

Consolidated financial statements

Foster Moore International Limited

For the year ended 31st December 2022

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For the year ended 31st December 2022

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Company Directory

Incorporated	5 May 2014	
Nature of Business	IT Consulting and Registry Services	
Business Location	Auckland, New Zealand	
Registered Office	82 Wyndham Street Auckland Central Auckland 1010 New Zealand	
Incorporation Number	5162321	
Directors	Kerri Brass Elgin Farewell Agostino Russo Dilprit Grewal Martin Riegel	
Shareholders	Hamilton Infrastructure Holdings Inc Teranet Growth Trust Ordinary Shares	1,000 1,000 <hr/> 2,000
Bankers	Bank of New Zealand	
Accountants	Deloitte Deloitte Centre 80 Queen Street, Auckland New Zealand	
Auditors	Ernst & Young 2 Takutai Square, Britomart Auckland 1140 New Zealand	

Directors' Responsibility Statement

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which present fairly in all material respects the financial position of Foster Moore International Limited and its subsidiaries (Group) as at 31 December 2022 and the results of its operations and cashflows for the period ended 31 December 2022.

The Directors consider that the financial statements of the Company have been prepared using accounting policies appropriate to the Company's circumstances, consistently applied and supported by reasonable and prudent judgements and estimates.


The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurances as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

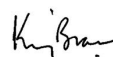
The shareholders of the Company have exercised their rights under Section 211(3) of the Company's Act and unanimously agreed that this Annual Report need not comply with any of the Sections (a) and (e) to (j) of Section 211(1) of the Act.

The Directors are pleased to present the Group financial statements for the period ended 31 December 2022.

For and on behalf of the Directors:



10 May 2023 date
Martin Riegel



10 May 2023 date
Kerri Brass

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2022

in New Zealand Dollars

	Notes	2022 12 months \$	2021 15 months \$
Revenue from Contracts	4	69,133,359	54,123,137
Other Revenue	4	1,720	119,271
Finance Income	6	712,050	8,292
Total Revenue		69,847,129	54,250,700
Net Employee Benefits Expenses	5	(28,255,551)	(28,440,114)
Net Contractors Fees		(15,082,418)	(9,206,065)
Depreciation and Amortisation	10,11	(4,026,297)	(5,219,365)
Contract Assets Amortisation	12	(200,000)	(144,120)
Doubtful Debt	5	111,693	(143,103)
Professional and Consultancy Fees		(1,848,037)	(942,208)
Travel and Accommodation		(549,076)	(98,033)
Rent		(591,111)	(338,898)
Recruitment and Training		(533,084)	(514,968)
Online Data Expenses		(1,833,374)	(1,311,065)
Office Relocation Costs	5	237,125	133,376
Other Expenses		(4,109,932)	(6,537,529)
Finance Expenses	6	(529,718)	(928,495)
Total Expenditure		(57,209,780)	(53,690,586)
Profit/(Loss) Before Taxation		12,637,349	560,114
Income Tax (Expense)/Credit	7	(1,480,392)	(912,669)
Profit/(Loss) For The Year		11,156,957	(352,556)
Other Comprehensive Income			
Foreign Currency Translation Differences - Foreign Operations		(977,404)	(130,138)
Total Comprehensive Income/(Loss) For The Year		10,179,553	(482,693)

These financial statements should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

in New Zealand Dollars

	Notes	2022 31-Dec-22 \$	2021 31-Dec-21 \$
ASSETS			
Current			
Cash and Cash Equivalents	8	1,050,322	906,545
Trade Debtors and Other Receivables	9	13,684,145	8,249,453
Income Tax Receivable	7	187,481	43,738
Related Party Receivables	21	55,461	199,737
Prepayments		953,282	681,658
Total Current Assets		15,930,691	10,081,131
Non-Current			
Intangible Assets	10	10,360,922	7,643,869
Deferred Tax	7	557,238	292,527
Property, Plant and Equipment	11	5,719,035	6,455,805
Contract Costs Capitalised	12	235,625	350,474
Total Non-Current Assets		16,872,820	14,742,675
TOTAL ASSETS		32,803,511	24,823,806
LIABILITIES			
Current			
Bank Overdraft	8	(411,554)	(1,684,472)
Trade Creditors and Other Payables	13	(7,682,396)	(5,592,016)
Trade Finance Loan	22	-	(4,021,326)
Provisions	14	(5,417,300)	(2,537,701)
Income Tax Payable	7	(90,470)	(122,611)
Shareholder Advances	21	-	(1,026,765)
Related Party Payables	21	-	(95,171)
Total Current Liabilities		(13,601,720)	(15,080,063)
Non-Current			
Other Payables	15	(5,456,229)	(6,177,733)
Total Non-Current Liabilities		(5,456,229)	(6,177,733)
TOTAL LIABILITIES		(19,057,949)	(21,257,796)
NET ASSETS		13,745,562	3,566,009
EQUITY			
Share Capital	16	25,819,246	25,819,246
Accumulated Profits/(Losses)		(11,424,999)	(22,581,956)
Foreign Exchange Translation Reserve		(648,685)	328,719
TOTAL EQUITY		13,745,562	3,566,009

These financial statements should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2022

in New Zealand Dollars

Notes	Foreign Exchange Translation Reserve \$	Share Capital \$	Accumulated Profits / (Losses) \$	Total Equity \$
2021				
Opening Balance at 1 January 2021	458,856	25,819,246	(22,229,400)	4,048,702
Profit / (Loss) For The Year	-	-	(352,556)	(352,556)
Other Comprehensive Income	(130,138)	-		(130,138)
Total Comprehensive Income For the Year	(130,138)	-	(352,556)	(482,693)
Balance at 31 December 2021	328,719	25,819,246	(22,581,956)	3,566,009
2022				
Opening Balance at 1 January 2022	328,719	25,819,246	(22,581,956)	3,566,009
Profit / (Loss) For The Year	-	-	11,156,957	11,156,957
Other Comprehensive Income	(977,404)	-		(977,404)
Total Comprehensive Income For the Year	(977,404)	-	11,156,957	10,179,553
Balance at 31 December 2022	(648,685)	25,819,246	(11,424,999)	13,745,562

These financial statements should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cashflows

For the year ended 31st December 2022

in New Zealand Dollars

	Notes	2022 12 months \$	2021 15 months \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts From Customers		64,944,946	53,310,620
Interest Received	6	12,594	8,292
Other Income		1,720	119,271
Cash was applied to:			
Payments To Suppliers and Employees		(48,704,275)	(47,345,573)
Taxation Paid		(2,013,857)	(63,498)
Interest Paid	6	(217,182)	(573,918)
GST Paid		(240,530)	(974,446)
Notional Finance Charge on NZ IFRS16 Leases		(362,275)	(507,366)
Net Cash Inflow/(Outflow) From Operating Activities		13,421,141	3,973,382
CASHFLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:			
Purchase Of Fixed Assets	11	(252,540)	(235,897)
Purchase Of Intangible Assets - Software	10	(5,917,408)	(4,230,451)
Net Cash Inflow/(Outflow) From Investing Activities		(6,169,948)	(4,466,348)
CASHFLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Lease Payments NZ IFRS16		(836,146)	(1,745,921)
Trade Finance Loans		(4,000,000)	-
Shareholder Loans		(998,352)	-
Net Cash Inflow/(Outflow) From Financing Activities		(5,834,498)	(1,745,921)
NET INCREASE/(DECREASE) IN CASH HELD		1,416,695	(2,238,887)
Plus Opening Cash Brought Forward		(777,927)	1,460,960
Ending Cash Carried Forward		638,768	(777,927)
Represented By;			
Bank Accounts	8	638,768	(777,927)
Total Bank Accounts		638,768	(777,927)

These financial statements should be read in conjunction with the notes to the financial statements.

Notes To The Financial Statements

1 Reporting Entity

Foster Moore International Limited (the "Company") is a Company domiciled in New Zealand and registered under the Companies Act 1993.

Consolidated financial Statements for the Group are presented. The Consolidated financial statements of Foster Moore International Limited as at and for the period ended 31 December 2022 comprise the Company and its subsidiaries. Comparative information presented in the Consolidated financial statements comprises a 15 month period ending 31 December 2021.

The principal activity of the Company and its subsidiaries is IT consultancy and registry services. These financial statements were authorised and approved for issue by the directors on 10 May 2023.

2 Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements of Foster Moore International Limited have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate to profit-orientated entities.

For the purposes of complying with NZ GAAP, the Group is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand's equivalent to International Financial Reporting Standards - Reduced Disclosure Regime ('NZIFRS RDR')) on the basis that it does not have public accountability and is not a large-for-profit public sector entity. The Group has elected to report in accordance with NZ IFRS RDR and has applied all eligible disclosure concessions.

(b) Basis of Measurement

The financial statements have been prepared on a historical costs basis, except where otherwise stated.

Going concern

In preparing the financial statements, the Directors and management have assessed the Group's ability to continue as going concern, particularly in light of the financial performance of the Group. In making this assessment, both Directors and management conducted a comprehensive review of the financial position of the Group, the carrying value of its assets and the forecast cashflow needs. The Group's cash flows from operations show positive operating cash flows of \$13.4m, \$9.4m higher than prior period. The financial position shows working capital surplus of \$2.3m (2021: deficit of \$5m), an improvement of \$7.3m over the prior period. Additionally the financial results show a net profit before tax of \$12.6m, an improvement of \$12.0m against the prior period.

The financial statements have been prepared on a going concern basis, the validity of which depends on the key assumptions being realised in a manner consistent with the Director's expectations. The Directors opinion that the Group is a going concern is based on the profit and cashflow forecast and assumptions for the 12 months from the date of signing these accounts. These forecasts assume sufficient cash inflows from both new and existing customer implementation projects based on the expected timing of the commencement of the work and new revenue streams. The following critical assumptions have been made to form this conclusion:

- 1) BNZ increases the existing overdraft facility by \$2m to \$4m, as detailed in the subsequent events note;
- 2) BNZ continues to make available the existing trade finance facility of \$4m. Management expects to utilise both the overdraft and trade finance facilities during the forecast period, however these are expected to be repaid in the forecast period from operating cash flows giving greater flexibility to the Group;
- 3) The Group is able to meet its cashflow forecasts for the next 12 months;
- 4) The Group is able to deliver and realise revenues as forecasted on a number of critical implementation projects, without delays to the expected timing and without re-allocation of resources as planned;
- 5) There is no material delay in debtor collections based on current expected billing milestones;
- 6) Forecast revenue growth of 17% and cash flow growth coming from both existing and new customers and will be serviced from existing and new resources. Although it is considered low, retention risk exists and is being actively managed

It is the considered view of the Board of Directors that sufficient cashflows will be available to meet liabilities as they fall due for the next 12 months from the date of signing of these financial statements. The directors are confident that the Group could achieve its financial forecasts and funding requirements, and the Group should be able to continue as a going concern and realise the value in its assets and discharge its liabilities in the normal course of business.

Impact of the coronavirus (COVID-19) outbreak

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020, and although the impacts to the economy have reduced, it is still a pandemic three years later at the date of this report. The Group remained operational since the declaration, and continued to provide services to its customers. The pandemic had very little impact on the Group's earnings, cash flows and financial condition for the period ended 31 December 2022, and is not expected to have a material impact for the 12 months from the date of signing these financial statements.

(c) Presentation Currency

The financial statements are presented in New Zealand dollars, which is the Group's functional currency. Refer point 3(a) with regard to the subsidiaries.

Notes To The Financial Statements

2 Basis of Preparation (continued)

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with NZ GAAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to on-going review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

(e) Changes in Accounting Policies and Disclosures

There is no change to accounting policies and disclosures

(f) Comparative Information

Where necessary, comparative information has been restated to conform to changes in presentation in the current year.

3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the subsidiary, Foster Moore Canada Limited are presented in Canadian dollars. The financial statements of the subsidiary, Foster Moore USA Inc. are presented in US dollars. The financial statements of the subsidiary, Foster Moore Australia Pty Limited are presented in Australian dollars. For the purposes of these financial statements and the consolidation, all foreign currency balances have been translated to and are reported in New Zealand dollars, which is the functional and presentational currency of Foster Moore International Limited.

(ii) Translations and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cashflow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Transaction differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities are recognised in profit or loss.

(b) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Foster Moore International Limited as at 31 December 2022 and the results of all subsidiaries for the period then ended. Foster Moore International Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Consolidated Entity has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Investments in Subsidiaries are accounted for at cost less any accumulated impairment losses in the individual financial statements of Foster Moore International Limited.

(ii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Business Combinations

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained whereby the fair values of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

Notes To The Financial Statements

3 Summary of Significant Accounting Policies (continued)

(b) Principles of Consolidation (continued)

(iii) Business Combinations (continued)

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured in each reporting period to fair value recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(c) Revenue Recognition

Revenue arises from the provision of services, being software project fees, license fees and support and maintenance fees. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price, which could be Fixed price or Time & Material based price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when and as its performance obligations are satisfied.

(i) Software project fees

The Group enters into agreements with customers to develop software specific to that customer's requirements in exchange for a fixed fee and recognises the revenue over time. Due to the lack of interdependence between the various deliverables of the contracts, they are deemed to be distinct, separately identifiable and are therefore accounted for as separate performance obligations. When a contract also includes promises to perform after-sales services or maintenance, or to provide an extended warranty, the total transaction price is allocated to each of the distinct performance obligations identified within the contract on the basis of their relative stand-alone selling prices.

To depict the progress by which the Group transfers control of the software to the customer, and to establish when and to what extent revenue can be recognised, the Group measures its progress towards complete satisfaction of the performance obligation by measuring outputs completed to date. This basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Group's ability to make reliable estimates of the total cost required to perform, arising from its significant historical experience developing similar software.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts in trade creditors and other payables in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises contract assets within trade debtors and other receivables in its statement of financial position.

There is one US debtor for the Puerto Rico UCC project which is being settled by way of monthly transaction fees. All other trade debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms.

(ii) License fees

The Group enters into agreements with its customers to provide an immediate, indefinite right to use of Foster Moore's proprietary software. Revenue from the sale of these licenses is recognised over time, being the period of licence agreement. Payment terms are non-interest bearing and receipt is normally 30 days.

(iii) Support and maintenance fees

The Group enters into fixed price support, maintenance and extended warranty contracts with its customers. Revenue is recognised over time on a straight-line basis over the term of the contract as this method best depicts the transfer of services to the customer, due to the inability to make a reliable prediction of when each individual customer will require the service. Payment terms are non-interest bearing and receipt is normally 30 days.

(iv) Subscription revenue

Revenue from subscription contracts are recognised on a straight line basis over the life of the contract. The Group considers such contracts represent a right to access the Groups proprietary software and as such the performance obligation is fulfilled over the contract term. Unearned performance obligations in respect of Software subscription fees are disclosed as contract liabilities. Payment terms are non-interest bearing and receipt is normally 30 days.

(v) Interest Income

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST) or Harmonised Sales Tax (HST).

Notes To The Financial Statements

3 Summary of Significant Accounting Policies (continued)

(d) Financial Instruments

(i) Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that otherwise arise.

(iii) Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also expensed in profit or loss.

(iv) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Income Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Notes To The Financial Statements

3 Summary of Significant Accounting Policies (continued)

(e) Income Tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,

Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and

Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group entities to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(f) Leased Assets

The definition of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains a lease if the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement of a lease, the group recognises a right-of-use asset and a lease liability. The right-of-use asset is recognised at cost, being the initial measurement of the lease liability plus any lease payments made before the commencement date, any initial direct costs, and an estimate of costs to be incurred to remove or restore the asset at the end of the lease term, less any incentives received. The lease liability is initially measured at the present value of the remaining lease payments, discounted at the interest rate implicit in the lease.

The right-of-use asset subsequently follows the accounting policy for property plant and equipment.

Interest on the lease liability is calculated using the Effective Interest Rate method and recognised as an expense in the profit or loss.

Right-of-use assets and lease liabilities are not recognised for leases with a lease term of less than 12 months. Payments on short term leases are recognised as an expense in profit or loss on a straight line basis over the lease term.

(g) Impairment

(i) Non-Derivative Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cashflows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(ii) Financial Assets Measured at Amortised Cost

NZ IFRS 9 includes requirements for the classification and measurement of financial assets and liabilities.

Subsequent measurement of financial assets shall be at:

- i) Amortised cost
- ii) Fair value through profit or loss
- iii) Fair value through other comprehensive income

To determine the classification of a financial asset's subsequent measurement basis a Business Model Test and a Cash Flow Characteristics Test should be performed. Amortised cost should be applied where the loan or receivable is held to collect cash flows of principal and interest and not with the intention of selling instruments. Amortised cost is consistent with the existing classification applied by the Group to loans and receivables at cost less impairment allowances.

NZ IFRS 9 also contains an impairment model based on expected credit losses. The model makes use of more forward-looking information, distinction is made between:

- i) Financial instruments that have deteriorated significantly in credit quality since initial recognition, and
- ii) Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.

Notes To The Financial Statements

3 Summary of Significant Accounting Policies (continued)

(g) Impairment (continued)

(iii) Non-Financial Assets

The carrying amount of the Group's non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible impairment at each reporting date.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU's), and then to reduce the carrying amounts of the other assets in the CGU group (group of CGU's) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, 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 changes in value and bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

(i) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectable are written off reducing the carrying amount directly. An allowance for credit losses is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency of payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cashflows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income within 'other expenses'. When a trade receivable is uncollectable, it is written off against the trade receivables allowance for credit losses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(j) Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss net of any Grant income.

Development activities involve planning or designing for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes direct labour that is directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. The period of amortisation is determined by managements estimate of the useful life of the software, refer 3 (p) Useful Lives.

Notes To The Financial Statements

3 Summary of Significant Accounting Policies (continued)

(k) Plant, Property and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation on the following assets is calculated using the useful life at the following rates:

Furniture and Fittings	2 - 10 years
Office / Computer Equipment	2 - 8 years
Right of Use Assets	3 - 12 years

Depreciation on the following assets is calculated based on the directors estimate of their estimated useful life on a straight line basis. The depreciation rates used are as follows:

Leasehold Improvements	8 - 12 years
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An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

Where an asset's carrying value is expected to be recovered through a sale transaction rather than through continued use, it is recognised in the financial statements as a current asset and disclosed as "Assets Held for Sale" and measured at the lower of the carrying amount and the asset's fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale subject only to the terms that are usual and customary.

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured.

(m) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

These financial statements should be read in conjunction with the notes to the financial statements.

Notes To The Financial Statements

3 Summary of Significant Accounting Policies (continued)

(n) Employee Benefits

Wages and salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as provisions 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.

(o) Goods and Services Tax (GST) / Harmonised Sales Tax (HST)

Revenues, expenses and assets are recognised net of the amount of GST and HST, unless the GST/HST incurred is not recoverable from the respective revenue agencies. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST/HST receivable or payable. The net amount of GST/HST recoverable from, or payable to, the respective revenue agency is included with other receivables or payables in the statement of financial position.

(p) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) Research and Development

The Group has established an accounting policy to determine the appropriate treatment for the research and development expenditure the Group incurs annually. Research costs, net of grant income, are expensed as incurred and directly attributable expenditure is capitalised once a project is in its development phase. On an ongoing basis, management examine the R&D spend in the monthly timesheets, evaluating the spend against the criteria for capitalisation in accordance with NZ IAS 38 Intangible Assets.

(ii) Useful Lives

Determining the useful economic life of the Catalyst, Verne and Magellan software requires judgement. The useful economic life represents the period over which management expect to generate cashflows from the acquired software. The useful economic life of Catalyst, Verne and Magellan represents the period over which management expect to generate cashflows from the acquired software and is being amortised over a period of five years as are subsequent additions and improvements, from the date such additions or improvements go 'live' within the product. This is based on the expectation of the software's ability to generate future cashflows in a steady state. Customer lists have a useful economic life of ten years.

(iii) Revenue Recognition and Contract Analysis

Determining when to recognise revenue requires judgement of the contractual rights and obligations. Variations to standard terms and conditions, assessment of revenue recoverability (including retentions) or contract costs, including warranty work, may impact revenue recognition. License revenue is recognised at point in time on installation of the software. Revenue from time and materials based contracts is recognised over time based on units of time. Revenue from support and maintenance services is recognised over time on a monthly fee basis and the amounts are either fixed or on a time and materials basis. Revenue recognition relating to the provision of services for support and maintenance in Puerto Rico is recognised monthly on a transactional basis. Revenue from subscription contracts are recognised over time on a straight line basis over the subscription term.

(iv) Onerous Contract Provision

The Group has recognised a provision for an onerous contract relating to rectification work associated with a previous registry implementation. The measurement of the amount has been based on an estimate of the number of hours and level of expertise required to settle the liability. Each component of the estimated amount requires judgement using historical experience related to work of a similar scope and nature.

These financial statements should be read in conjunction with the notes to the financial statements.

Notes To The Financial Statements

4 Revenue From Contracts and Other Revenue

Revenue from contracts with customers disaggregated by revenue streams and country.

	Software Project Fees	License Fees	Support & Maintenance Fees	Total
2022				
United States of America	2,025,324	291,913	1,394,760	3,711,997
Canada	30,126,697	1,066,862	2,628,422	33,821,981
Australia	14,943,434	1,651,193	-	16,594,627
New Zealand	4,756,078	578,944	6,489,527	11,824,549
Rest of World	-	479,227	2,700,978	3,180,205
Total	51,851,533	4,068,139	13,213,687	69,133,359

	Software Project Fees	License Fees	Support & Maintenance Fees	Total
2021				
United States of America	2,862,911	385,924	1,032,637	4,281,472
Canada	13,354,392	1,595,428	1,224,601	16,174,421
Australia	13,667,950	2,894,093	-	16,562,043
New Zealand	5,864,306	40,000	8,149,272	14,053,578
Rest of World	-	540,619	2,511,004	3,051,623
Total	35,749,559	5,456,065	12,917,513	54,123,137

	2022	2021
	\$	\$
Other Revenue		
Research & Development Grant	-	115,962
Dividend Income	1,720	3,309
Total	1,720	119,271

The Callaghan Growth Grant which enables a 20% claim on Research and Development costs, ended on 31st March 2021.

5 Expenditure

- Included within expenditure is \$91,350 (2021: \$90,041) for audit fees.
- Gross employee benefits amounted to \$35,861,910 (2021: \$32,618,094).
- During the period, \$5,904,131 (2021: \$4,177,950) of salary costs were capitalised as computer software additions
- The Doubtful debts provision of \$30,357 (2021: \$142,102) as at 31st December 2022 relates to the CGI settlement.

- Office relocation costs encompasses the unwinding of an onerous lease recognised during the financial period ending September 2020 for a property located in Canada. The property was under a sub lease agreement to a third party which terminated in September 2022.

6 Finance Income/(Expenses)

	2022	2021
	\$	\$
Financing Income		
Interest Received	15,696	8,292
Foreign Currency Gains	696,354	-
Total	712,050	8,292
Finance Expenses		
Interest Expense on Borrowings	(167,218)	(384,715)
Interest Expense on Lease Liabilities	(362,275)	(507,366)
Foreign Currency Losses	-	(36,415)
Total	(529,493)	(928,495)
Net Finance Income/(Expense)	182,557	(920,203)

These financial statements should be read in conjunction with the notes to the financial statements.

Notes To The Financial Statements

7 Income Tax Expense

(a) Income Tax Recognised in Statement of Comprehensive Income

The relationship between the expected tax expense based on the domestic effective tax rate of Foster Moore International Limited at 28% and reported in the statement of comprehensive income can be reconciled as follows:

	2022	2021
	\$	\$
Profit/(Loss) for the Period per Statement of Comprehensive Income	12,637,349	560,114
Domestic Tax Rate for Foster Moore International Limited	28%	28%
Tax Expense	3,538,458	156,832
Effect of Higher/(Lower) Tax Rates in Foreign Jurisdictions	2,675	13,347
Foreign Currency Translation Adjustments	(57,573)	(15,066)
Deductible State Taxes	(1,422)	2,323
Utilisation of tax losses	(577)	(937,211)
De-recognition/(recognition) of temporary items and tax losses	92,640	1,756,984
(Recognition) of prior year losses	(1,979,297)	-
Foreign Tax Credits not claimable	240,364	9,857
Research and development tax incentive	(310,454)	-
Branch profits tax	25,708	-
Under/(Over) Provision in Prior Years	(77,785)	(13,534)
(Non-Assessable)/Non-Deductible Items	7,656	(60,863)
Income Tax Expense	1,480,392	912,669
Represented By:		
Deferred Tax Expense	(264,711)	818,197
Current Tax Expense	1,745,103	94,472
Income Tax Expense	1,480,392	912,669

(b) Income Tax Payable Recognised in Statement of Financial Position

	2022	2021
	\$	\$
Resident Withholding Tax	396,017	2,574
Non-Resident Withholding Tax	-	3,040
Non-Resident Taxation Receivable/(Payable)	-	35,452
Imputation credits received	161	-
Provision tax paid	61,964	-
Current Year Taxation	(361,131)	(120,936)
Total Income Tax Receivable/(Payable)	97,011	(79,870)

(c) Recognised Deferred Tax Assets and Liabilities

	2022	2021
	\$	\$
Deferred Tax Assets and Liabilities are attributable to the following:		
Trade Debtors and Other Receivables	8,500	40,069
Trade Creditors and Other Payables	597,826	218,670
Employee Benefits	978,118	368,450
Prepayments	-	(5,399)
Recognised Tax Losses Carried Forward	-	1,978,235
Intangible Assets and Property, Plant & Equipment	(962,610)	(859,161)
Contract Assets	(65,975)	(98,133)
Interest Limitation	-	106,705
Valuation Allowance	-	(1,410,242)
Foreign Exchange	268	(380)
Other	1,111	(46,287)
Deferred Tax Asset/(Liability) - Consolidated	557,238	292,527

Deferred Tax Asset/(Liability) - by Country

	\$	\$
New Zealand	440,528	239,740
United States of America	-	-
Canada	37,879	-
Australia	78,831	52,787
Total	557,238	292,527

All deferred tax assets have been recognised in the statement of financial position, except for deferred tax assets related to tax losses of \$1,259,490 associated with the United States of America (FY 2021: \$1,756,984).

Notes To The Financial Statements

8 Cash and Cash Equivalents

	2022 \$	2021 \$
Cash at Bank and On Hand	550,135	406,358
Short Term Deposits	500,187	500,187
Bank Overdraft	(411,554)	(1,684,472)
Total	638,768	(777,927)

The bank overdraft facility is \$2,000,000 (2021: \$2,000,000)

Short term deposits are collateral for the rental guarantee of \$500,000, should the landlord, Argosy Property No.1 Limited, call on the rental guarantee in the event of a default. Refer to Note 22.

9 Trade Debtors and Other Receivables

	2022 \$	2021 \$
Current		
Trade Debtors	10,851,066	7,516,958
Contract Assets	2,733,182	442,712
CRA Security Deposits	99,897	98,970
Lease Receivable	-	190,812
Total	13,684,145	8,249,453

All other trade debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value. There is a bad debt provision of \$30,357, which relates to the short payment of a CGI invoice (2021: \$143,102).

10 Intangible Assets

A. Reconciliation of carrying amount

	Client Lists	Computer Software	Total
2021			
Opening Book Value	725,000	6,500,919	7,225,919
Plus Additions	-	4,230,451	4,230,451
Foreign Currency Translation Effect	-	(32,576)	(32,576)
Less Disposals	-	(17,744)	(17,744)
Less Amortisation Charge	(250,000)	(3,512,180)	(3,762,180)
Closing Book Value	475,000	7,168,869	7,643,869
2022			
Opening Book Value	475,000	7,168,869	7,643,869
Plus Additions	-	5,917,408	5,917,408
Foreign Currency Translation Effect	-	15,920	15,920
Less Disposals	-	-	-
Less Amortisation Charge	(200,000)	(3,016,276)	(3,216,276)
Closing Book Value	275,000	10,085,921	10,360,921

Notes To The Financial Statements

10 Intangible Assets (continued)

B. Amortisation

The amortisation of development costs relating to computer software and client lists is included in depreciation and amortisation in the profit or loss.

C. Impairment test

i. Recoverability of client lists

As part of a purchase price exercise undertaken in 2014, an amount was allocated to client lists reflecting the value of the then current customers. The customers identified in 2014 continue to be customers and as a result it is management's assessment that the carrying value of client lists of \$275,000 (2021: \$475,000) is reasonable and will therefore continue to amortise over a period of 10 years.

ii. Recoverability of computer software

Computer software comprises both the purchase price as determined in 2014 comprising the value of the proprietary software - Catalyst, and accumulated development costs related to new features and enhancements since that time. Additionally, since 2014, development costs related to Magellan and Verne have also been accumulated as part of computer software. Management have considered six indicators to determine if an impairment exists.

- 1 Has market value declined significantly - this is the only indicator of impairment and the FY23 budget and recent new customer wins do not indicate further impairment after writing off the goodwill balance.
- 2 Negative changes in the external market - it is managements assessment that there have not been any significant changes in the industry's technical market, economic or legal environment in which FMIL operates or in the market to which the asset is dedicated.
- 3 Increase in market interest rates- the OCR has increased 75 bp's to 4.25% as at November 2022. The Group does not expect an increase in interest rates will impact the demand for registry services and products as the recent experiences from Covid have highlighted the need for more robust and expansive digital solutions for existing and new customers.
- 4 Obsolescence - N/A, the software is intangible and fully utilised and is in demand from current customers.
- 5 Asset is idle - N/A, Catalyst, Magellan and Verne software is actively used by the current customers, both implementations and support.
- 6 Worse economic performance than expected - FMIL is expecting a year of consolidation and investment in FY23, as evidenced by an expected increase in revenue over 2021, however is not expected to exceed the performance of 2022, which was an exceptional year of growth.

It is managements assessment that the carrying value of computer software of \$10,085,921 (2021: \$7,136,893) is reasonable and will therefore continue to amortise over a period of 5 years based on the expectation of the software's ability to generate future cashflows in a steady state.

Notes To The Financial Statements

11 Property, Plant and Equipment

	Right Of Use Assets	Furniture and Fittings	Office and Computer Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
2021					
Opening Book Value	7,278,687	248,818	231,262	13,216	7,771,983
Plus Additions	375,786	1,141	96,245	138,511	611,684
Foreign Currency Translation Effect	(351)	(2,184)	(1,780)	(571)	(4,886)
Less Disposals	(456,210)	(5,394)	(4,186)	0	(465,790)
Less Depreciation Charge	(1,185,331)	(43,437)	(198,460)	(29,958)	(1,457,186)
Closing Book Value	6,012,581	198,944	123,081	121,198	6,455,805
2022					
Opening Book Value	6,012,581	198,944	123,081	121,198	6,455,804
Plus Additions	145,518	10,011	97,011	-	252,540
Foreign Currency Translation Effect	16,922	2,994	773	22	20,711
Less Disposals	-	-	-	-	-
Less Depreciation Charge	(858,606)	(39,499)	(94,991)	(16,925)	(1,010,021)
Closing Book Value	5,316,415	172,450	125,874	104,295	5,719,034

12 Bid Costs Capitalised

	2022 \$	2021 \$
Opening Book Value	350,475	494,594
Less Amortisation Charge	(114,850)	(144,120)
Closing Book Value	235,625	350,474

Under NZ IFRS 15 the incremental bid costs (commission and legal fees) of obtaining a contract have been capitalised and amortised over a period of five years. This is consistent with the expected average contract duration.

13 Trade Creditors and Other Payables

	2022 \$	2021 \$
Trade Creditors	(1,308,179)	(1,080,722)
Accruals	(2,028,823)	(682,129)
Contract Liabilities	(2,835,370)	(1,773,495)
GST/HST Payables	(529,071)	(974,446)
Funds Owing to Puerto Rico Department of State	(131,049)	(45,094)
Other Creditors	(73,130)	(107,077)
Lease Liability (NZ IFRS16)	(776,774)	(929,054)
Total	(7,682,396)	(5,592,016)

14 Provisions

	Opening Balance	Movement	Total
2021			
Employee Benefits	(1,807,230)	(730,471)	(2,537,701)
Total	(1,807,230)	(730,471)	(2,537,701)
2022			
Employee Benefits	(2,537,701)	(1,179,599)	(3,717,300)
Onerous Contract	-	(1,700,000)	(1,700,000)
Total	(2,537,701)	(2,879,599)	(5,417,300)

Provision for employee benefits are considered current and mostly represent amounts accrued for annual leave. The Company does not have a long service leave policy.

Onerous contract provision relates to rectification work associated with a registry implementation completed in October 2019. The amount has been estimated based on the relevant hourly rates corresponding to applicable skill and expertise, and the number of hours expected to complete the work. The Group expects to settle this liability over the next 12 months.

Notes To The Financial Statements

15 Other Payables (Non-Current)

	2022	2021
	\$	\$
Wyndham St Lease Incentive	(248,167)	(279,635)
Yonge Street Lease Commitment	-	(48,127)
Lease Liability (IFRS16)	(5,208,062)	(5,849,971)
Total	(5,456,229)	(6,177,733)

The Wyndham St Lease Incentive accrues at 50% of the rent capped at \$500,000 which is amortised over the term of the 12 year lease and will be fully expired by April 2030.

16 Share Capital

		Shares	Paid up Value	Shares	Carrying Value of Shares
		Qty	\$	Qty	\$
		2022	2022	2021	2021
Hamilton Infrastructure Holdings Inc.	Class A	1,000	511	1,000	511
Teranet Growth Trust	Class B	1,000	25,818,735	1,000	25,818,735
Total		2,000	25,819,246	2,000	25,819,246

All shares are fully paid. The holders of Class A shares have equal voting rights but do not share in any dividend distribution and any surplus on winding up of the company. The holders of class B shares have no voting rights but have equal rights to share in any dividend distribution and any surplus on winding up of the Company.

17 Dividends

No dividends were paid or declared during the period post balance date (2021: \$Nil).

18 Subsequent Events

In April 2023 the Group increased the existing overdraft facility of \$2,000,000 to \$4,000,000, with the Bank of New Zealand. The existing covenant requirements have remained unchanged.

On 23 February 2023, Foster Moore International Limited fully acquired the shares of Teranet Ireland Econveyancing Limited, an inactive Company registered in Ireland. The Company was renamed as Foster Moore Europe Limited in March 2023 and became the fifth wholly-owned Subsidiary of the Foster Moore Group.

Notes To The Financial Statements

19 Capital Commitments

Capital Commitments

At balance date there is no capital commitment for 2022. (2021: \$5,000)

Contingent Liabilities

In the 2020 financial year, the Group lodged legal proceedings against a former customer, Formis Network Services SDN BHD/Omesti Berhad, for unpaid service invoices totaling USD769k. As a result of this claim, the defendant has since counterclaimed against the Group claiming they did not derive any value from the license or implementation fees paid by them and are seeking recompense. Management have formed the view, based on discussions with our Malaysian legal counsel that Formis/Omesti are unlikely to succeed in their counterclaim and that the Group has a strong case. Due to the outcome being dependent on a court proceeding and the uncertainty involved, management has decided to not provide for either a contingent asset nor a contingent liability. Trial date has been set for August 2023.

20 Financial Instruments

(a) Carrying Value of Financial Instruments

The carrying amount of all material financial position assets and liabilities are considered to be equivalent to their fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of Financial Instruments

All financial assets held by the Group are classified as "loans and receivables" and are carried at cost less accumulated impairment losses.

All financial liabilities held by the Group are carried at amortised cost using the effective interest rate method.

All financial assets or liabilities held are measured at fair value at each reporting date.

(c) Financial Instruments By Category

	Classification Under NZ IFRS 9	2022 \$	2021 \$
Financial Assets			
Cash and Cash Equivalents	Amortised cost	1,050,322	906,545
Trade Debtors and Other Receivables	Amortised cost	10,950,963	7,806,741
Total Financial Assets		12,001,285	8,713,284
Financial Liabilities			
Bank Overdraft	Other financial liabilities	(411,554)	(1,684,472)
Trade Creditors and Other Payables	Other financial liabilities	(7,682,396)	(4,617,571)
Trade Finance Loans	Other financial liabilities	-	(4,021,326)
Shareholder Advances	Other financial liabilities	-	(1,026,765)
Other Payables	Other financial liabilities	(5,456,229)	(6,177,733)
Total Financial Liabilities		(13,550,179)	(17,527,868)

Notes To The Financial Statements

21 Related Party Transactions

Related party transactions arise when any entity or person(s) has the ability to significantly influence the financial and operational policies of the Group.

The Group has a related party relationship with its Shareholders, Directors and other key management personnel. Total compensation incurred in relation to key management personnel of the Group was \$4,859,240 (2021: \$3,480,118). There are \$Nil directors loans on the balance sheet as at 31 December 2022 (2021: \$Nil).

The Group has a related party relationship with Teranet Inc. by virtue of having common owners and having four directors on the Board of Foster Moore International Ltd (and its subsidiaries). Teranet Inc. has engaged Foster Moore International Ltd to deliver their Writs Electronic Filing registry and support, Teranet land registry and Manitoba PPSR projects. Financial transactions are disclosed below.

The Group has a related party relationship with C&J Holdings Group Limited by virtue of having two key management personnel as shareholders and directors of the company. C&J Holdings Group Limited was a shareholder of Foster Moore up until 1 May 2020.

The Company has the following entities as wholly owned subsidiaries:
 Foster Moore Canada Limited
 Foster Moore USA, Inc
 Foster Moore US, LLC (subsidiary of Foster Moore USA, Inc)
 Foster Moore Australia Pty Ltd

(a) Company and Controlling Party

The controlling parties of the Group are Teranet Growth Trust and Hamilton Infrastructure Holdings Inc.

(b) Transactions With Related Parties

		2022	2021
		\$	\$
C&J Holdings Group Limited (Shareholder until 1 May 2020)			
Payable Balance at Period End		-	(523,116)
		2022	2021
		\$	\$
Teranet Inc.			
Expenses - Subcontractors		15,742,964	11,537,955
Revenue - License		51,456	55,466
Revenue - Consulting and Product		576,536	1,105,621
Payable Balance at Period End		-	(95,171)
Receivable Balance at Period End		55,461	199,737
		2022	2021
		\$	\$
Promissory Notes:	From	Date	
To shareholders			
Teranet Growth Trust	Foster Moore Canada Limited	21 September 2018	(296,979)
Teranet Growth Trust	Foster Moore International Limited	21 September 2018	(206,670)
To other related parties			
C&J Holdings Group Limited	Foster Moore International Limited	24 September 2018	(523,116)
Total Owing to Shareholders and Other Related Parties			(1,026,765)

All Promissory Notes accrued interest at 11% per annum which was payable on maturity. In September 2021 all Promissory Notes were extended for an additional 8 months, with an updated maturity date of 31 May 2022, the date they were settled.

22 Borrowings

At balance date there is an overdraft facility of \$2,000,000 (2021: \$2,000,000) along with a trade finance facility of \$4,000,000 (2021: \$4,000,000) with the Bank of New Zealand. Interest owing to the BNZ on the trade finance loans at balance date is accrued and reported in the statement of financial position. There is also a BNZ guarantee in favour of FMIL's landlord, Argosy Property No1 Limited, for \$942,610 (GST incl) which may be drawn down in the event of default (2021: \$942,610). The security includes an all obligations cross guarantee issued by FMIL, FMC, and FM USA. At balance date the Group is in compliance with all covenants. The loans are classified as current liabilities as they are due for repayment within 90 days of drawdown. As per the loan agreements, should the Group trigger any specified event of default then the Group must repay, on demand, all principal and interest owing under the facilities.

Independent auditor's report to the Shareholders of Foster Moore International Limited

Opinion

We have audited the financial statements of Foster Moore International Limited (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position of the Group as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies .

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholders, as a body. 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Company or any of its subsidiaries. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the consolidated financial statements and auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

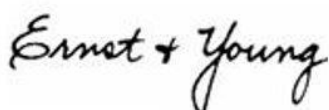
The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>. This description forms part of our auditor's report.



Chartered Accountants
Auckland
10 May 2023