

Ian Craig  
Companies Manager  
National Stock Exchange of Australia  
By email: Ian.Craig@nsxa.com.au

21 November 2012

Dear Mr Craig,

### **LETTER OF APPLICATION**

#### **1. General**

(a) Name of Applicant:

Enprise Group Limited ("**Company**").

(b) Date and place of incorporation:

30 September 2004, New Zealand

New Zealand Company Number: 1562383

(c) The Company was registered as a foreign company under the Corporations Act on 6 June 2007.

ABN: 41 125 825 792

(d) Principal registered office:

16 Hugo Johnston Drive

Penrose, Auckland

New Zealand 1061

(e) Share registry:

Boardroom Pty Limited

Level 7, 207 Kent Street,

Sydney NSW Australia 2000.

(f) Request for Application:

The Company hereby applies for the listing of 5,813,449 fully paid ordinary shares in the capital of the Company ("**Shares**").

(g) The proposed method by which the securities are to be brought to listing and details of any proposed distribution of the securities:

Compliance listing, transferring ASX listed securities.

(h) The estimated market capitalisation of the applicant:

The estimated market capitalisation of the securities for which a listing is sought is \$1,744,000 (5,813,449 Shares at a deemed price of \$0.30 per Share being the last sale price on the ASX prior to de-listing).

- (i) An estimate of the net proceeds of any proposed issue and the intended use of those proceeds:

Not applicable as there is no proposed issue.

- (j) The name of any other stock exchange on which any securities of the issuer are already listed and/or traded:

The Company was admitted to the official list of ASX on 26 September 2007 with official quotation of its Shares commencing on 28 September 2007.

The Company was de-listed from the ASX on 29 October 2012.

## 2. Share capital and ownership

- (a) The Company's capital structure is set out below.

Shares	Number
Shares on issue at the date of the Prospectus	5,813,449
Options	
Options on issue	Nil

- (b) All Shares on issue are fully paid ordinary shares.

- (c) The rights attaching to the Shares are summarised below under (3) Securities.

- (d) The directors have a relevant interest in the following Shares and Options:

Director	Shares	Options
Mark Loveys	1,152,025	Nil
Jens Neiser	1,067,132	Nil
Christian Bernecker	983,774	Nil
George Cooper	399,923	Nil

- (e) So far as is known, or can be ascertained after reasonable enquiry, the names of all shareholders of the issuer who own five percent or more of the shares of the issuer and their respective shareholdings are as follows:

Shareholder	Shares
George Elliot Cooper	399,923
Net Power Solutions Limited (Mark Loveys)	862,845
JP Morgan Nominees Australia Limited(Jens Neiser)	1,067,132

Nightingale Partners Pty Limited	983,774
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- (f) A list, in tabular form, of the names of all shareholders of the issuer including the dates that the shares were allotted, the consideration that they provided and the number of shares that are held is attached as Annexure A.

### 3. Securities

The Company is applying for quotation of all fully paid ordinary Shares in the capital of the Company.

The following is a summary of the more significant rights attaching to the Company's securities. This summary is not exhaustive and does not constitute a definitive statement of the rights and obligations of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

A copy of the Constitution is attached as Annexure B.

#### (a) Existing ordinary shares

Each ordinary share in the Company confers on the holder, subject to the rights of holders of any shares or other equity securities which confer special rights as to dividends or surplus assets, the right to an equal share in dividends authorised by the Board and the right to an equal share in the distribution of surplus assets.

#### (b) New Shares

Subject to any special rights previously conferred on holders of existing shares or other Equity Securities, further shares in the Company (including different classes of shares) may be issued which:

- rank equally with, or in priority to, existing shares in the Company; or
- have deferred, preferred or other special rights or restrictions, whether as to voting rights or distributions or otherwise; or
- confer preferential rights to distributions of capital or income; or
- confer special, limited or conditional voting rights; or
- do not confer voting rights; or
- are redeemable in accordance with section 68 of the Companies Act; or
- are convertible; or
- have any one or more of the rights or limitations set out in clause (a) to (g).

#### (c) Alteration of Rights

The issue by the Company of any further shares or equity securities which rank equally with, or in priority to, any existing shares or equity securities, whether as to voting rights or distributions, shall:

- be permitted (subject to clause 3.1 of the constitution); and
- not be deemed to be action affecting the rights attached to those existing shares or other equity securities.

#### (d) General Meetings

Equity Security holders of all Classes are entitled to attend meetings of shareholders and to receive copies of all notices, reports and financial statements issued generally to holders of

Securities carrying votes. Each Director who is not also a shareholder shall have the same rights.

A special meeting of shareholders entitled to vote on an issue may be called at any time by the board or a person who is authorised by the constitution to call the meeting. A meeting must be called by the board on the written request of shareholders holding shares carrying together not less than 5% of the voting rights entitled to be exercised on the issue.

#### (e) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) when voting is by voice or on a show of hands, every shareholder present in person or by Representative has one vote; and

(iii) on a poll, every shareholder present in person or by Representative has:

- one vote in respect of each fully paid share held by that shareholder;
- in respect of each share held by that shareholder which is not fully paid, a fraction of the vote or votes which would be exercisable if that share was fully paid. That fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amount paid and payable (excluding amounts credited and amounts paid in advance of a call).

#### (f) Winding-Up

Subject to the rights of holders of any securities in the Company and to clauses 17.2 and 17.3 of the Constitution, upon the liquidation of the Company the surplus assets of the Company (if any) must be distributed among the shareholders in proportion to their shareholding. If any shareholder's shares are not fully paid up the liquidator may require those shares to be fully paid up before the shareholder receives any distribution of the surplus assets of the Company in respect of those shares.

With the approval of the shareholders of the Company by ordinary resolution, the liquidator may divide among the shareholders in kind the whole or any part of the property of the Company (whether or not they are the same kind) and for that purpose the liquidator may:

- attribute values to assets as the liquidator considers appropriate; and
- determine how the division will be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of ordinary resolution, vest the whole or any part of any surplus assets of the Company in trustees upon trust for the benefit of shareholders of the Company. The liquidator may determine the terms of the trust.

#### (g) Transfer of Shares

Subject to any restrictions contained in the Constitution, shares may be transferred:

- under a system of transfer approved under section 7 of the Securities Transfer Act 1991 which is applicable to the Company;
- under any other share transfer system which operates in relation to the trading of securities on any stock exchange outside New Zealand on which shares are listed and which is applicable to the Company; or
- by an instrument of transfer which complies with the constitution.

#### (h) Changes to Capital Structure



The Board may issue shares or other equity securities to any person and in any number it thinks fit provided that while the Company is listed, the issue is made in compliance with the Listing Rules. The provisions of sections 45(1) and 45(2) of the Companies Act shall not apply to any issue or proposed issue of shares by the Company.

Subject to any applicable provisions of the constitution, the Board:

- consolidate and divide the share or shares of any class in proportion to those shares or the shares in that class; or
- subdivide the shares or shares of any class in proportion to those shares or the shares in that class.

#### **4. History and nature of the business**

The Company was incorporated in New Zealand on 30 September 2004.

The Company was admitted to the official list of ASX on 26 September 2007 with official quotation of its Shares commencing on 28 September 2007.

Following the disposal of substantially all of its business and subsequent return of capital (completed in January 2012) the Company was essentially a “cash box”. Following the disposal the Board returned approximately AUD\$10 million in capital to shareholders. The Company investigated potential business acquisitions to utilise part or all of the cash balance remaining after the return of capital and identified a business acquisition, Enprise Solutions Limited.

The Company acquired the business of the Enprise Group through the acquisition of 100% of the shares in Enprise Solutions Limited and one third of the shares in 2Cloud.biz Limited on 1<sup>st</sup> November 2012. The subsidiaries of Enprise Solutions Limited, being Enprise Australia Pty Limited and Enprise Limited were included, for a total consideration of NZ\$2.1million.

The Company approved its de-listing from the ASX at the 2012 AGM and was de-listed from the ASX on 29 October 2012.

The Company also gave approval for the Directors to request listing on NSX at the 2012 AGM.

##### Background on Enprise Group

The Enprise Group consists of two fully-owned Business units (Enprise Solutions and Enprise Software), in addition to a one third shareholding in 2Cloud.Biz Limited. These three businesses are outlined below.

##### *Enprise Solutions*

As a Platinum MYOB EXO reseller and a Microsoft Dynamics CRM partner, Enprise Solutions sells, implements and supports business management software and solutions to SME Businesses throughout New Zealand and Australia, with branches in Auckland, Hamilton, Wellington, Sydney and Melbourne. It also has its own software solution development function which develops custom solutions based on the software products sold and supported by Enprise.

##### *Enprise Software*

Enprise Software is a Gold Certified Software Solution Partner (SSP) to global business software giant SAP, that builds and markets add-on modules and solutions for SAP's Business One suite of business management software. While based in New Zealand, Enprise's software solutions are sold around the world to small and medium sized businesses, through a global channel of 78 SAP Business One Value Added Resellers (VARs).

## 2Cloud.biz

2Cloud is a Cloud software hosting service which specializes in hosting business accounting software. At present its focus is primarily on hosting MYOB EXO accounting software and its services are sold through the New Zealand and Australian MYOB EXO partner channel. The business is in early start-up phase and is therefore difficult to put a value on. For the purposes of the Proposed Transaction, it has been valued at zero, however with the large shift to Cloud computing being experienced in the business software market, there is significant upside potential in this business.

## 5. Summary of earnings

For a summary of the Company's earnings on a consolidated basis, please refer to the Company's annual reports for since 2008 are attached as Annexure C.

The audited Financial Statements of Enprise Solutions Limited and subsidiaries for the financial years ended 31 March 2010, 2011 and 2012 are attached as Annexure D.

### Revenue by Geographic region

	New Zealand	Australia	North America	Europe and Africa	Other	Total (NZD)
Year Ended 31 March 2010	2,671	118	216	206	26	<b>3,237</b>
Year Ended 31 March 2011	3,552	254	189	151	32	<b>4,179</b>
Year Ended 31 March 2012	3,911	561	246	137	29	<b>4,884</b>
6 months to Sept 2012 (Un Audited)	1,651	1,061	243	89	6	<b>3,050</b>

### Revenue by Source

		Year Ended 31 March 2010	Year Ended 31 March 2011	Year Ended 31 March 2012	6 months to Sept 2012 (Un Audited)
New Licenses					
	Enprise Software	407	410	340	280
	MYOB Exo Software	488	554	574	405
	Other Software	37	181	278	65
Annual Maintenance and Support					
	Enprise Software	256	266	319	217
	MYOB Exo Software	574	892	1,344	809
	Support Contract revenue	268	311	301	150
Services		1,180	1,552	1,695	1,109
Other Income		27	13	33	15
		<b>3,237</b>	<b>4,179</b>	<b>4,884</b>	<b>3,050</b>

## 6. Tabulation of balance sheet

**Enprise Group Limited**  
**Balance Sheet**

	Year Ended 31 March 2010	Year Ended 31 March 2011	Year Ended 31 March 2012	6 Months Ended 30 September 2012	Proforma
Current Assets	1,785	2,291	3,159	2,976	2,900
Non-Current Assets	110	73	-	-	1,695
<b>Total Assets</b>	<b>1,895</b>	<b>2,364</b>	<b>3,159</b>	<b>2,976</b>	<b>4,595</b>
Current Liabilities	1,001	1,529	108	192	1,811
Non-Current Liabilities	-	-	-	-	-
Shareholders Funds	894	835	3,051	2,784	2,784
<b>Total Equity and Liabilities</b>	<b>1,895</b>	<b>2,364</b>	<b>3,159</b>	<b>2,976</b>	<b>4,595</b>

A pro forma balance sheet for the Company post acquisition of the Enprise Group is attached at Annexure E.

## **7. Employees**

The total number of persons regularly employed is 33.

## **8. Child entities**

The Company's subsidiaries are described below:

<b>Entity</b>	<b>Nature of its business and its relationship to the operations of the entire enterprise</b>	<b>Share capital by classes, showing the par value, amount authorised, amount issued and the amount owned by the holding entity.</b>
Datasquirt (Australia) Pty Limited	Non-Trading	The Company is the sole shareholder.
Datasquirt AG	Non-trading and in the process of being wound up	The Company is the sole shareholder.
Enprise Solutions Limited	The company sells, implements and supports business management software and solutions to SME businesses in New Zealand and Australia. Also develops SAP B1 add-on software for sale mostly to English speaking countries.	The Company is the sole shareholder.
Enprise Australia Pty Limited	The company sells, implements and supports business management software and solutions to SME businesses in Australia	Enprise Solutions Ltd is the sole shareholder.
Enprise Limited	Non-Trading	Enprise Solutions Ltd is the

		sole shareholder.
2Cloud.biz Limited	The company is a Cloud software hosting service which specializes in hosting business accounting software.	The Company holds one third of the issued capital in the company.

#### 9. Dividend record

No dividends have been declared or paid by the Company in the last three years.

#### 10. Properties

Describe briefly the general character of the properties of the applicant and its child entities including:

- Location : 16 Hugo Johnston Drive, Penrose, Auckland, New Zealand 1061
- Aggregate floor area of building: 550 m<sup>2</sup>
- The property is leased, for a period of 8 years, Annual rental commitment is \$120,005.
- The other 4 branches utilise serviced offices with a 3 month notice period.

#### 11. Litigation

As at the date of this letter, neither the Company nor any member of the Company's group is involved in any material legal proceedings and the Directors are not aware of any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company or any member of the Company's group.

#### 12. Management

(a)

Name	Address	Description
Christian Bernecker	52 Brown Street Bronte NSW 2024 Australia	<ul style="list-style-type: none"> <li>• Chairman</li> <li>• Member, Institute of Chartered Accountants in Australia</li> <li>• Bachelor of Commerce</li> </ul>
Mark Loveys	20 Shepherds Lane Flat Bush Manukau 2016 New Zealand	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chief Executive Officer</li> <li>• Bachelor of Science</li> <li>• Chairman, SAP Global Business One Solution Partner Advisory Council</li> </ul>
Jens Neiser	8 Awaba Street Mossman	<ul style="list-style-type: none"> <li>• Non-Executive Director</li> <li>• Masters degree in law &amp; PhD in</li> </ul>

	NSW Australia	Economics
George Elliot Cooper	132B Plantation Road Te Kauwhata 3782 New Zealand	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chief Financial Officer</li> <li>• Member, Institute of Chartered Accountants in New Zealand</li> <li>• National Diploma in Accounting</li> <li>• National Certificate in Business</li> </ul>

(b) the nature of any family relationship between the directors listed above.

Not applicable.

(c) a brief account of the business experience of each of these directors during the last five years.

Name	Description
Mark Loveys	<p>With a background in business software development, Mark has founded and built up several software companies over a career spanning 25+ years. Most of these software businesses were later acquired by major international companies.</p> <p>He was the original developer and co-founder of Australasian SME ERP package "Exonet" – now known as MYOB EXO and used by thousands of businesses throughout Australia and New Zealand. Exonet was sold to Australian-listed Solution6 in the year 2000.</p> <p>Mark was co-founder and former chairman of Datasquirt, an ASX listed software company that produced a web-based SaaS product called CONTACT that enables corporate contact centers to harness new direct communication channels with their customers, partners and staff. Datasquirt was acquired by LiveOps Inc in December 2011.</p> <p>CEO and co-founder of "Enprise", which includes Enprise Software (SAP Business One Gold Solution Partner), Enprise New Zealand (NZ MYOB EXO Platinum Partner) and formerly EMS-Cortex (Cloud Application, Service and User Provisioning Software). EMS Cortex was acquired by Citrix Corporation in February 2011.</p>
Jens Neiser	Jens manages Neiser Capital Investment Fund and was previously a partner with Boston Consulting Group in New York and Munich specialising in technology companies.
Christian Bernecker	Christian Bernecker is Executive Director of Nightingale Partners Pty Limited, an active investment company that provides expansion capital to growing businesses. Christian has experience across all aspects of the investment process from deal origination, and the assessment of potential investments, including due diligence and analysis, to deal execution and implementation, monitoring and exit management. Christian is also a Non-Executive Director of, Australis Music Group Pty Limited, CreditorWatch Pty Limited,

	Longreach Group Limited, Stream Group Holdings Pty Limited, Uscom Limited and several other private companies.
George Elliot Cooper	George Elliot Cooper is a co-founder and Chief Financial Officer of the Enprise Group. Elliot has been a chartered accountant in New Zealand for over 20 years and has a broad set of skills and experience in operating IT companies. Elliot was one of the original design team for Exonet.

(d) indicate any other directorships held by each director in any publicly listed or traded companies;

Name	Directorships
Christian Bernecker	Longreach Group Limited, Uscom Limited
Mark Loveys	No current directorships in listed or publicly traded companies.
Jens Neiser	No current directorships in listed or publicly traded companies.
George Elliot Cooper	No current directorships in listed or publicly traded companies.

(e) state if any director or proposed director has, in any jurisdiction, been convicted in any criminal proceeding or has had a bankruptcy petition filed against him or her or any partnership in which he was a partner or any body corporate of which he was a director or has been sanctioned or otherwise disciplined by any self regulatory securities association of which he or she is or has been a member or any securities supervisory or regulatory body or any such event is pending.

Not applicable.

### 13. Sponsors, bankers etc

#### Nominated Adviser

Not Applicable

#### Sponsoring Broker

Not Applicable

#### Solicitors (Australia) to the Company

Simpsons Solicitors  
Level 2, Pier 8/9  
23 Hickson Road  
Millers Point NSW 2000

#### Solicitors (New Zealand) to the Company

Hudson Gavin Martin  
Level 8  
2 Commerce Street  
Auckland 1010

#### Share Registrar

Boardroom Pty Limited  
Level 7, 207 Kent Street,

#### Principal Bankers

ASB Bank Limited  
135 Albert Street

Sydney NSW 2000  
Australia

Auckland 1010

**Auditor**

UHY Haines Norton (Auckland) Ltd  
22 Catherine Street,  
Henderson, New Zealand

**14. Statement of non-compliance**

A statement of any requirements of the Listing Rules which cannot be met by the applicant and detailed arguments to support any request for a waiver or modification of the normal requirements.

The Company will seek a waiver from the requirement to have a sponsoring broker.

**15. Declaration**

The Company hereby declares, to the best of its knowledge, information and belief that:

- (1) save as specified in the application letter, all the qualifications for listing set out in Chapter 3 of Section IIA of the Listing Rules have, in so far as applicable and required to be met and fulfilled prior to application, been met or fulfilled in relation to the issuer and the securities of the issuer the subject of the application;
- (2) all information required to be included in the disclosure document (if one is produced) pursuant to Rule 4.8 and the Corporations Act will be included; and
- (3) there are no other facts bearing on the issuer's application for listing which, in the issuer's opinion, should be disclosed to the Exchange.

Yours sincerely



Christian Bernecker  
Chairman  
Enprise Group Limited

# **ANNEXURE A**



Sort Key	Name/Address 1	Name/Address 2	Name/Address 3	Name/Address 4	Name/Address 5	Name/Address 6	Dom	Postcode	Fully Paid Ordinary Shares	Date of entry	Transaction Type	Initial number shares purchased	Price Paid	
BOWNEPTYLTD	Bowpine Pty Limited	PO Box R475	ROYAL EXCHANGE NSW 1225				AUS	1225	2,632	16-12-2008	Market Transfer	2,632	0.00	
IRONWOODINVESTMENTSPTYLTD	Ironwood Investments Pty Ltd	PO Box R348	<Phillips Family Fund A/C>	ROYAL EXCHANGE NSW 1225			AUS	1225	11,667	13-01-2011	Allotment	47,142	4,714.20	
IRONWOODINVESTMENTSPTYLTD	Ironwood Investments Pty Ltd	<Phillips Super Fund A/C>	PO Box R348	ROYAL EXCHANGE NSW 1225			AUS	1225	166,667	13-01-2011	Allotment	85,714	8,671.40	
MUNINGHTRWALCOPTYLTD	Muningham & Co Pty Ltd	PO Box R348	ROYAL EXCHANGE NSW 1225				AUS	1225	29,163	13-01-2011	Allotment	70,714	7,071.40	
NIGHTINGALEPARTNERSPTYLTD	Nightingale Partners Pty Ltd	P O Box R314	ROYAL EXCHANGE NSW 1225				AUS	1225	863,774	13-01-2011	Allotment	70,714	7,071.40	
PACIFICATLANTICCOMMERCEPT	Pacific Atlantic Commerce Pty Ltd		<Highfield Super Fund A/C>	PO Box R713	ROYAL EXCHANGE NSW		AUS	1225	25,873	06-06-2008	Holding Movement	35,838	0.00	
PHILLIPS CHARLES	Mr Charles Lindsay Phillips	PO Box R348	ROYAL EXCHANGE NSW 1225				AUS	1225	1,805	21-09-2007	Prospectus Issue Allotment	10,000	9,000.00	
QUINTRONPTYLTD	Quintron Pty Ltd	PO Box R348	ROYAL EXCHANGE NSW 1225				AUS	1225	3,333	13-01-2011	Allotment	8,671	867.10	
HISEHNKPTYLTD	Hishenk Pty Ltd	<Investment A/C>	PO Box 779	ARTARMON NSW 1670			AUS	1570	2,500	21-09-2007	Allotment	2,250	2,250.00	
HISEHNKPTYLTD	Hishenk Pty Ltd	<Hishenk No 2 A/C>	PO Box 779	ARTARMON NSW 1670			AUS	1570	2,500	21-09-2007	Allotment	2,500	2,250.00	
DAVENHISONPTYLTD	Dave Phispon Pty Ltd	<Phispon Deferred PIS A/C>	PO Box 237	MOOREBANK NSW 1875			AUS	1875	1,875	23-04-2012	Market Transfer	1,875	846.00	
SULEISANOMINEESPTYLTD	Suleisa Nominees Pty Ltd	PO Box 237	MOOREBANK NSW 1875				AUS	1875	3,000	21-09-2007	Allotment	11,250	0.00	
ABNAMROCLEARINGSTONEYNOMI	ABN Armo Clearing Sydney	Nominees Pty Ltd	<Gardoban A/C>	Level 8	50 Bridge Street	SYDNEY NSW 2000	AUS	2000	834	31-08-2011	Holding Movement	5,000	0.00	
DISCONTINUEDPTYLTD	Discon Trust Pty Limited	Level 2	55 Hunter Street	SYDNEY NSW 2000			AUS	2000	52,919	21-09-2007	Allotment	277,778	250,000.00	
HSBCOUSTODYNOMINEESAUSTRA	HSBC Custody Nominees	(Australia) Limited	GPO Box 5302	SYDNEY NSW 2001			AUS	2001	6,167	24-10-2007	Holding Movement	3,750	0.00	
UBSNOMINEESPTYLTD	UBS Nominees Pty Ltd	<PT000114 15 A/C>	PO Box 4151	SYDNEY NSW 2001			AUS	2001	25,000	21-09-2007	Prospectus Issue Allotment	25,000	25,000.00	
MACKIE JAMES	Mr James Mackie	309 Bondi Road	BONDI NSW 2026				AUS	2026	2,250	21-09-2007	Allotment	2,250	2,025.00	
ANGELOS KATHERIE	Mrs Katherine Angelos	8 Seaside Parade	SOUTH COOKEE NSW 2034				AUS	2034	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
ATELIERFURNITUREPTYLTD	Atelier Furniture Pty Ltd	PO Box 134	ROZELLE NSW 2059				AUS	2039	833	21-09-2007	Prospectus Issue Allotment	5,000	4,500.00	
FALLU DAVID	Mr David Fallu	Unit 9 1 McDougall Street	KIRRIBILLI NSW 2061				AUS	2061	60,250	05-11-2012	Subregister Conversion	60,250	0.00	shares not listed
FACER PATTI	Mrs Patti Jan Facer & Mr Stephen John Facer	63 Baronsa Road	NORTHBRIDGE NSW 2063				AUS	2063	5,500	21-09-2007	Prospectus Issue Allotment	33,000	29,700.00	
BOLLINGER DAVID	Dr David Alan Bollinger	Suite 3	100 Alexander Street	CROWS NEST NSW 2065			AUS	2065	45,000	05-11-2012	Subregister Conversion	45,000	shares not listed	
DAVCANPTYLTD	Davcan Pty Ltd	<Bollinger Super Fund A/C>	Level 3	100 Alexander Street	CROWS NEST NSW 2065		AUS	2065	15,000	05-11-2012	Subregister Conversion	15,000	shares not listed	
STARVEDPTYLTD	Starved Pty Ltd	<Superannuation Fund A/C>	202 Edinburgh Road	CASTLECRAIG NSW 2068			AUS	2068	5,000	05-11-2012	Subregister Conversion	5,000	shares not listed	
CASE ANDREW	Mr Andrew Case	19 Hopeston Avenue	MOSMAN NSW 2088				AUS	2088	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
CASE ANNE	Ms Anne Therese Case	14 Hopeston Avenue	MOSMAN NSW 2088				AUS	2088	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
CASE LAWRENC	Mr Lawrence Eugene Case	19 Hopeston Avenue	MOSMAN NSW 2088				AUS	2088	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
CASE MICHAEL	Mr Michael Case	19 Hopeston Avenue	MOSMAN NSW 2088				AUS	2088	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
NEISER BRIGIT	Mrs Brigit Neiser	5 Hunter Road	MOSMAN NSW 2088				AUS	2088	5,220	05-11-2012	Subregister Conversion	5,220	shares not listed	
NEISER JENS	Mr Jens Neiser	5 Hunter Road	MOSMAN NSW 2088				AUS	2088	1,417	05-11-2012	Subregister Conversion	1,417	shares not listed	
NOTRONNOPTPTYLTD	Notron (No 90) Pty Ltd	<Esac Unit A/C>	19 Hopeston Avenue	MOSMAN NSW 2088			AUS	2088	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
NOTRONNOPTPTYLTD	Notron (No 91) Pty Ltd	<Esac Family Super A/C>	19 Hopeston Avenue	MOSMAN NSW 2088			AUS	2088	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
PHILLIPS JAMES	Mr James Edgar Phillips	37 Pearl Bay Avenue	REALTY POINT NSW 2088				AUS	2088	1,948	19-09-2007	Market Transfer	10,000	9,000.00	
PHILLIPS JAMES	Mr James Phillips	37 Pearl Bay Avenue	MOSMAN NSW 2088				AUS	2088	19,048	05-11-2012	Subregister Conversion	19,048	shares not listed	
PHILLIPS LINDSAY	Mr Lindsay John Phillips	<Charles Lindsay Phillips A/C>	37 Pearl Bay Avenue	MOSMAN NSW 2088			AUS	2088	19,048	13-01-2011	Allotment Ex Rights	14,286	0.00	
PHILLIPS LINDSAY	Mr Lindsay John Phillips	37 Pearl Bay Avenue	MOSMAN NSW 2088				AUS	2088	50,279	13-01-2011	Allotment Ex Rights	37,710	0.00	
PHILLIPS MATTHEW	Mr Matthew Harry Phillips	37 Pearl Bay Avenue	REALTY POINT NSW 2088				AUS	2088	1,948	13-01-2011	Allotment Ex Rights	1,428	0.00	
PHILLIPS STEPHAN	Dr Stephanie Phillips	37 Pearl Bay Avenue	MOSMAN NSW 2088				AUS	2088	1,948	13-01-2011	Allotment Ex Rights	1,428	0.00	
PHILLIPS STEPHAN	Dr Stephanie Phillips	<Matthew Harry Phillips A/C>	37 Pearl Bay Avenue	MOSMAN NSW 2088			AUS	2088	19,048	13-01-2011	Allotment Ex Rights	14,286	0.00	
WRCARPENTERSONPTYLTD	W Carpenter & Sons Pty Ltd	4 Bullecourt Avenue	MOSMAN NSW 2088				AUS	2088	917	21-09-2007	Prospectus Issue Allotment	5,500	4,950.00	
ZANINGER ALEXAND	Mr Alexander Zaninger	11 Milton Ave	MOSMAN NSW 2088				AUS	2088	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
ZANINGER AMELY	Ms Amely Zaninger	11 Milton Avenue	MOSMAN NSW 2088				AUS	2088	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
ROBINSON DAVID	Mr David Robinson	42 Illiwa Street	CREMORNE NSW 2090				AUS	2090	1,428	05-11-2012	Subregister Conversion	1,428	0.00	shares not listed
WATTERS JAMES	Mr James Watters	16 Bligh Crescent	SEAFORTH NSW 2092				AUS	2092	375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00	
HENAGHAN SEAN	Mr Sean Nicholas Henaghan & Ms Deryn Catherine Bliss	11 Bruce Avenue	MANLY NSW 2095				AUS	2095	3,810	21-09-2007	Subregister Conversion	20,000	18,000.00	
NIZETTE BRIAN	Mr Brian Eric Nizette	5 Boronia Avenue	HUNTERS HILL NSW 2110				AUS	2110	2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
NIZETTE JORDAN	Mr Jordan Nizette	5 Boronia Avenue	HUNTERS HILL NSW 2110				AUS	2110	2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
NIZETTE KIKI	Ms Kiki Victoris Nizette	26 Steven Street	ERMINGTON NSW 2115				AUS	2115	2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
WILSON KELLY	Ms Kelly Wilson	11A Sutherland Road	CHELTENHAM NSW 2119				AUS	2119	2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
LI YUHONG	Mr Yuhong Li	21 Omeera Street	CARLTON NSW 2119				AUS	2218	2,250	05-11-2012	Subregister Conversion	2,250	shares not listed	
HILLEMACHER ERKA GAUT	Mrs Erka Hillemacher	85 Adelaide Avenue	URINA BEACH NSW 2257				AUS	2257	2,250	05-11-2012	Subregister Conversion	2,250	shares not listed	
MEEK ALAN	Mr Alan Carrick Meek	100 Glen Road	OURIMBAH NSW 2258				AUS	2258	2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
MEEK JAMES	Mr James Patrick Meek	100 Glen Road	OURIMBAH NSW 2258				AUS	2258	2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
MEEK ROBERT	Mr Robert Carrick Meek	100 Glen Road	OURIMBAH NSW 2258				AUS	2258	2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
DIARY TARAS	Mr Taras Diakie & Mrs Monsera Diakie	1 Opel Court	SWANSEA HEADS NSW 2281				AUS	2281	2,250	05-10-2010	Market Transfer	0.00	0.00	
FELLOWS HILARY	Mrs Hilary Fellows	20 Lambton Parade	SWANSEA HEADS NSW 2281				AUS	2281	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
FELLOWS JOHN	Mr John Leslie Fellows	20 Lambton Parade	SWANSEA HEADS NSW 2281				AUS	2281	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
FELLOWS TINA	Mrs Tina Leanne Fellows	<Ellie Joshua & Rebecca A/C>	15 Drifwood Close	CAVES BEACH NSW 2281			AUS	2281	10,000	21-09-2007	Prospectus Issue Allotment	10,000	9,000.00	
FELLOWS TINA	Mrs Tina Leanne Fellows & Mr Matthew John Fellows	15 Drifwood Close	CAVES BEACH NSW 2281				AUS	2281	5,000	21-09-2007	Prospectus Issue Allotment	10,000	9,000.00	
NOONE ALVA	Ms Alva Isobel Noone	42 Lakeside Drive	SWANSEA NSW 2281				AUS	2281	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
SPOONERCONSULTINGPTYLTD	Spooner Consulting Pty Ltd	22 Cassagrain Close	ELEEBANA NSW 2282				AUS	2282	583	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
SMITH NEVILLE	Mr Neville Clifton Smith & Mrs Janette Elaine Smith	54 Botwarra Park Drive	BOLWARRA HEIGHTS NSW 2320				AUS	2320	500	21-09-2007	Prospectus Issue Allotment	3,000	2,700.00	
CORKEN LEANNE	Ms Leanne Mary Corken	55 Hudson Avenue	PORT MACQUARIE NSW 2444				AUS	2444	5,715	05-11-2012	Subregister Conversion	5,715	shares not listed	
DALLO PETER	Mr Peter Dillon	17A Glen Crescent	NARCONA NSW 2546				AUS	2546	429	21-09-2007	Subregister Conversion	2,250	2,025.00	
PHILLIPS JACOB	Mr Jacob Phillips	Lot 1799 2min Drive	KATHERINE NT 0850				AUS	0850	3,000	21-09-2007	Prospectus Issue Allotment	3,000	2,700.00	
PHILLIPS KYRA	Ms Kyra Phillips	Lot 1799 2min Drive	KATHERINE NT 0850				AUS	0850	3,000	21-09-2007	Prospectus Issue Allotment	3,000	2,700.00	
DILLON NATALIE	Mrs Natalie Dillon	PO Box 206 Katherine	KATHERINE NT 0851				AUS	0851	22,222	21-09-2007	Prospectus Issue Allotment	22,222	19,999.80	
JACLEGHTPTYLTD	Jacleght Pty Ltd	PO Box 206 Katherine	KATHERINE NT 0851				AUS	0851	22,222	21-09-2007	Prospectus Issue Allotment	22,222	19,999.80	
PHILLIPS LINDSAY	Mr Lindsay John Phillips	Mrs Ingrid Pauline Phillips	PO Box 128	KATHERINE NT 0851	KATHERINE NT 0851		AUS	0851	19,833	21-09-2007	Prospectus Issue Allotment	22,222	19,999.80	
COMPANYTWENTYTHREEPTYLTD	Company Twenty Three Pty Ltd	4 Refinery Parade	NEW FARM QLD 4005				AUS	4005	3,625	21-09-2007	Prospectus Issue Allotment	21,750	19,575.00	
THOMSEN DIANA	Mrs Dana Lynn Thomsen	PO Box 876	MOUNT OMMANNEY QLD 4074				AUS	4074	2,000	05-11-2012	Subregister Conversion	2,000	shares not listed	
GUNTORPHE IAN	Mr Ian Christopher Guntorpe	83 Irwin Terrace	OXLEY QLD 4075				AUS	4075	5,917	21-07-2011	Holding Movement	5,500	0.00	
SEVILLE MARIANN	Miss Marianne Seville	22 Hinchcliffe Street	TANAH MERRAI QLD 4128				AUS	4128	2,250	12-05-2010	Market Transfer	2,250	0.00	
TERRE TERRY	Mr Terry White & Mrs Leanne Marie White	19 Baubina Street	BIRKDALE QLD 4159				AUS	4159	2,100	05-11-2012	Subregister Conversion	2,100	shares not listed	
FULLER PETER	Mr Peter James Fuller	48 Agnes Street	NORMAN PARK QLD 4170				AUS	4170	11,600	28-09-2007	Holding Movement	20,000	18,000.00	
MCCARTHY KATRINA	Mrs Katrina Elizabeth McCarthy	PO Box 349	SURFERS PARADISE QLD 4217				AUS	4217	3,000	05-10-2010	Market Transfer	3,000	0.00	
DONWOODPTYLTD	Donwood Pty Ltd	<John Cox Super Fund A/C>	24 Herries Street	TOOWOOMBA QLD 4350			AUS	4350	113,263	05-11-2012	Subregister Conversion	113,263	shares not listed	
TEMPST LUKE	Mr Luke Tempst & Matthew Tempst	69 Elkhorn Street	Kuluin	SUNSHINE COAST QLD 4			AUS	4556	3,500	16-09-2007	Prospectus Issue Allotment	3,500	3,150.00	
HARRIGAN GARTH	Mr Garth Harrigan	43 Elizabeth Street	ATKENVALE QLD 4814				AUS	4814	375	05-11-2012	Subregister Conversion	375	shares not listed	
MONTROSESUPERPTYLTD	Montrose Super Pty Ltd	22 Montrose Avenue	NETHERBY SA 5062				AUS	5062	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
PITTMAN MARK	Mr Mark Edward Pittman & Mrs Angela May Pittman	22 Montrose Avenue	NETHERBY SA 5062				AUS	5062	375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	
BELLPOTTERNOMINEESLTD	Bell Potter Nominees Ltd	<4818450 A/C>	C/- Portfolio Admin	GPO Box 4718	MELBOURNE VIC 3001		AUS	3001	1,867	05-11-2012	Subregister Conversion	1,867	shares not listed	
PACODRIDGE PAUL	Mr Paul John Codrbridge	C/- Portfolio Admin	GPO Box 4718	MELBOURNE VIC 3001			AUS	3001	1,867	05-11-2012	Subregister Conversion	1,867	shares not listed	
JP MORGANNOMINEESAUSTRALIA	JP Morgan Nominees Australia Limited	<Cash Income A/C>	Locked Bag 20049	MELBOURNE VIC 3001			AUS	3001	1,134,015	05-11-2012	Subregister Conversion	1,134,015	shares not listed	
NATIONALNOMINEESLIMITED	Nominees Pty Ltd	GPO Box 1406	MELBOURNE VIC 3001				AUS	3001	375	05-11-2012	Subregister Conversion	375	shares not listed	
ROBINSON MARGARE	Mrs Margaret Robinson	C/- Portfolio Admin	GPO Box 4718	MELBOURNE VIC 3001			AUS	3001	1,867	05-11-2012	Subregister Conversion	1,867	shares not listed	
LESTER LEIGH	Mrs Leigh Lester & Ms Nicola Lester	<Lester Super Fund A/C>	8 Curtain Place	FITZROY NORTH VIC 306			AUS	3068	2,894	21-09-2007	Allotment	2,250	2,025.00	
DORRISTES JOHN														

DUCKETT SIDNEY	Mr Sidney Thomas Duckett	PO Box 1678	MILDURA VIC 3502			AUS	3502		1,042	21-09-2007	Alotment	6,250	5,625.00		
DUCKETT SIDNEY	Mr Sidney Thomas Duckett	<Madison Andrea Baldwin A/C>	PO Box 1678	MILDURA VIC 3502		AUS	3502		375	21-09-2007	Alotment	2,250	2,268.00		
WHITE RUTH	Ms Ruth Jeanette White	PO Box 95	ROCHESTER VIC 3561			AUS	3561		2,250	21-09-2007	Alotment	2,250	2,268.00		
CLARK ANDREW	Mr Andrew Heaton Clark	Tonara	325 Hearna Road	BOOROLUTE VIC 3723		AUS	3723		1,000	05-11-2012	Subregister Conversion	1,000		shares not listed	
RUOYARD ROBIN	Mr Robin John Rudyard	PO Box 7127	ST KILDA ROAD VIC 8004			AUS	8004		1,000	05-11-2012	Subregister Conversion	1,000		shares not listed	
HENSMANNOMINEESPVTYLD	Hensman Nominees Pty Ltd	<Swedan A/C>	22 Edenderry Terrace	SUBIACO WA 6008		AUS	6008		375	26-08-2009	Market Transfer	2,250	0.00		
LENDICH SUSAN	Ms Susan Janine Lendich	22 Edenderry Terrace	SUBIACO WA 6008			AUS	6008		375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00	shares not listed	
WOOLLAND KEITH	Mr Keith Charles Woolland	<Gleason Super Fund A/C>	6020	25 Sandpiper Street	SORRENTO WA 6020	AUS	6020		1,125	05-11-2012	Subregister Conversion	2,250		shares not listed	
AYWARD EMMA	Ms Emma Ayward	10 Walker Street	SOUTH FREMANTLE WA 6162			AUS	6162		3,000	21-09-2007	Prospectus Issue Allotment	3,000	2,700.00		
AYWARD LYNETTE	Mrs Lynette Ayward	10 Walker Street	SOUTH FREMANTLE WA 6162			AUS	6162		3,000	21-09-2007	Prospectus Issue Allotment	3,000	2,700.00		
DAWSON HAYDN	Mr Haydn Kenneth Dawson	PO Box 2173	GERALDTON WA 6531			AUS	6531		375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
IRONWOODINVESTMENTSPTYLTD	Ironwood Investments Pty Ltd	<Phillips Super Fund A/C>	Level 45	2 Park Street	SYDNEY NSW 2000	AUS	2000		1,667	21-09-2007	Prospectus Issue Allotment	10,000	9,000.00		
PHILLIPS LINDSAY	Mr Lindsay John Phillips	Level 45	SYDNEY NSW 2000			AUS	2000		49,298	21-09-2007	Prospectus Issue Allotment	295,717	266,189.19		
DUKE DAVID	Mr David Philip Duke	<Duke Family A/C>	PO Box 371	HARBORD NSW 2096		AUS	2096		4,750	05-11-2012	Subregister Conversion	4,750		shares not listed	
OREGAN CRAIG	Mr Craig O'Regan	Moema	NARRABRI NSW 2390			AUS	2390		2,250	21-09-2007	Alotment	2,250	2,025.00		
BERZ STEFAN	Dr Stefan Berz	AM Vogeltsh 23	GRAEFELFING 82166	GERMANY		DEU			542	21-09-2007	Prospectus Issue Allotment	3,250	2,925.00		
BOEHKE FRANK	Mr Frank Boehke	Lofthring STR 16	MUENCHEN 81667	GERMANY		DEU			875	21-09-2007	Prospectus Issue Allotment	5,250	4,725.00		
BOSCH PATRICK	Mr Patrick Bosch	Munthaler STR 1A	STARBERG 82319	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
DUSCHA MARITA	Mrs Marita Duscha	Ammeburgstr 14	FRANKFURT 60320	GERMANY		DEU			542	21-09-2007	Prospectus Issue Allotment	3,250	2,925.00		
DUSCHA NIKO	Mr Niko Duscha	14 Ammeburgstr	FRANKFURT D 60320	GERMANY		DEU			542	21-09-2007	Prospectus Issue Allotment	3,250	2,925.00		
DUSCHA RODERIC	Mr Roderich Duscha	Ammeburgstr 14	FRANKFURT 60320	GERMANY		DEU			542	21-09-2007	Prospectus Issue Allotment	3,250	2,925.00		
DUSCHA STEFANI	Ms Stefania Duscha	14 Ammeburgstr	FRANKFURT D 60320	GERMANY		DEU			542	21-09-2007	Prospectus Issue Allotment	3,250	2,925.00		
ESS HANS	Hans Ess	34 Bergstrasse 34	NORDENDORF 86065	GERMANY		DEU			708	21-09-2007	Prospectus Issue Allotment	4,250	3,850.00		
FLUG DIRK	Mr Dirk Flug	Hedischlade 6	FREUDENBERG 57258	GERMANY		DEU			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
GLASMACHER CHRISTO	Mr Christof Glasmacher	Prinzenstr 22	MUNICH 80639	GERMANY		DEU			3,042	21-09-2007	Prospectus Issue Allotment	18,250	16,425.00		
GLASMACHER EVA	Ms Eva Glasmacher	Holmbergstr 3	MUNICH 80639	GERMANY		DEU			3,042	21-09-2007	Prospectus Issue Allotment	18,250	16,425.00		
GLEUE JUERGEN	Mr Juergen Gieve	5 Goller	HAMBURG D 22605	GERMANY		DEU			900	21-09-2007	Prospectus Issue Allotment	4,500	4,050.00		
GLEVE BIRGIT	Ms Birgit Gieve	Goller 5	HAMBURG 22605	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
GLEVE CLARITA	Ms Clarita Gieve	Goller 5	HAMBURG 22605	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
GROSSMANN ROBERT	Robert Grossmann	20A Klotzersiedlung	ZWIESEL D94227	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
GLINTER DANIEL	Mr Daniel Gutter	20 Klotzer Ledung	ZWIESEL D94227	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
HELL THOMAS	Mr Thomas Hell	2 Von-Eichendorff-Rang	ZWIESEL D94227	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
HENN ALEXAND	Mr Alexander Henn	12 Thomasbaumgartenweg	KREUTH D 83708	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
HENN CELINA	Mrs Celina Henn	12 Thomasbaumgartenweg	KREUTH D83708	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
HENN COSIMA	Ms Cosima Henn	12 Thomasbaumgartenweg	KREUTH D 83708	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
HENN DARIA	Mrs Daria Henn	12 Thomasbaumgartenweg	KREUTH D83708	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
HENN GABRIEL	Ms Gabrielle Henn	12 Thomasbaumgartenweg	KREUTH D 83708	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
HENN JOCHEN	Dr Jochen Henn	Hauptstr 21	TEGERNSEE 83684	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
HOFMEISTER MARKUS	Mr Markus Hofmeister	Finkenstrasse 8	BOGEN D 94327	GERMANY		DEU			625	21-09-2007	Prospectus Issue Allotment	3,750	3,375.00		
IGHAUT ALEXAND	Mr Alexander Ighaut	32 Dorfstrasse	ALTUNJSBERG D 94244	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
IGHAUT MARIO	Mr Mario Ighaut	32 Dorfstrasse E	ALTUNJSBERG D 94244	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
KUSMEIER RUTH	Mrs Ruth Kusmeier	40 Neisla	Schinkelstr 5	DUESSELDORF 40211	GERMANY	DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
KUSMEIER VINCENT	Mr Vincent Kusmeier	52 Schinkelstr	DUESSELDORF D 40219	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LEHNERT HENDRIK	Mr Hendrik Lehnert	27 Ganghoferstr	ROTTACH 83700	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LEHNERT JULIA	Mrs Julia Lehnert	AM Rosengarten 4	RECKLING HAUSEN 45657	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LEHNERT NIELS	Mr Niels Lehnert	27 Ganghoferstr	ROTTACH 83700	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LIEBHABER ROLAND	Mr Roland Liebhaber	25 Scheidenfeld	ZWIESEL 94227	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LINDERHAUS GERSTIN	Gerstin Linderhaus	Wallburgstr 9	DUESSELDORF 40489	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LINDERHAUS HOLGER	Holger Linderhaus	78 Rolandenweg	DUESSELDORF D 40629	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LINDERHAUS SILKE	Silke Linderhaus	78 Rolandenweg	DUESSELDORF D 40629	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LINDERHAUSLEVINA TATIANA	Ms Tatiana Linderhaus-Levina	78 Rolandenweg	DUESSELDORF D 40629	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
NEISER BIRGIT	Mrs Birgit Neiser	Reitham 13	WARNGAU 83627	GERMANY		DEU			74,232	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
PETERSDORF CLAUDIUS	Mr Claudius Petersdorf	11 Blueterring	MUENCHEN D 80939	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
PETERSDORF LUKAS	Mr Lukas Petersdorf	11 Blueterring	MUENCHEN D 80939	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
PETERSDORF THOMAS	Dr Thomas V Petersdorff	11 Blueterring	MUENCHEN D 80939	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
PFAFFINGER KONRAD	Mr Konrad Pfaffinger	Schlitten 23	PLATTING 94447	GERMANY		DEU			542	21-09-2007	Prospectus Issue Allotment	3,250	2,925.00		
PRAXMAYER CLAUDIA	Mrs Claudia Praxmayer	Lofthring STR 16	MUENCHEN 81667	GERMANY		DEU			958	21-09-2007	Prospectus Issue Allotment	5,750	5,175.00		
RUFF ANETTE	Ms Anette Ruff	27 Ganghoferstr	ROTTACH 83700	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
SCHWARZ PHILIPP	Mr Philipp G Schwarz	1 Seat 47	HAMBURG 20744	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
SCHWENKE TIM	Mr Tim Schwenke	Meyersbergstr	MUENCHEN 81247	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
SEEMAN CASPAR	Mr Caspar Seeman	Biedersteiner No 2	MUNICH 80802	GERMANY		DEU			14,792	21-09-2007	Prospectus Issue Allotment	88,750	79,875.00		
SEEMAN DANIELA	Mrs Daniela Seeman	Biedersteiner No 2	MUNICH 80802	GERMANY		DEU			14,792	21-09-2007	Prospectus Issue Allotment	88,750	79,875.00		
SORKIN MICHAEL	Mr Michael Sorokin	22 Hobenstrasse	MUNICH D81679	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
SORKINWISCHER JANETTE	Mrs Janette Sorokin-Fischer	22 Hobenstrasse	MUNICH D81679	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
STRUEKEMANN JOCHEN	Mr Jochen Struengmann	Holben. Street No 6	MUNICH 81679	GERMANY		DEU			22,042	21-09-2007	Prospectus Issue Allotment	132,250	119,025.00		
STRUENGMANN MAREN	Mrs Maren Struengmann	Holben. Street No 6	MUNICH 81679	GERMANY		DEU			22,042	21-09-2007	Prospectus Issue Allotment	132,250	119,025.00		
TUBEN DIRK	Mr Dirk Tuben	Taubenberg Street 7	DUESSELDORF 40625	GERMANY		DEU			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
VONPETERSDORFF LEONIE	Mrs Leonie Vonpetersdorff	11 Blueterring	MUENCHEN D 80939	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
WESTENDORF ANDREA	Ms Andrea Westendorf	In Sachsenlager 20	FRANKFURT 60322	GERMANY		DEU			500	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
WESTENDORF ANDRE	Mr Andre Westendorf	In Sachsenlager 20	FRANKFURT 60322	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
WILD DANIEL	Mr Daniel Wild	Friderichstr 36	MUENCHEN 80801	GERMANY		DEU			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
GIFFEN BRIAN	Mr Brian James Giffen	22 Sunbury Avenue	LONDON SW148RA	ENGLAND		GBR			2,167	30-03-2010	Market Transfer	13,000	0.00		
TOMPKINS ANTHONY	Mr Anthony Charles Tompkins	17E Block 3	Le Bleu Deux	TUNG CHUNG		HKG			4,572	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
ANDERSON JAMIE	Mr Jamie Anderson	69 Beachcom Drive	Takapuna	AUCKLAND		NZL			428	12-01-2011	Alotment Ex Rights	922	0.00		
ASBNOMINEESLIMITED	Asb Nominees Limited	<484827 - M A/C>	PO Box 35	Shortland Street	AUCKLAND 1140	NEW ZEALAND	NZL		417	21-09-2007	Prospectus Issue Allotment	10,000	10,000.00		
BAAS LEOPOLD	Mr Leopold Johannes Maria Baas	& Mrs Pauline Margaret	Baas-Hughes	24C St Ives Grove	WHALES GATE NEW P	NEW ZEALAND	NZL		10,000	21-09-2007	Prospectus Issue Allotment	10,000	10,000.00		
BALLAN BYRON	Mr Byron Leonard Chares Ballan	PO Box 102	Shortland Street	AUCKLAND 1140	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
BALANINVESTMENTSLIMITED	Balan Investments Limited	PO Box 102	Shortland Street	AUCKLAND 1140	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	5,000	5,000.00		
BARRER STEVEN	Mr Steven Barrer	& Mrs Julie Barrer	81 Wyndham Road	Upper Hutt 6019	NEW ZEALAND	NZL			5,000	21-09-2007	Prospectus Issue Allotment	5,000	5,000.00		
BELL JOHNNY	Mr Johnny Bell	& Mrs Lillas Catriona M Bell	& Graham Bell Partnership A/C>	40 Colway Street	WELLINGTON	NEW ZEALAND	NZL		1,667	21-09-2007	Prospectus Issue Allotment	10,000	9,000.00		
BIRKENHEAD SIMON	Mr Simon Birkenhead	PO Box 911322 Armc	AUCKLAND 1142	NEW ZEALAND		NZL			708	21-09-2007	Prospectus Issue Allotment	4,250	4,250.00		
BLACKTRADINGLT	Black Trading Ltd	Private Bag 302 755	North Harbour	AUCKLAND 1330	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
BOUND RUTH	Ms Ruth Michelle Bound	350 Flights Road	PO 1 PORIRUA 5381	NEW ZEALAND		NZL			3,000	21-09-2007	Prospectus Issue Allotment	3,000	3,000.00		
BRADING JAMES	Mr James Brading	39 Hot Avenue	TORWAY AUCKLAND 0630	NEW ZEALAND		NZL			15,000	6/11/12		15,000		shares not listed	
BROWN ALISON	Ms Alison Mary Brown	3 Chisenhall Street	Karori	WELLINGTON 6012	NEW ZEALAND	NZL			1,083	21-09-2007	Prospectus Issue Allotment	4,000	4,000.00		
BURROWS JONATHO	Mr Jonathan Burrows	Flat 4 - 25 Carlton Gore Road	GRAFTON AUCKLAND 1023	NEW ZEALAND		NZL									

EDWARDS STEPHEN	Mr Stephen Michael Edwards	18 Paunui Street	ST HELIERS AUCKLAND 1071	NEW ZEALAND		NZL			4,250	05-11-2012	Subregister Conversion	4,250		shares not listed	
EDWARDS TONIMAR	Mrs Toni-Maree Edwards	18 Paunui Street	St Heliers	AUCKLAND 1071	NEW ZEALAND	NZL			5,250	21-09-2007	Prospectus Issue Allotment	5,250	5,250.00		
EDWARDS TONY	Mr Tony Mark Edwards	76 Alum Street	Kohimarama	AUCKLAND 1071	NEW ZEALAND	NZL			2,750	21-09-2007	Prospectus Issue Allotment	2,750	2,750.00		
ESCOTT JULIE	Ms Julie Escott	68 Salomana Road	KEL BURN WELLINGTON 6012	NEW ZEALAND		NZL			819	16-01-2012	Subregister Conversion	819	737.00		
FEGAN ERIN	Ms Erin Ruth Fegan	<Fenod Holdings A/C>	182 Panorama Drive	Enner Glyn	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
FORMAN	Ms Marion Forman	12 Trafalgar Street	Royal Oak	AUCKLAND 1061	NEW ZEALAND	NZL			500	21-09-2007	Prospectus Issue Allotment	3,000	3,000.00		
FOURTHBARRCUSTODIANS LTD	Fourthy Barr Custodians Ltd	<Fourthy Barr Ltd Nominee A/C>	Private Bag 1999	DUNEDIN 9015	NEW ZEALAND	NZL			500	05-11-2012	Subregister Conversion	500		shares not listed	
GAHLAUAT GURAV	Mr Gurav Gahlau	410 Mt Hill Street	HAMILTON 3204	NEW ZEALAND		NZL			2,803	05-11-2012	Subregister Conversion	2,803		shares not listed	
GERSH PETER	Mr Peter Gersh &	Mrs Cathy Jean Gersh	388 Dock Street	AUCKLAND 1010	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
GLASS SIMON	Mr Simon James Glass	<Glass Family A/C>	23 Chapter Street	CHRISTCHURCH 8001	NEW ZEALAND	NZL			10,000	21-09-2007	Prospectus Issue Allotment	10,000	10,000.00		
GLEYE STEPHEN	Mr Stephen William Gleye	20 Winsomere Crescent	Westmere	AUCKLAND	NEW ZEALAND	NZL			5,750	21-09-2007	Prospectus Issue Allotment	5,750	5,750.00		
GODDARD MARGARE	Mrs Margaret Patricia Goddard	49 Kitemu Avenue	Mt Albert	AUCKLAND	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
GODDARD ROBERT	Mr Robert Peter Goddard	Score 3 1301/02 Beach Road	Auckland Central	AUCKLAND 1010	NEW ZEALAND	NZL			750	03-01-2013	Adjustment	1,125	1,125.00		
GRAHAM LEANNE	Ms Leanne Graham &	Mr Philip Parker	PO Box 19324	Avoidale 1746	AUCKLAND	NEW ZEALAND	NZL		375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
GRAY DEAN	Mr Dean Haydon Gray	88A Ralvide Avenue	Henderson 1008	AUCKLAND	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
GREEKS PHILIP	Mr Philip Raynor Greeks	1099 Whangaparaoa Road	Tindals Bay	WHANGAPARAOA 0930	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
GUEST ANDREW	Mr Andrew John Dexter Guest	70 Wright Road	RD4	AUCKLAND 0784	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HALL STEPHAN	Ms Stephanie Joan Hall	2 Kermorie Avenue	Milford	AUCKLAND	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HARGREAVES GAE	Mrs Gae Hargreaves	Mr Peter Wood	<Tovia A/C>	6 Baber Drive Stonefield	ST JOHN AUCKLAND 107	NEW ZEALAND	NZL		10,000	05-11-2012	Subregister Conversion	10,000		shares not listed	
HARWOOD GARY	Mr Gary Alan Harwood	Unit 3	923A Whangaparaoa Road	Manly	AUCKLAND	NEW ZEALAND	NZL		2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HEDSTROM PHILLIP	Mr Phillip Hedstrom	Flat 1 28 Rangitoto Toe	MILFORD AUCKLAND	NEW ZEALAND		NZL			2,750	21-09-2007	Allotment	2,750	2,250.00		
HERNANDEZ SARAH	Sarah Hernandez	1A Segal Avenue	MOUNT ALBERT AUCKLAND 1025	NEW ZEALAND		NZL			44,000	6/11/12	Transfer	44,000		shares not listed	
HERRON GREG	Mr Greg Herron	4 Sefton Avenue	Gary Lynn	AUCKLAND	NEW ZEALAND	NZL			18,580	05-09-2007	Initial Takeup	117,480	105,732.00		
HOMSERVICESLIMITED	HGM Services Limited	C/- HGM Legal	AUCKLAND CITY 1143	AUCKLAND	NEW ZEALAND	NZL			190,800	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HICKSEY BRETT	Mr Brett John Hicksey	7 Sheath Street	TAURANGA	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HILL MELISSA	Ms Melissa Hill	12A Jays Road	TITIRANGI AUCKLAND 0604	NEW ZEALAND		NZL			20,000	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HODGSON DEAN	Mr Dean Stephen Hodgson	298 Seaview Road	Milford North Shore	AUCKLAND	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HODGSON KAREN	Ms Karen Julie Hodgson	311 Newell Road	Rd 3	HAMILTON 3283	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HODGSON KENT	Mr Kent Robert Hodgson	311 Newell Road	Rd 3	HAMILTON 3283	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HODGSON RACHELL	Ms Rachelle Wendy Hodgson	PO Box 31658	Milford North Shore	AUCKLAND 0741	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HODGSON ROBERT	Mr Robert James Hodgson	311 Newell Road	Rd 3	HAMILTON 3283	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HODGSON ROBYN	Ms Robyn Jeanette Hodgson	PO Box 31658	Milford North Shore	AUCKLAND 0741	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
HOLMBERG NATHAN	Mr Nathan Sven Holmberg	704/1 Parliament Street	AUCKLAND 1010	NEW ZEALAND		NZL			875	21-09-2007	Prospectus Issue Allotment	5,250	5,250.00		
HOPKINS JOSEPH	Mr Joseph Aria Hopkins	556 Sonnet Drive	Waikareu	WAITAKERE 0612	NEW ZEALAND	NZL			2,500	21-09-2007	Prospectus Issue Allotment	2,500	2,500.00		
HORMANN KAREN	Ms Karen Barbara Hormann	14A Springfield Road	Western Springs	AUCKLAND 1022	NEW ZEALAND	NZL			375	27/08/09	Transfer	2,500			
HODGSON WAYNE	Mr Wayne Hudson	84 Victoria Avenue	Remuera	AUCKLAND 1090	NEW ZEALAND	NZL			417	21-09-2007	Prospectus Issue Allotment	2,500	2,500.00		
INFRASTRUCTURE NZ LTD	Infrastructure NZ Ltd	Private Bag 303 309	North Harbour	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250			
ISOLARCORPORATIONLIMITED	Isolar Corporation Limited	1 David Mason Avenue	TARUJA 3508	NEW ZEALAND		NZL			458	21/09/07	Prospectus Issue Allotment	2,750	2,750.00		
JACOBSON MICHAEL	Mr Michael Jacobson	129 Mount Eden Road	MOUNT EDEN AUCKLAND 1061	NEW ZEALAND		NZL			20,000	6/11/12	Transfer	20,000		shares not listed	
JEWREZENOMINEESLIMITED	Jwerve (NZ) Nominees Limited	<51219 A/C>	Private Bag 92085	AUCKLAND 1142	NEW ZEALAND	NZL			6,783	05-11-2012	Subregister Conversion	6,783		shares not listed	
JENKINS JOSHUA	Mr Joshua Jenkin	54 Glenunga Terrace	NEW ZEALAND	CULF HARBOR 0930	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
JENKS ANTHONY	Mr Anthony Jenks	8 Coronation Street	Takapuna	NEW ZEALAND		NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
JUKES PAUL	Mr Paul Douglas Jukes &	Mrs Natasha Kom Jukes	<Jukes Family A/C>	36 College Street	AWAPUNI PALMERSTON NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
KENDRICK BRIAN	Mr Brian Stanton Kendrick	63 Glenmore Road	PAKURANGA 1706	NEW ZEALAND		NZL			1,000	05-11-2012	Subregister Conversion	1,000		shares not listed	
KEOWN JUDITH	Ms Judith Aileen Keown	174 McKays Line	RD7 FIELDING 4777	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
KERR IAN	Mr Ian Scott Kerr	25 Greenhithe Road	Greenhithe	AUCKLAND	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
KERR IAN	Mr Ian Scott Kerr	25 Greenhithe Road	Greenhithe	NORTH SHORE 0632	NEW ZEALAND	NZL			233	05-11-2012	Subregister Conversion	233		shares not listed	
KERR JOHN	Mr John Neil Kerr &	Mrs Margaret Kerr	46 Barrett Road	AUCKLAND 0618	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
KERR KEITH	Mr Keith Kerr &	Mrs Lee Kerr	Box 31180	Milford	AUCKLAND 0741	NEW ZEALAND	NZL		375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
KIND PENILOP	Ms Penelope Anne King	128 Honoran Road	Waikareu	AUCKLAND 0782	NEW ZEALAND	NZL			500	21-09-2007	Prospectus Issue Allotment	3,000	3,000.00		
KIDNEY TOM	Mr Tom Kidney	112 Forest Hill Road	WAITAKERE CITY	NEW ZEALAND		NZL			2,750	21-09-2007	Prospectus Issue Allotment	2,750	2,750.00		
KOENEKOPPENBERG INGRID	Ms Ingrid Regina	Koene-Koppenberg	Henderson Valley	WAITAKERE CITY	NEW ZEALAND	NZL			2,750	21-09-2007	Prospectus Issue Allotment	2,750	2,750.00		
LARIVIERE FANNY	Fanny Emmmanuel Lariviere	PO Box 6625	Te Aro Wellington	KARORI	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LATU JULIE	Ms Julie Latu	22 Hepburn Road	GLENDENE AUCKLAND 0602	NEW ZEALAND		NZL			30,000	6/11/12	Transfer	30,000		shares not listed	
LEA SCOTT	Mr Scott Lea	Margaret Caves Road	ROD WHANGAREI	NEW ZEALAND		NZL			750	6/11/12	Transfer	750		shares not listed	
LENNON ANTONY	Mr Antony Owen Lennon	20 Panorama Grove	Harbourview	LOWER HUTT	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LEVY MARTYN	Mr Martyn Philip Levy	Shortland Street Auckland 1140	NEW ZEALAND	NEW ZEALAND		NZL			2,333	05-11-2012	Subregister Conversion	2,333		shares not listed	
LEVYHOLDINGSLIMITED	Levy Holdings Limited	PO Box 3838	Shortland Street	AUCKLAND 1140	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
LISTER AARON	Mr Aaron John Lister	<Lisler Family A/C>	97 Glamorgan Drive	Torbay	AUCKLAND	NEW ZEALAND	NZL		2,750	21-09-2007	Prospectus Issue Allotment	2,750	2,750.00		
LOYD CATHY	Ms Cathy Lloyd	776 Goodall Street	HILLBOROUGH AUCKLAND 1042	NEW ZEALAND		NZL			20,000	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LOUGHEED VICTORI	Miss Victoria Loughheed	25 Greenhithe Road	Greenhithe	AUCKLAND	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LOVEYS ANNA	Ms Anna Loveys	PO Box 51-349	PAKURANGA	MANUKAU 2140	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LOVEYS JOANNA	Ms Joanna Loveys	13A Epworth Avenue	Epston	AUCKLAND 1023	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LOVEYS JOANNE	Mrs Joanne Margaret Loveys	13A Epworth Avenue	ROYAL OAK AUCKLAND 1023	NEW ZEALAND		NZL			3,708	05-11-2012	Subregister Conversion	3,708		shares not listed	
LOVEYS JUDITH	Ms Judith Anne Loveys	119 Point View Drive	Rd 1 Papatoetoe	AUCKLAND	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LOVEYS KATE	Ms Kate Loveys	PO Box 51-349	PAKURANGA	MANUKAU 2140	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LOVEYS MARK	Mr Mark Clamptt Loveys	PO Box 51-349	PAKURANGA	MANUKAU 2140	NEW ZEALAND	NZL			5,078	21-09-2007	Prospectus Issue Allotment	5,000	5,000.00		
LOVEYS MARK	Mr Mark Clamptt Loveys &	Ms Valerie Mills	PO Box 51-349	PAKURANGA	MANUKAU 2140 AUCKLAND	NEW ZEALAND	NZL		280,769	13-01-2011	Allotment Ex Rights	210,677	0.00		
LOVEYS MARK	Mr Mark Clamptt Loveys	PO Box 51-349	PAKURANGA	AUCKLAND 1730	NEW ZEALAND	NZL			3,333	06-06-2011	Holding Movement	10,000	0.00		
LOVEYS MARK	Mr Mark Loveys	PO Box 51-349	PAKURANGA	AUCKLAND 2140	NEW ZEALAND	NZL			2,500	25/09/12	Transfer	2,500	625.00		
LOVEYS PETER	Mr Peter Clamptt Loveys	119 Point View Drive	Rd 1 Papatoetoe	AUCKLAND	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LOVEYS SARAH	Ms Sarah May Loveys	17A Clare Place	Mt Wellington	AUCKLAND 1060	NEW ZEALAND	NZL			119,316	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LOVEYS SUSAN	Ms Susan Eileen Loveys	32 Cadman Avenue	Greenlane	AUCKLAND 1061	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
LUKEY SANDRA	Miss Sandra Rosemary Lukey	522 Canter Street	CHRISTCHURCH	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MAIS KYLE	Mr Kyle Mais	PO Box 331581	Takapuna	AUCKLAND	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MARCEAU LESTER	Mr Lester Noel Marceau	345 Eastern Terrace	Beckenham	CHRISTCHURCH 8002	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MAUD DEBORAH	Mrs Deborah Maud	12 Majesty Place	Howick	MANUKAU 2012	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MCGRAW ALAN	Mr Alan McGraw &	Mrs Dorothy Elizabeth McGraw	26 Kauri Point Road	Linghington	AUCKLAND	NEW ZEALAND	NZL		375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MCHAMARA DEAN	Mr Dean Eric McChamara	RD1 Wakefield	NEW ZEALAND	NELSON 2095	NEW ZEALAND	NZL			750	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MCDOWNS OLIVER	Mr Oliver Leonard Meadows	3/96 Calligoe Road	STANLEY POINT AUCKLAND 0624	NEW ZEALAND		NZL			750	05-11-2012	Subregister Conversion	750		shares not listed	
MELROSE ALEX	Mr Alex Melrose	503/83 Halsey Street	FREEMANS BAY	NEW ZEALAND		NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MILLS BRIAN	Brian John Mills &	Margaret Sylvia Mills	38 Ledbury Road	Awharwha	NELSON 7010	NEW ZEALAND	NZL		4,729	05-07-2011	Market Transfer	10,000	0.00		
MILNE GRAMME	Mr Gramme James Milne	PO Box 32411	AUCKLAND 1330	AUCKLAND	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MIRABITO LAURA	Mrs Laura Barbara Mirabito	27A Ararangi Place	Birkenhead	AUCKLAND 0626	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MORGOCONFERENCES LTD	Morgo Conferences Ltd	PO Box 667	WELLINGTON	NEW ZEALAND		NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
MRRICHARDJAMESBRADYWILSON	Mr Richard James Brady &	Wilson McKay Trustee	<Brady Family A/C>	Company Ltd	PO BOX 78287 GREY LN AUCKLAND 1245 NEW										

PETTIGREW COWAN	Mr Cowan Ian Pettigrew &	Mrs Jennifer Helen Pettigrew	24 Sispara Place	Beach Haven	AUCKLAND	NEW ZEALAND	NZL			429	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
PHARE JANE	Ms Jane Margaret Phare	PO Box 102	Shortland Street	AUCKLAND 1140	NEW ZEALAND		NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
PINKER WARREN	Mr Warren Jon Pinker &	Mrs Lynette Tracy Williams	4Pinker Williams Family A/C>	2 Seaside Road	REMUEIRA AUCKLAND 10	NEW ZEALAND	NZL			1,687	05-11-2012	Subregister Conversion	1,687		shares not listed	
PRIMARYHEARTCARELIMITED	Primary Heart Care Limited	624 Parnell Road	AUCKLAND	NEW ZEALAND			NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
RALLS GRAHAM	Mr Graham John Ralls	83 Old Tugait Road	NGARUAUAHIA 3720	NEW ZEALAND			NZL			4,250	21-09-2007	Prospectus Issue Allotment	4,250	4,250.00		
RANA PARMIND	Parminder Rana	22 Great South Road	MANUREWA AUCKLAND 2102	NEW ZEALAND			NZL			5,000	6/11/12	Transfer	5,000		shares not listed	
REDJEANSLIMITED	Red Jeans Limited	16 Trent Street	TARADALE 4112	NEW ZEALAND			NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
REID JESSIE	Mr Jessie Cohen Reid	13 Ireland Street	AUCKLAND	NEW ZEALAND			NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
REIDCOASTALPROPERTYLIMITED	Reid Coastal Property Limited	13 Ireland STRRT	Freemans Bay	AUCKLAND	NEW ZEALAND		NZL			1,625	08-07-2011	Market Transfer	9,750	0.00		
RICHARDS GARY	Mr Gary W D Richards	226 Huntmere Road	TAKAPUNA AUCKLAND	NEW ZEALAND			NZL			3,125	21-09-2007	Prospectus Issue Allotment	18,750	18,750.00		
RICHARDS ROBERT	Mr Robert Richards &	Ms June Street &	Ms Jan Richards	9 Peter Terrace	CAMPBELLS BAY AUCK	NEW ZEALAND	NZL			1,125	21-09-2007	Prospectus Issue Allotment	6,750	6,750.00		
RICHARDSON SHAUN	Mr Shaun Stanley Richardson	136 Travers Road	Te Kauwhata	WAIKATO RD 2	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
ROBOTHAM MARK	Mr Mark John Robotham &	Miss Hilary Frances Hughes	31A Nelsiana Crescent	Broadmeadows	WELLINGTON 6035	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
ROSS JASON	Mr Jason Alexander Ross	3 Beaufort Street	DUNEDIN 9001	NEW ZEALAND			NZL			4,250	21-09-2007	Prospectus Issue Allotment	4,250	3,825.00		
RYAN SHAUN	Mr Shaun William Ryan	<S & K Ryan Family A/C>	129 Fisher Avenue	CHRISTCHURCH 8023	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
SALTYFLATSLTD	Salty Flats Ltd	C/- Roy & Kay Hitchcock	177 Ohiva Beach Road	Kuarene	OPOTIKI	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
SCHNEIDER KRIS	Kris Schneider	11 Malam Street	GLEN EDEN AUCKLAND 0604	NEW ZEALAND			NZL			5,000	6/11/12	Transfer	5,000		shares not listed	
SHORTALL GERARD	Mr Gerard Noel Shortall	PO Box 1477	Shortland Street	AUCKLAND	NEW ZEALAND		NZL			833	21-09-2007	Prospectus Issue Allotment	5,000	5,000.00		
SIEBERT SAMANTH	Miss Samantha Louise Siebert	96 Burnley Terrace	Sandringham	AUCKLAND 1025	NEW ZEALAND		NZL			687	21-09-2007	Prospectus Issue Allotment	4,000	4,000.00		
SILVA RASHMIL	Mr Rashmila Kariyawasam	De Silva &	Ms Indrani De Silva	5 Michael Foley Place	AVONDALE AUCKLAND	NEW ZEALAND	NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
SMITH GRANT	Mr Grant Smith &	Mrs Marilyn Anne Smith	Rapid 90	Smithfield Road Rd 2	ASHBURTON 7772	NEW ZEALAND	NZL			5,000	21-09-2007	Prospectus Issue Allotment	5,000	5,000.00		
SOMERVILLE PHILIP	Mr Philip Somerville	13 Joyden Place	Stammore Bay	WHANGAPARAADA PENINSULA	NEW ZEALAND		NZL			556	21-09-2007	Prospectus Issue Allotment	3,334	3,000.00		
STOKES JOHN	Mr John Thomas Stokes	PO Box 2313	Shortland Street	AUCKLAND	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
SUMNER JOHN	Mr John Dennis Sumner &	Mrs Leslye Eve Sumner	40 Bell Road	Remuera	AUCKLAND 1050	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
SUTTON JOSEPHI	Ms Josephine Mary Sutton	Vga Chartered Accountants	PO Box 99983	NEWMARKET 1149	NEW ZEALAND		NZL			1,687	21-09-2007	Prospectus Issue Allotment	20,000	20,000.00		
TAWHAI WILLIAM	Mr William George Tawhai	25E Ring Terrace	St Mary's Bay	AUCKLAND 1011	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
TAYLOR ROBERT	Mr Robert Taylor	135 Rosier Road	GLEN EDEN AUCKLAND	NEW ZEALAND			NZL			458	05-11-2012	Subregister Conversion	458		shares not listed	
THOMAS JILL	Ms Jill Irene Thomas	29 Maori Hul Road	OREWA 0832	NEW ZEALAND			NZL			1,687	21-09-2007	Prospectus Issue Allotment	10,000	10,000.00		
THOMPSON NATALIE	Ms Natalie Thompson	11 Seacombe Road	Point Chevalier	AUCKLAND 1002	NEW ZEALAND		NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
THOMPSON NEIL	Mr Neil Selwyn Thompson	11 Seacombe Road	Point Chevalier	AUCKLAND	NEW ZEALAND		NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
TOLKS TIARE	Mrs Tiare Toka	20 Calgary Street	Sandringham	AUCKLAND	NEW ZEALAND		NZL			15,000	21-09-2007	Prospectus Issue Allotment	15,000	15,000.00		
TURNBULL ROBERT	Mr Robert Turnbull	18 Greenfield Road	Egmont	AUCKLAND	NEW ZEALAND		NZL			428	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
VERNON STEPHEN	Mr Stephen Paul Vernon	17 Pluto Place	Birkenhead	AUCKLAND	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
WALLACE GRANT	Mr Grant Richard Wallace	PO Box 1347	AUCKLAND 1140	NEW ZEALAND			NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
WATERS ALISON	Ms Alison Waters	140C Ireland Road	PANMURE AUCKLAND 1060	NEW ZEALAND			NZL			15,000	6/11/12	Transfer	15,000		shares not listed	
WHITWORTH SALLY	Ms Sally Whitworth	17 Pluto Place	Birkenhead	AUCKLAND	NEW ZEALAND		NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
WICHMANN DANIEL	Mr Daniel Rolf Wichmann	PO Box 911322	Annes	AUCKLAND 1142	NEW ZEALAND		NZL			558	21-09-2007	Prospectus Issue Allotment	5,750	5,750.00		
WILLS SHANE	Mr Shane Wills	<Freedom A/C>	A12 Kauri Road	AUCKLAND 0627	NEW ZEALAND		NZL			22,572	21-09-2007	Prospectus Issue Allotment	19,750	19,750.00		
WOOD STEVEN	Mr Steven Roger Wood	294 Sunset Road	Windsor Park	AUCKLAND	NEW ZEALAND		NZL			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
XIE WILLIAM	Mr William Xie	4 - 28 Taylor Road	BLACKHOUSE BAY AUCKLAND 0600	NEW ZEALAND			NZL			5,000	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
ZOOLOCKHOLDINGSLTD	ZooLock Holdings Ltd	<Phil Jones A/C>	PO Box 97832	Sams	AUCKLAND	NEW ZEALAND	NZL			2,250	21-09-2007	Prospectus Issue Allotment	2,250	2,025.00		
EGNOTO JACKIE	Ms Jackie Egnoto	5740 Sunset Terrace	CICERO NY 13039	USA			USA			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
GEREMIA STEVEN	Mr Steven J Geremia	313 White Heron Circle	FAYETTEVILLE NY 13066	UNITED STATES OF AMERICA			USA			8,333	21-09-2007	Prospectus Issue Allotment	50,000	50,000.00		
GILES LIONEL	Mr Lionel F Giles	17061 Royal Cove Way	BOCA RATON FL 33496	UNITED STATES OF AMERICA			USA			4,167	21-09-2007	Prospectus Issue Allotment	25,000	25,000.00		
MILLS WHITNEY	Mr Whitney Mills	7 Whitegate Drive	Skaneateles Ny 13152	UNITED STATES	UNITED STATES OF AME		USA			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
PRIDMORE DAVID	Mr David Pridmore	1689 Wild Hill Drive	SPRING HILL TN 37174	UNITED STATES			USA			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		
SALUVE DENNIS	Mr Dennis Sauve	5887 Fikes Road	MEMPHIS NY 13112	UNITED STATES			USA			375	21-09-2007	Prospectus Issue Allotment	2,250	2,250.00		

Fully Paid Ordinary Shares

Disclaimer

\* Please be advised that all prices determined in Column O (Price Paid) have been sourced directly from www.tradingroom.com.au. The information has been taken directly from prices quoted on this website

# **ANNEXURE B**

**CONSTITUTION**

**OF**

**ENPRISE GROUP LIMITED**

**NZ COMPANY NO. 1562383**  
**ARBN 125 825 792**

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**DATED 21 SEPTEMBER 2012**

## **1 INTERPRETATION**

1.1 **Definitions:** In this Constitution, unless the context otherwise requires:

"**Act**" means the Companies Act 1993;

"**Approved Exchange**" means the National Stock Exchange of Australia Limited, or SIM Venture Securities Exchange or any other licenced Securities Exchange approved by the Board;

"**Board**" means Directors who number not less than the required quorum acting together as the board of directors of the Company;

"**Class**" means a class of Securities having identical rights, privileges, limitations and conditions and includes or excludes Securities which the Approved Exchange in its discretion deems to be of or not of that Class;

"**Company**" means DSQ Holdings Limited, ARBN 125 825 792 NZ Company No. 1562383;

"**Constitution**" means this constitution, as altered or substituted from time to time.

"**Director**" means a person appointed as a director of the Company;

"**Equity Security**" means an Equity Security, as defined in the Listing Rules, which has been issued, or is to be issued, by the Company, as the case may require;

"**Listed**" means the Company is admitted to the Official List;

"**Listing Rules**" means the Listing Rules of the Approved Exchange and any other rules of the Approved Exchange which apply while the Company is admitted to the Official List, each rule as amended or replaced from time to time, except to the extent of any express written waiver by the Approved Exchange;

"**Official List**" has the same meaning given to it in the Listing Rules;

"**Ordinary Resolution**" means a resolution passed by a simple majority of the votes of shareholders of the Company entitled to vote and voting on the resolution;

"**Personal Representative**" means:

- (a) in relation to a deceased individual shareholder, the executor, administrator or trustee of the estate of that shareholder;
- (b) in relation to a bankrupt individual shareholder, the assignee in bankruptcy of that shareholder; and
- (c) in relation to any other individual shareholder, a person appointed or deemed to have been appointed to administer property under the Protection of Personal and Property Rights Act 1988, a manager appointed or deemed to

have been appointed thereunder, and a donee of an enduring power of attorney complying with that Act;

**"Representative"** means a person appointed as a proxy or representative under clause 6.5 of Schedule 2 or a Personal Representative;

**"Security"** has the meaning given to 'Securities' in the Listing Rules;

**"Special Resolution"** means a resolution passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolution;

**"Subsidiary"** means:

- (a) a subsidiary within the meaning of section 5 of the Act (read together with sections 6 to 8 inclusive of that Act); and
- (b) an entity treated as a subsidiary or in substance subsidiary within the meaning of any financial reporting standard approved in terms of section 27(3) of the Financial Reporting Act 1993.

1.2 **Construction:** In this Constitution, unless the context otherwise requires:

- (a) the headings appear as a matter of convenience and shall not affect the construction of this Constitution;
- (b) in the absence of an express indication to the contrary, references to sections, clauses or paragraphs are to sections, clauses and paragraphs of this Constitution;
- (c) a reference to any statute, statutory relations or other statutory instrument includes the statute, statutory regulations or instrument as from time to time amended or re-enacted or substituted;
- (d) a reference to a Listing Rule includes that Listing Rule as from time to time amended or substituted;
- (e) the singular includes the plural and vice versa and one gender includes the other genders;
- (f) the words "written" and "writing" include facsimile communications and any other means of communication resulting in permanent visible reproduction;
- (g) the word "person" includes any association of persons whether corporate or unincorporated, and any state or government or department or agency thereof, whether or not having separate legal personality; and
- (h) words or expressions defined in the Act or the Listing Rules have the same meaning in this Constitution except as otherwise expressly provided in this Constitution;

1.3 **Powers of shareholders:** Unless otherwise specified in the Act or this Constitution any power reserved to shareholders may be exercised and any approval of shareholders may be given by Ordinary Resolution.



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## **2 LISTING RULES AND COMPANIES ACT**

- 2.1 **Companies Act:** The Company, the Board, each Director and each shareholder of the Company have the rights, powers, duties and obligations set out in the Act except to the extent that they are negated or modified by this Constitution.
- 2.2 **Listing Rules:** If the Company is admitted to the Official List, the following clauses apply:
- (a) despite anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act must not be done;
  - (b) nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done;
  - (c) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
  - (d) if the Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision;
  - (e) if the Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision; and
  - (f) if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency.
- 2.3 In this Constitution, a reference to the Listing Rules is to have effect only if at the relevant time the Company is admitted to the Official List and is otherwise to be disregarded.

## **3 RIGHTS ATTACHING TO SHARES**

- 3.1 **Existing ordinary shares:** Each ordinary share in the Company at the date of adoption of this Constitution confers on the holder the following rights (in addition to the rights set out elsewhere in this Constitution):
- (a) subject to the rights of holders of any shares or other Equity Securities which confer special rights as to dividends, the right to an equal share in dividends authorised by the Board; and
  - (b) subject to the rights of holders of any shares or other Equity Securities which confer special rights as to surplus assets, the right to an equal share in the distribution of surplus assets of the Company.
- 3.2 **New shares:** Subject to any special rights previously conferred on holders of existing shares or other Equity Securities, further shares in the Company (including different Classes of shares) may be issued which:
- (a) rank equally with, or in priority to, existing shares in the Company; or

- (b) have deferred, preferred or other special rights or restrictions, whether as to voting rights or distributions or otherwise; or
- (c) confer preferential rights to distributions of capital or income; or
- (d) confer special, limited or conditional voting rights; or
- (e) do not confer voting rights; or
- (f) are redeemable in accordance with section 68 of the Act; or
- (g) are convertible; or
- (h) have any one or more of the rights or limitations set out in clause (a) to (g).

3.3 **Alteration of Rights:** The issue by the Company of any further shares or Equity Securities which rank equally with, or in priority to, any existing shares or Equity Securities, whether as to voting rights or distributions, shall:

- (a) be permitted (subject to clause 3.1); and
- (b) not be deemed to be action affecting the rights attached to those existing shares or other Equity Securities.

#### 4 **ISSUE OF NEW EQUITY SECURITIES**

4.1 **Issue of new Equity Securities:** The Board may issue shares or other Equity Securities to any person and in any number it thinks fit provided that while the Company is Listed, the issue is made in compliance with the Listing Rules. The provisions of sections 45(1) and 45(2) of the Act shall not apply to any issue or proposed issue of shares by the Company.

4.2 **Consolidation and subdivision of shares:** Subject to any applicable provisions of this Constitution, the Board may:

- (a) consolidate and divide the shares or shares of any Class in proportion to those shares or the shares in that Class; or
- (b) subdivide the shares or shares of any Class in proportion to those shares or the shares in that Class.

4.3 **Bonus issue:** Subject to any applicable provisions of this Constitution, the Board may resolve to apply any amount which is available for distribution to shareholders either:

- (a) in paying up in full shares or other Securities of the Company to be issued credited as fully paid to:
  - (i) the shareholders who would be entitled to that amount if it were distributed by way of dividend, and in the same proportions; and
  - (ii) if applicable, the holders of any other Securities of the Company who are entitled by the terms of issue of those Securities to participate in

bonus issues by the Company, whether at the time the bonus issue is made to the shareholders, or at some time later, in accordance with their respective entitlements; or

- (b) in paying up any amount which is unpaid on any shares held by the shareholders referred to in clause 4.3(a)(i),

or partly in one way and partly in the other.

## **5 BUYBACKS AND REDEMPTIONS OF EQUITY SECURITIES AND FINANCIAL ASSISTANCE**

### **5.1 Powers:** The Company may:

- (a) purchase or otherwise acquire shares issued by it from one or more shareholders;
- (b) purchase or otherwise acquire other Equity Securities from one or more holders;
- (c) hold any shares or other Equity Securities so purchased or acquired; and
- (d) redeem any redeemable shares or other Equity Securities held by one or more holders,

in accordance with the provisions, and subject to the restrictions of the Act, this Constitution and the Listing Rules.

### **5.2 Permitted financial assistance:** The Company shall not give financial assistance for the purpose of, or in connection with, the acquisition of any shares or other Equity Securities issued, or to be issued, by the Company unless the giving of that assistance is in accordance with the provisions of the Act and the Listing Rules.

## **6 CALLS ON SHARES**

### **6.1 Board's power:** The Board may, by notice in writing to a shareholder or shareholders, make calls in respect of all money unpaid on shares and which are not, by the terms applicable to the shares, payable at fixed times. The Board may revoke or postpone a call before payment is received.

### **6.2 Liability to pay:** Each relevant shareholder shall be liable (jointly and severally in the case of joint shareholders) to pay, in accordance with the relevant notice, every call and shall remain liable to do so notwithstanding the subsequent transfer of the relevant shares.

### **6.3 Differential calls:** Calls may be made in respect of certain shares and not others and for different amounts in respect of certain shares from others. The Board may, at the time of issue of any shares, differentiate between the holders of shares received on that issue from holders of shares received on other issues as to the amount of calls to be paid and the time of payment.

### **6.4 Instalments:** The Board may determine that a call is payable by instalments.

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- 6.5 **Time call is made:** A calls shall be deemed to have been made at the time the resolution of the Board authorising the call was passed.
- 6.6 **Interest on overdue amounts:** A call not paid when due shall bear interest from the due date to the date of actual receipt by the Company at the rate fixed in the notice of call or the terms applicable to the relevant shares or, if there is no such rate, as the Board determines. The Board may waive payment of interest wholly or in part.
- 6.7 **Unpaid Instalments:** Any amount payable on issue of a share or on any fixed date or as an instalment of a call shall be deemed to be a call and if not paid, the provisions of this clause 6.7 and clause 6.2 and 6.6 shall apply as if that sum had become payable by the making of a call.
- 6.8 **Calls in advance:** The Board may , in its discretion, receive any money uncalled and unpaid upon any shares in advance of its due date and, may pay interest on the amount received at such rate (if any) and on such terms as the Board determines.
- 6.9 **Evidence:** In any proceedings for the recovery of money due in respect of any call a statutory declaration by a Director or any other person authorised by the board that:
- (a) the name of the shareholder is entered in the share register as the holder (or one of the holders) of the relevant shares;
  - (b) the resolution making the call is recorded in the records of the Company; and
  - (c) notice of the call was sent to the shareholder,
- shall be conclusive evidence of the indebtedness of the shareholder to the Company in respect of the call.
- 6.10 **Cancellation of unpaid amounts:** No obligation to pay any amount which is unpaid on any Equity Security shall be cancelled, reduced or deferred without the authority of an Ordinary Resolution.

## **7 LIEN ON SHARES**

- 7.1 **Lien on unpaid and partly paid shares:** The Company shall have a first and paramount lien on every share which is not a fully paid share (and any dividends or other distributions in respect of that share) for:
- (a) all unpaid calls, instalments, or other amounts and any interest payable on those amounts, relating to that share; and
  - (b) any amounts the Company may be called upon to pay under any legislation in respect of that share.
- 7.2 **Power of sale:** If any amount due in respect of a share on which the Company has a lien is unpaid for more than 14 days after notice in writing demanding payment has been given to the shareholder or the person entitled to receive notices in respect of that share:

- (a) the Company may sell the share on such terms as the Board determines; and
- (a) to give effect to any such sale, the Board may authorise any person to exercise a transfer of the share to, or at the direction of, the purchaser.

7.3 **Absolute title of purchaser:** The title of a purchaser of any shares sold pursuant to clause 7.2 shall not be affected by any irregularity or invalidity in any sale.

7.4 **Application of sale proceeds:** The net proceeds of sale of any share sold pursuant to clause 7.2, after deducting expenses of sale shall be applied in and towards satisfaction of any unpaid calls, instalments or other amounts and any interest on those amounts and the balance (if any) shall be paid to the person entitled to the share at the date of sale.

## 8 FORFEITURE OF SHARES

8.1 **Notice:** If a call on a share is not paid when due, the Board may give 14 days' notice to the shareholder requiring payment of the call, together with interest on the amount of the call. The notice shall specify the place of payment and state that if the notice is not complied with the relevant share will be liable to be forfeited.

8.2 **Forfeiture:** If the notice is not complied with the share may, before payment of the overdue amount has been made, be forfeited by resolution of the Board.

8.3 **Sale of forfeited shares:** A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board determines. To give effect to any sale or disposal the Board may authorise any person to execute any relevant documentation. The Board may, at any time before the sale or disposal, cancel the forfeiture.

8.4 **Application of sale proceeds:** The net proceeds of sale of any forfeited share shall be applied in the same manner as set out in clause 7.4.

8.5 **Absolute title of purchaser:** The title of a purchaser of a forfeited share shall not be affected by any irregularity or invalidity in the forfeiture, sale or other disposal of the share.

8.6 **Consequences of forfeiture:** A person whose shares have been forfeited shall cease to be a shareholder in respect of those shares and shall surrender the share certificate for cancellation but shall remain liable to the Company for all money due to the Company at the date of forfeiture in respect of the shares together with interest thereon.

8.7 **Evidence of forfeiture:** A statutory declaration by a Director or any other person authorised by the Board that a share has been forfeited on a specified date shall be conclusive evidence of that forfeiture.

## 9 TRANSFER OF SHARES

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- 9.1 **Transferor to remain holder until registration:** The transferor of a share shall remain the holder of the share until the name of the transferee is entered in the Share Register.
- 9.2 **Right to transfer:** Subject to any restrictions contained in this Constitution, shares may be transferred:
- (a) under a system of transfer approved under section 7 of the Securities Transfer Act 1991 which is applicable to the Company;
  - (b) under any other share transfer system which operates in relation to the trading of securities on any stock exchange outside New Zealand on which shares are listed and which is applicable to the Company; or
  - (c) by an instrument of transfer which complies with this Constitution.
- 9.3 **Restricted Securities:**
- (a) Restricted Securities cannot be disposed of during the Escrow Period, except as permitted by the Listing Rules or the Approved Exchange.
  - (b) The Company must refuse to acknowledge a disposal (including registering a transfer) of any Restricted Securities during the Escrow Period, except as permitted by the Listing Rules or the Approved Exchange.
  - (c) During a breach of the Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the holder of the Restricted Securities is not entitled to any dividend, or voting rights, in respect of the Restricted Securities.

For the purpose of this clause:

**Dispose** means to dispose or agree to dispose directly or through another person by any means, including the following:

- (a) Granting or exercising an option;
- (b) Using an asset as collateral;
- (c) Decreasing an economic interest; or
- (d) Disposing of part of an asset.

**Escrow Period** means the period set out in a Restriction Agreement.

**Restricted Securities** has the meaning in the Listing Rules and includes shares in the Company defined as such in any Restriction Agreement.

- 9.4 **Method of Transfer:** A share which is disposed of in a transaction which complies with the requirements of a system of transfer referred to in clause 9.2(a) or 9.2(b) may be transferred in accordance with the requirements of that system. Where an instrument of transfer would have complied with the provisions of the Securities Transfer Act 1991 if it had been executed by the transferor in New Zealand, it may

nevertheless be registered by the Company if it is executed in a manner acceptable to the Company of the Company's share register.

9.5 **Form of transfer:** Every instrument of transfer of shares not falling within clauses 9.2, 9.3, 9.4 and 9.9 shall comply with the following provision:

- (a) the form of the instrument of transfer shall be any usual or common form or any other form which the Board may approve;
- (b) the instrument of transfer must be signed or executed by or on behalf of the transferor; and
- (c) where the shares being transferred are not fully paid up, the instrument of transfer must also be signed or executed by or on behalf of the transferee.

9.6 **Power to refuse to register:** The Board may decline to register any paper-based transfer of shares where the Company has a lien on any of the shares provided that the Board resolves to exercise its powers under clause 9.6 within 30 working days after receipt of the relevant transfer and notice of the resolution is sent to the transferor and to the transferee within five working days of the resolution being passed by the Board.

9.7 **Sale of less than Minimum Holding:** The Board may at any time given notice to any shareholder holding less than a Minimum Holding of shares of any Class that if at the expiration of three months after the date the notice is given the shareholder still holds shares which are less than a Minimum Holding the Board may exercise the power of sale of those shares set out in this clause 9.7. If that power of sale becomes exercisable:

- (a) the Board may arrange for the sale of those shares through the Approved Exchange or in some other manner approved by the Approved Exchange;
- (b) the shareholder shall be deemed to have authorised the Company to act on the shareholder's behalf and to execute all necessary documents for the purposes of that sale unless, in response to a notice given by the company under this rule, the company receives written notice that the shareholder does not consent to the sale of those shares;
- (c) the Company shall account to the shareholder for the net proceeds of sale of the shares (after deduction of reasonable sale expenses), which shall be held on trust for the shareholder by the Company and paid to the shareholder on surrender of any certificates for the shares sold; and
- (d) the title of a purchaser of any shares sold pursuant to clause 9.7 shall not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

9.8 **Registration of transfers:** Every instrument of transfer shall be delivered to the Company's share registrar, together with the share certificate (if any) for the shares to be transferred. If there is no share certificate for those shares or if the share certificate has been lost, damaged or destroyed, the transferee shall provide such

other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

- 9.9 **Participation in share transfer systems:** The Company may participate in any share transfer system approved under the Securities Transfer Act 1991 or in any share transfer system which operates in relation to trading in securities on any other stock exchange on which the Company's shares are traded and, in so participating, it shall comply with the requirements of the Approved Exchange or of the relevant share transfer system. The Board may register any transfer of Securities presented for registration in accordance with the requirements of any such system and will not be obliged to enquire as to the due execution of any transfer effected by reason of such system.
- 9.10 **Power to divide share register:** The Share Register may be divided into two or more registers kept in different places.
- 9.11 **Transfer of securities other than shares:** This clause 9.11 shall apply to transfers of Securities of the Company other than shares with any necessary modifications.

## 10 TRANSMISSION OF SHARES

- 10.1 **Transmission on death of shareholder:** If a shareholder dies, the survivor, if the deceased was a joint shareholder, or the shareholder's Personal Representative, shall be the only persons recognised by the Company as having any title to or interest in the shares of the deceased shareholder. Nothing in this clause 10.1 shall release the estate of a deceased joint shareholder from any liability in respect of any share or constitute a release of any lien which the Company may have in respect of any share.
- 10.2 **Rights of Personal Representatives:** A shareholder's Personal Representative:
- (a) is entitled to exercise all rights (including without limitation the rights to receive distributions, to attend meetings and to vote in person or by representative), and is subject to all limitations, attached to the shares held by that shareholder; and
  - (b) is entitled to be registered as holder of those shares, but such registration shall not operate as a release of any rights (including any lien) to which the Company was entitled prior to registration of the Personal Representative pursuant to this clause 10.2.
- 10.3 **Joint Personal Representatives:** Where a share is subject to the control of two or more persons as Personal Representatives, they shall, for the purposes of this Constitution, be deemed to be joint holders of the share.

## 11 DIRECTORS

- 11.1 **Board composition:** The composition of the Board must include the minimum number of Directors (other than Alternate Directors) is three and the maximum number of Directors (other than Alternate Directors) is seven



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- 11.2 **Existing Directors to continue in office:** The Directors in office at the date of adoption of this Constitution shall continue in office subject to removal from office as director by Ordinary Resolution.
- 11.3 **Appointment and removal by Ordinary Resolution:** A Director may be appointed by Ordinary Resolution. All Directors shall be subject to removal from office as director by Ordinary Resolution.
- 11.4 **Appointment by Board:** The Board may at any time appoint additional Directors. A Director appointed by the Board shall hold office only until the next annual meeting of the Company but shall be eligible for election at that meeting.
- 11.5 **Rotation:** One third of the Directors or, if their number is not a multiple of three, then the number nearest to one third, shall retire from office at the annual meeting each year. The Directors to retire shall be those who have been longest in the office since they were last elected or deemed elected. In the case of Directors who were last appointed Directors on the same day, those to retire shall be determined by agreement between those Directors or, if they cannot agree, by lot.
- 11.6 **Exception to rotation:** The provisions of clause 11.5 shall be read subject to the following exceptions:
- (a) a Director appointed pursuant to clause 11.4 and who is subject to retirement and seeks election at the next annual meeting pursuant to that clause shall not be subject to retirement by rotation at the next annual meeting of the Company following that Director's appointment pursuant to clause 11.4. That Director shall not be included in the number of Directors upon which the calculation of the number of Directors to retire by rotation at that annual meeting is made;
  - (b) if the Company has executive Directors, one of those executive Directors shall not be subject to retirement by rotation. That executive Director shall be included in the number of Directors upon which the calculation of the number of Directors to retire by rotation is made.
- 11.7 **Vacation of office:** A Director shall cease to hold office as a Director if the Director:
- (a) becomes bankrupt or makes an arrangement or compromise with the Director's creditors generally;
  - (b) becomes disqualified from being a Director pursuant to section 151 of the Act;
  - (c) resigns from office by notice in writing to the Company;
  - (d) is removed from office pursuant to this Constitution or the Act; or
  - (e) has for more than six months been absent without permission of the Board from meetings of the Board held during that period.

**11.8 Timing of retirement and appointment: If:**

- (a) a Director retires at a meeting of shareholders and is not re-elected, the Director shall remain in office until, and his or her retirement shall take effect at the conclusion of the meeting;
- (b) a Director is removed from office at a meeting of shareholders by Ordinary Resolution, the Director shall remain in office until, and his or her removal shall take effect at, the conclusion of the meeting.
- (c) a person who is not already a Director is appointed or elected as a Director at a meeting of shareholders, that person shall take office as a Director immediately after the conclusion of the meeting.

**11.9 Appointment of Alternate Directors:** Each Director may from time to time appoint any person who is not already a Director and who is approved by a majority of the other Directors to be the Director's alternate director (an **Alternate Director**). No Director may appoint a deputy or agent otherwise than by way of appointment of an Alternate Director.

**11.10 Appointment and removal of Alternate Directors:** Any appointment or removal of an Alternate Director must be by notice in writing to the Company signed by the relevant Director.

**11.11 Rights of Alternate Director:** Each Alternate Director will be entitled to:

- (a) receive notices of all meetings of the Board if the Director who appointed the Alternate Director is known to be either outside of New Zealand or otherwise unavailable to attend meetings;
- (b) attend and vote at any such meeting at which the Director who appointed the Alternate Director is not personally present; and
- (c) in the absence of the Director who appointed the Alternate Director, perform all the functions, and exercise all the powers, of that Director.

**11.12 Remuneration of Alternate Directors:** Each Alternate Director's remuneration (if any) must be paid by the Director who appointed the Alternate Director.

**11.13 Expenses of Alternate Director:** The expenses incurred by each Alternate Director in attending meetings of the Directors and otherwise in relation to the discharge of duties will be paid by the Company.

**11.14 Cessation of appointment of Alternate Director:** An Alternate Director will cease to be an Alternate Director:

- (a) if the Director who appointed the Alternate Director ceases to be a Director or revokes the appointment;
- (b) on the occurrence of any event relating to the Alternate Director which, if the Alternate Director were a Director, would disqualify the Alternate Director from being a Director; or

- (c) if a majority of the other Directors resolve to revoke the Alternate Director's appointment.

**11.15 Appointment and removal of managing Director:** The Board may from time to time appoint one or more Directors to be a managing Director either for a fixed term (but not exceeding five years) or otherwise and on such other terms (including remuneration) as the Board determines. The Board may from time to time remove any such managing Director and appoint another or others in his or her place. Any managing Director who is removed by resolution of the Board shall have no right or claim to continue in office and his or her only remedy against the Company (if any) shall be in damages. Any Director holding the office of Managing Director at the date of adoption of this Constitution shall continue in office.

**11.16 Resignation of managing Director:** A managing Director shall, subject to the provisions of any contract between him or her and the Company, be subject to the same provisions concerning resignation, removal and disqualification as the other Directors. If a managing Director ceases to hold the office of Director from any cause he or she immediately ceases to be managing Director.

## **12 DIRECTORS' REMUNERATION**

**12.1 Executive Directors:** Except as otherwise provided, nothing in the Listing Rules shall affect the remuneration of executive Directors in their capacity as executives.

**12.2 Expenses:** Each Director is entitled to be paid for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Company's business.

**12.3 Special remuneration:** The Board may authorise special remuneration to any Director who is or has been engaged by the Company or a Subsidiary to carry out any work or perform any services which is not in the capacity of a director of the Company or a Subsidiary.

## **13 INDEMNITY AND INSURANCE**

**13.1 Indemnity for Directors:** Every Director shall be indemnified by the Company for any costs referred to in section 162(3) of the Act and any liability or costs referred to in section 162(4) of the Act.

**13.2 Other indemnities and insurance:** In addition to the indemnity set out in clause 13.1, the Company may:

- (a) indemnify a director or employee of the Company or a related company for any costs referred to in section 162(3) of the Act;
- (b) indemnify a director or employee of the Company or a related company in respect of any liability or costs referred to in section 162(4) of the Act; and
- (c) effect insurance for a director or employee of the Company or a related company in respect of any liability or costs referred to in section 162(5) of the Act.

**13.3 Interpretation:** Words given extended meanings by section 162(9) of the Act have those extended meanings in this clause 13.3.

## **14 NOTICES**

**14.1 Method of service:** All notices, reports, accounts or documents required to be sent to a shareholder shall be sent in the manner set out in section 391 of the Act. Notices to any other person shall be sent in the same manner as if that person was a shareholder.

**14.2 Services of notices outside New Zealand:** If a Security holder has no registered address within New Zealand and has not supplied to the Company an address within New Zealand for the giving of notices, but has supplied an address outside New Zealand, then notices shall be posted to the holder at the address and shall be deemed to have been received by the holder 24 hours after the time of the posting.

**14.3 Joint holders:** A notice may be given by the Company to the joint holders of a Security by giving the notice to the joint holder first in the register in respect of the Security.

## **15 DIVIDENDS**

**15.1 Method of payment:** Any dividend or other money payable to a holder of Securities may be paid by electronic transfer to a bank account nominated from time to time by the person entitled to the payment or in any other manner determined by the Board. In the case of joint holders, payments shall be made to the bank account nominated by the holders jointly.

**15.2 Currency of payment:** The Board may, in its discretion, differentiate between shareholders as to the currency in which dividends are to be paid. In exercising that discretion the Board may have regard to the registered address of a shareholder, the register on which a shareholder's shares are registered or any other matter the Board considers appropriate. In any case where a dividend is to be paid in a currency other than New Zealand currency, the amount payable will be converted from New Zealand currency in a manner, at a time and at an exchange rate determined by the Board.

**15.3 Deductions:** The Board may deduct from dividends payable to any shareholder in respect of any shares any:

- (a) unpaid calls, instalments or other amounts, and any interest payable on such amounts, relating to the specific shares; and
- (b) amounts the Company may be called upon to pay under any legislation in respect of the specific shares.

**15.4 Entitlement date:** Dividends and other distributions or payments to holders of Securities of the Company will be payable to the persons who are the registered holders of those Securities on an entitlement date fixed by the Board.

**15.5 Unclaimed dividends:** Dividends or other monetary distributions unclaimed for one year after having been authorised may be used for the benefit of the Company until

claimed. All dividends or other monetary distributions unclaimed for five years after having been authorised may be forfeited by the Board for the benefit of the Company. The Company shall, nevertheless, annul the forfeiture and pay a claimant which produces evidence of entitlement.

## **16 INSPECTION OF RECORDS**

16.1 Except as provided in the Act or unless the Board determines otherwise in any particular case, no holder of Securities shall be entitled to:

- (a) inspect any records, books, papers, correspondence or documents of the Company; or
- (b) require or receive any information concerning the Company's business, trading or customers, or any trade secret or secret process of or used by the Company.

## **17 LIQUIDATION**

17.1 **Distribution of surplus:** Subject to the rights of the holders of any Securities in the Company and to clauses 17.2 and 17.3, upon the liquidation of the Company the surplus assets of the Company (if any) must be distributed among the shareholders in proportion to their shareholding. If any shareholder's shares are not fully paid up the liquidator of the Company may require those shares to be fully paid up before the shareholder receives any distribution of the surplus assets of the Company in respect of those shares.

17.2 **Distribution in kind:** With the approval of the shareholders of the Company by Ordinary Resolution, the liquidator of the Company may divide amongst the shareholders in kind the whole or any part of the surplus assets of the Company (whether or not they are of the same kind) and for that purpose the liquidator may:

- (a) attribute values to assets as the liquidator considers appropriate; and
- (b) determine how the division will be carried out as between the shareholders or different Classes of shareholders.

17.3 **Trusts:** With the approval of the shareholders of the Company by Ordinary Resolution, the liquidator may vest the whole or any part of any surplus assets of the Company in trustees upon trust for the benefit of shareholders of the Company. The liquidator may determine the terms of the trust.

## **18 EXECUTION OF DEEDS**

18.1 **Manner of execution:** A deed which is to be entered into by the Company may be signed on behalf of the Company by:

- (a) two or more Directors;
- (b) any Director, or any person authorised by the Board, whose signature must be witnessed; or

- - (c) one or more attorneys appointed by the Company in accordance with section 181 of the Act.

## SCHEDULE 1 – BOARD MEETINGS

### 1. PROCEEDINGS OF THE BOARD

#### 1.1 **Methods of holding meetings:** A meeting of the Board may be held either:

- (a) by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication by which all the Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

#### 1.2 **Notice of meeting:** A Director or, if requested by a Director to do so, an employee of the Company approved by the Board for this purpose, may convene a meeting of the Board by giving notice in accordance with this clause 1.2 and 1.3 of this Schedule. Each Director must be given not less than two days' notice of meeting of the Board, unless the Director waives that right or in the opinion of the chairperson or of Directors who would together constitute a quorum at the meeting, the meeting is necessary as a matter of urgency, in which event such notice as is practicable in the circumstances shall be given. Notice may be given to a Director in any of the following ways:

- (a) by delivery of the notice to the Director, in which case the notice will be deemed to be given when delivered;
- (b) by sending the notice by facsimile transmission to the facsimile number given by the Director to the Company for the purpose of receiving notices, in which case the notice will be deemed to be given when sent; or
- (c) by posting the notice to the address given by the Director for the purpose of receiving notices, in which case the notice will be deemed to be given three days after it is posted.

#### 1.3 **Contents of notice:** A notice of a meeting must specify the date, time and place of the meeting and, if the meeting is to be by means of audio or audio and visual communication, the manner in which the Director will be contacted to participate at the time of the meeting.

#### 1.4 **Waiver of irregularity:** An irregularity in a notice of meeting is waived if all the Directors entitled to receive notice of the meeting attend or participate in the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.

#### 1.5 **Quorum:** A quorum for a meeting of the Board is a majority of Directors. No business may be transacted at a meeting of the Board unless a quorum is present.

#### 1.6 **Insufficient number of Directors:** The Directors may act notwithstanding any vacancy in their body, but if and for so long as their number is reduced below the minimum number fixed by clause 11.1, the continuing Directors may act for the

purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.

- 1.7 **Chairperson:** The Directors may elect one of their number as chairperson of the Board and determine the period for which the chairperson is to hold office. If no chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for the commencement of the meeting, the Directors present may choose one of their number to be chairperson of the meeting.
- 1.8 **Votes:** Subject to clauses 1.12 and 1.13 of this Schedule, every Director has one vote. In the case of an equality of votes the chairperson will not have a casting vote. A resolution of the Board is passed if it is agreed to by all Directors present without dissent or majority of the votes cast on it are in favour of it. A Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless that Director expressly dissents or expressly abstains from voting on, or votes against, the resolution.
- 1.9 **Resolutions in writing:** A resolution in writing, signed or assented to by all Directors is as valid and effective as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form, each signed or assented to by one or more Directors. A copy of any such resolution must be entered in or kept with the records of Board proceedings.
- 1.10 **Minutes:** The Board must ensure that minutes are kept of all proceedings at meetings of the Board.
- 1.11 **Validity of acts:** All acts done by any meeting of the Board or of a committee of Directors or by any person acting as a Director are valid notwithstanding:
  - (a) any defect in the appointment of any Director or person acting as a Director; or
  - (b) that they or any of them were disqualified;
  - (c) any irregularity in a notice of meeting.
- 1.12 **Interested Directors may not vote:** Subject to clause 1.13 of this Schedule, a Director may not vote on a Board resolution in respect of a matter in which the Director is interested, and the Director shall not be counted in the quorum for the purposes of consideration of that matter. In this clause and clause 1.13 of this Schedule the word "interested" has the meaning given to that word in section 139 of the Act.
- 1.13 **Exception to voting prohibition:** Notwithstanding clause 1.12 of this Schedule, a Director may vote in respect of and be counted in the quorum for the Board for the purposes of a matter in which the Director is interested if the matter is one in respect of which, pursuant to an express provision of the Act, Directors are required to sign a certificate or one which relates to the grant of an indemnity pursuant to section 162 of the Act.



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- 1.14 **Other procedures:** Except as set out in this Schedule, the Board may regulate its own procedure. The provisions of the Third Schedule of the Act shall not apply to proceedings of the Board except to the extent that those provisions are included in this Constitution.

## **SCHEDULE 2 – SHAREHOLDERS' MEETINGS**

### **1. MEETINGS OF SHAREHOLDERS**

**1.1 Methods of holding meetings:** A meeting of shareholders may be held either:

- (a) by a number of shareholders, who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
- (b) if determined by the Board, by a number of shareholders, who constitute a quorum, being assembled together at the date and time appointed for the meeting and at one or more venues at which, by means of audio, or audio and visual, communication all participating shareholders can simultaneously hear each other throughout the meeting.

**1.2 Meetings of other groups:** A meeting of the holders of Securities in an interest group may be called by the Board at any time, and shall be called on the written request of persons holding Securities carrying together not less than 5% of the voting rights entitled to be exercised on any of the questions to be considered at the meeting of the group in question. All the provisions of this Constitution relating to meetings of shareholders apply, with all necessary modifications, to a meeting of a group of Security holders, except that:

- (a) the necessary quorum is two persons holding, or representing the holders of, Securities of the group;
- (b) if the Board so elects, one meeting may be held of holders constituting more than one group, so long as voting at that meeting is by way of a poll, and proper arrangements are made to distinguish between the votes of members of each group; and
- (c) any holder of Securities in the group, present in person or by Representative, may demand a poll.

### **2. NOTICE OF SHAREHOLDERS' MEETINGS**

**2.1. Written notice:** Written notice of the time, date and place of a meeting of shareholders must be sent to every shareholder entitled to receive notice of the meeting and to every Director and the auditor of the Company not less than 10 working days before the meeting.

**2.2. Rights of Equity Security holders and Directors:** Equity Security holders of all Classes shall be entitled to attend meetings of shareholders and to receive copies of all notices, reports and financial statements issued generally to holders of Securities carrying votes. Each Director who is not also a shareholder shall have the same rights.

**2.3. Contents of notice:** The notice must state:

- (a) the nature of the business to be transacted at the meeting in sufficient detail to enable a shareholder to form a reasoned judgment in relation to it; and

(b) the text of any special resolution to be submitted to the meeting.

- 2.4. **Irregularity in notice:** An irregularity in a notice of meeting is waived if all the shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such shareholders agree to the waiver. The accidental omission to give a notice of a meeting to, or the non-receipt of a notice of a meeting by, any person will not invalidate the proceedings at the meeting.
- 2.5. **Adjourned meetings:** If a meeting of shareholders is adjourned for less than 30 days it is not necessary to give notice of the time, date and place of the adjourned meeting other than by announcement at the meeting which is adjourned.

### 3. **CHAIRPERSON OF SHAREHOLDERS' MEETINGS**

- 3.1 **Chairperson of the Board to act:** If the Directors have elected a chairperson of the Board, and the chairperson of the Board is present at a meeting of shareholders, that Director must chair the meeting.
- 3.2 **Other chairperson:** If no chairperson of the Board has been elected or if at any meeting of shareholders the chairperson of the Board is not present within 15 minutes of the time appointed for the commencement of the meeting or the chairperson is unwilling or unable to act, the Directors present, if any, may elect one of their number to be chairperson of the meeting. If no Director is willing to act as chairperson or if no Director is present within 15 minutes of the time appointed for the commencement of the meeting, the shareholders present may choose one of their number to be chairperson.

#### 3.3 **Regulation of procedure**

- (a) Subject to the provisions of the Act, and except as otherwise provided in this Constitution, the chairperson may regulate the proceedings at meetings of shareholders.
- (b) Without limiting the chairperson's powers under clause 3.3(a) of this Schedule, the chairperson has the power to:
- (i) determine all matters relating to the proper conduct of meetings, including power to ensure that the business of the meeting is not restricted by any immaterial procedural irregularities;
  - (ii) preserve order in the conduct of those present at meetings;
  - (iii) confine discussion to relevant matters within the scope of the meeting and a reasonable limited time;
  - (iv) determine whether proposed motions, amendments and discussion items are in order;
  - (v) close the discussion and move to vote on any matter;
  - (vi) determine any dispute as to the admission or rejection of a vote; and

- (vii) expel and remove from a meeting any shareholder or other person interfering unduly with the reasonable conduct of the meeting or preventing the proper transaction of business,
- (viii) and make all rulings necessary to give effect to these powers.

#### **4. QUORUM FOR SHAREHOLDERS' MEETING**

- 4.1 **Quorum required:** Subject to clause 4.3 of this Schedule, no business may be transacted at a meeting of shareholders if a quorum is not present.
- 4.2 **Quorum:** A quorum for a meeting of shareholders is present if five shareholders are present in person or by Representative.
- 4.3 **Lack of quorum:** If a quorum is not present within 30 minutes after the time appointed for the meeting:
  - (a) in the case of a meeting called by shareholders under section 121(b) of the Act, the meeting is dissolved;
  - (b) in the case of any other meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the Directors may appoint and if, at the adjourned meeting, a quorum is not present within 30 minutes after the time appointed for the commencement of the meeting, the shareholders or their representatives present will constitute a quorum.

#### **5. VOTING AT SHAREHOLDERS' MEETINGS**

- 5.1. **Meetings in one place:** In the case of a meeting of shareholders held under clause 1.1(a) of this Schedule, unless a poll is demanded, voting at the meeting shall be by whichever of the following methods is determined by the chairperson:
  - (a) voting by voice; or
  - (b) voting by show of hands.
- 5.2. **Audio-visual meetings:** In the case of a meeting of shareholders held under clause 1.1(b) of this Schedule, unless a poll is demanded, voting at the meeting shall be by the shareholders signifying individually their assent or dissent by voice.
- 5.3. **Postal votes:** Unless the Board determines otherwise, shareholders may not exercise the right to vote at a meeting by casting postal votes. If the Board determines that shareholders may exercise the right to vote at a meeting by casting postal votes, the procedures in relation to postal voting shall be those set out in clause 7 of the First Schedule to the Act together with any other procedures determined by the Board.
- 5.4. **Number of votes:** Subject to the provisions of clause 5.5 of this Schedule and subject to any rights or restrictions attached to any share:
  - (a) where voting is by voice or a show of hands, every shareholder present in person or by Representative has one vote;

- (b) on a poll every shareholder present in person or by Representative has:
  - (i) one vote in respect of every fully paid share held by that shareholder;
  - (ii) in respect of each share held by that shareholder which is not fully paid, a fraction of the vote or votes which would be exercisable if that share was fully paid. That fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amount paid and payable (excluding amounts credited and amounts paid in advance of a call).

5.5. **Voting restrictions:** No shareholder shall be entitled to vote at any meeting:

- (a) in respect of Shares on which any call or other money is due and unpaid; or
- (b) in favour of a resolution when that person is disqualified from doing so by virtue of any applicable voting restriction in the Listing Rules.

5.6. **Declaration of chairperson conclusive:** A declaration by the chairperson that a resolution is carried by the requisite majority is conclusive evidence of that fact unless a poll is demanded in accordance with section 5.7 of this Schedule.

5.7. **Right to demand poll:** At a meeting of shareholders, a poll may be demanded by:

- (a) not less than five shareholders having the right to vote at the meeting; or
- (b) a shareholder or shareholders representing not less than 10% of the total voting rights of all shareholders having the right to vote at the meeting; or
- (c) a shareholder or shareholders holding shares in the Company that confer a right to vote at the meeting and on which the aggregate amount paid up is not less than 10% of the total amount paid up on all shares that confer that right; or
- (d) the chairperson.

For the purposes of this clause 5.7, the instrument appointing a proxy to vote at a meeting of the Company confers authority to demand or join in demanding a poll and a demand by a person as proxy for a shareholder has the same effect as a demand by the shareholder.

5.8. **Time of demand for poll:** A poll may be demanded either before or after the vote is taken on a resolution. The demand for a poll may be withdrawn.

5.9. **Timing of poll:** The chairperson may determine the time and manner in which a poll is to be taken and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

5.10. **Counting of votes on poll:** If a poll is taken, votes must be counted according to the votes attached to the shares of each shareholder present in person or by Representative and voting.

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- 5.11. **Scrutineers:** If a poll is taken the scrutineers shall be the auditors of the Company for the time being unless they are unable or unwilling to act or unless the chairperson directs to the contrary in which case the scrutineers shall be appointed by the chairperson.
- 5.12. **Declaration of result:** The chairperson shall be entitled to declare the result of a poll upon the receipt of a certificate from the auditors setting out the maximum number of votes which could be cast at the meeting and upon receipt of notice from the scrutineers that, in the light of the auditors' certificate, sufficient votes to determine the result of the resolution have been counted. The auditors' certificate may set out the maximum number of votes which could be cast at the meeting if all persons entitled to attend and vote at the meeting did so, or it may set out the maximum number of votes which could be cast at the meeting if all persons at the meeting who are entitled to vote did vote.
- 5.13. **Chairperson's casting vote: the chairperson of the meeting is entitled to a casting vote.**
- 5.14. **Votes of joint holders:** Where two or more persons are registered as the holder of a share, the vote of the person named first in the share register and voting on a matter must be accepted to the exclusion of the votes of the other joint holders.
- 5.15. **Validity of votes:** In the case of any dispute as to the admission or rejection of a vote the chairperson shall determine the same and such determination made in good faith shall be conclusive.

## **6. PROXIES AND CORPORATE REPRESENTATIVES**

- 6.1 **Proxies permitted:** A shareholder may exercise the right to vote either by being present in person or by proxy. A proxy for a shareholder is entitled to attend and be heard at a meeting of shareholders as if the proxy were the shareholder.
- 6.2 **Form of proxy:** A proxy must be appointed by notice in writing signed by the shareholder and the notice must state whether the appointment is for a particular meeting or a specified term.
- 6.3 **Lodging proxy:** No proxy is effective in relation to a meeting unless the proxy form is received by or on behalf of the Company at any place specified for the purpose in the notice of meeting not later than 48 hours before the start of the meeting.
- 6.4 **Validity of proxy vote:** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, if no written notice of such death, mental disorder, revocation, or transfer has been received by the Company at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.
- 6.5 **Corporate representatives:** A body corporate which is a shareholder may appoint a representative to attend a meeting of shareholders on its behalf in the same manner as that in which it could appoint a proxy. A representative shall have the same rights and powers as if the representative were a proxy.

## **7. SHAREHOLDER PROPOSALS**

- 7.1 A shareholder may give written notice to the Board of a matter the shareholder proposes to raise for discussion or resolution at the next meeting of shareholders at which the shareholder is entitled to vote. The provisions of clause 9 of the First Schedule of the Act apply to any notice given pursuant to this clause.

## **8. MINUTES OF SHAREHOLDERS' MEETING**

- 8.1 The Board must ensure that minutes are kept of all proceedings at meetings of shareholders. Minutes which have been signed correct by the chairperson are prima facie evidence of the proceedings.

## **9. ADJOURNED AND DISORDERLY MEETINGS**

- 9.1 **Chairperson's discretion to adjourn meetings:** The chairperson may, in his or her sole discretion, at any time during the meeting adjourn from time to time and place to place (including either to a later time at the same meeting or to an adjourned meeting):

- (a) the meeting; or
- (b) any business, motion, question or resolution being considered or remaining to be considered by the meeting or any debate or discussion in relation to any of those matters.

In addition, if at any meeting a motion or proposal to adjourn the meeting has been defeated, the chairperson has an absolute discretion whether or not to accept and put to the meeting any further motion or proposal to adjourn the meeting.

- 9.2 **Direction to adjourn:** If directed by the meeting, the chairperson must adjourn the meeting.
- 9.3 **Provisions relating to adjourned meetings:** No business can be transacted at any adjourned meeting other than the unfinished business at the original meeting. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given in the same manner as the original meeting. Otherwise, it is not necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 9.4 **Adjournment of disorderly meetings:** If any meeting becomes, unruly, disorderly or inordinately protracted, that in the opinion of the chairperson the business of the meeting cannot be conducted in a proper and orderly manner, the chairperson, notwithstanding any provision to the contrary contained in this Constitution and without the consent of the meeting, may, in his or her sole absolute discretion and without giving reasons, either adjourn or dissolve the meeting.
- 9.5 **Completion of unfinished business:** If any meeting is dissolved by the chairperson pursuant to clause 9.4 of this Schedule, the unfinished business of the meeting shall be dealt with as follows:

- (a) in respect of any resolution concerning the approval or authorisation of a distribution, the Board may, in the exercise of the powers conferred on it by the Act, authorise the distribution;
- (b) in respect of any resolution concerning the remuneration of the auditors, the meeting shall be deemed to have resolved that the Board be authorised to fix the remuneration of the auditors;
- (c) the chairperson may direct that any item of business which is uncompleted at the meeting, and which in his or her opinion requires to be voted upon, be put to the vote by a poll without further discussion in accordance with clause 3.3 and 5.7 of this Schedule.



# **ANNEXURE C1**



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**datasquirt™**  
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**DATASQUIRT LIMITED**

ANNUAL REPORT 2008

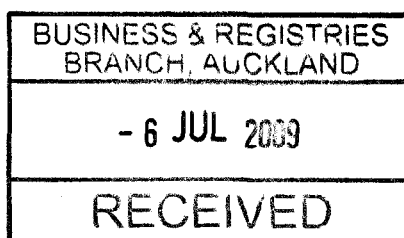


pipeline has been established in North America, Australia and the United Kingdom. The 2009 growth forecast to accelerate as new partners and resellers are signed up for the 2009 financial year.

Product and market development costs are in line with expectations and reflect the substantial investment to establish business development capability in overseas markets. The 2009 forecast is based on the following assumptions:

# Key Highlights

- Revenue of NZ\$1,477,000, with 109% growth in recurring CONTACT license and hosting income.
- A net loss of NZ\$3,845,000. This is according to plan and reflects the substantial investment in market development and product development.
- Cash and bank balances stand at NZ\$5,133,000.
- 113% growth in customers under contract or in pilot.
- First nine CONTACT customers contracted in international markets, with new customers under contract or in pilot in North America, United Kingdom and Australia.
- New Zealand customer contracts grew 153% during the year.
- A strong sales pipeline has been established for CONTACT in all markets.
- There is strong reseller and partner interest in CONTACT in Australia, United Kingdom and North America.
- Establishment of Datasquirt sales offices in Germany (May 2007), United Kingdom (August 2007), Australia (January 2007), North America (May 2007).
- A new web chat channel was added to the CONTACT product in March.
- A major marketing initiative was begun with a new website – hosting a rich library of product and case study collateral – completed and due to launch during May 2008.
- Staff grew to 21 employees.



# Chairman's Report

## Review of operations and activities

The year has seen Datasquirt focus on consolidating its New Zealand success and moving its focus to international market development, primarily in North America, the United Kingdom, Australia and Germany. Funds raised from the ASX listing in September 2007 were invested across international market development and product development – as outlined in our prospectus.

Over the past year the approach in international markets has been to establish a direct sales presence to establish local reference sites, and in parallel, to establish distribution channels and local support arrangements. This has resulted in establishing sales subsidiaries in each of these markets. In addition Datasquirt is partnering with strategic resellers who have existing relationships with the local contact center industry.

The results to date are consistent with our expectations. Market feedback has been positive and sales pipelines are strong. We have continued strong sales in the New Zealand market, winning new business, extending existing customers' contracts and maintaining 95% of the existing CONTACT customer base through the period. We have international customer contracts either closed or in advanced negotiation with four customers based in the United Kingdom, three in North America and two in Australia.

The CONTACT product's success across a wide range of New Zealand market verticals clearly demonstrates the scope of opportunity in international markets and we expect to see continued growth in recurring revenue going forward.

## Revenue

	2008 NZ\$'000	2007 NZ\$'000	Increase (Decrease) %
CONTACT licence fees and services	1,051	503	109%
Transaction revenue	148	209	(29%)
Non-recurring distributor payment	–	325	(100%)
Other revenue	278	131	112%
	1,477	1,168	26%

The majority of our customers use our CONTACT software on a hosted basis, and sign a term contract for the service. Datasquirt recognizes the contracted revenue as the fees are charged, on a monthly basis. Revenue from core business activities such as CONTACT software licensing and hosting and transaction fees increased by 109% over the same period last year.

As reported in the half year results, historically Datasquirt derived a significant income stream from revenue share transactions relating to the retail market for downloads such as ring tones. This market has declined in value over recent years due to fierce competition in this area and changes to legislation. Meanwhile Datasquirt has moved its focus to providing contact center solutions for enterprises. Our flagship CONTACT software application manages more commercially focused SMS, email, web chat and fax transactions and we expect to build this revenue stream alongside the monthly hosting charges as we implement CONTACT sites internationally. The non-recurring distributor payment in 2007 was for exclusivity to resell the CONTACT solution in New Zealand. We continue to work successfully with this partner but are now also able to engage with additional resellers should appropriate opportunities arise.

The loss from ordinary activities amounted to NZ\$3,845,000 and reflects the budgeted start up costs for this period for Datasquirt's international expansion into Australia, North America, United Kingdom and Germany. Datasquirt has also increased the headcount at the New Zealand head office to support the growth strategy, as well as increasing the internal software development resource.

Datasquirt has established four sales offices to focus on international business opportunities. Datasquirt UK was established in the last financial year. Further offices – Datasquirt Australia, Datasquirt North America and Datasquirt Germany AG – were established during the current reporting period. Combined, these offices enable Datasquirt to target an offshore market 150 times the size of the New Zealand market.

## **Review of operations by market**

### **North America**

Strong early progress with sales and technical staff in place, three active customers and a strong sales pipeline. The education/university market has shown particular early promise as text messaging is particularly appropriate to communicating quickly and efficiently with large student communities. Technology infrastructure provisioning through the US mobile networks took longer to implement than expected and delayed monthly customer contract revenues coming on stream. These issues have now been resolved.

### **United Kingdom**

With four staff on the ground and four active customers, the United Kingdom operation is gaining momentum. CONTACT has been deployed across the market verticals of financial services, transport and logistics, and travel at this stage and market feedback is positive across a wide range of verticals as has been our experience in New Zealand. In addition to direct sales, the priority is now to build a reseller network. Positive discussions are underway in this regard.

### **Germany**

The German market entry is slower than expected and the board continues to monitor operations closely. The focus, as in other markets, is to partner with resellers where CONTACT complements their solution offering, giving us access to customer and prospect bases where CONTACT has shown to be a strong fit with business requirements.

### **Australia**

Since the appointment of a General Manager in August 2007, growth has been highly positive with two new CONTACT customers under contract and a number of pilots underway with large enterprises. A strong focus on building relationships with potential distribution channels is ongoing.

### **New Zealand**

Another strong year, both with regard to customer retention and with existing customers extending their use of CONTACT. Particularly pleasing has been the high number of customers agreeing to formal case study references and the spread of CONTACT across a range of new industry verticals including pharmaceuticals, telecommunication, catalogue companies, government and education. During the year the New Zealand Department of Labour won a prestigious TUANZ (Telecommunications Users Association of New Zealand) award for their innovative use of CONTACT.

## **CONTACT support**

The CONTACT support infrastructure expanded to provide technology resources resident in North America and the United Kingdom as well as additional headcount in New Zealand. This international team supports the implementation of CONTACT with new customers, as well as providing ongoing support for existing customers. Highlights included the implementation of full two-way SMS connectivity in Australia, North America, Canada, the United Kingdom and Germany and the roll out of a new United Kingdom data center. The New Zealand data center was also upgraded in preparation for expected customer growth. Interconnection arrangements were negotiated with the two largest global messaging aggregators, and additional in-market arrangements were made to service local market requirements in New Zealand, Australia and Canada.

# Chairman's Report – continued

## **CONTACT research and development**

During the year the research and development team completed eight releases of the CONTACT application. A number of major enhancements were made along with the usual functional improvements. Many of these enhancements and new features were developed as a result of specific customer requirements and were all incorporated into the core product suite and most have been deployed to other customers. These included significant improvements to CONTACT's CRM functionality, a new Incident Manager Module to allow management of customer/externally reported incidents, and a phone channel to allow details of phone calls to be logged against the customer record. Improvements were also made to the scalability of the messaging infrastructure. A new web chat channel was also released which provides a live-chat channel for customers to engage instantly with call center agents, directly from a customer's website. The chat toolset integrates easily with existing website infrastructures, allowing customers to click a button to chat in real-time with contact center agents. The code base was updated to Microsoft .NET 2.0 and Microsoft SQL Server 2005.

## **CONTACT marketing**

A major marketing project was begun subsequent to the ASX listing in September 2007. This has included a review and refresh of the Datasquirt and CONTACT brands and the development of a range of marketing materials to support direct sales and sales via channel partners. A fundamental driver of the marketing project is to ensure that Datasquirt's CONTACT software is well referenced by customers, and that these customer references illustrate the business benefits of CONTACT. A key deliverable of the marketing project is the new website launched in May 2008.

## **Staff and customers**

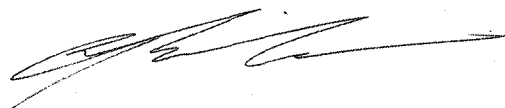
On behalf of the board, I would like to thank all of our employees for their dedication and support during the past year. It has been a challenging year establishing our international presence and ramping up to support new markets while continuing to deliver excellent service to existing customers. We are now strongly positioned to expand on our recent successes and look forward to the future growth of Datasquirt in the coming financial year.

I would also like to thank our customers for their unwavering support and confidence in our ability to deliver solutions to their business needs. Our advisors, business partners and suppliers have all continued in their ongoing support for Datasquirt and we express our gratitude to all involved.

## **Looking forward**

Datasquirt will continue to invest in product and market development, building the foundations for the scale required to lead the international market in the provision of integrated call center solutions. Progress to date is in line with expectations. We expect continued growth in recurring revenue and further acceleration in the rate of customer acquisition in the year ahead. We will continue to invest into our international expansion and expect a visible improvement in our revenue.

This report is made in accordance with a resolution of directors.



Lindsay Phillips  
*Chairman*

Auckland  
23 May 2008

# Directors

The directors of the company during the year and up to the date of this report are:

Lindsay Phillips, Chairman

Mark Loveys

David Lyons

Jens Neiser

Aaron Ridgway, Chief Executive Officer

## **Lindsay Phillips**

*Chairman*

Lindsay Phillips is currently the Head of Private Equity for Lazard Carnegie Wylie, the Chairman of Flat Glass Industries Limited (listed on the ASX) and a director of a number of private companies in a wide variety of industries. His recent experience includes almost 20 years in private equity/investment banking both in Australia and the United Kingdom. Prior to that he spent seven years with Price Waterhouse. He joined the board in April 2006.

## **Mark Loveys**

*Director*

As one of the founders of Datasquirt, Mark Loveys had an early involvement in the architecture and design of the company's products and solutions. Prior to this, he was a founder and product designer of Exonet, a market leading ERP solution for small to medium businesses, currently used by thousands of businesses throughout Australasia. His success in the design and commercialisation of the Exonet software package, led to it being acquired by a global ERP organization. He holds a Bachelor of Science degree from Auckland University and he is a member of the global SAP Solution Partner Advisory Council. He has served on the board since September 2004.

## **David Lyons**

*Director*

David Lyons is the CEO of Continuum Systems, a hardware and software distribution company based in Syracuse, New York selling solutions to government, manufacturing, healthcare and other verticals. He is also the founder and CEO of Continuum Professional Services, a full outsource medical transcription company that supports acute and outpatient transcription services for hospitals and clinics. He has more than 25 years experience in service related businesses, in addition to his extensive software sales and marketing experience. He joined the board in June 2007.

## **Jens Neiser**

*Director*

Jens Neiser joined the board following his investment in Datasquirt in June 2006. He manages the Neiser Capital Investment fund and was previously a partner with Boston Consulting Group in New York and Munich specializing in technology companies. He holds a Masters degree in law and a PhD in economics.

## **Aaron Ridgway**

*Managing Director & CEO*

Aaron Ridgway is the founder and a major shareholder in Datasquirt and has an extensive and successful background in the mobility and telecommunication industry. He is widely respected as a retailer of mobile phones owning several of New Zealand's most successful First Mobile Vodafone franchises. He has served as Managing Director on the board since September 2004.



# Directors' Report

The directors are pleased to submit to shareholders their report and the financial statements for the year ended 31 March 2008.

## Principal activities

Datasquirt Limited is a New Zealand based software company, founded in 2001 by Aaron Ridgway and Mark Loveys. The company is a leader in multiple channel contact management for call centers. Its CONTACT software adds text messaging, email, webchat and efax capability to existing call center environments. CONTACT increases customer accessibility, offers opportunities to enhance customer service, drives revenues and reduces costs by providing more effective communication channels to complement the traditional voice channel. Datasquirt listed on the Australian Stock Exchange on 28 September 2007.

## Significant changes in the state of affairs

Contributed equity increased to \$11,310,000 from \$2,243,000, an increase of \$9,067,000. This was largely due to the raising of A\$7,226,000 on the Australian Securities Exchange in September 2007. Refer to note 18 for further information on movements in equity. Subsidiaries were incorporated in each of local markets where Datasquirt Limited has established sales offices. Datasquirt Limited is the ultimate parent and has 100% ownership of each of the subsidiaries. Refer to note 5 for further information on the subsidiaries.

## Directors

Christian Bernecker resigned from the board on 28 June 2007. In accordance with the constitution, Mark Loveys and Lindsay Phillips retire and, being eligible, offer themselves for re-election.

## Disclosure of interests by directors

The directors' certificates to cover entries in the Interests Register in respect of remuneration, insurance, indemnities, dealing in the company's shares and other interests have been disclosed as required by the Companies Act 1993.

## Remuneration of directors

The remuneration of the directors for the year ended 31 March 2008 has been disclosed in the following section on page 10 of this Report.

## Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

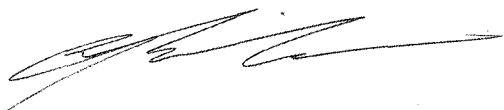
## Outlook

Over the past 12 months Datasquirt has seen continued success with its flagship CONTACT product, with a growth in core business of 109%. The focus of the year has been to put in place the building blocks required to replicate our New Zealand success in North America, the United Kingdom, Germany and Australia. Early feedback is encouraging and it has been particularly positive to have nine new customers operational across three of these markets. We remain confident of CONTACT's fit with the market requirements in the contact center industry and in the potential for new customer acquisition.

Each market is building strong direct sales pipelines and engaging with a range of reseller partners to increase our access to potential customers. The directors continue to expect continued growth in revenues and further acceleration in the rate of customer acquisition in the year ahead.

The board of directors is pleased to present the financial statements for the year ended 31 March 2008.

The financial statements are signed for and on behalf of the board, and were authorised for issue on the date below.



Lindsay Phillips  
*Chairman*

23 May 2008



Aaron Ridgway  
*CEO*

23 May 2008

# Corporate Governance

The board and management of the company is committed to best practice governance principles and the highest ethical standards. The board has agreed to regularly review and assess the company's governance to ensure best practice is achieved and maintained.

The company is listed in Australia where compliance is encouraged to the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

The company recognizes the importance of corporate governance in creating value and establishing accountability and acknowledges that there is considerably more structure to be implemented in this area. Since the company listed at the end of September 2007 a number of initiatives have begun to review and improve existing policies and procedures and we will report progress in the next report.

As part of this programme a project has been initiated to review the current corporate governance policy documentation with a view to delivering a revised governance manual which incorporates and expands upon current practices and procedures to more fully reflect the principles. Copies of the relevant governance manual content will be made available in the investor relations section of the company's website [www.datasquirt.com](http://www.datasquirt.com) as completed.

## **Responsibilities of the board**

The board is responsible for directing and monitoring the business and affairs of the company, including compliance with corporate governance policies and procedures.

At a general level the board:

- Establishes the company's objectives
- Develops major strategies for achieving company's objectives
- Manages risks
- Determines the overall policy framework within which the business of the company is conducted and
- Monitors management's performance with respect to these matters.

The board delegates management of the day-to-day affairs and management responsibilities of the company to the executive team under the leadership of the Chief Executive Officer to deliver the strategic direction and goals determined by the board.

To assist the board in the execution of its duties, the board has established two committees – the Audit Committee and the Nomination and Remuneration Committee. The board is responsible for appointing and removing committee members. Each committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the company. Datasquirt recognizes the importance of corporate governance in creating value and establishing accountability.

## **The board**

Four of the five directors are non-executive directors.

The executive director is Aaron Ridgway, who is Chief Executive Officer of the company.

## **Independence of directors**

Currently, the company has no independent directors. There are four non-executive non-independent directors (within the meaning of the ASX Best Practice Recommendations) and one executive director.

Jens Neiser, Mark Loveys and Lindsay Phillips are all substantial shareholders of the company or officers of a substantial shareholder. David Lyons is the CEO of Continuum Systems which has been appointed non-exclusive distributor of the company's products in North America.

The company does not have a policy of requiring a majority of independent directors, given its size and scope. Persons have been selected as directors based on their relevant skills and industry experience.

### **Committees and Responsibilities**

In order to better manage its responsibilities, the board has established the Audit Committee and the Nomination and Remuneration Committee.

### **Independence of Chairman**

ASX best practice recommends that the chairman should be an independent director. The Chairman, Lindsay Phillips, does not hold an executive position with the company, however he is a substantial shareholder. The company believes this will ensure his interests are aligned with those of other shareholders.

### **Audit Committee**

The Audit Committee was formed in September 2007 and monitors and reviews the effectiveness of controls in the areas of operational and balance sheet risk, legal and regulatory compliance and financial reporting. The committee discharges these responsibilities by:

- overseeing relationships with the external auditor and the external audit function generally; and
- evaluating the processes to ensure that accounting records are properly maintained in accordance with statutory requirements and financial information provided to investors and the board is accurate and reliable.

Members of management and the external auditors attend meetings of the committee by invitation. The committee may also have access to financial and legal advisers, in accordance with the board's general policy.

The members of the Audit Committee are Lindsay Phillips and Aaron Ridgway. Lindsay Phillips is Chairman of this committee.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was formed in September 2007 and is responsible for matters relating to succession planning, recruitment and the appointment and remuneration of the directors and the Chief Executive Officer and remuneration packages for management and employees.

The objectives of the committee include:

- reviewing, assessing and making recommendations to the board on the desirable competencies of the board;
- assessing the performance of the members of the board;
- overseeing the selection and appointment practices for non-executive directors and senior management;
- developing succession plans for the board and overseeing the development of succession planning in relation to senior management; and
- assisting the board in determining appropriate remuneration policies.

In making recommendations to the board regarding the appointment of directors, the committee periodically assesses the appropriate mix of skills, experience and expertise required of the board and assesses the extent to which the required skills and experience are represented on the board. The committee may obtain information from, and consult with, management and external advisers, as it considers appropriate.

The members of the Nomination and Remuneration Committee are David Lyons and Jens Neiser. Jens Neiser is Chairman of this committee.

# Corporate Governance – continued

## Board processes

The board held eight meetings during the year ended 31 March 2008. The table below shows attendance at the board meetings. While the Audit and Nomination and Remuneration committees have been set up by the company in this financial year they did not meet independently of the board. At the company's current size and stage of development, and with the regularity of board meetings, issues normally addressed by these committees were dealt with by the board as a whole in the meetings set out below.

	Board Meetings
Christian Bernecker*	3
Mark Loveys	6
David Lyons**	4
Jens Neiser	8
Lindsay Phillips	5
Aaron Ridgway	8

\*Christian Bernecker resigned from the board 28 June 2007

\*\* David Lyons joined the board in June 2007

## Directors' remuneration

Under the company's constitution, directors may be paid a fee for ordinary services performed as a director. The maximum amount of remuneration that may be paid to non-executive directors has been set at \$150,000 and this may only be increased with the prior approval from the company at a general meeting. This remuneration may be divided among the non-executive directors in such fashion as the board may determine. The current non-executive directors received the following directors' fees in the year ending 31 March 2008:

Jens Neiser	\$32,000
Mark Loveys	\$12,500
David Lyons	\$12,500
Lindsay Phillips	\$24,500

The constitution allows the additional remuneration for any director called upon to perform extra services or undertake any executive or other work for the company beyond his or her ordinary duties.

David Lyons received a further \$79,000 in the year ending 31 March 2008 for additional services for the setup of the Datasquirt North America operation as was agreed by the board.

Mark Loveys received a further \$4,000 in the year ending 31 March 2008 for additional consultancy services during the IPO as was agreed by the board.

Aaron Ridgway does not receive remuneration as a director of the company or a subsidiary company. Mr. Ridgway, acting in his capacity as an employee of the company and subsidiaries received total remuneration, inclusive of the value of other benefits, in respect of the year ended 31 March 2008 of \$239,000.

Except as stated above, no employee of the company or its subsidiaries receives or retains any remuneration or other benefits as a director. Remuneration, inclusive of the value of other benefits received by such employees, is included in relevant banding of employee remuneration received exceeding \$100,000 disclosed in Note 22 of this annual report.

### **Senior management remuneration**

The Remuneration Committee is responsible for reviewing the remuneration of the company's senior management in consultation with the Chief Executive Officer. At this stage of its development the company has not developed formal remuneration policies, although this is part of the programme to develop policies and procedures. Similar policies and principles that guide the remuneration of directors apply to the remuneration of the company's senior management, although remuneration packages consist of a mixture of cash and other benefits, including in some cases share options in the company. The expected outcomes of the company's remuneration policies for senior management are to balance motivating and retaining key employees, attracting quality management and providing performance incentives that allow executives to share the rewards of the success of the company. In addition, the existing option plan operated by the company is intended to encourage the retention of the senior management team and to encourage the senior management team to ensure the company performs well for the shareholders through long-term growth and increasing shareholder value.

Senior management remuneration is included in the disclosure made by the company in Note 22 of this annual report, where the company has included in relevant bandings the number of employees whose remuneration, inclusive of the value of other benefits received, exceeds \$100,000.

### **Continuous disclosure**

Datasquirt places a priority on communication with shareholders and is aware of the obligations it has under the Corporations Act and the ASX Listing Rules to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the shares.

The company believes it has met its obligations under the ASX Listing rules for continuous disclosure.

### **Share trading guidelines**

Datasquirt has adopted guidelines that prohibit trading in its shares by directors and staff who possess material price sensitive information about the company. Subject to the overriding restriction that persons may not deal in shares while they are in possession of material price sensitive information, directors and key staff will only be permitted to deal in shares during certain "window periods" which are during the three month period from the date of release of the half yearly and yearly announcements to ASX and from release of a disclosure document offering equity securities in the company. Outside of these periods, directors and key staff are not to be permitted to deal in shares. Directors and staff are required to notify the Company Secretary of purchases and sales within two business days of the transaction in order to enable the company to notify the ASX within five business days.

# Corporate Governance – continued

## Performance evaluation

As part of its governance review the board will be developing a set of policies and procedures relating to the performance evaluation of the board, the board's committees, individual directors, and executives. It is intended that during the next financial year the board will conduct a performance evaluation of the board and its members in accordance with these policies. This policy will also be published on the company's website when completed. It is envisaged that the board will undertake a performance evaluation of itself that:

- compares the performance of the board with the requirements of its charter;
- reviews the performance of the board's committees;
- sets forth the goals and objectives of the business for the upcoming year; and
- effects any improvements to the board charter deemed necessary or appropriate.

## Risk management

The board monitors and if necessary receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.

The effectiveness of the control environment of the company group in relation to operational and balance sheet risk is monitored and reviewed by the Audit Committee. This includes overseeing the adequacy of and compliance with prescribed policies, control processes relating to safeguarding of assets, maintenance of proper accounting records and reliability of financial information.

The company will include review and expansion of current risk management policies in its overall governance review, and, where applicable, further develop related internal compliance systems to:

- optimize the return to, and protect the interests of, stakeholders;
- safeguard the company's assets and maintain its reputation;
- improve the company's operating performance; and
- fulfill the company's strategic objectives.

The board, through management, ultimately has responsibility for internal compliance and control.

## Policies

In addition to the policies mentioned in this section on corporate governance, the company will also be reviewing and expanding on other policies including those in relation to external auditors, remuneration, market disclosure, communication with shareholders, share trading and health and safety.

## Code of conduct

The ASX best practice recommendations suggest a code of conduct be formally established for directors, the managing director and key executives. The board's policy is to ensure that all directors, executives and employees act with utmost integrity and objectivity in their dealing with all people that they come into contact with during their working life. So while the company has not established a written personal conduct policy it considers these requirements will be adequately dealt with in the policies on continuous disclosure, share trading and individual employment contracts.

## Rotation of auditors

It is recommended that there is a rotation policy for auditors, however there is no such policy in place for the company at present. The board has delegated the responsibility for overseeing the company's relationship with the external auditor and given the size and scope of the operations of the company and the costs and inefficiencies inherent in rotating auditors it currently considers rotation of auditors is not appropriate.

## Information policy

The board has not yet adopted an information policy applicable to all directors of the company and senior management. This is underway as part of the overall governance review process. The company's information policy will set out the procedure for:

- protecting confidential information from unauthorized disclosure;
- identifying material price sensitive information;
- reporting material price sensitive information to the company secretary for review;
- ensuring the company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules (including in dealings and discussions with analysts, professional bodies, the media or customers); and
- ensuring the company and individual officers do not contravene the Corporations Act or ASX Listing Rules (including restrictions on media interviews or presentations).

The relevant material will be made available in the investor relations section of the company's website [www.datasquirt.com](http://www.datasquirt.com) as completed.

## Continuous disclosure

The company places a high priority on communication with shareholders and is aware of the obligations it has under the NZ Companies Act, Corporations Act and ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the company's securities.

The company's information policy is part of documentation under development and will set out policies and procedures to ensure that this occurs. Information is communicated to shareholders as follows:

- through the ASX company announcements platform;
- through notices of meetings of shareholders; and by provision of all documents that are released to the public on the company's website at [www.datasquirt.com](http://www.datasquirt.com).



# Auditors' Report



To the Shareholders of Datasquirt Limited

We have audited the financial statements on pages 15 to 49. The financial statements provide information about the past financial performance of the company and group and their financial position as at 31 March 2008. This information is stated in accordance with the accounting policies set out on pages 19 to 27.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

## Directors' Responsibilities

The directors are responsible for the preparation of financial statements which comply with generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of the company and group as at 31 March 2008 and of their financial performance and cash flows for the year ended on that date.

## Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the directors and report our opinion to you.

## Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the circumstances of the company and group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Ernst & Young provides taxation advice to the company and group.

## Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 15 to 49:
  - comply with generally accepted accounting practice in New Zealand; and
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of the financial position of the company and group as at 31 March 2008 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 23 May 2008 and our unqualified opinion is expressed as at that date.

A stylized, handwritten-style signature of 'Ernst &amp; Young' in a dark ink.

Auckland

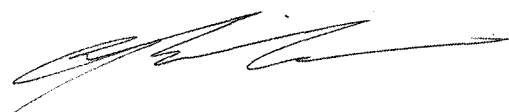
# Balance Sheet

AS AT 31 MARCH 2008

	NOTE	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	11	5,133	3	4,984	3
Trade and other receivables	12	502	278	430	278
<b>Total Current Assets</b>		<b>5,635</b>	<b>281</b>	<b>5,414</b>	<b>281</b>
<b>Non-current Assets</b>					
Investments in subsidiaries	13	–	–	124	–
Property, plant and equipment	14	128	42	91	42
Intangible assets	15	114	2	112	2
<b>Total Non-current Assets</b>		<b>242</b>	<b>44</b>	<b>327</b>	<b>44</b>
<b>TOTAL ASSETS</b>		<b>5,877</b>	<b>325</b>	<b>5,741</b>	<b>325</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	16	703	292	597	292
Interest-bearing loans & borrowings		–	303	–	303
Provisions	17	80	12	50	12
<b>Total Current Liabilities</b>		<b>783</b>	<b>607</b>	<b>647</b>	<b>607</b>
<b>TOTAL LIABILITIES</b>		<b>783</b>	<b>607</b>	<b>647</b>	<b>607</b>
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the parent</b>					
Contributed equity	18	11,310	2,243	11,310	2,243
Accumulated loss	19	(6,370)	(2,525)	(6,338)	(2,525)
Reserves	19	154	–	122	–
<b>TOTAL EQUITY</b>		<b>5,094</b>	<b>(282)</b>	<b>5,094</b>	<b>(282)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,877</b>	<b>325</b>	<b>5,741</b>	<b>325</b>

The above balance sheet should be read in conjunction with the accompanying notes.

For and on behalf of the board, who authorise the issue of these financial statements on 23 May 2008:



Lindsay Phillips  
Chairman

23 May 2008



Aaron Ridgway  
CEO

23 May 2008

# Income Statement

FOR THE YEAR ENDED 31 MARCH 2008	NOTE	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Revenue</b>					
Revenue		<b>1,199</b>	1,037	<b>976</b>	1,037
Other revenue	6	<b>278</b>	131	<b>314</b>	131
		<b>1,477</b>	1,168	<b>1,290</b>	1,168
Development and implementation expenses		<b>(150)</b>	(301)	<b>(93)</b>	(301)
Hosting and connectivity expenses		<b>(256)</b>	(36)	<b>(100)</b>	(36)
Transaction costs		<b>(57)</b>	(146)	<b>(57)</b>	(146)
Commissions		<b>(199)</b>	–	<b>(127)</b>	–
Marketing expenses		<b>(606)</b>	(175)	<b>(214)</b>	(175)
Employee benefits expense	7	<b>(2,358)</b>	(252)	<b>(1,397)</b>	(252)
Professional fees	7	<b>(473)</b>	(595)	<b>(277)</b>	(595)
Travel expenses		<b>(554)</b>	(461)	<b>(359)</b>	(461)
Market support	21(d)	–	–	<b>(1,973)</b>	–
Other operating expenses	7	<b>(537)</b>	(419)	<b>(383)</b>	(419)
Depreciation, amortization & impairment	7	<b>(83)</b>	(26)	<b>(74)</b>	(26)
Net loss on foreign exchange		<b>(49)</b>	(77)	<b>(49)</b>	(77)
<b>Loss from continuing operations before income tax</b>		<b>(3,845)</b>	(1,320)	<b>(3,813)</b>	(1,320)
Income tax expense	8	–	–	–	–
<b>Loss after income tax</b>		<b>(3,845)</b>	(1,320)	<b>(3,813)</b>	(1,320)
<b>Net loss for the period</b>		<b>(3,845)</b>	(1,320)	<b>(3,813)</b>	(1,320)
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>	10				
Basic earnings per share		<b>(0.18)</b>	(7.35)		
Diluted earnings per share		<b>(0.18)</b>	(7.35)		

*The above income statement should be read in conjunction with the accompanying notes.*

# Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2008

	NOTE	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		NZ\$000	NZ\$000	NZ\$000	NZ\$000
<b>Cash flows from operating activities</b>	20				
Receipts from customers (inclusive of GST)		1,132	1,118	910	1,118
Payments to suppliers and employees (inclusive of GST)		(4,557)	(2,616)	(4,372)	(2,616)
Interest paid		(5)	(3)	(5)	(3)
Interest received		45	16	44	16
Receipt of government grants		100	126	100	126
<b>Net cash flows used in operating activities</b>		<b>(3,285)</b>	<b>(1,359)</b>	<b>(3,323)</b>	<b>(1,359)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(270)	(47)	(223)	(47)
Purchase of intangibles		(10)	–	(10)	–
Acquisition of subsidiary/investment		–	–	(124)	–
<b>Net cash flows used investing activities</b>		<b>(280)</b>	<b>(47)</b>	<b>(357)</b>	<b>(47)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		9,067	2,000	9,067	2,000
Payment for share buy back		–	(357)	–	(357)
Proceeds from borrowings		–	300	–	300
Repayment of borrowings		(303)	(505)	(303)	(505)
<b>Net cash flows from financing activities</b>		<b>8,764</b>	<b>1,438</b>	<b>8,764</b>	<b>1,438</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,199</b>	<b>32</b>	<b>5,084</b>	<b>32</b>
Net foreign exchange differences		(69)	(77)	(103)	(77)
Cash and cash equivalents at beginning of period		3	48	3	48
<b>Cash and cash equivalents at end of period</b>		<b>5,133</b>	<b>3</b>	<b>4,984</b>	<b>3</b>

*The above cash flow statement should be read in conjunction with the accompanying notes.*

# Statement of Recognized Income and Expense

FOR THE YEAR ENDED 31 MARCH 2008

	CONSOLIDATED		PARENT	
	2008 NZ\$000	2007 NZ\$000	2008 NZ\$000	2007 NZ\$000
Foreign currency translation	(20)	–	(52)	–
<b>Net expense recognized directly in equity</b>	<b>(20)</b>	<b>–</b>	<b>(52)</b>	<b>–</b>
Loss for the period	(3,845)	(1,320)	(3,813)	(1,320)
<b>Total recognized income and expense for the period</b>	<b>(3,865)</b>	<b>(1,320)</b>	<b>(3,865)</b>	<b>(1,320)</b>
Attributable to:				
Equity holders of the parent	(3,865)	(1,320)	(3,865)	(1,320)
	<b>(3,865)</b>	<b>(1,320)</b>	<b>(3,865)</b>	<b>(1,320)</b>

*The above statement of recognized income and expense should be read in conjunction with the accompanying notes.*

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2008

## 1 Corporate information

The financial statements of Datasquirt Limited (the company) for the year ended 31 March 2008 were authorised for issue in accordance with a resolution of the directors on 23 May 2008.

Datasquirt Limited (the parent) is a company limited by shares incorporated in New Zealand whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the group are described in the general disclosures section of this annual report.

## 2 Summary of significant accounting policies

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### (a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

### (b) Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable financial reporting standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

# Notes to the Financial Statements – continued

## 2 Summary of significant accounting policies – continued

### (c) New accounting standards and interpretations

Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the group for the annual reporting period ending 31 March 2008. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on group financial report	Application date for group*
NZ IFRS 8	Operating Segments	New standard replacing NZ IAS 14 Segment Reporting, which adopts a management approach to segment reporting.	1 January 2009	NZ IFRS 8 is a disclosure standard so will have no direct impact on the amounts included in the group's financial statements. However the amendments may have an impact on the group's segment disclosures as segment information included in internal management reports is more detailed than is currently reported under NZ IAS 14 Segment Reporting.	1 April 2009
NZ IAS 1 (revised)	Presentation of Financial Statements	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	The amendments are expected to only affect the presentation of the group's financial statements and will not have a direct impact on the measurement and recognition of amounts under the current NZ IAS 1. The group has not determined at this stage whether to present the new statement of comprehensive income as a single or two statements.	1 April 2009

\* designates the beginning of the applicable annual reporting period

### (d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Datasquirt Limited (the group) and its subsidiaries (as outlined in note 5) as at 31 March each year.

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the group.

Investments in subsidiaries held by Datasquirt Limited are accounted for at cost in the separate financial statements of the parent entity.

## 2 Summary of significant accounting policies – continued

### (e) Segment reporting – refer note 5

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 operating business segments. Management has assessed the reportable business segments under NZ IAS 14 Segment Reporting and have determined that on adoption of IFRS 8 Segment Reporting (applicable from 1 January 2009); additional operating segments will most likely be reported. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

### (f) Foreign currency translation

#### (i) Functional and presentation currency

Both the functional and presentation currency of Datasquirt Limited is New Zealand dollars (\$). The subsidiaries' functional currency is the local currency which is translated to presentation currency (see below).

#### (ii) Transactions & balances

Subsidiary	Local Currency	Presentation Currency
Datasquirt (Australia) Pty Limited	Australian dollars (\$)	New Zealand dollars (\$)
Datasquirt (UK) Limited	British pounds (£)	New Zealand dollars (\$)
Datasquirt LLC	United States dollars (\$)	New Zealand dollars (\$)
Datasquirt AG	Euro (€)	New Zealand dollars (\$)

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

#### (iii) Translation of group companies functional currency to presentation currency

The results of the subsidiaries are translated into New Zealand dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognized in the foreign currency translation reserve in equity.

### (g) Cash and cash equivalents – refer note 11

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.



# Notes to the Financial Statements – continued

## 2 Summary of significant accounting policies – continued

### (h) Trade and other receivables – refer note 12

Trade receivables, which generally have 30-90 day terms, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less an allowance for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognized when there is objective evidence that the group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

### (i) Property, plant and equipment – refer note 14

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred. The cost is recognized in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalization. All other repairs and maintenance are recognized in profit or loss as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets as follows:

Computer equipment – over 3 to 5 years

Furniture and fittings – over 5 to 10 years

Phones – over 2 to 5 years

The assets' residual values, useful lives and amortization methods are reviewed, and adjusted if appropriate, at each financial year end.

#### *Derecognition*

An item of property, plant and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal.

### (j) Leases – refer note 24

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

### (k) Intangibles – refer note 15

Intangibles are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. See note 15.

Internally generated intangible assets are not capitalized and expenditure is recognized in profit or loss in the year in which the expenditure is incurred.

#### *Research and development costs*

Research and development costs are expensed as incurred.

## 2 Summary of significant accounting policies – continued

### (l) Trade and other payables – refer note 16

Trade and other payables are carried at amortized cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

### (m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### (n) Provisions and employee benefits – refer note 17

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

#### *Employee leave benefits:*

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognized in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognized when the leave is taken and are measured at the rates paid or payable.

### (o) Share-based payment transactions – refer note 23

#### *Equity settled transactions:*

The group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes option pricing model, further details of which are given in note 23.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Datasquirt Limited if applicable.

# Notes to the Financial Statements – continued

## 2 Summary of significant accounting policies – continued

### (o) Share-based payment transactions – refer note 23 – continued

#### *Equity settled transactions – continued:*

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

- (i) the grant date fair value of the award;
- (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 10).

### (p) Revenue recognition – refer note 6

Revenue is recognized and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### (i) *Rendering of services*

Contract income, which includes license fees, hosting fees and transaction fees, is recognized in the income statement in the accounting period in which the service is rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided.

When the contract outcome cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

## 2 Summary of significant accounting policies – continued

### (p) Revenue recognition – refer note 6 – continued

#### (ii) Interest revenue

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

### (q) Income tax and other taxes – refer note 8

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

On the basis that deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the carry-forward of unused tax credits and unused tax losses can be utilized, Datasquirt Limited has taken the conservative position that there is not sufficient certainty to justify the recognition of a deferred income tax asset at this time.

Temporary differences are not material, and have not been recognized as a deferred tax asset.

#### Other taxes

Revenues, expenses and assets are recognized net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

### (r) Government grants – refer note 6

When the grant relates to an expense item (New Zealand Trade and Enterprise – Enterprise Development Grant – Market Development), it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. The grant referred to has potentially a five year term, although an application must be made each year to determine continued qualification for the grant. Each year the grant is awarded on a 50% cost sharing basis between NZTE and the group, and is only reimbursed on costs actually already incurred by the group.

This grant has no outstanding terms and conditions and is not credited directly to shareholders' equity.

### (s) Earnings per share – refer note 10

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted number of ordinary shares and dilutive potential ordinary shares.

# Notes to the Financial Statements – continued

## 2 Summary of significant accounting policies – continued

### (t) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Datasquirt Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

### (u) Contributed equity – refer note 18

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 3 Financial risk management objectives and policies

The group's principal financial instruments comprise receivables, payables, and cash and short-term deposits.

The group manages its exposure to key financial risks, including interest rate, liquidity risk and currency risk in accordance with the group's financial risk management policy. The objective of the policy is to support the delivery of the group's financial targets whilst protecting future financial security.

The board reviews and agrees policies for managing each of the risks identified below, foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

### Risk exposures and responses

#### *Interest rate risk*

The group's exposure to market interest rates relates primarily to the group's cash deposited in interest-bearing call accounts. Interest rates are monitored although there is generally no significant variation in interest rates offered by the different major banks.

The local operational bank accounts do not earn interest.

*At 31 March 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:*

### 3 Financial risk management objectives and policies – continued

Judgements of reasonably possible movements:

	POST TAX PROFIT Higher/(Lower)		EQUITY Higher/(Lower)	
	2008 NZ\$000	2007 NZ\$000	2008 NZ\$000	2007 NZ\$000
<b>Consolidated</b>				
+1% (100 basis points)	25	(3)	25	(3)
- 1% (100 basis points)	(25)	3	(25)	3
<b>Parent</b>				
+1% (100 basis points)	25	(3)	25	(3)
- 1% (100 basis points)	(25)	3	(25)	3

The sensitivity is higher in 2008 than in 2007 because of an increase in the level of funds on deposit. In 2008 there were no interest-bearing loans; the 2007 calculation takes into account interest on an advance from shareholders.

#### *Credit risk*

Credit risk arises from the financial assets of the group, being trade and other receivables. The group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The group does not hold any credit derivatives to offset its credit exposure.

The group trades only with recognized, creditworthy third parties, and as such collateral is not requested nor is it the group's policy to securitize its trade and other receivables.

It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant.

The only significant concentration of credit risk within the group exists in relation to cash and cash equivalents, the majority being held with two major trading banks.

#### *Foreign currency risk*

Each entity in the group conducts the majority of its transactions in its functional currency.

The currency exposure of the group arises from the effect of any substantial movements in currency rates on the transfer of funds (the large proportion being in Australian dollars) to the local currency of the subsidiary to fund operations.

The net exposure is not significant due to the size of the foreign operations, and is mitigated by the regular transfer of small advances to spread the currency risk over time. Although each subsidiary or geographic segment is subject to variations in foreign currency rates, each segment is not material. Refer to note 5 on segment reporting.

#### *Liquidity risk*

The group manages liquidity risk by closely monitoring working capital commitments, primarily trade receivables and trade payables. All payables are payable within 30 days.

# Notes to the Financial Statements – continued

## 4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the bases of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

### *Recovery of deferred tax assets*

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

### *Impairment of non-financial assets other than goodwill*

The group assesses impairment of all assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. These include a subsidiary's financial performance, as well as the technology, economic and political environments and future market expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management have considered whether assets have in fact been impaired, and have determined that all assets are fully recoverable.

### *Share-based payment transactions*

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes model, with the assumptions detailed in note 23. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

## 5 Segment information

As the group is focussed on the development, distribution and sales of the core software product CONTACT along with associated services, there is effectively one business segment. The group's risks and returns are affected predominantly by differences in the economic environment each subsidiary operates in, so the group's primary segment reporting format is geographic segments.

The geographic segments are described in the table below:

Legal Entity	Location	Geographic region
Datasquirt Limited (Head Office)	New Zealand	New Zealand
Datasquirt (Australia) Pty Limited	Australia	Australia and South-East Asia
Datasquirt (UK) Limited	England	United Kingdom and Ireland
Datasquirt LLC	United States	United States and Canada
Datasquirt AG	Germany	Germany

### **Geographic segments**

The following table presents revenue, profit, and certain asset information regarding the subsidiaries performance for the year ended 31 March 2008, and the New Zealand operation for the year ended 2007.

## 5 Segment information – continued

YEAR ENDED 31 MARCH 2008	NEW ZEALAND \$000	AUSTRALIA \$000	UNITED KINGDOM \$000	NORTH AMERICA \$000	GERMANY \$000	TOTAL \$000
Revenue	976	48	175	–	–	1,199
Other income	314	698	1078	845	279	3,214
Total segment revenue	1,290	746	1,253	845	279	4,413
Inter-segment elimination						(2,936)
Total consolidated revenue						1,477
Net loss	(3,813)	(10)	(9)	(10)	(3)	(3,845)
Depreciation	74	–	7	1	1	83
Capital expenditure	233	2	38	6	2	281
Segment assets	5,741	73	146	46	119	6,125
Inter-segment elimination						(248)
Total consolidated assets						5,877
Liabilities	647	82	137	29	11	906
Inter-segment elimination						(123)
Total consolidated liabilities						783

YEAR ENDED 31 MARCH 2007	NEW ZEALAND \$000	AUSTRALIA \$000	UNITED KINGDOM \$000	NORTH AMERICA \$000	GERMANY \$000	TOTAL \$000
Revenue	1,168	–	–	–	–	–
Net loss	(1,320)	–	–	–	–	–
Depreciation	26	–	–	–	–	–
Capital expenditure	47	–	–	–	–	–
Assets	325	–	–	–	–	–
Liabilities	607	–	–	–	–	–



# Notes to the Financial Statements – continued

## 6 Other revenue

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Government grants	89	115	89	115
Interest	181	16	223	16
Other	8	–	2	–
	<b>278</b>	<b>131</b>	<b>314</b>	<b>131</b>

A government grant relating to market development has been received during the year. The grant has been received in cash (including GST) and recorded at fair value. There are no unfulfilled conditions or contingencies attaching to this grant.

## 7 Expenses

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>(a) Other operating expenses</b>				
Communications	150	119	121	119
Premises	195	79	95	79
Other	192	221	167	221
	<b>537</b>	<b>419</b>	<b>383</b>	<b>419</b>

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>(b) Professional fees</b>				
Directors fees	79	48	79	48
Consultancy	213	427	52	427
Accountancy	156	65	137	65
Legal	25	55	9	55
	<b>473</b>	<b>595</b>	<b>277</b>	<b>595</b>

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>(c) Depreciation, amortization and impairment included in income statement</b>				
Depreciation, amortization and impairment	83	26	74	26
	<b>83</b>	<b>26</b>	<b>74</b>	<b>26</b>

## 7 Expenses – continued

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>(d) Employee benefits expense</b>				
Wages and salaries	1,842	224	1,080	224
Share-based payments expense	174	–	174	–
Other employee benefits expense	342	28	143	28
	<b>2,358</b>	<b>252</b>	<b>1,397</b>	<b>252</b>

## 8 Income tax

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>(a) Income tax expense</b>				
<i>Income Statement</i>				
Current income tax	nil	nil	nil	nil
<b>(b) Reconciliation between tax at statutory rate and tax expense in income statement</b>				
Statutory tax at 33%	(1,269)	(436)	(1,258)	(436)
Relating to origination and reversal of temporary differences	25	4	(3)	4
Tax effect of tax lossess not recognized	(1,244)	(432)	(1,261)	(432)
Income tax expense reported in the income statement	–	–	–	–
<b>(c) Unrecognised temporary differences and tax losses</b>				
Unrecognised temporary differences are not material				
Accumulated tax losses	(1,705)	(436)	(1,694)	(436)

The company continues to meet the shareholder continuity requirement to carry forward tax losses. However, the directors do not believe the company meets the level of certainty of recoverability of tax losses required to recognize a deferred taxation asset and hence have not accounted for the asset.

## 9 Dividends paid and proposed

No dividends have been paid or proposed to date.

# Notes to the Financial Statements – continued

## 10 Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

	<b>CONSOLIDATED</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
<b>(a) Earnings used in calculating earnings per share</b>		
For basic earnings per share:		
Net loss attributable to ordinary equity holders of the parent	<b>(3,845)</b>	(1,320)
For diluted earnings per share:		
Net loss attributable to ordinary equity holders of the parent (from basic EPS)	<b>(3,845)</b>	(1,320)
Net loss attributable to ordinary equity holders of the parent	<b>(3,845)</b>	(1,320)

	<b>CONSOLIDATED</b>	
	<b>2008</b>	<b>2007</b>
	<b>THOUSANDS</b>	<b>THOUSANDS</b>
<b>(b) Weighted average number of shares</b>		
Weighted average number of ordinary shares for basic earnings per share	<b>21,383</b>	180
Effect of dilution		
Share options	-	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	<b>21,393</b>	180

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

### (c) Information on the classification of securities

#### (i) Options

Options granted to employees (including key management personnel) as described in note 23 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

## 11 Current assets – cash and cash equivalents

	<b>CONSOLIDATED</b>		<b>PARENT</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash at bank and in hand	<b>153</b>	3	<b>4</b>	3
Short-term deposits	<b>4,980</b>		<b>4,980</b>	
	<b>5,133</b>	3	<b>4,984</b>	3

## 12 Current assets – trade and other receivables

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Trade receivables	298	79	257	79
Allowance for impairment loss (a)	(17)	(4)	(17)	(4)
Other receivables	215	170	176	170
	496	245	416	245
Related party receivables: (b)				
Subsidiaries	–	–	8	–
Other related parties	6	33	6	33
Carrying amount of trade and other receivables	502	278	430	278

### (a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for bad debts is recognized when there is objective evidence that an individual trade receivable is impaired.

Bad debts of \$22,000 (2007: \$19,000) have been recognized by the group and \$22,000 (2007: \$19,000) by the company in the current year. These amounts have been included in other operating expenses item.

Movements in the provision for impairment loss were as follows:

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
At 1 April	4	–	4	–
Charge for the year	22	19	22	19
Amounts written off	(9)	(15)	(9)	(15)
At 31 March	17	4	17	4

At 31 March 2008, the ageing analysis of trade receivables is as follows:

	TOTAL	0-30 days	31-60 days	61-90 days PDNI*	+91 days PDNI*	+91 days CI*
2008 Consolidated	298	153	25	44	59	17
Parent	257	121	21	44	54	17
2007 Consolidated	79	38	26	9	2	4
Parent	79	38	26	9	2	4

\*Past due not impaired ('PDNI')

Considered impaired ('CI')

# Notes to the Financial Statements – continued

## 12 Current assets – trade and other receivables – continued

### (b) Related party receivables

For terms and conditions of related party receivables refer to note 21.

### (c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the group's policy to transfer (on sell) receivables to special purpose entities.

### (d) Foreign exchange and interest risk

For further information on the management of foreign exchange and interest risk refer to Note 3.

## 13 Non-current assets – investments in subsidiaries

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Investments in controlled entities (note 21) – at cost	–	–	124	–

## 14 Non-current assets – property plant and equipment

	CONSOLIDATED			
	COMPUTER EQUIPMENT	FURNITURE AND FITTINGS	PHONES	TOTAL
	\$000	\$000	\$000	\$000
<b>Year ended 31 March 2008</b>				
At 1 April 2007 net of accumulated depreciation and impairment	35	6	1	42
Additions	102	40	2	144
Impairment	–	–	–	–
Depreciation charge for the year	(52)	(4)	(2)	(58)
At 31 March 2008 net of accumulated depreciation and impairment	85	42	1	128
<b>At 31 March 2008</b>				
Cost or fair value	192	48	9	249
Accumulated depreciation and impairment	(108)	(6)	(7)	(121)
Net carrying amount	84	42	2	128

# **14 Non-current assets – property plant and equipment – continued**

	CONSOLIDATED			
	COMPUTER EQUIPMENT	FURNITURE AND FITTINGS	PHONES	TOTAL
	\$000	\$000	\$000	\$000
<b>Year ended 31 March 2007</b>				
At 1 April 2006 net of accumulated depreciation and impairment	19	2	3	24
Additions	37	5	1	43
Impairment	–	–	–	–
Disposals	–	–	(1)	(1)
Depreciation charge for the year	(21)	(1)	(2)	(24)
At 31 March 2007 net of accumulated depreciation and impairment	35	6	1	42
<b>At 31 March 2007</b>				
Cost or fair value	90	8	7	105
Accumulated depreciation and impairment	(56)	(2)	(5)	(63)
Net carrying amount	34	6	2	42
	PARENT			
	COMPUTER EQUIPMENT	FURNITURE AND FITTINGS	PHONES	TOTAL
	\$000	\$000	\$000	\$000
<b>Year ended 31 March 2008</b>				
At 1 April 2007 net of accumulated depreciation and impairment	35	6	1	42
Additions	64	32	2	98
Impairment	–	–	–	–
Depreciation charge for the year	(45)	(2)	(2)	(49)
At 31 March 2008 net of accumulated depreciation and impairment	54	36	1	91
<b>At 31 March 2008</b>				
Cost or fair value	154	40	9	203
Accumulated depreciation and impairment	(101)	(4)	(7)	(112)
Net carrying amount	53	36	2	91

# Notes to the Financial Statements – continued

## 14 Non-current assets – property plant and equipment – continued

	COMPUTER EQUIPMENT \$000	PARENT FURNITURE AND FITTINGS \$000	PHONES \$000	TOTAL \$000
<b>Year ended 31 March 2007</b>				
At 1 April 2006 net of accumulated depreciation and impairment	19	2	3	23
Additions	37	5	1	43
Impairment	–	–	–	–
Disposals	–	–	(1)	(1)
Depreciation charge for the year	(21)	(1)	(2)	(24)
At 31 March 2007 net of accumulated depreciation and impairment	35	6	1	42
<b>At 31 March 2007</b>				
Cost or fair value	90	8	7	105
Accumulated depreciation and impairment	(56)	(2)	(5)	(63)
Net carrying amount	34	6	2	42

## 15 Non-current assets – intangible assets

	SOFTWARE LICENSES \$000	CONSOLIDATED PATENTS & TRADEMARKS \$000	TOTAL \$000
<b>Year ended 31 March 2008</b>			
At 1 April 2007 net of accumulated amortization and impairment	2	–	2
Additions	125	12	137
Impairment	–	–	–
Amortization charge for the year	(25)	–	(25)
At 31 March 2008 net of accumulated amortization and impairment	102	12	114
<b>At 31 March 2008</b>			
Cost or fair value	141	12	153
Accumulated amortization and impairment	(39)	–	(39)
Net carrying amount	102	12	114

# 15 Non-current assets – intangible assets – continued

	SOFTWARE LICENSES \$000	CONSOLIDATED PATENTS & TRADEMARKS \$000	TOTAL \$000
<b>Year ended 31 March 2007</b>			
At 1 April 2006 net of accumulated amortization and impairment	2	–	2
Additions	2	–	2
Impairment	–	–	–
Disposals			
Amortization charge for the year	(2)	–	(2)
At 31 March 2007 net of accumulated amortization and impairment	2	–	2
<b>At 31 March 2007</b>			
Cost or fair value	16	–	16
Accumulated amortization and impairment	(14)	–	(14)
Net carrying amount	2	–	2
	SOFTWARE LICENSES \$000	PARENT PATENTS & TRADEMARKS \$000	TOTAL \$000
<b>Year ended 31 March 2008</b>			
At 1 April 2007 net of accumulated amortization and impairment	2	–	2
Additions	123	12	135
Impairment	–	–	–
Amortization charge for the year	(25)	–	(25)
At 31 March 2008 net of accumulated amortization and impairment	100	12	112
<b>At 31 March 2008</b>			
Cost or fair value	139	12	151
Accumulated amortization and impairment	(39)	–	(39)
Net carrying amount	100	12	112



# Notes to the Financial Statements – continued

## 15 Non-current assets – intangible assets – continued

	SOFTWARE LICENSES \$000	PARENT PATENTS & TRADEMARKS \$000	TOTAL \$000
<b>Year ended 31 March 2007</b>			
At 1 April 2006 net of accumulated amortization and impairment	2	–	2
Additions	2	–	2
Impairment	–	–	–
Disposals			
Amortization charge for the year	(2)	–	(2)
At 31 March 2007 net of accumulated amortization and impairment	2	–	2
<b>At 31 March 2007</b>			
Cost or fair value	16	–	16
Accumulated amortization and impairment	(14)	–	(14)
Net carrying amount	2	–	2

### Description of the group's intangible assets

#### (i) Software Licenses

Software license costs are carried at cost less accumulated amortization and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortized using the diminishing value method over a period of 3 years. The amortization has been recognized in the income statement in the line item depreciation and impairment. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognized to the extent that the recoverable amount is lower than the carrying amount.

#### (ii) Patents and licences

Patents and licences are carried at cost less accumulated impairment losses. These intangible assets have been determined to have indefinite useful lives. Patents and licences are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

## 16 Current liabilities – trade and other payables

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Trade payables	292	155	229	155
Payroll liabilities	271	6	146	6
Other payables	86	30	53	30
	649	191	428	191
Related party payables: (a)				
Subsidiaries	–	–	115	–
Other related parties	54	101	54	101
Carrying amount of trade and other payables	703	292	597	292

### (a) Related party payables

For terms and conditions relating to related party payables refer to note 21.

### (b) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### (c) Foreign exchange and liquidity risk

For further information on the management of foreign exchange and liquidity risk refer to note 3.

## 17 Current liabilities – provisions

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Provision for staff leave entitlements	78	12	50	12
Other provisions	2	–	–	–
	80	12	50	12

## 18 Contributed equity

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Ordinary shares (a)	11,310	2,243	11,310	2,243
	11,310	2,243	11,310	2,243
(a) Ordinary shares				
Issued and fully paid	11,310	2,243	11,310	2,243

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

# Notes to the Financial Statements – continued

## 18 Contributed equity – continued

		THOUSANDS	\$000
Movement in ordinary shares on issue			
At 1 April 2006		127	600
Share issue	(i)	58	2,000
Employee share scheme issue	(ii)	5	–
Share buy-back	(iii)	(13)	(357)
At 1 April 2007		177	2,243
Share issue	(iv)	13	700
Share issue	(v)	9	500
Conversion of shareholder loan	(vi)	5	308
Share split	(vii)	19,796	–
Share issue	(viii)	8,029	8,367
Transaction costs 2	(ix)	–	(808)
At 31 March 2008		28,029	11,310

- (i) 58,000 shares were issued for new capital raised in April and May 2006.
- (ii) On 19 May 2006, 5,000 shares were issued under the employee share scheme.
- (iii) 13,000 shares were repurchased by the company on 7 September 2006
- (iv) 13,000 shares were issued for new capital raised in April 2007
- (v) 9,000 shares were issued on 1 June 2007 for cash
- (vi) 5,000 shares were issued on conversion of an advance from shareholders (including interest payable)
- (vii) Share split to reflect the company's pre-IPO valuation of \$20,000,000
- (viii) On 28 September 2007, the company listed on the Australian Stock Exchange, issuing 8,028,634 shares and raising the equivalent of NZ\$8,367,000.
- (ix) The transaction costs represent the costs of listing the company on the Australian Stock Exchange.

### (d) Option scheme

The company has a share option scheme under which options to subscribe for the company's shares have been granted to certain executives and senior employees (refer note 23).

### (e) Capital management

Datasquirt Limited is an early stage technology company which listed on the Australian Securities Exchange in September 2007 for the express purpose of funding its international expansion program. The board oversees the implementation of the global strategy, monitoring the capital available and how it is deployed to achieve the goals of the group.

Management has no immediate plans to issue further shares on the market.

The group is not subject to any externally imposed capital requirements.

## 19 Retained earnings and reserves

### (a) Movements in retained earnings and accumulated losses were as follows:

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Balance 1 April	(2,525)	(1,205)	(2,525)	(1,205)
Net loss	(3,845)	(1,320)	(3,813)	(1,320)
Dividends	-	-	-	-
Balance 31 March	(6,370)	(2,525)	(6,338)	(2,525)

### (b) Movements in reserves were as follows:

	CONSOLIDATED			PARENT		
	Employee equity benefits reserve	Foreign currency translation	Total	Employee equity benefits reserve	Foreign currency translation	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Balance 1 April 2006	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-
Balance 31 March 2007	-	-	-	-	-	-
Foreign currency translation differences	-	(20)	(20)	-	(52)	(52)
Share-based payments	174	-	174	174	-	174
Balance 31 March 2008	174	(20)	154	174	(52)	122

#### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

#### *Employee equity benefits reserve*

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 22 for further details of these plans.

# Notes to the Financial Statements – continued

## 20 Cash flow statement reconciliation

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Reconciliation of net loss to net cash flows from operations</b>				
Net loss	(3,845)	(1,320)	(3,813)	(1,320)
<i>Adjustments for:</i>				
Depreciation	83	26	74	26
Net gain on foreign exchange	49	77	49	77
Share-based payments expense	174	–	174	–
Interest on shareholder advance	–	3	–	3
Bad debts written off	22	19	22	19
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in trade and other receivables	(246)	73	(174)	73
(Decrease)/increase in trade and other payables	478	(237)	345	(237)
Net cash from operating activities	(3,285)	(1,359)	(3,323)	(1,359)

## 21 Related party disclosure

### (a) Subsidiaries

The consolidated financial statements include the financial statements of Datasquirt Limited and the subsidiaries, which were all established during the financial year, as listed in the following table.

NAME	COUNTRY OF INCORPORATION	% EQUITY INTEREST		INVESTMENT \$000	
		2008	2007	2008	2007
Datasquirt (Australia) Pty Limited	Australia	100	–	–	–
Datasquirt (UK) Limited	United Kingdom	100	–	–	–
Datasquirt LLC	United States	100	–	2	–
Datasquirt AG	Germany	100	–	121	–
				124	–

### (b) Ultimate parent

Datasquirt Limited is the ultimate New Zealand parent entity and the ultimate parent of the group.

### (c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 22.

## 21 Related party disclosure – continued

### (d) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade receivables and payables at year-end, refer to notes 12 and 16 respectively):

		SALES TO RELATED PARTIES	PURCHASES FROM RELATED PARTIES	OTHER TRANSACTIONS WITH RELATED PARTIES
RELATED PARTY		\$000	\$000	\$000
<b>Consolidated</b>				
<i>Shareholders:</i>				
Continuum Professional Services Inc.	<b>2008</b>	–	<b>123</b>	–
	2007	–	–	–
Nightingale Partners Pty Ltd	<b>2008</b>	–	<b>12</b>	–
	2007	–	–	–
Ridgway Management Limited	<b>2008</b>	–	<b>31</b>	–
	2007	–	159	–
<i>Other related parties:</i>				
Develco Limited	<b>2008</b>	–	<b>200</b>	–
	2007	–	227	–
Enprise Limited	<b>2008</b>	–	<b>45</b>	–
	2007	–	–	–
First Mobile Limited	<b>2008</b>	<b>16</b>	<b>9</b>	–
	2007	–	–	–
Netpower Limited	<b>2008</b>	–	<b>4</b>	–
	2007	–	–	–
Phoenix Management Pty Ltd	<b>2008</b>	–	<b>22</b>	–
	2007	–	149	–
<b>Parent</b>				
<i>Subsidiaries:</i>				
Management fee		–	–	<b>305</b>
Market support		–	–	<b>(738)</b>
Interest		–	–	<b>14</b>
Other payments and cash advances		–	–	<b>412</b>
<b>Datasquirt (Australia) Pty Limited</b>	<b>2008</b>	–	–	<b>(7)</b>
	2007	–	–	–

# Notes to the Financial Statements – continued

## 21 Related party disclosure – continued

### (d) Transactions with related parties – continued

RELATED PARTY		SALES TO RELATED PARTIES	PURCHASES FROM RELATED PARTIES	OTHER TRANSACTIONS WITH RELATED PARTIES
		\$000	\$000	\$000
Management fee		–	–	403
Market support		–	–	(1,078)
Interest		–	–	17
Other payments and cash advances		–	–	666
<b>Datasquirt (UK) Limited</b>	<b>2008</b>	–	–	8
	2007	–	–	–
Management fee		–	–	235
Market support		–	–	(845)
Interest		–	–	10
Other payments and cash advances		–	–	586
<b>Datasquirt LLC</b>	<b>2008</b>	–	–	(14)
	2007	–	–	–
Management fee		–	–	24
Market support		–	–	(279)
Interest		–	–	3
Other payments and cash advances		–	–	158
<b>Datasquirt AG</b>	<b>2008</b>	–	–	(94)
	2007	–	–	–
<i>Shareholders:</i>				
Nightingale Partners Pty Ltd	<b>2008</b>	–	12	–
	2007	–	–	–
Ridgway Management Limited	<b>2008</b>	–	31	–
	2007	–	159	–
<i>Other related parties:</i>				
Develco Limited	<b>2008</b>	–	200	–
	2007	–	227	–
Enprise Limited	<b>2008</b>	–	45	–
	2007	–	–	–
First Mobile Limited	<b>2008</b>	16	9	–
	2007	–	–	–
Netpower Limited	<b>2008</b>	–	4	–
	2007	–	–	–
Phoenix Management Pty Ltd	<b>2008</b>	–	22	–
	2007	–	149	–

## 21 Related party disclosure – continued

*Terms and conditions of transactions with related parties:*

(i) *Shareholders and other related parties*

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

(ii) *Subsidiaries*

The transactions between the parent, Datasquirt Limited, and its subsidiaries, are comprised of cash advances from the parent to the subsidiaries, purchases made on behalf of one entity by another and other transactions including a management fee charged by the parent to each subsidiary, interest charged on intercompany balances during the year, and market support payments made by the parent to the subsidiary. The amount of market support in the income statement has been reduced by the management fee charged to the subsidiaries.

## 22 Key management personnel

### Compensation for Key Management Personnel

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Salaries, Fees and Commissions	<b>1,474</b>	419	<b>814</b>	419
Share-based payments	<b>174</b>	–	<b>174</b>	–
Other benefits	<b>9</b>	–	–	–
Total compensation	<b>1,657</b>	419	<b>988</b>	419



# Notes to the Financial Statements – continued

## 22 Key management personnel – continued

During the year, the number of employees or former employees, not being directors of Datasquirt Limited received remuneration and the value of other benefits that exceeded \$100,000 as follows:

REMUNERATION \$	NUMBER OF EMPLOYEES	
	2008	2007
100,001 – 110,000	–	–
110,001 – 120,000	–	–
120,001 – 130,000	–	–
130,001 – 140,000	–	–
140,001 – 150,000	–	–
150,001 – 160,000	–	–
160,001 – 170,000	1	–
170,001 – 180,000	–	–
180,001 – 190,000	–	–
190,001 – 200,000	–	–
200,001 – 210,000	–	–
210,001 – 220,000	1	–
220,001 – 230,000	1	–
230,001 – 240,000	1	–

## 23 Share-based payment plans

### (a) Recognized share-based payment expenses

The expense recognized for employee services received during the year is shown in the table below:

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Expense arising from equity-settled share-based payment transactions	174	–	174	–
Total expense arising from share-based payment transactions	174	–	174	–

The share-based payment plans are described below:

### (b) Types of share based payment plans

#### *Employee Share Scheme (ESS)*

The company has established an Employee Share Scheme under which the company may offer shares to key employees.

There are currently 687,732 fully paid shares held by the Employee Share Trust for the benefit of two senior executives.

As a condition of these options, the shares would vest immediately in the event of an IPO or trade sale. Therefore when Datasquirt listed in September 2007, these shares were vested.

## 23 Share-based payment plans – continued

### (b) Types of share based payment plans – continued

#### *Employee Share Options (ESOP)*

Share options may be granted to senior executives at the discretion of the board, to align participants' interests with those of shareholders by increasing the value of the company's shares. The exercise price of the options is set at the listing price of the shares, vesting over three years of continuous employment.

### (c) Summary of options granted under the share based payment plans

No options have been forfeited or exercised during the year ended 31 March 2008.

The outstanding balance of exercisable options as at 31 March 2008 is represented by:

- 4,725 options over ordinary shares with an exercise price of \$37.85 issued prior to the share split (equivalent shares post share split 440,197 with an exercise price of A\$0.41 held by the Employee Share Trust);
- 2,656 options over ordinary shares with an exercise price of \$56.48 issued prior to the share split (equivalent shares post share split 247,535 with an exercise price of A\$0.61 held by the Employee Share Trust); and
- 300,000 options over ordinary shares with an exercise price of A\$0.90 each.

### (d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 31 March 2008 is five years (2007: n/a).

### (e) Weighted average fair value

The weighted average fair value of options granted during the year was \$1.60 (2007: n/a).

### (f) Option pricing model

#### *Equity-settled transactions*

The fair value of the equity-settled share options is estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted. The value of the option is a function of possible future prices of the underlying share, taking into account factors of volatility, time to maturity and current risk free interest rates.

It has also been recognized that the option, and not the underlying shares, are being valued, and the options are not transferable. Therefore a discount rate has been applied to reflect their lack of marketability.

The following table lists the inputs to the models used for the year ended 31 March 2008:

	ESS 2008	ESS 2008	ESOP 2008
<i>Number of options</i>	4725	2656	300,000
Dividend yield (%)	0.00	0.00	0.00
Expected volatility (%)	55.00	55.00	55.00
Risk-free interest rate (%)	6.15	6.58	7.15
Expected life of option (years)	5	5	5
Option exercise price (\$NZ)	37.85	56.48	–
Option exercise price (\$A)	–	–	0.90
Weighted average share price at measurement date (\$NZ)	15.43	23.27	–
Weighted average share price at measurement date (\$A)	–	–	0.375
Model used	Black Scholes	Black Scholes	Black Scholes

# Notes to the Financial Statements – continued

## 23 Share-based payment plans – continued

### (f) Option pricing model – continued

There were no exercisable options for the year ended 31 March 2007.

As Datasquirt listed with the ASX in September 2007, and does not have a long term trading history, volatility has been determined by reference to other listed Australian technology companies over the comparable periods of the grant of the options.

## 24 Commitments

### (i) Leasing commitments

#### *Lease commitments*

The group has entered into a commercial lease on the premises for Datasquirt New Zealand. The annual rent is NZ\$39,000 plus \$13,650 for car parks.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Within one year	82	–	53	–
After one year but not more than five years	78	–	78	–
After more than five years	–	–	–	–
Total minimum lease payments	160	–	131	–

### (ii) Property, plant and equipment commitments

The company and group had no contractual obligations to purchase plant and equipment at balance date. (Company 2007: \$nil).

## 25 Contingencies

There were no known material contingent liabilities at 31 March 2008. (2007: Nil)

## 26 Events after the balance sheet date

There were no events of a material nature after balance date which required adjustment or disclosure.

## 27 Auditors' remuneration

The auditor of Datasquirt Limited is Ernst & Young.

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<hr/>				
Amounts received or due and receivable by Ernst & Young (New Zealand) for:				
▪ Audit of the financial statements	42	17(b)	42	17(b)
▪ Other assurance-related services (a)	–	12(b)	–	12(b)
▪ Tax compliance	28	7	28	7
▪ Other services	11	–	11	–
	<hr/>		<hr/>	
	81	36	81	36
	<hr/>		<hr/>	

- a) Other assurance-related services include services for the audit or review of financial information other than financial reporting, and include prospectus reviews and other audits required for local regulatory services.
- b) Services provided by CST Nexia and Nexia Court – auditors for the 2007 financial year.

# Shareholder information

## Security Classes – Fully Paid Ordinary

Size of Holdings	Number of Holders	Number of ordinary shares	%
1 – 1,000	3	1,412	0.011
1,001 – 5,000	307	826,187	6.235
5,001 – 10,000	55	438,765	3.311
10,001 – 100,000	71	1,819,838	13.734
100,001 – 99,999,999,999	19	10,164,712	76.710
Totals	455	13,250,914	100.000

Less than Marketable Parcel holders: There are 3 holders with 1,412 shares in total.

## Security Classes – Fully Paid Ordinary (ASX Escrow 24 Months from Listing) release date 28 September 2009

Size of Holdings	Number of Holders	Number of ordinary shares	%
1 – 1,000	0	0	0.000
1,001 – 5,000	0	0	0.000
5,001 – 10,000	0	0	0.000
10,001 – 100,000	0	0	0.000
100,001 – 99,999,999,999	7	14,777,720	100.000
Totals	7	14,777,720	100.000

The details set out above were as at 12 May 2008.

## Substantial Security Holders

Pursuant to Section 26 of the Securities Amendment Act 1988, the substantial security holders as at 12 May 2008 were as follows:

Holder Name	Balance	%
Ridgway Holdings Limited	7,905,116	28.204
Nightingale Partners Pty Limited	4,639,151	16.551
Bond Street Custodians Limited	2,232,223	7.964
Lehnert Beteiligungs GMBH	1,488,442	5.310
Mr Mark Clampitt Loveys & Ms Valerie Mills	1,474,035	5.259

**Principal shareholders**

The names and holdings of the twenty largest registered shareholders as at 12 May 2008 were:

**Fully Paid Ordinary**

Holder Name	Balance	%
Nightingale Partners Pty Limited	1,680,361	12.681
Bond Street Custodians Limited <Macquarie Smaller Co's A/c>	1,626,162	12.272
National Nominees Limited	836,583	6.313
J P Morgan Nominees Australia Limited	833,334	6.289
Mr Aaron Wayne Ridgway	695,114	5.246
Bond Street Custodians Limited <Macq Aust Microcap Fund A/c>	606,061	4.574
Lehnert Beteiligungs GMBH	548,633	4.140
Neiser Neteiligungs GMBH	547,847	4.134
Jens Neiser	541,694	4.088
Continuum Professional Services Inc	490,482	3.701
Mr Lindsay John Phillips	295,777	2.232
Dixson Trust Pty Limited	277,778	2.096
Ridgway Holdings Limited	267,047	2.015
Ms Penelope Marie Nelson	250,192	1.888
Loftus Lane Investments Pty Ltd	166,667	1.258
Mr Jochen Struengmann	132,250	0.998
Mrs Maren Struengmann	132,250	0.998
Mr Lindsay John Phillips & Mrs Ingrid Pauline Phillips	119,000	0.898
Mr Greg Herron	117,480	0.887
Nightingale Partners Pty Ltd	95,663	0.722
	10,260,375	77.431

**Fully Paid Ordinary (ASX Escrow 24 Months from Listing) release date 28 September 2009**

Holder Name	Balance	%
Ridgway Holdings Limited	7,638,069	51.686
Nightingale Partners Pty Limited	2,958,790	20.022
Mr Mark Clampitt Loveys & Ms Valerie Mills	1,474,035	9.975
Lehnert Beteiligungs GMBH	939,809	6.360
Neiser Neteiligungs GMBH	849,162	5.746
Jens Neiser	574,519	3.888
Continuum Professional Services Inc	343,336	2.323
	14,777,720	100.000

## Shareholder information – continued

### Directors' shareholdings

Directors held interests in the following shares in the company at 31 March 2008:

#### M Loveys

Ordinary shares	2008
Beneficially owned	742,017
Held by an associated person	737,018
Options to acquire ordinary shares	
Beneficially owned	Nil

#### D Lyons

Ordinary shares	
Beneficially owned	Nil
Held by an associated person	840,568
Options to acquire ordinary shares	
Beneficially owned	Nil

#### J Neiser

Ordinary shares	
Beneficially owned	1,116,213
Held by an associated person	2,907,951
Options to acquire ordinary shares	
Beneficially owned	Nil

#### L Phillips

Ordinary shares	
Beneficially owned	295,777
Held by an associated person	4,783,739
Options to acquire ordinary shares	
Beneficially owned	Nil

#### A Ridgway

Ordinary shares	
Beneficially owned	695,114
Held by an associated person	7,905,116
Options to acquire ordinary shares	
Beneficially owned	Nil

### Share Dealings by directors

In accordance with Section 148 (2) of the Companies Act 1993, the board has received disclosures from the directors named below of acquisitions or dispositions of relevant interests in the company between 1 April 2007 and 31 March 2008

Particulars of such disclosures are:

Mr D W Lyons acquired 8853 shares through an associate on 27 April 2007 at NZ\$56.48 per share

Shareholder advances were converted to shares on 25 May 2007 at NZ\$56.48 per share, and the following shares were issued to directors:

Mr A W Ridgway through an associate	2,836
Mr M Loveys through an associate	860
Mr L Phillips through an associate	1,138
Mr J Neiser through an associate	971

Mr L Phillips converted an option through an associate, on 31 May 2007 acquiring 4,426 shares at NZ\$56.48 per share

Mr J Neiser converted an option through an associate, on 31 May 2007 acquiring 4,426 shares at NZ\$56.48 per share

A share split in August 2007 changed the directors' holdings as follows:

Mr A W Ridgway	695,114
Mr A W Ridgway held by an associate	7,905,116
Mr M Loveys	737,017
Mr M Loveys held by an associate	737,018
Mr L Phillips held by an associate	4,639,151
Mr J Neiser	1,116,213
Mr J Neiser held by an associate	2,885,451
Mr D W Lyons held by an associate	833,818

The directors' purchased the following additional holdings during the IPO at A\$.90 per share:

Mr M Loveys	5,000
Mr L Phillips	295,777
Mr L Phillips through an associate	60,000
Mr J Neiser through an associate	22,500
Mr D W Lyons through an associate	6,750

Mr L Phillips purchased 84,588 shares through an associate on the 4th October 2007 at A\$.9026 per share

Mr L Phillips purchased 2,275 shares through an associate on the 9th November 2007 at A\$.9247 per share

Nightingale Partners Pty Ltd, an associated entity of Mr Lindsay Phillips, on 12 October 2007 purchased 84,585 shares for A\$76,657 and on 9 November 2007 purchased a further 2,275 shares for A\$2,104.



# Shareholder information – continued

## Additional information

- The company was incorporated in Auckland, New Zealand.
- The company's securities are quoted on the ASX.
- Each of the company's ordinary shares entitles the holder to one vote.

## Directors' Disclosure of Interest

In accordance with Section 140 (2) of the Companies Act 1993, the directors named below have made a general disclosure of interest, by a general notice disclosed to the board and entered in the company's Interests Register.

Particulars of such disclosures are:

<b>Lindsay Phillips</b>	Chairman of:	Datasquirt Limited
		Flat Glass Industries Limited
	director of:	Amcos Pty Limited
		Apostle Asset Management Limited
		Apostle Portfolio Services Limited
		Apostle Asset Holdings Pty Limited
		Apostle Financial Group Pty Limited
		Carbrasive Pty Limited
		Charlemagne Investments Pty Limited
		Chess Industries Limited
		Chess Investors Pty Limited
		CWC COFI Investments Pty Limited
		DBCC Pty Limited
		Eastern Media Group Pty Limited
		Fivestar Data Australia Pty Limited
		Flat Glass Properties Pty Limited
		Ironwood Investments Pty Limited
		(atf Phillips Family Trust)
		(atf Phillips Superannuation Fund)
		LCW Midas (Holdings) Pty Limited
		Milpharma Pty Limited
		M.J.H. Nightingale & Co. Pty Limited
		Nightingale Partners Pty Ltd
		Ochre Health Group Pty Limited
		Phoenix Development Fund Limited
		Phoenix Management Pty Limited
		PBH Asset Management Pty Limited
		Quintron Pty Limited
		RTK Industries Pty Limited
		Unibic Australia Pty Limited
	Alternate director of:	CWC D&B Holdings Pty Limited

<b>Mark Loveys</b>	Director of:	Datasquirt Limited
		EMS-Cortex Limited
		Enprise Limited
		Enprise Employees Limited
		Enprise Holdings Limited
		Enprise Solutions Limited
		Net Power Limited
		Net Power Investments Limited
		Team Tiger (2000)
		Trustee of:
<b>David W Lyons</b>	Chairman of:	Loveys Business Trust
		Summermist Trust
		Continuum Professional Services, Inc
		RTB Inc dba/ Continuum Systems
		DT, LLC
<b>Jens Neiser</b>	Director of:	Apexx Transcription, LLC
		Datasquirt Limited
		Nightingale Partners Pty Ltd
<b>Aaron Ridgway</b>	Director of:	Communications Solutions Limited
		Datasquirt Limited
		Live Door Limited
		Ridgway Empire Limited
		Ridgway Holdings Limited
		Ridgway Management Limited
		Ridgway Reid Investment Limited

### Directors' Indemnity and Insurance

The group has arranged, as provided for under its Constitution, policies of directors and Officers Liability Insurance which, with a Deed of Indemnity, entered into with all directors, ensures that generally directors will incur no monetary loss as a result of actions undertaken by them as directors.

Certain actions are specifically excluded, for example, the incurring of penalties and fines, which may be imposed in respect of breaches of the law.

### Use of company information

There were no notices from directors of the company requesting to use company information received in their capacity as directors, which would not otherwise have been available to them.

# Corporate Information

New Zealand company number 1562383  
ARBN 125 825 792

## Directors

Lindsay Phillips *Chairman*  
Aaron Ridgway *Chief Executive Officer*  
Mark Loveys  
David Lyons  
Jens Nieser

## Company Secretary

John Martin

## Registered office

Level 2, 5 Nelson Street  
Auckland Central  
New Zealand

## Principal place of business

Level 2, 5 Nelson Street  
Auckland Central  
New Zealand  
Phone: +64 9 358 5878

## Share Register

Registries Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000  
Australia  
Phone: +61 9290 9600

Datasquirt Limited shares are listed on the  
Australian Securities Exchange

## Auditor

Ernst & Young  
New Zealand

## Contact Details

### New Zealand

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Fax: +61 2 9439 2157

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Fax: +1 315 437 9993

### United Kingdom

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259 – 269 Old Marylebone Rd, London NW1 5RA  
Phone: +44 800 051 7290  
Fax: +44 207 170 4001

### Germany

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Phone: +49 211 1678 145  
Fax: +49 211 1678 146

## Internet address

[www.datasquirt.com](http://www.datasquirt.com)

## Email

[info@datasquirt.com](mailto:info@datasquirt.com)

# **ANNEXURE C2**



\*10058174775\*

# datasquirt

connecting everyone, everywhere



SMS

email

fax

web-chat

DATASQUIRT LIMITED

## ANNUAL REPORT

31 MARCH 2009

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## About Datasquirt

Datasquirt (ASX: DSQ) supplies CONTACT™, a leading non-voice communication and business optimisation solution. Businesses use CONTACT™ to communicate with their customers and field staff using each person's preferred communication channel (be it SMS, email, fax, or web chat) to achieve better business results. CONTACT™ is provided as a secure online service that interfaces with most existing CRM and ACD/PABX systems. Datasquirt is headquartered in Auckland, New Zealand, with sales offices in Sydney, London, New York and Düsseldorf. Datasquirt™ and CONTACT™ are trademarks of Datasquirt Limited. All other brand or product names are trademarks or registered trademarks of their respective holder(s). For more information see [www.datasquirt.com](http://www.datasquirt.com) or call +64-9-358-5878 or +1-888-433-9882, or email: [info@datasquirt.com](mailto:info@datasquirt.com).

## Key Highlights

- Revenue increase to NZ\$2,259,000, showing 31% growth in recurring CONTACT licensing and transaction fees.

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- A reduced net loss of NZ\$2,971,000 despite a harsher business environment, showing a strong improvement on the previous year.

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- First half year loss of NZ\$1,846,000 compares to a second half year loss of NZ\$1,125,000. Improvements are the result of growth and the implementation of a cost reduction programme across the business.

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- Cash and bank balances are NZ\$2,040,000 as at 31 March 2009.

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- Growth in signed customers of 21% and growth in partners of 55% year on year.

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## Customer Successes:

- \$830,000 cost savings at Fonterra.

*"Within a year, CONTACT reduced overheads by more than 15%, and cost savings of more than \$830,000. Automated order processing has also reduced errors and associated credits by nearly 53%."*

– Jessica Seamark, National Customer Services Manager, Fonterra Brands

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- 86% reduction in customer service email response times at Glasses Direct.

*"Before CONTACT, we had limited control over emails. Now, we have a sophisticated system that prioritizes and directs incoming emails to the right agent, shows histories, provides template responses and real-time reporting. It is easy-to-use, has dramatically improved response times and streamlined the sales cycle to convert browsing customers into buyers."*

– Alan Moscrop, Business Analyst / Customer Service Manager, Glasses Direct

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- 3,600 new orders worth £230,000 in the first five months directly attributed to CONTACT at Snap-on Tools

*"With CONTACT SMS, it takes just a few minutes to promote product offers to our 400+ franchisee agents and receive orders immediately back via SMS. In just a few months, CONTACT SMS has generated hundreds of thousands of pounds in new sales by SMS and without a salesperson or call centre agent."*

– Joanna McDermott, Customer Service Supervisor, Snap-On Tools

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- 30% increase in repeat customer sales at Worldwide Sports Travel

*"CONTACT makes it easy to reach thousands of customers with ticket notifications, promotions and last-minute specials. These communications have resulted in a 30% increase in sales to repeat customers."*

– Fade O'Gunro, Advertising Manager, Worldwide Sports Travel

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- 97% increase in transaction revenues reflecting significant increase in application usage across Datasquirt's customer base

*"Datasquirt's CONTACT is very important to us as it will revolutionise the council's customer care, whilst providing much-needed cost savings over the coming years."*

– Susan Law, Chief Executive Officer, Wokingham Borough Council

*"CONTACT allows us to reach council housing tenants about outstanding rental payments via text messages. We are now providing an effective, alternative method of engaging with our customers and making it easier for tenants to contact us about rent repayments, instalments and due dates. CONTACT has been simple to implement and has helped improve our rent collection rate. We didn't need to install any new software or hardware which made it quick and easy to get up and running. Our results show that using the CONTACT system has contributed to higher collection rates while also reducing our outbound calling costs."*

– Tony Brady, Performance Management Officer, Northwards Housing



## Chairman's Report

### Review of Operations and Activities

Despite the difficult international business climate, Datasquirt has made positive headway this year, in terms of continued strong revenue growth, reduction of cash burn, development of off-shore markets, new partnerships and product development. The effects of the global downturn have been felt through longer sales cycles, but the value proposition of Datasquirt's product "CONTACT" has been accentuated by our customers' increased need to find more effective, more cost efficient ways to communicate.

Our international sales strategy has been to firstly seed the market in each of our regions with a direct sales force, and then follow up with the establishment of reseller channels to reap the benefits of the increased scale that they offer. Accordingly, this year we have shifted our primary sales focus to building reseller channels. We are already seeing the majority of our sales in Australia and the UK coming in through these resellers. As these channels mature and develop over coming years, we expect a significant uplift in sales volume.

Cost reduction and a drive for efficiencies has been another focus this year, which has been reflected successfully in our reduced cash burn. We are pleased to report that the reductions in expenditure have not led to reductions in sales revenue and that Datasquirt is making the best use of available resources to continue to drive growth in our international markets.

The results to date are consistent with our expectations, with growth in all areas of revenue generation. To date, our market traction has been strongest in our home market of New Zealand, but we are now seeing a rapid increase in sales revenue from the United Kingdom and Ireland.

Revenue	2009 \$000	2008 \$000	Increase (Decrease) %
CONTACT license fees & services	1,282	1,051	22%
Transaction revenue	292	148	97%
Other revenue	428	278	54%
Net gain on foreign exchange	257	(49)	624%
	2,259	1,428	58%

The majority of Datasquirt's customers use CONTACT software on a hosted basis, and sign a term contract for the service. Datasquirt recognises the contracted revenue as the fees are charged, on a monthly basis. Revenue from our two core revenue streams, being CONTACT software licensing and services and transaction fees, increased by 31% over the same period last year.

The loss from ordinary activities this year amounted to \$NZ2,971,000, a 23% improvement on the previous year's loss of \$NZ3,845,000 and reflects the further investment being made in establishing global sales partnerships, further product development and customer acquisition for expansion in the United Kingdom, Ireland, North America, Australia and Germany. The loss incurred in the second half of the financial year amounted to NZ\$1,125,000, confirming our improved performance during the year.

We would also like to acknowledge the ongoing support of New Zealand Trade and Enterprise, who have provided financial assistance to aid our investment in offshore markets.

### **Review of Operations by region**

#### *North America*

This year the American market has proven more challenging than expected, due to two factors: Firstly, the drawn-out and expensive process required in obtaining and retaining American SMS short codes (which are required for CONTACT implementations involving SMS text messaging) increasing lead times considerably. Secondly the economic slow-down is having a very severe effect on doing business there.

Datasquirt has restructured its local presence in America and operates now only through sales partners, rather than continuing to fund its own American staff. This has greatly reduced the business' exposure to costs, which in turn has contributed significantly to the reduction in Datasquirt's cash-burn overall.

#### *United Kingdom*

This year Datasquirt has reduced staffing and associated costs in the United Kingdom, while at the same time substantially increasing its level of sales. This has been brought about by successful execution of the partnering strategy with local operators, as well as the hard work and dedication of our team in that region.

#### *Germany*

Germany is being operated as an extension of the United Kingdom office, so costs there have been minimized while Datasquirt continues to work on sales opportunities in this region.

#### *Australia*

A restructuring of the Australian operation has been performed this year, similar to that of the American region. Datasquirt is now represented in Australia entirely through its partner channel with assistance directly from the New Zealand based head office. The resulting cost reductions combined with increasing sales further contribute to the improving trend in Datasquirt's bottom line.

## *New Zealand*

New Zealand remains the primary stronghold of Datasquirt sales activity, although this is starting to be rivalled by the United Kingdom branch. The New Zealand customer base includes a who's who of global brands in the areas of pharmaceuticals, telecommunications, catalogue sales, beverages, government departments and educational institutions. Ideal for building case studies to take to the world, the New Zealand operation proves the model that Datasquirt is replicating around the work in much larger markets.

### **CONTACT support**

This year we made a number of improvements to our operational support platforms. This included the development of a new deployment tool which automates the remote implementation, configuration and management of CONTACT within our data centres, a new monitoring suite which allows automated checking of application performance based on customer-specific business rules, and a new web-based helpdesk application to allow better management of customer support requests.

### **CONTACT Research and Development**

This year saw a major new release of the CONTACT application – version 3.90. This release focussed on modularising the feature-set and allowed the introduction of two editions of CONTACT – Lite and Enterprise. CONTACT 3.90 also included a significantly strengthened broadcast module and complete user interface refresh. During the year the research and development team also completed a number of other new features, including fully integrated time-zone support for customers who operate across diverse geographies, a new message routing engine with improved prioritisation features, and a number of additional message processing handlers to enhance the automation functionality within the product suite.

### **CONTACT Marketing**

Through our new partnerships with telecommunications companies in each region, we now have direct access to thousands of potential customers. We will be working closely with these partners, assisting them to harvest their significant sales prospects. This will give us an effective scale with potential that greatly exceeds what we could ever hope to do using only our own direct sales force.

### **Staff and Customers**

On behalf of the board, I would like to thank all our employees for their dedication and support during this challenging and hard working year. Datasquirt has a strong team spirit amongst its staff, who are all committed to delivering successful outcomes to our customers.

I would also like to thank our customers for their support and confidence in our ability. Our advisors, business partners and suppliers have all continued their ongoing support of Datasquirt and we express our gratitude to all involved.

## **Looking Forward**

The global business environment today is challenging and tough calls have been made to reduce costs and maximize efficiency in all areas of the business.

Datasquirt can now capitalize on all the building work that has been done to date in the market and with the product. Direct sales have been made to substantial and significant customers around the world; case studies of those have been documented; our product CONTACT has been proven and refined. Now we take all of this into the new partnerships we have formed with some of the world's leading telecommunications companies, such as Sybase365, and with those partners we deliver CONTACT to their existing customers and to the world.

It is our belief that the next three years will see Datasquirt gain sales traction through our partner channels, leading to a significant level of growth and value creation.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'Mark Loveys', with a stylized, cursive script.

Mark Loveys  
Chairman  
Auckland

22 July 2009

## **Directors**

The Directors of the company during the year and up to the date of this report are:

Mark Loveys, Chairman

Aaron Ridgway, Chief Executive

Jens Neiser

David Lyons

Lindsay Phillips – *resigned 8 December 2008*

### **Mark Loveys**

*Chairman*

As one of the founders of Datasquirt, Mark had early involvement in the architecture and design of the company's products and solutions. Prior to this, he was a founder and product designer of Exonet, a market leading ERP solution for small to medium businesses, currently used by thousands of businesses throughout Australasia. Mark's success in the design and commercialization of the Exonet software package, led to it being acquired by a global ERP organization. Mark holds a Bachelor of Science degree from Auckland University and he is a member of the global SAP Solution Partner Advisory Council. Mark has served on the Board since September 2004.

### **David Lyons**

*Director*

David Lyons is the CEO of Continuum Systems, a hardware and software distribution company based in Syracuse, New York selling solutions to government, manufacturing, healthcare and other verticals. He is also the founder and CEO of Continuum Professional Services, a full outsource medical transcription company that supports acute and outpatient transcription services for hospitals and clinics. He has more than 25 years experience in service related businesses, in addition to his extensive software sales and marketing experience. David joined the Board in June 2007.

### **Jens Neiser**

*Director*

Jens Neiser joined the Board following his investment in Datasquirt in June 2006. He manages the Neiser Capital Investment fund and was previously a partner with Boston Consulting Group in New York and Munich specialising in technology companies. He holds a Masters degree in law and PhD in economics.

## **Lindsay Phillips**

### *Director*

Lindsay Phillips is currently the Head of Private Equity for Lazard Carnegie Wylie, the Chairman of Flat Glass Industries Limited (listed on the ASX) and a director of a number of private companies in a wide variety of industries. His recent experience includes almost 20 years in private equity/investment banking both in Australia and the UK. Prior to that he spent seven years with Price Waterhouse. Lindsay joined the Board in April 2006 and resigned on 8 December 2008.

## **Aaron Ridgway**

### *Managing Director*

Aaron Ridgway is the founder and a major shareholder in Datasquirt and has an extensive and successful background in the mobility and telecommunication industry. He is widely respected as a retailer of mobile phones owning several of New Zealand's most successful First Mobile Vodafone franchises. Aaron has served as Managing Director on the Board since September 2004.

## **Directors' Report**

The Directors are pleased to submit to shareholders their report and financial statements for the year ended 31 March 2009.

### **Principal Activities**

Datasquirt supplies CONTACT, a leading online multi-channel, non-voice communication and business optimisation solution. Self service automation allows CONTACT to help businesses communicate better with their customers and field staff, using SMS, email, fax and web chat. Datasquirt listed on the Australian Stock Exchange on 28 September 2007.

### **Significant Changes in the State of Affairs**

Effective January 2009, Datasquirt signed a license agreement with Continuum Voice and Data Systems (an entity owned by our US based non executive director David Lyons). Continuum has taken over our direct sales team, and Datasquirt will now receive a 20% license fee for all new US revenue without incurring sales cost.

### **Directors**

Mr. Lindsay Phillips resigned from the Board on 8 December 2008 and Mark Loveys was elected as Chairman following his resignation. In accordance with the Constitution, Dr Jens Neiser retires and, being eligible, offers himself for re-election.

### **Disclosure of Interests by Directors**

The Directors' certificates to cover entries in the Interests Register in respect of remuneration, insurance, indemnities, dealing in the Company's shares and other interests have been disclosed as required by the Companies Act 1993.

### **Remuneration of Directors**

The remuneration of the Directors for the year ended 31 March 2009 has been disclosed in Note 7 (b) of this Report.

### **Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

## **Directors' Report (cont)**

### **Outlook**

Despite the challenges of a global financial downturn, this has been a constructive and positive year for Datasquirt in terms of both market development and product development. While the downturn has lengthened sales cycles, our overall sales proposition has proved attractive enough to increase revenue from our core business activities by 31%. The return on investment our product delivers to customers is resonating strongly in tough market conditions.

Our international sales strategy is to seed the market in each of our regions with a direct sales force before establishing reseller channels and thereby reaping the benefits of increased scalability. Accordingly, we have now shifted our primary sales focus to building reseller channels. We are already seeing more than 50% of our sales in Australia and the UK coming in through these resellers. Our New Zealand operation is already in a more mature phase, with a mix of direct and indirect sales. The US market is managed on behalf by our distributor Continuum Systems, while Germany is still in the early stages of development.

Earlier this year we released a new product called CONTACT Lite, which is a simple, lower cost version of CONTACT aimed at the small business market as a Software as a Service (SaaS) offering. CONTACT Lite widens Datasquirt's market reach considerably with incremental sales on existing technology and has already been well received, particularly in the UK.

Cost reduction and a drive for efficiencies has been another focus this year. This has been reflected successfully in our reduced cash burn. Cash used in operations in the first half of the financial year was \$2,192,000, and was reduced to \$1,093,000 for the second half of the financial year.

We are pleased to report that the reductions in expenditure have not led to reductions in sales revenue. Datasquirt is making the best use of available resources to continue to drive growth in our international markets.

Datasquirt's board, management and staff remain focused, passionate and confident in the success of the business going forward.

The financial statements are signed for and on behalf of the Board, and were authorised for issue on the date below.



**Mark Loveys**  
Chairman  
28 May 2009



**Aaron Ridgway**  
Chief Executive Officer  
28 May 2009



## Corporate Governance Statement

Datasquirt recognises and follows the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles) to the extent that it is reasonable and practicable for Datasquirt, taking into account of the size, stage, development and operations of the Company.

Where Datasquirt's corporate governance practices do not correlate with the practices recommended by the Council, the Board's reasoning for any departure is explained.

Set out below are the fundamental corporate governance practices of Datasquirt.

### **Principle 1: The Board lays solid foundations for management and oversight**

In governing the Company, the Directors must act in the best interests of the Company as a whole and be committed to spending sufficient time to enable them to carry out their duties as Directors of the Company. In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of Datasquirt.

The Board is responsible for governing the Company and for setting the strategic direction of the Company, including:

- (a) oversight of control and accountability systems;
- (b) appointing and removing the Chief Executive Officer, Chief Financial Officer and the Company Secretary;
- (c) input into, and final approval of, corporate strategy;
- (d) approving the annual operating budget;
- (e) approving and monitoring the progress of major capital and operating expenditure;
- (f) monitoring compliance with all legal and regulatory obligations;
- (g) reviewing any risk management system;
- (h) monitoring any Executive Officers' performance; and
- (i) approving and monitoring financial and other reporting to the market, Shareholders, employees other stakeholders.

It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Board responsibilities are set out in the Company Board Charter which is available on the Datasquirt website under "Corporate Governance".

The table below sets out the attendance of Directors at Board meetings since 1 April 2008 to the date of this Annual Report:

	Number of Meetings during the tenure of the Director	Attended
Mark Loveys	15	15
Adam Ridgway	15	15
Jens Neiser	15	14
David Lyons *	14	12
Lindsay Phillips **	8	8

\* David Lyons resigned from the Board on 12 June 2009.

\*\* Lindsay Phillips resigned from the Board on 8 December 2008.

The Board carries out a review of the performance the senior executives on an annual basis. Each Director provides an assessment of the performance of each senior executive and the results of each assessment is collectively discussed by the Board. The outcome of the assessment is then presented to the individual senior executive. During the reporting period, a performance evaluation for senior executives was conducted.

## **Principle 2: The Board is structured to add value**

The Company currently has three Directors, comprised of one Executive Director and two non-independent Non-Executive Directors.

Aaron Ridgway is the Chief Executive Officer and a substantial shareholder of the Company. Mark Loveys and Jens Neiser are non-independent Non-Executive Directors because they are substantial shareholders of the Company.

David Lyons was a non-independent Non-Executive Director of the Company who resigned on 12 June 2009. David Lyons was a non-independent Non-Executive Director because he was a substantial shareholder of the Company and he was also the Chief Executive Officer of Continuum Systems, the non-exclusive distributor of Datasquirt's products in North America.

The Company assesses the independence of its Directors pursuant to the threshold set out in the ASX Principles and the Company's Board Charter. Given the nature and size of Datasquirt, the Company does not have a policy requiring a majority of independent directors. Persons have been selected as Directors to bring specific skills and industry experience relevant to the Company.

The Chairman, Mark Loveys is non-independent Non-Executive Director by virtue of his substantial shareholding in Datasquirt. The role of the Chairman and Chief Executive Officer may not be exercised by the same individual.

Any Director may take such independent legal, financial or other advice as they consider necessary at the reasonable expense of the Company on any matter connected with the discharge of his or her responsibilities. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice.

The details of the Directors' experience and term of office held by each Director at the date of this Annual Report are detailed on page 7.

Given the nature and size of Datasquirt, its business interests and its stage of development, the Board assumes the function of the Nominations Committee. The responsibilities of the Board (in its capacity as the Nominations Committee) are set out in the Company Board Charter which is available on the Datasquirt website under "Corporate Governance".

The Board carries out a Board assessment on an annual basis. The performance of the Chairman is reviewed and assessed by the other Directors, and the Chairman reviews and assesses the performance of the other Directors. During the reporting period, a Board self-assessment was undertaken with the outcomes discussed by the Board

### **Principle 3: The Board promotes ethical and responsible decision making**

#### **Code of Conduct and Ethics**

As part of its commitment to recognising the legitimate interests of stakeholders, Datasquirt has an established Code of Conduct and Ethics (Code) to guide compliance with legal and other obligations to legitimate stakeholders. The Code governs all Datasquirt's commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent the Company.

The Board, Management and all employees of Datasquirt are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including Directors.

The Code is available on the Datasquirt website under "Corporate Governance".

#### *Trading in Datasquirt Shares*

Consistent with the legal prohibitions on insider trading contained in the Corporations Act, all Datasquirt personnel are prohibited from trading in Datasquirt's securities while in possession of material non-public information. Material non-public information is information, which a reasonable person would expect to have a material affect on the price or value of Datasquirt's securities.

The Code of Conduct also includes the Share Trading Policy. The Policy precludes its employees and Directors from trading in Company shares during share trading blackout periods which operate:

- (a) from the end of the Company's financial half-year, until the release of the results for that period; and
- (b) from the end of the Company's financial year, until the release of the results for that period.

The Board may, on the giving of reasonable notice, impose additional trading blackouts, or vary a trading blackout at its discretion.

If an exceptional circumstance arises outside of these share trading blackout periods, a Director may contact the Chairman to seek approval for specified trading which the Chairman may in his discretion approve or not. In the case of the Chairman, approval must be sought from the Deputy Chairman. The matter must be reported to the Board no later than the next following Board Meeting.

Senior management and Directors are required to advise the Chairman of their intentions prior to undertaking any transaction in Company securities, which includes affirmation that the individual does not believe they are in possession of material non-public information.

The Share Trading Policy is available on the Datasquirt website under "Corporate Governance".

#### **Principle 4: The Board safeguards integrity in financial reporting**

In accordance with ASX Listing Rule 12.7, Datasquirt is not required to have an Audit Committee. The functions which would otherwise be performed by an Audit & Risk Management Committee are performed by the Board. These include fulfilling its corporate governance responsibilities in regard to:

- (a) the reliability and integrity of financial information for inclusion in the DSQ's financial statements;
- (b) audit, accounting and financial reporting obligations of DSQ;
- (c) monitoring the independence of the external auditor;
- (d) business or financial risk management; and
- (e) the integrity of the systems of internal control established by the Board and Management.

The Board has the responsibility of observing the policies and procedures for the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners. Non-Executive Directors are given the opportunity to meet with the auditor, independent of management prior to approving the half-year and annual financial statements.

#### **Principle 5: The Board makes timely and balanced disclosure**

The Board has established a written policy for ensuring compliance with Listing Rule disclosure requirements. The purpose of the Policy is to:

- (a) ensure that all Directors, employees and contractors are aware of the continuous disclosure obligations of Datasquirt; and
- (b) implement a procedure for the central collection, assessment and if required, release to the ASX, of material information.

The Continuous Disclosure Policy is available the Datasquirt website under "Corporate Governance".

Commentary on the Company's financial results; review of operations and activities in accordance with ASX Listing Rule 4.10.17 are set out from page 3 of this Annual Report.

#### **Principle 6: The Board respects the rights of shareholders**

The Company has established a Shareholder Communications Policy and is committed to:

- (a) communicating effectively with shareholders through releases to the market via ASX, Datasquirt's website, information mailed to shareholders and the general meetings of the Company;
- (b) giving shareholders ready access to balanced and understandable information about the Company; and
- (c) making it easy for shareholders to participate in general meetings of the Company.

All announcements made to the ASX are available to shareholders:

- (a) under the Investor Centre section of the DSQ website (under "Company Announcements");
- (b) under the Company Announcements section of the ASX website; or
- (c) by email notification (when shareholders provide their email address to DSQ via the website and elect to be notified of all DSQ announcements).

The Shareholder Communications Policy is available on the Datasquirt website under "Corporate Governance".

#### **Principle 7: The Board recognises and manages risk**

The Board is responsible for risk oversight, establishing an internal control system designed to identify, assess, monitor and manage business and financial risk. The Company has identified potential risks and management will report to the Board regularly regarding:

- (a) the risk management framework;
- (b) response to business and financial risks (including compliance and internal controls);
- (c) management's approach to key operational risks, including the effectiveness of internal controls; and
- (d) the implementation of key recommendations and management action plans.

The responsibilities of the Board (in its capacity as the Audit & Risk Management Committee) are set out in the Company Board Charter which is available on the Datasquirt website under "Corporate Governance".

The Company has not adopted a formal risk management and internal control system to manage the Company's material business risks due to the size and nature of its operations. The Chief Executive Officer and Chief Financial Officer (Management) assume the responsibility of overseeing risk management practices of the Company. The Board confirms that Management has reported to it that the Company's management of its material business risks have been effective.

As required by Recommendation 7.3, the Board received assurance from the Chief Executive Office and Chief Financial Officer that:

- their declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- that the Company's risk management and internal system is operating effectively in all material respects in relation to financial reporting risks.

### **Principle 8: Remunerate fairly and responsibly**

Given the nature and size of Datasquirt, its business interests and its stage of development, the Board assumes the function of the Remuneration Committee. The responsibilities of the Board (in its capacity as the Remuneration Committee) are set out in the Company Board Charter which is available on the Datasquirt website under "Corporate Governance".

Executive Officers and Senior Management acting in their capacity as employees of the Company and subsidiary(ies) may receive a mix of fixed, performance-based and equity-based remuneration. Non-Executive Directors may receive only fixed remuneration.

Further, the Company has adopted anti-hedging policy, whereby employees are not permitted to enter into transaction with Securities (or any derivative thereof) in associated products which limit the economic risk of any unvested entitlements under any equity-based remuneration schemes offered by Datasquirt.

# Auditors Report



**AUDITORS' REPORT**  
**TO THE READERS OF THE FINANCIAL STATEMENTS OF**  
**DATASQUIRT LIMITED**

We have audited the financial statements on pages 19 to 54. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 23 to 33.

**Directors' Responsibilities**

The directors are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the company and group as at 31 March 2009 and the results of operations and cash flows for the year ended on that date.

**Auditors' Responsibilities**

It is our responsibility to express to you an independent opinion on the financial statements presented by the directors.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- \* the significant estimates and judgements made by the directors in the preparation of the financial statements, and
- \* whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



Other than in our capacity as auditor we have no relationship with or interests in the company or its subsidiaries.

#### Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 19 to 54
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the financial position of the company and group as at 31 March 2009 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 28 May 2009 and our unqualified opinion is expressed as at that date.

*WHK Gosling Chapman Partnership*

Auckland, New Zealand

CHARTERED ACCOUNTANTS

This audit report relates to the financial statements of Dataquirt Limited ("the company") for the year ended 31 March 2009 included on the company's website. The directors of the company are responsible for the maintenance and integrity of the company's website. We have not been engaged to report on the integrity of the company's website. We accept no responsibility for any changes that may have occurred to the financial statements since it was initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of these financial statements are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 28 May 2009 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## Balance Sheet

As at 31 March 2009	Note	Consolidated		Parent	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	11	2,040	5,133	1,917	4,984
Trade and other receivables	12	629	502	616	430
<b>Total Current Assets</b>		<b>2,669</b>	<b>5,635</b>	<b>2,533</b>	<b>5,414</b>
<b>Non-current Assets</b>					
Investments in subsidiaries	13	-	-	124	124
Property, plant and equipment	14	83	128	55	91
Intangible assets	15	77	114	76	112
<b>Total Non-current Assets</b>		<b>160</b>	<b>242</b>	<b>255</b>	<b>327</b>
<b>TOTAL ASSETS</b>		<b>2,829</b>	<b>5,877</b>	<b>2,788</b>	<b>5,741</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	16	594	703	541	597
Provisions	17	108	80	97	50
<b>Total Current Liabilities</b>		<b>702</b>	<b>783</b>	<b>638</b>	<b>647</b>
<b>TOTAL LIABILITIES</b>		<b>702</b>	<b>783</b>	<b>638</b>	<b>647</b>
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the parent</b>					
Contributed equity	18	11,310	11,310	11,310	11,310
Accumulated loss	19 (a)	(9,341)	(6,370)	(9,372)	(6,338)
Reserves	19 (b)	158	154	212	122
<b>TOTAL EQUITY</b>		<b>2,127</b>	<b>5,094</b>	<b>2,150</b>	<b>5,094</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,829</b>	<b>5,877</b>	<b>2,788</b>	<b>5,741</b>

The above balance sheet should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorise the issue of these financial statements on 28 May 2009:



Mark Loveys  
Chairman  
28/05/2009



Aaron Ridgway  
Director  
28/05/2009

# Income Statement

For the year ended 31 March 2009	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
<b>Revenue</b>					
Revenue		<b>1,574</b>	1,199	<b>1,205</b>	976
Other revenue	6	<b>428</b>	278	<b>487</b>	314
Net gain on foreign exchange		<b>257</b>	(49)	<b>266</b>	(49)
		<b>2,259</b>	1,428	<b>1,958</b>	1,241
Development and implementation expenses		<b>(34)</b>	(150)	<b>(37)</b>	(93)
Hosting and connectivity expenses		<b>(362)</b>	(256)	<b>(109)</b>	(100)
Transaction costs		<b>(189)</b>	(57)	<b>(131)</b>	(57)
Commissions		<b>(165)</b>	(199)	<b>(115)</b>	(127)
Advertising expense		<b>(289)</b>	(606)	<b>(98)</b>	(214)
Employee benefits expense	7 (a)	<b>(2,643)</b>	(2,358)	<b>(1,424)</b>	(1,397)
Professional fees	7 (b)	<b>(401)</b>	(473)	<b>(199)</b>	(277)
Travel expenses		<b>(360)</b>	(554)	<b>(207)</b>	(359)
Market support	21 (d)	-	-	<b>(2,149)</b>	(1,973)
Other operating expenses	7 (a)	<b>(641)</b>	(537)	<b>(405)</b>	(383)
Depreciation & impairment	7 (c)	<b>(146)</b>	(83)	<b>(118)</b>	(74)
<b>Loss from continuing operations before income tax</b>					
		<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
Income tax expense	8	-	-	-	-
<b>Loss after income tax</b>					
		<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
<b>Net loss for the period</b>					
		<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:</b>	10				
Basic earnings per share		<b>(0.11)</b>	(0.18)		
Diluted earnings per share		<b>(0.11)</b>	(0.18)		

The above income statement should be read in conjunction with the accompanying notes.

# Cash Flow Statement

**For the year ended 31 March 2009**

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of GST)		1,789	1,132	1,288	910
Payments to suppliers and employees (inclusive of GST)		(5,410)	(4,577)	(4,910)	(4,426)
Interest paid		(5)	(5)	(5)	(5)
Interest received		340	45	340	44
Receipt of government grants		-	100	-	100
<b>Net cash flows used in operating activities</b>	20	<b>(3,286)</b>	<b>(3,305)</b>	<b>(3,287)</b>	<b>(3,377)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(20)	(270)	(3)	(223)
Purchase of intangibles		(44)	(10)	(44)	(10)
Acquisition of subsidiary/investment		-	-	-	(124)
<b>Net cash flows used in investing activities</b>		<b>(64)</b>	<b>(280)</b>	<b>(47)</b>	<b>(357)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		-	9,067	-	9,067
Repayment of borrowings		-	(303)	-	(303)
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>8,764</b>	<b>-</b>	<b>8,764</b>
Net increase in cash and cash equivalents		<b>(3,350)</b>	5,179	<b>(3,334)</b>	5,030
Net foreign exchange differences		257	(49)	267	(49)
Cash and cash equivalents at beginning of period		5,133	3	4,984	3
<b>Cash and cash equivalents at end of period</b>		<b>2,040</b>	5,133	<b>1,917</b>	4,984

The above cash flow statement should be read in conjunction with the accompanying notes.

## Statement of Recognized Income and Expenses

For the year ended 31 March 2009	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Foreign currency translation		6	(20)	92	(52)
<b>Net income and expense recognized directly in equity</b>		<b>6</b>	<b>(20)</b>	<b>92</b>	<b>(52)</b>
Loss for the period		<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
<b>Total recognized income and expense for the period</b>		<b>(2,965)</b>	(3,865)	<b>(2,942)</b>	(3,865)
Attributable to:					
Equity holders of the parent		<b>(2,965)</b>	(3,865)	<b>(2,942)</b>	(3,865)
		<b>(2,965)</b>	(3,865)	<b>(2,942)</b>	(3,865)

The above statement of recognized income statement should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 31 March 2009

## 1. Corporate information

The financial statements of Datasquirt Limited (the Company) for the year ended 31 March 2009 were authorised for issue in accordance with a resolution of the directors on 28 May 2009.

Datasquirt Limited (the parent) is a company limited by shares incorporated in New Zealand whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the General Disclosures section of this annual report.

## 2. Summary of significant accounting policies

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## 2. Summary of significant accounting policies (continued)

### (a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

### (b) Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable financial reporting standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

### (c) New accounting standards and interpretations

Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 31 March 2009. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
NZ IFRS 8	Operating Segments	New standard replacing NZ IAS 14 Segment Reporting, which adopts a management approach to segment reporting.	1 January 2009	NZ IFRS 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the amendments may have an impact on the Group's segment disclosures as segment information included in internal management reports is more detailed than is currently reported under NZ IAS 14 Segment Reporting.	1 April 2009
NZ IAS 1 (revised)	Presentation of Financial Statements	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	The amendments are expected to only affect the presentation of the Group's financial statements and will not have a direct impact on the measurement and recognition of amounts under the current NZ IAS 1. The Group has not determined at this stage whether to present the new statement of comprehensive income as a single or two statements.	1 April 2009
NZ IFRS 3 (revised)	Business Combinations	The core principle of the revision is that an acquirer of a business recognizes the assets acquired and liabilities assumed at their acquisition-date fair values and discloses information that enables users to evaluate the nature and financial effects of the acquisition	1 July 2009	The standard is effective for business combinations for which the acquisitions are made on or after 1 July 2009.	1 April 2010

\*designates the beginning of the applicable annual reporting period

#### **(d) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Datasquirt Limited (the group) and its subsidiaries (as outlined in note 5) as at 31 March each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group.

Investments in subsidiaries held by Datasquirt Limited are accounted for at cost in the separate financial statements of the parent entity.

#### **(e) Segment reporting - refer note 5**

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 operating business segments. Management has assessed the reportable business segments under NZ IAS 14 Segment Reporting and have determined that on adoption of IFRS 8 Segment Reporting (applicable from 1 January 2009); additional operating segments will most likely be reported. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

#### **(f) Foreign currency translation**

##### *(i) Functional and presentation currency*

Both the functional and presentation currency of Datasquirt Limited is New Zealand dollars (\$). The subsidiaries' functional currency is the local currency which is translated to presentation currency (see below).

##### *(ii) Transactions & balances*

Subsidiary	Local Currency	Presentation Currency
Datasquirt (Australia) Pty Limited	Australian dollars (\$)	New Zealand dollars (\$)
Datasquirt UK Limited	British pounds (£)	New Zealand dollars (\$)
Datasquirt LLC	United States dollars (\$)	New Zealand dollars (\$)
Datasquirt AG	Euro (€)	New Zealand dollars (\$)

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

*(iii) Translation of Group Companies functional currency to presentation currency*

The results of the subsidiaries are translated into New Zealand dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognized in the foreign currency translation reserve in equity.

**(g) Cash and cash equivalents - refer note 11**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(h) Trade and other receivables - refer note 12**

Trade receivables, which generally have 30-90 day terms, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less an allowance for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognized when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

**(i) Property, plant and equipment - refer note 14**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred. The cost is recognized in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalization. All other repairs and maintenance are recognized in profit or loss as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets as follows:

Computer equipment - over 3 to 5 years  
Furniture and fittings - over 5 to 10 years  
Phones – over 2 to 5 years



The assets' residual values, useful lives and amortization methods are reviewed, and adjusted if appropriate, at each financial year end.

#### *Derecognition*

An item of property, plant and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal.

#### **(j) Leases - refer note 24**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

#### **(k) Intangibles - refer note 15**

Intangibles are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. See note 15.

Internally generated intangible assets are not capitalized and expenditure is recognized in profit or loss in the year in which the expenditure is incurred.

#### *Research and development costs*

Research costs are expensed as incurred.

#### **(l) Trade and other payables - refer note 16**

Trade and other payables are carried at amortized cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(m) Provisions and employee benefits - refer note 17**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

## *Employee leave benefits*

### **(n) Wages, salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognized in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognized when the leave is taken and are measured at the rates paid or payable.

### **(o) Share-based payment transactions - refer note 23**

#### *(i) Equity settled transactions:*

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes option pricing model, further details of which are given in note 23.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Datasquirt Limited if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

- (i) the grant date fair value of the award;
- (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 10).

**(p) Revenue recognition - refer note 6**

Revenue is recognized and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

*(i) Rendering of services*

Contract income, which includes license fees, hosting fees and transaction fees, is recognized in the income statement in the accounting period in which the service is rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided.

When the contract outcome cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

*(ii) Interest revenue*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

**(q) Income tax and other taxes - refer note 8**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

On the basis that deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the carry-forward of unused tax credits and unused tax losses can be utilised, Datasquirt Limited has taken the conservative position that there is not sufficient certainty to justify the recognition of a deferred income tax asset at this time.

Temporary differences are not material, and have not been recognized as a deferred tax asset.

#### *Other taxes*

Revenues, expenses and assets are recognized net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flow.

#### **(r) Government grants**

When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants are awarded on a 50% cost sharing basis between NZTE and The Group, and are only reimbursed on costs actually already incurred by the Group.

The grants recognized have no outstanding terms and conditions and are not credited directly to shareholders equity.

#### **(s) Earnings per share - refer note 10**

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted number of ordinary shares and dilutive potential ordinary shares.

#### **(t) Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Datasquirt Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

**(u) Contributed equity - refer note 18**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**3. Financial risk management objectives and policies**

The Group's principal financial instruments comprise receivables, payables, and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate, liquidity risk and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of the risks identified below, foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

**Risk exposures and responses**

*Interest rate risk*

The Group's exposure to market interest rates relates primarily to the Group's cash deposited in interest-bearing call accounts. Interest rates are monitored although there is generally no significant variation in interest rates offered by the different major banks.

The local operational bank accounts do not earn interest.

*At 31 March 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:*

<b>Judgements of reasonably possible movements:</b>	<b>Post Tax Profit Higher/(Lower)</b>		<b>Equity Higher/(Lower)</b>	
<b>Higher/(Lower)</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
<b>Higher/(Lower)</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Consolidated</b>				
+1% (100 basis points)	34	25	34	25
- 1% (100 basis points)	(34)	(25)	(34)	(25)
<b>Parent</b>				
+1% (100 basis points)	34	25	34	25
-1% (100 basis points)	(34)	(25)	(34)	(25)

The sensitivity is higher in 2009 than in 2008 because of an increase in the level of funds on deposit.

#### *Credit risk*

Credit risk arises from the financial assets of the Group, being trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognized, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The only significant concentration of credit risk within the Group exists in relation to cash and cash equivalents, the majority being held with two major trading banks.

#### *Foreign currency risk*

Each entity in the Group conducts the majority of its transactions in its functional currency.

The currency exposure of the Group arises from the effect of any substantial movements in currency rates on the transfer of funds (the large proportion being in Australian dollars) to the local currency of the subsidiary to fund operations.

The net exposure is not significant due to the size of the foreign operations, and is mitigated by the regular transfer of small advances to spread the currency risk over time. Although each subsidiary or geographic segment is subject to variations in foreign currency rates, each segment is not material. Refer to note 5 on segment reporting.

#### *Liquidity risk*

The Group manages liquidity risk by closely monitoring working capital commitments, primarily trade receivables and trade payables. All payables are payable within 30 days.

### **4. Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the bases of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

#### *Recovery of deferred tax assets*

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

#### *Impairment of non-financial assets other than goodwill*

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include a subsidiary's financial performance, as well as the technology, economic and political environments and future market expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management have considered whether assets have in fact been impaired, and have determined that all assets are fully recoverable.

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes model, with the assumptions detailed in note 23. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

## 5. Segment information

As the Group is focussed on the development, distribution and sales of the core software product CONTACT along with associated services, there is effectively one business segment. The Group's risks and returns are affected predominantly by differences in the economic environment each subsidiary operates in, so the Group's primary segment reporting format is geographic segments.

The geographic segments are described in the table below:

Legal Entity	Location	Geographic region
Datasquirt Limited ( <i>Head Office</i> )	New Zealand	New Zealand
Datasquirt (Australia) Pty Limited	Australia	Australia and South-East Asia
Datasquirt UK Limited	England	United Kingdom and Ireland
Datasquirt LLC	United States	United States and Canada
Datasquirt AG	Germany	Germany

### Geographic segments

The following table presents revenue, profit, and certain asset information regarding the subsidiaries performance for the year.

Year ended 31 March 2009	New Zealand \$000	Australia \$000	United Kingdom \$000	United States \$000	Germany \$000	TOTAL \$000
Revenue	1,205	145	293	51	1	1,695
Other income	487	939	1,164	984	40	3,614
Total segment revenue	1,692	1,084	1,457	1,035	41	5,309
Inter-segment elimination						(3,307)
Total consolidated revenue						2,002
Net loss	(3,034)	(24)	(39)	120	6	(2,971)
Depreciation	118	1	21	5	1	146
Capital expenditure	47	4	1	12	-	64
Segment assets	2,788	92	124	34	144	3,182
Inter-segment elimination						(353)
Total consolidated assets						2,829
Liabilities	638	118	132	30	9	927
Inter-segment elimination						(225)
Total consolidated liabilities						702



<b>Year ended 31 March 2008</b>	<b>New Zealand \$000</b>	<b>Australia \$000</b>	<b>United Kingdom \$000</b>	<b>United States \$000</b>	<b>Germany \$000</b>	<b>TOTAL \$000</b>
Revenue	976	48	175	-	-	<b>1,199</b>
Other income	314	698	1078	845	279	<b>3,214</b>
Total segment revenue	1,290	746	1,253	845	279	<b>4,413</b>
Inter-segment elimination						<b>(2,936)</b>
Total consolidated revenue						<b>1,477</b>
Net loss	(3,813)	(10)	(9)	(10)	(3)	<b>(3,845)</b>
Depreciation	74	-	7	1	1	<b>83</b>
Capital expenditure	233	2	38	6	2	<b>281</b>
Segment assets	5,741	73	146	46	119	<b>6,125</b>
Inter-segment elimination						<b>(248)</b>
Total consolidated assets						<b>5,877</b>
Liabilities	647	82	137	29	11	<b>906</b>
Inter-segment elimination						<b>(123)</b>
Total consolidated liabilities						<b>783</b>

## 6. Other revenue

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Government grants	<b>224</b>	89	<b>224</b>	89
Interest	<b>204</b>	181	<b>263</b>	223
Other	-	8	-	2
	<b>428</b>	278	<b>487</b>	314

Government grants relating to market development and growth services have been claimed during the year and recorded at fair value. Government grants have been received in cash (including GST) subsequent to year end. There are no unfulfilled conditions or contingencies attaching to the grants.

## 7. Expenses

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>a) Other operating expenses</b>				
Communications	163	150	105	121
Premises	166	195	69	95
Other	312	192	231	167
	<b>641</b>	<b>537</b>	<b>405</b>	<b>383</b>
<b>b) Professional fees</b>				
Directors fees	107	79	107	79
Consultancy	142	213	-	52
Accountancy	117	156	77	137
Legal	35	25	15	9
	<b>401</b>	<b>473</b>	<b>199</b>	<b>277</b>
<b>c) Depreciation, impairment and amortization included in income statement</b>				
Depreciation	146	83	118	74
	<b>146</b>	<b>83</b>	<b>118</b>	<b>74</b>
<b>d) Employee benefits expense</b>				
Wages and salaries	2,462	1,842	1,353	1,080
Share-based payments expense	(2)	174	(2)	174
Other employee benefits expense	183	342	73	143
	<b>2,643</b>	<b>2,358</b>	<b>1,424</b>	<b>1,397</b>

## 8. Income tax

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>(a) Income tax expense</b>				
<b>Income Statement</b>				
Current income tax	nil	nil	nil	nil
<b>(b) Reconciliation between tax at statutory rate and tax expense in income statement</b>				
Statutory tax at 30%	(918)	(1,269)	(910)	(1,258)
Relating to origination and reversal of temporary differences	15	25	(1)	(3)
Tax effect of temporary differences not accounted for	(903)	(1,244)	(911)	(1,261)
Income tax expense reported in the income statement	-	-	-	-
<b>(c) Unrecognized temporary differences</b>				
Unrecognized temporary differences are not material				
Accumulated tax losses	(2,623)	(1,705)	(2,604)	(1,694)

The statutory tax rate for the year ended 31 March 2009 has changed to 30% (2008:33%).

The company continues to meet the shareholder continuity requirement to carry forward tax losses. However, the directors do not believe the company meets the level of certainty of recoverability of tax losses required to recognize a deferred taxation asset and hence have not accounted for the asset.

## 9. Dividends paid and proposed

No dividends have been paid or proposed to date. (2008:nil)

## 10. Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

	Consolidated	
	2009	2008
	\$000	\$000
<b>(a) Earnings used in calculating earnings per share</b>		
<i>For basic earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent	(2,971)	(3,845)
<i>For diluted earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent (from basic (EPS))	(2,971)	(3,845)
Net loss attributable to ordinary equity holders of the parent	(2,971)	(3,845)
<b>(b) Weighted average number of shares</b>		
	2009	2008
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	28,029	21,383
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	28,029	21,383

There are no instruments (eg share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

### (c) Information on the classification of securities

#### (i) Options

Options granted to employees (including key management personnel) as described in note 23 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

## 11. Current assets - cash and cash equivalents

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Cash at bank and in hand	141	153	18	4
Short-term deposits	1,899	4,980	1,899	4,980
	2,040	5,133	1,917	4,984

## 12. Current assets - trade and other receivables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade receivables	442	298	335	257
Allowance for impairment loss (a)	(16)	(17)	-	(17)
Other receivables	197	215	175	176
	623	496	510	416
Related party receivables: (b)				
Subsidiaries	-	-	100	8
Other related parties	6	6	6	6
Carrying amount of trade and other receivables	629	502	616	430

### (a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for bad debts is recognized when there is objective evidence that an individual trade receivable is impaired.

Bad debts of \$33,000 (2008: \$22,000) have been recognized by the Group and bad debts recovered of \$17,000 (2008: bad debts \$22,000) by the Company in the current year. These amounts have been included in other operating expenses item.

Movements in the provision for impairment loss were as follows:

At 1 April	17	4	17	4
Charge for the year	32	22	(17)	22
Amounts written off	(33)	(9)	-	(9)
At 31 March	16	17	-	17

At 31 March 2009, the ageing analysis of trade receivables is as follows:

	<b>Total</b>	<b>0 - 30 days</b>	<b>31 - 60 days</b>	<b>61 - 90 days PDNI*</b>	<b>+91 days PDNI*</b>	<b>+91 days CI*</b>
2009 Consolidated	442	314	66	23	23	16
Parent	335	260	48	8	19	-
2008 Consolidated	298	153	25	44	59	17
Parent	257	121	21	44	54	17

\* Past due not impaired ('PDNI') Considered impaired ('CI')

**(b) Related party receivables**

For terms and conditions of related party receivables refer to note 21.

**(c) Fair value and credit risk**

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

**(d) Foreign exchange and interest risk**

For further information on the management of foreign exchange and interest risk refer to Note 3.

**13. Non-current assets - investments in subsidiaries**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Investments in controlled entities (note 21) - at cost	-	-	124	124

## 14. Non-current assets – property plant and equipment

	Computer Equipment	Consolidated Furniture and Fittings	Phones	Total
	\$000	\$000	\$000	\$000
<b>Year ended 31 March 2009</b>				
At 1 April 2008 net of accumulated depreciation and impairment	84	42	2	128
Additions	8	12	1	21
Disposals	(1)	-	-	(1)
Depreciation charge for the year	(53)	(11)	(1)	(65)
At 31 March 2009 net of accumulated depreciation and impairment	38	43	2	83
<b>At 31 March 2009</b>				
Cost or fair value	199	60	10	269
Accumulated depreciation and impairment	(161)	(17)	(8)	(186)
Net carrying amount	38	43	2	83
<b>Year ended 31 March 2008</b>				
At 1 April 2008 net of accumulated depreciation and impairment	35	6	2	43
Additions	101	40	2	143
Impairment	-	-	-	-
Depreciation charge for the year	(52)	(4)	(2)	(58)
At 31 March 2009 net of accumulated depreciation and impairment	84	42	2	128
<b>At 31 March 2008</b>				
Cost or fair value	192	48	9	249
Accumulated depreciation and impairment	(108)	(6)	(7)	(121)
Net carrying amount	84	42	2	128

## 14. Non-current assets – property plant and equipment (cont)

	Computer Equipment	Parent Furniture and Fittings	Phones	Total
	\$000	\$000	\$000	\$000
<b>Year ended 31 March 2009</b>				
At 1 April 2008 net of accumulated depreciation and impairment	53	36	2	91
Additions	2	-	1	3
Disposals	(1)	-	-	(1)
Depreciation charge for the year	(31)	(6)	(1)	(38)
At 31 March 2009 net of accumulated depreciation and impairment	23	30	2	55
<b>At 31 March 2009</b>				
Cost or fair value	156	40	10	206
Accumulated depreciation and impairment	(133)	(10)	(8)	(151)
Net carrying amount	23	30	2	55

	Computer Equipment	Parent Furniture and Fittings	Phones	Total
	\$000	\$000	\$000	\$000
<b>Year ended 31 March 2008</b>				
At 1 April 2008 net of accumulated depreciation and impairment	35	6	2	43
Additions	63	32	2	97
Impairment	-	-	-	-
Depreciation charge for the year	(45)	(2)	(2)	(49)
At 31 March 2009 net of accumulated depreciation and impairment	53	36	2	91
<b>At 31 March 2008</b>				
Cost or fair value	154	40	9	203
Accumulated depreciation and impairment	(101)	(4)	(7)	(112)
Net carrying amount	53	36	2	91



## 15. Non-current assets - intangible assets

	Software Licences	Consolidated Patents and Trademarks	Total
	\$000	\$000	\$000
<b>Year ended 31 March 2009</b>			
At 1 April 2008 net of accumulated depreciation and impairment	102	12	114
Additions	40	4	44
Impairment	-	-	-
Depreciation charge for the year	(81)	-	(81)
At 31 March 2009 net of accumulated depreciation and impairment	61	16	77
<b>At 31 March 2009</b>			
Cost or fair value	181	16	197
Accumulated depreciation and impairment	(120)	-	(120)
Net carrying amount	61	16	77
	Software Licences	Consolidated Patents and Trademarks	Total
	\$000	\$000	\$000
<b>Year ended 31 March 2008</b>			
At 1 April 2007 net of accumulated depreciation and impairment	2	-	2
Additions	125	12	137
Impairment	-	-	-
Depreciation charge for the year	(25)	-	(25)
At 31 March 2008 net of accumulated depreciation and impairment	102	12	114
<b>At 31 March 2008</b>			
Cost or fair value	141	12	153
Accumulated depreciation and impairment	(39)	-	(39)
Net carrying amount	102	12	114

## 15. Non-current assets - intangible assets (cont)

	Parent		Total
	Software Licences	Patents and Trademarks	
	\$000	\$000	\$000
<b>Year ended 31 March 2009</b>			
At 1 April 2008 net of accumulated depreciation and impairment	100	12	112
Additions	40	4	44
Impairment	-	-	-
Amortization charge for the year	(80)	-	(80)
At 31 March 2009 net of accumulated depreciation and impairment	60	16	76

<b>At 31 March 2009</b>			
Cost or fair value	179	16	195
Accumulated depreciation and impairment	(119)	-	(119)
Net carrying amount	60	16	76

	Parent		Total
	Software Licences	Patents and Trademarks	
	\$000	\$000	\$000
<b>Year ended 31 March 2008</b>			
At 1 April 2007 net of accumulated depreciation and impairment	2	-	2
Additions	123	12	135
Impairment	-	-	-
Amortization charge for the year	(25)	-	(25)
At 31 March 2008 net of accumulated depreciation and impairment	100	12	112

<b>At 31 March 2008</b>			
Cost or fair value	139	12	151
Accumulated depreciation and impairment	(39)	-	(39)
Net carrying amount	100	12	112

### (b) Description of the Group's intangible assets

#### (i) Software Licences

Software license costs are carried at cost less accumulated amortization and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortized using the diminishing value method over a period of 3 years. The amortization has been recognized in the income statement in the line item depreciation and impairment. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognized to the extent that the recoverable amount is lower than the carrying amount.

#### (ii) Patents and licences

Patents and licences are carried at cost less accumulated impairment losses. These intangible assets have been determined to have indefinite useful lives. Patents and licences are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

## 16. Current liabilities - trade and other payables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade payables	278	292	177	229
Payroll liabilities	89	271	66	146
Other payables	159	86	102	53
	526	649	345	428
Related party payables : (a)				
Subsidiaries	-	-	128	115
Other related parties	68	54	68	54
Carrying amount of trade and other payables	594	703	541	597

### (a) Related party payables

For terms and conditions relating to related party payables refer to note 21.

### (b) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### (c) Foreign exchange and liquidity risk

For further information on the management of foreign exchange and liquidity risk refer to note 3.

## 17. Current liabilities - provisions

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Provision for staff leave entitlements	106	78	97	50
Other provisions	2	2	-	-
	108	80	97	50

## 18. Contributed equity

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Ordinary Shares (a)	11,310	11,310	11,310	11,310
	11,310	11,310	11,310	11,310
(a) Ordinary Shares				
Issued and fully paid	11,310	11,310	11,310	11,310

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

		Thousands	\$000
<i>Movement in ordinary shares on issue</i>			
At 1 April 2007		177	2,243
Share issue	(i)	13	700
Exercise of options	(ii)	9	500
Conversion of shareholder loan	(iii)	5	308
Share split	(iv)	19,796	-
Share issue	(v)	8,029	8,367
Transaction costs	(vi)	-	(808)
At 31 March 2008		28,029	11,310
At 31 March 2009		<b>28,029</b>	<b>11,310</b>

- (i) 13,000 shares were issued for new capital raised in April 2007
- (ii) 9,000 shares were issued on 1 June 2007 for cash
- (iii) 5,000 shares were issued on conversion of an advance from shareholders (including interest payable)
- (iv) Share split to reflect the Company's pre-IPO valuation of \$20,000,000
- (v) On 28 September 2007, the Company listed on the Australian Stock Exchange, issuing 8,028,634 shares and raising the equivalent of NZ\$8,367,000.
- (vi) The transaction costs represent the costs of listing the Company on the Australian Stock Exchange.

#### (d) Option scheme

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (refer note 23).

#### (e) Capital management

Datasquirt Limited is an early stage technology company which listed on the Australian Securities Exchange in September 2007 for the express purpose of funding its international expansion program. The Board oversees the implementation of the global strategy, monitoring the capital available and how it is deployed to achieve the goals of the Group.

Management has no immediate plans to issue further shares on the market. The Group is not subject to any externally imposed capital requirements.

### 19. Retained earnings and reserves

#### (a) Movements in retained earnings were as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Balance 1 April	(6,370)	(2,525)	(6,338)	(2,525)
Net loss	(2,971)	(3,845)	(3,034)	(3,813)
Dividends	-	-	-	-
Balance 31 March	<b>(9,341)</b>	(6,370)	<b>(9,372)</b>	(6,338)

**(b) Movements in foreign currency translation and share based payments reserves were as follows:**

	<b>Consolidated</b>			<b>Parent</b>		
	<b>Employee equity benefits reserve \$000</b>	<b>Foreign currency translation \$000</b>	<b>Total \$000</b>	<b>Employee equity benefits reserve \$000</b>	<b>Foreign currency translation \$000</b>	<b>Total \$000</b>
Balance 1 April 2007	-	(20)	<b>(20)</b>	-	(52)	<b>(52)</b>
Foreign currency translation differences	-	-	-	-	-	-
Share-based payments	174	-	<b>174</b>	174	-	<b>174</b>
Balance 31 March 2008	174	(20)	<b>154</b>	174	(52)	<b>122</b>
Foreign currency translation differences	-	6	<b>6</b>	-	92	<b>92</b>
Share-based payments	(2)	-	<b>(2)</b>	(2)	-	<b>(2)</b>
Balance 31 March 2009	172	(14)	<b>158</b>	172	40	<b>212</b>

*Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

*Employee equity benefits reserve*

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 23 for further details of these plans.

**20. Cash flow statement reconciliation**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>(a) Reconciliation of net loss to net cash flows from operations</b>				
Net loss	<b>(2,971)</b>	(3,845)	<b>(3,034)</b>	(3,813)
<i>Adjustments for:</i>				
Depreciation	<b>146</b>	83	<b>118</b>	74
Net gain on foreign exchange	<b>(251)</b>	29	<b>(175)</b>	(5)
Share-based payments expense	<b>(2)</b>	174	<b>(2)</b>	174
Bad debts written off	<b>33</b>	22	<b>(17)</b>	22
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in trade and other receivables	<b>(160)</b>	(246)	<b>(168)</b>	(174)
(Decrease)/increase in trade and other payables	<b>(81)</b>	478	<b>(9)</b>	345
Net cash from operating activities	<b>(3,286)</b>	(3,305)	<b>(3,287)</b>	(3,377)

## 21. Related party disclosure

### (a) Subsidiaries

The consolidated financial statements include the financial statements of Datasquirt Limited and the subsidiaries, which were all established during the financial year, as listed in the following table.

Name	Country of Incorporation	% of Equity Interest		Investment (\$000)	
		2009	2008	2009	2008
Datasquirt (Australia) Pty Limited	Australia	100	100	-	-
Datasquirt (UK) Limited	United Kingdom	100	100	-	-
Datasquirt LLC	United States	100	100	3	3
Datasquirt AG	Germany	100	100	121	121
				124	124

### (b) Ultimate parent

Datasquirt Limited is the ultimate New Zealand parent entity and the ultimate parent of the Group.

### (c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 22.

### (d) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade receivables and payables at year-end, refer to notes 12 and 16 respectively):

		<b>Sales to Related Parties \$000</b>	<b>Purchases from Related Parties \$000</b>	<b>Amounts owed by Related Parties \$000</b>	<b>Amounts owed to Related Parties \$000</b>
<b>Related Party</b>					
<b>Consolidated</b>					
<i>Shareholders</i>					
Continuum	<b>2009</b>	-	<b>(90)</b>	-	-
	2008	-	(123)	-	-
Nightingale Partners	<b>2009</b>	-	<b>(27)</b>	-	<b>(10)</b>
	2008	-	(12)	-	(3)
Ridgway Management	<b>2009</b>	-	-	-	-
	2008	-	(31)	-	-
<i>Other related parties</i>					
Develco Limited	<b>2009</b>	-	-	-	-
	2008	-	(200)	-	-
Enprise Limited	<b>2009</b>	-	<b>(1)</b>	-	-
	2008	-	(45)	-	(9)
First Mobile	<b>2009</b>	-	<b>(16)</b>	-	-
	2008	16	(9)	6	(2)
Netpower	<b>2009</b>	-	-	-	-
	2008	-	(4)	-	-
Phoenix Management	<b>2009</b>	-	-	-	-
	2008	-	(22)	-	-
Dave Lyons	<b>2009</b>	-	<b>(25)</b>	-	<b>(13)</b>
	2008	-	(12)	-	(12)
Jens Neiser	<b>2009</b>	-	<b>(25)</b>	-	<b>(13)</b>
	2008	-	(32)	-	(20)
Mark Loveys	<b>2009</b>	-	<b>(25)</b>	-	<b>(16)</b>
	2008	-	(8)	-	(8)
Aaron Ridgway	<b>2009</b>	-	-	<b>6</b>	<b>(16)</b>
	2008	-	-	-	-
<b>Parent</b>					
<i>Subsidiaries</i>					
Datasquirt (Australia) Pty Limited	<b>2009</b>	<b>994</b>	<b>(939)</b>	<b>48</b>	-
	2008	731	(738)	-	(7)
Datasquirt UK Limited	<b>2009</b>	<b>1,178</b>	<b>(1,164)</b>	<b>22</b>	-
	2008	1,086	(1,078)	8	-
Datasquirt LLC	<b>2009</b>	<b>1,029</b>	<b>(985)</b>	<b>30</b>	-
	2008	831	(845)	-	(14)
Datasquirt AG	<b>2009</b>	<b>11</b>	<b>(45)</b>	-	<b>(128)</b>
	2008	185	(279)	-	(94)
<i>Shareholders</i>					
Nightingale Partners	<b>2009</b>	-	<b>(27)</b>	-	<b>(10)</b>
	2008	-	(12)	-	(3)
Ridgway Management	<b>2009</b>	-	-	-	-
	2008	-	(31)	-	-

		<b>Sales to Related Parties \$000</b>	<b>Purchases from Related Parties \$000</b>	<b>Amounts owed by Related Parties \$000</b>	<b>Amounts owed to Related Parties \$000</b>
<i>Other related parties</i>					
Develco Limited	<b>2009</b>	-	-	-	-
	2008	-	(200)	-	-
Enprise Limited	<b>2009</b>	-	<b>(1)</b>	-	-
	2008	-	(45)	-	(9)
First Mobile	<b>2009</b>	-	<b>(16)</b>	-	-
	2008	16	(9)	6	(2)
Netpower	<b>2009</b>	-	-	-	-
	2008	-	(4)	-	-
Phoenix Management	<b>2009</b>	-	-	-	-
	2008	-	(22)	-	-
Dave Lyons	<b>2009</b>	-	<b>(25)</b>	-	<b>(13)</b>
	2008	-	(12)	-	(12)
Jens Neiser	<b>2009</b>	-	<b>(25)</b>	-	<b>(13)</b>
	2008	-	(32)	-	(20)
Mark Loveys	<b>2009</b>	-	<b>(25)</b>	-	<b>(16)</b>
	2008	-	(8)	-	(8)
Aaron Ridgway	<b>2009</b>	-	-	<b>6</b>	<b>(16)</b>
	2008	-	-	-	-

*Terms and conditions of transactions with related parties:*

*(i) Shareholders and other related parties*

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

*(ii) Subsidiaries*

The sales transactions between the parent, Datasquirt Limited, and its subsidiaries, are comprised of cash advances from the parent to the subsidiaries, purchases made on behalf of one entity by another, recharges for distribution and services, and transfer pricing transactions including a management fee charged by the parent to each subsidiary and interest charged on intercompany balances during the year. The purchase transactions between the parent, Datasquirt Limited, and its subsidiaries, are comprised of interest expense on intercompany balances and market support payments made by the parent to the subsidiary.



## 22. Key management personnel

### Compensation for key management personnel

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Salaries, Fees and Commissions	741	1,474	480	814
Share based payments	(2)	174	(2)	174
Other benefits	-	9	-	-
Total compensation	739	1,657	478	988

During the year, the number of employees or former employees, not being directors of Datasquirt Limited received remuneration and the value of other benefits that exceeded \$100,000 as follows:

Remuneration \$	Number of Employees	
	2009	2008
100,001 – 110,000	-	-
110,001 – 120,000	2	-
120,001 – 130,000	-	-
130,001 – 140,000	-	-
140,001 – 150,000	-	-
150,001 – 160,000	1	-
160,001 – 170,000	3	1
170,001 – 180,000	-	-
180,001 – 190,000	-	-
190,001 – 200,000	1	-
200,001 – 210,000	-	-
210,001 – 220,000	-	1
220,001 – 230,000	-	1
230,001 – 240,000	-	1

## 23. Share-based payment plans

### (a) Recognized share-based payment expenses

The expense recognized for employee services received during the year is shown in the table below:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Expense arising from equity-settled share-based payment transactions	(2)	174	(2)	174
Total expense arising from share-based payment transactions	(2)	174	(2)	174

The share-based payment plans are described below:

***(b) Types of share-based payment plans***

***Employee Share Scheme (ESS)***

The Company has established an Employee Share Scheme under which the Company may offer shares to key employees.

There are currently 687,732 fully paid shares held by the Employee Share Trust for the benefit of two senior executives.

As a condition of these options, the shares would vest immediately in the event of an IPO or trade sale. Therefore when Datasquirt listed in September 2007, these shares were vested.

***Employee Share Options (ESOP)***

Share options may be granted to senior executives at the discretion of the Board, to align participants' interests with those of shareholders by increasing the value of the Company's shares. The exercise price of the options is set at the listing price of the shares, vesting over a three year period.

***(c) Summary of options granted under the share based payment plans***

No options granted have been forfeited or exercised during the year ended 31 March 2009.

The outstanding balance of exercisable options as at 31 March 2009 is represented by:

- 4,725 options over ordinary shares with an exercise price of \$37.85 issued prior to the share split (equivalent shares post share split 440,197 with an exercise price of A\$0.41 held by the Employee Share Trust);
- 2,656 options over ordinary shares with an exercise price of \$56.48 issued prior to the share split (equivalent shares post share split 247,535 with an exercise price of A\$0.61 held by the Employee Share Trust); and
- 100,000 options over ordinary with an exercise price of A\$0.90 each (2008: 300,000).

***(d) Weighted average remaining contractual life***

The weighted average remaining contractual life for the share options outstanding as at 31 March 2009 is 3 years (2008: 4).

***(e) Weighted average fair value***

The weighted average fair value of options granted during the year was nil (2008: \$1.60).

## **(f) Option pricing model**

### ***Equity-settled transactions***

The fair value of the equity-settled share options is estimated as at the date of grant using the Black Scholes Model taking into account the terms and conditions upon which the options were granted. The value of the option is a function of possible future prices of the underlying share, taking into account factors of volatility, time to maturity and current risk free interest rates.

It has also been recognized that the option, and not the underlying shares, are being valued, and the options are not transferable. Therefore a discount rate has been applied to reflect their lack of marketability.

The following table lists the inputs to the models used for the year ended 31 March 2009:

	ESS 2009	ESS 2009	ESOP 2009
<i>Number of options</i>	4725	2656	100,000
Dividend yield (%)	0.00	0.00	0.00
Expected volatility (%)	55.00	55.00	55.00
Risk-free interest rate (%)	6.15	6.58	7.15
Expected life of option (years)	5	5	5
Option exercise price (\$NZ)	37.85	56.48	-
Option exercise price (\$AU)	-	-	0.90
Weighted average share price at measurement date (\$NZ)	15.43	23.27	
Weighted average share price at measurement date (\$AU)	-	-	0.375
Model Used	Black-Scholes	Black-Scholes	Black-Scholes

This note is unchanged from 2008 with the exception of the number of options available for valuation under ESOP being reduced from 300,000 to 100,000, being 200,000 options which did not vest.

As Datasquirt listed with ASX in September 2007, and does not have a long term trading history, volatility has been determined by reference to other listed Australian technology companies over the comparable periods of the grant of the options.

## **24. Commitments**

### **(i) Leasing commitments**

#### ***Lease commitments***

The Group has entered into a commercial lease on the premises for Datasquirt New Zealand. The annual rent is NZ\$51,000 plus \$24,000 for car parks.

The Group has a contract for hosting services with an annual value of \$78,000.

The total expense recognized for the year ended 31 March 2009 in relation to lease commitments is \$248,000 (2008:\$275,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Within one year	125	82	121	53
After one year but not more than five years	25	78	25	78
After more than five years	-	-	-	-
Total minimum lease payments	150	160	146	131

*(ii) Property, plant and equipment commitments*

The Company and Group had no contractual obligations to purchase plant and equipment at balance date. (2008:nil).

## 25. Contingencies

There were no known material contingent liabilities at 31 March 2009. (2008:nil)

## 26. Events after the balance sheet date

There were no events of a material nature after balance date which required adjustment or disclosure. (2008:nil)

## 27. Auditors' remuneration

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Amounts received or due and receivable by WHK Gosling Chapman for:				
Audit of the financial statements	28	42 (b)	28	42 (b)
	19 (b)		19 (b)	
Other assurance-related services	15 (a) (b)	-	-	-
Tax compliance	14 (b)	28 (b)	14 (b)	28 (b)
Other services	12 (b)	11 (b)	12 (b)	11 (b)
	88	81	73	81

The auditor of Datasquirt Limited is WHK Gosling Chapman.

a) Other assurance-related services include services for the audit or review of financial information other than financial reporting, and include prospectus reviews and other audits required for local regulatory services.

b) Services provided by Ernst & Young – auditors for the 2008 financial year.

# Shareholder Information as at 30 June 2009

## Number of Security Holders and Securities on Issue

### Quoted Equity Securities

Datasquirt has issued 28,028,634 fully paid ordinary shares, of which 13,250,914 shares are quoted on the ASX and are held by 402 shareholders.

### Unquoted Equity Securities

Datasquirt has issued 28,028,634 fully paid ordinary shares, of which 14,777,720 shares are unquoted (escrowed) and are held by 7 shareholders.

Datasquirt has issued 787,732 options in aggregate under its Employee Share Option Plan and these are held by 3 optionholders.

## Voting Rights

### *Quoted Equity Securities*

Each of the Company's fully paid ordinary share entitles the shareholder to one vote.

### *Unquoted Equity Securities*

With respect to unquoted (escrowed) shares, each of the Company's fully paid ordinary share entitles the shareholder to one vote.

Optionholders do not have any voting rights with respect to the options held by them.

## Distribution of Security Holders

### *Quoted Equity Securities*

#### *Fully paid ordinary shares*

Holding	Number of shareholders	Number of shares	%
1 – 1,000	4	2,179	0.02
1,001 – 5,000	273	714,648	5.39
5,001 – 10,000	47	364,915	2.76
10,001 – 100,000	61	1,884,646	14.22
100,001 and over	17	10,284,526	77.61
<b>Total</b>	<b>402</b>	<b>13,250,914</b>	<b>100</b>

## Unquoted Equity Securities

### Unquoted (escrowed) fully paid ordinary shares

Holding	Number of shareholders	Number of shares	%
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	0	0
100,001 and over	7	14,777,720	100
<b>Total</b>	<b>7</b>	<b>14,777,720</b>	<b>100</b>

### Employee share options

- Options granted on 1 October 2006
- Vesting date of 28 September 2007
- Expiry date of 1 October 2011
- All vested options may be converted to fully paid ordinary shares on a one-for-one basis with a A\$0.41 exercise price.

Holding	Number of shareholders	Number of shares	%
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	0	0
100,001 and over	1	440,197	100
<b>Total</b>	<b>1</b>	<b>440,197</b>	<b>100</b>

- Options granted on 1 April 2007
- Vesting date of 28 September 2007
- Expiry date of 1 April 2012
- All vested options may be converted to fully paid ordinary shares on a one-for-one basis with a A\$0.61 exercise price.

Holding	Number of shareholders	Number of shares	%
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	0	0
100,001 and over	1	247,535	100
<b>Total</b>	<b>1</b>	<b>247,535</b>	<b>100</b>

- Options granted on 10 July 2007
- Vesting date of 1 August 2007
- Expiry date of 10 July 2012
- All vested options may be converted to fully paid ordinary shares on a one-for-one basis with a A\$0.90 exercise price.

Holding	Number of optionholders	Number of options	%
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	0	0	0
10,001 – 100,000	0	100,000	100
100,001 and over	1	0	0
<b>Total</b>	<b>1</b>	<b>100,000</b>	<b>100</b>

### Unmarketable Parcel of Shares

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 306. 9,803 shares comprise a marketable parcel at Datasquirt's closing share price of A\$0.051.

### Substantial Shareholders

The number of securities held by substantial shareholders and their associates are set out below:

#### *Fully paid ordinary shares*

Name	Number	%
Aaron Ridgway	8,600,230	30.7 <sup>1</sup>
Bond Street Custodians Limited*	2,222,223	7.9 <sup>1</sup>
Mark Loveys	1,481,285	5.3 <sup>1</sup>
Macquarie Group Limited*	2,222,223	7.92 <sup>2</sup>
Nightingale Partners Pty Limited	5,234,814	18.7 <sup>3</sup>
Jens Neiser	5,000,581	17.85 <sup>4</sup>

\* Bond Street Custodians Limited is the registered holder of the shares controlled by Macquarie Group Limited.

1 As notified to the Company on 1 October 2007.

2 As notified to the Company on 15 November 2007.

3 As notified to the Company on 3 December 2008.

4 As notified to the Company on 17 December 2008.

## Unquoted Equity Securities

### *Fully paid ordinary shares*

14,777,720 unquoted fully paid ordinary shares were issued to 7 shareholders.

2 shareholders hold 20% or more unquoted fully paid ordinary shares in Datasquirt, as set out below:

Name	Number of shares	%
Ridgway Holdings Limited	7,683,069	51.99
Nightingale Partners Pty Limited	2,958,790	20.02
<b>Total</b>	<b>10,641,859</b>	<b>72.01</b>

### Employee share options

There are 440,197 unquoted options (with a A\$0.41 exercise price) issued to 1 optionholder under the Company's Employee Share Option Plan.

There are 247,535 unquoted options (with a A\$0.61 exercise price) issued to 1 optionholder under the Company's Employee Share Option Plan.

There are 100,000 unquoted options (with a A\$0.90 exercise price) issued to 1 optionholder under the Company's Employee Share Option Plan.

3 optionholders hold 20% or more of the options under the Company's Employee Share Option Plan, as set out below:

Name	Number of options	%
Kieron Lawson	440,197	55.88
Penny Nelson	247,535	31.42
Dean Hodgson	100,000	12.70
<b>Total</b>	<b>787,732</b>	<b>100.00</b>

### Details Regarding Escrow

The number of securities subject to escrow and the escrow period applied to those securities are as follows:

#### Escrowed fully paid ordinary shares

Escrow Release Date	Number of shares
Escrow expiry date - 28 September 2009	14,777,720
<b>Total</b>	<b>14,777,720</b>



## On-Market Buy-Back

There is no current on-market buy-back.

## Statement Regarding Use of Cash and Assets

Datasquirt has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objective set out for this reporting period.

## Twenty Largest Shareholders

### *Quoted Equity Securities*

Details of the 20 largest shareholders by registered shareholding are:

	Name	Number of shares	%
1	Nightingale Partners Pty Ltd	2,276,024	17.18
2	Bond Street Custodians Limited <Macquarie Smaller Co's A/C>	2,202,023	16.62
3	ANZ Nominees Limited <Cash Income A/C>	1,249,817	9.43
4	Mr Aaron Wayne Ridgway	695,114	5.25
5	Lehnert Beteiligungs GMBH	548,633	4.14
6	Neiser Neteiligungs GMBH	547,847	4.13
7	Jens Neiser	541,694	4.09
8	Continuum Professional Services Inc	490,482	3.70
9	Mr Lindsay John Phillips	295,777	2.23
10	Dixson Trust Pty Limited	277,778	2.10
11	Ridgway Holdings Limited	267,047	2.02
12	Ms Penelope Marie Nelson	250,192	1.89
13	Mr Neville Foster Curry	141,118	1.07
14	Mr Jochen Struengmann	132,250	1.00
14	Mrs Maren Struengmann	132,250	1.00
16	Mr Lindsay John Phillips & Mrs Ingrid Pauline Phillips	119,000	0.90
17	Mr Greg Herron	117,480	0.89
18	Custodial Services Limited <Beneficiaries Holding A/C>	100,000	0.76
18	Philomena Pty Ltd <Share No 1 A/C>	100,000	0.76
20	Mr Caspar Seeman	88,750	0.67
20	Mrs Daniela Seeman	88,750	0.67
	<b>Total</b>	<b>10,662,026</b>	<b>80.50</b>

## **Company Secretary**

Although under New Zealand law a company secretary is not required, Michelle Leong assumes these responsibilities.

## **Foreign Company Disclosure**

Datasquirt Limited was incorporated in Auckland, New Zealand. As such, it is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (such as substantial holdings and takeovers).

Limitations on the acquisition of securities imposed by the jurisdiction in which the Company is incorporated (New Zealand) are:

- in general, securities in the Company are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.
- the Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in the Company, or the increase of an existing holding of 20% or more of the voting rights in the Company, can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances) or compulsory acquisition if a shareholder holds 90% or more of the shares in the Company.
- the Overseas Investment Act 2005 and various Overseas Investment Regulations 2005 regulate certain investments in New Zealand by overseas persons. In general terms, the consent of the Overseas Investment Office is likely to be required where an "overseas person" acquires shares or an interest in shares in the Company that amount to more than 25% of the shares issued by the Company, or, if the overseas person already holds 25% or more, the acquisition increases that holding.
- the Commerce Act 1986 is likely to prevent a person from acquiring shares in the Company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

## Directors' Shareholding

Directors held interests in the following shares in the Company at 31 March 2009:

<b>Mark Loveys</b>	<b>2009</b>
<i>Fully paid ordinary shares</i>	
Beneficially owned	5,000
Held by an associated person	1,474,035
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil
<b>Aaron Ridgway</b>	
<i>Fully paid ordinary shares</i>	
Beneficially owned	Nil
Held by an associated person	8,600,230
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil
<b>Jens Neiser</b>	
<i>Fully paid ordinary shares</i>	
Beneficially owned	1,295,130
Held by an associated person	3,705,451
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil
<b>David Lyons</b>	
<i>Fully paid ordinary shares</i>	
Beneficially owned	Nil
Held by an associated person	840,568
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil
<b>Lindsay Phillips</b>	
<i>Fully paid ordinary shares</i>	
Beneficially owned	295,777 *
Held by an associated person	5,319,814 *
<i>Options to acquire ordinary shares</i>	
Beneficially owned	Nil *

\* Lindsay Phillips' disclosure of interest as at 8 December 2008.

## Share Dealings by Directors

In accordance with section 148(2) of the Companies Act 1993, the Board has received disclosures from the Directors named below of acquisitions or dispositions of relevant interests in the Company between 1 April 2008 and 31 March 2009.

Particulars of such disclosures are:

### *Jens Neiser*

Jens Neiser acquired 1,166,667 shares on 26 November 2008 at A\$0.10 per share.

Jens Neiser disposed 170,000 shares on 16 December 2008 to a third party for nil consideration.

### *Lindsay Phillips \**

Lindsay Phillips acquired 55,000 shares through an associate on 21 May 2008 at A\$0.45 per share.

Lindsay Phillips acquired 1,000 shares through an associate on 12 November 2008 at A\$0.90 per share.

Lindsay Phillips acquired 500,000 shares through an associate on 28 November 2008 at A\$0.10 per share.

*\* Lindsay Phillips' disclosure of interest as at 8 December 2008.*

## Directors' Disclosure of Interest

In accordance with section 140(2) of the Companies Act 1993, the Directors named below have made a general disclosure of interest, by a general notice disclosed to the Board and entered into the Company's Interests Register.

Particulars of such disclosures are:

<b>Mark Loveys</b>	<i>Chairman of:</i>	Datasquirt Limited
	<i>Director of:</i>	EMS-Cortex Limited
		Enprise Employees Limited
		Enprise Holdings Limited
		Enprise Limited
		Enprise Solutions Limited
		Net Power Investments Limited
		Net Power Limited
		Team Tiger 2000 Limited
	<i>Trustee of:</i>	Summermist Trust
		Loveys Business Trust

<b>Aaron Ridgway</b>	<i>Director of:</i>	Communications Solutions Limited Datasquirt Limited Live Door Limited Ridgway Empire Limited Ridgway Holdings Limited Ridgway Management Limited Ridgway Reid Investment Limited
	<i>Trustee of:</i>	Datasquirt Limited Employee Share Scheme Trust
<b>Jens Neiser</b>	<i>Director of:</i>	Datasquirt Limited Datasquirt (Australia) Pty Limited Nightingale Partners Pty Ltd
<b>David Lyons</b>	<i>Chairman of:</i>	Continuum Professional Services, Inc RTB Inc dba/ Continuum Systems DT, LLC
	<i>Director of:</i>	Apexx Transcription, LLC Apex Transcriptions, LLC Ddatasquirt Limited
<b>Lindsay Phillips *</b>	<i>Chairman of:</i>	Flat Glass Industries Limited Ddatasquirt Limited (resigned 8 December 2008)
	<i>Director of:</i>	Amcos Pty Limited Apostle Asset Holdings Pty Limited Apostle Asset Management Limited (resigned 1 August 2008) Apostle Portfolio Services Limited (resigned 1 August 2008) Carbrasive Pty Limited (resigned 5 September 2008) Charlemagne Investments Pty Limited Chess Industries Limited Chess Investors Pty Limited Control Bionics Pty Limited CWC COF1 Investments Pty Limited Ddatasquirt (Australia) Pty Limited DBCC Pty Limited Eastern Media Group Pty Limited Fivestar Data Australia Pty Limited Flat Glass Properties Pty Limited (resigned 19 April 2008) GFG Pty Limited Ironwood Investments Pty Limited <ATF Phillips Family Trust> <ATF Phillips Superannuation Fund> LCW Midas (Holdings) Pty Limited Milpharma Pty Limited M.J.H. Nightingale & Co. Pty Limited Nightingale Partners Pty Ltd

Ochre Health Group Pty Limited  
Phoenix Development Fund Limited  
Phoenix Management Pty Limited  
PBH Asset Management Pty Limited  
Quintron Pty Limited  
RTK Industries Pty Limited  
(resigned 19 June 2008)  
Unibic Australia Pty Limited  
CWC D&B Holdings Pty Limited

*Alternate Director of:*

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\* Lindsay Phillips' disclosure of interest as at 8 December 2008.

### **Directors' Indemnity and Insurance**

The Group has arranged, as provided for under its Constitution, policies of Directors and Officers Liability Insurance which, with a Deed of Indemnity entered into with all Directors ensures that generally directors will incur no monetary loss as a result of actions undertaken by them as directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines, which may be imposed in respect of breaches of the law.

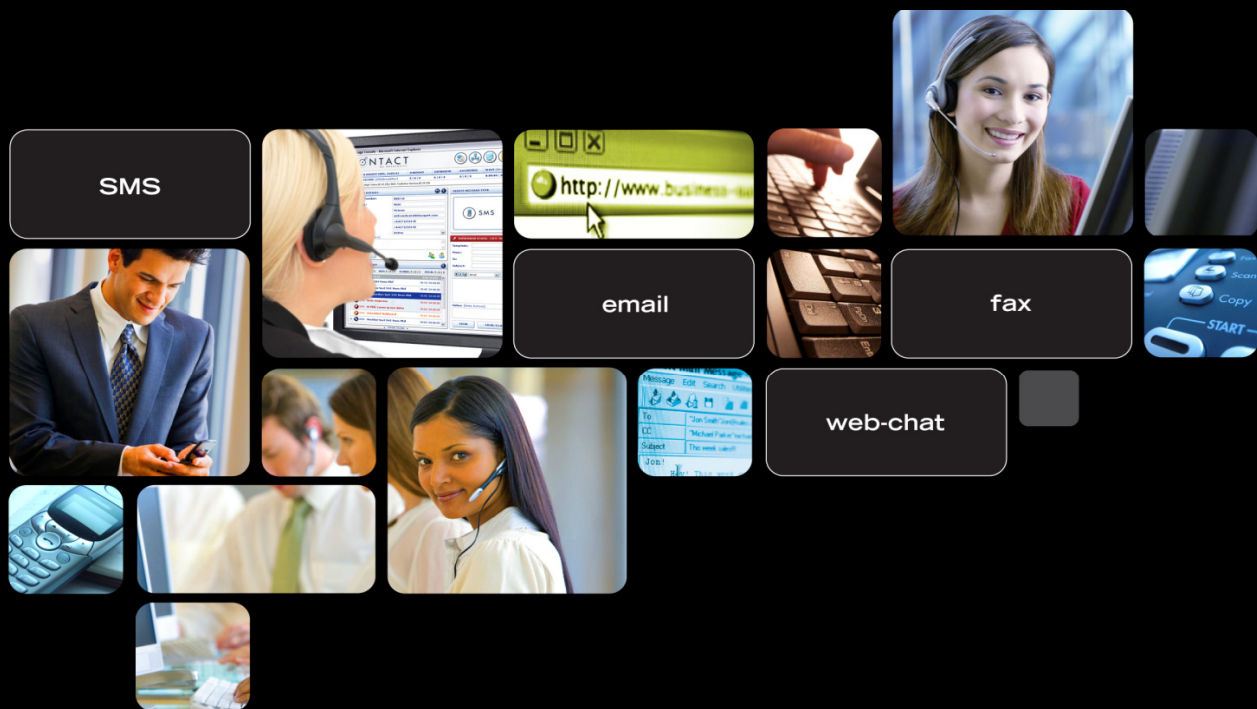
### **Use of Company Information**

There were no notices from Directors of the Company requesting to use Company information received in their capacity as directors, which would not otherwise have been available to them.

# **ANNEXURE C3**

# datasquirt™

connecting everyone, everywhere



DATASQUIRT LIMITED  
FINANCIAL STATEMENTS  
31 MARCH 2010



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# Directors' Report

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The Directors are pleased to submit to shareholders their report and financial statements for the year ended 31 March 2010.

## Principal Activities

Datasquirt supplies CONTACT, a leading online multi-channel, non-voice communication and business optimisation solution. Self service automation allows CONTACT to help businesses communicate better with their customers and field staff, using SMS, email, fax and web chat. Datasquirt listed on the Australian Securities Exchange on 28 September 2007.

## Significant Changes in the State of Affairs

There have been no significant changes to report in the current financial year.

## Directors

Mr. David Lyons resigned from the Board 12 June 2009.

In accordance with the Constitution, Mr. Mark Loveys retires and, being eligible, offers himself for re-election.

## Remuneration of Directors

The remuneration of the Directors for the year ended 31 March 2010 has been disclosed in Note 7(b) of this Report.

## Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

## Outlook

This year, despite ongoing difficult global trading conditions, Datasquirt has been successful in further developing its global reseller channel, increasing sales (excluding interest and foreign exchange) by 35% and decreasing cash burn.

In the marketplace, corporate businesses are showing an increasing interest in developing new, more direct and efficient means of communication with their customers and communities. The rate of change in the corporate communications industry has never been faster and the direction of change towards interactive short messages and non-voice mediums bodes well for Datasquirt.

The emergence of "Social Media" channels such as Twitter, LinkedIn, YouTube and Facebook and the recognition of their huge potential by corporate businesses, have presented new opportunities for Datasquirt to leverage its existing expertise and IP to provide proven and comprehensive solutions to meet this new demand. Providing Contact Centres with solutions to efficiently manage Social Media channels along with SMS Text and other non-voice media is an opportunity that Datasquirt is committed to maximizing in FY2011.

We expect global trading conditions to improve slightly in FY2011 and believe that corporate customers will continue to invest in products where they see competitive advantage and a good return on investment within a short to medium term, which is clearly the case with Datasquirt offerings.

As directors, we remain confident in the long term success of Datasquirt and are committed to increasing sales revenue, continuing to build our reseller channel, maximizing new opportunities, while eliminating cash burn during FY2011.

The financial statements are signed for and on behalf of the Board, and were authorised for issue on the date below.



**Mark Loveys**  
Chairman  
31 May 2010



**Aaron Ridgway**  
Chief Executive Officer  
31 May 2010

# Auditor's Report

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**AUDITORS' REPORT**  
**TO THE READERS OF THE FINANCIAL STATEMENTS OF**  
**DATASQUIRT LIMITED**

We have audited the financial statements on pages 7 to 36. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 March 2010. This information is stated in accordance with the accounting policies set out on pages 11 to 19.

## **Directors' Responsibilities**

The directors are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the company and group as at 31 March 2010 and the results of operations and cash flows for the year ended on that date.

## **Auditors' Responsibilities**

It is our responsibility to express to you an independent opinion on the financial statements presented by the directors.

## **Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- \* the significant estimates and judgements made by the directors in the preparation of the financial statements, and
- \* whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



Other than in our capacity as auditor we have no relationship with or interests in the company or its subsidiaries.

### **Fundamental Uncertainty**

In forming our unqualified opinion we have considered the adequacy of disclosures made in the financial statements concerning the company's continuing financial viability as set out in Note 28. To the extent that the company's cash flows from its trading activities are insufficient to meet the company obligations and commitments for the 12 months following the year ended 31 March 2010, the company is reliant upon raising additional funding from either its existing shareholder or alternative sources of finance. The outcome of these matters is presently uncertain.

The validity of the going concern assumption on which the financial statements is prepared depends on the successful conclusion of these matters. If the company were unable to continue in operations existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, the company may have to provide for further liabilities that might arise, and to reclassify non-current assets and long-term liabilities as current assets and liabilities.

### **Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- \* proper accounting records have been kept by the company as far as appears from our examination of those records; and
- \* the financial statements on pages 7 to 36
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the financial position of the company and group as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 31 May 2010 and our unqualified opinion is expressed as at that date.

*WHK Gosling Chapman Partnership*

Auckland, New Zealand      CHARTERED ACCOUNTANTS

## Statement of Financial Position

As at 31 March 2010

	Note	Consolidated		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	11	1,080	2,040	1,012	1,917
Trade and other receivables	12	705	629	477	616
<b>Total Current Assets</b>		<b>1,785</b>	<b>2,669</b>	<b>1,489</b>	<b>2,533</b>
<b>Non-current Assets</b>					
Investments in subsidiaries	13	-	-	3	124
Property, plant and equipment	14	58	83	42	55
Intangible assets	15	52	77	51	76
<b>Total Non-current Assets</b>		<b>110</b>	<b>160</b>	<b>96</b>	<b>255</b>
<b>TOTAL ASSETS</b>		<b>1,895</b>	<b>2,829</b>	<b>1,585</b>	<b>2,788</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	16	896	594	689	541
Provisions	17	105	108	99	97
<b>Total Current Liabilities</b>		<b>1,001</b>	<b>702</b>	<b>788</b>	<b>638</b>
<b>TOTAL LIABILITIES</b>		<b>1,001</b>	<b>702</b>	<b>788</b>	<b>638</b>
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the parent</b>					
Contributed equity	18	11,310	11,310	11,310	11,310
Accumulated loss	19(a)	(10,398)	(9,341)	(10,513)	(9,372)
Reserves	19(b)	(18)	158	-	212
<b>TOTAL EQUITY</b>		<b>894</b>	<b>2,127</b>	<b>797</b>	<b>2,150</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,895</b>	<b>2,829</b>	<b>1,585</b>	<b>2,788</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorise the issue of these financial statements on 31 May 2010:



Mark Loveys  
Chairman  
31/05/2010



Aaron Ridgway  
Director  
31/05/2010

## Statement of Comprehensive Income

For the year ended 31 March 2010

	Note	Consolidated		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
<b>Revenue</b>					
Revenue		2,126	1,574	1,595	1,205
Other revenue	6	178	428	935	1,460
Net gain on foreign exchange		16	257	16	266
		<b>2,320</b>	<b>2,259</b>	<b>2,546</b>	<b>2,931</b>
Development and implementation expenses		(54)	(34)	(39)	(37)
Hosting and connectivity expenses		(311)	(362)	(179)	(109)
Transaction costs		(153)	(189)	(86)	(131)
Commissions		(421)	(165)	(330)	(115)
Advertising expense		(102)	(289)	(64)	(98)
Employee benefits expense	7(a)	(1,425)	(2,643)	(1,217)	(1,424)
Professional fees	7(b)	(427)	(401)	(161)	(199)
Travel expenses		(121)	(360)	(98)	(207)
Market support	21(d)	-	-	(1,154)	(3,122)
Other operating expenses	7(a)	(452)	(641)	(379)	(405)
Depreciation & impairment	7(c)	(83)	(146)	(71)	(118)
<b>Loss from continuing operations before income tax</b>		<b>(1,229)</b>	<b>(2,971)</b>	<b>(1,232)</b>	<b>(3,034)</b>
Income tax expense	8	-	-	-	-
<b>Loss after income tax</b>		<b>(1,229)</b>	<b>(2,971)</b>	<b>(1,232)</b>	<b>(3,034)</b>
<b>Net loss for the period</b>		<b>(1,229)</b>	<b>(2,971)</b>	<b>(1,232)</b>	<b>(3,034)</b>
<b>Other comprehensive income</b>					
Movement in translation reserve		(4)	6	-	92
Recognition of share-based payments		-	(2)	-	(2)
Investment in subsidiary impairment loss		-	-	(121)	-
<b>Other comprehensive income for the period, net of income tax</b>		<b>(4)</b>	<b>4</b>	<b>(121)</b>	<b>90</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(1,233)</b>	<b>(2,967)</b>	<b>(1,353)</b>	<b>(2,944)</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:</b>	10				
Basic earnings per share		<b>(0.04)</b>	(0.11)		
Diluted earnings per share		<b>(0.04)</b>	(0.11)		

The above statement of comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

For the year ended 31 March 2010

	Note	Consolidated		Parent	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of GST)		2,377	1,789	1,927	1,288
Payments to suppliers and employees (inclusive of GST)		(3,465)	(5,410)	(2,960)	(4,910)
Interest paid		(3)	(5)	(8)	(5)
Interest received		15	340	20	340
Receipt of government grants		133	-	133	-
<b>Net cash flows used in operating activities</b>	20	<b>(943)</b>	<b>(3,286)</b>	<b>(888)</b>	<b>(3,287)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(7)	(20)	(7)	(3)
Purchase of intangibles		(26)	(44)	(26)	(44)
Acquisition of subsidiary/investment			-		-
<b>Net cash flows used investing activities</b>		<b>(33)</b>	<b>(64)</b>	<b>(33)</b>	<b>(47)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		-	-	-	-
Repayment of borrowings		-	-	-	-
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>(976)</b>	<b>(3,350)</b>	<b>(921)</b>	<b>(3,334)</b>
Net foreign exchange differences		16	257	16	267
Cash and cash equivalents at beginning of period		2,040	5,133	1,917	4,984
<b>Cash and cash equivalents at end of period</b>		<b>1,080</b>	<b>2,040</b>	<b>1,012</b>	<b>1,917</b>

The above statement cash flows should be read in conjunction with the accompanying notes.



## Statement of Changes in Equity

For the year ended 31 March 2010

	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	Total equity \$000
<b>Consolidated</b>						
Balance at 1 April 2008		11,310	174	(20)	(6,370)	5,094
Net loss for the period		-	-	-	(2,971)	(2,971)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	6	-	6
Recognition of share-based payments		-	(2)	-	-	(2)
<b>Total other comprehensive income</b>		-	(2)	6	-	4
<b>Total comprehensive income for the period</b>		-	(2)	6	(2,971)	(2,967)
<b>Transactions with owners, recorded directly in equity</b>		-	-	-	-	-
<b>Balance at 31 March 2009</b>	19	11,310	172	(14)	(9,341)	2,127
	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	Total equity \$000
<b>Consolidated</b>						
Balance at 1 April 2009		11,310	172	(14)	(9,341)	2,127
Net loss for the period		-	-	-	(1,229)	(1,229)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	(4)	-	(4)
<b>Total other comprehensive income</b>		-	-	(4)	-	(4)
<b>Total comprehensive income for the period</b>		-	-	(4)	(1,229)	(1,233)
<b>Transactions with owners, recorded directly in equity</b>		-	-	-	-	-
Employee equity benefits reserve write-off		-	(172)	-	172	-
<b>Balance at 31 March 2010</b>	19	11,310	-	(18)	(10,398)	894
	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	Total equity \$000
<b>Parent</b>						
Balance at 1 April 2008		11,310	174	(52)	(6,422)	5,094
Net loss for the period		-	-	-	(3,034)	(2,971)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	92	-	92
Recognition of share-based payments		-	(2)	-	-	(2)
<b>Total other comprehensive income</b>		-	(2)	92	-	90
<b>Total comprehensive income for the period</b>		-	(2)	92	(3,034)	(2,944)
<b>Transactions with owners, recorded directly in equity</b>		-	-	-	-	-
<b>Balance at 31 March 2009</b>	19	11,310	172	40	(9,372)	2,150
	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	Total equity \$000
<b>Parent</b>						
Balance at 1 April 2009		11,310	172	40	(9,372)	2,150
Net loss for the period		-	-	-	(1,232)	(1,232)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	(40)	40	-
Investment in subsidiary impairment loss		-	-	-	(121)	(121)
<b>Total other comprehensive income</b>		-	-	(40)	(81)	(121)
<b>Total comprehensive income for the period</b>		-	-	(40)	(1,313)	(1,353)
<b>Transactions with owners, recorded directly in equity</b>		-	-	-	-	-
Employee equity benefits reserve write-off		-	(172)	-	172	-
<b>Balance at 31 March 2010</b>	19	11,310	-	-	(10,513)	797

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 1 Corporate information

The financial statements of Datasquirt Limited (the Company) for the year ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on 31 May 2010.

Datasquirt Limited (the parent) is a company limited by shares incorporated in New Zealand whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the General Disclosures section of this annual report.

## 2 Summary of significant accounting policies

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### (a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

## 2 Summary of significant accounting policies (continued)

### (b) Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable financial reporting standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

### (c) New accounting standards and interpretations

Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 31 March 2010. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
NZ IFRS 3 (revised)	Business Combinations	The core principle of the revision is that an acquirer of a business recognises the assets acquired and liabilities assumed at their acquisition-date fair values and discloses information that enables users to evaluate the nature and financial effects of the acquisition.	1 July 2009	The standard is effective for business combinations for which the acquisitions are made on or after 1 July 2009.	1 April 2010
NZ IFRS 9	Financial Instruments: Classification and Measurement	Requires all financial assets to be: (a) Classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. (b) Initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs (c) Subsequently measured at amortised cost or fair value.	1 January 2013	Application of a consistent approach to classifying financial assets, and the use of one impairment method.	1 April 2013
NZ IAS 7	Statement of Cash Flows (amendments)	Only expenditure that results in a recognised asset can be classified as cash flow from investing activities	1 January 2010	The standard is effective for classification of cash flow from investing activities occurring on or after 1 April 2010	1 April 2010
NZ IAS 24 (revised 2009)	Related Party Disclosures	The revised standard simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities	1 July 2011	Simplified definitions of related parties will apply from 1 April 2012	1 April 2012

\* designates the beginning of the applicable annual reporting period

### (d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Datasquirt Limited (the group) and its subsidiaries (as outlined in note 5) as at 31 March each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group.

Investments in subsidiaries held by Datasquirt Limited are accounted for at cost in the separate financial statements of the parent entity.

**(e) Segment reporting - refer note 5**

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 operating business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

**(f) Foreign currency translation**

*(i) Functional and presentation currency*

Both the functional and presentation currency of Datasquirt Limited is New Zealand dollars (\$). The subsidiaries' functional currency is the local currency which is translated to presentation currency (see below).

*(ii) Transactions & balances*

Subsidiary	Local Currency	Presentation Currency
Datasquirt (Australia) Pty Limited	Australian dollars (\$)	New Zealand dollars (\$)
Datasquirt UK Limited	British pounds (£)	New Zealand dollars (\$)
Datasquirt LLC	United States dollars (\$)	New Zealand dollars (\$)
Datasquirt AG	Euro (€)	New Zealand dollars (\$)

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

*(iii) Translation of Group Companies functional currency to presentation currency*

The results of the subsidiaries are translated into New Zealand dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

**(g) Cash and cash equivalents - refer note 11**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(h) Trade and other receivables - refer note 12**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

**(i) Property, plant and equipment - refer note 14**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. The cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in statement of comprehensive income as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets:

Computer equipment - over 3 to 5 years

Furniture and fittings - over 5 to 10 years

Phones – over 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

*Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

**(j) Leases - refer note 24**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

**(k) Intangibles - refer note 15**

Intangibles are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. See note 15.

Internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

*Research and development costs*

Research costs are expensed as incurred.

**(l) Trade and other payables - refer note 16**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Provisions and employee benefits - refer note 17**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

### ***Employee leave benefits***

#### *(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### **(n) Share-based payment transactions - refer note 23**

#### *(i) Equity settled transactions*

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes option pricing model, further details of which are given in note 23.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Datasquirt Limited if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

- i. the grant date fair value of the award;
- ii. the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- iii. the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 10).

**(o) Revenue recognition - refer note 6**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*(i) Rendering of services*

Contract income, which includes license fees, hosting fees and transaction fees, is recognised in the income statement in the accounting period in which the service is rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

*(ii) Interest revenue*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

**(p) Income tax and other taxes - refer note 8**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

On the basis that deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the carry-forward of unused tax credits and unused tax losses can be utilised, Datasquirt Limited has taken the conservative position that there is not sufficient certainty to justify the recognition of a deferred income tax asset at this time.

Temporary differences are not material, and have not been recognised as a deferred tax asset.

*Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

- i. when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii. receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

**(q) Government grants**

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants are awarded on a 50% cost sharing basis between NZTE and The Group, and are only reimbursed on costs actually already incurred by the Group.

The grants recognised have no outstanding terms and conditions and are not credited directly to shareholders' equity.

**(r) Earnings per share - refer note 10**

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted number of ordinary shares and dilutive potential ordinary shares.

**(s) Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Datasquirt Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

**(t) Contributed equity - refer note 18**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **3 Financial risk management objectives and policies**

The Group's principal financial instruments comprise receivables, payables, and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate, liquidity risk and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of the risks identified below, foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

#### **Risk exposures and responses**

##### *Interest rate risk*

The Group's exposure to market interest rates relates primarily to the Group's cash deposited in interest-bearing call accounts. Interest rates are monitored although there is generally no significant variation in interest rates offered by the different major banks.

The local operational bank accounts do not earn interest.



*At 31 March 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:*

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
<b>Consolidated</b>				
+1% (100 basis points)	13	34	13	34
- 1% (100 basis points)	(13)	(34)	(13)	(34)
<b>Parent</b>				
+1% (100 basis points)	13	34	13	34
- 1% (100 basis points)	(13)	(34)	(13)	(34)

The sensitivity is lower in 2010 than in 2009 because of a decrease in the level of funds on deposit.

#### *Credit risk*

Credit risk arises from the financial assets of the Group, being trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The only significant concentration of credit risk within the Group exists in relation to cash and cash equivalents, the majority being held with two major trading banks.

#### *Foreign currency risk*

Each entity in the Group conducts the majority of its transactions in its functional currency.

The currency exposure of the Group arises from the effect of any substantial movements in currency rates on the transfer of funds (the large proportion being in Australian dollars) to the local currency of the subsidiary to fund operations.

The net exposure is not significant due to the size of the foreign operations, and is mitigated by the regular transfer of small advances to spread the currency risk over time. Although each subsidiary or geographic segment is subject to variations in foreign currency rates, each segment is not material. Refer to note 5 on segment reporting.

#### *Liquidity risk*

The Group manages liquidity risk by closely monitoring working capital commitments, primarily trade receivables and trade payables. All payables are payable within 30 days.

## 4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the bases of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

### *Recovery of deferred tax assets*

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

### *Impairment of non-financial assets other than goodwill*

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include a subsidiary's financial performance, as well as the technology, economic and political environments and future market expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management have considered whether assets have in fact been impaired, and have determined that all assets are fully recoverable.

### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes model, with the assumptions detailed in note 23. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

## 5 Segment information

As the Group is focused on the development, distribution and sales of the core software product CONTACT along with associated services, there is effectively one business segment. The Group's risks and returns are affected predominantly by differences in the economic environment each subsidiary operates in, so the Group's primary segment reporting format is geographic segments.

The geographic segments are described in the table below:

Legal Entity	Location	Geographic region
Datasquirt Limited ( <i>Head Office</i> )	New Zealand	New Zealand
Datasquirt (Australia) Pty Limited	Australia	Australia and South-East Asia
Datasquirt UK Limited	England	United Kingdom and Ireland
Datasquirt LLC	United States	United States and Canada
Datasquirt AG	Germany	Germany

### Geographic segments

The following table presents revenue, profit, and certain asset information regarding the subsidiaries performance for the year.

<b>Year ended 31 March 2010</b>	<b>New Zealand \$000</b>	<b>Australia \$000</b>	<b>United Kingdom \$000</b>	<b>United States \$000</b>	<b>Germany \$000</b>	<b>TOTAL \$000</b>
Revenue	1,595	176	396	81	1	2,249
Other income	951	335	747	68	9	2,110
Total segment revenue	2,546	511	1,143	149	10	4,359
Inter-segment elimination						(2,039)
Total consolidated revenue						2,320
Interest received	20	-	-	-	5	25
Inter-segment elimination						(10)
Total consolidated interest received						15
Net loss	(1,232)	(1)	1	7	(4)	(1,229)
Inter-segment elimination						-
Total consolidated loss						(1,229)
Investment in subsidiary impairment loss	121	-	-	-	-	121
Inter-segment elimination						(121)
Total consolidated investment in subsidiary impairment loss						-
Depreciation	71	3	4	5	-	83
Capital expenditure	33	-	-	-	-	33
Segment assets – current	1,489	71	282	16	119	1,977
Segment assets – non-current	96	2	7	5	-	110
Inter-segment elimination						(192)
Total consolidated assets						1,895
Liabilities	788	99	281	16	7	1,191
Inter-segment elimination						(190)
Total consolidated liabilities						1,001
<b>Year ended 31 March 2009</b>	<b>New Zealand \$000</b>	<b>Australia \$000</b>	<b>United Kingdom \$000</b>	<b>United States \$000</b>	<b>Germany \$000</b>	<b>TOTAL \$000</b>
Revenue	1,205	145	293	51	1	1,695
Other income	744	947	1,189	851	40	3,771
Total segment revenue	1,949	1,092	1,482	902	41	5,466
Inter-segment elimination						(3,207)
Total consolidated revenue						2,259
Interest received	263	-	1	-	5	269
Inter-segment elimination						(65)
Total consolidated interest received						204
Net loss	(2,934)	(17)	(13)	(14)	7	(2,971)
Depreciation	118	1	21	5	1	146
Capital expenditure	47	4	1	12	-	64
Segment assets – current	2,533	87	112	22	144	2,898
Segment assets – non-current	255	5	12	12		284
Inter-segment elimination						(353)
Total consolidated assets						2,829
Liabilities	641	110	110	167	10	1,038
Inter-segment elimination						(336)
Total consolidated liabilities						702

## 6 Other revenue

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Government grants	163	224	163	224
Interest	15	204	21	263
Management fee	-	-	751	973
	178	428	935	1,460

Government grants relating to market development and growth services have been claimed during the year and recorded at fair value. Government grants have been received in cash (including GST) subsequent to year end. There are no unfulfilled conditions or contingencies attaching to the grants.

## 7 Expenses

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>(a) Other operating expenses</b>				
Communications	101	163	76	105
Premises	127	166	83	69
Other	224	312	220	231
	452	641	379	405
<b>(b) Professional fees</b>				
Directors fees	75	107	75	107
Consultancy	248	142	-	-
Accountancy	97	117	80	77
Legal	7	35	6	15
	427	401	161	199
<b>(c) Depreciation, impairment and amortisation included in income statement</b>				
Depreciation	81	146	70	118
Amortisation	2	-	1	-
	83	146	71	118
<b>(d) Employee benefits expense</b>				
Wages and salaries	1,240	2,462	1,062	1,353
Share-based payments expense	-	(2)	-	(2)
Other employee benefits expense	185	183	155	73
	1,425	2,643	1,217	1,424

## 8 Income tax

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>(a) Income tax expense</b>				
<i>Statement of comprehensive income</i>				
<i>Current income tax</i>	nil	nil	nil	nil
<b>(b) Reconciliation between tax at statutory rate and tax expense in the statement of comprehensive income</b>				
Statutory tax at 30%	(375)	(918)	(370)	(910)
Relating to origination and reversal of temporary differences	(16)	15	(16)	(1)
Tax effect of temporary differences accounted for	(391)	(903)	(386)	(911)
<b>Income tax expense reported in the statement of comprehensive income</b>	-	-	-	-
<b>(c) Unrecognised temporary differences and tax losses</b>				
Unrecognised temporary differences are not material				
Accumulated tax losses	(2,998)	(2,623)	(2,974)	(2,604)

The company continues to meet the shareholder continuity requirement to carry forward tax losses. However, the directors do not believe the company meets the level of certainty of recoverability of tax losses required to recognise a deferred taxation asset and hence have not accounted for the asset.

## 9 Dividends paid and proposed

No dividends have been paid or proposed to date. (2009: nil)

## 10 Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

	Consolidated	
	2010	2009
	\$000	\$000
<b>(a) Earnings used in calculating earnings per share</b>		
<i>For basic earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent	(1,229)	(2,971)
<i>For diluted earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent (from basic EPS)	(1,229)	(2,971)
Net loss attributable to ordinary equity holders of the parent	(1,229)	(2,971)

**(b) Weighted average number of shares**

	2010 Thousands	2009 Thousands
Weighted average number of ordinary shares for basic earnings per share	28,029	28,029
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	28,029	28,029

There are no instruments (eg share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

**(c) Information on the classification of securities**

*(i) Options*

Options granted to employees (including key management personnel) as described in note 23 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

**11 Current assets - cash and cash equivalents**

	Consolidated		Parent	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Cash at bank and in hand	317	141	249	18
Short-term deposits	763	1,899	763	1,899
	1,080	2,040	1,012	1,917

**12 Current assets - trade and other receivables**

	Consolidated		Parent	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Trade receivables	455	442	203	335
Allowance for impairment loss (a)	-	(16)	-	-
Other receivables	242	197	190	175
	697	623	393	510
Related party receivables (b)				
Subsidiaries	-	-	76	100
Other related parties	8	6	8	6
Carrying amount of trade and other receivables	705	629	477	616

**(a) Allowance for impairment loss**

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for bad debts is recognised when there is objective evidence that an individual trade receivable is impaired.

Bad debts of \$nil (2009: \$33,000) have been recognised by the Group and bad debts recovery of \$6,000 (2009: \$17,000) by the Company in the current year. These amounts have been included in other operating expenses item.

Movements in the provision for impairment loss were as follows:

At 1 April	<b>16</b>	17	-	17
Charge for the year	<b>(6)</b>	32	-	(17)
Amounts written off	<b>(10)</b>	(33)	-	-
At 31 March	-	16	-	-

At 31 March 2009, the ageing analysis of trade receivables is as follows:

		<b>Total</b>	<b>0 – 30 days</b>	<b>31 – 60 days</b>	<b>61- 90 days</b>	<b>+91 days</b>	<b>+91 days</b>
				<b>days</b>	<b>PDNI*</b>	<b>PDNI*</b>	<b>CI*</b>
2010	Consolidated	455	345	57	28	25	-
2010	Parent	203	138	36	18	11	-
2009	Consolidated	442	314	66	23	23	16
2009	Parent	335	260	48	8	19	-

\* Past due not impaired (PDNI) Considered impaired (CI)

**(b) Related Party Receivables**

For terms and conditions of related party receivables refer to note 21.

**(c) Fair value and credit risk**

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

**(d) Foreign exchange and interest risk**

For further information on the management of foreign exchange and interest risk refer to Note 3.

**13 Non-current assets – investments in subsidiaries**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Investments in controlled entities (note 21)				
– at cost	-	-	<b>3</b>	124
	-	-	<b>3</b>	124

As all European sales are currently being administered by our subsidiary Datasquirt UK Limited, the investment in the subsidiary Datasquirt AG has been fully written down.

## 14 Non-current assets – property, plant and equipment

<b>Consolidated</b>	<b>Computer equipment \$000</b>	<b>Furniture and fittings \$000</b>	<b>Phones \$000</b>	<b>Total \$000</b>
<b>Year ended 31 March 2010</b>				
At 1 April 2009 net of accumulated depreciation and impairment	38	43	2	<b>83</b>
Additions	6	1	-	<b>7</b>
Disposals	-	-	-	<b>-</b>
Depreciation charge for the year	(20)	(10)	(2)	<b>(32)</b>
At 31 March 2010 net of accumulated depreciation and impairment	24	34	-	<b>58</b>
<b>At 31 March 2010</b>				
Cost or fair value	205	61	10	<b>276</b>
Accumulated depreciation and impairment	(181)	(27)	(10)	<b>(218)</b>
Net carrying amount	24	34	-	<b>58</b>

<b>Consolidated</b>	<b>Computer equipment \$000</b>	<b>Furniture and fittings \$000</b>	<b>Phones \$000</b>	<b>Total \$000</b>
<b>Year ended 31 March 2009</b>				
At 1 April 2008 net of accumulated depreciation and impairment	84	42	2	<b>128</b>
Additions	8	12	1	<b>21</b>
Disposals	(1)	-	-	<b>(1)</b>
Depreciation charge for the year	(53)	(11)	(1)	<b>(65)</b>
At 31 March 2010 net of accumulated depreciation and impairment	38	43	2	<b>83</b>
<b>At 31 March 2009</b>				
Cost or fair value	199	60	10	<b>269</b>
Accumulated depreciation and impairment	(161)	(17)	(8)	<b>(186)</b>
Net carrying amount	38	43	2	<b>83</b>



## 14 Non-current assets – property, plant and equipment (cont)

Parent	Computer equipment \$000	Furniture and fittings \$000	Phones \$000	Total \$000
<b>Year ended 31 March 2010</b>				
At 1 April 2009 net of accumulated depreciation and impairment	23	30	2	55
Additions	6	1	-	7
Disposals	-	-	-	-
Depreciation charge for the year	(14)	(4)	(2)	(20)
At 31 March 2010 net of accumulated depreciation and impairment	15	27	-	42
<b>At 31 March 2010</b>				
Cost or fair value	162	41	10	213
Accumulated depreciation and impairment	(147)	(14)	(10)	(171)
Net carrying amount	15	27	-	42

Parent	Computer equipment \$000	Furniture and fittings \$000	Phones \$000	Total \$000
<b>Year ended 31 March 2009</b>				
At 1 April 2008 net of accumulated depreciation and impairment	53	36	2	91
Additions	2	-	1	3
Disposals	(1)	-	-	(1)
Depreciation charge for the year	(31)	(6)	(1)	(38)
At 31 March 2010 net of accumulated depreciation and impairment	23	30	2	55
<b>At 31 March 2009</b>				
Cost or fair value	156	40	10	206
Accumulated depreciation and impairment	(133)	(10)	(8)	(151)
Net carrying amount	23	30	2	55

## 15 Non-current assets – intangible assets

<b>Consolidated</b>	<b>Software licences \$000</b>	<b>Patents and trademarks \$000</b>	<b>Total \$000</b>
<b>Year ended 31 March 2010</b>			
At 1 April 2009 net of accumulated amortisation and impairment	61	16	<b>77</b>
Additions	25	1	<b>26</b>
Impairment	-	(2)	<b>(2)</b>
Amortisation charge for the year	(49)	-	<b>(49)</b>
At 31 March 2010 net of accumulated amortisation and impairment	37	15	<b>52</b>
<b>At 31 March 2010</b>			
Cost or fair value	206	17	<b>223</b>
Accumulated amortisation and impairment	(169)	(2)	<b>(171)</b>
Net carrying amount	37	15	<b>52</b>

<b>Consolidated</b>	<b>Software licences \$000</b>	<b>Patents and trademarks \$000</b>	<b>Total \$000</b>
<b>Year ended 31 March 2009</b>			
At 1 April 2008 net of accumulated amortisation and impairment	102	12	<b>114</b>
Additions	40	4	<b>44</b>
Impairment	-	-	<b>-</b>
Amortisation charge for the year	(81)	-	<b>(81)</b>
At 31 March 2010 net of accumulated amortisation and impairment	61	16	<b>77</b>
<b>At 31 March 2009</b>			
Cost or fair value	181	16	<b>197</b>
Accumulated amortisation and impairment	(120)	-	<b>(120)</b>
Net carrying amount	61	16	<b>77</b>

## 15 Non-current assets – intangible assets (cont)

Parent	Software licences \$000	Patents and trademarks \$000	Total \$000
<b>Year ended 31 March 2010</b>			
At 1 April 2009 net of accumulated amortisation and impairment	60	16	76
Additions	25	1	26
Impairment	-	(2)	(2)
Amortisation charge for the year	(49)	-	(49)
At 31 March 2010 net of accumulated amortisation and impairment	36	15	51
<b>At 31 March 2010</b>			
Cost or fair value	204	17	221
Accumulated amortisation and impairment	(168)	(2)	(170)
Net carrying amount	36	15	51

Parent	Software licences \$000	Patents and trademarks \$000	Total \$000
<b>Year ended 31 March 2009</b>			
At 1 April 2008 net of accumulated amortisation and impairment	100	12	112
Additions	40	4	44
Impairment	-	-	-
Amortisation charge for the year	(80)	-	(80)
At 31 March 2010 net of accumulated amortisation and impairment	60	16	76
<b>At 31 March 2009</b>			
Cost or fair value	179	16	195
Accumulated amortisation and impairment	(119)	-	(119)
Net carrying amount	60	16	76

### (a) Description of the Group's intangible assets

#### (i) Software Licences

Software license costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the diminishing value method over a period of 3 years. The amortisation has been recognised in the statement of comprehensive income in the line item depreciation and impairment. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

#### (ii) Patents and licences

Patents and licences are carried at cost less accumulated impairment losses or accumulated amortisation. These intangible assets have been determined to have finite useful lives. Patents and licences are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

## 16 Current liabilities - trade and other payables

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Trade payables	356	278	222	177
Payroll liabilities	54	89	41	66
Other payables	377	159	203	102
	<b>787</b>	623	<b>466</b>	345
Related party payables (a)				
Subsidiaries	-	-	114	100
Other related parties	109	6	109	6
Carrying amount of trade and other receivables	<b>896</b>	629	<b>689</b>	616

### (a) Related party payables

For terms and conditions relating to related party payables refer to note 21.

### (b) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### (c) Foreign exchange and liquidity risk

For further information on the management of foreign exchange and liquidity risk refer to note 3.

## 17 Current liabilities - provisions

Movements in the provisions accounts were as follows:

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
At 1 April	108	80	97	50
Charges for staff leave entitlements for the year	29	132	19	81
Reversals for staff leave entitlements for the year	(32)	(104)	(17)	(35)
At 31 March	<b>105</b>	108	<b>99</b>	97

## 18 Contributed equity

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Ordinary shares (a)	11,310	11,310	11,310	11,310
	<b>11,310</b>	11,310	<b>11,310</b>	11,310
(a) Ordinary shares				
Issued and fully paid	<b>11,310</b>	11,310	<b>11,310</b>	11,310

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Thousands	\$000
<i>Movement in ordinary shares on issue</i>		
At 1 April 2008	<b>28,029</b>	11,310
At 31 March 2009	<b>28,029</b>	11,310
At 31 March 2010	<b>28,029</b>	11,310

**(b) Option scheme**

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (refer note 23).

**(c) Capital management**

Datasquirt Limited is an early stage technology company which listed on the Australian Securities Exchange in September 2007 for the express purpose of funding its international expansion program. The Board oversees the implementation of the global strategy, monitoring the capital available and how it is deployed to achieve the goals of the Group.

Management has no immediate plans to issue further shares on the market.

The Group is not subject to any externally imposed capital requirements.

## 19 Retained earnings and reserves

*Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

*Employee equity benefits reserve*

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Given the current share price is well below the option exercise prices, the Directors have concluded that the share options may not be exercised. Therefore the fair value of the employee equity benefits reserve has been determined to be nil. (2009: \$172,000). Refer to note 23 for further details of these plans.

## 20 Statement of cash flows reconciliation

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
<b>(a) Reconciliation of net profit to net cash flows from operations</b>				
Net loss	<b>(1,229)</b>	(2,971)	<b>(1,232)</b>	(3,034)
<i>Adjustments for:</i>				
Depreciation	<b>83</b>	146	<b>71</b>	118
Net gain on foreign exchange	<b>(20)</b>	(251)	<b>(16)</b>	(175)
Share-based payments expense	-	(2)	-	(2)
Bad debts written off	-	33	-	(17)
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in trade and other receivables	<b>(76)</b>	(160)	<b>139</b>	(168)
(Decrease)/increase in trade and other payables	<b>299</b>	(81)	<b>150</b>	(9)
Net cash from operating activities	<b>(943)</b>	(3,286)	<b>(888)</b>	(3,287)

## 21 Related party disclosure

### (a) Subsidiaries

The consolidated financial statements include the financial statements of Datasquirt Limited and the subsidiaries, which were all established during the financial year, as listed in the following table:

Subsidiary name	Country of incorporation	% of equity interest		Investment (\$000)	
		2010	2009	2010	2009
Datasquirt (Australia) Pty Limited	Australia	100	100	-	-
Datasquirt UK Limited	United Kingdom	100	100	-	-
Datasquirt LLC	United States	100	100	3	3
Datasquirt AG	Germany	100	100	-	121
				-	124

Local minimum equity requirements determined that Datasquirt Limited made an investment in setting up the subsidiary Datasquirt AG in 2007. However, the European market is currently being serviced by the UK subsidiary. As a result of the impairment review of the investment in the subsidiary Datasquirt AG, and due to fact that no cashflow is currently generated from this subsidiary, the investment has been written down to a nil value (2009: \$121,000)

### (b) Ultimate parent

Datasquirt Limited is the ultimate New Zealand parent entity and the ultimate parent of the Group.

### (c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 22.

**(d) Transactions with related parties**

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade receivables and payables at year-end, refer to notes 12 and 16 respectively):

<b>Related Party</b>		<b>Sales to related parties \$000</b>	<b>Purchases from related parties \$000</b>	<b>Amounts owed by related parties \$000</b>	<b>Amounts owed to related parties \$000</b>
<b>Consolidated</b>					
<i>Shareholders:</i>					
Continuum	<b>2010</b>	-	<b>(51)</b>	-	<b>(1)</b>
	2009	-	(90)	-	-
Nightingale Partners Ltd	<b>2010</b>	-	<b>(10)</b>	-	-
	2009	-	(27)	-	-
<i>Directors and related entities:</i>					
Enprise Limited	<b>2010</b>	-	-	-	-
	2009	-	(1)	-	-
First Mobile	<b>2010</b>	-	<b>(10)</b>	-	<b>(3)</b>
	2009	-	(16)	-	-
David Lyons	<b>2010</b>	-	<b>(5)</b>	-	-
	2009	-	(25)	-	(13)
Jens Neiser	<b>2010</b>	-	<b>(25)</b>	-	<b>(13)</b>
	2009	-	(25)	-	(13)
Mark Loveys	<b>2010</b>	-	<b>(36)</b>	-	<b>(20)</b>
	2009	-	(25)	-	(16)
Aaron Ridgway	<b>2010</b>	-	-	<b>8</b>	<b>(106)</b>
	2009	-	-	6	(16)
<b>Parent</b>					
<i>Subsidiaries:</i>					
Datasquirt (Australia) Pty Ltd	<b>2010</b>	<b>396</b>	<b>(387)</b>	<b>56</b>	-
	2009	994	(939)	48	-
Datasquirt (UK) Limited	<b>2010</b>	<b>764</b>	<b>(778)</b>	<b>8</b>	-
	2009	1,178	(1,164)	22	-
Datasquirt LLC	<b>2010</b>	<b>55</b>	<b>(73)</b>	<b>11</b>	-
	2009	1,029	(985)	30	-
Datasquirt AG	<b>2010</b>	<b>31</b>	<b>(17)</b>	-	<b>(114)</b>
	2009	11	(45)	-	(128)
<i>Shareholders:</i>					
Nightingale Partners Ltd	<b>2010</b>	-	<b>(10)</b>	-	-
	2009	-	(27)	-	-
<i>Directors and related entities:</i>					
Enprise Limited	<b>2010</b>	-	-	-	-
	2009	-	(1)	-	-
First Mobile	<b>2010</b>	-	<b>(10)</b>	-	<b>(3)</b>
	2009	-	(16)	-	-
David Lyons	<b>2010</b>	-	<b>(5)</b>	-	-
	2009	-	(25)	-	(13)
Jens Neiser	<b>2010</b>	-	<b>(25)</b>	-	<b>(13)</b>
	2009	-	(25)	-	(13)
Mark Loveys	<b>2010</b>	-	<b>(36)</b>	-	<b>(20)</b>
	2009	-	(25)	-	(16)
Aaron Ridgway	<b>2010</b>	<b>8</b>	<b>(106)</b>	<b>8</b>	<b>(106)</b>
	2009	6	(16)	6	(16)

*Terms and conditions of transactions with related parties:*

(i) Shareholders and other related parties

Sales to and purchases from related parties are made in arms length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

Enprise Limited and First Mobile are entities with which Datasquirt Limited transacts and are owned by Directors of the Group.

(ii) Subsidiaries

The transactions between the parent, Datasquirt Limited, and its subsidiaries, are comprised of cash advances from the parent to the subsidiaries, purchases made on behalf of one entity by another and transfer pricing transactions. The transfer pricing transactions include a management fee charged by the parent to each subsidiary, interest charged on intercompany balances during the year, and market support payments made by the parent to the subsidiary.

## 22 Key management personnel

### Compensation for key management personnel

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Salaries, fees and commissions	1,020	741	867	480
Share-based payments	-	(2)	-	(2)
Other benefits	-	-	-	-
Total compensation	1,020	739	867	478

During the year, the number of employees or former employees, not being directors of Datasquirt Limited received remuneration and the value of other benefits that exceeded \$100,000 as follows:

	2010	2009
	Number of employees	
100,001 – 110,000	1	-
110,001 – 120,000	1	2
120,001 – 130,000	-	-
130,001 – 140,000	-	-
140,001 – 150,000	-	-
150,001 – 160,000	1	1
160,001 – 170,000	1	3
170,001 – 180,000	-	-
180,001 – 190,000	-	-
190,001 – 200,000	1	1
200,001 – 210,000	-	-
210,001 – 220,000	-	-
220,001 – 230,000	-	-
230,001 – 240,000	-	-
240,001 – 250,000	-	-
250,001 – 260,000	-	-
260,001 – 270,000	-	-
270,001 – 280,000	1	-



## 23 Share-based payment plans

### (a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated		Parent	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Expense arising from equity-settled share-based payment transactions	-	(2)	-	(2)
Total expense arising from share-based payment transactions	-	(2)	-	(2)

The share-based payment plans are described below:

### (b) Types of share-based payment plans

#### *Employee Share Scheme (ESS)*

The Company has established an Employee Share Scheme under which the Company may offer shares to key employees.

There are currently 687,732 fully paid shares held by the Employee Share Trust for the benefit of two senior executives.

As a condition of these options, the shares would vest immediately in the event of an IPO or trade sale. Therefore when Datasquirt listed in September 2007, these shares were vested.

#### *Employee Share Options (ESOP)*

Share options may be granted to senior executives at the discretion of the Board, to align participants' interests with those of shareholders by increasing the value of the Company's shares. The exercise price of the options is set at the listing price of the shares, vesting over a three year period.

### (c) Summary of options granted under the share based payment plans

No options granted have been forfeited or exercised during the year ended 31 March 2010 (2009: nil).

The outstanding balance of exercisable options as at 31 March 2010 is represented by:

- 4,725 options over ordinary shares with an exercise price of \$37.85 issued prior to the share split (equivalent shares post share split 440,197 with an exercise price of A\$0.41 held by the Employee Share Trust);
- 2,656 options over ordinary shares with an exercise price of \$56.48 issued prior to the share split (equivalent shares post share split 247,535 with an exercise price of A\$0.41 held by the Employee Share Trust).
- 100,000 options over ordinary with an exercise price of A\$0.90 each (2008: 300,00).

### (d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 31 March 2010 is 3 years (2009: 4).

### (e) Weighted average fair value

The weighted average fair value of options granted during the year was nil (2009: nil).

### (f) Option pricing model

Equity-settled transactions

The fair value of the equity-settled share options is estimated as at the date of grant using the Black Scholes Model taking into account the terms and conditions upon which the options were granted. The value of the option is a function of possible future prices of the underlying share, taking into account factors of volatility, time to maturity and current risk free interest rates.

It has also been recognised that the option, and not the underlying shares, are being valued, and the options are not transferable. Therefore a discount rate has been applied to reflect their lack of marketability.

The following table lists the inputs to the models used for the year ended 31 March 2009:

	<b>ESS 2009</b>	<b>ESS 2009</b>	<b>ESOP 2009</b>
<i>Number of options</i>	4725	2656	100,000
Dividend yield (%)	0.00	0.00	0.00
Expected volatility (%)	55.00	55.00	55.00
Risk-free interest rate (%)	6.15	6.58	7.15
Expected life of option (years)	5	5	5
Option exercise price (\$NZ)	37.85	56.48	-
Option exercise price (\$AU)	-	-	.90
Weighted average share price at measurement date (\$NZ)	15.43	23.27	-
Weighted average share price at measurement date (\$AU)	-	-	.375
Model used	Black Scholes	Black Scholes	Black Scholes

As Datasquirt listed with ASX in September 2007, and does not have a long term trading history, volatility has been determined by reference to other listed Australian technology companies over the comparable periods of the grant of the options.

Given the current share price is well below the option exercise prices, the Directors have concluded that the share options may not be exercised. Therefore the fair value of the employee equity benefits reserve has been determined to be nil. (2009: \$172,000).

## 24 Commitments

### (i) Leasing commitments

#### *Lease commitments*

The Group has entered into a commercial lease on the premises for Datasquirt New Zealand. The annual rent is \$51,000 plus \$24,000 for car parks.

The Group has a contract for hosting services with an annual value of \$131,000 (2009: \$78,000)

The total expense recognised for the year ended 31 March 2010 in relation to operating commitments is \$305,922 (2009:\$248,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Within one year	<b>250</b>	125	<b>162</b>	121
After one year but not more than five years	<b>174</b>	25	<b>174</b>	25
After more than five years	-	-	-	-
Total minimum lease payments	<b>424</b>	150	<b>336</b>	146

### (ii) Property, plant and equipment commitments

The Company and Group had no contractual obligations to purchase plant and equipment at balance date. (2009: \$nil).

## 25 Contingencies

There were no known material contingent liabilities at 31 March 2010 (2009: Nil).

## 26 Events after the reporting date

There were no events of a material nature after reporting date which required adjustment or disclosure (2009: Nil).

## 27 Auditors' remuneration

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Amounts received or due and receivable by WHK Auckland for:				
Audit of the financial statements	<b>39</b>	28	<b>39</b>	28
	-	19 (b)		19 (b)
Other assurance-related services	-	15 (a)		-
Tax compliance	-	14 (b)		14 (b)
Other services	-	12 (b)		12 (b)
	<b>39</b>	<b>88</b>	<b>39</b>	<b>73</b>

The auditor of Datasquirt Limited is WHK Auckland.

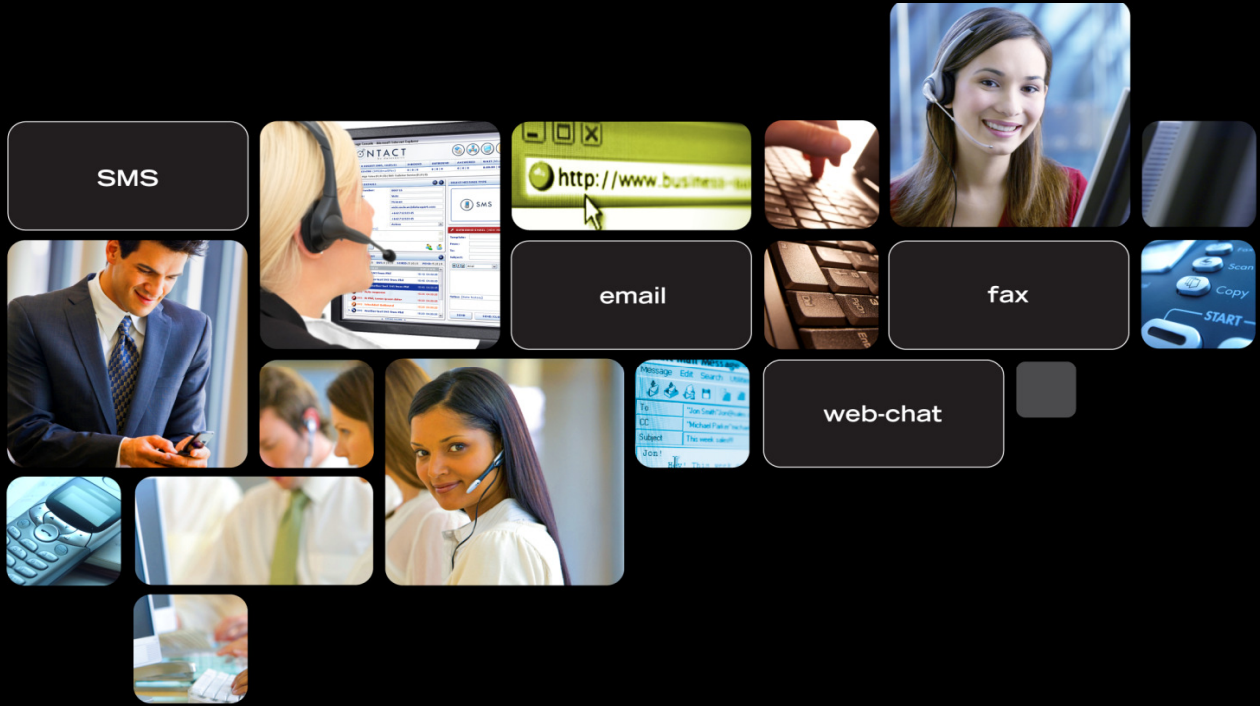
- a) Other assurance-related services include services for the audit or review of financial information other than financial reporting, and include prospectus reviews and other audits required for local regulatory services.
- b) Services provided by Ernst & Young – auditors for the 2008 financial year

## 28 Going concern

The company's continued financial viability is presently dependent on cash flows sourced from uncollected past trading activity and forecast trading activity, which may not be sufficient to meet the company's obligations and commitments for the 12 months following the year ended 31 March 2010. To the extent that the company's cash flows from its trading activities are insufficient, the company is reliant upon raising additional funding from either its existing shareholders or alternative sources of finance. The outcome of these matters is presently uncertain.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of these matters. The financial statements do not include any adjustments if the company was unable to continue in operational existence for the foreseeable future.

# **ANNEXURE C4**



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# Directors' Report

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The Directors are pleased to submit to shareholders their report and financial statements for the year ended 31 March 2011.

## Principal Activities

Datasquirt makes it easy for corporations to communicate with their customers and field staff using the channels that complement voice – SMS, email, social media, fax and web chat. Datasquirt delivers value by improving the quality, security and consistency of communications, improving efficiency and reducing business risk. Datasquirt delivers this through the supply of CONTACT™, a leading, cloud-based, self-service software platform. Datasquirt listed on the Australian Securities Exchange on 28 September 2007.

## Significant Changes in the State of Affairs

There have been no significant changes to report in the current financial year.

## Directors

Mr. Robert Ellis was appointed to the Board on 5 August 2010.  
In accordance with the Constitution, Dr. Jens Neiser retires and, being eligible, offers himself for re-election.

## Remuneration of Directors

The remuneration of the Directors for the year ended 31 March 2011 has been disclosed in Note 7(b) of this Report.

## Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

## Review of Operations and Outlook

By the end of FY11 Datasquirt had eliminated cash burn as forecast and moved into profit for the fourth quarter. The company achieved this through growing revenue by 37%, excluding other revenue and foreign exchange gains and losses, making significant, strategic improvements in global distribution and by continuing to innovate, as well as through prudent cost management.

The adoption of Social Media channels as 'business as usual' for most corporations, the ongoing growth of SMS and web chat communication and the international interest in cloud-based technologies mean Datasquirt is well placed for FY12.

The company expects sales from both current and new clients to continue to increase. It also anticipates an ongoing growth in the strength of its reseller channel and has budgeted for an ongoing programme of product enhancement, to deliver further social media and reporting functionality in line with client demand.

September 2010 saw Datasquirt become one of the first companies in the world to offer corporations a call centre platform for managing their Twitter communications with customers. This created additional revenue streams from existing clients, such as Royal Mail Group (UK), as well as positioning Datasquirt as a future-focussed provider and generating new business enquiries.

Demand from current clients during the 2011 financial year broadened from email and SMS to increased demand for the fax and web chat functionality in CONTACT™, as well as social media. Corporate businesses increasingly recognise the commercial importance of integrated communications, while customer expectations for real-time replies and multi-channel communication are continually rising. Both these major trends are demand drivers for Datasquirt.

FY2011 saw continued growth in sales through reseller partners internationally, culminating in Q4 in the agreement to supply a leading North American call centre provider with CONTACT™ under their own branding; a deal worth over US\$1million which will see Datasquirt's software deployed across the US.

The global technology search which preceded this organisation selecting CONTACT™ illustrates the quality and differentiation of the Datasquirt product set.


In a climate of ongoing economic uncertainty, corporate businesses are increasingly seeking pay-as-you go hosted (cloud-based) software solutions, such as CONTACT™. They are increasingly driven by their customers to provide more sophisticated, integrated and real-time customer service, across multiple channels, and to be better than their competitors at responding to enquiries and complaints. In an environment where businesses want more efficiency, security and control, and are investing in products which offer a clear competitive advantage and good return on investment in the short to medium term, Datasquirt is well placed for continued growth.

The Directors are very confident in the success of Datasquirt and will now be buying more shares.

The financial statements are signed for and on behalf of the Board, and were authorised for issue on the date below.



**Mark Loveys**  
Chairman  
31 May 2011



**Aaron Ridgway**  
Chief Executive Officer  
31 May 2011



# Auditor's Report

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Datasquirt Limited

### Report on the Financial Statements

We have audited the financial statements of Datasquirt Limited and group on pages 7 to 41 which comprise the consolidated and separate statements of financial position as at 31 March 2011, the consolidated and separate statements of comprehensive income, and statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Director's Responsibility for the Financial Statements*

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor, we have no other relationship with, or interests in, the company or any of its subsidiaries.

#### *Opinion*

In our opinion, the financial statements on pages 7 to 41:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Datasquirt Limited and group as at 31 March 2011 and the results of their operations and cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993 require us to comment on whether we have obtained all the information and explanations that we have required from Datasquirt Limited, and whether we consider that appropriate accounting records have been kept.

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by the company as far as appears from our examination of those records.

LHK Auckland

Auckland, New Zealand  
CHARTERED ACCOUNTANTS

31 May 2011

### ***Matters relating to the electronic presentation of the audited financial statements***

This auditor's report relates to the financial statements of Datasquirt Limited and group at 31 March 2011 included on the Datasquirt Limited website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The auditor's report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related auditors' report dated 31 May 2011 to confirm the information included in the audited financial statements presented on this website.

## Statement of Financial Position

As at 31 March 2011

	Note	Consolidated		Parent	
		2011	2010	2011	2010
		\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	11	976	1,080	701	1,012
Trade and other receivables	12	1,315	705	1,189	477
<b>Total Current Assets</b>		<b>2,291</b>	<b>1,785</b>	<b>1,890</b>	<b>1,489</b>
<b>Non-current Assets</b>					
Investments in subsidiaries	13	-	-	3	3
Property, plant and equipment	14	44	58	33	42
Intangible assets	15	29	52	29	51
<b>Total Non-current Assets</b>		<b>73</b>	<b>110</b>	<b>65</b>	<b>96</b>
<b>TOTAL ASSETS</b>		<b>2,364</b>	<b>1,895</b>	<b>1,955</b>	<b>1,585</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	16	1,421	896	1,146	689
Provisions	17	108	105	102	99
<b>Total Current Liabilities</b>		<b>1,529</b>	<b>1,001</b>	<b>1,248</b>	<b>788</b>
<b>TOTAL LIABILITIES</b>		<b>1,529</b>	<b>1,001</b>	<b>1,248</b>	<b>788</b>
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the parent</b>					
Contributed equity	18	11,850	11,310	11,850	11,310
Accumulated loss	19	(10,997)	(10,398)	(11,143)	(10,513)
Reserves	19	(18)	(18)	-	-
<b>TOTAL EQUITY</b>		<b>835</b>	<b>894</b>	<b>707</b>	<b>797</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,364</b>	<b>1,895</b>	<b>1,955</b>	<b>1,585</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorise the issue of these financial statements on 31 May 2011:



Mark Loveys  
Chairman  
31 May 2011



Aaron Ridgway  
Director  
31 May 2011

## Statement of Comprehensive Income

For the year ended 31 March 2011

	Note	Consolidated		Parent	
		2011	2010	2011	2010
		\$000	\$000	\$000	\$000
<b>Revenue</b>					
Revenue		2,916	2,126	1,960	1,595
Other revenue	6	79	178	789	935
Net gain on foreign exchange		39	16	35	16
		<b>3,034</b>	2,320	<b>2,784</b>	2,546
Development and implementation expenses		(45)	(54)	(32)	(39)
Hosting and connectivity expenses		(373)	(311)	(264)	(179)
Transaction costs		(341)	(153)	(112)	(86)
Commissions		(294)	(421)	(178)	(330)
Advertising expense		(108)	(102)	(82)	(64)
Employee benefits expense	7(d)	(1,671)	(1,425)	(1,343)	(1,217)
Professional fees	7(b)	(205)	(427)	(116)	(161)
Travel expenses		(117)	(121)	(67)	(98)
Market support	21(d)	-	-	(843)	(1,154)
Other operating expenses	7(a)	(402)	(452)	(326)	(379)
Depreciation & impairment	7(c)	(44)	(83)	(36)	(71)
<b>Loss from continuing operations before income tax</b>		<b>(566)</b>	(1,229)	<b>(615)</b>	(1,232)
Income tax expense	8	(33)	-	(15)	-
<b>Loss after income tax</b>		<b>(599)</b>	(1,229)	<b>(630)</b>	(1,232)
<b>Net loss for the period</b>		<b>(599)</b>	(1,229)	<b>(630)</b>	(1,232)
<b>Other comprehensive income</b>					
Movement in translation reserve		-	(4)	-	-
Investment in subsidiary impairment loss		-	-	-	(121)
<b>Other comprehensive income for the period, net of income tax</b>		-	(4)	-	(121)
<b>Total comprehensive income/(loss) for the period</b>		<b>(599)</b>	(1,233)	<b>(630)</b>	(1,353)
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:</b>	10				
Basic earnings per share		<b>(0.02)</b>	(0.04)		
Diluted earnings per share		<b>(0.02)</b>	(0.04)		

The above statement of comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

For the year ended 31 March 2011

	Note	Consolidated		Parent	
		2011	2010	2011	2010
		\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of GST)		2,389	2,377	1,342	1,927
Payments to suppliers and employees (inclusive of GST)		(3,164)	(3,465)	(2,340)	(2,960)
Interest paid		(4)	(3)	(4)	(8)
Interest received		14	15	14	20
Tax paid		(18)	-	-	-
Receipt of government grants		107	133	107	133
<b>Net cash flows used in operating activities</b>	20	<b>(676)</b>	<b>(943)</b>	<b>(881)</b>	<b>(888)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(4)	(7)	(4)	(7)
Purchase of intangibles		(3)	(26)	(3)	(26)
<b>Net cash flows used in investing activities</b>		<b>(7)</b>	<b>(33)</b>	<b>(7)</b>	<b>(33)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		540	-	540	-
<b>Net cash flows from financing activities</b>		<b>540</b>	<b>-</b>	<b>540</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(143)</b>	<b>(976)</b>	<b>(348)</b>	<b>(921)</b>
Net foreign exchange differences		39	16	37	16
Cash and cash equivalents at beginning of period		1,080	2,040	1,012	1,917
<b>Cash and cash equivalents at end of period</b>		<b>976</b>	<b>1,080</b>	<b>701</b>	<b>1,012</b>

The above statement cash flows should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the year ended 31 March 2011

			Employee equity benefits reserve	Foreign currency translation reserve	Retained earnings	2010 Total equity
	Note	Share capital \$000	\$000	\$000	\$000	\$000
<b>Consolidated</b>						
Balance at 1 April 2009		11,310	172	(14)	(9,341)	2,127
Net loss for the period		-	-	-	(1,229)	(1,229)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	(4)	-	(4)
<b>Total other comprehensive income</b>		-	-	(4)	-	(4)
<b>Total comprehensive income for the period</b>		-	-	(4)	(1,229)	(1,233)
<b>Transactions with owners, recorded directly in equity</b>						
Employee equity benefits reserve write-off		-	(172)	-	172	-
<b>Balance at 31 March 2010</b>	19	11,310	-	(18)	(10,398)	894
	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	2011 Total equity \$000
<b>Consolidated</b>						
Balance at 1 April 2010		11,310	-	(18)	(10,398)	894
Net loss for the period		-	-	-	(599)	(599)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	(599)	(599)
<b>Transactions with owners, recorded directly in equity</b>						
Rights issue		540	-	-	-	540
<b>Balance at 31 March 2011</b>	19	11,850	-	(18)	(10,997)	835
	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	2010 Total equity \$000
<b>Parent</b>						
Balance at 1 April 2009		11,310	172	40	(9,372)	2,150
Net loss for the period		-	-	-	(1,232)	(1,232)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	(40)	40	-
Investment in subsidiary impairment loss		-	-	-	(121)	(121)
<b>Total other comprehensive income</b>		-	-	(40)	(81)	(121)
<b>Total comprehensive income for the period</b>		-	-	(40)	(1,313)	(1,353)
<b>Transactions with owners, recorded directly in equity</b>						
Employee equity benefits reserve write-off		-	(172)	-	172	-
<b>Balance at 31 March 2010</b>	19	11,310	-	-	(10,513)	797
	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	2011 Total equity \$000
<b>Parent</b>						
Balance at 1 April 2010		11,310	-	-	(10,513)	797
Net loss for the period		-	-	-	(630)	(630)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	(630)	(630)
<b>Transactions with owners, recorded directly in equity</b>						
Rights issue		540	-	-	-	-
<b>Balance at 31 March 2011</b>	19	11,850	-	-	(11,143)	707

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

**For the year ended 31 March 2011**

## 1 Corporate information

The financial statements of Datasquirt Limited (the Company) for the year ended 31 March 2011 were authorised for issue in accordance with a resolution of the directors on 31 May 2011.

Datasquirt Limited (the parent) is a company limited by shares incorporated in New Zealand whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report section of this annual report.

## 2 Summary of significant accounting policies

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### (a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

**(b) Statement of Compliance**

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable financial reporting standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

**(c) New accounting standards and interpretations**

Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 31 March 2011. These are outlined in the table below.

Reference	Title	Summary of requirements	Effective date – periods beginning on or after	Impact on Group financial report	Application date for Group*
NZ IFRS 9	Financial Instruments: Classification and Measurement	Requires all financial assets to be: (a) Classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. (b) Initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs (c) Subsequently measured at amortised cost or fair value.	1 January 2013	Application of a consistent approach to classifying financial assets, and the use of one impairment method.	1 April 2013
Amendments to NZ IAS 12	Income Taxes	The amendment introduces an exception to current measurement principles based on the manner the manner of recovery in paragraph 52 of NZ IAS 12 for investment property measured using the fair value model in accordance with NZ IAS 40 Investment Property.	1 January 2012	Application of measurement principles based on the manner of recovery of the value of an investment property.	1 April 2012
NZ IAS 24	Related Party Disclosures (revised 2009)	The revised standard simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities	1 January 2011	Simplified definitions of related parties will apply.	1 April 2011
Amendments to NZ IFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets	The amendments require additional disclosures about transfer of financial assets to enable users of financial statements, <ul style="list-style-type: none"> <li>to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and</li> <li>to evaluate the nature of and the risks associated with, the entity's continuing involvement in derecognised financial assets</li> </ul>	1 July 2011	Additional disclosures about the transfer of financial assets to be made.	1 April 2012
Improvements to NZ IFRS 2010 – Amendments to NZ IFRS 3	Business Combinations	The amendments: <ul style="list-style-type: none"> <li>clarify that contingent consideration arising in a business combination previously accounted for in accordance with NZ IFRS 3 (2004) that remains outstanding at the adoption date of NZ IFRS 3 (2008) continues to be</li> </ul>	1 July 2010	Contingent consideration arising in a business combination to be accounted for in accordance with NZ IFRS 3, with limitations on measurement options.	1 April 2011



		<p>accounted for in accordance with NZ IFRS 3 (2004);</p> <ul style="list-style-type: none"> <li>• limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and</li> <li>• Expand the current guidance on the attribution of the market-based measure of an acquirer's share based payment awards issued in exchange for acquire awards between consideration transferred and post combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards.</li> </ul>			
Improvements to NZ IFRS 2010 – NZ IAS 27	Consolidated and Separate Financial Statements	The amendments clarify that the consequential amendments to NZ IAS 21, NZ IAS 28 and NZ IAS 31 resulting from NZ IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering.	1 July 2010	Consequential amendments to NZ IAS 21, NZ IAS 28 and NZ IAS 31 resulting from NZ IAS 27 (2008) to be applied prospectively.	1 April 2011
Improvements to NZ IFRS 2010 – NZ IFRS 7	Financial Instruments: Disclosures	The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures.	1 January 2011	Qualitative disclosure to be made with quantitative disclosures relating to risk arising from financial instruments.	1 April 2011
Improvements to NZ IFRS 2010 – NZ IAS 1	Presentation of Financial Statements	The amendments clarify the presentation of changes in equity arising from transactions recognised in other comprehensive income.	1 January 2011	Changes in equity arising from transactions recognised in other comprehensive income may be presented either in the statement of changes in equity or in the notes.	1 April 2011

**(d) Basis of consolidation**

The consolidated financial statements (the group) of Datasquirt Limited comprise the financial statements and its subsidiaries (as outlined in note 5) as at 31 March each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group.

Investments in subsidiaries held by Datasquirt Limited are accounted for at cost in the separate financial statements of the parent entity.

**(e) Segment reporting - refer note 5**

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 operating business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

**(f) Foreign currency translation**

*(i) Functional and presentation currency*

Both the functional and presentation currency of Datasquirt Limited is New Zealand dollars (\$). The subsidiaries' functional currency is the local currency which is translated to presentation currency (see below).

*(ii) Transactions & balances*

<b>Subsidiary</b>	<b>Local Currency</b>	<b>Presentation Currency</b>
Datasquirt (Australia) Pty Limited	Australian dollars (\$)	New Zealand dollars (\$)
Datasquirt UK Limited	British pounds (£)	New Zealand dollars (\$)
Datasquirt LLC	United States dollars (\$)	New Zealand dollars (\$)
Datasquirt AG	Euro (€)	New Zealand dollars (\$)

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

*(iii) Translation of Group Companies functional currency to presentation currency*

The results of the subsidiaries are translated into New Zealand dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

**(g) Cash and cash equivalents - refer note 11**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(h) Trade and other receivables - refer note 12**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

**(i) Property, plant and equipment - refer note 14**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. The cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in statement of

comprehensive income as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets:

Computer equipment - over 3 to 5 years

Furniture and fittings - over 5 to 10 years

Phones – over 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

#### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

#### **(j) Leases - refer note 24**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

#### **(k) Intangibles - refer note 15**

Intangibles are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. See note 15.

Internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

#### *Research and development costs*

Research costs are expensed as incurred.

#### **(l) Trade and other payables - refer note 16**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(m) Provisions and employee benefits - refer note 17**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

#### ***Employee leave benefits***

##### *Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**(n) Share-based payment transactions - refer note 23**

*Equity settled transactions*

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes option pricing model, further details of which are given in note 23.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Datasquirt Limited if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

- i. the grant date fair value of the award;
- ii. the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- iii. the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 10).

**(o) Revenue recognition - refer note 6**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*(i) Rendering of services*

Contract income, which includes license fees, hosting fees and transaction fees, is recognised in the income statement in the accounting period in which the service is rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

*(ii) Interest revenue*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

*(iii) Licence Fees and Royalties*

Fees and royalties paid for the use of an entity's assets, such as software, are recognised in accordance with the

substance of the agreement. An assignment of rights for a non-refundable fee under a non-cancellable contract which permits the licensee to exploit those rights freely and where Datasquirt Limited has no obligations subsequent to delivery of software under the licensing agreement, is recognised as a sale.

**(p) Income tax and other taxes - refer note 8**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

On the basis that deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the carry-forward of unused tax credits and unused tax losses can be utilised, Datasquirt Limited has taken the conservative position that there is not sufficient certainty to justify the recognition of a deferred income tax asset at this time.

Temporary differences are not material, and have not been recognised as a deferred tax asset.

*Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

- i. when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii. receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

**(q) Government grants**

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants are awarded on a 50% cost sharing basis between NZTE and The Group, and are only reimbursed on costs actually already incurred by the Group.

The grants recognised have no outstanding terms and conditions and are not credited directly to shareholders' equity.

**(r) Earnings per share - refer note 10**

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted number of ordinary shares and dilutive potential ordinary shares.

**(s) Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Datasquirt Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

**(t) Contributed equity - refer note 18**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 3 Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate, liquidity risk and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of the risks identified below, foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

#### Risk exposures and responses

##### Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash deposited in interest-bearing call accounts. Interest rates are monitored although there is generally no significant variation in interest rates offered by the different major banks.

The local operational bank accounts do not earn interest.

*At 31 March 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:*

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>Consolidated</b>				
+1% (100 basis points)	7	13	7	13
- 1% (100 basis points)	(7)	(13)	(7)	(13)
<b>Parent</b>				
+1% (100 basis points)	7	13	7	13
- 1% (100 basis points)	(7)	(13)	(7)	(13)

The sensitivity is lower in 2011 than in 2010 because of a decrease in the level of funds on deposit.

##### Credit risk

Credit risk arises from the financial assets of the Group, being trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The only significant concentration of credit risk within the Group exists in relation to cash and cash equivalents,

the majority being held with two major trading banks.

*Foreign currency risk*

Each entity in the Group conducts the majority of its transactions in its functional currency.

The currency exposure of the Group arises from the effect of any substantial movements in currency rates on the transfer of funds (the large proportion being in Australian dollars) to the local currency of the subsidiary to fund operations.

The net exposure is not significant due to the size of the foreign operations, and is mitigated by the regular transfer of small advances to spread the currency risk over time. Although each subsidiary or geographic segment is subject to variations in foreign currency rates, each segment is not material. Refer to note 5 on segment reporting.

*Liquidity risk*

The Group manages liquidity risk by closely monitoring working capital commitments, primarily trade receivables and trade payables. All payables are payable within 30 days.

*Financial assets*

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and held to maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through the profit and loss.

*Financial assets at fair value through profit and loss*

Assets in this category are classified as current assets if they are expected to be realised within 12 months of the reporting date.

*Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

The Group's loans and receivables comprise receivables and cash and cash equivalents. Interest income is recognised by applying the effective interest rate.

*Held to maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

*Other*

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

*Financial assets measurement*

Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

#### **4 Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the bases of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

##### *Recovery of deferred tax assets*

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

##### *Impairment of non-financial assets other than goodwill*

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include a subsidiary's financial performance, as well as the technology, economic and political environments and future market expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management have considered whether assets have in fact been impaired, and have determined that all assets are fully recoverable.

##### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black Scholes model, with the assumptions detailed in note 23. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.



## 5 Segment information

As the Group is focused on the development, distribution and sales of the core software product CONTACT along with associated services, there is effectively one business segment. The Group's risks and returns are affected predominantly by differences in the economic environment each subsidiary operates in, so the Group's primary segment reporting format is geographic segments.

The geographic segments are described in the table below:

Legal Entity	Location	Geographic region
Datasquirt Limited ( <i>Head Office</i> )	New Zealand	New Zealand
Datasquirt (Australia) Pty Limited	Australia	Australia and South-East Asia
Datasquirt UK Limited	England	United Kingdom and Ireland
Datasquirt LLC	United States	United States and Canada
Datasquirt AG	Germany	Germany

### Geographic segments

The following table presents revenue, profit, and certain asset information regarding the subsidiaries performance for the year.

Year ended 31 March 2011	New Zealand \$000	Australia \$000	United Kingdom \$000	United States \$000	Germany \$000	TOTAL \$000
Revenue	1,960	484	645	5	-	3,094
Other income	824	185	594	46	11	1,660
Total segment revenue	2,784	669	1,239	51	11	4,754
Inter-segment elimination						(1,720)
Total consolidated revenue						3,034
Interest received	22	-	-	-	3	25
Inter-segment elimination						(10)
Total consolidated interest received						15
Net loss	(630)	10	20	-	1	(599)
Inter-segment elimination						-
Total consolidated loss						(599)
Investment in subsidiary impairment loss	-	-	-	-	-	-
Inter-segment elimination						-
Total consolidated investment in subsidiary impairment loss						-
Depreciation	36	1	3	3	1	44
Capital expenditure	7	-	-	-	-	7
Segment assets – current	1,890	256	353	3	120	2,622
Segment assets – non-current	65	2	6	3	-	76
Inter-segment elimination						(334)
Total consolidated assets						2,364
Liabilities	1,248	274	331	1	7	1,861
Inter-segment elimination						(332)
Total consolidated liabilities						1,529

Revenue from one customer amounted to \$441,000 (2010: \$513,000) arising from sales by the New Zealand segment.

Revenue from one customer amounted to \$326,000 (2010: \$156,000) arising from sales by the United Kingdom segment.

<b>Year ended 31 March 2010</b>	<b>New Zealand \$000</b>	<b>Australia \$000</b>	<b>United Kingdom \$000</b>	<b>United States \$000</b>	<b>Germany \$000</b>	<b>TOTAL \$000</b>
Revenue	1,595	176	396	81	1	2,249
Other income	951	335	747	68	9	2,110
Total segment revenue	2,546	511	1,143	149	10	4,359
Inter-segment elimination						(2,039)
Total consolidated revenue						2,320
Interest received	20	-	-	-	5	25
Inter-segment elimination						(10)
Total consolidated interest received						15
Net loss	(1,232)	(1)	1	7	(4)	(1,229)
Inter-segment elimination						-
Total consolidated loss						(1,229)
Investment in subsidiary impairment loss	121	-	-	-	-	121
Inter-segment elimination						(121)
Total consolidated investment in subsidiary impairment loss						-
Depreciation	71	3	4	5	-	83
Capital expenditure	33	-	-	-	-	33
Segment assets – current	1,489	71	282	16	119	1,977
Segment assets – non-current	96	2	7	5	-	110
Inter-segment elimination						(192)
Total consolidated assets						1,895
Liabilities	788	99	281	16	7	1,191
Inter-segment elimination						(190)
Total consolidated liabilities						1,001

## 6 Other revenue

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Government grants	65	163	65	163
Interest	14	15	22	21
Management fee	-	-	702	751
	<b>79</b>	<b>178</b>	<b>789</b>	<b>935</b>

Government grants relating to market development have been claimed during the year and recorded at fair value. There are no unfulfilled conditions or contingencies attaching to the grants.

## 7 Expenses

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
<b>(a) Other operating expenses</b>				
Communications	106	101	78	76
Premises (operating lease)	109	127	69	83
Other	187	224	179	220
	<b>402</b>	<b>452</b>	<b>326</b>	<b>379</b>
<b>(b) Professional fees</b>				
Directors fees	82	75	82	75
Consultancy	55	248	1	-
Accountancy	67	97	32	80
Legal	1	7	1	6
	<b>205</b>	<b>427</b>	<b>116</b>	<b>161</b>
<b>(c) Depreciation, impairment and amortisation included in income statement</b>				
Depreciation	42	81	34	70
Amortisation	2	2	2	1
	<b>44</b>	<b>83</b>	<b>36</b>	<b>71</b>
<b>(d) Employee benefits expense</b>				
Wages and salaries	1,330	1,240	1,060	1,062
Other employee benefits expense	341	185	283	155
	<b>1,671</b>	<b>1,425</b>	<b>1,343</b>	<b>1,217</b>

## 8 Income tax

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
<b>(a) Income tax expense</b>				
<i>Statement of comprehensive income</i>				
<i>Current income tax</i>	(33)	nil	(15)	nil
<b>(b) Reconciliation between tax at statutory rate and tax expense in the statement of comprehensive income</b>				
Loss before tax	(599)	(1,233)	(630)	(1,232)
Statutory tax at 15% to 35% thereon	(196)	(375)	(189)	(370)
Relating to origination and reversal of temporary differences	26	(16)	1	(16)
Non-deductible items	2	16	2	16
Non-refundable tax credit written off	15	-	15	-
Adjustment in respect of current tax in previous years	286	-	262	-
Prior year losses to be carried forward	(2,998)	(2,623)	(2,974)	(2,604)
Tax losses available to be carried forward to future periods not recognised at (28%) 30%	2,704	2,998	2,704	2,974
Impact of tax rate change to 28% (30%)	194	-	194	-
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>(33)</b>	<b>-</b>	<b>(15)</b>	<b>-</b>

### (c) Unrecognised temporary differences and tax losses

Unrecognised temporary differences are not material

Accumulated tax losses	(2,704)	(2,998)	(2,704)	(2,974)
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The company continues to meet the shareholder continuity requirement to carry forward tax losses. However, the directors do not believe the company meets the level of certainty of recoverability of tax losses required to recognise a deferred taxation asset and hence have not accounted for the asset.

	Parent	
	2011	2010
	\$000	\$000

### (d) Imputation credit balance

The amount of imputation credits available for the subsequent year are:

Balance at beginning of year	30	32
Add: Income tax payments during the year	-	-
RWT on interest received	3	12
Imputation credits attached to dividends paid during the year	-	-
	3	12
Less: Imputation credits attached to dividends paid during the year	-	-
Tax refund received	18	14
Other debits	-	-
	18	14
Balance at end of year	15	30
Balance at end of year available to the shareholders of the parent were:		
Through direct shareholding in the parent	15	30
Through indirect interests in subsidiaries	-	-
	15	30

## 9 Dividends paid and proposed

No dividends have been paid or proposed to date. (2010: nil)

## 10 Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

	Consolidated	
	2011	2010
	\$000	\$000
<b>(a) Earnings used in calculating earnings per share</b>		
<i>For basic earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent	(599)	(1,229)
<i>For diluted earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent (from basic EPS)	(599)	(1,229)
Net loss attributable to ordinary equity holders of the parent	(599)	(1,229)
<b>(b) Weighted average number of shares</b>		
	2011	2010
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	28,826	28,029
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	28,826	28,029

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

### (c) Information on the classification of securities

#### (i) Options

Options granted to employees (including key management personnel) as described in note 23 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

## 11 Current assets - cash and cash equivalents

	Consolidated		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Cash at bank and in hand	427	317	152	249
Short-term deposits	549	763	549	763
	976	1,080	701	1,012

## 12 Current assets - trade and other receivables

	Consolidated		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Trade receivables	1,200	455	900	203
Allowance for impairment loss (a)	-	-	-	-
Other receivables	106	242	68	190
	1,306	697	968	393
Related party receivables (b)				
Subsidiaries	-	-	212	76
Other related parties	9	8	9	8
Carrying amount of trade and other receivables	1,315	705	1,189	477

### (a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for bad debts is recognised when there is objective evidence that an individual trade receivable is impaired.

Bad debts of \$nil (2010: nil) have been recognised by the Group and bad debts recovery of nil (2010: \$6,000) by the Company in the current year. These amounts have been included in other operating expenses item.

Movements in the provision for impairment loss were as follows:

	Consolidated		Parent	
	2011	2010	2011	2010
At 1 April	-	16	-	-
Charge for the year	-	(6)	-	-
Amounts written off	-	(10)	-	-
At 31 March	-	-	-	-

At 31 March 2011, the ageing analysis of trade receivables is as follows:

		Total	0 – 30 days	31 – 60 days	61- 90 days	+91 days	+91 days
				days	PDNI*	PDNI*	CI*
2011	Consolidated	1,200	931	161	41	67	-
2011	Parent	900	762	100	9	29	-
2010	Consolidated	455	345	57	28	25	-
2010	Parent	203	138	36	18	11	-

\* Past due not impaired (PDNI) Considered impaired (CI)

**(b) Related Party Receivables**

For terms and conditions of related party receivables refer to note 21.

**(c) Fair value and credit risk**

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

**(d) Foreign exchange and interest risk**

For further information on the management of foreign exchange and interest risk refer to Note 3.

**13 Non-current assets – investments in subsidiaries**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Investments in controlled entities (note 21)				
– at cost	-	-	<b>3</b>	<b>3</b>
	-	-	<b>3</b>	<b>3</b>

As all European sales are currently being administered by our subsidiary Datasquirt UK Limited, the investment in the subsidiary Datasquirt AG has been fully written down.

## 14 Non-current assets – property, plant and equipment

<b>Consolidated</b>	<b>Computer equipment \$000</b>	<b>Furniture and fittings \$000</b>	<b>Phones \$000</b>	<b>Total \$000</b>
<b>Year ended 31 March 2011</b>				
<b>At 1 April 2010 net of accumulated depreciation and impairment</b>	24	34	-	<b>58</b>
<b>Additions</b>	4	-	-	<b>4</b>
<b>Disposals</b>	-	-	-	<b>-</b>
<b>Depreciation charge for the year</b>	(12)	(6)	-	<b>(18)</b>
<b>At 31 March 2011 net of accumulated depreciation and impairment</b>	16	28	-	<b>44</b>
<b>At 31 March 2011</b>				
<b>Cost or fair value</b>	209	61	10	<b>280</b>
<b>Accumulated depreciation and impairment</b>	(193)	(33)	(10)	<b>(236)</b>
<b>Net carrying amount</b>	16	28	-	<b>44</b>

<b>Consolidated</b>	<b>Computer equipment \$000</b>	<b>Furniture and fittings \$000</b>	<b>Phones \$000</b>	<b>Total \$000</b>
<b>Year ended 31 March 2010</b>				
<b>At 1 April 2009 net of accumulated depreciation and impairment</b>	38	43	2	<b>83</b>
<b>Additions</b>	6	1	-	<b>7</b>
<b>Disposals</b>	-	-	-	<b>-</b>
<b>Depreciation charge for the year</b>	(20)	(10)	(2)	<b>(32)</b>
<b>At 31 March 2010 net of accumulated depreciation and impairment</b>	24	34	-	<b>58</b>
<b>At 31 March 2010</b>				
<b>Cost or fair value</b>	205	61	10	<b>276</b>
<b>Accumulated depreciation and impairment</b>	(181)	(27)	(10)	<b>(218)</b>
<b>Net carrying amount</b>	24	34	-	<b>58</b>



## 14 Non-current assets – property, plant and equipment (cont)

Parent	Computer equipment \$000	Furniture and fittings \$000	Phones \$000	Total \$000
<b>Year ended 31 March 2011</b>				
At 1 April 2010 net of accumulated depreciation and impairment	15	27	-	<b>42</b>
Additions	2	-	-	<b>2</b>
Disposals	-	-	-	<b>-</b>
Depreciation charge for the year	(7)	(4)	-	<b>(11)</b>
At 31 March 2011 net of accumulated depreciation and impairment	10	23	-	<b>33</b>
<b>At 31 March 2011</b>				
Cost or fair value	164	41	10	<b>215</b>
Accumulated depreciation and impairment	(154)	(18)	(10)	<b>(182)</b>
Net carrying amount	10	23	-	<b>33</b>

Parent	Computer equipment \$000	Furniture and fittings \$000	Phones \$000	Total \$000
<b>Year ended 31 March 2010</b>				
At 1 April 2009 net of accumulated depreciation and impairment	23	30	2	<b>55</b>
Additions	6	1	-	<b>7</b>
Disposals	-	-	-	<b>-</b>
Depreciation charge for the year	(14)	(4)	(2)	<b>(20)</b>
At 31 March 2010 net of accumulated depreciation and impairment	15	27	-	<b>42</b>
<b>At 31 March 2010</b>				
Cost or fair value	162	41	10	<b>213</b>
Accumulated depreciation and impairment	(147)	(14)	(10)	<b>(171)</b>
Net carrying amount	15	27	-	<b>42</b>

## 15 Non-current assets – intangible assets

<b>Consolidated</b>	<b>Software licences \$000</b>	<b>Patents and trademarks \$000</b>	<b>Total \$000</b>
<b>Year ended 31 March 2011</b>			
<b>At 1 April 2010 net of accumulated amortisation and impairment</b>	37	15	<b>52</b>
<b>Additions</b>	3	-	<b>3</b>
<b>Impairment</b>	-	(2)	<b>(2)</b>
<b>Amortisation charge for the year</b>	(24)	-	<b>(24)</b>
<b>At 31 March 2011 net of accumulated amortisation and impairment</b>	16	13	<b>29</b>
<b>At 31 March 2011</b>			
<b>Cost or fair value</b>	209	17	<b>226</b>
<b>Accumulated amortisation and impairment</b>	(193)	(4)	<b>(197)</b>
<b>Net carrying amount</b>	16	13	<b>29</b>

<b>Consolidated</b>	<b>Software licences \$000</b>	<b>Patents and trademarks \$000</b>	<b>Total \$000</b>
<b>Year ended 31 March 2010</b>			
<b>At 1 April 2009 net of accumulated amortisation and impairment</b>	61	16	<b>77</b>
<b>Additions</b>	25	1	<b>26</b>
<b>Impairment</b>	-	(2)	<b>(2)</b>
<b>Amortisation charge for the year</b>	(49)	-	<b>(49)</b>
<b>At 31 March 2010 net of accumulated amortisation and impairment</b>	37	15	<b>52</b>
<b>At 31 March 2010</b>			
<b>Cost or fair value</b>	206	17	<b>223</b>
<b>Accumulated amortisation and impairment</b>	(169)	(2)	<b>(171)</b>
<b>Net carrying amount</b>	37	15	<b>52</b>

## 15 Non-current assets – intangible assets (cont)

Parent	Software licences \$000	Patents and trademarks \$000	Total \$000
<b>Year ended 31 March 2011</b>			
At 1 April 2010 net of accumulated amortisation and impairment	36	15	51
Additions	3	-	3
Impairment	-	(2)	(2)
Amortisation charge for the year	(23)	-	(23)
At 31 March 2011 net of accumulated amortisation and impairment	16	13	29
<b>At 31 March 2011</b>			
Cost or fair value	208	17	225
Accumulated amortisation and impairment	(192)	(4)	(196)
Net carrying amount	16	13	29

Parent	Software licences \$000	Patents and trademarks \$000	Total \$000
<b>Year ended 31 March 2010</b>			
At 1 April 2009 net of accumulated amortisation and impairment	60	16	76
Additions	25	1	26
Impairment	-	(2)	(2)
Amortisation charge for the year	(49)	-	(49)
At 31 March 2010 net of accumulated amortisation and impairment	36	15	51
<b>At 31 March 2010</b>			
Cost or fair value	204	17	221
Accumulated amortisation and impairment	(168)	(2)	(170)
Net carrying amount	36	15	51

### (a) Description of the Group's intangible assets

#### (i) Software Licences

Software license costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the diminishing value method over a period of 3 years. The amortisation has been recognised in the statement of comprehensive income in the line item depreciation and impairment. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

#### (ii) Patents and licences

Patents and licences are carried at cost less accumulated impairment losses or accumulated amortisation. These intangible assets have been determined to have finite useful lives. Patents and licences are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

## 16 Current liabilities - trade and other payables

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Trade payables	370	356	213	222
Payroll liabilities	125	54	117	41
Other payables	733	377	512	203
	<b>1,228</b>	<b>787</b>	<b>842</b>	<b>466</b>
Related party payables (a)				
Subsidiaries	-	-	120	114
Other related parties	193	109	184	109
Carrying amount of trade and other payables	<b>1,421</b>	<b>896</b>	<b>1,146</b>	<b>689</b>

### (a) Related party payables

For terms and conditions relating to related party payables refer to note 21.

### (b) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### (c) Foreign exchange and liquidity risk

For further information on the management of foreign exchange and liquidity risk refer to note 3.

## 17 Current liabilities - provisions

Movements in the provisions accounts were as follows:

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
At 1 April	105	108	99	97
Charges for staff leave entitlements for the year	43	29	29	19
Reversals for staff leave entitlements for the year	(40)	(32)	(26)	(17)
At 31 March	<b>108</b>	<b>105</b>	<b>102</b>	<b>99</b>

## 18 Contributed equity

	Consolidated		Parent	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Ordinary shares (a)	11,850	11,310	11,850	11,310
	11,850	11,310	11,850	11,310

### (a) Ordinary shares

Issued and fully paid	11,850	11,310	11,850	11,310
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Fully paid ordinary shares carry one vote per share and carry the right to dividends.

		Thousands	\$000
<i>Movement in ordinary shares on issue</i>			
At 1 April 2009		28,029	11,310
At 31 March 2010		28,029	11,310
Transaction cost recovery - IPO	(i)	-	34
Share issue	(ii)	2,767	366
Share issue	(iii)	1,237	159
Transaction costs – rights issue	(iv)	-	(19)
At 31 March 2011		32,033	11,850

- (i) Recovery of GST on IPO costs
- (ii) Non-renounceable rights issue of 2,767,177 shares on 13 January 2011
- (iii) Issue of 1,236,914 shortfall shares to the rights issue underwriters on 27 January 2011
- (iv) Costs associated with rights Issue concluded on 13 January 2011

### (b) Option scheme

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (refer note 23).

### (c) Capital management

Datasquirt Limited is an early stage technology company which listed on the Australian Securities Exchange in September 2007 for the express purpose of funding its international expansion program. The Board oversees the implementation of the global strategy, monitoring the capital available and how it is deployed to achieve the goals of the Group.

Management has no immediate plans to issue further shares on the market.

The Group is not subject to any externally imposed capital requirements.

## 19 Retained earnings and reserves

### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

### *Employee equity benefits reserve*

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Given the current share price is well below the option exercise prices, the Directors have concluded that the share options may not be exercised. Therefore the fair value of the employee equity benefits reserve has been determined to be nil. (2010: \$nil). Refer to note 23 for further details of these plans.

## 20 Statement of cash flows reconciliation

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
<b>Reconciliation of net profit to net cash flows from operations</b>				
Net loss	(599)	(1,229)	(630)	(1,232)
<i>Adjustments for non-cash items:</i>				
Depreciation	44	83	36	71
Net gain on foreign exchange	(39)	(20)	(35)	(16)
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in trade and other receivables	(610)	(76)	(712)	139
(Decrease)/increase in trade and other payables	528	299	460	150
Net cash from operating activities	(676)	(943)	(881)	(888)

## 21 Related party disclosure

### (a) Subsidiaries

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

Subsidiary name	Country of incorporation	Principal Activity	% of equity interest		Investment (\$000)	
			2011	2010	2011	2010
Datasquirt (Australia) Pty Limited	Australia	Software sales	100	100	-	-
Datasquirt UK Limited	United Kingdom	Software sales	100	100	-	-
Datasquirt LLC	United States	Software sales	100	100	3	3
Datasquirt AG	Germany	Software sales	100	100	-	-
					3	3

Local minimum equity requirements determined that Datasquirt Limited made an investment in setting up the subsidiary Datasquirt AG in 2007. However, the European market is currently being serviced by the UK subsidiary. As a result of the impairment review of the investment in the subsidiary Datasquirt AG, and due to fact that no cash flow is currently generated from this subsidiary, the investment has been written down to a nil value (2010: nil)

### (b) Ultimate parent

Datasquirt Limited is the ultimate New Zealand parent entity and the ultimate parent of the Group.

### (c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 22.

### (d) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade receivables and payables at year-end, refer to notes 12 and 16 respectively):

Related Party		Sales to related parties \$000	Purchases from related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
<b>Consolidated</b>					
<i>Shareholders:</i>					
Continuum	2011	-	(4)	-	-
	2010	-	(51)	-	(1)
Nightingale Partners Ltd	2011	-	-	-	-
	2010	-	(10)	-	-
<i>Directors and related entities:</i>					
First Mobile (common shareholder/director)	2011	-	(2)	-	-
	2010	-	(10)	-	(3)
David Lyons	2011	-	-	-	-
	2010	-	(5)	-	-
Jens Neiser	2011	-	(25)	-	(13)
	2010	-	(25)	-	(13)
Mark Loveys	2011	-	(40)	-	(13)
	2010	-	(36)	-	(20)
Aaron Ridgway	2011	10	-	9	(158)
	2010	-	-	8	(106)

<b>Related Party</b>		<b>Sales to related parties \$000</b>	<b>Purchases from related parties \$000</b>	<b>Amounts owed by related parties \$000</b>	<b>Amounts owed to related parties \$000</b>
<b>Parent</b>					
<i>Subsidiaries:</i>					
Datasquirt (Australia) Pty Ltd	<b>2011</b>	<b>364</b>	<b>(279)</b>	<b>141</b>	-
	2010	396	(387)	56	-
Datasquirt (UK) Limited	<b>2011</b>	<b>685</b>	<b>(622)</b>	<b>71</b>	-
	2010	764	(778)	8	-
Datasquirt LLC	<b>2011</b>	<b>35</b>	<b>(46)</b>	-	-
	2010	55	(73)	11	-
Datasquirt AG	<b>2011</b>	<b>9</b>	<b>(14)</b>	-	<b>(119)</b>
	2010	31	(17)	-	(114)
<i>Shareholders:</i>					
Nightingale Partners Ltd	<b>2011</b>	-	-	-	-
	2010	-	(10)	-	-
<i>Directors and related entities:</i>					
First Mobile	<b>2011</b>	-	<b>(2)</b>	-	-
(common shareholder/director)	2010	-	(10)	-	(3)
David Lyons	<b>2011</b>	-	-	-	-
	2010	-	(5)	-	-
Jens Neiser	<b>2011</b>	-	<b>(25)</b>	-	<b>(13)</b>
	2010	-	(25)	-	(13)
Mark Loveys	<b>2011</b>	-	<b>(40)</b>	-	<b>(13)</b>
	2010	-	(36)	-	(20)
Aaron Ridgway	<b>2011</b>	<b>10</b>	-	<b>9</b>	<b>(158)</b>
	2010	8	(106)	8	(106)

*Terms and conditions of transactions with related parties:*

(i) Shareholders and other related parties

Sales to and purchases from related parties are made in arms length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

Enprise Limited and First Mobile are entities with which Datasquirt Limited transacts and are owned by Directors of the Group.

(ii) Subsidiaries

The transactions between the parent, Datasquirt Limited, and its subsidiaries, are comprised of cash advances from the parent to the subsidiaries, purchases made on behalf of one entity by another and transfer pricing transactions. The transfer pricing transactions include a management fee charged by the parent to each subsidiary, interest charged on intercompany balances during the year, and market support payments made by the parent to the subsidiary.



## 22 Key management personnel

### Compensation for key management personnel

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Salaries, bonuses and commissions	1,126	1,020	813	867
Other benefits	-	-	-	-
Total compensation	1,126	1,020	813	867

During the year, the number of employees or former employees, not being directors of Datasquirt Limited received remuneration and the value of other benefits that exceeded \$100,000 as follows:

	2011	2010
	Number of employees	
100,001 – 110,000	1	1
110,001 – 120,000	-	1
120,001 – 130,000	-	-
130,001 – 140,000	1	-
140,001 – 150,000	-	-
150,001 – 160,000	1	1
160,001 – 170,000	-	1
170,001 – 180,000	1	-
180,001 – 190,000	-	-
190,001 – 200,000	-	1
200,001 – 210,000	-	-
210,001 – 220,000	-	-
220,001 – 230,000	-	-
230,001 – 240,000	1	-
240,001 – 250,000	-	-
250,001 – 260,000	-	-
260,001 – 270,000	-	-
270,001 – 280,000	-	1
280,001 – 290,000	-	-
290,001 – 300,000	-	-
300,001 – 310,000	-	-
310,001 – 320,000	1	-

## 23 Share-based payment plans

### (a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Expense arising from equity-settled share-based payment transactions	-	-	-	-
Total expense arising from share-based payment transactions	-	-	-	-

The share-based payment plans are described below:

### (b) Types of share-based payment plans

#### *Employee Share Scheme (ESS)*

The Company has established an Employee Share Scheme under which the Company may offer shares to key employees.

There are currently 687,732 fully paid shares held by the Employee Share Trust for the benefit of two senior executives.

As a condition of these options, the shares would vest immediately in the event of an IPO or trade sale. Therefore when Datasquirt listed in September 2007, these shares were vested.

#### *Employee Share Options (ESOP)*

Share options may be granted to senior executives at the discretion of the Board, to align participants' interests with those of shareholders by increasing the value of the Company's shares. The exercise price of the options is set at the listing price of the shares, vesting over a three year period.

### (c) Summary of options granted under the share based payment plans

No options granted have been forfeited or exercised during the year ended 31 March 2011 (2010: nil).

The outstanding balance of exercisable options as at 31 March 2011 is represented by:

- 4,725 options over ordinary shares with an exercise price of \$37.85 issued prior to the share split (equivalent shares post share split 440,197 with an exercise price of A\$0.41 held by the Employee Share Trust);
- 2,656 options over ordinary shares with an exercise price of \$56.48 issued prior to the share split (equivalent shares post share split 247,535 with an exercise price of A\$0.41 held by the Employee Share Trust);
- 100,000 options over ordinary with an exercise price of A\$0.90 each.

### (d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 31 March 2011 is 2 years (2010: 3).

### (e) Weighted average fair value

The weighted average fair value of options granted during the year was nil (2010: nil).

### (f) Option pricing model

Equity-settled transactions

The fair value of the equity-settled share options is estimated as at the date of grant using the Black Scholes Model taking into account the terms and conditions upon which the options were granted. The value of the option is a function of possible future prices of the underlying share, taking into account factors of volatility, time to maturity and current risk free interest rates.

It has also been recognised that the option, and not the underlying shares, are being valued, and the options are not transferable. Therefore a discount rate has been applied to reflect their lack of marketability.

The following table lists the inputs to the models used for the year ended 31 March 2009:

	ESS 2009	ESS 2009	ESOP 2009
<i>Number of options</i>	4725	2656	100,000
Dividend yield (%)	0.00	0.00	0.00
Expected volatility (%)	55.00	55.00	55.00
Risk-free interest rate (%)	6.15	6.58	7.15
Expected life of option (years)	5	5	5
Option exercise price (\$NZ)	37.85	56.48	-
Option exercise price (\$AU)	-	-	.90
Weighted average share price at measurement date (\$NZ)	15.43	23.27	-
Weighted average share price at measurement date (\$AU)	-	-	.375
Model used	Black Scholes	Black Scholes	Black Scholes

As Datasquirt listed with ASX in September 2007, and does not have a long term trading history, volatility has been determined by reference to other listed Australian technology companies over the comparable periods of the grant of the options.

Given the current share price is well below the option exercise prices, the Directors have concluded that the share options may not be exercised. Therefore the fair value of the employee equity benefits reserve has been determined to be nil. (2010: nil).

## 24 Commitments

### (i) Leasing commitments

#### *Lease commitments*

The Group has entered into a commercial lease on the premises for Datasquirt New Zealand. The annual rent is \$45,000 inclusive of car parks.

The Group utilises hosting services with an annual contracted value of nil (2010: \$131,000).

The total expense recognised for the year ended 31 March 2011 in relation to operating commitments is \$49,000 (2010:\$306,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Within one year	49	250	45	162
After one year but not more than five years	-	174	-	174
After more than five years	-	-	-	-
Total minimum lease payments	49	424	45	336

### (ii) Property, plant and equipment commitments

The Company and Group had no contractual obligations to purchase plant and equipment at balance date. (2010: \$nil).

## 25 Contingencies

There were no known material contingent liabilities at 31 March 2011 (2010: Nil).

## 26 Events after the reporting date

There were no events of a material nature after reporting date which required adjustment or disclosure (2010: Nil).

## 27 Auditors' remuneration

	Consolidated		Parent	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Amounts received or due and receivable by WHK Auckland for:				
Audit of the financial statements	37	39	37	39
	37	39	37	39

The auditor of Datasquirt Limited is WHK Auckland.

## 28 Financial instruments classification

	Held for trading	Loans and receivable	Available for sale	Other amortised cost	2011
Consolidated	\$000	\$000	\$000	\$000	Total \$000
<b>Financial Assets:</b>					
Cash and cash equivalents	976	-	-	-	976
Trade and other receivables	-	1,290	-	-	1,290
<b>Total</b>	976	1,290	-	-	2,266

<b>Financial Liabilities:</b>					
Trade and other payables	-	836	-	-	836
<b>Total</b>	-	836	-	-	836

	Held for trading	Loans and receivable	Available for sale	Other amortised cost	2010
Consolidated	\$000	\$000	\$000	\$000	Total \$000
<b>Financial Assets:</b>					
Cash and cash equivalents	1,080	-	-	-	1,080
Trade and other receivables	-	639	-	-	639
<b>Total</b>	1,080	639	-	-	1,719

<b>Financial Liabilities:</b>					
Trade and other payables	-	704	-	-	704
<b>Total</b>	-	704	-	-	704

	Held for trading	Loans and receivable	Available for sale	Other amortised cost	2011
Parent	\$000	\$000	\$000	\$000	Total \$000
<b>Financial Assets:</b>					
Cash and cash equivalents	701	-	-	-	701
Trade and other receivables	-	1,181	-	-	1,181
<b>Total</b>	701	1,181	-	-	1,882
<b>Financial Liabilities:</b>					
Trade and other payables	-	726	-	-	726
<b>Total</b>	-	726	-	-	726
	Held for trading	Loans and receivable	Available for sale	Other amortised cost	2010
Parent	\$000	\$000	\$000	\$000	Total \$000
<b>Financial Assets:</b>					
Cash and cash equivalents	1,012	-	-	-	1,012
Trade and other receivables	-	456	-	-	456
<b>Total</b>	1,012	456	-	-	1,468
<b>Financial Liabilities:</b>					
Trade and other payables	-	625	-	-	625
<b>Total</b>	-	625	-	-	625

## Corporate Information

New Zealand company number	1562383
ARBN (Australian Registered Body Number)	125 825 792
ABN (Australian Business Number)	41 125 825 792

### Contact details

#### New Zealand

Level 2, 5 Nelson Street  
Auckland Central  
PO Box 911322  
Victoria Street West  
Auckland 1142  
Phone: +64 9 358 5878  
Fax: +64 9 358 5864

#### Australia

119 Willoughby Road  
Crows Nest  
Sydney  
NSW 2065  
Phone: +61 2 9956 3877  
Fax: +61 2 9439 2157

#### United Kingdom

10 Margaret Street  
London W1W 8RL  
Phone: +44 203 006 8280  
Fax: +44 203 008 6171

#### Internet address

www.datasquirt.com

#### email

info@datasquirt.com

#### Principal place of business

Level 2, 5 Nelson Street  
Auckland Central, New Zealand  
Phone: +64 9 358 5878

#### Registered office

Level 2, 5 Nelson Street  
Auckland Central, New Zealand

#### Principal place of business - Australia

119 Willoughby Road, Crows Nest  
Sydney, NSW 2065

#### Registered office – Datasquirt Australia

Level 12, 680 George Street  
Sydney, NSW 2000

#### North America

2401 Burnet Ave  
Syracuse, NY 13206  
Phone: +1 888 433 9882  
Fax: +1 315 437 9993

#### Germany

Rolander Weg 24  
40629 Dusseldorf  
Phone: +49 211 1678 145  
Fax: +49 211 1678 146

### Directors

Mark Loveys *Chairman*  
Aaron Ridgway *Chief Executive Officer*  
Jens Neiser  
Robert Ellis

### Local Agent

Company Matters Pty Limited

### Share Register

Registries Limited  
Level 7, 207 Kent Street  
Sydney, NSW 2000, Australia  
Phone: +61 2 9290 9600

Datasquirt Limited shares are listed on the Australian Securities Exchange

### Auditor

WHK Auckland, New Zealand

### Lawyer

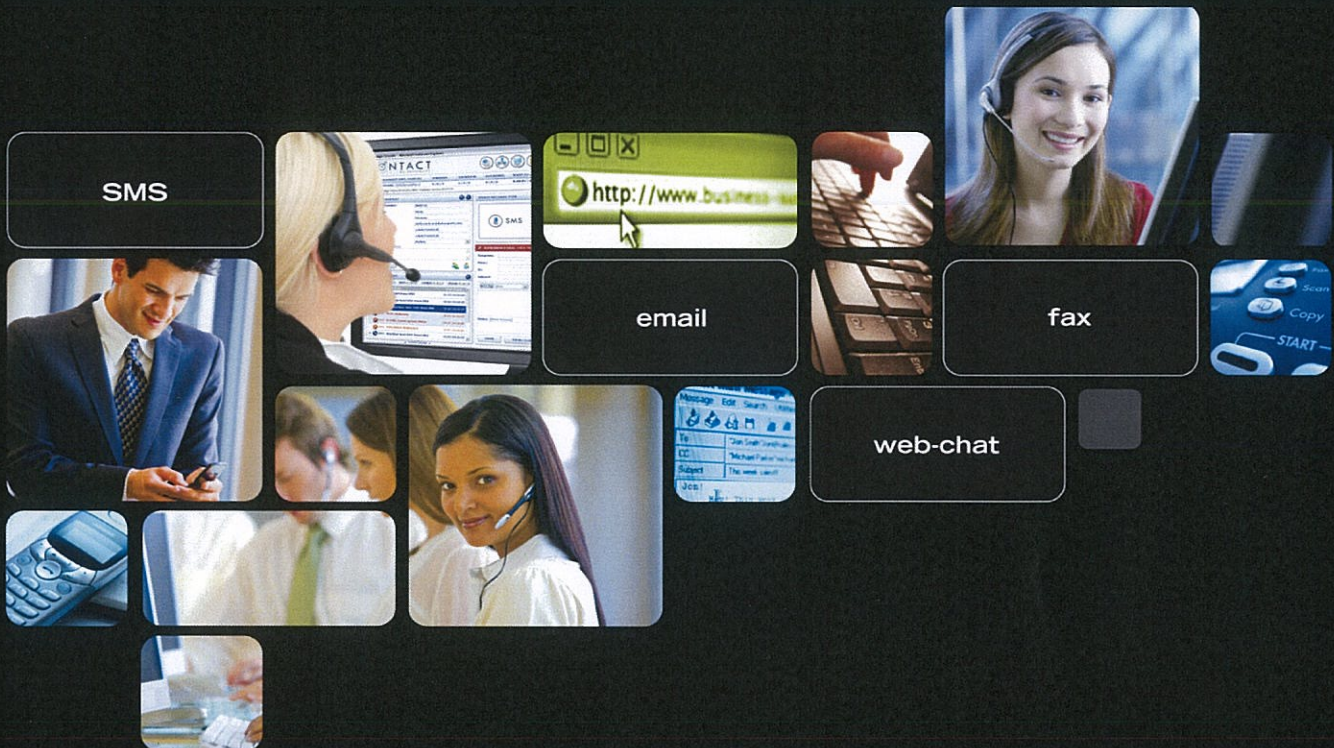
Hudson Gavin Martin, Auckland, New Zealand

### Principal Bankers

ASB Bank Limited, Auckland, New Zealand

# **ANNEXURE C5**







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## Directors' Report

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The Directors are pleased to submit to shareholders their report and financial statements for the year ended 31 March 2012.

### Principal Activities

DSQ Holdings Limited is currently a "cash box" investigating opportunities for investment of the cash remaining after the sale of the Datasquirt business and share buy back.

### Significant Changes in the State of Affairs

The company sold its business to LiveOps New Zealand on 20th December 2011 and then processed a share buy back as detailed in the Notice of Meeting dated 28 November 2011.

### Directors

Mr Mark Loveys was appointed to the Board on 30 September 2004

Mr Jens Neiser was appointed to the Board on 1 July 2006

Mr Robert Ellis resigned on 10 April 2012.

Mr Aaron Ridgway resigned on 10 April 2012

Mr Christian Bernecker was appointed to the Board on 10 April 2012

Mr George Cooper was appointed to the Board on 10 April 2012

### Remuneration of Directors

The remuneration of the Directors for the year ended 31 March 2012 has been disclosed in Note 7(b) of this Report.

### Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

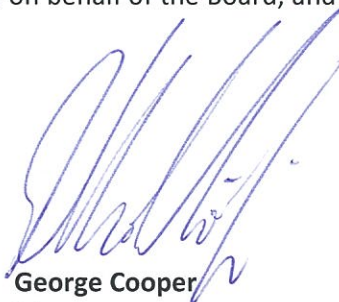
### Review of Operations and Outlook

DSQ Holdings Limited having sold the business of Datasquirt is investigating opportunities for investment of the remaining cash reserves.

The financial statements are signed for and on behalf of the Board, and were authorised for issue on the date below.



**Mark Loveys**  
Chairman



**George Cooper**  
Director

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF DSQ HOLDINGS LIMITED (PREVIOUSLY KNOWN AS  
DATASQUIRT LIMITED)**

**Report on the Financial Statements**

We have audited the financial statements of DSQ Holdings Limited on pages 5 to 36, which comprise the consolidated and separate statement of financial position as at 31 March 2012, the consolidated and separate statement of comprehensive income, the statements of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor, we have no other relationship with, or interests in, DSQ Holdings Limited or any of its subsidiaries.

**Opinion**

In our opinion, the financial statements on pages 5 to 36:

- comply with generally accepted accounting practice in New Zealand;
- comply with the New Zealand Equivalents to International Financial Reporting Standards;
- give a true and fair view of the financial position of DSQ Holdings Limited and the group as at 31 March 2012, and their financial performance and cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by DSQ Holdings Limited as far as appears from an examination of those records.

*UHY Haines Norton*  
.....

**UHY Haines Norton  
Chartered Accountants  
Auckland**

Date: *30<sup>th</sup> June 2012*  
.....



## Statement of Financial Position

As at 31 March 2012

	Note	Consolidated		Parent	
		2012	2011	2012	2011
		\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	11	3,142	976	3,142	701
Trade and other receivables	12	17	1,315	17	1,189
<b>Total Current Assets</b>		<b>3,159</b>	<b>2,291</b>	<b>3,159</b>	<b>1,890</b>
<b>Non-current Assets</b>					
Investments in subsidiaries	13	-	-	-	3
Property, plant and equipment	14	-	44	-	33
Intangible assets	15	-	29	-	29
<b>Total Non-current Assets</b>		<b>-</b>	<b>73</b>	<b>-</b>	<b>65</b>
<b>TOTAL ASSETS</b>		<b>3,159</b>	<b>2,364</b>	<b>3,159</b>	<b>1,955</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	16	108	1,421	108	1,146
Provisions	17	-	108	-	102
<b>Total Current Liabilities</b>		<b>108</b>	<b>1,529</b>	<b>108</b>	<b>1,248</b>
<b>TOTAL LIABILITIES</b>		<b>108</b>	<b>1,529</b>	<b>108</b>	<b>1,248</b>
<b>EQUITY</b>					
<b>Equity attributable to equity holders of the parent</b>					
Contributed equity	18	2,408	11,850	2,408	11,850
Retained earnings		643	(10,997)	643	(11,143)
Reserves	19	-	(18)	-	-
<b>TOTAL EQUITY</b>		<b>3,051</b>	<b>835</b>	<b>3,051</b>	<b>707</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,159</b>	<b>2,364</b>	<b>3,159</b>	<b>1,955</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorise the issue of these financial statements on 30 June 2012:

Mark Loveys  
Chairman  
30 June 2012

George Cooper  
Director  
30 June 2012

## Statement of Comprehensive Income

For the year ended 31 March 2012

	Note	Consolidated		Parent	
		2012	2011	2012	2011
		\$000	\$000	\$000	\$000
<b>Revenue</b>					
Revenue		2,447	2,916	1,567	1,960
Other revenue	6	16	79	16	789
Net gain on foreign exchange		-	39	-	35
		<b>2,463</b>	<b>3,034</b>	<b>1,583</b>	<b>2,784</b>
Development and implementation expenses		(21)	(45)	(21)	(32)
Hosting and connectivity expenses		(305)	(373)	(186)	(264)
Transaction costs		(289)	(341)	(71)	(112)
Commissions		(146)	(294)	(71)	(178)
Advertising expense		(88)	(108)	(67)	(82)
Employee benefits expense	7(d)	(1,646)	(1,671)	(1,304)	(1,343)
Professional fees	7(b)	(319)	(205)	(318)	(116)
Travel expenses		(87)	(117)	(46)	(67)
Market support	21(d)	-	-	-	(843)
Other operating expenses	7(a)	(299)	(402)	(113)	(326)
Net loss on foreign exchange		(200)	-	(183)	-
Depreciation & impairment	7(c)	(17)	(44)	(15)	(36)
<b>Loss from operations before income tax</b>		<b>(954)</b>	<b>(566)</b>	<b>(812)</b>	<b>(615)</b>
<b>Non-operating Revenue</b>	31	<b>15,893</b>		<b>15,893</b>	
Income tax expense	8	(4)	(33)	-	(15)
<b>Profit / (Loss) after income tax</b>		<b>14,935</b>	<b>(599)</b>	<b>15,081</b>	<b>(630)</b>
<b>Net profit (loss) for the period</b>		<b>14,935</b>	<b>(599)</b>	<b>15,081</b>	<b>(630)</b>
<b>Other comprehensive income</b>					
Movement in translation reserve		18	-	-	-
<b>Other comprehensive income for the period, net of income tax</b>		<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>14,953</b>	<b>(599)</b>	<b>15,081</b>	<b>(630)</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:</b>	10				
Basic earnings per share		0.58	(0.02)		
Diluted earnings per share		0.58	(0.02)		

The above statement of comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

For the year ended 31 March 2012

	Note	Consolidated		Parent	
		2012	2011	2012	2011
		\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of GST)		3,177	2,389	2,359	1,342
Payments to suppliers and employees (inclusive of GST)		(3,966)	(3,164)	(2,897)	(2,340)
Interest paid		(3)	(4)	(3)	(4)
Interest received		9	14	9	14
Tax paid		(4)	(18)	-	-
Receipt of government grants		7	107	7	107
<b>Net cash flows used in operating activities</b>	20	<b>(780)</b>	<b>(676)</b>	<b>(525)</b>	<b>(881)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(19)	(4)	(4)	(4)
Purchase of intangibles		(9)	(3)	(9)	(3)
<b>Net cash flows used in investing activities</b>		<b>(28)</b>	<b>(7)</b>	<b>(13)</b>	<b>(7)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		-	540	-	540
Share Buy Back		(12,737)	-	(12,737)	-
Sale of Business		15,893	-	15,893	-
<b>Net cash flows from financing activities</b>		<b>3,156</b>	<b>540</b>	<b>3,156</b>	<b>540</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,348</b>	<b>(143)</b>	<b>2,624</b>	<b>(348)</b>
Net foreign exchange differences		(182)	39	(183)	37
Cash and cash equivalents at beginning of period		976	1,080	701	1,012
<b>Cash and cash equivalents at end of period</b>		<b>3,142</b>	<b>976</b>	<b>3,142</b>	<b>701</b>

The above statement cash flows should be read in conjunction with the accompanying notes.



## Statement of Changes in Equity

For the year ended 31 March 2012

	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	2011 Total equity \$000
<b>Consolidated</b>						
Balance at 1 April 2010		11,310	-	(18)	(10,398)	894
Net loss for the period		-	-	-	(599)	(599)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	(599)	(599)
<b>Transactions with owners, recorded directly in equity</b>						
Rights Issue		540	-	-	-	540
<b>Balance at 31 March 2011</b>	19	11,850	-	(18)	(10,997)	835
	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	2012 Total equity \$000
<b>Consolidated</b>						
Balance at 1 April 2011		11,850	-	(18)	(10,997)	835
Net profit for the period		-	-	-	14,935	14,935
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	18	-	18
<b>Total other comprehensive income</b>		-	-	18	-	18
<b>Total comprehensive income for the period</b>		-	-	18	14,935	14,935
<b>Transactions with owners, recorded directly in equity</b>						
Share Buy Back		(9,442)	-	-	-	(9,442)
Loss on Share Buy Back		-	-	-	(3,295)	(3,295)
<b>Balance at 31 March 2012</b>	19	2,408	-	-	643	3,051
	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	2011 Total equity \$000
<b>Parent</b>						
Balance at 1 April 2010		11,310	-	-	(10,513)	797
Net loss for the period		-	-	-	(630)	(630)
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	-	-	-
Investment in subsidiary impairment loss		-	-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	(630)	(630)
<b>Transactions with owners, recorded directly in equity</b>						
Employee equity benefits reserve write-off		540	-	-	-	540
<b>Balance at 31 March 2011</b>	19	11,850	-	-	(11,143)	707
	Note	Share capital \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	2012 Total equity \$000
<b>Parent</b>						
Balance at 1 April 2011		11,850	-	-	(11,143)	707
Net profit for the period		-	-	-	15,081	15,081
<b>Other comprehensive income</b>						
Movement in translation reserve		-	-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	15,081	15,081
<b>Transactions with owners, recorded directly in equity</b>						
Share Buy Back		(9,442)	-	-	-	(9,442)
Loss on Share Buy Back		-	-	-	(3,295)	(3,295)
<b>Balance at 31 March 2012</b>	19	2,408	-	-	643	3,051

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

### For the year ended 31 March 2012

#### 1 Corporate information

The financial statements of DSQ Holdings Limited (the Company) for the year ended 31 March 2012 were authorised for issue in accordance with a resolution of the directors on 30 June 2012.

DSQ Holdings Limited (the parent) is a company limited by shares incorporated in New Zealand whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report section of this annual report.

#### 2 Summary of significant accounting policies

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##### (a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis.



The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

**(b) Statement of Compliance**

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable financial reporting standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

**(c) New accounting standards and interpretations**

Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 31 March 2012. These are outlined in the table below.

Reference	Title	Summary of requirements	Effective date – periods beginning on or after	Impact on Group financial report	Application date for Group*
NZ IFRS 9	Financial Instruments: Classification and Measurement	Requires all financial assets to be: (a) Classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. (b) Initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs (c) Subsequently measured at amortised cost or fair value.	1 January 2013	Application of a consistent approach to classifying financial assets, and the use of one impairment method.	1 April 2013
Amendments to NZ IAS 12	Income Taxes	The amendment introduces an exception to current measurement principles based on the manner the manner of recovery in paragraph 52 of NZ IAS 12 for investment property measured using the fair value model in accordance with NZ IAS 40 Investment Property.	1 January 2012	Application of measurement principles based on the manner of recovery of the value of an investment property.	1 April 2012
Amendments to NZ IFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets	The amendments require additional disclosures about transfer of financial assets to enable users of financial statements, <ul style="list-style-type: none"> <li>to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and</li> <li>to evaluate the nature of and the risks associated with, the entity's continuing involvement in derecognised financial assets</li> </ul>	1 July 2011	Additional disclosures about the transfer of financial assets to be made.	1 April 2012

**(d) Basis of consolidation**

The consolidated financial statements (the group) of DSQ Holdings Limited comprise the financial statements and its subsidiaries (as outlined in note 5) as at 31 March each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group.

Investments in subsidiaries held by DSQ Holdings Limited are accounted for at cost in the separate financial statements of the parent entity.

**(e) Segment reporting - refer note 5**

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 operating business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

**(f) Foreign currency translation**

*(i) Functional and presentation currency*

Both the functional and presentation currency of DSQ Holdings Limited is New Zealand dollars (\$). The subsidiaries' functional currency is the local currency which is translated to presentation currency (see below).

*(ii) Transactions & balances*

Subsidiary	Local Currency	Presentation Currency
Datasquirt (Australia) Pty Limited	Australian dollars (\$)	New Zealand dollars (\$)
Datasquirt UK Limited	British pounds (£)	New Zealand dollars (\$)
Datasquirt LLC	United States dollars (\$)	New Zealand dollars (\$)
Datasquirt AG	Euro (€)	New Zealand dollars (\$)

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

*(iii) Translation of Group Companies functional currency to presentation currency*

The results of the subsidiaries are translated into New Zealand dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

**(g) Cash and cash equivalents - refer note 11**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(h) Trade and other receivables - refer note 12**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

**(i) Property, plant and equipment - refer note 14**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. The cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in statement of comprehensive income as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets:

Computer equipment - over 3 to 5 years

Furniture and fittings - over 5 to 10 years

Phones – over 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

*Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

**(j) Leases - refer note 24**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

**(k) Intangibles - refer note 15**

Intangibles are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. See note 15.

Internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

*Research and development costs*

Research costs are expensed as incurred.

**(l) Trade and other payables - refer note 16**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Provisions and employee benefits - refer note 17**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

### ***Employee leave benefits***

#### ***Wages, salaries, annual leave and sick leave***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### **(n) Share-based payment transactions - refer note 23**

#### ***Equity settled transactions***

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of DSQ Holdings Limited if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of:

- i. the grant date fair value of the award;
- ii. the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- iii. the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 10).

### **(o) Revenue recognition - refer note 6**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### ***(i) Rendering of services-***

Contract income, which includes license fees, hosting fees and transaction fees, is recognised in the income



statement in the accounting period in which the service is rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

*(ii) Interest revenue*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

*(iii) Licence Fees and Royalties*

Fees and royalties paid for the use of an entity's assets, such as software, are recognised in accordance with the substance of the agreement. An assignment of rights for a non-refundable fee under a non-cancellable contract which permits the licensee to exploit those rights freely and where DSQ Holdings Limited has no obligations subsequent to delivery of software under the licensing agreement, is recognised as a sale.

**(p) Income tax and other taxes - refer note 8**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

On the basis that deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the carry-forward of unused tax credits and unused tax losses can be utilised, DSQ Holdings Limited has taken the conservative position that there is not sufficient certainty to justify the recognition of a deferred income tax asset at this time.

Temporary differences are not material, and have not been recognised as a deferred tax asset.

*Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

- i. when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii. receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

**(q) Government grants- refer note 6**

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants are awarded on a 50% cost sharing basis between NZTE and The Group, and are only reimbursed on costs actually already incurred by the Group.

The grants recognised have no outstanding terms and conditions and are not credited directly to shareholders' equity.

**(r) Earnings per share - refer note 10**

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted number of ordinary shares and dilutive potential ordinary shares.

**(s) Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other

assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

DSQ Holdings Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

**(t) Contributed equity - refer note 18**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 3 Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate, liquidity risk and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of the risks identified below, foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

#### Risk exposures and responses

##### Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash deposited in interest-bearing call accounts. Interest rates are monitored although there is generally no significant variation in interest rates offered by the different major banks.

The local operational bank accounts do not earn interest.

*At 31 March 2012, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:*

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
<b>Consolidated</b>				
+1% (100 basis points)	31	7	31	7
- 1% (100 basis points)	(31)	(7)	(31)	(7)
<b>Parent</b>				
+1% (100 basis points)	31	7	31	7
- 1% (100 basis points)	(31)	(7)	(31)	(7)

The sensitivity is higher in 2012 than in 2011 because of a increase in the level of funds on deposit.

##### Credit risk

Credit risk arises from the financial assets of the Group, being trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The only significant concentration of credit risk within the Group exists in relation to cash and cash equivalents, the majority being held with two major trading banks.

#### *Foreign currency risk*

Each entity in the Group conducts the majority of its transactions in its functional currency.

The currency exposure of the Group arises from the effect of any substantial movements in currency rates on the transfer of funds (the large proportion being in Australian dollars) to the local currency of the subsidiary to fund operations.

The net exposure is not significant due to the size of the foreign operations, and is mitigated by the regular transfer of small advances to spread the currency risk over time. Although each subsidiary or geographic segment is subject to variations in foreign currency rates, each segment is not material. Refer to note 5 on segment reporting.

#### *Liquidity risk*

The Group manages liquidity risk by closely monitoring working capital commitments, primarily trade receivables and trade payables. All payables are payable within 30 days.

#### *Financial assets*

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and held to maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through the profit and loss.

#### *Financial assets at fair value through profit and loss*

Assets in this category are classified as current assets if they are expected to be realised within 12 months of the reporting date.

#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

The Group's loan\ and receivables comprise receivables and cash and cash equivalents. Interest income is recognised by applying the effective interest rate.

#### *Held to maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

#### *Other*

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

#### *Financial assets measurement*

Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value

through profit or loss' category are included in the profit or loss in the period in which they arise.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

#### 4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the bases of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

##### *Recovery of deferred tax assets*

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

##### *Impairment of non-financial assets other than goodwill*

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include a subsidiary's financial performance, as well as the technology, economic and political environments and future market expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management have considered whether assets have in fact been impaired, and have determined that all assets are fully recoverable.

##### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

#### 5 Segment information

As the Group is focused on the development, distribution and sales of the core software product CONTACT along with associated services, there is effectively one business segment. The Group's risks and returns are affected predominantly by differences in the economic environment each subsidiary operates in, so the Group's primary segment reporting format is geographic segments.

The geographic segments are described in the table below:

Legal Entity	Location	Geographic region
DSQ Holdings Limited ( <i>Head Office</i> )	New Zealand	New Zealand
Datasquirt (Australia) Pty Limited	Australia	Australia and South-East Asia
Datasquirt UK Limited	England	United Kingdom and Ireland
Datasquirt LLC	United States	United States and Canada
Datasquirt AG	Germany	Germany



### Geographic segments

The following table presents revenue, profit, and certain asset information regarding the subsidiaries performance for the year.

<b>Year ended 31 March 2012</b>	<b>New Zealand \$000</b>	<b>Australia \$000</b>	<b>United Kingdom \$000</b>	<b>United States \$000</b>	<b>Germany \$000</b>	<b>TOTAL \$000</b>
Revenue	1,567	349	531	-	-	2,447
Other income	16	-	-	-	-	16
Total segment revenue	1,583	349	531	-	-	2,463
Inter-segment elimination						-
Total consolidated revenue						2,463
Interest received	9	-	-	-	-	9
Inter-segment elimination						-
Total consolidated interest received						9
Net profit	15,081	154	(300)	-	-	14,935
Inter-segment elimination						-
Total consolidated loss						14,935
Investment in subsidiary impairment loss	-	-	-	-	-	-
Inter-segment elimination						-
Total consolidated investment in subsidiary impairment loss						-
Depreciation	15	-	2	-	-	17
Capital expenditure	13	-	15	-	-	28
Segment assets – current	3,159	-	-	-	-	3,159
Segment assets – non-current	-	-	-	-	-	-
Inter-segment elimination						-
Total consolidated assets						3,159
Liabilities	108	-	-	-	-	108
Inter-segment elimination						-
Total consolidated liabilities						108

<b>Year ended 31 March 2011</b>	<b>New Zealand \$000</b>	<b>Australia \$000</b>	<b>United Kingdom \$000</b>	<b>United States \$000</b>	<b>Germany \$000</b>	<b>TOTAL \$000</b>
Revenue	1,960	484	645	5	-	3,094
Other income	824	185	594	46	11	1,660
Total segment revenue	2,784	669	1,239	51	11	4,754
Inter-segment elimination						(1,720)
Total consolidated revenue						3,034
Interest received	22	-	-	-	3	25
Inter-segment elimination						(10)
Total consolidated interest received						15
Net loss	(630)	10	20	-	1	(599)
Inter-segment elimination						-
Total consolidated loss						(599)
Investment in subsidiary	-	-	-	-	-	-

impairment loss						
Inter-segment elimination						-
Total consolidated investment in subsidiary impairment loss						-
Depreciation	36	1	3	3	1	44
Capital expenditure	7	-	-	-	-	7
Segment assets – current	1,890	256	353	3	120	2,622
Segment assets – non-current	65	2	6	3	-	76
Inter-segment elimination						(334)
Total consolidated assets						2,364
Liabilities	1,248	274	331	1	7	1,861
Inter-segment elimination						(332)
Total consolidated liabilities						1,529

The note must be read in conjunction with Note 31 which further explains the direction of the group's trading affairs.

## 6 Other revenue

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Government grants	7	65	7	65
Interest	9	14	9	22
Management fee	-	-	-	702
	16	79	16	789

Government grants relating to market development have been claimed during the year and recorded at fair value. There are no unfulfilled conditions or contingencies attaching to the grants.

## 7 Expenses

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>(a) Other operating expenses</b>				
Communications	69	106	44	78
Premises (operating lease)	54	109	37	69
Other	176	187	32	179
	299	402	113	326
<b>(b) Professional fees</b>				
Directors fees	92	82	92	82
Consultancy	-	55	-	1
Accountancy	119	67	118	32
Legal	108	1	108	1
	319	205	318	116
<b>(c) Depreciation, impairment and amortisation included in income statement</b>				
Depreciation	16	42	14	34
Amortisation	1	2	1	2
	17	44	15	36
<b>(d) Employee benefits expense</b>				
Wages and salaries	1,517	1,330	1,205	1,060
Other employee benefits expense	129	341	99	283
	1,646	1,671	1,304	1,343

## 8 Income tax

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>(a) Income tax expense</b>				
<i>Statement of comprehensive income</i>				
Current income tax	(4)	(33)	-	(15)
<b>(b) Reconciliation between tax at statutory rate and tax expense in the statement of comprehensive income</b>				
Profit (Loss) before tax	14,935	(599)	15,081	(630)
Statutory tax at 15% to 35% thereon	4,223	(196)	4,223	(189)
Relating to origination and reversal of temporary differences	(15)	26	(15)	2
Non-deductible items	32	2	36	2
Non-refundable tax credit written off	-	15	-	15
Capital Gain on sale of business	(4,450)	-	(4,450)	-
Adjustment in respect of current tax in previous years	-	286	-	231
Prior year losses to be carried forward	(2,704)	(2,998)	(2,704)	(2,974)
Tax losses available to be carried forward to future periods not recognised at 28%	2,910	2,704	2,910	2,704
Impact of tax rate change to 28%	-	194	-	194
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>(4)</b>	<b>(33)</b>	<b>-</b>	<b>(15)</b>

### (c) Unrecognised temporary differences and tax losses

Unrecognised temporary differences are not material

Accumulated tax losses	(10,396)	(9,657)	(10,396)	(9,657)
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The company continues to meet the shareholder continuity requirement to carry forward tax losses. However, the directors do not believe the company meets the level of certainty of recoverability of tax losses required to recognise a deferred taxation asset and hence have not accounted for the asset.

	Parent	
	2012	2011
	\$000	\$000
<b>(d) Imputation credit balance</b>		
The amount of imputation credits available for the subsequent year are:		
Balance at beginning of year	15	30
Add: Income tax payments during the year	-	-
RWT on interest received	2	3
Imputation credits attached to dividends paid during the year	-	-
	2	3
Less: Imputation credits attached to dividends paid during the year	-	-
Tax refund received	12	18
Other debits	-	-
	12	18
Balance at end of year	5	15
Balance at end of year available to the shareholders of the parent were:		
Through direct shareholding in the parent	5	15
Through indirect interests in subsidiaries	-	-
	5	15

## 9 Dividends paid and proposed

No dividends have been paid or proposed to date. (2011 : nil)

## 10 Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

	Consolidated	
	2012	2011
	\$000	\$000
<b>(a) Earnings used in calculating earnings per share</b>		
<i>For basic earnings per share:</i>		
Net profit (loss) attributable to ordinary equity holders of the parent	14,935	(599)
<i>For diluted earnings per share:</i>		
Net profit (loss) attributable to ordinary equity holders of the parent (from basic EPS)	14,935	(599)
Net profit (loss) attributable to ordinary equity holders of the parent	14,935	(599)
<b>(b) Weighted average number of shares</b>	2012	2011
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	25,536	28,826
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	25,536	28,826

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

### (c) Information on the classification of securities

#### (i) Options

Options granted to employees (including key management personnel) as described in note 23 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

## 11 Current assets - cash and cash equivalents

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Cash at bank and in hand	3,142	427	3,142	152
Short-term deposits	-	549	-	549
	3,142	976	3,142	701

## 12 Current assets - trade and other receivables

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Trade receivables	-	1,200	-	900
Allowance for impairment loss (a)	-	-	-	-
Other receivables	17	106	17	68
	17	1,306	17	968
Related party receivables (b)				
Subsidiaries	-	-	-	212
Other related parties	-	9	-	9
Carrying amount of trade and other receivables	17	1,315	17	1,189

### (a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for bad debts is recognised when there is objective evidence that an individual trade receivable is impaired.

Bad debts of \$nil (2011: nil) have been recognised by the Group and bad debts recovery of nil (2011: nil) by the Company in the current year. These amounts have been included in other operating expenses item.

Movements in the provision for impairment loss were as follows:

	Consolidated		Parent	
	2012	2011	2012	2011
At 1 April	-	-	-	-
Charge for the year	-	-	-	-
Amounts written off	-	-	-	-
At 31 March	-	-	-	-

At 31 March 2012, the ageing analysis of trade receivables is as follows:

		Total	0 – 30 days	31 – 60 days	61- 90 days	+91 days	+91 days
				days	PDNI*	PDNI*	CI*
2012	Consolidated	-	-	-	-	-	-
2012	Parent	-	-	-	-	-	-
2011	Consolidated	1,200	931	161	41	67	-
2011	Parent	900	762	100	9	29	-

\* Past due not impaired (PDNI) Considered impaired (CI)

### (b) Related Party Receivables

For terms and conditions of related party receivables refer to note 21.

### (c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

### (d) Foreign exchange and interest risk

For further information on the management of foreign exchange and interest risk refer to Note 3.

### 13 Non-current assets – investments in subsidiaries

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Investments in controlled entities (note 21)				
– at cost	-	-	-	3
	-	-	-	3

As all European sales were being administered by our subsidiary Datasquirt UK Limited, the investment in the subsidiary Datasquirt AG has been fully written down.

### 14 Non-current assets – property, plant and equipment

Consolidated	Computer equipment \$000	Furniture and fittings \$000	Phones \$000	Total \$000
<b>Year ended 31 March 2012</b>				
At 1 April 2011 net of accumulated depreciation and impairment	16	28	-	44
Additions	19	-	-	19
Disposals	(21)	(26)	-	(47)
Depreciation charge for the year	(14)	(2)	-	(16)
At 31 March 2012 net of accumulated depreciation and impairment	-	-	-	-
<b>At 31 March 2012</b>				
Cost or fair value	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-
Net carrying amount	-	-	-	-

Consolidated	Computer equipment \$000	Furniture and fittings \$000	Phones \$000	Total \$000
<b>Year ended 31 March 2011</b>				
At 1 April 2010 net of accumulated depreciation and impairment	24	34	-	58
Additions	4	-	-	4
Disposals	-	-	-	-
Depreciation charge for the year	(12)	(6)	-	(18)
At 31 March 2011 net of accumulated depreciation and impairment	16	28	-	44
<b>At 31 March 2011</b>				
Cost or fair value	209	61	10	280
Accumulated depreciation and impairment	(193)	(33)	(10)	(236)
Net carrying amount	16	28	-	44

## 14 Non-current assets – property, plant and equipment (cont)

Parent	Computer equipment \$000	Furniture and fittings \$000	Phones \$000	Total \$000
<b>Year ended 31 March 2012</b>				
At 1 April 2011 net of accumulated depreciation and impairment	10	23	-	33
Additions	19	-	-	19
Disposals	(16)	(21)	-	(37)
Depreciation charge for the year	(13)	(2)	-	(15)
At 31 March 2012 net of accumulated depreciation and impairment	-	-	-	-
<b>At 31 March 2012</b>				
Cost or fair value	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-
Net carrying amount	-	-	-	-

Parent	Computer equipment \$000	Furniture and fittings \$000	Phones \$000	Total \$000
<b>Year ended 31 March 2011</b>				
At 1 April 2010 net of accumulated depreciation and impairment	15	27	-	42
Additions	2	-	-	2
Disposals	-	-	-	-
Depreciation charge for the year	(7)	(4)	-	(11)
At 31 March 2011 net of accumulated depreciation and impairment	10	23	-	33
<b>At 31 March 2011</b>				
Cost or fair value	164	41	10	215
Accumulated depreciation and impairment	(154)	(18)	(10)	(182)
Net carrying amount	10	23	-	33



## 15 Non-current assets – intangible assets

Consolidated	Software licences \$000	Patents and trademarks \$000	Total \$000
<b>Year ended 31 March 2012</b>			
At 1 April 2011 net of accumulated amortisation and impairment	16	13	29
Additions	9	-	9
Impairment	-	-	-
Amortisation charge for the year	(1)	-	(1)
Sale of business	(24)	(13)	(37)
At 31 March 2012 net of accumulated amortisation and impairment	-	-	-
<b>At 31 March 2012</b>			
Cost or fair value	-	-	-
Accumulated amortisation and impairment	-	-	-
Net carrying amount	-	-	-

Consolidated	Software licences \$000	Patents and trademarks \$000	Total \$000
<b>Year ended 31 March 2011</b>			
At 1 April 2010 net of accumulated amortisation and impairment	37	15	52
Additions	3	-	3
Impairment	-	(2)	(2)
Amortisation charge for the year	(24)	-	(24)
At 31 March 2011 net of accumulated amortisation and impairment	16	13	29
<b>At 31 March 2011</b>			
Cost or fair value	209	17	226
Accumulated amortisation and impairment	(193)	(4)	(197)
Net carrying amount	16	13	29

## 15 Non-current assets – intangible assets (cont)

Parent	Software licences \$000	Patents and trademarks \$000	Total \$000
<b>Year ended 31 March 2012</b>			
At 1 April 2011 net of accumulated amortisation and impairment	16	13	29
Additions	9	-	9
Impairment	-	-	-
Amortisation charge for the year	(1)	-	(1)
Sale of business	(24)	(13)	(37)
At 31 March 2012 net of accumulated amortisation and impairment	-	-	-
<b>At 31 March 2012</b>			
Cost or fair value	-	-	-
Accumulated amortisation and impairment	-	-	-
Net carrying amount	-	-	-

Parent	Software licences \$000	Patents and trademarks \$000	Total \$000
<b>Year ended 31 March 2011</b>			
At 1 April 2010 net of accumulated amortisation and impairment	36	15	51
Additions	3	-	3
Impairment	-	(2)	(2)
Amortisation charge for the year	(23)	-	(23)
At 31 March 2011 net of accumulated amortisation and impairment	16	13	29
<b>At 31 March 2011</b>			
Cost or fair value	208	17	225
Accumulated amortisation and impairment	(192)	(4)	(196)
Net carrying amount	16	13	29

### (a) Description of the Group's intangible assets

#### (i) Software Licenses

Software license costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the diminishing value method over a period of 3 years. The amortisation has been recognised in the statement of comprehensive income in the line item depreciation and impairment. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

#### (ii) Patents and licenses

Patents and licences are carried at cost less accumulated impairment losses or accumulated amortisation. These intangible assets have been determined to have finite useful lives. Patents and licences are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

## 16 Current liabilities - trade and other payables

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Trade payables	-	370	-	213
Payroll liabilities	-	125	-	117
Other payables	108	733	108	512
	108	1,228	108	842
Related party payables (a)				
Subsidiaries	-	-	-	120
Other related parties	-	193	-	184
Carrying amount of trade and other payables	108	1,421	108	1,146

### (a) Related party payables

For the terms and conditions relating to related party payables, refer to note 21.

### (b) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### (c) Foreign exchange and liquidity risk

For further information on the management of foreign exchange and liquidity risk refer, to note 3.

## 17 Current liabilities – provisions

Movements in the provisions accounts were as follows:

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
At 1 April	108	105	102	99
Charges for staff leave entitlements for the year	-	43	-	29
Reversals for staff leave entitlements for the year	(108)	(40)	(102)	(26)
At 31 March	-	108	-	102

## 18 Contributed equity

	Consolidated		Parent	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Ordinary shares (a)	2,408	11,850	2,408	11,850
	2,408	11,850	2,408	11,850
<b>(a) Ordinary shares</b>				
Issued and fully paid	2,408	11,850	2,408	11,850

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Thousands	\$000
<i>Movement in ordinary shares on issue</i>		
At 1 April 2010	28,029	11,310
Transaction cost recovery - IPO	(i) -	34
Share issue	(ii) 2,767	366
Share issue	(iii) 1,237	159
Transaction costs – rights issue	(iv) -	(19)
At 31 March 2011	32,033	11,850
Share buy back	(v) (25,524)	(9,442)
Cancellation of ESS	(vi) (696)	-
At 31 March 2012	5,813	2,408

- (i) Recovery of GST on IPO costs
- (ii) Non-renounceable rights issue of 2,767,177 shares on 13 January 2011
- (iii) Issue of 1,236,914 shortfall shares to the rights issue underwriters on 27 January 2011
- (iv) Costs associated with rights issue concluded on 13 January 2011
- (v) Share buy back up to 12 January 2012
- (vi) Cancellation of employee share scheme shares on 27 January 2012

### (b) Option scheme

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain executives and senior employees (refer to note 23).

### (c) Capital management

DSQ Holdings Limited was an early stage technology company which listed on the Australian Securities Exchange in September 2007 for the express purpose of funding its international expansion program. The Board oversees the implementation of the global strategy, monitoring the capital available and how it is deployed to achieve the goals of the Group. DSQ Holdings Limited is currently a "cash box" and is investigating business opportunities.

Management has no immediate plans to issue further shares on the market.

The Group is not subject to any externally imposed capital requirements.

## 19 Retained earnings and reserves

### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

### *Employee equity benefits reserve*

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. Given the current share price is well below the option exercise prices, the Directors have concluded that the share options may not be exercised. Therefore the fair value of the employee equity benefits reserve has been determined to be nil. (2011: \$nil). Refer to note 23 for further details of these plans.

## 20 Statement of cash flows reconciliation

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Reconciliation of net profit to net cash flows from operations</b>				
Net loss	(936)	(599)	(812)	(630)
<i>Adjustments for non-cash items:</i>				
Depreciation	17	44	15	36
Net loss (gain) on foreign exchange	182	(39)	183	(35)
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in trade and other receivables	1,298	(610)	1,172	(712)
(Decrease)/increase in trade and other payables	(1,421)	528	(1,140)	460
Net Working Capital assumed on sale	80	-	57	-
Net cash from operating activities	(780)	(676)	(525)	(881)

## 21 Related party disclosure

### (a) Subsidiaries

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

Subsidiary name	Country of incorporation	Principal Activity	% of equity interest		Investment (\$000)	
			2012	2011	2012	2011
Datasquirt (Australia) Pty Limited	Australia	Software sales	100	100	-	-
Datasquirt UK Limited	United Kingdom	Software sales	100	100	-	-
Datasquirt LLC	United States	Software sales	100	100	-	3
Datasquirt AG	Germany	Software sales	100	100	-	-
					3	3

Local minimum equity requirements determined that DSQ Holdings Limited made an investment in setting up the subsidiary Datasquirt AG in 2007. However, the European market is currently being serviced by the UK subsidiary. As a result of the impairment review of the investment in the subsidiary Datasquirt AG, and due to fact that no cash flow is currently generated from this subsidiary, the investment has been written down to a nil value (2011: nil)

**(b) Ultimate parent**

DSQ Holdings Limited is the ultimate New Zealand parent entity and the ultimate parent of the Group.

**(c) Key management personnel**

Details relating to key management personnel, including remuneration paid, are included in note 22.

**(d) Transactions with related parties**

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade receivables and payables at year-end, refer to notes 12 and 16 respectively):

Related Party		Sales to related parties \$000	Purchases from related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
<b>Consolidated</b>					
<i>Shareholders:</i>					
Continuum	<b>2012</b>	-	-	-	-
	2011	-	(4)	-	-
Nightingale Partners Ltd	<b>2012</b>	-	(31)	-	-
	2011	-	-	-	-
<i>Directors and related entities:</i>					
First Mobile	<b>2012</b>	-	-	-	-
(common shareholder/director)	2011	-	(2)	-	-
Jens Neiser	<b>2012</b>	-	(25)	-	-
	2011	-	(25)	-	(13)
Mark Loveys	<b>2012</b>	-	(40)	-	-
	2011	-	(40)	-	(13)
Rob Ellis	<b>2012</b>	-	(25)	-	-
	2011	-	(10)	-	(3)
Aaron Ridgway	<b>2012</b>	5	(6)	-	(6)
	2011	10	-	9	(158)

Related Party		Sales to related parties \$000	Purchases from related parties \$000	Amounts owed by related parties \$000	Amounts owed to related parties \$000
<b>Parent</b>					
<i>Subsidiaries:</i>					
Datasquirt (Australia) Pty Ltd	<b>2012</b>	-	-	-	-
	2011	364	(279)	141	-
Datasquirt (UK) Limited	<b>2012</b>	-	-	-	-
	2011	685	(622)	71	-
Datasquirt LLC	<b>2012</b>	-	-	-	-
	2011	35	(46)	-	-
Datasquirt AG	<b>2012</b>	-	-	-	-
	2011	9	(14)	-	(119)
<i>Shareholders:</i>					
Nightingale Partners Ltd	<b>2012</b>	-	(31)	-	-
	2011	-	-	-	-
<i>Directors and related entities:</i>					
First Mobile	<b>2012</b>	-	-	-	-

(common shareholder/director)	2011	-	(2)	-	-
David Lyons	2012	-	-	-	-
	2011	-	-	-	-
Jens Neiser	2012	-	(25)	-	-
	2011	-	(25)	-	(13)
Mark Loveys	2012	-	(40)	-	-
	2011	-	(40)	-	(13)
Rob Ellis	2012	-	(25)	-	-
	2011	-	(10)	-	(3)
Aaron Ridgway	2012	5	(6)	-	(6)
	2011	10	-	9	(158)

*Terms and conditions of transactions with related parties:*

(i) Shareholders and other related parties

Sales to and purchases from related parties are made in arms length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

First Mobile was an entity with which DSQ Holdings Limited transacted and was owned by a Director of the Group.

(ii) Subsidiaries

The transactions between the parent, DSQ Holdings Limited, and its subsidiaries, are comprised of cash advances from the parent to the subsidiaries, purchases made on behalf of one entity by another and transfer pricing transactions. The transfer pricing transactions include a management fee charged by the parent to each subsidiary, interest charged on intercompany balances during the year, and market support payments made by the parent to the subsidiary.

## 22 Key management personnel

### Compensation for key management personnel

	Consolidated		Parent	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Salaries, bonuses and commissions	1,530	1,126	1,271	813
Other benefits	-	-	-	-
Total compensation	1,530	1,126	1,271	813

During the year, the number of employees or former employees, not being directors of DSQ Holdings Limited received remuneration and the value of other benefits that exceeded \$100,000 as follows:

	2012 Number of employees	2011
100,001 – 110,000	-	1
110,001 – 120,000	-	-
120,001 – 130,000	-	-
130,001 – 140,000	2	1
140,001 – 150,000	-	-
150,001 – 160,000	-	1
160,001 – 170,000	-	-
170,001 – 180,000	-	1
180,001 – 190,000	-	-
190,001 – 200,000	-	-
200,001 – 210,000	-	-
210,001 – 220,000	-	-
220,001 – 230,000	-	-
230,001 – 240,000	-	1
240,001 – 250,000	-	-
250,001 – 260,000	1	-
260,001 – 270,000	-	-
270,001 – 280,000	-	-
280,001 – 290,000	-	-
290,001 – 300,000	-	-
300,001 – 310,000	-	-
310,001 – 320,000	-	1
320,001 – 330,000	-	-
330,001 – 340,000	-	-
340,001 – 350,000	-	-
350,001 – 360,000	-	-
360,001 – 370,000	-	-
370,001 – 380,000	1	-



## 23 Share-based payment plans

### (a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Expense arising from equity-settled share-based payment transactions	-	-	-	-
Total expense arising from share-based payment transactions	-	-	-	-

## 24 Commitments

### (i) Leasing commitments

#### *Lease commitments*

The Group has no lease commitments as at 31 March 2012. In 2011 the group had entered into a commercial lease on the premises for Datasquirt New Zealand. The annual rent was \$45,000 inclusive of car parks.

The Group utilises hosting services with an annual contracted value of nil (2011: \$nil).

The total expense recognised for the year ended 31 March 2012 in relation to operating commitments is \$nil (2011:\$49,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Within one year	-	49	-	45
After one year but not more than five years	-	-	-	-
After more than five years	-	-	-	-
Total minimum lease payments	-	49	-	45

### *(ii) Property, plant and equipment commitments*

The Company and Group had no contractual obligations to purchase plant and equipment at balance date. (2011: \$nil).

## 25 Contingencies

There were no known material contingent liabilities at 31 March 2012 (2011: \$nil).

## 26 Events after the reporting date

There were no events of a material nature after reporting date which required adjustment or disclosure (2011: \$nil).

## 27 Auditors' remuneration

	Consolidated		Parent	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Amounts received or due and receivable by UHY Haines Norton (2011: WHK) Auckland for:				
Audit of the financial statements	44	37	37	37
	44	37	37	37

The auditor of DSQ Holdings Limited is UHY Haines Norton Auckland.

## 28 Financial instruments classification

	Held for trading	Loans and receivable	Available for sale	Other amortised cost	2012
Consolidated	\$000	\$000	\$000	\$000	Total \$000
<b>Financial Assets:</b>					
Cash and cash equivalents	3,142	-	-	-	3,142
Trade and other receivables	-	17	-	-	17
<b>Total</b>	3,142	17	-	-	3,159

<b>Financial Liabilities:</b>					
Trade and other payables	-	108	-	-	108
<b>Total</b>	-	108	-	-	108

	Held for trading	Loans and receivable	Available for sale	Other amortised cost	2011
Consolidated	\$000	\$000	\$000	\$000	Total \$000
<b>Financial Assets:</b>					
Cash and cash equivalents	976	-	-	-	976
Trade and other receivables	-	1,290	-	-	1,290
<b>Total</b>	976	1,290	-	-	2,266

<b>Financial Liabilities:</b>					
Trade and other payables	-	836	-	-	836
<b>Total</b>	-	836	-	-	836

	Held for trading	Loans and receivable	Available for sale	Other amortised cost	2012
Parent	\$000	\$000	\$000	\$000	Total \$000
<b>Financial Assets:</b>					
Cash and cash equivalents	3,142	-	-	-	3,142
Trade and other receivables	-	17	-	-	17
<b>Total</b>	<b>3,142</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>3,159</b>
<b>Financial Liabilities:</b>					
Trade and other payables	-	108	-	-	108
<b>Total</b>	<b>-</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>108</b>
	Held for trading	Loans and receivable	Available for sale	Other amortised cost	2011
Parent	\$000	\$000	\$000	\$000	Total \$000
<b>Financial Assets:</b>					
Cash and cash equivalents	701	-	-	-	701
Trade and other receivables	-	1,181	-	-	1,181
<b>Total</b>	<b>701</b>	<b>1,181</b>	<b>-</b>	<b>-</b>	<b>1,882</b>
<b>Financial Liabilities:</b>					
Trade and other payables	-	726	-	-	726
<b>Total</b>	<b>-</b>	<b>726</b>	<b>-</b>	<b>-</b>	<b>726</b>

## 29 Comparative figures

The comparative figures cover a period of 12 months to 31 March 2011.

## 30 Change of name

Pursuant to the sale of the Dataquirt name and business to LiveOps New Zealand on 20 December 2011, the name of the Company was changed from Datasquirt Limited to DSQ Holdings Limited.

## 31 Non-operating revenue

On 20 December 2011, DSQ Holdings Limited sold substantially all of the assets of its business to LiveOps New Zealand, a leading US call centre provider for US\$ 12.5million, a 35% premium over its market capitalisation.

Concurrently with the sale, the directors and several other key investors in DSQ Holdings Limited have used most of the proceeds of their distribution as shareholders from the sale to subscribe for approximately US\$ 7.5million of shares in LiveOps New Zealand.

Following the completion of the sale, DSQ Holdings Limited is holding approximately NZ\$3 million (excluding any working capital adjustment) which the directors will seek to invest in an alternative business, or if no suitable investment opportunities present, return the balance of the cash to shareholders within approximately six months of completion of sale. No revenue has been attributed to DSQ Holdings Limited post completion of the sale and the sale has resulted a profit of NZ\$ 15,893,229 in the current financial year.

At the date of authorisation of these financial statements, the directors are evaluating various business opportunities to invest the balance of the \$3 million as stated above.

## Corporate Information

New Zealand company number	1562383
ARBN (Australian Registered Body Number)	125 825 792
ABN (Australian Business Number)	41 125 825 792

### Contact details

#### New Zealand

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Auckland Central  
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Fax: +61 2 9439 2157

#### United Kingdom

10 Margaret Street  
London W1W 8RL  
Phone: +44 203 006 8280  
Fax: +44 203 008 6171

#### Internet address

[www.datasquirt.com](http://www.datasquirt.com)

#### Email

[info@datasquirt.com](mailto:info@datasquirt.com)

#### Principal place of business

Level 2, 5 Nelson Street  
Auckland Central, New Zealand  
Phone: +64 9 358 5878

#### Registered office

Level 2, 5 Nelson Street  
Auckland Central, New Zealand

#### Principal place of business - Australia

119 Willoughby Road, Crows Nest  
Sydney, NSW 2065

#### Registered office – Datasquirt Australia

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Sydney, NSW 2000

#### North America

2401 Burnet Ave  
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Phone: +1 888 433 9882  
Fax: +1 315 437 9993

#### Germany

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40629 Dusseldorf  
Phone: +49 211 1678 145  
Fax: +49 211 1678 146

### Directors

Mark Loveys *Chairman*  
Christian Bernecker  
Jens Neiser  
George Cooper

### Local Agent

Company Matters Pty Limited

### Share Register

Registries Limited  
Level 7, 207 Kent Street  
Sydney, NSW 2000, Australia  
Phone: +61 2 9290 9600

DSQ Holdings Limited shares are listed on the Australian Securities Exchange

### Auditor

UHY Haines Norton Auckland, New Zealand

### Lawyer

Hudson Gavin Martin, Auckland, New Zealand

### Principal Bankers

ASB Bank Limited, Auckland, New Zealand

# **ANNEXURE D1**



**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES  
ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2010**

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES  
ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2010**

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**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES  
COMPANY DIRECTORY  
FOR THE YEAR ENDED 31 MARCH 2010**

<b>Nature of Business</b>	Business software supplier
<b>Shareholders</b>	Enprise Holdings Limited
<b>Directors</b>	AJW Howard MC Loveys PH Van Tol
<b>Independent Auditor</b>	BDO Auckland Level 8, BDO Tower 120 Albert Street Auckland New Zealand
<b>Solicitors</b>	Chapman Tripp 23 Albert Street Auckland New Zealand
<b>Bankers</b>	ASB Ltd Downtown Branch Lower Albert Street Auckland New Zealand
<b>Registered Office</b>	30 Copsey Place Avondale Auckland New Zealand

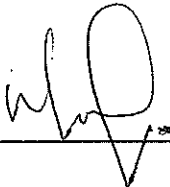


**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2010**

The Board of Directors present their annual report including the financial statements of the Company and Group for the year ended 31 March 2010 and the Auditor's report.

The shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with paragraphs (a) and (e) - (j) of section 211(1) and section 211 (2) of the Act.

Approved for and on behalf of the Board this 29th day of June 2012.

  
\_\_\_\_\_  
Director

**AUDIT REPORT  
TO THE SHAREHOLDERS OF  
ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**

We have audited the financial statements on pages 5 to 22. The financial report provides information about the past financial performance and financial position of the Company and subsidiaries as at 31 March 2010. This information is stated in accordance with the accounting policies described in Note 1 to the financial report.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

**Board of Directors' Responsibilities**

The Board of Directors is responsible for the preparation of the financial report which gives a true and fair view of the financial position of the Company and subsidiaries as at 31 March 2010 and the results of operations for the Company and the subsidiaries for the year ended on that date.

**Auditor's Responsibilities**

It is our responsibility to express to you an independent opinion on the financial report presented by the Directors.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial report; and
- whether the accounting policies are appropriate to the Company and subsidiaries circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

In addition to audit services, our firm provides other services in the area of taxation advice. We have no other relationship with, or interests in, the Company or any of its subsidiaries.

**Basis for Qualified Opinion on Financial Position and Financial Performance**

The balances as at 31 March 2009 were not subject to our audit and we did not satisfy ourselves concerning these opening balances. Any misstatement of opening balances would affect the results of operations for the year ended 31 March 2010. Our audit opinion is modified accordingly because of the possible effect of this matter on the results of operations.

**Qualified Opinion**

Except for the matter described in the Basis for Qualified Opinion paragraph above, we have obtained all the information and explanations that we have required.

In our opinion:

- proper accounting records have been kept by the Company so far as appears from our examination of those records; and
- the financial statements on pages 5 to 22:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the financial position of the Company and subsidiaries as at 31 March 2010.

Our audit was completed on 29 June 2012 and our qualified opinion is expressed as at that date.



**BDO AUCKLAND**  
**AUCKLAND**

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2010**

		<b>Group and Parent</b>	
	<b>Note</b>	<b>Audited 2010 \$ 000's</b>	<b>Unaudited 2009 \$ 000's</b>
Revenue	2	3,237	5,552
Less Cost of Sales		<u>697</u>	<u>603</u>
Gross Profit		2,540	4,949
Selling and administration expenses	4	<u>3,134</u>	<u>4,767</u>
Operating (Loss)/Profit before other income and financing costs		(594)	182
Other income and expenses	3	940	302
Finance expenses		44	11
Finance income		<u>5</u>	<u>88</u>
Net Finance (Costs)/Income	5	<u>(39)</u>	<u>77</u>
<b>Net Profit before Income Tax</b>		307	561
Income tax expense	6	<u>-</u>	<u>-</u>
<b>Net Profit for the year after Income Tax attributable to the equity holders of the company</b>		307	561
Other Comprehensive Income - Net of Income Tax		<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the year attributable to the equity holders of the company</b>		<u><u>307</u></u>	<u><u>561</u></u>

This statement should be read in conjunction with the notes to and forming part of the financial statements.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2010**

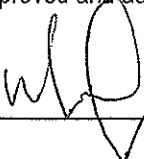
	Group and Parent	
	Audited	Unaudited
	2010	2009
	\$ 000's	\$ 000's
Profit for the year	307	561
Total recognised income and expense for the year	307	561
Equity at the beginning of the year	(1,953)	(2,514)
Equity at the end of the year	(1,646)	(1,953)

This statement should be read in conjunction with the notes to and forming part of the financial statements.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2010**

		<b>Group and Parent</b>	
	<b>Note</b>	<b>Audited</b>	<b>Unaudited</b>
		<b>2010</b>	<b>2009</b>
		<b>\$ 000's</b>	<b>\$ 000's</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	13	239	389
Trade and other receivables	11	591	860
<b>Total Current Assets</b>		<b>830</b>	<b>1,249</b>
<b>Non - Current Assets</b>			
Goodwill	8	50	-
Property plant and equipment	10	152	129
Intangible assets	12	343	379
Advance to Related Parties		155	80
Other Non- Current Assets		61	61
<b>Total Non - Current assets</b>		<b>761</b>	<b>649</b>
<b>Total Assets</b>		<b>1,591</b>	<b>1,898</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share Capital	17	129	129
Accumulated (loss)	18	(1,775)	(2,082)
		<b>(1,646)</b>	<b>(1,953)</b>
<b>Current Liabilities</b>			
Trade and other payables	14	726	884
Employee Benefits	9	119	162
Finance Lease Liabilities	16	81	52
Advance from Related Parties		2,244	2,662
<b>Total Current Liabilities</b>		<b>3,170</b>	<b>3,760</b>
<b>Non - Current Liabilities</b>			
Finance Lease Liabilities	16	67	91
<b>Total Non - Current Liabilities</b>		<b>67</b>	<b>91</b>
<b>Total liabilities</b>		<b>3,237</b>	<b>3,851</b>
<b>Total Equity and Liabilities</b>		<b>1,591</b>	<b>1,898</b>

Approved and authorised for issue by the Board of Directors on 29th day of June 2012.



**Director**

This statement should be read in conjunction with the notes to and forming part of the financial statements.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. STATEMENT OF ACCOUNTING POLICIES**

Enprise Solutions Limited (the Parent) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993 and a reporting entity for the purposes of the Financial Reporting Act 1993. The Group comprises of Enprise Solutions Limited and its subsidiaries, Enprise Australia Pty Limited and Enprise Limited.

**a) Statement of compliance and basis of preparation**

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate to profit-orientated entities that qualify for and apply differential reporting concessions. The Group is a profit-oriented entity. The Group is a reporting entity for the purposes of the Financial Reporting Act 1993 and its consolidated financial statements comply with that Act.

The Group qualifies for Differential Reporting exemptions as it has no public accountability, and the Group is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted, except for NZ IAS 21 : Foreign currency transactions are initially recorded at the rate on the day of the transaction.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The consolidated financial statements are prepared on the historical cost basis.

The consolidated financial statements are presented in New Zealand Dollars (\$) which is the Group's functional and presentation currency, rounded to the nearest thousand.

**b) Basis of Consolidation**

Enprise Solutions Limited is primarily a supplier of software and services. Since its subsidiaries have not transacted since incorporation, the financial statements of the parent are the same as the group.

**c) Revenue recognition**

Revenue includes sales of software licenses and software implementation and support services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

The revenue from the sale of third party software is recognised at the time of sale. Revenue from Enprise developed software is recognised on acceptance by the client.

The revenue from the maintenance on software developed by group companies is amortised over the period that the maintenance applies on a straight line basis.

**Rental Income**

Rental income is recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**d) Finance income and expenses**

Finance costs are recognised as an expense in the period in which they are incurred, using the effective interest method. Interest income is recognised in the Income Statement in the period it is earned, using the effective interest method.

**e) Acquisition of assets**

All assets acquired, including property, plant and equipment and intangibles are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

**f) Property, plant and equipment**

**Owned assets**

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Subsequent costs**

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Income Statement as an expense when incurred.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**Leased assets**

Property, plant and equipment acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The property, plant and equipment acquired under a finance lease is depreciated over the shorter of the asset's useful life and the lease term.

**Depreciation**

Depreciation is charged at the same rate as permitted by the Income Tax Act 2007. Depreciation is charged to the Income Statement. The following rates have been used:

Computer Equipment	40%	DV
Office furniture and equipment	12-40%	DV

The residual value of assets is reassessed annually.

**Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Income Statement.

**g) Intangible assets**

**Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition, for this reason goodwill is not a separable asset and does not have a useful life.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment.

**Software Development**

Software has a finite useful life. Software is capitalised and written off over the currently estimated useful lives of 3 to 5 years.

Research costs are recognised as an expense as incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.



**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**h) Impairment**

**Financial assets**

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics.

All impairment losses are recognised in the Income Statement.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted. For trade receivables, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered indicators that the receivable is impaired.

When the receivable is uncollectible, it is written off against the allowance account for receivables.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in the Income Statement. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

**Non-financial assets**

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement.

The estimated recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All other impairment losses are reversed through the Income Statement.

**i) Goods and Services Tax**

The financial statements have been prepared on a GST exclusive basis with the exception of trade receivables and trade payables which are stated inclusive of GST.

**j) Financial Instruments**

Financial instruments are recognised in the balance sheet initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

**Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in shares, trade and other receivables, cash and cash equivalents (including bank overdrafts), loans and borrowings, and trade and payables.

**Trade and other receivables**

Trade and other receivables are measured at amortised cost, using the effective interest method, less impairment losses. Trade receivables of a short-term nature are not discounted.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held on current account, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and bank overdrafts .

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**Trade and other payables**

Trade and other payables are measured at amortised cost, using the effective interest method. Trade payables of a short-term nature are not discounted.

**k) Foreign currency transactions**

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Exchange differences arising on their translation are recognised in the Income Statement.

**l) Tax**

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

**m) Provisions**

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows as a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

**n) Employee Entitlements**

**Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

The Group recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Group anticipates it will be used by staff to cover those future absences.

The Group recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**o) Leases**

**Operating Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the Income Statement over the lease term as an integral part of the total lease expense.

**Finance leases**

Leases in which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding, using the effective interest method.

The corresponding rental obligations, net of finance charges are shown as liabilities on the balance sheet. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under a finance lease is treated in the same manner as owned assets as detailed in note (f).

	<b>Group and Parent</b>	
	<b>Audited</b>	<b>Unaudited</b>
	<b>2010</b>	<b>2009</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>2. REVENUE</b>		
Revenue arises from:		
Sale and maintenance of licenses	1,734	3,379
Consulting and support services	1,503	2,173
	<b>3,237</b>	<b>5,552</b>

**3 OTHER INCOME AND EXPENDITURE**

**Other Income**

Rental Income from property subleases	16	6
Management Fees charged to related parties	924	183
Gain on sale of business unit	-	46
New Zealand Trade and Enterprise Grant	-	67
	<b>940</b>	<b>302</b>

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	<b>Group and Parent</b>	
	<b>Audited</b>	<b>Unaudited</b>
	<b>2010</b>	<b>2009</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>4 SELLING AND ADMINISTRATION EXPENSES</b>		
Amortisation - software development	116	281
Depreciation - other assets	56	54
Impairment of trade receivables (bad and doubtful debts)	15	49
Rental and operating lease costs	246	257
Directors Fees	64	64
Employee wages and salaries	2,204	3,385
Audit fees	20	7
Other expenses	413	670
	<b>3,134</b>	<b>4,767</b>
<b>5. FINANCE INCOME AND EXPENSE</b>		
<i><b>Finance Income</b></i>		
Foreign currency gains	-	77
Interest received	5	11
	<b>5</b>	<b>88</b>
<i><b>Finance costs</b></i>		
Foreign currency losses	23	-
Interest paid	21	11
	<b>44</b>	<b>11</b>
Net Finance (Costs)/Income	<b>(39)</b>	<b>77</b>
<b>6. TAX EXPENSE</b>		
<i><b>Current tax expense</b></i>		
Current income tax for the year	-	-
The reasons for the difference between the actual tax charge for the year and the standard rate of tax in NZ applied to the results for the year are as follows:		
Profit before taxation	307	561
Expected tax charge based on standard rates of tax	92	185
Tax effect of permanent differences - non-deductible expenses	1	(158)
Add tax (offset)/losses not recognised	(93)	(27)
Total tax charge for the year	-	-

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**7. INVESTMENTS**

**PARENT INVESTMENT IN SUBSIDIARIES**

	<b>Country of Incorporation</b>	<b>Ownership Interest (%)</b>
Enprise Australia Pty Limited	Australia	100%
Enprise Limited	New Zealand	100%

Since incorporation, Enprise Limited and Enprise Australia Pty Limited have been dormant during the financial year. Issued and paid up capital in both subsidiaries is \$1.

**8 GOODWILL**

	<b>Group and Parent</b>	
	<b>Audited</b>	<b>Unaudited</b>
	<b>2010</b>	<b>2009</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
Balance at the beginning of the year	-	-
Net assets acquired	50	-
Less impairment	-	-
	<u>50</u>	<u>-</u>

Goodwill is allocated to the following cash generating units for the purposes of impairment testing :

Enprise Exonet Services - Wellington	50	-
	<u>50</u>	<u>-</u>

**9 EMPLOYEE BENEFITS**

Liability for annual leave	<u>119</u>	<u>162</u>
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**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**10. PROPERTY, PLANT AND EQUIPMENT**

	Group and Parent		
	Computer Equipment \$000's	Office Equipment & Furniture \$000's	Total \$000's
<b>Cost</b>			
Balance at 1 April 2009	179	200	379
Additions	83	-	83
Disposals	27	-	27
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2010	<b>235</b>	<b>200</b>	<b>435</b>
<b>Depreciation</b>			
Balance at 1 April 2009	129	121	250
Depreciation	39	17	56
Disposals	23	-	23
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2010	<b>145</b>	<b>138</b>	<b>283</b>
<b>Net book value</b>			
As at 31 March 2010	<hr/> <b>90</b>	<hr/> <b>62</b>	<hr/> <b>152</b>
As at 31 March 2009	<hr/> <b>50</b>	<hr/> <b>79</b>	<hr/> <b>129</b>
<b>Leased Assets</b>			

The Company leases property, plant and equipment under a finance lease agreement. At the end of the leases the ownership is transferred to the Company provided all payments have been made. At 31 March 2010, the net carrying amount of property, plant and equipment was \$152,000 (2009: \$129,000). The leased property, plant and equipment secure the Company's lease obligations.

**11. TRADE AND OTHER RECEIVABLES**

	Group and Parent	
	Audited 2010 \$ 000's	Unaudited 2009 \$ 000's
Trade Receivables	552	827
Other receivables and prepayments	39	33
	<hr/>	<hr/>
	<b>591</b>	<b>860</b>

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	Group and Parent \$ 000's Software Development
<b>12. INTANGIBLE ASSETS</b>	
<i><b>Cost</b></i>	
At 1 April 2009	560
Additions	80
Disposals	-
	<u>640</u>
Balance at 31 March 2010	<u>640</u>
<i><b>Amortisation</b></i>	
At 1 April 2009	181
Amortisation	116
Disposals	-
	<u>297</u>
Balance at 31 March 2010	<u>297</u>
<i><b>Carrying value</b></i>	
At 31 March 2010	<u>343</u>

	Audited 2010 \$ 000's	Group and Parent Unaudited 2009 \$ 000's
<b>13. CASH AND CASH EQUIVALENTS</b>		
Bank balances	70	40
Call Deposits	169	349
Total cash and cash equivalents	<u>239</u>	<u>389</u>

The Group has banking facilities with Bank of New Zealand and ASB Limited, however, ASB Limited are the primary bankers of the Group.

	Audited 2010 \$ 000's	Group and Parent Unaudited 2009 \$ 000's
<b>14. TRADE AND OTHER PAYABLES</b>		
Trade payables	327	237
Other payables and accruals	129	352
Goods and services tax	32	50
Deposits from customers	58	91
Maintenance income received in advanced	180	154
	<u>726</u>	<u>884</u>

Trade payables generally have terms of 30 days and are interest free. Trade payables of a short - term duration are not discounted.



**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**15. RELATED PARTY TRANSACTION**

*Related party advances*

Enprise Holdings Limited (EHL) became the parent company of Enprise Solutions Limited by purchasing 100% of its shares on 1 December 2005. EHL provides the company with a cash advance. The advance is interest free and repayable on demand. EHL and its shareholders have indicated that they will not seek repayment of the advance and will continue to support the company until it is in a position to repay all its creditors when they fall due.

Balance outstanding at year end	Nature of Relationship	2010	2009
		Audited \$	Unaudited \$
Enprise Holdings Ltd ("EHL")	Parent - 1/12/2005 - xx/3/2012	(2,244)	(2,662)
EMS Cortex Ltd	Subsidiary of EHL	154	80
<b>Management fees</b>			
Enprise Holdings Ltd	Parent - 1/12/2005 - xx/3/2012	5	4
EMS Cortex Ltd	Subsidiary of EHL	919	179

From 1 April 2009, operations relating to the Cortex software were transferred to EMS Cortex Limited. These were primarily reported in Enprise Solutions Limited. No fees were associated with this transfer.

*Other related parties*

The company has the following 100% owned subsidiaries: Enprise Limited, Enprise Australia Pty Limited. Advances are from Enprise Holdings Limited and EMS Cortex Limited, the advance to and from subsidiaries is interest free and repayable on demand.

None of these balances are secured. There have been no impairments of related party balances during the year (2009: \$Nil) and there have been no write-offs of related party balances during the year (2009: \$Nil).

Consulting fees of \$31,000 (2009: \$89,500) were paid to a Director in respect of advisory services rendered. A balance of \$22,009 (2009: \$26,632) is outstanding at the year end.

Total directors remuneration for the year was \$95,000 (2009 : \$153,500)

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

16. FINANCE LEASE LIABILITIES	Group and Parent	
	Audited	Unaudited
	2010	2009
	\$ 000's	\$ 000's
Finance leases - Hire purchase agreements	148	143

The Group's finance lease liabilities are payable as follows:

2010 - Audited	Minimum lease payments	Interest	Principal
	\$000's	\$000's	\$000's
Current	95	14	81
Non-current	71	4	67
	166	18	148

2009 - Unaudited	Minimum lease payments	Interest	Principal
	\$000's	\$000's	\$000's
Current	67	15	52
Non-current	101	10	91
	168	25	143

Finance lease liabilities are secured by the property, plant and equipment to which they relate.

17. CAPITAL	Group and Parent	
	Audited	Unaudited
	2010	2009
	\$ 000's	\$ 000's
Opening Balance	129	129
Shares issued and paid up	-	-
Balance as at 31 March	129	129

As at 31 March 2010, paid-up capital comprised as follows:

	Number of shares paid up	Value per share	Issue Price	Value of paid up capital
Enprise Solutions Limited	146,000	\$1.00	\$1.00	129,000
	146,000			129,000

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**17. CAPITAL (CONT'D)**

As at 31 March 2009, issued capital comprised as follows:

	Number of shares paid up	Value per share	Issue Price	Value of paid up capital
Enprise Solutions Limited	146,000	\$1.00	\$1.00	129,000
	<u>146,000</u>			<u>129,000</u>

**18. ACCUMULATED (LOSSES)**

	Group and Parent	
	Audited	Unaudited
	2010	2009
	\$ 000's	\$ 000's
Opening Balance	(2,082)	(2,643)
Total recognised income and expenses	307	561
Balance as at 31 March	<u>(1,775)</u>	<u>(2,082)</u>

**19. FINANCIAL INSTRUMENTS - RISK MANAGEMENT**

***Unhedged Foreign Exchange Risk***

The Group is exposed to currency risk on sales that are denominated in a currency other than respective functional currencies of group entities, primarily NZD, but also AUD. The Directors monitor the exposure to movements in foreign exchange rates on a regular basis. At the balance sheet date the Company had not entered into any forward currency contracts.

***Financial Instruments by classification***

	Group and Parent	
	Audited	Unaudited
	2010	2009
	\$ 000's	\$ 000's
Loans and Receivables	985	1,329
Liabilities at amortised cost	3,156	3,799

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**20. LEASES**

*Operating leases*

The group has a non cancellable operating lease over the premises it operates from in Avondale. The lease commenced 28 April 2006 and has a term of 6 years. There is also a non cancellable lease for 1 year commencing 1 February 2010 for the premises that Enprise occupies in Wellington. The totals of future minimum lease payments due are as follows:

	<b>Group and Parent</b>	
	<b>Audited</b>	<b>Unaudited</b>
	<b>2010</b>	<b>2009</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
The totals of future minimum lease		
Not later than one year	273	245
Later than one year and not later than five years	306	550
Later than five years	-	-
	<b>579</b>	<b>795</b>

**21. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 March 2010 (2009: \$Nil).

**22. GOING CONCERN AND SUBSEQUENT EVENTS**

On 1 March 2012, Enprise Holdings Limited sold its shares in Enprise Solutions Limited to ENCAP Group Limited. As a result of this sale, ENCAP Group Limited issued further shares worth \$2,061,042 and undertook a restructure of the company by moving into smaller premises in June 2012.

The audited 31 March 2012 financial statements show equity of \$930,000, working capital of \$316,000 and a loss for the year of \$86,000.

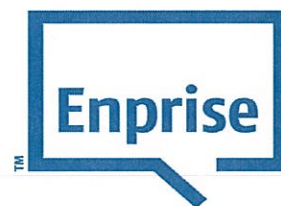
In light of the above, the directors, who continually review the cash flow requirements of the business, consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. They consider there is sufficient cash and the forecasts are for a return to profit in the short term. On this basis, they consider that it is appropriate to prepare the financial statements on a going concern basis.

**23 CAPITAL MANAGEMENT**

The Company requires the Board of Directors manage the revenues, expenses, assets, liabilities and general financial dealings of the Company prudently. The Company's capital is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

The Company is not subject to any externally imposed capital requirements and the objective of managing the Company's capital is to ensure that the Company achieves its objectives whilst remaining a going concern.

# **ANNEXURE D2**



**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES  
ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2011**

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

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**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**COMPANY DIRECTORY**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**Nature of Business** Business software supplier

**Shareholders** Enprise Holdings Limited

**Directors** AJW Howard  
MC Loveys  
PH Van Tol

**Independent Auditor** BDO Auckland  
Level 8, BDO Tower  
120 Albert Street  
Auckland  
New Zealand

**Solicitors** Chapman Tripp  
23 Albert Street  
Auckland  
New Zealand

**Bankers** ASB Ltd  
Downtown Branch  
Lower Albert Street  
Auckland  
New Zealand

**Registered Office** 30 Copsey Place  
Avondale  
Auckland  
New Zealand

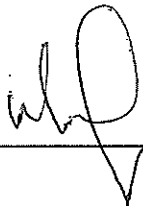


**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2011**

The Board of Directors present their annual report including the financial statements of the Company and Group for the year ended 31 March 2010 and the Independent Auditor's report.

The shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with paragraphs (a) and (e) - (j) of section 211(1) and section 211 (2) of the Act.

Approved for and on behalf of the Board this 29th day of June 2012.

  
\_\_\_\_\_  
Director

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ENPRISE SOLUTIONS LIMITED

### Report on the Financial Statements

We have audited the financial statements of Enprise Solutions Limited ("the Company") and Group on pages 5 to 22, which comprise the consolidated statement of financial position of Enprise Solutions Limited as at 31 March 2011, the consolidated statement of changes in equity, statements of comprehensive income for the year then ended and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In addition to audit services, our firm provides taxation services to the Company and its subsidiaries. We have no other relationship with, or interests in, Enprise Solutions Limited or its subsidiaries.

### Opinion

In our opinion the financial statements on pages 5 to 22:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of Enprise Solutions Limited and the Group as at 31 March 2011 and the financial performance of the Company and Group for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993 we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion, proper accounting records have been kept by Enprise Solutions Limited as far as appears from our examination of those records.



BDO Auckland  
120 Albert Street  
Auckland, New Zealand

29 June 2012

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	Note	Group and Parent 2011 \$ 000's	2010 \$ 000's
Revenue	2	4,179	3,237
Less Cost of Sales		<u>1,045</u>	<u>697</u>
Gross Profit		3,134	2,540
Selling and administration expenses	3	<u>4,034</u>	<u>3,134</u>
Operating (Loss) before financing costs		(900)	(594)
Other income and expenses	4	1,520	940
Finance expenses		24	44
Finance income		<u>5</u>	<u>5</u>
Net Finance (Costs)	5	<u>(19)</u>	<u>(39)</u>
Net Profit before Income Tax		601	307
Income tax expense	6	<u>-</u>	<u>-</u>
<b>Net Profit for the year after Income Tax attributable to the equity holders of the company</b>		601	307
Other Comprehensive Income - Net of Income Tax		<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the year attributable to the equity holders of the company</b>		<u><u>601</u></u>	<u><u>307</u></u>

This statement should be read in conjunction with the notes to and forming part of the financial statements.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	Group and Parent	
	2011	2010
	\$ 000's	\$ 000's
Profit for the year	601	307
Total recognised income and expense for the year	601	307
Equity at the beginning of the year	(1,646)	(1,953)
Equity at the end of the year	(1,045)	(1,646)

This statement should be read in conjunction with the notes to and forming part of the financial statements.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2011**

	Note	Group and Parent	
		2011	2010
		\$ 000's	\$ 000's
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	13	280	239
Trade and other receivables	11	743	591
<b>Total Current Assets</b>		<u>1,023</u>	<u>830</u>
<b>Non - Current Assets</b>			
Goodwill	8	89	50
Property plant and equipment	10	100	152
Intangible assets	12	287	343
Advance to Related Parties	17	736	155
Other Non- Current Assets		70	61
<b>Total Non - Current assets</b>		<u>1,282</u>	<u>761</u>
<b>Total Assets</b>		<u><u>2,305</u></u>	<u><u>1,591</u></u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share Capital	17	129	129
Accumulated (loss)/profit	18	(1,174)	(1,775)
		<u>(1,045)</u>	<u>(1,646)</u>
<b>Current Liabilities</b>			
Trade and other payables	14	973	726
Employee Benefits	9	140	119
Finance Lease Liabilities	16	-	81
Advance from Related Parties		2,237	2,244
<b>Total Current Liabilities</b>		<u>3,350</u>	<u>3,170</u>
<b>Non - Current Liabilities</b>			
Finance Lease Liabilities	16	-	67
<b>Total liabilities</b>		<u>3,350</u>	<u>3,237</u>
<b>Total Equity and Liabilities</b>		<u><u>2,305</u></u>	<u><u>1,591</u></u>

Approved and authorised for issue by the Board of Directors on 29th day of June 2012.

  
 \_\_\_\_\_  
 Director

This statement should be read in conjunction with the notes to and forming part of the financial statements.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1. STATEMENT OF ACCOUNTING POLICIES**

Enprise Solutions Limited (the Parent) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993 and a reporting entity for the purposes of the Financial Reporting Act 1993. The Group comprises of Enprise Solutions Limited and its subsidiaries, Enprise Australia Pty Limited and Enprise Limited.

**a) Statement of compliance and basis of preparation**

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate to profit-orientated entities that qualify for and apply differential reporting concessions. The Group is a profit-oriented entity. The Group is a reporting entity for the purposes of the Financial Reporting Act 1993 and its consolidated financial statements comply with that Act.

The Group qualifies for Differential Reporting exemptions as it has no public accountability, and the Group is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted, except for NZIS21 : Foreign currency transactions are initially recorded at the rate on the day of the transaction.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The consolidated financial statements are prepared on the historical cost basis.

The consolidated financial statements are presented in New Zealand Dollars (\$) which is the Group's functional and presentation currency, rounded to the nearest thousand.

**b) Basis of Consolidation**

Enprise Solutions Limited is primarily a supplier of software and services. Since its subsidiaries have not transacted since incorporation, the financial statements of the parent are the same as the group.

**c) Revenue recognition**

Revenue includes sales of software licenses and software implementation and support services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

The revenue from the sale of third party software is recognised at the time of sale. Revenue from Enprise developed software is recognised on acceptance by the client.

The revenue from the maintenance on software developed by group companies is amortised over the period that the maintenance applies on a straight line basis.

**Rental Income**

Rental income is recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**d) Finance income and expenses**

Finance costs are recognised as an expense in the period in which they are incurred, using the effective interest method. Interest income is recognised in the Income Statement in the period it is earned, using the effective interest method.

**e) Acquisition of assets**

All assets acquired, including property, plant and equipment and intangibles are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

**f) Property, plant and equipment**

**Owned assets**

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Subsequent costs**

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Income Statement as an expense when incurred.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**Leased assets**

Property, plant and equipment acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The property, plant and equipment acquired under a finance lease is depreciated over the shorter of the asset's useful life and the lease term.

**Depreciation**

Depreciation is charged at the same rate as permitted by the Income Tax Act 2007. Depreciation is charged to the Income Statement. The following rates have been used:

Computer Equipment	40%	DV
Office furniture and equipment	12-40%	DV

The residual value of assets is reassessed annually.

**Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Income Statement.

**g) Intangible assets**

**Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition, for this reason goodwill is not a separable asset and does not have a useful life.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment.

**Software Development**

Software has a finite useful life. Software is capitalised and written off over the currently estimated useful lives of 3 to 5 years.

Research costs are recognised as an expense as incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.



**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**h) Impairment**

**Financial assets**

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics.

All impairment losses are recognised in the Income Statement.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted. For trade receivables, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered indicators that the receivable is impaired.

When the receivable is uncollectible, it is written off against the allowance account for receivables.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in the Income Statement. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

**Non-financial assets**

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement.

The estimated recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All other impairment losses are reversed through the Income Statement.

**i) Goods and Services Tax**

The financial statements have been prepared on a GST exclusive basis with the exception of trade receivables and trade payables which are stated inclusive of GST.

**j) Financial Instruments**

Financial instruments are recognised in the balance sheet initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

**Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in shares, trade and other receivables, cash and cash equivalents (including bank overdrafts), loans and borrowings, and trade and payables.

**Trade and other receivables**

Trade and other receivables are measured at amortised cost, using the effective interest method, less impairment losses. Trade receivables of a short-term nature are not discounted.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held on current account, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and bank overdrafts .

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**Trade and other payables**

Trade and other payables are measured at amortised cost, using the effective interest method. Trade payables of a short-term nature are not discounted.

**k) Foreign currency transactions**

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Exchange differences arising on their translation are recognised in the Income Statement.

**l) Tax**

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

**m) Provisions**

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows as a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

**n) Employee Entitlements**

**Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

The Group recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Group anticipates it will be used by staff to cover those future absences.

The Group recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**o) Leases**

**Operating Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the Income Statement over the lease term as an integral part of the total lease expense.

**Finance leases**

Leases in which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding, using the effective interest method.

The corresponding rental obligations, net of finance charges are shown as liabilities on the balance sheet. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under a finance lease is treated in the same manner as owned assets as detailed in note (f).

**2. REVENUE**

Revenue arises from:

	<b>Group and Parent</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
Sale and maintenance of licenses	2,303	1,734
Consulting and support services	1,876	1,503
	<b>4,179</b>	<b>3,237</b>

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	<b>Group and Parent</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>3. SELLING AND ADMINISTRATION EXPENSES</b>		
Amortisation - software development	127	116
Depreciation - other assets	39	56
Impairment of trade receivables (bad and doubtful debts)	47	15
Rental and operating lease costs	295	246
Directors Fees	64	64
Employee wages and salaries	2,714	2,210
Audit fees	17	20
Other expenses	731	509
	<b>4,034</b>	<b>3,236</b>
<b>4. OTHER INCOME AND EXPENDITURE</b>		
<i>Other Income</i>		
Rental Income from property subleases	37	16
Management Fees charged to related parties	1,483	924
	<b>1,520</b>	<b>940</b>
<b>5. FINANCE INCOME AND EXPENSE</b>		
<i>Finance Income</i>		
Interest received	5	5
	<b>5</b>	<b>5</b>
<i>Finance costs</i>		
Foreign currency losses	-	23
Interest paid	24	21
	<b>24</b>	<b>44</b>
Net Finance Costs	<b>(19)</b>	<b>(39)</b>
<b>6. TAX EXPENSE</b>		
<i>Current tax expense</i>		
Current income tax for the year	-	-
The reasons for the difference between the actual tax charge for the year and the standard rate of tax in NZ applied to the results for the year are as follows:		
Profit before taxation	601	307
Expected tax charge based on standard rates of tax	180	69
Tax effect of permanent differences - non-deductible expenses	-	1
Add tax (offset)/losses not recognised	(180)	(70)
Total tax charge for the year	-	-

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**7. INVESTMENTS**

**PARENT INVESTMENT IN SUBSIDIARIES**

	<b>Country of Incorporation</b>	<b>Ownership Interest (%)</b>
Enprise Australia Pty Limited	Australia	100%
Enprise Limited	New Zealand	100%

Since incorporation, Enprise Limited and Enprise Australia Pty Limited both have been dormant. Issued and paid up capital in both subsidiaries is \$1.

	<b>Group and Parent</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
<b>8 GOODWILL</b>		
Balance at the beginning of the year	50	-
Net assets acquired	39	50
Less impairment	-	-
	<u>89</u>	<u>50</u>

Goodwill is allocated to the following cash generating units for the purposes of impairment testing :

Enprise Exonet Services - Wellington	<u>89</u>	<u>50</u>
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**9. EMPLOYEE BENEFITS**

Liability for annual leave	<u>140</u>	<u>119</u>
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**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**10. PROPERTY, PLANT AND EQUIPMENT**

	Computer Equipment \$000's	Office Equipment & Furniture \$000's	Group and Parent Total \$000's
<b>Cost</b>			
Balance at 1 April 2010	235	200	435
Additions	20	26	46
Disposals	90	20	110
	<b>165</b>	<b>206</b>	<b>371</b>
<b>Depreciation</b>			
Balance at 1 April 2010	145	138	283
Depreciation	19	20	39
Disposals	29	22	51
	<b>135</b>	<b>136</b>	<b>271</b>
<b>Net book value</b>			
As at 31 March 2011	<b>30</b>	<b>70</b>	<b>100</b>
As at 31 March 2010	<b>90</b>	<b>62</b>	<b>152</b>

**Leased Assets**

The Company leases property, plant and equipment under a finance lease agreement. At the end of the leases the ownership is transferred to the Company provided all payments have been made. At 31 March 2011, the net carrying amount of property, plant and equipment was \$100,000 (2010: \$152,000). The leased property, plant and equipment secure the Company's lease obligations.

**11. TRADE AND OTHER RECEIVABLES**

	2011 \$ 000's	2010 \$ 000's
Trade Receivables	699	571
Other receivables and prepayments	44	20
	<b>743</b>	<b>591</b>

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**12. INTANGIBLE ASSETS**

	<b>Group and Parent</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
	<b>Software Development</b>	<b>Software Development</b>
<b>Cost</b>		
At 1 April 2010	640	560
Additions	71	80
Disposals	-	-
Balance at 31 March	<b>711</b>	<b>640</b>
<b>Amortisation</b>		
At 1 April 2010	297	181
Amortisation	127	116
Disposals	-	-
Balance at 31 March	<b>424</b>	<b>297</b>
<b>Carrying value</b>		
At 31 March	<b>287</b>	<b>343</b>

**343 379**

**13. CASH AND CASH EQUIVALENTS**

	<b>Group and Parent</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
Bank balances	52	70
Call Deposits	228	169
Total cash and cash equivalents	<b>280</b>	<b>239</b>

The Group has banking facilities with Bank of New Zealand and ASB Limited, however, ASB Limited are the primary bankers of the Group.

**14. TRADE AND OTHER PAYABLES**

	<b>Group and Parent</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$ 000's</b>	<b>\$ 000's</b>
Trade payables	378	327
Other payables and accruals	305	129
Goods and services tax	20	32
Deposits from customers	64	58
Maintenance income received in advanced	206	180
	<b>973</b>	<b>726</b>

Trade payables generally have terms of 30 days and are interest free. Trade payables of a short - term duration are not discounted.



**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**15. RELATED PARTY TRANSACTION**

*Related party advances*

Enprise Holdings Limited (EHL) became the parent company of Enprise Solutions Limited by purchasing 100% of its shares on 1 December 2005. EHL provided the company with a cash advance. The advance was interest free and repayable on demand. EHL and its shareholders had indicated that they will not seek repayment of the advance and will continue to support the company until it is in a position to repay all its creditors when they fall due. EHL sold its shares to ENCAP Group Limited on 1 March 2012 (refer Note 22).

Balance outstanding at year end	Nature of relationship	Group and Parent	
		2011 \$ 000's	2010 \$ 000's
Enprise Holdings Ltd ("EHL")	Parent from 1/12/2005 - 1/3/2012	(2,237)	(2,244)
EMS Cortex Ltd	Subsidiary of EHL	736	154
Management fees			
Enprise Holdings Ltd	Parent from 1/12/2005 - 1/3/2012	6	5
EMS Cortex Ltd	Subsidiary of EHL	1,477	919

From 1 April 2009, operations relating to the Cortex software were transferred to EMS Cortex Limited. These were primarily reported in Enprise Solutions Limited. No fees were associated with this transfer.

*Other related parties*

The company has the following 100% owned subsidiaries: Enprise Limited, Enprise Australia Pty Limited. Advances are from Enprise Holdings Limited and EMS Cortex Limited, the advance to and from subsidiaries is interest free and repayable on demand.

None of these balances are secured. There have been no impairments of related party balances during the year (2010: \$Nil) and there have been no write-offs of related party balances during the year (2010: \$Nil).

Consulting fees of \$27,000 (2010: \$31,000) were paid to a Director in respect of advisory services rendered. A balance of \$22,009 (2010: \$22,009) is outstanding at the year end.

Total directors remuneration for the year was \$91,000 (2010 : \$95,000)

**16. FINANCE LEASE LIABILITIES**

	Group and Parent	
	2011 \$ 000's	2010 \$ 000's
Finance leases - Hire purchase agreements	-	148

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**16. FINANCE LEASE LIABILITIES (CONT'D)**

The Group's finance lease liabilities are payable as follows:

	Group and Parent		
	Minimum lease payments \$000's	Interest \$000's	Principal \$000's
<b>2011</b>			
Current	-	-	-
Non-current	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>

	Group and Parent		
	Minimum lease payments \$000's	Interest \$000's	Principal \$000's
<b>2010</b>			
Current	95	14	81
Non-current	71	4	67
	<u>166</u>	<u>18</u>	<u>148</u>
	<u>166</u>	<u>18</u>	<u>148</u>

Finance lease liabilities are secured by the property, plant and equipment to which they relate.

	Group and Parent	
	2011 \$ 000's	2010 \$ 000's
<b>17. CAPITAL</b>		
Opening Balance	129	129
Shares issued and paid up	-	-
Balance as at 31 March	<u>129</u>	<u>129</u>

As at 31 March 2011, paid-up capital comprised as follows:

	Number of shares issued	Value per share	Issue Price	Value of paid up capital
Ordinary shares	146,000	\$1.00	\$1.00	129,000
	<u>146,000</u>			<u>129,000</u>

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**17. CAPITAL (CONT'D)**

As at 31 March, issued capital comprised as follows:

	Number of shares issued	Value per share	Issue Price	Value of issued capital
Ordinary shares	146,000	\$1.00	\$1.00	129,000
	<u>146,000</u>			<u>129,000</u>

**18. ACCUMULATED (LOSSES)**

	Group and Parent	
	2011	2010
	\$ 000's	\$ 000's
Opening Balance	(1,774)	(2,081)
Total recognised income and expenses	601	307
Balance as at 31 March	<u>(1,173)</u>	<u>(1,774)</u>

**19. FINANCIAL INSTRUMENTS**

*Foreign Currency Risk*

The Company is exposed to foreign currency risk through its transactions with its customers. The Directors monitor the exposure to movements in foreign exchange rates on a regular basis. At the balance sheet date the Company had not entered into any forward currency contracts.

**20. LEASES**

*Operating leases*

The group has a non cancellable operating lease over the premises it operates from in Avondale. The lease commenced 28 April 2006 and has a term of 6 years. There is also a non cancellable lease for 1 year commencing 1 February 2011 for the premises that Enprise occupies in Wellington. The totals of future minimum lease payments due are as follows:

	Group and Parent	
	2011	2010
	\$ 000's	\$ 000's
The totals of future minimum lease		
Not later than one year	262	273
Later than one year and not later than five years	61	306
Later than five years	-	-
	<u>323</u>	<u>579</u>

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**21. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 March 2011 (2010: \$Nil).

**22. SUBSEQUENT EVENTS AND GOING CONCERN**

On 1 March 2012, Enprise Holdings Limited sold its shares in Enprise Solutions Limited to ENCAP Group Limited. As a result of this sale, ENCAP Group Limited issued further shares worth \$2,061,042 and undertook a restructure of the company by moving into smaller premises in June 2012.

The audited 31 March 2012 financial statements show equity of \$930,000, working capital of \$316,000 and a loss for the year of \$86,000.

In light of the above, the directors, who continually review the cash flow requirements of the business, consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. They consider there is sufficient cash and the forecasts are for a return to profit in the short term. On this basis, they consider that it is appropriate to prepare the financial statements on a going concern basis.

# **ANNEXURE D3**



**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES  
ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2012**

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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Notes to and forming part of the Financial Statements	8

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES  
COMPANY DIRECTORY  
FOR THE YEAR ENDED 31 MARCH 2012**

<b>Nature of Business</b>	Business software supplier
<b>Shareholders</b>	Encap Group Limited
<b>Director</b>	MC Loveys
<b>Independent Auditor</b>	BDO Auckland Level 8, BDO Tower 120 Albert Street Auckland New Zealand
<b>Solicitors</b>	Chapman Tripp 23 Albert Street Auckland New Zealand
<b>Bankers</b>	ASB Ltd Downtown Branch Lower Albert Street Auckland New Zealand
<b>Registered Office</b>	30 Copsey Place Avondale Auckland New Zealand

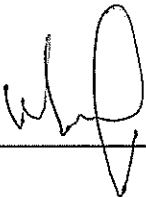


**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2012**

The Board of Directors present their annual report including the financial statements of the Company and Group for the year ended 31 March 2012 and the Auditor's report.

The shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with paragraphs (a) and (e) - (j) of section 211(1) and section 211 (2) of the Act.

Approved for and on behalf of the Board this 29th day of June 2012.

  
\_\_\_\_\_  
Director

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ENPRISE SOLUTIONS LIMITED

### Report on the Financial Statements

We have audited the financial statements of Enprise Solutions Limited ("the Company") and Group on pages 5 to 22, which comprise the consolidated statement of financial position of Enprise Solutions Limited as at 31 March 2012, the consolidated statement of changes in equity, statements of comprehensive income for the year then ended and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In addition to audit services, our firm provides taxation services to the Company and its subsidiaries. We have no other relationship with, or interests, in Enprise Solutions Limited or its subsidiaries.

### Opinion

In our opinion the financial statements on pages 5 to 22:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of Enprise Solutions Limited and the Group as at 31 March 2012 and the financial performance of the Company and Group for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993 we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion, proper accounting records have been kept by Enprise Solutions Limited as far as appears from our examination of those records.



BDO Auckland  
120 Albert Street  
Auckland, New Zealand

29 June 2012

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 \$ 000's	Group 2011 \$ 000's	2012 \$ 000's	Parent 2011 \$ 000's
Revenue	2	4,884	4,179	4,456	4,179
Less Cost of Sales		<u>1,576</u>	<u>1,045</u>	<u>1,327</u>	<u>1,045</u>
Gross Profit		3,308	3,134	3,129	3,134
Selling and administration expenses	4	<u>3,541</u>	<u>4,034</u>	<u>3,375</u>	<u>4,034</u>
Operating (Loss) before other income and financing costs		(233)	(900)	(246)	(900)
Other income and expenses	3	174	1,520	174	1,520
Finance expenses		36	24	36	24
Finance income		<u>9</u>	<u>5</u>	<u>8</u>	<u>5</u>
Net Finance (Costs)/Income	5	<u>(27)</u>	<u>(19)</u>	<u>(28)</u>	<u>(19)</u>
<b>Net Profit before Income Tax</b>		(86)	601	(100)	601
Income tax expense	6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Profit for the year after Income Tax attributable to the equity holders of the company</b>		(86)	601	(100)	601
<b>Total Comprehensive Income for the year attributable to the equity holders of the company</b>		<u>(86)</u>	<u>601</u>	<u>(100)</u>	<u>601</u>

This statement should be read in conjunction with the notes to and forming part of the financial statements.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	2012 \$ 000's	Group 2011 \$ 000's	2012 \$ 000's	Parent 2011 \$ 000's
Profit for the year	(86)	601	(100)	601
Total recognised income and expense for the year	(86)	601	(100)	601
Share Capital issued and paid up	2,061	-	2,061	-
Equity at the beginning of the year	(1,045)	(1,646)	(1,045)	(1,646)
Equity at the end of the year	930	(1,045)	916	(1,045)

This statement should be read in conjunction with the notes to and forming part of the financial statements.

**ENPRISE SOLUTIONS LIMITED AND SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2012**

	Note	2012 \$ 000's	Group 2011 \$ 000's	2012 \$ 000's	Parent 2011 \$ 000's
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	14	395	280	198	280
Trade and other receivables	11	1,002	767	826	767
Advance to subsidiary	13	-	-	296	-
<b>Total Current Assets</b>		<u>1,397</u>	<u>1,047</u>	<u>1,320</u>	<u>1,047</u>
<b>Non - Current Assets</b>					
Investments in subsidiaries	7	-	-	-	-
Goodwill	8	265	89	89	89
Property plant and equipment	10	82	100	82	100
Intangible assets	12	267	287	267	287
Advance to Related Parties		-	736	-	736
Other Non- Current Assets	16	-	61	-	61
<b>Total Non - Current assets</b>		<u>614</u>	<u>1,273</u>	<u>438</u>	<u>1,273</u>
<b>Total Assets</b>		<u><b>2,011</b></u>	<u><b>2,320</b></u>	<u><b>1,758</b></u>	<u><b>2,320</b></u>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share Capital	18	2,190	129	2,190	129
Accumulated (loss)/profit	19	(1,260)	(1,174)	(1,274)	(1,174)
		<u>930</u>	<u>(1,045)</u>	<u>916</u>	<u>(1,045)</u>
<b>Current Liabilities</b>					
Trade and other payables	15	970	988	733	988
Employee Benefits	9	111	140	109	140
Advance from Related Parties		-	2,237	-	2,237
<b>Total Current Liabilities</b>		<u>1,081</u>	<u>3,365</u>	<u>842</u>	<u>3,365</u>
<b>Total liabilities</b>		<u>1,081</u>	<u>3,365</u>	<u>842</u>	<u>3,365</u>
<b>Total Equity and Liabilities</b>		<u><b>2,011</b></u>	<u><b>2,320</b></u>	<u><b>1,758</b></u>	<u><b>2,320</b></u>

Approved and authorised for issue by the Board of Directors on 29th day of June 2012.

Director

This statement should be read in conjunction with the notes to and forming part of the financial statements.

**ENPRISE HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**1. STATEMENT OF ACCOUNTING POLICIES**

Enprise Solutions Limited (the Parent) is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993 and a reporting entity for the purposes of the Financial Reporting Act 1993. The Group comprises of Enprise Solutions Limited and its subsidiaries, Enprise Australia Pty Limited and Enprise Limited.

All the companies in the group are primarily suppliers of software and services.

The consolidated financial statements of the Group are for the year ended 31 March 2012.

**a) Statement of compliance and basis of preparation**

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards as appropriate to profit-orientated entities that qualify for and apply differential reporting concessions. The Group is a profit-oriented entity. The Group is a reporting entity for the purposes of the Financial Reporting Act 1993 and its consolidated financial statements comply with that Act.

The Group qualifies for Differential Reporting exemptions as it has no public accountability, and the Group is not large. All available reporting exemptions allowed under the Frame Work for Differential Reporting have been adopted, except for NZIS21 : Foreign currency transactions are initially recorded at the rate on the day of the transaction.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The consolidated financial statements are prepared on the historical cost basis.

The consolidated financial statements are presented in New Zealand Dollars (\$) which is the Group's functional and presentation currently, rounded to the nearest thousand.

**b) Basis of Consolidation**

The Group financial statements consolidate the financial statements of the company, Enprise Solutions Limited and its subsidiaries as detailed in Notes 7 and 16 to the consolidated financial statements, using the purchase method of accounting. Subsidiaries are entities controlled, either directly or indirectly by the Company. All material transactions between the subsidiaries and the Company are eliminated on consolidation.

**c) Revenue recognition**

Revenue includes sales of software licenses and software implementation and support services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:



**ENPRISE HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

The revenue from the sale of third party software is recognised at the time of sale. Revenue from Enprise developed software is recognised on acceptance by the client.

The revenue from the maintenance on software developed by group companies is amortised over the period that the maintenance applies on a straight line basis.

**Rental Income**

Rental income is recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**d) Finance income and expenses**

Finance costs are recognised as an expense in the period in which they are incurred, using the effective interest method. Interest income is recognised in the Income Statement in the period it is earned, using the effective interest method.

**e) Acquisition of assets**

All assets acquired, including property, plant and equipment and intangibles are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

**f) Property, plant and equipment**

**Owned assets**

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**Subsequent costs**

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Income Statement as an expense when incurred.

**ENPRISE HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**Depreciation**

Depreciation is charged at the same rate as permitted by the Income Tax Act 2007. Depreciation is charged to the Income Statement. The following rates have been used:

Computer Equipment	40%	DV
Office furniture and equipment	12-40%	DV

The residual value of assets is reassessed annually.

**Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Income Statement.

**g) Intangible assets**

**Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition, for this reason goodwill is not a separable asset and does not have a useful life.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment.

**Software Development**

Software has a finite useful life. Software is capitalised and written off over the currently estimated useful lives of 3 to 5 years.

Research costs are recognised as an expense as incurred.

Costs that are directly associated with the development and production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.



**ENPRISE HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**h) Impairment**

**Financial assets**

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics.

All impairment losses are recognised in the Income Statement.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted. For trade receivables, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered indicators that the receivable is impaired.

When the receivable is uncollectible, it is written off against the allowance account for receivables.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in the Income Statement. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

**Non-financial assets**

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement.

The estimated recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

**ENPRISE HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

An impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All other impairment losses are reversed through the Income Statement.

**i) Goods and Services Tax**

The financial statements have been prepared on a GST exclusive basis with the exception of trade receivables and trade payables which are stated inclusive of GST.

**j) Financial Instruments**

Financial instruments are recognised in the balance sheet initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

**Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in shares, trade and other receivables, cash and cash equivalents (including bank overdrafts), loans and borrowings, and trade and other payables.

**Trade and other receivables**

Trade and other receivables are measured at amortised cost, using the effective interest method, less impairment losses. Trade receivables of a short-term nature are not discounted.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held on current account, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and bank overdrafts .

**ENPRISE HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**Trade and other payables**

Trade and other payables are measured at amortised cost, using the effective interest method. Trade payables of a short-term nature are not discounted.

**k) Foreign currency transactions**

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Exchange differences arising on their translation are recognised in the Income Statement.

**l) Tax**

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

**m) Provisions**

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows as a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

**n) Employee Entitlements**

**Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

The Group recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Group anticipates it will be used by staff to cover those future absences.

The Group recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

**ENPRISE HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)**

**o) Leases**

**Operating Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the Income Statement over the lease term as an integral part of the total lease expense.

**Finance leases**

Leases in which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding, using the effective interest method.

The corresponding rental obligations, net of finance charges are shown as liabilities on the balance sheet. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under a finance lease is treated in the same manner as owned assets as detailed in note (f).

	2012	Group	2012	Parent
	\$ 000's	2011	\$ 000's	2011
		\$ 000's		\$ 000's
<b>2. REVENUE</b>				
Revenue arises from:				
Sale and maintenance of licenses	2,862	2,303	2,471	2,303
Consulting and support services	2,022	1,876	1,985	1,876
	<u>4,884</u>	<u>4,179</u>	<u>4,456</u>	<u>4,179</u>

**3. OTHER INCOME AND EXPENDITURE**

**Other Income**

Rental Income from property subleases	174	37	174	37
Management Fees charge to Related Parties	-	1,483	-	1,483
	<u>174</u>	<u>1,520</u>	<u>174</u>	<u>1,520</u>

**ENPRISE HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	2012	Group	2012	Parent
	\$ 000's	2011	\$ 000's	2011
		\$ 000's		\$ 000's
<b>4. SELLING AND ADMINISTRATION EXPENSES</b>				
This has been arrived at after charging:				
Amortisation - software development	110	127	110	127
Depreciation - other assets	31	39	31	39
Impairment of trade receivables (bad and doubtful debts)	39	36	39	36
Rental and operating lease costs	296	295	288	295
Directors Fees	55	64	55	64
Employee wages and salaries	2,558	2,708	2,445	2,708
Audit fees (paid by Holding Company in 2012)	3	22	3	22
Other expenses	449	710	404	710
	<b>3,541</b>	<b>4,001</b>	<b>3,375</b>	<b>4,001</b>

**5. FINANCE INCOME AND EXPENSE**

***Finance Income***

Interest received	9	5	9	5
	<b>9</b>	<b>5</b>	<b>9</b>	<b>5</b>

***Finance costs***

Foreign currency losses	32	-	32	-
Interest paid	4	24	4	24
	<b>36</b>	<b>24</b>	<b>36</b>	<b>24</b>

**6. TAX EXPENSE**

***Current tax expense***

Current income tax for the year	-	-	-	-
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The reasons for the difference between the actual tax charge for the year and the standard rate of tax in NZ applied to the results for the year are as follows:

Profit before taxation	(86)	601	(100)	601
Expected tax charge based on standard rates of tax (28%) : 2011 (28%)	(24)	168	(28)	168
Tax effect of permanent differences - non-deductible expenses	-	-	-	-
Add tax (offset)/losses not recognised	24	(168)	28	(168)
Total tax charge for the year	-	-	-	-

**ENPRISE HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**7. PARENT INVESTMENT IN SUBSIDIARIES**

	Country of Incorporation	Ownership Interest (%)
Enprise Australia Pty Limited	Australia	100%
Enprise Limited	New Zealand	100%

Since incorporation, Enprise Limited has been dormant and Enprise Australia Pty Limited commenced trading during the financial year. Issued and paid up capital in both subsidiaries is \$1.

	Group		Parent	
	2012	2011	2012	2011
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>8. GOODWILL</b>				
Balance at the beginning of the year	89	89	89	89
Net assets acquired	176	-	-	-
Less impairment	-	-	-	-
	<u>265</u>	<u>89</u>	<u>89</u>	<u>89</u>

Goodwill is allocated to the following cash generating units for the purposes of impairment testing :

Enprise Australia Pty Limited	176	-	-	-
Enprise Exonet Services - Wellington	89	89	89	89
	<u>265</u>	<u>89</u>	<u>89</u>	<u>89</u>

**9. EMPLOYEE BENEFITS**

Liability for annual leave	<u>111</u>	<u>140</u>	<u>109</u>	<u>140</u>
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**ENPRISE SOLUTIONS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**10. PROPERTY, PLANT AND EQUIPMENT**

	Computer Equipment \$000's	Office Equipment & Furniture \$000's	Group and Parent Total \$000's	Parent Total \$000's
<b>Cost</b>				
Balance at 1 April 2011	165	206	371	371
Additions	19	-	19	19
Disposals	-	-	-	-
	<u>184</u>	<u>206</u>	<u>390</u>	<u>390</u>
Balance at 31 March 2012				
<b>Depreciation</b>				
Balance at 1 April 2011	135	136	271	271
Depreciation	21	16	37	37
Disposals	-	-	-	-
	<u>156</u>	<u>152</u>	<u>308</u>	<u>308</u>
Balance at 31 March 2012				
<b>Net book value</b>				
As at 31 March 2012	<u>28</u>	<u>54</u>	<u>82</u>	<u>82</u>
As at 31 March 2011	<u>30</u>	<u>70</u>	<u>100</u>	<u>100</u>
<b>Leased Assets</b>				

The Company has no current property subject to lease agreements.

**11. TRADE AND OTHER RECEIVABLES**

	2012 \$ 000's	Group 2011 \$ 000's	2012 \$ 000's	Parent 2011 \$ 000's
Trade Receivables	878	731	744	731
Other receivables and prepayments	124	36	82	36
	<u>1,002</u>	<u>767</u>	<u>826</u>	<u>767</u>

**ENPRISE SOLUTIONS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	2012 \$ 000's Software Development	2011 \$ 000's Software Development
<b>12. INTANGIBLE ASSETS</b>		
<i><b>Cost</b></i>		
At 1 April	711	640
Additions	90	71
Disposals	-	-
	<u>801</u>	<u>711</u>
Balance at 31 March		
<i><b>Amortisation</b></i>		
At 1 April	424	297
Amortisation	110	127
Disposals	-	-
	<u>534</u>	<u>424</u>
Balance at 31 March		
<i><b>Carrying value</b></i>		
At 31 March	<u>267</u>	<u>287</u>

	2012 \$ 000's	Group 2011 \$ 000's	2012 \$ 000's	Parent 2011 \$ 000's
<b>13. ADVANCES</b>				
Advance to Subsidiary	-	-	296	-
	<u>-</u>	<u>-</u>	<u>296</u>	<u>-</u>

**14. CASH AND CASH EQUIVALENTS**

Bank balances	52	52	33	52
Call Deposits	228	228	165	228
Total cash and cash equivalents	<u>280</u>	<u>280</u>	<u>198</u>	<u>280</u>

The Group has banking facilities with Bank of New Zealand and ASB Limited, however, ASB Limited are the primary bankers of the Group.



**ENPRISE SOLUTIONS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**15. TRADE AND OTHER PAYABLES**

	2012	Group	2012	Parent
	\$ 000's	2011	\$ 000's	2011
		\$ 000's		\$ 000's
Trade payables	259	378	181	378
Other payables and accruals	308	358	184	358
Goods and services tax	39	20	34	20
Deposits from customers	39	26	39	26
Maintenance income received in advanced	325	206	295	206
	<b>970</b>	<b>988</b>	<b>733</b>	<b>988</b>

Trade payables generally have terms of 30 days and are interest free. Trade payables of a short - term duration are not discounted.

**16. RELATED PARTY TRANSACTION**

***Related party advances***

Encap Group Limited (EGL) became the parent company of Enprise Solutions Limited by purchasing 100% of its shares on 1 March 2012. EGL is a privately owned company. The company has the following 100% owned subsidiaries.

- Enprise Australia Pty Limited
- Enprise Limited

None of these balances are secured. There have been no impairments of related party balances during the year (2011: \$Nil) and there have been no write-offs of related party balances during the year (2011: \$Nil).

<b>Balance outstanding at year end</b>	<b>Nature of relationship</b>	<b>2012</b>	<b>2011</b>
Enprise Australia Pty Ltd	Subsidiary	296	-
Enprise Holdings Ltd	Former parent	-	(2,237)
EMS Cortex Ltd	Former parent group subsidiary	-	736
<b>Management fees paid/payable</b>		<b>2012</b>	<b>2011</b>
Enprise Holdings Ltd	Former parent	-	6
EMS Cortex Ltd	Former parent group subsidiary	-	1,477

***Other related parties***

Consulting fees of \$20,000 (2011: \$27,000) were paid to a Director in respect of advisory services rendered. A balance of \$Nil (2011: \$22,009) is outstanding at the year end.

Total directors remuneration for the year was \$75,330 (2011 : \$91,000)

**ENPRISE SOLUTIONS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	2012	Group	2012	Parent
	\$ 000's	2011	\$ 000's	2011
		\$ 000's		\$ 000's
<b>17. CAPITAL</b>				
Opening Balance	129	129	129	129
Shares issued and paid up	2,061	-	2,061	-
Balance as at 31 March 2012	<u>2,190</u>	<u>129</u>	<u>2,190</u>	<u>129</u>

As at 31 March 2012, paid-up capital comprised as follows:

	Number of shares issued	Value per share	Issue Price	Value of paid up capital
Ordinary shares	<u>2,207,042</u>	\$1.00	\$1.00	<u>2,190,042</u>
	<u>2,207,042</u>			<u>2,190,042</u>

As at 31 March 2011, issued capital comprised as follows:

	Number of shares issued	Value per share	Issue Price	Value of issued capital
Ordinary shares	<u>146,000</u>	\$1.00	\$1.00	<u>129,000</u>
	<u>146,000</u>			<u>129,000</u>

All shares rank equally with regard to the group's residual assets

<b>18. ACCUMULATED (LOSSES)</b>		Group		Parent
	2012	2011	2012	2011
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Opening Balance	(1,251)	(1,852)	(1,251)	(1,852)
Total recognised income and expenses	(86)	601	(100)	601
Balance as at 31 March 2012	<u>(1,337)</u>	<u>(1,251)</u>	<u>(1,351)</u>	<u>(1,251)</u>

**ENPRISE SOLUTIONS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**19. FINANCIAL INSTRUMENTS**

*Unhedged Foreign Exchange Risk*

The Group is exposed to currency risk on sales that are denominated in a currency other than respective functional currencies of group entities, primarily NZD, but also AUD. The Directors monitor the exposure to movements in foreign exchange rates on a regular basis. At the balance sheet date the Company had not entered into any forward currency contracts.

*Financial Instruments by classification*

	2012 \$ 000's	Group 2011 \$ 000's	2012 \$ 000's	Parent 2011 \$ 000's
Loans and Receivables	1,397	1,783	1,320	1,783
Liabilities at amortised cost	298	2,635	215	2,635

**20. LEASES**

*Operating leases*

The totals of future minimum lease payments due are as follows:

	Group and Parent	
	2012 \$ 000's	2011 \$ 000's
The totals of future minimum lease		
Not later than one year	81	262
Later than five years	-	-
	<u>81</u>	<u>262</u>

**21. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 March 2012 (2011: \$Nil).

**22. SUBSEQUENT EVENTS**

There were no events subsequent to balance date that would affect the financial statements (2011: \$Nil).

**ENPRISE SOLUTIONS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**23. CAPITAL MANAGEMENT**

The Company requires the Board of Directors manage the revenues, expenses, assets, liabilities and general financial dealings of the Company prudently. The Company's capital is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

The Company is not subject to any externally imposed capital requirements and the objective of managing the Company's capital is to ensure that the Company achieves its objectives whilst remaining a going concern.

# **ANNEXURE E**

**Enprise Group Limited**  
**Proforma Statement of Financial Position**  
**As at 1 November 2012**

**ASSETS**

**Current Assets**

Cash and cash equivalents	1,830
Trade and other receivables	1,015
<b>Total Current Assets</b>	<b>2,845</b>

**Non-current Assets**

Property, plant and equipment	106
Other non-current assets	55
Intangible assets	1,589
<b>Total non-current assets</b>	<b>1,750</b>

<b>TOTAL ASSETS</b>	<b>4,595</b>
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**LIABILITIES**

**Current Liabilities**

Trade and other payables	1,700
Provisions	111
<b>Total Current Liabilities</b>	<b>1,811</b>

<b>TOTAL LIABILITIES</b>	<b>1,811</b>
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**EQUITY**

**Equity attributable to equity  
holders of the parent**

Contributed Equity	2,408
Accumulated Reserves	376

<b>TOTAL EQUITY</b>	<b>2,784</b>
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<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,595</b>
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