

SLI Systems Limited  
and its Subsidiaries  
Interim Report

For the six months ended 31 December 2015

## SLI Systems Limited and its Subsidiaries

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**SLI Systems Limited and its Subsidiaries**  
**Consolidated Statement of Comprehensive Income**  
**For the Six Months Ended 31 December 2015**

	Note	Unaudited 6 months ended 31 Dec 2015 \$'000	Unaudited 6 months ended 31 Dec 2014 \$'000	Audited 12 months ended 30 Jun 2015 \$'000
Operating revenue		17,367	13,342	28,126
Other income		57	270	466
<b>Total revenue and other income</b>	3	<b>17,424</b>	<b>13,612</b>	<b>28,592</b>
Operating expenses		(7,062)	(7,429)	(14,309)
Employee entitlements		(10,826)	(10,439)	(22,007)
<b>Operating (loss) before finance income</b>		<b>(464)</b>	<b>(4,256)</b>	<b>(7,724)</b>
Finance income		18	139	174
<b>Net finance income</b>		<b>18</b>	<b>139</b>	<b>174</b>
<b>(Loss) before tax</b>		<b>(446)</b>	<b>(4,117)</b>	<b>(7,550)</b>
Income tax (expense)/credit		(56)	(30)	101
<b>(Loss) for the period</b>		<b>(502)</b>	<b>(4,147)</b>	<b>(7,449)</b>
<b>Other comprehensive income recycled through profit and loss</b>				
Currency translation movement		(185)	32	243
<b>Total comprehensive (loss) for the period attributable to the shareholders of the company</b>		<b>(687)</b>	<b>(4,115)</b>	<b>(7,206)</b>
<b>(Loss)/earnings per share</b>				
Basic and diluted (loss)/earnings per share		(\$0.008)	(\$0.068)	(\$0.122)

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

**SLI Systems Limited and its Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**For the Six Months Ended 31 December 2015**

<b>Unaudited</b>	<b>Share Capital \$'000</b>	<b>Share Option Reserve \$'000</b>	<b>Translation Reserve \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total Equity \$'000</b>
<b>Opening balance at 1 July 2015</b>	18,125	1,492	277	(14,504)	5,390
Prior period adjustment	-	-	-	(664)	(664)
<b>Restated opening balance at 1 July 2015</b>	<b>18,125</b>	<b>1,492</b>	<b>277</b>	<b>(15,168)</b>	<b>4,726</b>
(Loss) for the period	-	-	-	(502)	(502)
Currency translation movement	-	-	(185)	-	(185)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(185)</b>	<b>(502)</b>	<b>(687)</b>
<b>Transactions with owners</b>					
Share options					
- Share options exercised during period	277	(39)	-	-	238
- Share option expense for the period	-	348	-	-	348
- Share options expired for the period	-	(203)	-	203	-
<b>Balance at 31 December 2015</b>	<b>18,402</b>	<b>1,598</b>	<b>92</b>	<b>(15,467)</b>	<b>4,625</b>

<b>Unaudited</b>	<b>Share Capital \$'000</b>	<b>Share Option Reserve \$'000</b>	<b>Translation Reserve \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total Equity \$'000</b>
<b>Opening balance at 1 July 2014</b>	17,674	1,216	34	(7,476)	11,448
Prior period adjustment	-	-	-	(345)	(345)
<b>Restated opening balance at 1 July 2014</b>	<b>17,674</b>	<b>1,216</b>	<b>34</b>	<b>(7,821)</b>	<b>11,103</b>
(Loss) for the period	-	-	-	(4,147)	(4,147)
Currency translation movement	-	-	32	-	32
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>(4,147)</b>	<b>(4,115)</b>
<b>Transactions with owners</b>					
Share options					
- Share options exercised during period	332	(110)	-	-	222
- Share option expense for the period	-	273	-	-	273
- Share options expired for the period	-	(48)	-	48	-
<b>Balance at 31 December 2014</b>	<b>18,006</b>	<b>1,331</b>	<b>66</b>	<b>(11,920)</b>	<b>7,483</b>

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

**SLI Systems Limited and its Subsidiaries**  
**Consolidated Balance Sheet**  
**As at 31 December 2015**

	Note	Unaudited 31 Dec 2015 \$'000	Unaudited 31 Dec 2014 \$'000	Audited 30 Jun 2015 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		5,606	7,359	5,582
Trade and other receivables		6,843	6,581	6,631
Taxation receivable		-	5	-
<b>Total current assets</b>		<b>12,449</b>	<b>13,945</b>	<b>12,213</b>
<b>Non-current assets</b>				
Deferred tax assets		502	358	502
Property, plant and equipment		1,438	1,649	1,582
Intangible assets		77	103	99
<b>Total non-current assets</b>		<b>2,017</b>	<b>2,110</b>	<b>2,183</b>
<b>Total assets</b>		<b>14,466</b>	<b>16,055</b>	<b>14,396</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Taxation payable		76	-	24
Trade and other payables		7,670	6,288	6,843
Employee benefits		2,063	2,188	2,774
<b>Total current liabilities</b>		<b>9,809</b>	<b>8,476</b>	<b>9,641</b>
<b>Non-current liabilities</b>				
Employee benefits		20	81	17
Deferred tax liabilities		12	15	12
<b>Total non-current liabilities</b>		<b>32</b>	<b>96</b>	<b>29</b>
<b>Total liabilities</b>		<b>9,841</b>	<b>8,572</b>	<b>9,670</b>
<b>Net assets</b>		<b>4,625</b>	<b>7,483</b>	<b>4,726</b>
<b>EQUITY</b>				
Share capital	5	18,402	18,006	18,125
Reserves		1,690	1,397	1,769
Accumulated losses		(15,467)	(11,920)	(15,168)
<b>Total equity</b>		<b>4,625</b>	<b>7,483</b>	<b>4,726</b>
Net tangible asset backing per ordinary security		\$0.07	\$0.12	\$0.08

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

**SLI Systems Limited and its Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the Six Months Ended 31 December 2015**

	Note	Unaudited 6 months ended 31 Dec 2015 \$'000	Unaudited 6 months ended 31 Dec 2014 \$'000	Audited 12 months ended 30 Jun 2015 \$'000
<b>Cash flows from operating activities</b>				
<b>Cash provided from:</b>				
Receipts from customers		18,109	12,969	27,938
Interest received		14	191	246
Net GST/VAT (paid)		(19)	(46)	(15)
Government grants		100	230	378
<b>Cash was applied to:</b>				
Payments made to suppliers and employees		(18,354)	(17,318)	(34,193)
Income tax (paid)/received		(4)	(5)	8
<b>Net cash (outflow) from operating activities</b>	4	<b>(154)</b>	<b>(3,979)</b>	<b>(5,638)</b>
<b>Cash flows from investing activities</b>				
<b>Cash was provided from/(applied) to:</b>				
Purchase of property, plant and equipment		(56)	(259)	(433)
Sale of property, plant and equipment		1	-	1
Purchase of intangibles		(5)	(14)	(40)
<b>Net cash (outflow) from investing activities</b>		<b>(60)</b>	<b>(273)</b>	<b>(472)</b>
<b>Cash flows from financing activities</b>				
<b>Cash was provided from/(applied) to:</b>				
Cash received from share options exercised		238	222	303
<b>Net cash inflow from financing activities</b>		<b>238</b>	<b>222</b>	<b>303</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>24</b>	<b>(4,030)</b>	<b>(5,807)</b>
Cash and cash equivalents at the beginning of the period		5,582	11,389	11,389
<b>Cash and cash equivalents at the end of the period</b>		<b>5,606</b>	<b>7,359</b>	<b>5,582</b>

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

# SLI Systems Limited and its Subsidiaries

## Notes to the Financial Statements

### 1 General information

SLI Systems Limited (the Company, SLI) and its subsidiaries S.L.I. Systems, Inc., SLI Systems (UK) Limited and SLI Systems (Japan) K.K (together the Group) provide site search and navigation technologies to connect site visitors with products on e-commerce websites. The Group has operations in New Zealand, the United States, Australia, the United Kingdom and Japan.

The consolidated financial statements for the Group for the period ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 25 February 2016.

### 2 Basis of preparation

These general purpose financial statements for the six months ended 31 December 2015 have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting and consequently do not include all the information required for full financial statements. These condensed Group interim financial statements should be read in conjunction with the audited financial statements of SLI Systems Limited and its Subsidiaries for the year ended 30 June 2015, which have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

The interim financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Financial Markets Conduct Act 2013 and the New Zealand Stock Exchange (NZX).

SLI Systems Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The Company and Group are designed as profit-oriented entities for financial reporting purposes.

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of SLI Systems Limited and its Subsidiaries for the year ended 30 June 2015.

There have been no significant changes in accounting policies during the period. These financial statements have been restated to reflect a prior period adjustment as below:

During the period, the Company appointed a specialist indirect tax expert to evaluate our previous advice on the Group's US Sales Tax position. The position on this is not yet conclusively resolved however, at this stage, it appears likely that our earlier advice and related treatment of US sales tax may have resulted in SLI under-returning sales taxes to the US authorities. Pending more definitive resolution of the position, the Company has made a provision within Trade and other Payables of \$664,000 for an estimate of additional sales tax cost, net of expected credits, that relates to previous years. This is based on the best estimates available at the time of preparing these statements and any actual liability is expected to be fully quantified by the end of the 2016 financial year.

As the amount relates to previous periods, as required by accounting standards, the amount has been adjusted against opening retained earnings.

The impact of the restatement on these financial statements is as follows:

Six months ended 31 December 2014 - \$152,000 increase in operating expenses and loss for the period, a \$497,000 increase in trade and other payables and a \$497,000 decrease in total equity. This equates to a \$0.002 increase in loss per share.

12 months ended 30 June 2015 - \$319,000 increase in operating expenses and loss for the period, a \$664,000 increase in trade and other payables and a \$664,000 decrease in total equity. This equates to a \$0.005 increase in loss per share.

**SLI Systems Limited and its Subsidiaries**  
**Notes to the Financial Statements**

**3. Revenue and other income**

	Unaudited 6 months ended 31 Dec 2015 \$'000	Unaudited 6 months ended 31 Dec 2014 \$'000	Audited 12 months ended 30 Jun 2015 \$'000
Revenue from sale of services	17,367	13,342	28,126
Government grants received and receivable	57	270	466
<b>Total revenue and other income</b>	<b>17,424</b>	<b>13,612</b>	<b>28,592</b>

**4. Reconciliation from the net (loss) after tax to the net cash from operating activities**

	Unaudited 6 months ended 31 Dec 2015 \$'000	Unaudited 6 months ended 31 Dec 2014 \$'000	Audited 12 months ended 30 Jun 2015 \$'000
Net (loss) after tax	(502)	(4,147)	(7,449)
<b>Adjustments</b>			
Depreciation	193	204	458
Amortisation	27	26	56
(Loss)/gain on currency translation movement	(179)	27	224
Share options expense	348	273	526
<b>Changes in working capital items</b>			
Decrease/(increase) in trade receivables and prepayments	494	(605)	(217)
(Decrease)/increase in trade payables and accruals	(583)	194	823
(Increase)/decrease in GST	(4)	25	34
Decrease/(increase) in tax	52	24	(93)
<b>Net cash outflow from operating activities</b>	<b>(154)</b>	<b>(3,979)</b>	<b>(5,638)</b>

**5. Contributed equity**

**(a) Ordinary share capital**

	Number of Ordinary Shares	\$'000
<b>Balance at 31 December 2014 (unaudited)</b>	60,976,112	18,006
Share options exercised	186,004	119
<b>Balance at 1 July 2015 (audited)</b>	61,162,116	18,125
Share options exercised	467,196	277
<b>Balance at 31 December 2015 (unaudited)</b>	<b>61,629,312</b>	<b>18,402</b>

## SLI Systems Limited and its Subsidiaries

### Notes to the Financial Statements

#### Prior period

	Number of Ordinary Shares	\$'000
<b>Balance at 1 July 2014 (audited)</b>	60,498,018	17,674
Share options exercised	478,094	332
<b>Balance at 31 December 2014 (unaudited)</b>	<b>60,976,112</b>	<b>18,006</b>

The total number of ordinary shares on issue as at 31 December 2015 is 61,629,312 (31 December 2014: 60,976,112) shares. All shares are issued and fully paid (no par value).

#### (b) Redeemable shares

On 31 May 2013, the Company issued 399,999 unlisted redeemable shares, with an issue price of \$1.50, which were allotted to independent directors, as contemplated in the Prospectus dated 6 May 2013.

On 20 December 2013, the Company issued 107,527 unlisted redeemable shares, with an issue price of \$1.86, to Andrew Lark, an independent director, as approved at the annual shareholder's meeting on the 14 October 2014.

Redeemable shares have the same rights and terms and rank uniformly in all respects with the ordinary shares in the Company.

In satisfaction of the issue price of the redeemable shares, the Company provided loans to the redeemable shareholders. The loans provided are interest free, have recourse only against the redeemable shares and are repayable in full on the third anniversary of the issue date, or some later date subject to board approval. The substance of these transactions is similar in nature to the issuing of share options and as such are valued in accordance with Note 6 using the Black-Scholes pricing model. As at 31 December 2015, no cash has been exchanged in relation to these transactions and the loans are not recognised in the financial statements.

The redeemable shares vest immediately. Upon repayment of the loan, the redeemable shares automatically reclassify into ordinary shares in the Company.

The unlisted redeemable shares as at 31 December 2015 are as follows:

	Issue Date	Unlisted Redeemable Shares	Loan \$
Greg Cross	31 May 2013	133,333	200,000
Sarah Smith	31 May 2013	133,333	200,000
Sam Knowles (retired 16 October 2015)	31 May 2013	133,333	200,000
Andrew Lark	20 Dec 2013	107,527	200,000
		<b>507,526</b>	<b>800,000</b>

#### 6. Share options

Options to subscribe for shares have been issued to certain directors, employees and some advisors of the Company.

Unless otherwise determined by the Board of Directors options shall be exercisable to the extent of 1/4 of the options as of the one year anniversary after the grant date, then an additional 1/36th of the remaining balance on a monthly basis, so that the options are fully exercisable on the fourth anniversary of the grant date. The options are no longer exercisable on the first to occur of i) the 10th anniversary of the grant date, ii) the last date for exercising the option following termination of the Optionee's Service or iii) its termination in connection with a change in control in the Company.

The presentation currency of the financial statements is in New Zealand dollars (NZ\$). However, a significant majority of the options have an exercise price denominated in US dollars (US\$) so the tables below are presented in US\$ where appropriate.

**SLI Systems Limited and its Subsidiaries**  
**Notes to the Financial Statements**

<b>Current period</b> <i>Reconciliation of outstanding options</i>	<b>Number of Options 2015</b>	<b>Weighted Average Exercise Price US\$ 2015</b>
Balance at 1 July 2015	7,191,927	0.63
Expired during the period	(1,113,913)	0.82
Exercised during the period	(467,196)	0.33
Issued during the period	380,000	0.57
<b>Balance at 31 December 2015</b>	<b>5,990,818</b>	<b>0.63</b>

Exercisable at 31 December 2015 4,596,070 0.57

<b>Prior period</b> <i>Reconciliation of outstanding options</i>	<b>Number of Options 2014</b>	<b>Weighted Average Exercise Price US\$ 2014</b>
Balance at 1 July 2014	6,786,960	0.71
Expired during the period	(285,306)	1.02
Exercised during the period	(478,094)	0.38
Issued during the period	1,264,700	1.01
<b>Balance at 31 December 2014</b>	<b>7,288,260</b>	<b>0.72</b>

Exercisable at 31 December 2014 4,508,586 0.52

The weighted average exercise price of the total options at the end of the period is US\$ 57 cents which equates to NZ\$ 83 cents at 31 December 2015 exchange rate.

The tables above include the unlisted redeemable shares as detailed in note 5.

Share options outstanding at the end of the period have the following characteristics:

<b>Number of Options</b>	<b>Exercise Price per Share</b>	<b>Weighted Average Contractual Life remaining at 31 Dec 2015 (years)</b>
460,000	US \$0.29 - \$0.33	1.1
2,345,852	US \$0.3333	4.4
220,875	US \$0.68	6.5
424,763	US \$0.75	6.7
194,400	US \$0.78	7.2
172,000	NZ \$0.76 - \$0.80	9.7
500,000	NZ \$0.81 - \$1.00	8.8
269,387	NZ \$1.01 - \$1.20	9.0
154,438	NZ \$1.21 - \$1.40	8.7
501,996	NZ \$1.41 - \$1.60	7.5
246,280	NZ \$1.61 - \$1.80	8.4
335,227	NZ \$1.81 - \$2.00	7.8
82,800	NZ \$2.01 - \$2.20	7.9
27,600	NZ \$2.21 - \$2.40	8.3
55,200	NZ \$2.41 - \$2.60	8.2

## SLI Systems Limited and its Subsidiaries

### Notes to the Financial Statements

#### Measurement of fair value

The fair value of the options granted was measured based on the Black-Scholes pricing model. Expected volatility is estimated by considering historic average share price volatility for both SLI and its NZX listed peers.

The inputs used in the measurement of the fair values at grant date of the share based payment plans were as follows for US\$ options:

US\$ options	Dec 2015	Dec 2014	Jun 2015
Share price at grant date (weighted average US\$)	0.41	0.41	0.41
Exercise price (weighted average US\$)	0.42	0.42	0.42
Expected volatility (weighted average)	20% to 30%	20% to 30%	20 to 30%
Expected life (weighted average)	4	4	4
Risk-free interest rate (weighted average)	3.0%	3.0%	3.0%
Fair value at grant date (weighted average US\$)	0.09	0.09	0.08

The inputs used in the measurement of the fair values at grant date of the share based payment plans were as follows for NZ\$ options:

NZ\$ options	Dec 2015	Dec 2014	Jun 2015
Share price at grant date (weighted average NZ\$)	1.41	1.57	1.44
Exercise price (weighted average NZ\$)	1.40	1.57	1.43
Expected volatility (weighted average)	30%	30%	30%
Expected life (weighted average)	4	4	4
Risk-free interest rate (weighted average)	3.5%	3.7%	3.6%
Fair value at grant date (weighted average NZ\$)	0.43	0.47	0.43

#### Directors

The following directors hold the following number of options as at 31 December 2015:

	Exercise price	
Shaun Ryan	US \$0.33	49,260
Shaun Ryan (issued in the current period)	NZ \$0.94	200,000
Greg Cross	US \$0.33	120,000

## 7. Share Appreciation Rights

Historically the company has operated a share option scheme for its employees in line with the terms set out in note 6 above. During the current period the company has introduced a new share based payment plan based on Share Appreciation Rights (SARs). The development of this new Long Term Incentive plan is for key US executives and provides the company with the flexibility to settle any share appreciation in cash or shares. An appropriate Long Term Incentive plan is critical to attracting and retaining key executive talent in the US market.

The terms and conditions, valuation basis and other required disclosures for these share based payments are set out below.

The SARs will vest to the extent of 1/4 of the SARs as of the one year anniversary after the grant date, then an additional 1/36th of the remaining balance on a monthly basis, so that the SARs are fully vested on the fourth anniversary of the grant date. The SARs shall be exercisable to the extent of 25% of the total number of SARs issued to the recipient at the one year anniversary of the grant date, then an additional 25% of the initially issued number of SARs will be able to be exercised on each of the second, third and fourth anniversaries of the base grant date. The SARs can only be exercised during the 30 day period commencing on the appropriate anniversary date and if they are not exercised they will terminate after the expiry of the relevant 30 day period.

## SLI Systems Limited and its Subsidiaries

### Notes to the Financial Statements

On the date on which the SARs are either (i) exercised or (ii) terminated, subject to Board approval, additional fully vested share options will be issued equal to the number of such exercised or terminated SARs. The exercise price of the share options will be the greater of the share price on the original grant date of the SARs and the share price on the day the share options are granted. The options will expire on the 10<sup>th</sup> anniversary of the grant date of the SARs.

Upon exercise of SARs, the recipient will be entitled to receive a payment equal to the increase in share price between the grant date and the exercise date. Such payment can be made either in cash or by the issue of SLI NZ ordinary shares, at market value, at the discretion of the Board of Directors.

Whilst the share options linked to the SARs have not been issued, there is a constructive obligation to issue the additional options. Therefore the share based payment expense including both the SARs and additional options, is required to be recognised from the grant date of the SARs. Based on this choice of settlement and SLI's ability and the likelihood to settle in shares, the SARs and options are considered to be equity-settled share based payments.

<b>Current Period</b>		<b>Weighted</b>
<b>Reconciliation of outstanding SARs</b>	<b>Number of</b>	<b>Average</b>
	<b>SARs</b>	<b>Exercise Price</b>
	<b>2015</b>	<b>NZ\$</b>
		<b>2015</b>
Balance at 1 July 2015	-	-
Expired during the period	-	-
Exercised during the period	-	-
Issued during the period	3,469,343	0.81
<b>Balance at 31 December 2015</b>	<b>3,469,343</b>	<b>0.81</b>
Exercisable at 31 December 2015	-	-

SARs outstanding at the end of the period have the following characteristics:

<b>Number of SARs</b>	<b>Exercise Price per Share</b>	<b>Weighted Average Contractual Life remaining at 31 Dec 2015 (years)</b>
2,452,332*	NZ \$0.83	2.25
1,017,011	NZ \$0.77	2.32

\*613,083 of these are conditional upon implementing a commercially viable strategy to maximise long term growth, in the initial 1 year term to 29 September 2016. If the Board is not satisfied that this condition is met, the conditional SARs will terminate. In calculating the fair value of the SARs we have assumed that the condition will be met and the SARs will be exercisable.

#### **Measurement of fair value**

The fair values of the SARs and additional option grants were measured based on the Black-Scholes pricing model. Expected volatility is estimated by considering historic average share price volatility for a group of SLI's NZX listed peers. A simulation model has been used to determine the exercise price of options being the future share price at the time the associated SARs are exercised and the related options are granted. The exercise price of the additional options will be the greater of the market price of the SARs on exercise or the share price at grant date of the SARs.

## SLI Systems Limited and its Subsidiaries

### Notes to the Financial Statements

The inputs used in the measurement of the fair values at grant date were as follows for NZ\$ SARs and additional options:

NZ\$	2015	2015
	SARs	Additional options
Expected volatility (weighted average)	30%	30%
Expected life (weighted average)	2.5 years	4 years
Risk-free interest rate (weighted average)	2.7%	2.7%
Fair value at grant date (weighted average)	\$0.17	\$0.19

The SARs weighted average share price at grant date and exercise price is NZ\$ 81 cents.

The options in the table above have not yet been granted so have not been reported on the NZX but for Accounting standard IFRS 2 the related expense is recorded in current period financial statements.

#### Directors

The following directors hold the following number of SARs as at 31 December 2015:

	<i>Exercise price</i>	
Christopher Brennan (issued in the current period)	NZ \$0.83	2,452,332

## 8. Related parties

### Parent and ultimate controlling party

The immediate parent and ultimate controlling party of the Group is SLI Systems Limited.

### Related party transactions and balances

Directors' holdings of options, SARs, preference shares and associated loans are disclosed in Notes 5, 6 and 7.

Marder Media Group, Inc. (of which Steven Marder is a director) is a shareholder of Delivery Agent, which is a customer of S.L.I. Systems, Inc. Revenue recognised in the period \$158,000 (31 December 2014: \$89,000).

## 9. Segmental information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the Group, has been identified as the CEO.

The Group currently operates in one business segment providing website search services in New Zealand, United States, Australia, the United Kingdom, Brazil and Japan. Discrete financial information is not produced on a geographical basis and the operating results are reviewed on a group basis.

## 10. Subsequent events

There have been no material subsequent events after 31 December 2015.