

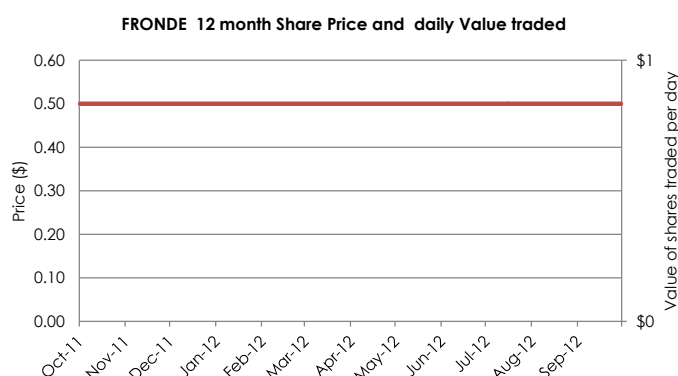
Issuer Profile



Fronde Systems Group Limited



Code	FSG
Last Price	\$0.50
Issuer Profile Date	16/10/2012
Market	Unlisted
Listed	Aug-06
Year End	31-Mar
Shares issued	7,945,225
Market Cap	\$3,972,613
Dividend yield (Gross)	8.0%
Website	www.fronde.co.nz



Company Overview

Fronde is a leading New Zealand IT services company with a heritage of delivering innovative technology solutions for major organisations in the government, utilities and finance sectors. Recently, Fronde has built a breadth of capability in cloud computing and product integration through their relationship with global brands such as Google, Salesforce.com and Microsoft. When clients engage with Fronde, they gain the ability to transform their business, providing next generation efficiencies and enable new business opportunities to emerge.

Fronde currently has in excess of 250 employees and contractors based in Wellington, Auckland and Sydney and is the number one reseller for Google in the Asia Pacific region.

Financial Summary (NZ\$000's)

Financial Performance

	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
Total Revenue	31,753	27,372	24,834	34,187	47,545
EBITDA	(648)	1,121	(703)	1,688	2,444
EBIT	(1,606)	381	(1,702)	1,318	2,001
EBIT Margin	(5.1%)	1.4%	(6.9%)	3.9%	4.2%
Net Profit/Comprehensive Income	(2,083)	240	(1,687)	767	1,070

Financial Position

Current Assets (ex cash)	6,980	3,794	3,632	5,083	7,410
Current Liabilities (ex debt)	(3,787)	(4,518)	(4,602)	(5,908)	(7,698)
Net Working Capital	3,193	(724)	(970)	(825)	(288)
Non-Current Assets	2,703	3,005	1,168	1,056	1,513
Non-Current Liabilities (ex debt)	(600)	(147)	(13)	(97)	(72)
Total Net Assets (ex cash/debt)	5,296	2,134	185	134	1,153
(Cash)/Overdraft	3,731	329	(799)	(1,061)	(762)
Debt	-	-	238	-	-
Net (Cash)/Debt	3,731	329	(561)	(1,061)	(762)
Shareholder Funds	1,565	1,805	746	1,195	1,915
Total Capital Employed	5,296	2,134	185	134	1,153
Total Assets (incl cash)	5,952	6,470	5,599	7,200	9,685

Cash Flows

Operating Cash Flows	(1,183)	4,432	1,322	826	873
Investing Cash Flows	(805)	(1,030)	(1,060)	(311)	(814)
Financing Cash Flows	(280)	0	866	(252)	(358)
Net Increase/(Decrease) in Cash	(2,268)	3,402	1,128	263	(300)

Disclaimer

The information contained in this Issuer Profile has been prepared by Armillary Private Capital ('Armillary'), on behalf of Efficient Market Services Limited ('Unlisted'). While the intention is to provide accurate information based on historical performance and market information, Armillary and Unlisted accept no liability for any errors or inaccuracies in this Issuer Profile. The reader is advised to perform their own research to confirm the accuracy of the information contained in this Issuer Profile before relying on it for any investment decision making. This Issuer Profile has been prepared as a 'class service' as defined by the Financial Advisers Act and is general in nature.

Analysis

	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
Investment Performance					
Closing Share Price (\$)	0.50	0.50	0.50	0.50	0.50
Annual Total Return (including net dividends)	(68.8%)	0.0%	0.0%	8.0%	8.0%
A Profitability (EBIT/Revenue)	(5.1%)	1.4%	(6.9%)	3.9%	4.2%
B Activity (Rev/Average Total Net Assets)	5.93	6.71	12.38	32.34	39.62
Return on Capital Employed (A x B)	(30.0%)	9.3%	(84.8%)	124.7%	166.8%
Return on Equity (NPAT/Average Shareholders Funds)	(75.4%)	14.2%	(132.3%)	79.0%	68.8%
Shares on Issue (m)	7.0	7.0	7.9	7.9	7.9
Reported Net Profit / Comprehensive Income (\$m)	(2.1)	0.2	(1.7)	0.8	1.1
Payout Ratio	na	na	na	41.4%	29.7%
Net Dividend Yield	-	-	-	8.0%	8.0%
Imputation Credits	-	-	-	-	-
Gross Dividend Yield	-	-	-	8.0%	8.0%
Per Share (cents)					
EBITDA	(9.2)	16.0	(8.8)	21.2	30.8
EPS - Basic	(29.7)	3.4	(21.2)	9.7	13.5
EPS - Diluted	(29.7)	3.4	(21.2)	9.7	13.5
Net Dividend	-	-	-	4.0	4.0
Net Tangible Assets	4.4	(2.4)	7.2	13.3	18.4
Cash Flow from Operations	(16.9)	63.2	16.6	10.4	11.0
Valuation (as at year end)					
Trailing P/E (multiple)	(1.7)	14.6	(2.4)	5.2	3.7
Market Value (\$m)	3.5	3.5	4.0	4.0	4.0
Net (Cash)/Debt (\$m)	3.7	0.3	(0.6)	(1.1)	(0.8)
Enterprise Value 'EV' (\$m)	7.2	3.8	3.4	2.9	3.2
EV/EBITDA (multiple)	(11.2)	3.4	(4.9)	1.7	1.3
Price/Net Tangible Assets (multiple)	11.3	(20.5)	6.9	3.8	2.7
Operating Ratios					
EBIT Margin	(5.1%)	1.4%	(6.9%)	3.9%	4.2%
NPAT Margin	(6.6%)	0.9%	(6.8%)	2.2%	2.3%
Net Capex to Sales	1.2%	0.5%	0.8%	0.9%	0.9%
Annual Growth Rates					
Revenue	(4.7%)	(13.8%)	(9.3%)	37.7%	39.1%
EBITDA	(159.9%)	273.0%	(162.7%)	340.1%	44.8%
NPAT	(3154.7%)	111.5%	(802.9%)	145.5%	39.5%
Net Assets	(2.3%)	(59.7%)	(91.3%)	(27.6%)	760.4%
Equity	(60.5%)	15.3%	(58.7%)	60.2%	60.3%
Capital Structure					
Equity to Total Assets	26.3%	27.9%	13.3%	16.6%	19.8%
Net Debt/(Net Debt+Equity)	70.4%	15.4%	(303.2%)	(791.8%)	(66.1%)
Net Debt to Equity	238.4%	18.2%	(75.2%)	(88.8%)	(39.8%)
Interest Cover (multiple)	(3.6)	1.4	(14.5)	35.6	20.6

Directors	Position	Appointed
Wayne Norrie	Chair	23-Feb-09
David Irving	Director	31-Jan-94
Samford Maier Jr	Director	6-Mar-03
Greg Cross	Director	3-Apr-09

Top Ten Shareholders *	Shares	Ownership
Chameleon Trust	1,973,145	24.83%
Celia Burton	1,405,963	17.70%
A & L McKee	576,010	7.25%
Ian Clarke	432,000	5.44%
Garth Hamilton	413,755	5.21%
Clare Mctigue, Darren Mctigue	399,745	5.03%
L C Renwick	190,000	2.39%
A R Simpson	165,000	2.08%
Rebecca Comber-Short	163,000	2.05%
Sarah Mijatovic	162,000	2.04%
Total	5,880,618	74.01%

* As at 26 July 2012