the above, we have made a decision to accelerate elements of our headcount plans to support these additional growth opportunities.

The second half of this financial year promises to be an exciting and pivotal period for Serko, and we believe we are positively positioned to continue to grow strongly into the future.



A handwritten signature in black ink, reading "S Botherway".

Simon Botherway
Chairman



A handwritten signature in black ink, reading "D Grafton".

Darrin Grafton
Chief Executive

SERKO MOBILE IS THE FIRST TRAVEL APP DESIGNED SPECIFICALLY FOR THE BUSINESS TRAVELLER. IT DOES THE HARD WORK, SO TRAVELLERS CAN FOCUS ON THE BUSINESS, NOT TRAVEL.

Serko Mobile is the first purpose-built mobile app for business travellers and is available for Serko Online travellers on Android and iPhone. With Serko Mobile you get the freedom to change your flight yourself, the convenience of receiving important travel alerts, and the opportunity to personalize your journey – all from your mobile.

SERKO MOBILE INCLUDES:

- Offline and online access to travel itineraries
- Full itinerary change functionality
- Flight and courtesy travel alerts
- Expense management and booking functionality coming soon.





“SERKO’S MOBILE VISION IS GENUINELY TRANSFORMATIONAL. WE’RE CONVINCED THAT IT WILL RESONATE WITH OUR CUSTOMERS IN THE USA.”

CARMINE CARPANZANO, CEO OF NUTRAVEL

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	NOTE	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
		30 SEP 2014	30 SEP 2013	31 MAR 2014
		\$	\$	\$
Continuing operations				
Revenue		4,740,724	3,170,890	6,682,782
Other income		571,781	402,353	895,195
Total revenue & other income		5,312,505	3,573,243	7,577,977
Operating expenses				
Selling and marketing expenses		(890,106)	(402,991)	(897,867)
Remuneration & benefits		(5,254,903)	(2,296,651)	(5,341,423)
Administration expenses		(2,529,611)	(882,046)	(2,196,279)
Finance income/(expenses)		(10,196)	(229,381)	(597,910)
Other expenses		(204,436)	(109,320)	(269,672)
		(8,889,252)	(3,920,389)	(9,303,151)
Loss before income tax		(3,576,747)	(347,146)	(1,725,174)
Income tax (expense)/benefit		(16,446)	-	(16,475)
Net profit/(loss) attributable to the shareholders of the company		(3,593,193)	(347,146)	(1,741,649)
Movement in foreign currency reserve		(20,309)	-	4,359
Other comprehensive income (net of tax)		(20,309)	-	4,359
Total comprehensive income attributable to shareholders of the company		(3,613,502)	(347,146)	(1,737,290)
Earnings per share				
Basic earnings per share	2	(0.06)	(20.84)	(104.54)
Diluted earnings per share	2	(0.06)	(18.16)	(77.15)

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	NOTE	SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY RESERVE	RETAINED EARNINGS	TOTAL EQUITY
		\$	\$	\$	\$	\$
GROUP						
Balance as at 1 April 2013		239,835	–	–	(1,905,523)	(1,665,688)
Net profit/(loss) for the period		–	–	–	(347,146)	(347,146)
Other comprehensive income (net of tax)		–	–	–	–	–
Total comprehensive income for the year		–	–	–	(347,146)	(347,146)
Transactions with owners						
Convertible notes issued accounted in equity		–	–	–	–	–
Interest on convertible notes		–	–	–	(8,117)	(8,117)
Balance as at 30 September 2013		239,835	–	–	(2,260,786)	(2,020,951)
Balance as at 1 April 2013		239,835	–	–	(1,905,523)	(1,665,688)
Net profit/(loss) for the period		–	–	–	(1,741,649)	(1,741,649)
Other comprehensive income (net of tax)		–	–	4,359	–	4,359
Total comprehensive income for the year		–	–	4,359	(1,741,649)	(1,737,290)
Transactions with owners						
Convertible notes issued accounted in equity		–	–	–	–	–
Interest on convertible notes		–	–	–	(14,800)	(14,800)
Balance as at 31 March 2014		239,835	–	4,359	(3,661,972)	(3,417,778)
Balance as at 1 April 2014		239,835	–	4,359	(3,661,972)	(3,417,778)
Net profit/(loss) for the period		–	–	–	(3,593,193)	(3,593,193)
Other comprehensive income (net of tax)		–	–	(20,307)	–	(20,307)
Total comprehensive income for the year		–	–	(20,307)	(3,593,193)	(3,613,500)
Transactions with owners						
Convertible notes issued accounted in equity		–	–	–	–	–
Issue of shares (net of issue costs)	8	17,856,440	–	–	–	17,856,440
Issue of share capital under sharebased payment	8	–	160,600	–	–	160,600
Share based payments	8	–	155,338	–	–	155,338
Interest on convertible notes		–	–	–	–	–
Balance as at 30 September 2014		18,096,275	315,938	(15,948)	(7,255,165)	11,141,100

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

	NOTE	UNAUDITED GROUP 30 SEP 2014	AUDITED GROUP 30 SEP 2013	AUDITED GROUP 31 MAR 2014
		\$	\$	\$
Assets				
Current assets				
Cash at bank and on hand		8,340,588	84,714	249,508
Receivables	3	3,580,276	1,573,245	2,352,406
Tax refund due		–	264	–
Total current assets		11,920,864	1,658,223	2,601,914
Non-current assets				
Property, plant and equipment	4	710,346	374,605	372,034
Intangible assets	5	1,172,432	20,118	868,682
Total non-current assets		1,882,778	394,723	1,240,716
Total assets		13,803,642	2,052,946	3,842,630
Current liabilities				
Trade and other payables	7	2,433,503	812,112	1,511,707
Income tax payable		30,188	–	50,126
Interest bearing loans and borrowings		30,464	3,198,869	5,508,040
		2,494,155	4,010,981	7,069,873
Non-current liabilities				
Deferred tax liability		153,126	–	145,123
Trade and other payables	7	6,105	20,760	13,432
Interest bearing loans and borrowings		9,156	42,156	31,980
		168,387	62,916	190,535
Total liabilities		2,662,542	4,073,897	7,260,408
Equity				
Contributed equity	8	18,096,275	239,835	239,835
Restricted share reserve	8	315,938	–	–
Foreign currency reserve		(15,950)	–	4,359
Retained earnings (deficit)		(7,255,163)	(2,260,786)	(3,661,972)
Total equity		11,141,100	(2,020,951)	(3,417,778)
Total equity and liabilities		13,803,642	2,052,946	3,842,630

For and on behalf of the Board who authorised these financial statements for issue on 20 November 2014.



Simon Botherway, Chairman



Darrin Grafton, Chief Executive

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	NOTE	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
		30 SEP 2014	30 SEP 2013	31 MAR 2014
		\$	\$	\$
Cash flows from operating activities				
Receipts from customers		4,634,406	3,223,922	6,347,483
Interest received		60,646	170	334
Receipts from grants		587,737	325,484	753,199
Taxation (paid)/refund received		(13,527)	(45)	(92)
Payments to suppliers and employees		(8,612,080)	(3,469,165)	(8,187,026)
Interest payments		(392,550)	(40,666)	(122,514)
Net GST received/(paid)		41,569	13,771	1,748
Net cash flows from/(used in) operating activities	9	(3,693,799)	53,471	(1,206,868)
Cash flows from investing activities				
Sale of property, plant and equipment		–	–	–
Purchase of property, plant and equipment	4	(392,626)	(125,346)	(148,967)
Purchase of intangibles	5	(413,725)	(6,089)	(736,322)
Net cash flows from/(used in) investing activities		(806,351)	(131,435)	(885,289)
Cash flows from financing activities				
Proceeds from borrowings		–	–	780,000
Issue of convertible notes		–	–	1,325,000
Share issue	8	17,399,148	–	–
Cost of new share issue	8	(1,017,627)	–	–
Repayment of Shareholders loans		(1,819,270)	–	–
Repayment of other loans		(780,000)	(13,893)	(27,786)
Net cash flows from/(used in) financing activities		13,782,251	(13,893)	2,077,214
Net increase/(decrease) in total cash		9,282,101	(91,857)	(14,943)
Cash and cash equivalents at beginning of period		(941,513)	(926,570)	(926,570)
Cash and cash equivalents at end of period		8,340,588	(1,018,427)	(941,513)
Cash and cash equivalents comprises the following:				
Cash at bank and on hand		8,340,588	84,714	249,508
Bank overdraft		–	(1,103,141)	(1,191,021)
		8,340,588	(1,018,427)	(941,513)

The accompanying notes form part of the financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

1. BASIS OF PRESENTATION & ACCOUNTING POLICIES

These unaudited consolidated condensed 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 Company is a profit oriented entity and is an issuer for the purposes of the New Zealand Financial Reporting Act 1993.

The unaudited consolidated condensed interim financial statements of the Group for the six months ended 30 September 2014 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 year ended 31 March 2014.

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

2. EARNINGS PER SHARE

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Basis earnings per share			
Net loss after tax	(3,593,193)	(347,146)	(1,741,649)
Issued ordinary shares (refer Note 8)	62,699,382	16,660	16,660
Weighted average of issued ordinary shares	62,699,382	16,660	16,660
Basic earnings per share (dollars)	(0.06)	(20.84)	(104.54)
Diluted earnings per share			
Weighted average of issued ordinary shares	62,699,382	16,660	16,660
Adjusted for redeemable preference shares and share options	–	2,459	5,914
Weighted average of issued ordinary shares for diluted earnings per share	62,699,382	19,119	22,574
Diluted earnings per share (dollars)	(0.06)	(18.16)	(77.15)

Prior year includes an adjustment to net loss after tax (the prior year in the annual report used net loss after comprehensive income rather than net loss before comprehensive income) affecting Basic earnings and Diluted earnings per share.

PERFORMANCE

3. TRADE & OTHER RECEIVABLES

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Current Assets			
Trade receivables	1,499,971	1,219,719	1,525,040
Provision for doubtful debts	(87,952)	(122,790)	(122,790)
GST receivable	110,614	22,569	61,813
Accrued income	241,426	–	225,017
Prepayments	419,227	3,409	199,920
Interest receivable	20,498	–	–
Loan Receivable - Salary Sacrifice Scheme	121,614	–	–
Director loans	650,000	–	–
Nu Travel Loan receivable	230,330	–	–
Other loans	–	239,835	239,835
Government grants receivable	374,549	210,503	223,571
Total trade and other receivables	3,580,276	1,573,245	2,352,406

4. PROPERTY, PLANT & EQUIPMENT

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Opening balance	372,034	285,527	285,527
Additions	391,676	125,346	148,967
Disposals	–	–	–
Depreciation	(53,364)	(36,268)	(62,460)
Currency translation			
Closing balance	710,346	374,605	372,034
Tangible assets per security	0.01	19.59	16.48

In the comparative periods of 30 September 2013 and 31 March 2014 the securities held at that time have not been adjusted for the share split and new issue of shares that occurred at IPO on 24 June 2014.

5. INTANGIBLE ASSETS

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Opening balance	868,682	14,029	14,029
Acquired from Incharge Pty Ltd	-	-	790,960
Additions of purchased software	30,795	8,469	45,241
Additions of capitalised development costs	371,270	-	82,650
Amortisation	(121,974)	(2,380)	(64,198)
Currency translation	23,659	-	
Closing balance	1,172,432	20,118	868,682

6. DERIVATIVE FINANCIAL INSTRUMENTS

To manage the Group's foreign exchange risk arising from future commercial transactions, the Group employ forward contracts. Management is responsible for managing exposures in each foreign currency (Australian Dollar) by using forward foreign currency exchange contracts.

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

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Current:			
Foreign currency forward exchange contracts	(62,616)	-	-
Contractual amounts of forward exchange contracts outstanding were as follows:			
Purchase commitments forward exchange contracts	1,759,509	-	-

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 forward exchange contracts that are quoted in active markets.

7. TRADE & OTHER PAYABLES

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Trade payables	1,617,839	511,750	1,005,935
Financial Equities Loan payable	230,330	–	–
Accrued expenses	406,239	111,965	260,308
Lease incentive	20,759	35,414	57,394
Employee entitlements	394,771	173,743	201,502
Total trade and other payables	2,439,608	832,872	1,525,139

8. CONTRIBUTED EQUITY

	ORDINARY SHARES AS 30 SEPTEMBER 2014	
	NUMBER	VALUE OF EQUITY \$
Balance at 1 April 2013	16,660	–
Issue of shares	–	–
Balance as at 30 September 2013	16,660	–
Balance at 1 October 2013	16,660	–
Issue of shares	–	–
Balance as at 31 March 2014	16,660	–
Balance at 1 April 2014	16,660	
Shares issued for the benefit of convertible note holders	217	156,644
Shares on issue paid up prior to IPO	–	1,000
Subdivision of shares prior to IPO	43,492,498	241,505
Issue of shares pursuant to IPO	15,454,545	17,000,000
Issue of new shares in lieu of advisory fees	330,364	363,400
Issue of new shares by loans to directors	590,909	650,000
Convertible notes converted to shares at IPO	1,490,625	1,325,000
Issue of new shares to staff via Salary Sacrifice Scheme	143,000	160,600
Issue of new shares to employees via Restricted Share Scheme	1,180,564	155,338
Transaction costs for issue of new shares		(1,641,274)
Balance as at 30 September 2014	62,699,382	18,412,213

The Company raised \$17 million of issued capital via an Initial Public Offering and concurrent listing on the NZX Main Board on 24 June 2014.

During the period the Company issued 143,000 shares under a Salary Sacrifice Scheme (SSS), and 1,180,564 under a Restricted Share Scheme (RSS). In respect of the RSS, as at 30 September, 775,000 restricted shares had been allocated to key management personnel and 192,655 allocated to other Serko employees, each at an issue price of \$1.10 per share. 212,909 restricted shares remain unallocated at 30 September 2014.

In April 2014 the Company issued 67 convertible notes each with a face value of \$40.63 and 150 convertible notes to key management personnel each with a face value of \$1,026.14.

9. RECONCILIATION OF OPERATING CASH FLOWS

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Reconciliation from the net loss after tax to the net cash from operating activities			
Net loss after tax	(3,593,193)	(347,146)	(1,741,649)
Adjustments			
Depreciation	53,364	36,268	62,460
Amortisation	121,974	2,380	64,198
Deferred tax	–	–	(33,962)
Loss/(gain) on foreign exchange transactions	(85,070)	(3,115)	–
Loss/(gain) on disposal of property, plant & equipment	–	–	–
Employee entitlements	–	–	–
Interest on loans	40,892	113,642	233,649
Share-based compensation	237,929	–	–
Interest on convertible notes	–	(8,117)	(14,800)
Changes in working capital items			
(Increase)/decrease in trade receivables & prepayments	(570,921)	(28,218)	(807,379)
Increase/(decrease) in trade payables & accruals	121,165	287,825	980,270
Increase/(decrease) in current tax payable	(19,938)	(48)	50,345
Increase/(decrease) in employee entitlements	–	–	–
Increase/(decrease) in income in advance	–	–	–
Net cash from operating activities	(3,693,799)	53,471	(1,206,868)

10. SEGMENTS

Operating Segment Information

The board of directors and senior management team monitor the results of the Group's operations as a whole for the purpose of making decisions about resource allocation and performance assessment and therefore the board has determined the Group is a single reportable segment.

Geographical Segment Information

Revenue is allocated to geographical segments on the basis of where the sale is recorded by each operating company within the Group:

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Sales to external customers			
New Zealand	434,076	303,391	641,299
Australia	4,224,215	2,811,418	5,931,027
India	59,059	43,219	79,890
Singapore	2,924	12,862	30,566
USA	20,450	–	–
	4,740,724	3,170,890	6,682,782
Non current assets			
New Zealand	1,134,130	345,216	454,378
Australia	748,648	49,507	786,338
	1,882,778	394,723	1,240,716

11. COMMITMENTS

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Operating lease commitments			
Payable within one year	388,512	232,146	227,851
Payable later than one year, but not more than five years	176,641	272,734	156,493
Payable later than five years	–	–	–
	565,153	504,880	384,344

Prior year comparatives for 31 March 2014 have been restated to correct for an overstatement of operating lease commitments in the annual report note disclosure.

12. RELATED PARTIES

Subsidiaries

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

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
NAME	% EQUITY INTEREST		
Serko Australia Pty Limited	100%	100%	100%
Travelog World for Windows Pty Limited	0%	89%	89%
Serko Note Limited	0%	0%	0%
Serko Trustee Limited	100%	0%	0%

Serko Australia Pty Limited's principal business is the marketing and support of travel booking software solutions supplied by Serko Limited. This entity has been consolidated based on management accounts for the period ended 30 September 2014.

Serko Limited sold its shares in Travelog World for Windows Pty Limited on 17 April 2014 for consideration of \$10 to Empeiria Limited. Empeiria Limited is a company associated with directors Robert Shaw and Darrin Grafton.

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 Note is deemed to be a subsidiary of the company by virtue of its ability to control the entity.

Other transactions with key management personnel and directors

Key management personnel were issued 325,000 convertible notes at face value, these were subsequently converted to 365,625 shares pre IPO listing.

Key management personnel also received 775,000 issued shares via the Restricted Share Scheme which are held in trust by Serko Trustee Limited until they vest on 24 June 2017.

Loans with shareholders

Related party loans from shareholders were repaid by Serko Limited on 23 June 2014 including net interest accrued.

	6 MONTHS UNAUDITED GROUP	6 MONTHS AUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2014	30 SEP 2013	31 MAR 2014
	\$	\$	\$
Related party loans	–	2,073,290	2,193,298
	–	–	–
	–	2,073,290	2,193,298

13. CONTINGENCIES

There were no contingent liabilities as at 30 September 2014 (30 September 2013: Nil, 31 March 2014: Nil).

14. EVENTS AFTER BALANCE DATE

There were no material events subsequent to balance date.

Serko is a company incorporated with limited liability under the New Zealand Company Act 1993
(Companies Office registration number 1927488)

Registered Office

Saatchi Building
Unit 14D
125 The Strand
Parnell
Auckland
New Zealand
+64 9 309 4754

Directors

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

Share Registrar

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Auditor

Ernst & Young
Auckland



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