

TRANSFORMING BUSINESS TRAVEL



serko

SERKO LIMITED
HALF YEAR REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2015



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KEY DATES

30 SEP 2015

HALF-YEAR END

20 NOV 2015HALF-YEAR RESULT
ANNOUNCED**31 MAR 2016**

FINANCIAL YEAR-END

MAY 2016FULL YEAR RESULTS
ANNOUNCED**JUN 2016**ANNUAL REPORT
RELEASED**AUG 2016**ANNUAL SHAREHOLDERS
MEETING

THIS REPORT IS DATED 20 NOVEMBER 2015 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

62 percent

➤ INCREASE IN RECURRING USAGE REVENUES

69 percent

➤ INCREASE IN ONLINE BOOKINGS

21 percent

➤ INCREASE R&D EXPENDITURE

M&A

➤ ACQUISITION OF ARNOLD BUSINESS

 R&D

➤ HOTEL AND TAXI CONTENT INTEGRATION

SME

➤ NEW MARKET OPPORTUNITY IN DEVELOPMENT

WE HAVE MADE GOOD PROGRESS IN ESTABLISHING THE NECESSARY BUILDING BLOCKS FOR FUTURE GROWTH

Dear Shareholder

We have made good progress during the first half of the 2016 financial year (FY16) in establishing the necessary building blocks for future growth. This includes establishing new supply-side content relationships, the acquisition and integration of the Arnold Travel Technology business from Expedia, and the delivery of new technology.

FINANCIAL RESULTS

Serko's interim results for the first six months of FY16 mark the completion of the eighteen-month period covered by the prospective financial information (PFI) contained in the IPO Prospectus¹.

In the first six months of FY16 total income amounted to \$7.1m (\$6.4m excluding grant income), a 34% increase from the same period in FY15, which was within the guidance given at the 2015 Annual Meeting. Recurring usage revenues increased 62% to \$5.9m on the back of a 69% increase in online booking transactions. Recurring usage revenues represent over 90% of total revenue compared to 80% in FY15. Excluding Arnold, recurring usage revenues increased by 43% and online booking transactions by 41%.

Our investment in R&D amounted to \$3.3m in the six-month period, a 21% increase from the same period in FY15. Operating costs in total increased by 25% to \$10.2m and our net loss before tax was \$3.3m.

As previously signalled, our results fell below the PFI detailed in the IPO prospectus. This was attributable to the later launch of new products and services and the shortfall in expected customised software development revenues. We have nonetheless managed our cash reserves to a closing cash balance of \$2.5m, which is in line with PFI and is after the costs of the Arnold acquisition, which was not included in the PFI.

DELIVERY OF STRATEGIC OBJECTIVES

Growing our Customer Base

Serko successfully grew transaction volumes in the half through a combination of organic growth and the acquisition of Arnold. This acquisition accelerated the onboarding of anticipated customer wins. We estimate that about US\$5bn of corporate travel will be transacted across our platforms this financial year, which is a US\$2bn increase from the prevailing annualised rate at the time of the IPO. Our Serko Incharge expense management solution is now successfully onboarding a pipeline of contracted new business, with the growth rate having doubled to 29% from the same period in FY15.

As we have previously highlighted, the demand for non-recurring customised software development has reduced significantly compared to prior years and we do not see this trend changing in the short-to-medium term. However, this has enabled us to redirect the associated development teams onto strategic initiatives that will build long-term value.

We were also delighted to sign a reseller agreement with BCD Travel, one of the last remaining global travel management companies to sign up with Serko.

Increasing Revenue Per Booking

The establishment of direct content supply relationships with leading brands such as Expedia, Booking.com and Air New Zealand Taxis is strategically important for the business. The ability to earn commission revenue, in addition to transactional revenue, allows us to be more competitive and offer greater value to our customers. In addition this has led to the identification of new and important market opportunities that we were previously unable to address. We expect to make further announcements relating to both new products and delivery channels in the second half.

¹ Registered on 26 May 2014

Innovation

Serko has continued to invest in product development and we expect to bring additional functionality to our customers in the second half of FY16. These products are important steps in our mission to transform the way corporate travel is offered and supported within the industry. We aim to significantly improve and enhance the corporate travel experience from the initial booking right through to post-travel expense reconciliation.

The integration of our online booking suite with our expense management product is now being delivered through our mobile solution. Serko Mobile gives users the ability to make, change and manage complex travel itineraries, automatically capture and reconcile expenses, and comply with the strict policy requirements of our corporate customers, all from the palm of their hand. Serko's product is the leader in its class and we intend to continue to invest to maintain our lead advantage.

OUTLOOK FOR THE SECOND HALF OF FY16

In the second half, the key focus will be on continuing to grow online bookings; developing a small-medium sized business solution; and monetising the new products launched during the first half of FY16. Serko is working closely with our resellers to assist with the roll-out of our new products across their channels, although it is difficult to accurately forecast how long this process will take.

The reduced demand for non-recurring customised software development and the slower than anticipated commercialisation of our new products now lead us to anticipate that full year revenues will fall below the guidance of \$16m provided at the 2015 Annual Meeting. However, recurring usage revenues remain on track to deliver over 50% year-on-year growth in FY16. We are considering options to raise capital to support the company's growth aspirations and the roll-out of additional product initiatives.

We remain confident that the future value potential of Serko's product offering is significant; and we are encouraged by the level of attention and support Serko's technology is receiving from global travel management companies and other industry participants.



Simon Botherway

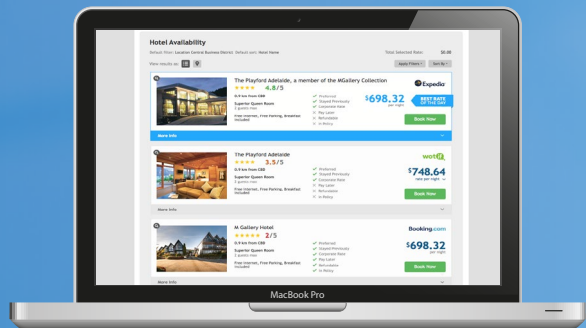
Simon Botherway
Chairman



Darrin Grafton

Darrin Grafton
Chief Executive

SERKO IS AN INTEGRATED ONLINE TRAVEL AND EXPENSE MANAGEMENT PLATFORM THAT IS TRANSFORMING THE CORPORATE TRAVEL INDUSTRY



SERKO ONLINE:

- Easy and intuitive travel booking workflow
- Ability to book flights, hotels, hire cars and now Airport Transfers
- Access to branded Expedia & Booking.com hotel inventory
- Integrated mobile app for itinerary and changes
- Best Fare of the Day & Best Rate of the Day
- Sophisticated policy management engine and approvals hierarchy
- Ability to plug-in third party content providers quickly



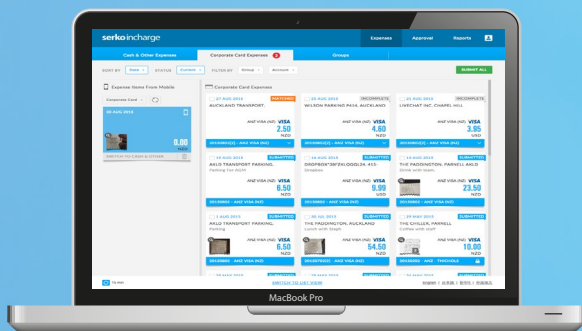
SERKO MOBILE:

- View travel itineraries through My Trips
- Make changes to flights and hotels
- Real time contextual travel information and alerts
- Capture receipts
- View and approve expenses and travel requests
- Integration with Apple Watch



SERKO INCHARGE:

- Ability to manage Corporate Card, Cash, Allowances and Mileage
- Integrated mobile app for receipt capture and approvals
- Integrated data feeds from corporate card transactions
- Cloud-based receipt matching for corporate card expenses
- Sophisticated policy management engine and approvals hierarchy
- Flexible data export for integration with finance systems
- Reporting suite



FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	NOTE	6 MONTHS	6 MONTHS	12 MONTHS	6 MONTHS
		UNAUDITED	UNAUDITED	AUDITED	PFI
		GROUP	GROUP	GROUP	GROUP
		30 SEP 2015	30 SEP 2014	31 MAR 2015	30 SEP 2015
		\$	\$	\$	\$
Revenue		6,396,736	4,740,724	10,361,202	8,278,746
Other income		702,256	571,781	1,413,182	223,571
Total revenue & other income		7,098,992	5,312,505	11,774,384	8,502,317
Operating expenses					
Selling and marketing expenses		(635,478)	(537,102)	(988,848)	(635,000)
Remuneration & benefits		(7,144,613)	(5,471,917)	(12,020,829)	(7,408,922)
Administration expenses		(2,313,836)	(2,665,601)	(4,690,503)	(2,562,479)
Other expenses		(498,610)	(204,436)	(368,672)	(328,557)
Total expenses from ordinary activities		(10,592,537)	(8,879,056)	(18,068,852)	(10,934,958)
Finance income		221,911	81,476	209,382	63,454
Finance costs		(32,704)	(91,672)	(348,218)	(16,500)
Loss before income tax		(3,304,338)	(3,576,747)	(6,433,304)	(2,385,687)
Income tax (expense)/benefit		(89,673)	(16,446)	(114,031)	(135,363)
Net profit (loss) attributable to the shareholders of the company		(3,394,011)	(3,593,193)	(6,547,335)	(2,521,050)
Movement in foreign currency reserve		26,112	(20,309)	144,247	–
Other comprehensive income (net of tax)		26,112	(20,309)	144,247	–
Total comprehensive income attributable to shareholders of the company		(3,367,899)	(3,613,502)	(6,403,088)	(2,521,050)
Earnings per share					
Basic earnings per share	2	(0.05)	(0.06)	(0.10)	
Diluted earnings per share	2	(0.05)	(0.06)	(0.10)	

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

NOTE	CONTRIBUTED EQUITY	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY RESERVE	RETAINED EARNINGS	TOTAL EQUITY
	\$	\$	\$	\$	\$
GROUP					
Balance as at 1 April 2014	239,835	-	4,359	(3,661,967)	(3,417,773)
Net profit/(loss) for the period	-	-	-	(3,593,193)	(3,593,193)
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)	-	-	(20,309)	-	(20,309)
Total comprehensive income for the year	-	-	(20,309)	(3,593,193)	(3,613,502)
Transactions with owners					
Convertible notes issued accounted in equity	156,644	-	-	-	156,644
Transfer of notes to share capital	(396,479)	-	-	-	(396,479)
Issue of share capital	19,898,148	-	-	-	19,898,148
Cost of equity issued	(1,641,274)	-	-	-	(1,641,274)
Share based payments	-	155,338	-	-	155,338
Interest on convertible notes	-	-	-	-	-
Balance as at 30 September 2014	18,256,875	155,338	(15,950)	(7,255,160)	11,141,102
Balance as at 1 April 2014	239,835	-	4,359	(3,661,967)	(3,417,773)
Net profit/(loss) for the period	-	-	-	(6,547,335)	(6,547,335)
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)	-	-	144,247	-	144,247
Total comprehensive income for the year	-	-	144,247	(6,547,335)	(6,403,088)
Transactions with owners					
Convertible notes issued accounted in equity	156,644	-	-	-	156,644
Transfer of notes to share capital	(396,479)	-	-	-	(396,479)
Issue of share capital	19,244,848	-	-	-	19,244,848
Cost of equity issued	(1,641,274)	-	-	-	(1,641,274)
Share based payments	-	370,875	-	-	370,875
Interest on convertible notes	-	-	-	(3,356)	(3,356)
Balance as at 31 March 2015	17,603,574	370,875	148,606	(10,212,658)	7,910,397

	NOTE	CONTRIBUTED EQUITY	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY RESERVE	RETAINED EARNINGS	TOTAL EQUITY
		\$	\$	\$	\$	\$
Balance as at 1 April 2015		17,603,574	370,875	148,606	(10,212,658)	7,910,397
Net profit/(loss) for the period		-	-	-	(3,394,011)	(3,394,011)
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		-	-	26,112	-	26,112
Total comprehensive income for the year		-	-	26,112	(3,394,011)	(3,367,899)
Transactions with owners						
Convertible notes issued accounted in equity		-	-	-	-	-
Issue of shares (net of issue costs)	9	-	-	-	-	-
Cancellation of shares		(9,900)	-	-	-	(9,900)
Share based payments	9	-	191,456	-	-	191,456
Interest on convertible notes		-	-	-	-	-
Balance as at 30 September 2015		17,593,674	562,331	174,718	(13,606,668)	4,724,055

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	NOTE	UNAUDITED GROUP	UNAUDITED GROUP	AUDITED GROUP	PFI GROUP
		30 SEP 2015	30 SEP 2014	31 MAR 2015	30 SEP 2015
		\$	\$	\$	\$
Assets					
Current assets					
Cash at bank and on hand		2,478,074	8,340,588	4,486,952	2,489,960
Receivables	3	3,163,585	3,580,276	3,417,737	2,841,458
Derivative financial instruments	6	–	–	116,828	–
Total current assets		5,641,659	11,920,864	8,021,517	5,331,419
Non-current assets					
Property, plant and equipment	4	925,434	710,346	997,278	1,214,662
Intangible assets	5	1,478,622	1,172,432	1,287,342	802,373
Total non-current assets		2,404,056	1,882,778	2,284,620	2,017,035
Total assets		8,045,715	13,803,642	10,306,137	7,348,453
Current liabilities					
Trade and other payables	7	2,453,051	2,140,557	1,662,352	1,839,367
Derivative financial instruments	6	6,271	62,616	–	–
Income tax payable		250,228	30,186	180,733	–
Interest bearing loans and borrowings	8	374,563	260,794	314,038	–
		3,084,113	2,494,153	2,157,123	1,839,367
Non-current liabilities					
Deferred tax liability		98,323	153,126	60,311	56,923
Other payables	7	135,592	6,105	174,202	–
Interest bearing loans and borrowings	8	3,632	9,156	4,104	–
		237,547	168,387	238,617	56,923
Total liabilities		3,321,660	2,662,540	2,395,740	1,896,291
Equity					
Contributed equity	9	17,593,674	18,256,875	17,603,574	17,469,237
Share based payment reserve	9	562,331	155,338	370,875	713,364
Foreign currency reserve		174,718	(15,950)	148,606	4,359
Retained earnings (deficit)		(13,606,668)	(7,255,160)	(10,212,658)	(12,734,797)
Total equity		4,724,055	11,141,102	7,910,397	5,452,162
Total equity and liabilities		8,045,715	13,803,642	10,306,137	7,348,453

For and on behalf of the Board who authorised these financial statements for issue on 20 November 2015.



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 2015

	NOTE	6 MONTHS	6 MONTHS	12 MONTHS	6 MONTHS
		UNAUDITED	UNAUDITED	AUDITED	PFI
		GROUP	GROUP	GROUP	GROUP
		30 SEP 2015	30 SEP 2014	31 MAR 2015	30 SEP 2015
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		6,981,375	4,634,406	9,435,812	7,818,687
Interest received		30,891	60,646	180,576	63,454
Receipts from grants		711,172	587,737	1,529,836	447,141
Taxation (paid)/refund received		(36,169)	(13,527)	(59,436)	(135,719)
Payments to suppliers and employees		(9,209,200)	(8,612,080)	(17,282,736)	(10,355,788)
Interest payments		(168,696)	(392,550)	(392,550)	–
Net GST received/(paid)		(51,699)	41,569	(49,300)	64,290
Net cash flows from (used in) operating activities	10	(1,742,326)	(3,693,799)	(6,637,798)	(2,097,935)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(54,481)	(392,626)	(655,634)	(399,000)
Purchase of intangibles	5	(404,494)	(413,725)	(782,695)	–
Net cash flows from (used in) investing activities		(458,975)	(806,351)	(1,438,329)	(399,000)
Cash flows from financing activities					
Proceeds from borrowings		–	–	–	–
Issue of convertible notes		–	–	–	–
Share issue	9	31,810	17,399,148	17,514,738	–
Cost of new share issue	9	–	(1,017,627)	(1,361,911)	–
Repayment of shareholders loans		–	(1,819,270)	(1,819,270)	–
Repayment of other loans		–	(780,000)	(780,000)	–
Net cash flows from (used in) financing activities		31,810	13,782,251	13,553,557	–
Net increase (decrease) in total cash		(2,169,490)	9,282,101	5,477,430	(2,496,935)
Net foreign exchange difference		160,612	–	(48,966)	–
Cash and cash equivalents at beginning of period		4,486,952	(941,513)	(941,513)	4,986,895
Cash and cash equivalents at end of period		2,478,074	8,340,588	4,486,952	2,489,960
Cash and cash equivalents comprises the following:					
Cash at bank and on hand		2,478,074	8,340,588	4,486,952	2,489,960
Bank overdraft		–	–	–	–
		2,478,074	8,340,588	4,486,952	2,489,960

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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 Tier 1 profit oriented entity and is an issuer for the purposes of the New Zealand Financial Reporting Act 2013.

The unaudited consolidated condensed interim financial statements of the Group for the six months ended 30 September 2015 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 2015.

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 2015 have been applied to these consolidated condensed interim financial statements.

2. EARNINGS PER SHARE

	6 MONTHS UNAUDITED GROUP	6 MONTHS UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Basis earnings per share			
Net loss after tax	(3,394,011)	(3,593,193)	(6,547,335)
Issued ordinary shares (refer Note 9)	63,256,256	62,699,382	62,699,382
Weighted average of issued ordinary shares	63,256,256	62,699,382	62,699,382
Basic earnings per share (dollars)	(0.05)	(0.06)	(0.10)
Diluted earnings per share			
Weighted average of issued ordinary shares	63,256,256	62,699,382	62,699,382
Adjusted for redeemable preference shares and share options	–	–	–
Weighted average of issued ordinary shares for diluted earnings per share	63,256,256	62,699,382	62,699,382
Diluted earnings per share (dollars)	(0.05)	(0.06)	(0.10)

3. TRADE & OTHER RECEIVABLES

	6 MONTHS UNAUDITED GROUP	6 MONTHS UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Current assets			
Trade receivables	2,327,769	1,741,397	2,774,993
Provision for doubtful debts	(20,711)	(87,952)	(63,733)
GST receivable	–	110,614	19,745
Prepayments	503,709	419,227	352,605
Interest receivable	–	20,498	–
Loan Receivable – Salary Sacrifice Scheme	–	121,614	–
Director loans	–	650,000	–
Nu Travel Loan receivable – refer note 8	352,818	230,330	292,416
Other loans	–	–	41,710
Government grants receivable	–	374,549	–
Total trade and other receivables	3,163,585	3,580,276	3,417,737

NuTravel Loan receivable

The loan was extended to 31 December 2015 from the original expiry date of 30 June 2015 noted in the last annual report.

4. PROPERTY, PLANT & EQUIPMENT

	6 MONTHS UNAUDITED GROUP	6 MONTHS UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Opening balance	997,278	372,034	372,034
Additions	54,481	391,676	812,338
Disposals	–	–	–
Depreciation	(126,325)	(53,364)	(185,044)
Currency translation	–	–	(2,050)
Closing balance	925,434	710,346	997,278
Tangible assets per security	0.01	0.01	0.02

5. INTANGIBLE ASSETS

	6 MONTHS UNAUDITED GROUP	6 MONTHS UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Opening balance	1,287,342	868,682	868,682
Additions of purchased software	650	30,795	32,734
Additions of capitalised development costs	234,994	371,270	705,779
Additions of customer contracts acquired*	110,173	–	–
Additions of goodwill*	33,052	–	–
Amortisation	(228,447)	(121,974)	(273,166)
Currency transation	40,857	23,659	(46,687)
Closing balance	1,478,622	1,172,432	1,287,342

* On 1 May 2015 Serko Australia Pty Limited acquired the assets of Arnold Travel Technology Pty Limited, an Australian online corporate travel booking business from the Expedia Group.

The fair values of the identifiable assets of Arnold Travel Technology Pty Limited as at the date of acquisition, denominated in Australian dollars are:

	AUS
Customer contracts	100,000
Goodwill	30,000
Deferred tax liability	(30,000)
	100,000
Consideration transferred:	
Cash paid	100,000
Net cash paid on acquisition	100,000

As part of the acquisition Serko Australia Pty Limited had related redundancy costs for some existing Arnold Travel Technology Pty Limited employees of AU\$102,345.

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 UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Current:			
Foreign currency forward exchange contracts	(6,271)	(62,616)	116,828
Contractual amounts of forward exchange contracts outstanding were as follows:			
Purchase commitments forward exchange contracts	1,150,546	1,759,509	1,745,638

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

7. TRADE & OTHER PAYABLES

	6 MONTHS UNAUDITED GROUP	6 MONTHS UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Trade payables	1,043,331	1,324,893	565,076
Accrued expenses	660,467	406,239	565,244
Lease incentive	218,917	20,759	266,076
GST payable	31,954	-	-
Employee entitlements	633,974	394,771	440,159
Total trade and other payables	2,588,643	2,146,662	1,836,554
Disclosed as:			
Current	2,453,051	2,140,557	1,662,352
Non-current	135,592	6,105	174,202
	2,588,643	2,146,662	1,836,554

8. INTEREST BEARING LOANS AND BORROWINGS

	6 MONTHS UNAUDITED GROUP	6 MONTHS UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Financial Equities loan payable – refer note 3	352,818	230,330	292,416
Obligations under finance leases	14,542	11,905	6,451
Leasehold fitout loan	10,834	27,715	19,275
Total Interest bearing loans and borrowings	378,195	269,950	318,142
Disclosed as:			
Current	374,563	260,794	314,038
Non-current	3,632	9,156	4,104
	378,195	269,950	318,142

Financial Equities loan payable

The loan was extended to 31 December 2015 from the original expiry date of 30 June 2015 noted in the last annual report.

9. EQUITY

	ORDINARY SHARES AS 30 SEPTEMBER 2015	
	NUMBER	VALUE OF EQUITY \$
Balance at 1 April 2014	16,660	–
Shares issued for the benefit of convertible note holders	217	156,644
Shares issued to management 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
Balance at 1 October 2014	62,699,382	18,412,213
Restatement of new shares by loans to directors under IFRS 2	–	(569,242)
Issue of new shares to employees via Restricted Share Scheme	–	134,779
Adjustment to new shares to staff via Salary Sacrifice Scheme	–	(3,300)
Balance as at 31 March 2015	62,699,382	17,974,450
Balance at 1 April 2015	62,699,382	17,974,450
Issue of new shares to employees via Restricted Share Scheme	565,874	191,456
Cancellation of shares under Salary Sacrifice Scheme	(9,000)	(9,900)
Balance as at 30 September 2015	63,256,256	18,156,006

During the period the Company issued 565,874 shares under a Restricted Share Scheme (RSS). In respect of the RSS, as at 30 September 2015, 775,000 restricted shares had been allocated to key management personnel and 233,749 allocated to other Serko employees, each at an issue price of \$1.10 per share for year 1. During the period 89,784 restricted shares had been allocated to key management personnel and 152,148 shares had been allocated to other Serko employees, each at an issue price of \$0.96 per share for year 2. 491,757 restricted shares remain unallocated at 30 September 2015.

10. RECONCILIATION OF OPERATING CASH FLOWS

	6 MONTHS UNAUDITED GROUP	6 MONTHS UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Reconciliation from the net loss after tax to the net cash from operating activities			
Net loss after tax	(3,394,011)	(3,593,193)	(6,547,335)
Adjustments			
Depreciation	126,325	53,364	185,044
Amortisation	228,447	121,974	273,166
Deferred tax	–	–	(84,812)
Loss/(gain) on foreign exchange transactions	(30,063)	(85,070)	97,417
Interest on loans	–	40,892	–
Shares taken in lieu of advisory fees	–	82,591	82,591
Share-based compensation	191,456	155,338	370,875
Interest on convertible notes	–	–	(3,356)
Changes in working capital items			
(Increase)/decrease in trade receivables & prepayments	638,923	(570,921)	(1,076,199)
(Increase)/decrease in derivative financial instruments	123,099	62,616	(116,828)
Increase/(decrease) in trade payables & accruals	304,005	58,549	51,028
Increase/(decrease) in current tax payable	69,493	(19,938)	130,610
Net cash from operating activities	(1,742,326)	(3,693,798)	(6,637,799)

11. 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 UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Sales to external customers			
New Zealand	352,578	434,076	1,202,676
Australia	5,892,482	4,224,215	8,973,601
India	75,988	59,059	116,951
Singapore	7,137	2,924	14,593
USA	47,006	20,450	20,450
Other	21,546	–	32,931
	6,396,736	4,740,724	10,361,202
Non current assets			
New Zealand	1,781,717	1,134,130	1,731,537
Australia	622,339	748,648	553,083
	2,404,056	1,882,778	2,284,620

12. COMMITMENTS

	6 MONTHS UNAUDITED GROUP	6 MONTHS UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	\$	\$	\$
Operating lease commitments			
Payable within one year	482,594	388,512	426,825
Payable later than one year, but not more than five years	1,428,275	176,641	1,529,367
Payable later than five years	–	–	–
	1,910,869	565,153	1,956,192

13. RELATED PARTIES

Subsidiaries

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

NAME	6 MONTHS UNAUDITED GROUP	6 MONTHS UNAUDITED GROUP	12 MONTHS AUDITED GROUP
	30 SEP 2015	30 SEP 2014	31 MAR 2015
	% EQUITY INTEREST		
Serko Australia Pty Limited	100%	100%	100%
Travelog World for Windows Pty Limited	0%	0%	0%
Serko Trustee Limited	100%	100%	100%
Serko India Private Limited	99%	0%	99%
Serko Investments Limited	100%	0%	100%

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 2015. 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 India Private Limited was incorporated on 18 February 2015

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

Other transactions with key management personnel and directors

In the current year key management personnel received 89,784 issued shares via the Restricted Share Scheme in July 2015 which are held in trust by Serko Trustee Limited until they vest. 41,662 vest on 1 February 2017 with the remainder of 48,122 vesting on 10 July 2018.

In the prior year key management personnel were issued 325,000 convertible notes at face value, these were subsequently converted to 365,625 shares pre IPO listing.

In the prior year key management personnel also received 775,000 issued shares via the Restricted Share Scheme in June 2014 which are held in trust by Serko Trustee Limited until they vest. 477,273 vest on 24 June 2016, 59,091 vest on 1 February 2017 with the remainder of 238,636 vesting on 24 June 2017.

14. CONTINGENCIES

There were no contingent liabilities as at 30 September 2015 (30 September 2014: Nil, 31 March 2015: Nil).

15. 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)

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Directors

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

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