

INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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Interim Financial Statements - Unaudited

Income Statement

For the six months ended 30 September 2015

<i>Note</i>	Six Months Unaudited Group 2015	Six Months Unaudited Group 2014	Year Ended Audited Group March 2015
	(\$000)	(\$000)	(\$000)
Sale of Goods	1,385	1,912	3,803
Rendering of Services	688	767	1,480
Rental Revenue	12	2	6
Other Revenue	340	60	335
Total Revenue	2,425	2,741	5,624
Cost of Sales	914	1,442	2,659
Gross Profit	1,511	1,299	2,965
Administration	218	206	439
Professional Services	38	19	59
Finance Costs	8	5	9
Sales & Development	1,014	756	1,501
Occupancy Costs	99	92	192
Employee Share Scheme	10	96	204
Other Expenses	44	46	85
Total Expenses	1,431	1,220	2,489
Profit/(Loss) before Income Tax	80	79	476
Income Tax Expense	-	-	-
Profit/(Loss) after Income Tax attributable to Equity holders of the parent	80	79	476

Statement of Comprehensive Income

For the six months ended 30 September 2015

<i>Note</i>	Six Months Unaudited Group 2015	Six Months Unaudited Group 2014	Year Ended Audited Group March 2015
	(\$000)	(\$000)	(\$000)
Profit/(Loss) for the period	80	79	476
Other comprehensive income that may subsequently be recycled to the Income Statement			
<i>Translation of foreign operations</i>			
Gains/(Losses) arising during the period	(61)	(6)	(99)
Other comprehensive income, net of tax	(61)	(6)	(99)
Total comprehensive Profit/(Loss) for the period, net of tax attributable to Equity of the parent	19	73	377

These statements should be read in conjunction with the attached notes to the Interim Financial Statements.

Statement of Changes in Equity

For the six months ended 30 September 2015

Group	Note	Share Capital	Employee Equity Benefit Reserve	Foreign Currency Translation Reserve	Shares Not Yet Issued Reserve	Retained Earnings	Total
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Six Months ended 30 September 2014 (Unaudited)							
Opening Balance at 1 April 2014		29,837	419	605	-	(28,461)	2,400
Profit for the period		-	-	-	-	79	79
Other comprehensive income	2	-	-	(6)	-	-	(6)
Total comprehensive income for the period		-	-	(6)	-	79	73
Share Based Payments	5	-	96	-	-	-	96
Balance at 30 September 2014		29,837	515	599	-	(28,382)	2,569
Year ended 31 March 2015 (Audited)							
Opening Balance at 1 April 2014		29,837	419	605	-	(28,461)	2,400
Profit for the year		-	-	-	-	476	476
Other comprehensive income	2	-	-	(99)	-	-	(99)
Total comprehensive income for the year		-	-	(99)	-	476	377
Share Based Payments	5	-	204	-	-	-	204
Balance at 31 March 2015 (Audited)		29,837	623	506	-	(27,985)	2,981
Six Months ended 30 September 2015 (Unaudited)							
Opening Balance 1 April 2015		29,837	623	506	-	(27,985)	2,981
Profit for the period		-	-	-	-	80	80
Other comprehensive income	2	-	-	(61)	-	-	(61)
Total comprehensive income for the period		-	-	(61)	-	80	19
Share Based Payments	5	-	10	-	-	-	10
Balance at 30 September 2015		29,837	633	445	-	(27,905)	3,010

This statement should be read in conjunction with the attached notes to the Interim Financial Statements.

Balance Sheet

As at 30 September 2015

	<i>Note</i>	Six Months Unaudited Group 2015	Six Months Unaudited Group 2014	Year Ended Audited Group March 2015
		(\$000)	(\$000)	(\$000)
Current Assets				
Cash and Cash Equivalents		1,530	458	1,580
Trade and Other Receivables		611	1,390	1,260
Inventory		1,485	1,557	1,021
GST Receivable		31	18	15
Current Tax Assets		19	11	14
Total Current Assets		3,676	3,434	3,890
Non Current Assets				
Property, Plant and Equipment		185	153	113
Intangible Assets		24	11	12
Total Non Current Assets		209	164	125
Total Assets		3,885	3,598	4,015
Current Liabilities				
Trade and Other Payables		705	537	713
Borrowings – Trade Finance Facility	3	170	288	321
Total Current Liabilities		875	825	1,034
Non Current Liabilities				
Borrowings – Trade Finance Facility	3	-	204	-
Total Non Current Liabilities		-	204	-
Total Liabilities		875	1,029	1,034
Total Net Assets		3,010	2,569	2,981
Equity				
Capital and Other Equity Instruments		29,837	29,837	29,837
Accumulated Losses		(27,905)	(28,382)	(27,985)
Reserves	2	1,078	1,114	1,129
Total Equity attributable to Equity holders of the parent		3,010	2,569	2,981

This statement should be read in conjunction with the attached notes to the Interim Financial Statements.

Cash Flow Statement

For the six months ended 30 September 2015

<i>Note</i>	Six Months Unaudited Group 2015	Six Months Unaudited Group 2014	Year Ended Audited Group March 2015
	(\$000)	(\$000)	(\$000)
	Cash flows from Operating Activities		
	3,065	2,811	5,907
	23	8	16
	(5)	(2)	(5)
	(2,861)	(3,554)	(5,361)
	(3)	-	-
7	220	(737)	558
	Cash flows from Investing Activities		
	(107)	(31)	(35)
	(12)	-	-
	(119)	(31)	(35)
	Cash flows from Financing Activities		
	(151)	(150)	(318)
	-	-	-
	(151)	(150)	(318)
	(50)	(918)	205
	1,580	1,376	1,376
	1,530	458	1,580

This statement should be read in conjunction with the attached notes to the Interim Financial Statements.

Notes to the Interim Financial Statements - Unaudited

For the six month period ended 30 September 2015

1. Basis of Presentation and Accounting Policies

These unaudited consolidated interim financial statements of Syft Technologies Limited (the Company) and its subsidiaries (together "the Group") have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with New Zealand Equivalent to International Accounting Standard (NZ IAS) 34 Interim Financial Reporting. The Company is a profit oriented entity and is an unlisted issuer for the purposes of the New Zealand Financial Reporting Act 1993. The unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2015 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group's Annual Report for the year ended 31 March 2015. The same significant judgements, estimates and assumptions included in the notes to the financial statements in the Group's Annual Report for the year ended 31 March 2015 have been applied to these consolidated interim financial statements.

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

2. Reserves

	Six Months Unaudited Group 2015	Six Months Unaudited Group 2014	Year Ended Audited Group March 2015
	(\$'000)	(\$'000)	(\$'000)
Foreign Currency Translation Reserve	445	599	506
Employee Equity Benefit Reserve	633	515	623
	1,078	1,114	1,129

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.

	Six Months Unaudited Group 2015	Six Months Unaudited Group 2014	Year Ended Audited Group March 2015
	(\$'000)	(\$'000)	(\$'000)
Movements in Translation Reserve			
Balance at beginning of period	506	605	605
Translation of Foreign Operations	(61)	(6)	(99)
Balance at end of period	445	599	506

2. Reserves (continued)

Employee Equity Benefit Reserve

Employee Share Options carry rights to dividends and voting rights.

Further details of the Employee Share Option is contained in note 5 to the interim financial statements.

	Six Months Unaudited Group 2015	Six Months Unaudited Group 2014	Year Ended Audited Group March 2015
	(\$000)	(\$000)	(\$000)
Movement in Employee Benefit Reserve			
Balance at beginning of period	623	419	419
Recognition of Share Based Payments	10	96	204
Balance at end of period	633	515	623

3. Current Liabilities – Borrowings

Trade Finance Facilities

On shipment of an instrument the Company is able to finance 90% of the invoice value by a bank sourced trade finance facility. The Company ensures that credit insurance is in place for all export customers and the bank has approved finance by way of trade finance facilities. The facility reduced from 31 March 2015 to 30 September 2015 as repayments fell due. The next payment was made 1 October 2015, as the trade receivable also matured.

4. Related Party Disclosure

Subsidiaries

The consolidated interim financial statements include the financial statements of Syft Technologies Limited and the subsidiary listed in the following table.

Name	Country of Incorporation	%Equity Interest		
		Six Months Unaudited Group 2015	Six Months Unaudited Group 2014	Year Ended Audited Group March 2015
Syft Technologies Inc	United States	100%	100%	100%

Ultimate Parent

The ultimate parent company is Syft Technologies Limited.

Impairment

There has been no reversal of or increase in impairments of the loan to Syft Technologies Inc (STI) in the six months to 30 September 2015. The balance of the loan (\$276k) remains impaired. Sales and a service contract through STI meant it was able to fund partial repayment of the loan.

Transactions with Related Parties

Trade amounts owing between related parties are payable under normal commercial terms. No related party debts have been written off or forgiven during the period.

Directors have been paid director fees totalling \$33k for the six months to 30 September 2015. No other related party transactions have taken place since balance date. Refer to the 31 March 2015 Annual Report for details of related party transactions in the other periods.

5. Employee Share Option Scheme (ESOS)

In June 2014, the Board approved a share scheme for the key employees of the Company. The scheme has been set up to align the key employees' incentives with that of the Company and Shareholders, and will serve as a reward and retention scheme for the key employees. The scheme aims to reward the key employees with 0.3% ownership of the Company.

The Company has provided the key employees with a non-recourse loan to assist the key employees to participate in the share scheme. The principal terms of the scheme are noted below:

- Loan is non-recourse, interest free and does not have a fixed repayment date.
- If the Key employees sells any of the shares then the cash received must be first put towards repaying the loan.
- If the key employees sells shares at a current market price that is below the issue price, the relevant part of the loan relating to the difference between the issue price and the price achieved will effectively be forgiven.

The shares held by the key employees are restricted, and cannot be sold until the employee remain with Syft for a minimum of three years (with the parcels of shares having restrictions relating to FY15 to FY18). Total number of shares issued and unpaid under the scheme is 3,970,000.

Pricing Model

The Scheme is consistent with that of a call option and has been valued according to the Black-Scholes option pricing model, using the following assumptions:

5 June 2014 granted shares

- The Share price as at 5 June was \$0.03.
- Total shares granted was 3,970,000.
- The level of volatility was 40% based on historical volatility and estimated future volatility of Syft share price.
- The risk free discount rate of 4.01% based on the NZ Government five year bond rate as the Grant Date.

6. Contingencies

The Company and Group have no contingencies at report date or the last balance date. (2014: Nil)

7. Reconciliation of Profit/(Loss) after taxation with net cash flows from operating activities:

	Six Months Unaudited Group 2015	Six Months Unaudited Group 2014	Year Ended Audited Group March 2015
	(\$000)	(\$000)	(\$000)
Net Profit/(Loss)	80	79	476
<i>Adjustments for:</i>			
Depreciation and Amortisation	36	42	85
Unrealised Foreign Exchange Loss – non group	(61)	-	(99)
Movement in the Foreign Currency Translation Reserve	-	(6)	-
Share Based Payment Expense	10	96	204
Adjusted Profit	65	211	666
<i>Changes In Working Capital Items</i>			
(Increase)/Decrease in Trade and Other Receivables	649	165	295
(Increase)/Decrease in Inventory	(464)	(653)	(117)
(Increase)/Decrease in GST	(16)	38	39
(Increase)/Decrease in Current Tax Asset	(6)	(2)	(5)
(Decrease)/Increase in Trade and Other Payables	(8)	(496)	(320)
	155	(948)	(108)
Net Cash Flow (to) Operating Activities	220	(737)	558

8. Subsequent Events

The following event has occurred subsequent to balance date;

Share Issue

In May 2015, 2,900,000 shares were awarded to staff under the staff share scheme. The terms of the scheme is an interest free non-recourse loan to purchase shares at market price (3c), and the participants are required to remain at Syft Technologies Limited for three years for the shares to vest. The cost will be recognised over the life of the option using the Black-Scholes option pricing model.