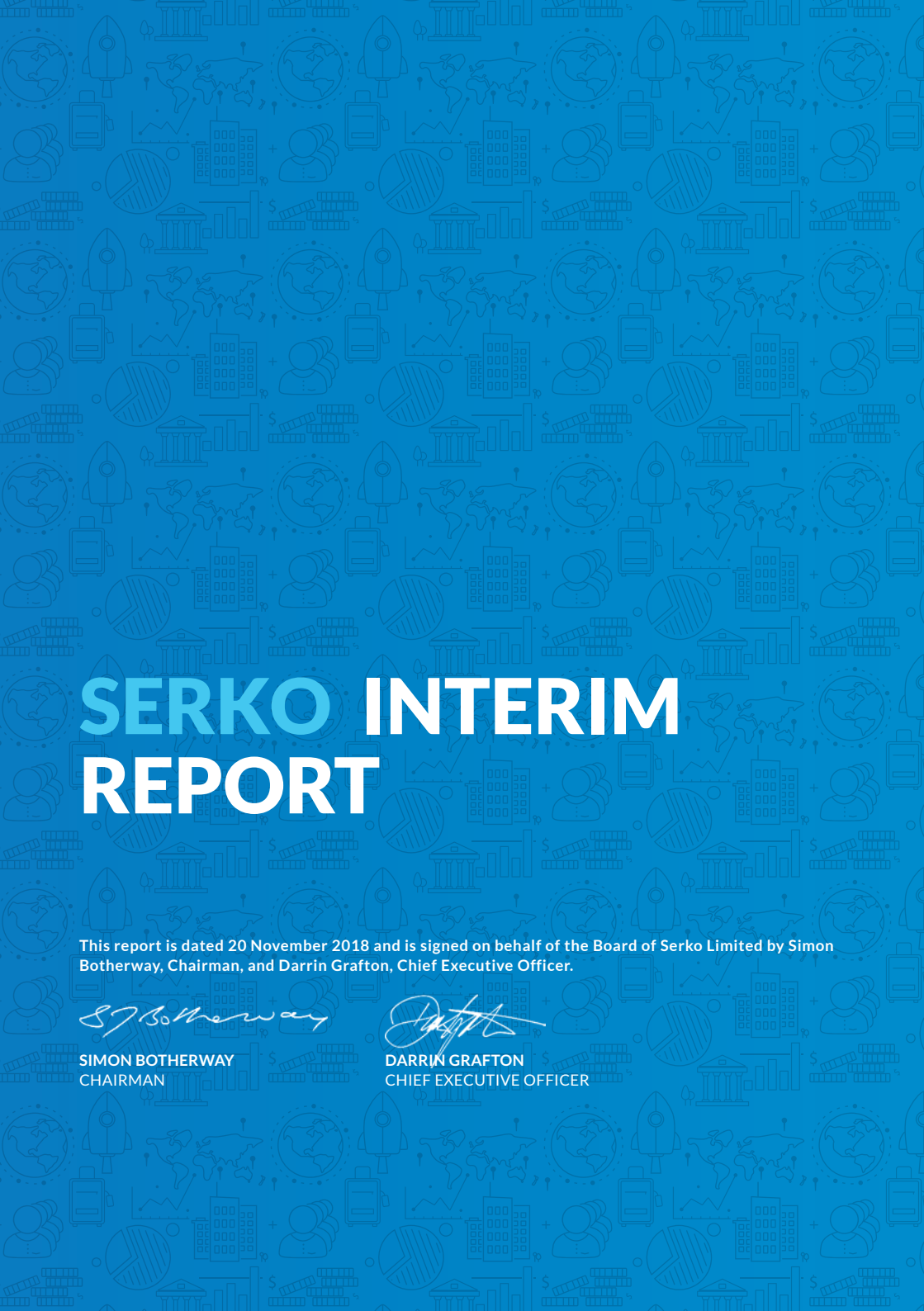




serko

Interim Report

For the period ended 30 September 2018



SERKO INTERIM REPORT

This report is dated 20 November 2018 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 OFFICER

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Key Dates

30 September 2018

Half-year End

22 May 2019

Full-year Results Announced

20 November 2018

Half-year Results Announced

May 2019

Annual Report Released

31 March 2019

Financial-year End

21 August 2019

Annual Shareholders Meeting

Pursuant to ASX listing rule 1.15.3, Serko Limited confirms that it continues to comply with the rules of its home exchange (NZX Main Board).

CEO AND CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Serko can look back on another gratifying six-month period and we are looking ahead with confidence. We have grown in our home markets of Australia and New Zealand, where we have truly transformed the way businesses manage travel and expenses. We have taken the first steps on the next stage of our growth plan to do the same in the Northern Hemisphere. And, we have done all of this while remaining profitable.

We continue to be the leading online business travel booking platform in the Australasian market

We continue to be the leading online business travel booking platform in the Australasian market. We experienced increased transaction volumes from existing and new customers, additional revenue from travel-related content, such as hotel bookings and airport transfers, as well as strong growth in our Expense platform revenue. We have made significant investment in platform development including Zeno, our premium platform

that is spearheading our entry into new Northern Hemisphere markets.

We have entered into agreements with approximately two thirds of our Australasian Travel Management Company (TMC) partners (as measured by transactional volume) to enable them to offer Zeno to their corporate customers.

In the Northern Hemisphere, Zeno was successfully trialled in the UK from May 2018 in conjunction with our global TMC partner, ATPi, and one of its corporate customers. ATPi is now expanding the offer to other UK corporates. We expect to commence transactions in continental Europe and North America in the second half. Demand has exceeded our capacity. In order to support this growth we have expanded our team with both permanent and contract resource. We will increase our level of investment into new features for the Northern Hemisphere and the integration of new content, while also improving core platform resilience.

We are being noticed by the global travel management industry. In October 2018 we were recognised at the BTN (Business Travel Network) Group Innovate conference, as the Peoples' Choice Business Travel Innovator. Meanwhile, in New Zealand, Serko was awarded excellence in innovation at the New Zealand Business Awards held in November 2018 by New Zealand Trade and Enterprise.

Finally, we broadened our reach into Australasian capital markets with a capital raising and ASX listing in the middle of this year.

Financial highlights

Total Operating Revenue¹ in the half-year period rose 25% to \$11.4 million. This is in line with guidance provided in August 2018 for growth of 20% to 30% and reflected the 21% increase in transacted booking volumes (which translated into an 18% increase in transactional fee revenue).

21% increase in online booking transactions

It also reflected strong growth in income from Expense platform transactions and content supplier commissions. These latter sources of revenue, plus other revenue, contributed 17% of Total Operating Revenue. Average Revenue per Booking (ARPB) earned from platform revenue, including supplier commissions, remained steady against the prior year.

Approximately 85% of revenue in the period was derived from core product sources, with the remainder derived mainly from system customisation work. We are seeing increased demand for customised versions of our core technology and we expect this to translate into revenue growth in the future.

Annualised Transactional Monthly Revenue (ATMR²), an indicator of the company's recurring

revenues, was a peak of \$19.4 million for the period, up from \$18.4 million at the end of March 2018.

Half-year Total Income¹ rose 23% to \$11.8 million, which was a \$2.2 million increase over the prior half-year result of \$9.6 million. First half net profit before tax (NPBT) was \$1 million down slightly against the prior period of \$1.2 million, with the fall primarily related to currency fluctuations. EBITDA³ was \$1.5 million, largely in-line with the prior period's \$1.3 million and consistent with guidance.

We remain in a sound financial position with cash balances of \$19 million, up from \$5.2 million at 31 March 2018. Serko raised additional capital in August 2018 to accelerate growth opportunities. Cash balances include \$14.3 million (net of issue costs) from the capital raise.

We had positive \$1.6 million cash flow from operations. Investment in our product, Research and Development (R&D), increased to \$3.8 million from \$2.4 million in the same period a year ago. Around \$1.9 million of product investment in the current year was capitalised.

Strategic achievements

Our three-pronged strategy of delivering market-leading technological innovations, growing our customer base, both within its home markets and new markets, and increasing average revenue per booking (ARPB) continues to deliver strong financial outcomes for the company. Serko has made significant advances towards achieving its strategic objectives.

Key achievements for the period include:

- The continued onboarding of new customers, resulting in a 21% increase in online booking transactions over the previous corresponding period. This increase primarily relates to Serko's home markets of Australia and New Zealand as expansion into the Northern Hemisphere is still in the early stage of development.

We expect to continue to grow our share in our home markets, although potentially not as quickly as we have seen in the first half of the financial year. This growth, although moderated by the holiday business travel slowdown, will be assisted by the on-boarding of Orbit Travel Group, which signed in July 2018 and will begin to transition onto Zeno during the second half of this financial year.

- The commencement of expansion into the Northern Hemisphere. Serko's TMC partner ATPI successfully completed a customer trial in the UK and is expected to roll Zeno out to other customers in the second half. Investment in development requirements to expand the rollout to other European countries has commenced with the integration of new travel content to the platform.
- Zeno agreements have been signed with North American TMCs and discussions are underway with additional TMCs after a successful launch of Zeno at the Global Business Travel Association conference held in the US in August 2018. We expect to close additional reseller agreements with customer trials to begin in the second half following completion of content integration and system optimisation work, with revenue to follow in future financial years.
- In Australasia, we have signed reseller distribution agreements for the new Zeno platform with TMCs representing approximately two thirds of Serko's customers, based on current volume. More than 350 corporates are

now using Zeno, including some large customers transacting at a rate of over 1,000 bookings per month. Flight Centre launched Savi, a customised travel booking platform based on Zeno in September 2018. It is trialling the service with some existing customers and expects to roll it out to new customers in the last quarter of this financial year.

Services revenue expanded by 68%

- Services revenue, primarily system customisation, expanded by 68% over the prior period. The increased service level activity is due to customers specifying specialist features that are expected to contribute to increased transactions in the future and ultimately improve ARPB. New contractual arrangements now include an element of committed development spend so services revenue is likely to persist at this elevated level in the future.
- Revenue from Serko Expense, our expense management solution, grew by 31% compared to the previous corresponding period.
- Content revenues (commissions on third party services such as transfers and hotel bookings) grew by 24% compared to the previous corresponding period with over 6% of all bookings generating additional content revenues, up from 5.4% at the same time a year ago.
- We continue to innovate. We are partnering with airlines, including Qantas, to bring New Distribution Capability (NDC) booking functionality to the Zeno travel platform. NDC will allow customers to book previously unavailable content, such as meal and seat selection, as well as access other information and services not yet provided through other integrations.

Awarded excellence in innovation at the New Zealand Business Awards

OUTLOOK

Serko retains its guidance within the range of 20-30% Operating Revenue growth for the full financial year ending 31 March 2019. Uncertainty around currency fluctuations and the timing of customer onboarding will be key factors determining the final result as usual.

We will accelerate investment in system development during the second half to provide local content, additional functionality and to ensure we have the infrastructure to support global growth. We expect that the benefits of this investment will be apparent in the 2020 financial

year. We anticipate the majority of these costs will be capitalised, resulting in our EBITDA remaining consistent with the prior period.

We are looking forward confidently to the next phase of our growth plan as we take Serko's Zeno to the world.

We continue to assess acquisition opportunities to support our growth objectives.

Yours sincerely,



SIMON BOTHERWAY
CHAIRMAN



DARRIN GRAFTON
CHIEF EXECUTIVE OFFICER

1 Total Operating Revenue is revenue excluding income from grants and finance income, while Total Income includes grants.

2 ATMR is a non-GAAP measure representing Annualised Transactional Monthly Revenue. Serko uses this as a useful indicator of recurring revenue from Serko products, based on the monthly transactions and average revenue per booking, on a constant currency basis. Due to seasonality Serko uses the latest month which is not affected by a seasonality trend. For the current period, September 2018 is affected by Australian holidays and as such the calculation is based on August 2018 transactions.

3 EBITDA is a non-GAAP measure representing Earnings or Losses before Interest (net Finance income/cost), Tax, Depreciation, Amortisation and Impairments. Serko uses this as a useful measure for an estimate of operating profits excluding non-cash expenses.

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For and on behalf of the Board of Directors, who authorise these Financial Statements
for issue on 20 November 2018



SIMON BOTHERWAY
CHAIRMAN



DARRIN GRAFTON
CHIEF EXECUTIVE OFFICER

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Notes	6 Months Unaudited 30 Sep 2018 \$ (000)	6 Months Unaudited 30 Sep 2017 \$ (000)	12 Months Audited 31 Mar 2018 \$ (000)
Revenue		11,350	9,070	18,279
Other income		465	499	994
Total revenue and other income	2	11,815	9,569	19,273
Operating Expenses				
Selling and marketing expenses		(959)	(598)	(1,258)
Remuneration & benefits		(6,179)	(5,607)	(11,667)
Administration expenses		(2,769)	(1,832)	(3,692)
Other expenses		(779)	(493)	(1,067)
Total operating expenses	3	(10,686)	(8,530)	(17,684)
Finance income		93	158	475
Finance expenses		(270)	(31)	(61)
Profit before income tax		952	1,166	2,003
Income tax expense		(32)	(69)	(171)
Net profit attributable to the shareholders of the company		920	1,097	1,832
Movement in foreign currency reserve		30	(17)	(52)
Total comprehensive income for the year		950	1,080	1,780
Earnings per share				
Basic profit per share	11	\$0.01	\$0.02	\$0.03
Diluted profit per share	11	\$0.01	\$0.01	\$0.02

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Notes	Share Capital \$ (000)	Share- based Payment Reserve \$ (000)	Foreign Currency Reserve \$ (000)	Accumulated Losses \$ (000)	Total \$ (000)
Balance as at 1 April 2017		25,185	1,021	(33)	(19,897)	6,276
Net profit for the period		-	-	-	1,097	1,097
Other comprehensive income/(loss)*		-	-	(17)	-	(17)
Total comprehensive income for the period		-	-	(17)	1,097	1,080
Transactions with owners						
Shares allocated to employees		-	72	-	-	72
Balance as at 30 September 2017		25,185	1,093	(50)	(18,800)	7,428
Balance as at 1 April 2017		25,185	1,021	(33)	(19,897)	6,276
Net profit for the year		-	-	-	1,832	1,832
Other comprehensive income/(loss)*		-	-	(52)	-	(52)
Total comprehensive income for the year		-	-	(52)	1,832	1,780
Transactions with owners						
Shares allocated to employees	10	-	252	-	-	252
Shares forfeited from employees	10	-	(23)	-	-	(23)
Share options to non-executive directors	10	-	59	-	-	59
Balance as at 31 March 2018		25,185	1,309	(85)	(18,065)	8,344
Balance as at 1 April 2018		25,185	1,309	(85)	(18,065)	8,344
Net profit for the period		-	-	-	920	920
Other comprehensive income/(loss)*		-	-	30	-	30
Total comprehensive income for the period		-	-	30	920	950
Transactions with owners						
Issue of shares (net of issue costs)	10	14,288	-	-	-	14,288
Allocated shares to employees	10	-	231	-	-	231
Balance as at 30 September 2018		39,473	1,540	(55)	(17,145)	23,813

*Items in other comprehensive income may be reclassified to the income statement and are shown net of tax.
The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	Unaudited 30 Sep 2018 \$ ('000)	Unaudited 30 Sep 2017 \$ ('000)	Audited 31 Mar 2018 \$ ('000)
Current assets				
Cash at bank and on hand		18,971	4,557	5,232
Trade and other receivables	4	4,198	4,301	3,831
Derivative financial instruments	5	52	-	288
Total current assets		23,221	8,858	9,351
Non-current assets				
Property, plant and equipment	6	998	867	893
Intangible assets	7	3,237	1,594	1,574
Deferred tax asset		160	112	155
Derivative financial instruments	5	-	19	-
Total non-current assets		4,395	2,592	2,622
Total assets		27,616	11,450	11,973
Current liabilities				
Trade and other payables	8	3,338	2,875	2,793
Derivative financial instruments	5	-	154	-
Income tax payable		77	141	98
Interest-bearing loans and borrowings	9	51	400	351
Total current liabilities		3,466	3,570	3,242
Non-current liabilities				
Trade and other payables	8	159	223	183
Interest-bearing loans and borrowings	9	178	229	204
Total non-current liabilities		337	452	387
Total liabilities		3,803	4,022	3,629
Equity				
Share capital	10	39,473	25,185	25,185
Share-based payment reserve	10	1,540	1,093	1,309
Foreign currency reserve		(55)	(50)	(85)
Accumulated losses		(17,145)	(18,800)	(18,065)
Total equity		23,813	7,428	8,344
Total equity and liabilities		27,616	11,450	11,973

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Notes	6 Months Unaudited 30 Sep 2018 \$ ('000)	6 Months Unaudited 30 Sep 2017 \$ ('000)	12 Months Audited 31 Mar 2018 \$ ('000)
Cash flows from operating activities				
Receipts from customers		10,929	8,358	17,754
Interest received		30	44	93
Receipts from grants		465	498	915
Taxation (paid)/refund received		(32)	(70)	(262)
Payments to suppliers and employees		(9,825)	(8,535)	(17,065)
Interest payments		(10)	(11)	(22)
Net GST refunded (paid)		73	43	3
Net cash flows from/(used in) operating activities	12	1,630	327	1,416
Cash flows from investing activities				
Purchase of property, plant and equipment		(226)	(67)	(192)
Capitalised development costs and other intangible assets		(1,921)	(103)	(327)
Net cash flows from/(used in) investing activities		(2,147)	(170)	(519)
Cash flows from financing activities				
Net repayment of loans		(24)	(23)	(46)
Issue of shares (net of issue costs)		14,288	-	-
Net cash flows from/(used in) financing activities		14,264	(23)	(46)
Net increase (decrease) in total cash		13,747	134	851
Net foreign exchange difference		(8)	(28)	(70)
Cash and cash equivalents at beginning of period		5,232	4,451	4,451
Cash and cash equivalents at end of period		18,971	4,557	5,232
Cash and cash equivalents comprises the following:				
Cash at bank and on hand		18,971	4,557	5,232
		18,971	4,557	5,232

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

a) Corporate Information

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

The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

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

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

b) Basis of preparation

These unaudited interim consolidated 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.

All significant accounting policies have been applied on a basis consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 March 2018 other than as disclosed in (c) below.

c) Changes in accounting policies and disclosures

Apart from the changes noted below, the unaudited interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group's annual report for the financial year ended 31 March 2018.

Application of new and revised standards, amendments and interpretations

The Group has applied NZ IFRS 15 'Revenue from contracts with customers' and NZ IFRS 9 'Financial instruments - Classification and Measurement' in the current financial year. Consistent with the conclusion disclosed in the Group's annual report for the financial year ended 31 March 2018, the Group has now finalised the assessment and concludes that the adoption of these standards has not had any material impact on the financial position, financial performance or the underlying accounting policies of the Group, and hence no opening balance adjustments are required.

The Group adopted NZ IFRS 15 using the modified retrospective approach.

2 REVENUE AND OTHER INCOME

	Unaudited 30 Sep 2018 \$ ('000)	Unaudited 30 Sep 2017 \$ ('000)	Audited 31 Mar 2018 \$ ('000)
Revenue - transaction and usage fees:			
Travel platform booking revenue	7,721	6,552	13,283
Expense platform booking revenue	884	673	1,539
Supplier commissions revenue	834	670	1,288
Other revenues	189	149	334
Revenue - services	1,722	1,026	1,835
Total revenue	11,350	9,070	18,279
Government grants	461	498	956
Sundry income	4	1	38
Total other income	465	499	994
Total revenue and other income	11,815	9,569	19,273

	Unaudited 30 Sep 2018 \$ ('000)	Unaudited 30 Sep 2017 \$ ('000)	Audited 31 Mar 2018 \$ ('000)
Geographic information			
Australia	9,822	8,517	16,599
New Zealand	998	350	1,038
US	392	107	457
India	24	27	57
Singapore	36	24	42
Other	78	45	86
Total revenue	11,350	9,070	18,279

3 EXPENSES

	Unaudited 30 Sep 2018 \$ ('000)	Unaudited 30 Sep 2017 \$ ('000)	Audited 31 Mar 2018 \$ ('000)
Operating profit before taxation includes the following expenses:			
Auditor remuneration and advisory fees	40	40	79
Amortisation of intangibles	240	200	412
Depreciation	121	86	185
Rental and operating lease expenses	351	336	729
Employee and contractor remuneration	7,495	5,421	11,043
Employee and contractor remuneration capitalised	(1,903)	(136)	(279)
Contributions to pension plans	214	192	480
Share-based payment expenses	231	72	288
Marketing expenses	511	186	410
Hosting expenses	779	493	1,067
Other operating expenses	2,607	1,640	3,270
Expenses from ordinary activities	10,686	8,530	17,684
Research expenses (excluding capitalised development costs)	1,940	2,234	4,523

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

Research expenditure includes all reasonable expenditure associated with R&D activities that does not give rise to an intangible asset. R&D expenses include employee and contractor remuneration related to these activities. It also covers research expenditure defined by NZ IAS 38.

4 TRADE AND OTHER RECEIVABLES

	Unaudited 30 Sep 2018 \$ (000)	Unaudited 30 Sep 2017 \$ (000)	Audited 31 Mar 2018 \$ (000)
Current assets			
Trade receivables	3,568	3,103	3,046
Provision for doubtful debts	(60)	(42)	-
GST receivable	83	49	30
Prepayments	607	839	454
NuTravel Loan receivable - refer note 14	-	352	301
Total trade and other receivables	4,198	4,301	3,831

5 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	Unaudited 30 Sep 2018 \$ (000)	Unaudited 30 Sep 2017 \$ (000)	Audited 31 Mar 2018 \$ (000)
Current:			
Foreign currency forward exchange contracts	52	(154)	288
Non-current:			
Foreign currency forward exchange contracts	-	19	-
Contractual amounts of forward exchange contracts outstanding were as follows:			
Purchase commitments forward exchange contracts	9,750	14,488	10,763

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

6 PROPERTY, PLANT & EQUIPMENT

	Unaudited 30 Sep 2018 \$ ('000)	Unaudited 30 Sep 2017 \$ ('000)	Audited 31 Mar 2018 \$ ('000)
Opening balance	893	886	886
Additions	226	67	193
Depreciation	(121)	(86)	(185)
Currency translation	-	-	(1)
Closing balance	998	867	893

7 INTANGIBLE ASSETS

	Unaudited 30 Sep 2018 \$ ('000)	Unaudited 30 Sep 2017 \$ ('000)	Audited 31 Mar 2018 \$ ('000)
Opening balance	1,574	1,603	1,603
Additions	1,903	191	383
Amortisation	(240)	(200)	(412)
Closing balance	3,237	1,594	1,574

8 TRADE AND OTHER PAYABLES

	Unaudited 30 Sep 2018 \$ (000)	Unaudited 30 Sep 2017 \$ (000)	Audited 31 Mar 2018 \$ (000)
Trade payables	1,167	1,674	428
Accrued expenses	1,259	522	1,640
Lease incentive	205	223	223
GST payable	-	-	20
Employee entitlements	866	678	665
Total trade and other payables	3,497	3,097	2,976
Disclosed as:			
Current	3,338	2,875	2,793
Non-current	159	222	183
	3,497	3,097	2,976

9 INTEREST-BEARING LOANS AND BORROWINGS

	Unaudited 30 Sep 2018 \$ (000)	Unaudited 30 Sep 2017 \$ (000)	Audited 31 Mar 2018 \$ (000)
Financial Equities loan payable - refer note 14	-	352	301
Leasehold fitout loan	229	277	254
Total interest bearing loans and borrowings	229	629	555
Disclosed as:			
Current	51	400	351
Non-current	178	229	204
	229	629	555

10 EQUITY (SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE)

	Number of shares (000)	Value of Equity \$ (000)
Balance at 1 April 2017	74,894	26,206
Shares allocated to employees via Restricted Share Scheme	-	72
Balance as at 30 September 2017	74,894	26,278
Balance at 1 April 2017	74,894	26,206
Shares allocated to employees via Restricted Share Scheme	-	252
Shares forfeited from employees via Restricted Share Scheme	-	(23)
Share options to non-exec directors	-	59
Balance as at 31 March 2018	74,894	26,494
Balance at 1 April 2018	74,894	26,494
Shares allocated to employees via Restricted Share Scheme	-	231
Issue of shares (net of issue costs)	5,455	14,288
Balance as at 30 September 2018	80,349	41,013

During the period the company issued 334,272 shares under a Restricted Share Scheme (RSS). In respect of the RSS, as at 30 September 2018, 1,061,676 restricted shares are allocated to key management personnel and 465,975 allocated to other Serko employees. 1,276,119 restricted shares remain unallocated at 30 September 2018.

On 8 August 2018 the company completed a NZ\$15 million underwritten placement, with 5,454,545 shares being sold at a fixed price of NZ\$2.75 per share.

11 EARNINGS PER SHARE (EPS)

	Unaudited 30 Sep 2018 \$ ('000)	Unaudited 30 Sep 2017 \$ ('000)	Audited 31 Mar 2018 \$ ('000)
Profit attributable to ordinary equity holders of the parent			
Continuing operations	920	1,097	1,832
	920	1,097	1,832
Basic earnings per share			
Issued ordinary shares (refer Note 10)	80,349	74,894	74,894
Weighted average of issued ordinary shares	76,083	74,894	74,894
Adjusted for employee restricted share plan shares	(2,804)	(3,017)	(2,991)
Weighted average of issued ordinary shares	73,279	71,878	71,903
Basic earnings per share (dollars)	0.01	0.02	0.03
Diluted earnings per share			
Weighted average of issued ordinary shares	76,083	74,894	74,894
Weighted average of issued ordinary shares for diluted earnings per share	76,083	74,894	74,894
Diluted earnings per share (dollars)	0.01	0.01	0.02

	Unaudited 30 Sep 2018 Cents	Unaudited 30 Sep 2017 Cents	Audited 31 Mar 2018 Cents
Net tangible assets per security	25.61	7.79	9.04

12 RECONCILIATION OF OPERATING CASH FLOWS

	Unaudited 30 Sep 2018 \$ ('000)	Unaudited 30 Sep 2017 \$ ('000)	Audited 31 Mar 2018 \$ ('000)
Net Profit after tax	920	1,097	1,832
Adjustments			
Depreciation	121	86	185
Amortisation	240	200	412
Increase/(decrease) in deferred tax	(5)	1	(42)
(Gain)/loss on foreign exchange transactions	241	(133)	(556)
Share-based compensation	231	72	288
	1,748	1,323	2,119
Changes in working capital items			
(Increase)/decrease in trade receivables & prepayments	(388)	(799)	(764)
Increase/(decrease) in trade payables & accruals	291	(178)	123
Decrease in current tax payable	(21)	(19)	(62)
	(118)	(996)	(703)
Net cash from operating activities	1,630	327	1,416

13 COMMITMENTS

	Unaudited 30 Sep 2018 \$ ('000)	Unaudited 30 Sep 2017 \$ ('000)	Audited 31 Mar 2018 \$ ('000)
Operating lease commitments			
Payable within one year	545	557	562
Payable later than one year, but not more than five years	1,139	1,678	1,365
Total commitments	1,684	2,235	1,927

14 RELATED PARTIES

Subsidiaries

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

	Unaudited 30 Sep 2018 \$ (000)	Unaudited 30 Sep 2017 \$ (000)	Audited 31 Mar 2018 \$ (000)
Serko Australia Pty Limited	100%	100%	100%
Serko Trustee Limited	100%	100%	100%
Serko India Private Limited	99%	99%	99%
Serko Investments Limited	100%	100%	100%
Foshan Sige Information Technology Limited	100%	100%	100%
Serko Inc	100%	-	100%

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

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

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

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

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

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

Other transactions with key management personnel and directors

In the current year key management personnel received 235,457 issued shares via the Restricted Share Scheme in July 2018, which are held in trust by Serko Trustee Limited until they vest. The shares vest on 7 July 2021.

NuTravel Receivable/Financial Equities Loan Payable

On 8 May 2018 the receivable from nuTravel (refer note 4) was reassigned to Financial Equities Limited (FEL) and the loan payable to FEL (refer note 9) was fully extinguished.

15 CONTINGENCIES

There were no contingent liabilities as at 30 September 2018 (30 September 2017: Nil, 31 March 2018: Nil).

16 EVENTS AFTER BALANCE DATE

There were no material events subsequent to balance date.

COMPANY DIRECTORY



Serko is a company incorporated with limited liability under the New Zealand Companies Act 1993
New Zealand Companies Office registration number **1927488**
Australian Registered Body Number (ARBN) **611 613 980**
For investor relations queries contact: **InvestorRelations@serko.com**

REGISTERED OFFICE

New Zealand

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

Australia

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

DIRECTORS

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

PRINCIPLE ADMINISTRATION OFFICE

New Zealand

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

Australia

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

AUDITOR

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

SHARE REGISTRAR

New Zealand

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

Australia

Level 12
680 George Street
Sydney 2000
NSW, Australia
+61 1300 554 474

Serko's ESG Report, which includes its Corporate Governance Statement, can be found at
www.serko.com/investor-centre



Interim Report