
ASX: 9SP

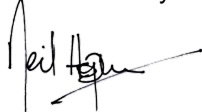
**ASX Announcement
16 November 2016**

**Appendix 4D and Interim Financial Report
9 Spokes International Limited
30 September 2016**

In accordance with Listing Rule 4.2A, please find attached the Appendix 4D Half Year Report and Interim Financial Report for the half year ended 30 September 2016.

It is recommended that these half year reports be read in conjunction with the Annual Report for the year ended 31 March 2016 and any public announcements made by the company during the half year.

Yours faithfully



Neil Hopkins

Company Secretary and Chief Financial Officer

About 9 Spokes

The 9 Spokes smart dashboard enables SMEs to connect their software to one dynamic interface - giving them a clear overview of their business. It allows management and advisors to access data and new metrics across key areas, from any device at any time. With these insights, it's easier to make the big decisions to either manage or grow a business.

Businesses can integrate their supported software into the dashboard as well as choose from a selection of recommended and accredited apps to suit their industry.

The smart dashboard from 9 Spokes is available as a direct model to small businesses and as a white labelled platform that Channel Partners can offer to their SME customer base.
www.9spokes.com

9 Spokes International Limited (ASX:9SP) (“9 Spokes” or “the Company”), ABN 610 518 075, presents its Appendix 4D report for the half year ended 30 September 2016, incorporating results for the previous corresponding half year ended 30 September 2015.

Results for announcement to the market

| | 6 months ended 30 September 2016 (unaudited) NZ\$'000 | 6 months ended 30 September 2015 (unaudited) NZ\$'000 | Amount Change NZ\$'000 | % Change |
|----------------------------------|--|--|----------------------------------|--------------|
| Revenue | 3 | 531 | (528) | (99%) |
| Operating loss | (6,783) | (2,395) | (4,388) | 183% |
| Loss before income tax | (6,678) | (2,387) | (4,291) | 180% |
| Net loss after income tax | (6,678) | (2,387) | (4,291) | 180% |

Net tangible asset per security

| | 30 September 2016 (unaudited) NZ\$'000 | 30 September 2015 (unaudited) NZ\$'000 |
|----------------------------------|--|--|
| Net tangible assets per security | 0.05 | (0.00) |

Interim Financial Statements

The information provided in this Appendix 4D is taken from the attached Interim Financial Statements of the Company for the financial half year ended 30 September 2016.

Commentary on the results are contained in the Interim Financial Statements and accompanying Company Report. These financial statements are presented in New Zealand dollars unless otherwise stated.

The Interim Financial Statement have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand International Accounting Standard, NZ IAS 34 *Interim Financial Reporting*. The Interim Financial Statements are subject to independent review and a copy of the Independent Review Report is included on pages 7 to 8.

The Independent Review Report contains an emphasis of matter regarding Note 2(a) of the Interim Financial Statements, Going Concern:

Without modifying our opinion, we draw attention to note 2 in the financial statements which discloses that the Group has incurred a loss during the period ended 30 September 2016 and that losses are forecast to continue. Note 2 also explains that the Group will be unable to fund the forecast losses beyond the next 12 months from its current cash position without additional capital. If the Group continues its expansion plans and is unable to raise additional capital, then this indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include adjustments that would result if the Group was unable to continue as a going concern.

Dividends or Distributions

There were no dividends or distributions.

Details of entities over which control has been gained or lost during the period

There were no entities over which control has been gained or lost during the half year ended 30 September 2016.

Details of associates and joint venture entities

The company has no associates or joint venture entities.

INTERIM FINANCIAL STATEMENTS

For the six months ended
30 September 2016



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COMPANY REPORT

01

01

COMPANY REPORT

The Board are pleased to present the interim financial statements of 9 Spokes International Limited (“the Company”) and its subsidiaries (altogether “the Group”) for the 6 months ended 30 September 2016.

IPO

On 9 June 2016, under the Initial Public Offer (“IPO”), a total of 125 million new shares were issued at A\$0.20 per share and the Company raised A\$25 million and listed on the Australian Stock Exchange (ASX). Proceeds from the Offer will be used to undertake software and technical development of the 9 Spokes Platform, to conduct infrastructure development to support the 9 Spokes Group’s databases, to engage in product development by enhancing the functional features of the 9 Spokes Group’s products, to engage in business and market development by expanding the 9 Spokes Group’s business into new territories, and to provide working capital.

PRESENTATIONAL CURRENCY

The interim financial statements are presented in New Zealand dollars unless otherwise stated.

FINANCIAL RESULTS OF OPERATION

The Group’s operating loss after tax for the 6 months ended 30 September 2016 was \$6.7 million compared with a loss after tax of \$2.4 million for the 6 months ended 30 September 2015. The results for the current period are in line with expectations.

Expenses

The Company continues its investment in technical staff including software developers, technical architects and business analysts to support the Technical and Infrastructure developments highlighted in the Prospectus. There has been a substantial investment in talent with total salary costs for the 6 months ended 30 September 2016 amounting to \$4.3 million (2015: \$1.1 million). Included in this amount are salaries related to research and development of \$1.4 million (2015: \$0.5 million).

Total research and development expenditure for the 6 month period including salaries, operational

costs and overheads amounts to \$2.8 million (2015: \$1.4 million). Of this, \$1.0 million of spend, relating to channel implementation has been deferred as contract work-in-progress, resulting in a net expense of \$1.8 million. Contract work in progress will be expensed on a systematic basis once a channel goes live.

Other major items of expenditure for the 6 months ended 30 September 2016 includes hosting costs, as the business sets up live hosting environments for its United Kingdom and Australian channel customers; international travel to support our United Kingdom customer base and for exploring new business development, and professional fees (mainly derived from activities prior to the IPO and one off charges).

The total cost of the IPO was \$3.5 million (predominantly broker fees and commissions, legal and accounting fees, and the fair value of share options issued to advisors). Of this total, \$3.2 million was incurred in the 6 months to 30 September 2016, with \$2.8 million of the total IPO costs being offset against share capital.

Revenue

9 Spokes invoiced \$0.9 million of channel implementation revenues during the 6 months to 30 September 2016, all of which was deferred in accordance with the Group’s policy, to be recognised as revenue when a channel goes live. In the 6 months to 30 September 2015, \$0.3 million of revenue was derived from pre-implementation workshops, recognised on completion of those services during that period.

Total deferred revenue at 30 September 2016 is \$2.8 million (2015: \$0.2 million) representing channel implementation fees invoiced, mainly over the last 12 months.

Cash Flow

Net cash outflows from operating activities for the 6 months ended 30 September 2016 were \$7.4 million (2015: \$2.6 million) and at 30 September 2016, the Group had \$19.2 million of cash and cash equivalents.

ORGANISATION

The Company has focused on hiring a world class team, including an experienced and highly capable team of executives and senior managers. Average staff headcount during the 6 months to 30 September 2016 was 69 staff compared to 19 for the same period last year. Headcount was 83 at 30 September 2016 of which 9 were based in the London office, established in April 2016 to support Channel Partners based in the United Kingdom.

PROGRESS

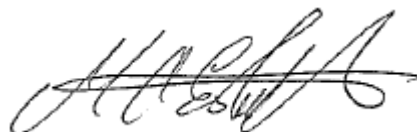
The Company remains on track with its three channels to allow release of its dashboard to the channels' respective markets during the quarter ending December 2016. During the same quarter the Company will release its own direct platform, in its largest market, the United Kingdom. The Company expects further receipts from channel implementation fees of approximately \$1.5 million (based on current exchange rates) over the following 6 months.

APPROVAL OF INTERIM FINANCIAL STATEMENTS

Approved for and on behalf of the Board of Directors on 14 November 2016.



Paul Reynolds
Chairman



Mark Estall
Director

02

INDEPENDENT REVIEW REPORT

TO THE DIRECTORS OF 9 SPOKES INTERNATIONAL LIMITED



Independent Review Report

to the Directors of 9 Spokes International Limited

Report on the Interim Financial Statements

We have reviewed the accompanying financial statements of 9 Spokes International Limited (“the Company”) on pages 10 to 27, which comprise the consolidated statement of financial position as at 30 September 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes.

Director’s Responsibility for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditors perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these financial statements.

Our firm carries out other services for the Group in the areas of other audit related assurance in relation to the investigating accountant’s report for the Group’s prospectus, tax compliance services and employee remuneration policy advice. The provision of these other services has not impaired our independence as auditor of the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Company are not prepared, in all material respects, in accordance with NZ IAS 34.



Independent Review Report

9 Spokes International Limited

Emphasis of Matter

Without modifying our opinion, we draw attention to note 2 in the financial statements which discloses that the Group has incurred a loss during the period ended 30 September 2016 and that losses are forecast to continue. Note 2 also explains that the Group will be unable to fund the forecast losses beyond the next 12 months from its current cash position without additional capital. If the Group continues its expansion plans and is unable to raise additional capital, then this indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements do not include adjustments that would result if the Group was unable to continue as a going concern.

Restriction on Distribution or Use

This report is made solely to the Company's Directors, as a body. Our review work has been undertaken so that we might state to the Company's Directors those matters which we are required to state to them in our review 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 Directors, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
15 November 2016

Auckland



INTERIM FINANCIAL STATEMENTS

03

3.1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

| | Notes | 6 months ended 30 September 2016 (unaudited) | 6 months ended 30 September 2015 (unaudited) | Year ended 31 March 2016 (audited) |
|--|----------|--|--|---------------------------------------|
| | | \$'000 | \$'000 | \$'000 |
| Revenue | 4 | 3 | 531 | 710 |
| Expenses: | | | | |
| Research and development expenses | 5 | (1,831) | (1,435) | (2,450) |
| Administrative expenses | 5 | (4,955) | (1,491) | (3,825) |
| Operating loss | | (6,783) | (2,395) | (5,565) |
| Net finance income | | 105 | 8 | 13 |
| Net loss before income tax | | (6,678) | (2,387) | (5,552) |
| Income tax benefit | | - | - | 140 |
| Net loss from continuing operations | | (6,678) | (2,387) | (5,412) |
| Other comprehensive income | | - | - | - |
| Total comprehensive loss attributable to shareholders | | (6,678) | (2,387) | (5,412) |
| Earnings per share | | | | |
| Basic and diluted loss per share | | (\$0.02) | (\$0.01) | (\$0.02) |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the interim financial statements.

3.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

| | Notes | Share capital | Share based payments reserve | Foreign currency translation reserve | Accumulated losses | Total |
|---|-------|---------------|------------------------------|--------------------------------------|--------------------|---------------|
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 31 March 2015 (audited) | | 6,562 | 468 | - | (7,400) | (370) |
| Proceeds from shares issued | 8 | 1,649 | - | - | - | 1,649 |
| Share based payments | 8 | - | 330 | - | - | 330 |
| Total comprehensive loss for the period | | - | - | - | (2,387) | (2,387) |
| Balance as at 30 September 2015 (unaudited) | | 8,211 | 798 | - | (9,787) | (778) |
| Balance as at 31 March 2016 (audited) | | 12,743 | 971 | - | (12,812) | 902 |
| Proceeds from shares issued at IPO | 8 | 26,169 | - | - | - | 26,169 |
| Share option expense | 8 | - | 662 | - | - | 662 |
| Capitalised IPO costs | 8 | (2,763) | - | - | - | (2,763) |
| Total comprehensive loss for the period | | - | - | - | (6,678) | (6,678) |
| Reserve arising on conversion of foreign subsidiaries | | - | - | 29 | - | 29 |
| Balance as at 30 September 2016 (unaudited) | | 36,149 | 1,633 | 29 | (19,490) | 18,321 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the interim financial statements.

3.3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

| | Notes | 30 September 2016 (unaudited) | 30 September 2015 (unaudited) | 31 March 2016 (audited) |
|--|-------|----------------------------------|----------------------------------|----------------------------|
| | | \$'000 | \$'000 | \$'000 |
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant, and equipment | | 127 | 17 | 96 |
| Total non-current assets | | 127 | 17 | 96 |
| Current assets | | | | |
| Trade, other receivables, capital work in progress and prepayments | 5 | 2,675 | 432 | 744 |
| Cash and cash equivalents | | 19,166 | 130 | 3,381 |
| Total current assets | | 21,841 | 562 | 4,125 |
| Total assets | | 21,968 | 579 | 4,221 |
| Equity | | | | |
| Share capital | 8 | 36,149 | 8,211 | 12,743 |
| Share based payments reserve | 8 | 1,633 | 798 | 971 |
| Foreign currency translation reserve | | 29 | - | - |
| Accumulated losses | | (19,490) | (9,787) | (12,812) |
| Equity attributable to the owners of the company | | 18,321 | (778) | 902 |
| Total equity / (deficit) | | 18,321 | (778) | 902 |
| Current liabilities | | | | |
| Trade and other payables | | 886 | 1,190 | 1,458 |
| Deferred revenue | 4 | 2,761 | 167 | 1,861 |
| Total current liabilities | | 3,647 | 1,357 | 3,319 |
| Total liabilities | | 3,647 | 1,357 | 3,319 |
| Total equity and liabilities | | 21,968 | 579 | 4,221 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the interim financial statements.

3.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

| | Notes | 6 months ended 30 September 2016 (unaudited) | 6 months ended 30 September 2015 (unaudited) | Year ended 31 March 2016 (audited) |
|---|-----------|--|--|--|
| | | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | |
| Cash receipts from customers | | 160 | 176 | 2,260 |
| Cash payments to employees and suppliers | | (7,581) | (2,746) | (5,693) |
| | | (7,421) | (2,570) | (3,433) |
| Interest received | | 19 | 8 | 13 |
| Resident with-holding tax received | | 8 | - | - |
| Net cash from operating activities | 10 | (7,394) | (2,562) | (3,420) |
| Cash flows from investing activities | | | | |
| Acquisition of property, plant and equipment | | (69) | (5) | (97) |
| Net cash from investing activities | | (69) | (5) | (97) |
| Cash flows from financing activities | | | | |
| Net proceeds from the issue of equity instruments | | 26,542 | 1,979 | 6,180 |
| IPO costs | 8 | (2,763) | - | - |
| Net cash from financing activities | | 23,779 | 1,979 | 6,180 |
| Net change in cash and cash equivalents | | 16,316 | (588) | 2,663 |
| Cash and cash equivalents at beginning of the period | | 3,381 | 718 | 718 |
| Foreign exchange loss on cash and cash equivalents | | (531) | - | - |
| Cash and cash equivalents at end of the period | | 19,166 | 130 | 3,381 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the interim financial statements.

3.5

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

These interim financial statements are for 9 Spokes International Limited (“the Company” or “9 Spokes”) and its subsidiaries (together “the Group”).

9 Spokes is a limited liability company incorporated in New Zealand. The registered office of the Company is Level 3, 32 Market Place, Viaduct Harbour, Auckland 1010, New Zealand.

9 Spokes has developed an online, Software-as-a-Service application platform and store allowing a business to access a range of online services made available on a Software-as-a-Service basis by third party vendors. The 9 Spokes platform, targeting small medium enterprises (SME’s), incorporates a dashboard which takes data from third party services and among other things, provides a graphical snapshot of the status of that business. Each business may allow access to the 9 Spokes platform for its employees and representatives and in addition may grant access to third party technical and business specialists, such as accountants.

9 Spokes also develops and licences bespoke versions of the platform for third party channels which provides the features of the platform to channel customers.

9 Spokes current operations do not follow a seasonal or cyclical pattern.

The interim financial statements are presented in New Zealand dollars unless otherwise stated.

The interim financial statements were authorised for use by the Board of Directors on 14 November 2016.

2 BASIS OF PREPARATION

These are the interim financial statements for the Group for the six months ended 30 September 2016.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and any public

announcements made by 9 Spokes International Limited during the interim reporting period.

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of 9 Spokes International Limited for the year ended 31 March 2016.

The Group is designated as a profit-orientated entity.

The Group has adopted External Reporting Board Standard A1 “Accounting Standards Framework (For-profit Entities Update)” (“XRB A1”). XRB A1 establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The Group is a Tier 1 entity.

(a) Going concern

The interim financial statements have been prepared on a going concern basis.

In line with expectations, the Group incurred an operating loss of \$6.7 million and net operating cash outflows of \$7.4 million for the six months ended 30 September 2016. At 30 September 2016, the Group had \$19.2 million of cash.

The Group maintains detailed financial models that enable the Directors and Management to determine the Group’s funding requirements are sufficient to meet the Group’s future operating commitments. Based on the current model the Directors and Management believe the Group has sufficient funds to continue to meet its liabilities and pursue its current growth objectives for approximately the next 12 months from the date of signing these interim financial statements, which is the minimum period that the Directors must consider.

The Directors and Management expect the Group will continue to operate with net cash outflows for the foreseeable future. Given the current cash position and expected expansion plans, the Group will need to raise additional capital to fund the expected net outflows beyond the next 12 months. Funding will be required to enable the Group to expand and pursue its growth opportunities. If funding is not obtained, the Directors and Management may review the extent of its development plan, reduce costs and focus on existing contracts, though this is only likely to delay the requirement for additional capital.

The timing and amount of the additional capital that will be raised is uncertain. This together with the expectation of continued cash consumption indicates the existence of a material uncertainty that, should the Group be unable to obtain additional capital, may cast significant doubt about the Group’s ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. There are plans to respond to the capital requirements beyond the next 12 months, which the Directors and Management will assess over the course of the next 12 months.

However, the Directors and Management believe they will be able to achieve the funding requirements to support the Group’s expansion plans and consider it appropriate to continue to adopt the going concern basis in preparing these interim financial statements.

(b) Changes in accounting policies

There were no new or amended standards that became applicable for the current reporting period.

There has been a reclassification of expenses from research and development to administrative expenses for the year ended 31 March 2016 to align with the current presentation. The amount of the reclassification is \$957,000. This has not affected the reported loss or any other aspect of the financial statements for that year.

3 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the Group was particularly affected by the following events and transactions during the six months to 30 September 2016:

The Group completed an Initial Public Offering (“IPO”) of its securities on the Australian Stock Exchange on 9 June 2016, and raised additional capital of \$26.5 million (A\$25 million). Total expenditure of \$3.5 million was incurred as a result of the IPO (predominantly broker fees and commissions, legal and accounting fees) of which \$2.8 million has been offset against share capital.

At 31 March 2016, there were unrecognised tax losses of \$4.9 million. As a result of the shareholding changes from the IPO the shareholder continuity for the carry forward of tax losses was breached on 9 June 2016 and tax losses held at 31 March 2015 of \$3.3 million are no longer available to the Group. The benefit of the tax losses had not previously been recognised in the Group’s financial statements, therefore there is no balance sheet or profit or loss impact. The availability of the deferred research & development deductions have not been affected by the change in shareholding.

The Group invoiced a channel customer for the third of five major milestone payments. This amount is recorded in trade receivables and deferred income at 30 September 2016. The trade receivable has subsequently been paid.

4 SEGMENT REPORTING

(a) Geographical segment information

The Group operates in one business segment, providing online solutions for businesses. The interim financial statements reflect the activities of this operating segment.

Revenue was sourced from the following geographical locations:

| | 6 months ended 30 September 2016 (unaudited) | 6 months ended 30 September 2015 (unaudited) | Year ended 31 March 2016 (audited) |
|---|--|--|---------------------------------------|
| | \$'000 | \$'000 | \$'000 |
| Australia | | | |
| Invoiced services | 107 | 19 | 33 |
| Movement in deferred revenue | (104) | 167 | 326 |
| Total recognised revenue from Australia | 3 | 186 | 359 |
| United Kingdom | | | |
| Invoiced services | 796 | 345 | 2,212 |
| Movement in deferred revenue | (796) | - | (1,861) |
| Total recognised revenue from United Kingdom | - | 345 | 351 |
| Total revenue | 3 | 531 | 710 |

The Group had deferred revenue as at 30 September 2016 of \$2.8 million (30 September 2015: \$0.2 million, 31 March 2016: \$1.9 million).

The deferred revenue derives from implementation and development fees received from third parties for the deployment of bespoke 9 Spokes systems. As the Group maintains ownership of the developed system and the Group has an obligation to provide continuing services to the third party related to the completed bespoke 9 Spokes system, these fees are recognised as revenue over the expected period that the Group will provide the services. Implementation and development fees received prior to the commencement of the continuing services are treated as deferred revenue.

(b) Operating segment information

The Chief Executive Officer and members of the executive team are the Group's chief operating decision makers. They have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms a single operating segment.

5 EXPENSES BY NATURE

The Group operates in one business segment, providing online solutions for businesses, with costs predominately incurred in New Zealand.

(a) Research and development expenditure

| | 6 months ended 30 September 2016 (unaudited) | 6 months ended 30 September 2015 (unaudited) | Year ended 31 March 2016 (audited) |
|---|--|--|--|
| | \$'000 | \$'000 | \$'000 |
| Research and development expense | 1,831 | 1,435 | 2,450 |
| Total research and development expenditure | 1,831 | 1,435 | 2,450 |

Research and development expenditure is stated net of \$1.0 million of channel implementation costs and deferred as contract work in progress ("WIP"). WIP is amortised on a systematic basis over the channel initial licence terms. Total WIP at 30 September 2016 is \$1.3 million (30 September 2015: Nil, 31 March 2016: \$0.3 million).

(b) Administration expenditure

| | Note | 6 months ended 30 September 2016 (unaudited) | 6 months ended 30 September 2015 (unaudited) | Year ended 31 March 2016 (audited) |
|---|------|--|--|--|
| | | \$'000 | \$'000 | \$'000 |
| Depreciation expense | | 32 | 5 | 18 |
| Directors' fees | | 139 | 95 | 180 |
| Remuneration of auditors | 6 | 178 | 30 | 123 |
| Expensed IPO costs | | 374 | - | 252 |
| Other expenses | | 4,232 | 1,361 | 3,252 |
| Total administration expenditure | | 4,955 | 1,491 | 3,825 |

6 REMUNERATION OF AUDITORS

| | 6 months ended 30 September 2016 (unaudited) | 6 months ended 30 September 2015 (unaudited) | Year ended 31 March 2016 (audited) |
|--|--|--|--|
| | \$'000 | \$'000 | \$'000 |
| Audit and review of financial statements by PwC | | | |
| Audit of the annual financial statements | - | 14 | 86 |
| Review of the half year financial statements | 31 | - | - |
| Other services performed by PwC | | | |
| Tax compliance services | 32 | 16 | 16 |
| IPO Investigating Accountant's role | 94 | - | 21 |
| Remuneration policy advice | 21 | - | - |
| Total fees paid and payable to auditor | 178 | 30 | 123 |

The Audit and Risk Committee oversees the relationship with the Group's auditor, PwC, and considers PwC's independence as part of this process. The Committee has considered the increase in non-audit fees in the current half year and note that these largely relate to one-off assurance work performed as part of the IPO. This work is commonly performed by a company's audit firm and in this instance, it was performed by a team separate from the audit team.

The Committee also notes that the increase in fees in the current half year include fees for the review of these interim financial statements, which was not required in the previous year.

The Committee is satisfied that PwC is currently independent of the Group and the other non-audit services have not impaired that independence.

7 EMPLOYEE BENEFIT EXPENSE

| | 6 months ended 30 September 2016 (unaudited) | 6 months ended 30 September 2015 (unaudited) | Year ended 31 March 2016 (audited) |
|--|--|--|--|
| | \$'000 | \$'000 | \$'000 |
| Wages and salaries | 4,319 | 1,141 | 2,708 |
| Share option expense | 43 | - | 31 |
| Other benefits | 86 | 20 | 46 |
| Total employee benefit expenses remuneration | 4,448 | 1,161 | 2,785 |
| Employee benefit expenses – expensed (research and development) | 1,364 | 501 | 1,209 |
| Employee benefit expenses – expensed (administration) | 2,436 | 660 | 1,391 |
| Employee benefit expenses – capitalised (research and development) | 648 | - | 185 |

Employee benefit expenses have been allocated between research and development expenditure and administration expenditure.

8 EQUITY INSTRUMENTS

(a) Share Capital

| | 6 months ended 30 Sept 2016 | 6 months ended 30 Sept 2016 | 6 months ended 30 Sept 2016 | 6 months ended 31 March 2016 | 6 months ended 31 March 2016 | 6 months ended 31 March 2016 | 6 months ended 30 Sept 2015 | 6 months ended 30 Sept 2015 | 6 months ended 30 Sept 2015 |
|--|-----------------------------------|-----------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| | \$'000 | Shares (000s) | Options (000s) | \$'000 | Shares (000s) | Options (000s) | \$'000 | Shares (000s) | Options (000s) |
| Share capital as at beginning of the period | 12,743 | 266,744 | 39,866 | 8,211 | 31,691 | 5,242 | 6,562 | 30,328 | 5,242 |
| Shares issued for cash at A\$0.20 per share (NZD \$0.21) | 26,169 | 125,000 | - | - | - | - | - | - | - |
| Capitalised IPO costs | (2,763) | - | - | - | - | - | - | - | - |
| Shares issued for cash at 80 cents per share | - | - | - | 200 | 250 | - | - | - | - |
| Shares and options issued for cash at \$1 per share | - | - | - | 13 | - | 94 | - | - | - |
| Shares issued for cash at \$1.20 per share | - | - | - | 2,130 | 1,786 | - | 1,649 | 1,363 | - |
| Subdivision of shares and options | - | - | - | - | 218,285 | 34,530 | - | - | - |
| Shares issued for cash at A\$0.15 per share (NZD \$0.16) | - | - | - | 2,340 | 14,667 | - | - | - | - |
| Shares issued for cash at \$0.1606 per share | - | - | - | 10 | 65 | - | - | - | - |
| Share issue costs paid in cash | - | - | - | (161) | - | - | - | - | - |
| Share capital as at the end of the period | 36,149 | 391,744 | 39,866 | 12,743 | 266,744 | 39,866 | 8,211 | 31,691 | 5,242 |

(b) Share Based Payments Reserve

| | 6 months ended 30 Sept 2016 | 6 months ended 30 Sept 2016 | 6 months ended 30 Sept 2016 | 6 months ended 31 March 2016 | 6 months ended 31 March 2016 | 6 months ended 31 March 2016 | 6 months ended 30 Sept 2015 | 6 months ended 30 Sept 2015 | 6 months ended 30 Sept 2015 |
|---|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | \$'000 | Shares (000s) | Options (000s) | \$'000 | Shares (000s) | Options (000s) | \$'000 | Shares (000s) | Options (000s) |
| Share based payments as at beginning of the period | 971 | 11,219 | 4,898 | 798 | 1,193 | 350 | 468 | 904 | 350 |
| Shares issued for services at 80 cents per share | - | - | - | - | - | - | 15 | 19 | - |
| Shares issued for services at \$1 per share | - | - | - | 4 | 4 | 54 | 32 | 32 | - |
| Shares issued for services at \$1.20 per share | - | - | - | 201 | 165 | - | 283 | 238 | - |
| Employee share options | - | - | - | - | - | 251 | - | - | - |
| IPO Advisor options | 619 | - | 8,750 | - | - | - | - | - | - |
| Subdivision of shares and options | - | - | - | - | 8,816 | 4,243 | - | - | - |
| Shares issued for services at \$0.1606 per share | - | - | - | 167 | 1,041 | - | - | - | - |
| Share option expense | 43 | - | - | 31 | - | - | - | - | - |
| Share issue costs | - | - | - | (230) | - | - | - | - | - |
| Share based payments as at the end of the period | 1,633 | 11,219 | 13,648 | 971 | 11,219 | 4,898 | 798 | 1,193 | 350 |
| Total equity instruments | 37,782 | 402,963 | 53,514 | 13,714 | 277,963 | 44,764 | 9,009 | 32,884 | 5,592 |

In December 2015, the Company undertook a subdivision of shares and options. For each existing share and option, 6.472 additional shares and options were issued for nil consideration. The additional shares and options issued were:

| | Shares issued for cash | Shares issued from share based payments | Shareholder options from shares issued for cash | Shareholder options from shares issued from share based payments | Employee options on issue |
|---|---------------------------|--|--|---|------------------------------|
| | 000s | 000s | 000s | 000s | 000s |
| Number of existing shares and options before the split | 33,727 | 1,362 | 5,336 | 404 | 251 |
| Subdivision of shares and options issued | 218,285 | 8,816 | 34,530 | 2,618 | 1,625 |

9 SHARE OPTIONS

(a) Pre IPO share options

In 2015, the Group undertook an equity raise, designated Series A2, with shares offered at \$1 per share. The offer also included the following options to each subscriber of the Series A2 offer. For every two \$1 ordinary shares subscribed for, the investor received:

- a) two options, each granting the right to acquire one ordinary share, at an exercise price of \$1.35 per share on or before 30 September 2017; and
- b) one option, granting the right to acquire one ordinary share, at an exercise price of \$1.65 per share on or before 30 September 2017.

(b) Contingent shareholder claim regarding pre IPO share options

In its Replacement Prospectus dated 17 May 2016 the Company advised in section 14.13 that an existing shareholder had made a claim regarding their entitlement to acquire further unquoted options over ordinary shares ("Options") in the capital of 9 Spokes.

Section 14.13 of the Replacement Prospectus highlighted that on the basis that this claim is assessed to have merit, the Company may promptly thereafter issue up to 2,942,100 new Options with an exercise price of A\$0.20 to that existing shareholder to resolve their claim, in which case this may be dilutive to shareholders. 9 Spokes advised that it was currently assessing the merit of that claim in good faith.

The Company has now concluded its good faith investigation into the merit of the claim and has

determined that the claim does not have merit. No Options have been issued to the relevant shareholder.

(c) Options issued at IPO

In June 2016, the Group issued additional options to its advisors over an aggregate 8,750,000 shares, at an exercise price of A\$0.20 per share.

8,500,000 of the options issued will vest on the date the price per share of the Company on the ASX is equal to A\$0.30. The remaining 250,000 options will vest based on the following conditions: if the price per share of the Company on the ASX achieves a 30 day VWAP price of a 50% premium to the issue price of A\$0.20 (30 day VWAP Price) on or before the date that is two years after the date the Company lists on the ASX (Second Anniversary), the Options will vest on the Second Anniversary.

These options are exercisable on or before 30 June 2019.

The weighted average of the fair value of each option is A\$0.066 under the Black Scholes valuation model, resulting in a charge to the Company of A\$579,375 (\$618,711). The significant inputs into the model were a share price of A\$0.20 at the grant date, exercise price A\$0.30, volatility of 50%, no dividend, expected option life of three years and a risk free interest rate of 2.51%.

(d) Employee share options – Pre IPO

In December 2015 the Board approved an employee share option plan to issue options to selected employees. One-third of the options granted to an employee vest to the employee on each of the first three anniversaries of continuous employment with the Group.

The vested options can be exercised at any time up to 21 December 2025. Each option entitles the holder on payment of the exercise price to one ordinary share in the capital of the Group. If employment ceases the options automatically terminate unless the Board determines otherwise.

Payment must be made in full for all options exercised, on the dates they are exercised. No further options were issued. At 30 September 2016 there were 1,875,882 options granted and unvested.

(e) Employee share options – Current ESOP

Effective from 10 May 2016, the Company adopted a new employee share option plan (“Current ESOP”) which replaces the Pre IPO employee share option plan. As at the date of issuing these interim financial statements, no options have been issued under the Current ESOP. However, any future issues of options to employees will be pursuant to the terms of the Current ESOP.

Key provisions of the Current ESOP include:

- the options are to vest in accordance with the employee’s letter of offer;
- the expiry date of the options will be as set out in the employee’s letter of offer; and
- should the relevant employee cease to be employed by the Company, all options not yet vested will be cancelled and all options vested, must be exercised within three months following the relevant employee’s leaving date, unless the Board otherwise determines.

Share options outstanding at the end of the financial periods have the following expiry dates, vesting dates and exercise prices:

| Vesting month | Expiry month | Exercise price (1) | 30 September 2016 (unaudited) No of options (000s) (1) | 31 March 2016 (audited) No of options (000s) (1) | 30 September 2015 (unaudited) No of options (000s) (1) |
|---------------|--------------|--------------------|--|--|--|
| Vested | Sep 2017 | \$0.18 | 28,593 | 28,593 | 28,593 |
| Vested | Sep 2017 | \$0.22 | 14,296 | 14,296 | 14,296 |
| Dec 2016 | Dec 2025 | \$0.16 | 625 | 625 | - |
| Dec 2017 | Dec 2025 | \$0.16 | 625 | 625 | - |
| Dec 2018 | Dec 2025 | \$0.16 | 625 | 625 | - |
| Vested | Jun 2019 | \$0.21 | 8,750 | - | - |
| | | | 53,514 | 44,764 | 42,889 |

(1) Incorporating share split 6.472:1

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

| | 6 months ended 30 September 2016 | | 6 months ended 31 March 2016 | | 6 months ended 30 September 2015 | |
|---------------------------------|---|-------------------|--|-------------------|--|-------------------|
| | Weighted average exercise price \$ per share | Options (000s) | Weighted average exercise price (pre- share split/post share split) \$ per share | Options (000s) | Weighted average exercise price \$ per share | Options (000s) |
| Balance at beginning of period | \$0.19 | 44,764 | \$1.45 | 5,592 | \$1.45 | 5,592 |
| Issued | \$0.21 | 8,750 | \$1.35/\$0.18 | 98 | - | - |
| Issued | - | - | \$1.65/\$0.22 | 49 | - | - |
| Issued | - | - | \$1.20/\$0.1606 | 292 | - | - |
| Lapsed | - | - | \$1.20/\$0.1606 | (41) | - | - |
| Share split 6.472 for 1 | - | - | n/a | 38,774 | - | - |
| Balance at end of period | \$0.19 | 53,514 | \$0.19 | 44,764 | \$1.45 | 5,592 |

10 RECONCILIATION OF REPORTED LOSS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES

| | 6 months ended 30 September 2016 (unaudited) \$'000 | 6 months ended 30 September 2015 (unaudited) \$'000 | Year ended 31 March 2016 (audited) \$'000 |
|--|--|--|--|
| Loss after income tax | (6,678) | (2,387) | (5,412) |
| Non cash items | | | |
| Depreciation | 32 | 5 | 18 |
| Loss on write-off of property, plant and equipment | 6 | - | - |
| Share based payments | 619 | - | 472 |
| Share option expense | 43 | - | 31 |
| Foreign exchange loss on monetary assets | 185 | - | - |
| Changes in working capital | | | |
| Increase/(decrease) in trade and other payables | (571) | 176 | 445 |
| Increase/(decrease) in deferred revenue | 900 | (159) | 1,535 |
| (Increase) in trade and other receivables | (1,930) | (197) | (509) |
| Net cash flow from operating activities | (7,394) | (2,562) | (3,420) |

11 LEASE COMMITMENTS

The Group has leases and license agreements on certain premises. Future minimum rentals payable under non-cancellable agreements are as follows:

| | 30 September 2016 (unaudited) \$'000 | 30 September 2015 (unaudited) \$'000 | 31 March 2016 (audited) \$'000 |
|--|--|--|--------------------------------------|
| Not later than 1 year | 443 | 105 | 243 |
| Later than one year and no later than five years | 2,645 | - | - |
| Total lease commitments | 3,088 | 105 | 243 |

On 22 August 2016, the Company signed a Heads of Agreement for a property lease commencing 1 February 2017. The Agreement to Lease ("Lease") has not yet been signed though the financial commitments do not vary from the Heads of Agreement. The lease is on a 6-year term with an option to break the lease after 4 years, at 31 January 2021. The lease is expected to be signed in November 2016.

12 RELATED PARTY TRANSACTIONS

Transactions with the following related parties during the period

| Name of related party | Nature of relationship | Transaction | Settled in cash or equity | 30 September 2016 \$'000 | 30 September 2015 \$'000 | 31 March 2016 \$'000 |
|----------------------------------|-----------------------------------|---------------------|---------------------------|-----------------------------|-----------------------------|-------------------------|
| Adrian Grant | Director (resigned on 9 May 2016) | Consulting services | Cash | 5 | 24 | 48 |
| | | Other expenses | Cash | 8 | - | - |
| Kestrel Corporate Advisory, Inc. | Director | Directors fees | Cash | 39 | 17 | 25 |
| | | Directors fees | Equity | - | 8 | 25 |
| | | Consulting services | Cash | 64 | 1 | 21 |
| | | Consulting services | Equity | - | 3 | 17 |
| | | Other expenses | Cash | 8 | - | - |
| Paul Reynolds | Director | Consulting services | Cash | 56 | 16 | 44 |
| | | Consulting services | Equity | - | 37 | 68 |
| | | Directors fees | Cash | 63 | 13 | 27 |
| | | Directors fees | Equity | - | 27 | 53 |
| | | Other expenses | Cash | 2 | - | - |
| Social Power (Surrey) Limited | Director | Consulting services | Cash | 19 | 23 | 29 |
| | | Consulting services | Equity | - | 72 | 109 |
| | | Directors fees | Cash | 14 | - | - |
| | | Other expenses | Cash | 7 | - | - |
| Te Arai Coast Lodge Limited | Common Shareholder | Other services | Cash | 2 | - | - |
| Waiere Limited | Common Shareholder | Consulting services | Cash | - | 138 | 240 |
| Thomas Power | Director | Directors fees | Cash | 20 | 8 | 17 |
| | | Directors fees | Equity | - | 17 | 33 |
| Umbrellar Limited | Common Shareholder | Internet/ Hosting | Cash | 2 | 30 | 10 |
| | | | | 309 | 434 | 766 |

1. Non-executive director, Wendy Webb is a director and shareholder of Kestrel Corporate Advisory, Inc.
2. Non-executive director, Thomas Power is a director and shareholder of Social Power (Surrey) Limited.
3. Executive director, Mark Estall is a director and shareholder of Te Arai Coast Lodge Limited and Waiere Limited.
4. Former director, Adrian Grant (resigned on 9 May 2016) is a director of Umbrellar Limited.

Amounts owed by the Group to related parties were:

| Name of related party | Nature of relationship | Balance Type | 30 September 2016 \$'000 | 30 September 2015 \$'000 | 31 March 2016 \$'000 |
|----------------------------------|------------------------|--------------------------|-----------------------------|-----------------------------|-------------------------|
| Adrian Grant | Director | Trade and other payables | - | 8 | 8 |
| Umbrellar Limited | Common Shareholder | Trade and other payables | - | 5 | - |
| Paul Reynolds | Director | Trade and other payables | 14 | 33 | 35 |
| Social Power (Surrey) Limited | Director | Trade and other payables | 8 | 38 | 29 |
| Thomas Power | Director | Trade and other payables | 7 | - | - |
| Waiere Limited | Common Shareholder | Trade and other payables | - | 92 | 46 |
| Kestrel Corporate Advisory, Inc. | Director | Trade and other payables | 12 | 15 | 24 |
| | | | 41 | 191 | 142 |

04

| **DIRECTORY**

04

DIRECTORY

| | |
|---|---|
| Registered Office | Level 3, 32 Market Place Viaduct Harbour Auckland 1010, New Zealand |
| New Zealand Company Number | 3538758 |
| New Zealand Business Number | 9429030957862 |
| Australian Registered Body Number (ARBN) | 58 610 518 075 |
| Directors | Paul Reynolds (Chairman) Mark Estall Thomas Power Wendy Webb |
| Investment Bank Australia | Foster Stockbrokers Level 25, 52 Martin Place Sydney, NSW 2000, Australia |
| Investment Bank New Zealand | First NZ Capital Limited 29 Albert Street, Auckland 1010, New Zealand |
| Share register | BoardRoom Pty Limited Level 12, 225 George Street Sydney NSW 2000, Australia |
| Australian Stock Exchange | The Company's ordinary shares are listed on the ASX under ASX code ASX:9SP |
| Australian Solicitors | Bird & Bird Level 11, 68 Pitt Street Sydney NSW 2000, Australia |
| New Zealand Solicitors | Simmonds Stewart Level 4, 4 Vulcan Lane Auckland 1140, New Zealand |
| Auditors | PricewaterhouseCoopers 188 Quay Street Private Bag 92162 Auckland 1142, New Zealand |
