

**For the Year Ended 31 March 2016**

**CropLogic Limited**

# CropLogic Limited

## Contents of Financial Statements

For the Year Ended 31 March 2016

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## ***Independent Auditors' Report*** to the shareholders of CropLogic Limited

### ***Report on the Consolidated Financial Statements***

We have audited the consolidated financial statements of CropLogic Limited ("the Company") on pages 6 to 19, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of comprehensive income, the consolidated statement of movements in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements that include a summary of significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 31 March 2016 or from time to time during the financial year.

### ***Directors' Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

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

We are independent of the Group. Other than in our capacity as auditors we have no relationship with, or interests in, the Group.

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*PricewaterhouseCoopers*

5 Sir Gil Simpson Drive, Canterbury Technology Park, PO Box 13244, Christchurch 8053, New Zealand  
T: +64 3 374 3000, F: +64 3 374 3001, [pwc.co.nz](http://pwc.co.nz)



## ***Independent Auditors' Report***

CropLogic Limited

### ***Basis for Qualified Opinion***

The financial statements are required to be prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as defined by the Financial Reporting Act 2013. In complying with NZ GAAP the financial statements must comply with all applicable New Zealand Equivalents to International Financial Reporting Standards. As stated in Note 1 to the financial statements, the Group has chosen to classify \$3,570,600 of Redeemable Preference Shares as an Equity Instrument rather than Term Liability.

This constitutes a departure from New Zealand Equivalents to International Financial Reporting Standards as the classification does not comply with NZ IAS 32 Financial Instruments: Presentation as the company does not have the ability to avoid the contractual obligation to deliver economic benefits to holder should they request redemption. If the Redeemable Preference Shares were classified as a liability, this would reduce shareholders equity from \$422,969 to a deficit of \$3,147,631 and the liabilities of the company would increase from \$381,045 to \$3,951,645.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter disclosed above, the consolidated financial statements on pages 6 to 19 present fairly, in all material respects, the financial position of the Group as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

### ***Emphasis of Matter***

Without further modifying our opinion, we draw attention to the disclosures made in Note 1 in the financial statements which indicates that the ability of the Group to continue in operational existence is dependent upon the continued support of its lenders and ability to raise funds in the near future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

### ***Restriction on Use of our Report***

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' 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.

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

Chartered Accountants  
22 August 2016

Christchurch

# CropLogic Limited

## Directory

As at 31 March 2016

<b>Nature of Business</b>	Crop Modelling and Forecasting Agronomy Service		
<b>Registered Office</b>	Merritt House, Canterbury Agriculture and Science Centre Gerald Street, Lincoln 7608		
<b>Directors</b>	John Beattie (appointed 1 January 2016) Peter Roborgh Dr Stephen Hampson Steven Wakefield Susanne Clay (appointed 14 July 2015)		
<b>Shareholders</b>	Bruce Foulds	1,800	Ordinary Shares
	Canterbury Innovation Incubator Limited	912	Ordinary Shares
	David Rankin	15,947	Ordinary Shares
	David Rankin	1,282	Redeemable Preference Shares
	David Tinkler	138	Redeemable Preference Shares
	Innovative Software Limited	18,033	Redeemable Preference Shares
	John Peterson	399	Redeemable Preference Shares
	NZVIF Investments Limited	923	Ordinary Shares
	NZVIF Investments Limited	30,342	Redeemable Preference Shares
	Peter Roborgh	12,000	Redeemable Preference Shares
	Philip Holliday	249	Redeemable Preference Shares
	Powerhouse No.2 Nominee Limited	23,888	Redeemable Preference Shares
	Powerhouse Ventures Limited	923	Ordinary Shares
	Powerhouse Ventures Limited	53,374	Redeemable Preference Shares
	Sam Knowles	2,908	Redeemable Preference Shares
	Synco Reynders	969	Ordinary Shares
	The New Zealand Institute For Plant and Food Research Limited	6,000	Ordinary Shares
	Westpark Trustees Limited	211	Redeemable Preference Shares
<b>Incorporation Date</b>	2 November 2010		
<b>Accountants</b>	Deloitte Chartered Accountants 151 Cambridge Terrace Christchurch 8013		
<b>Auditors</b>	PricewaterhouseCoopers Chartered Accountants 5 Sir Gil Simpson Drive Burnside Christchurch 8053		
<b>IRD Number</b>	105-767-706		
<b>Company Number</b>	3184550		

# CropLogic Limited

## Annual Report

For the Year Ended 31 March 2016

### Approval and Issue of Financial Statements

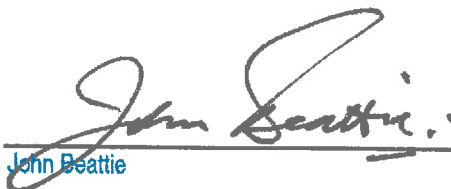
On this date the Directors approve and issue the annual report including the attached financial statements for CropLogic Limited for the Year Ended 31 March 2016.

The shareholders of CropLogic Limited have unanimously agreed to take advantage of the reporting concessions available to them under section 211(3) of the Companies Act 1993 whereby the annual report need not comply with any of paragraphs (a) and (e) - (j) of section 211(1).

### Auditor

A unanimous resolution was passed by the company to appoint PricewaterhouseCoopers as auditor.

For and on behalf of the Board

  
\_\_\_\_\_  
John Beattie Director

Date 8 August 2016

\_\_\_\_\_  
Peter Roborgh Director

Date \_\_\_\_\_

\_\_\_\_\_  
Dr Stephen Hampson Director

Date \_\_\_\_\_

\_\_\_\_\_  
Steven Wakefield Director

Date \_\_\_\_\_

\_\_\_\_\_  
Susanne Clay Director

Date \_\_\_\_\_

# CropLogic Limited

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For the Year Ended 31 March 2016

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For and on behalf of the Board

\_\_\_\_\_  
John Beattie Director

Date \_\_\_\_\_

  
\_\_\_\_\_  
Peter Roborgh Director

Date 16.8.16

\_\_\_\_\_  
Dr Stephen Hampson Director

Date \_\_\_\_\_

\_\_\_\_\_  
Steven Wakfield Director

Date \_\_\_\_\_

\_\_\_\_\_  
Susanne Clay Director

Date \_\_\_\_\_

# CropLogic Limited

## Annual Report

For the Year Ended 31 March 2016

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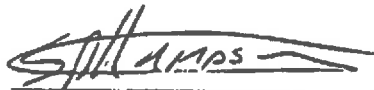
Director

Date \_\_\_\_\_

\_\_\_\_\_  
Peter Roborgh

Director

Date \_\_\_\_\_



Dr Stephen Hampson

Director

Date **22 August 2016**

\_\_\_\_\_  
Steven Wakefield

Director

Date \_\_\_\_\_

\_\_\_\_\_  
Susanne Clay

Director

Date \_\_\_\_\_



# CropLogic Limited

## Annual Report

For the Year Ended 31 March 2016

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Date \_\_\_\_\_

\_\_\_\_\_  
Peter Roborgh Director

Date \_\_\_\_\_

\_\_\_\_\_  
Dr Stephen Hampson Director

Date \_\_\_\_\_

\_\_\_\_\_  
Steven Wakefield Director

Date 10/8/2016

\_\_\_\_\_  
Susanne Clay Director

Date \_\_\_\_\_

# CropLogic Limited

## Annual Report

For the Year Ended 31 March 2016

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John Beattie Director

Date \_\_\_\_\_

\_\_\_\_\_  
Peter Roborgh Director

Date \_\_\_\_\_

\_\_\_\_\_  
Dr Stephen Hampson Director

Date \_\_\_\_\_

\_\_\_\_\_  
Steven Wakefield Director

Date \_\_\_\_\_

  
Susanne Clay Director

Date 10/08/2016

# CropLogic Limited

## Statement of Comprehensive Income

For the Year Ended 31 March 2016

	Note	2016 Group	2015 Group
		\$	\$
<b>Operating Revenue</b>			
Sales		148,189	60,131
Other Income		-	1,938
<b>Total Sales</b>		<b>148,189</b>	<b>62,069</b>
<b>Less Cost of Sales</b>			
Opening Stock		32,894	-
Purchases		52,241	60,439
Closing Stock		30,437	32,894
<b>Cost of Sales</b>		<b>54,698</b>	<b>27,545</b>
<b>Gross Surplus from Trading</b>		<b>93,491</b>	<b>34,524</b>
<b>Less Direct Costs</b>			
Customer Visits		15,838	4,714
Software Costs		-	9,769
<b>Total Direct Costs</b>		<b>15,838</b>	<b>14,483</b>
<b>Gross (Deficit) Surplus After Direct Costs</b>		<b>77,653</b>	<b>20,042</b>
<b>Less Expenses</b>			
Total Expenses as per Schedule		1,394,503	752,827
<b>Operating Deficit before Other Income</b>		<b>(1,316,850)</b>	<b>(732,785)</b>
<b>Other Income</b>			
Foreign Currency Gains/(Losses)		(275)	204
Interest Received		7,622	2,225
<b>Total Direct Costs</b>		<b>7,347</b>	<b>2,429</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Deficit</b>		<b>(1,309,503)</b>	<b>(730,357)</b>

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.

# CropLogic Limited

## Schedule of Expenses

For the Year Ended 31 March 2016

	2016	2015
	\$	\$
<b>Schedule of Expenses</b>		
Accountancy Fees	41,986	27,120
ACC Levies	597	812
Advertising	165	118
Amortisation of Intangible Assets	106,313	54,280
Audit Fee	15,290	11,025
Bank Fees	1,234	1,057
Computer Expenses	20,883	4,342
Consultancy Fees	50,540	38,784
Depreciation	59,154	66,052
Directors' Fees	98,328	-
Entertainment	1,093	212
Freight & Courier	7,729	2,454
General	-	500
Insurance	14,751	9,807
Interest	12,307	211
Legal Fees	42,368	34,680
Loss on Sale of Assets	-	701
Printing & Stationery	1,162	3,266
Rent	15,199	4,010
Research & Development - Wages	396,229	187,273
Research & Development - External Costs	183,510	72,077
Software Licensing	-	653
Share Based Payments	73,000	-
Telephone & Tolls	7,186	8,702
Travel - General	26,849	629
Travel - Capital Raising	12,018	22,901
Wages	206,612	201,162
<b>Total Expenses</b>	<b>1,394,503</b>	<b>752,827</b>

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.

# CropLogic Limited

## Statement of Movements in Equity

For the Year Ended 31 March 2016

	2016 Group	2015 Group
	\$	\$
<b>Revenue and Revaluations</b>		
Total Comprehensive Deficit	(1,309,503)	(730,357)
Premium on Employee Share Options	73,000	-
<b>Total Revenue and Revaluations</b>	<b>(1,236,503)</b>	<b>(730,357)</b>
<b>Contributions</b>		
Share Capital	573,304	1,547,289
Equity at the Beginning of the Year	1,086,168	269,236
<b>Equity at the End of the Year</b>	<b>422,969</b>	<b>1,086,168</b>

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.

# CropLogic Limited

## Statement of Financial Position

As at 31 March

	Note	2016 Group \$	2015 Group \$
<b>Equity</b>			
Share Capital	6	4,141,593	3,568,289
Accumulated Losses		(3,791,624)	(2,482,121)
Other Reserves		73,000	-
<b>Total Equity</b>		<b>422,969</b>	<b>1,086,168</b>
<b>Represented by:</b>			
<b>Current Assets</b>			
BNZ NZD Account		227,215	56,366
BNZ USD Account		-	349
Accounts Receivable		20,402	18,580
Income Tax Receivable	3	2,037	2,484
Stock & WIP	11	32,097	32,894
Prepayments		100	100
GST Receivable		24,347	2,767
<b>Total Current Assets</b>		<b>306,198</b>	<b>113,540</b>
<b>Current Liabilities</b>			
BNZ Global Plus Credit Card		3,409	8,387
Sundry Creditors		197,375	38,487
Accounts Payable		35,706	59,908
Investor Capital Received in Advance		144,180	-
NZ Institute for Plant & Food Research		375	375
<b>Total Current Liabilities</b>		<b>381,045</b>	<b>107,156</b>
<b>Working Capital</b>		<b>(74,847)</b>	<b>6,383</b>
<b>Non Current Assets</b>			
Property, Plant & Equipment	7	76,033	101,690
Intangibles	8	871,783	978,096
<b>Total Non Current Assets</b>		<b>947,816</b>	<b>1,079,786</b>
<b>Non Current Liabilities</b>			
Loan	9	450,000	-
<b>Total Non Current Liabilities</b>		<b>450,000</b>	<b>-</b>
<b>Net Assets</b>		<b>422,969</b>	<b>1,086,168</b>

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.

# CropLogic Limited

## Statement of Cash Flow

For the year ended 31 March

Note	2016 Group	2015 Group
	\$	\$
<b>Cash Flows from Operating Activities</b>		
<b>Cash was provided from:</b>		
Receipt from Customers	146,367	47,986
Income Tax	447	-
GST	-	12411
	<u>146,814</u>	<u>60,397</u>
<b>Cash was disbursed to:</b>		
GST	21,580	-
Payments to Suppliers	1,112,346	1,613,871
Income Tax	-	693
	<u>1,133,926</u>	<u>1,614,564</u>
<b>Net Cash Flows from Operating Activities</b>	<u>(987,112)</u>	<u>(1,554,167)</u>
<b>Cash Flows from Investing Activities</b>		
<b>Cash was disbursed to:</b>		
Purchase of Fixed Assets	33,497	84,707
	<u>33,497</u>	<u>84,707</u>
<b>Net Cash Flows from Investing Activities</b>	<u>(33,497)</u>	<u>(84,707)</u>
<b>Cash Flows from Financing Activities</b>		
<b>Cash was provided from:</b>		
Share Capital	741,109	1,547,289
Loan Advances	450,000	-
	<u>1,191,109</u>	<u>1,547,289</u>
<b>Net Cash Flows from Financing Activities</b>	<u>1,191,109</u>	<u>1,547,289</u>
Net Decrease in Cash Held	170,500	(91,585)
Cash at the Beginning of the Year	56,715	148,300
<b>Cash at the End of the Year</b>	<u><u>227,215</u></u>	<u><u>56,715</u></u>

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.

# CropLogic Limited

## Notes to and forming part of the Financial Statements

For the Year Ended 31 March 2016

### 1 Statement of Accounting Policies

#### Reporting Entity

CropLogic Limited (the "Company") is the reporting entity. CropLogic Group (the "Group") consists of CropLogic Limited and its wholly owned subsidiary company, Indigo Systems Limited. The company and its subsidiary are incorporated and domiciled in New Zealand, registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

#### Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR') and other applicable Financial Reporting Standards as appropriate for profit-orientated entities that report under the Reduced Disclosure Regime.

The Company qualifies for NZ IFRS RDR as it is not large and does not have higher public level accountability. The Company has elected to apply NZ IFRS RDR and has applied disclosure concessions.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a historical cost basis are followed by the company, unless otherwise stated in the Specific Accounting Policies. The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

#### Going Concern

The financial position of the Group shows negative working capital of \$74,847 and positive equity of \$422,969. The financial performance of the group is a loss for the period of \$1,309,503. The Group does not have a fixed revenue base and forecast revenue inflows are presently insufficient to meet outgoings. While this creates a material uncertainty, it should be noted that the Group is following a strategy of building a complete differentiated industry-leading telemetry and decision support system through a structured technical development and industry validation process. This involves direct engagement with global industry participants, leaders and investors in the precision agriculture field. The associated funding strategy is to accelerate growth plans by raising capital from existing and new investor groups now as an alternative to slowing growth initiatives and building retained earnings in the short term.

The directors are in negotiations regarding the raising of further capital, and continue to adopt the going concern assumption in the preparation of the financial statements on the basis that additional capital will be raised by the Group. In the event that additional capital is not able to be raised, there may be a significant doubt as to the Group's ability to meet its liabilities as and when they fall due and to continue as a going concern; in which case the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

#### Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and Statement of Financial Position have been applied:

##### (a) Revenue

###### Interest Revenue

Interest revenue is recognised when the right to receive payment has been established. Interest revenue is recorded gross of resident withholding tax.

###### Provision of Goods and Services

Revenue from the sale of goods is recognised when a group entity sells a product to the customer and the risk and reward of owning the item have been transferred. Revenue from the provision of services is recognised when the services are invoiced.

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.



# CropLogic Limited

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2016

### (b) Trade Receivables

Trade Receivables are recognised at estimated realisable value. Purchases and sales of assets are recognised at trade date.

### (c) Property, Plant & Equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at date of acquisition. Subsequent costs are capitalised if it is probable that the future economic benefits will flow to the Company and the costs can be measured reliably. All other maintenance costs are recognised as an expense as incurred. Gains and losses on disposal of property, plant and equipment are taken into account in determining the operating result for the year.

Computer Software	40% SL, 48 - 67% DV
Office Equipment	10.5% SL
Computer Equipment	13.5 - 40.0% SL, 15.6 - 67% DV

### (d) Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

### (e) Intangible Assets

Intellectual Property Rights represents the excess of the purchase consideration over the fair value of net tangible and identifiable assets acquired, at the time of acquisition.

Intellectual Property Rights are amortised by the straight line method over the period during which any benefit is expected, not exceeding 10 years.

Telemetry Intellectual Property and related customer relationships reflect the identified value of the telemetry software acquired and associated customer lists.

Telemetry Intellectual Property and related customer relationships is amortised by the straight line method over the period during which any benefit is expected, not exceeding 10 years.

### (f) Research and Development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.

# CropLogic Limited

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2016

### (g) Share Capital

The Group has chosen to classify all Redeemable Preference Shares as Equity Instruments rather than Term Liabilities given that the Lead Investor is required to approve all redemptions during the redemption period and has indicated that it would not be willing to do so. This classification does not comply with NZ IAS 32 Financial Instruments: Presentation because the company does not have an unconditional right to avoid delivering cash or other financial asset to settle the Redeemable Preference Shares should the Lead Investor give approval.

### (h) Foreign currencies

Both the functional and presentation currency for the company is New Zealand dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary items that are denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

The gain or loss on translation differences on non-monetary items is recognised in equity, whilst other translation differences to monetary items are recognised in the Statement of Comprehensive Income.

### (i) Goods and Services Taxation (GST)

Revenues and expenses have been recognised in the financial statements exclusive of GST. All items in the Statement of Financial Position are stated exclusive of GST except for receivables and payables which are stated inclusive of GST.

### (j) Consolidations

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.

# CropLogic Limited

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2016

### (l) Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### (m) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit or loss over the period of the borrowing using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the borrowings, or where appropriate, a shorter period, to the net carrying amount of the borrowings.

### (n) Financial Assets

Financial assets are classified into the following specific categories: financial assets 'at fair value through profit and loss', 'held-to-maturity' investments, 'available for sale' financial assets and 'loan and receivables'. The classification depends on the nature and purpose of the financial asset and the time of initial recognition.

The only category of financial assets held by the Company is loans and receivables.

#### Loan and receivables

Trade receivables, loan and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

#### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. A trade receivable is deemed to be uncollectible upon notification of insolvency of the debtor or upon receipt of similar evidence that the Company will be unable to collect the trade receivable. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed. In respect of financial assets carried at amortised cost, with the exception of trade receivables, the impairment loss is reversed through profit or loss in the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. Subsequent recoveries of trade receivables previously written off are credited against the allowance account.

# CropLogic Limited

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2016

### (o) Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

#### Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### (p) Employee Share Options

An employee was offered share options to participate in the share capital of CropLogic. The share options were not considered as part of remuneration, as the Board of Directors of CropLogic will, from time to time, decide whether share options are to be offered. The option is equity settled as there is no contractual obligation for the company to deliver anything other than shares.

On issuing of share options, the value of the allotted options is estimated in compliance with the formula of Black & Scholes at the time of allotment and is expensed under share based payments. The amount charged is set off against premium on employee share options (Other Reserves).

### (q) Share Based Payment

The company has a policy for nominated directors to be remunerated for their services to the company in the form of shares. The company will issue ordinary shares funded by services performed which are sufficient to fully satisfy the subscription price for shares issued to them. The ordinary shares shall hold the same rights as other ordinary shareholders with equal rights in distributions.

The directors fees paid in accordance with the share scheme will immediately be used to purchase the issued shares (i.e. there is no vesting period). As such, the fair value of the shares is the nominal value of the shares issued and subsequent directors fees paid as at the grant date.

### (r) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from

# CropLogic Limited

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2016

### 2 Tax Reconciliation

	2016 Group	2015 Group
	\$	\$
Net Deficit before Income Tax	(1,309,503)	(730,357)
<b>Permanent Differences</b>		
Amortisation of Intangibles	106,313	54,280
Capital Raising Costs	-	4,000
Directors Fees	78,125	-
Entertainment Expenses	461	122
Legal Fees	34,813	-
Travel - Capital Raising	12,018	22,901
<b>Total Permanent Differences</b>	<b>231,730</b>	<b>81,302</b>
<b>Timing Differences</b>		
Provision For Holiday Pay	(5,998)	17,573
Research & Development Costs	479,227	259,209
<b>Total Timing Differences</b>	<b>473,229</b>	<b>276,782</b>
<b>Total Loss</b>	<b>(604,544)</b>	<b>(372,272)</b>

### 3 Income Tax

	2016 Group	2015 Group
	\$	\$
Opening Balance	(2,484)	(1,791)
<b>Plus:</b>		
Income Tax Refund	1,791	-
<b>Less:</b>		
Resident Withholding Tax Paid	1,344	693
<b>Income Tax (Receivable)</b>	<b>(2,037)</b>	<b>(2,484)</b>

### 4 Unrecognised Tax Losses

	2016 Group	2015 Group
	\$	\$
Opening Balance	1,113,743	1,205,705
<b>Plus:</b>		
Tax Losses Current Year Subject to Approval by IRD	604,544	372,272
	<b>604,544</b>	<b>372,272</b>
<b>Less:</b>		
Break in Shareholder Continuity	597,986	464,234
Adjustment Following Income Tax Return Confirmation	6,369	-
	<b>604,355</b>	<b>464,234</b>
<b>Closing Balance</b>	<b>1,113,932</b>	<b>1,113,743</b>

Tax losses are subject to ongoing shareholder continuity being maintained. No tax losses have been recognised on the Statement of Financial Position.

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.



# CropLogic Limited

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2016

### 5 Imputation Credit Account

	2016 Group	2015 Group
	\$	\$
Opening Balance	2,484	1,791
<b>Plus:</b>		
Resident Withholding Tax Paid	1,344	693
<b>Total Imputation Credit Account</b>	<b>3,828</b>	<b>2,484</b>

The imputation credit balance is not reflected in the financial statements and represents the credit available at balance date.

### 6 Share Capital

	2016 Group	2015 Group
	\$	\$
<b>Share Capital</b>		
Opening Balance	3,568,289	2,021,000
<b>Plus:</b>		
Ordinary Shares	28,976	507,875
Preference Shares	609,725	1,060,875
<b>Less:</b>		
Capital Raising Costs	65,397	21,461
<b>Closing Balance</b>	<b>4,141,593</b>	<b>3,568,289</b>

As at 31 March 2016, the parent company has 170,298 shares on issue, at an average issue price of \$25 per share. There are two types of shares which carry different voting rights. As at 31 March 2016, there were 27,474 ordinary shares, and 142,824 preference shares. In the 2016 year, share capital of \$638,701 was issued. This has been offset by \$65,397 of capital raising costs according to NZ IAS 32. There are no externally imposed capital requirements.

### 7 Property, Plant & Equipment - Group

	Cost	Depreciation	Accumulated Depreciation	Closing Book Value
<b>Property, Plant &amp; Equipment 2016</b>	\$	\$	\$	\$
Computer Software	11,809	-	11,809	-
Office Equipment	12,033	53	11,980	653
Computer Equipment	323,544	59,101	264,443	67,101
<b>Total Property, Plant &amp; Equipment</b>	<b>347,386</b>	<b>59,154</b>	<b>276,233</b>	<b>71,153</b>

	Cost	Depreciation	Accumulated Depreciation	Closing Book Value
<b>Property, Plant &amp; Equipment 2015</b>	\$	\$	\$	\$
Computer Software	11,809	-	11,809	-
Office Equipment	12,033	422	11,611	722
Computer Equipment	290,047	65,630	224,417	65,630
<b>Total Property, Plant &amp; Equipment</b>	<b>313,889</b>	<b>66,052</b>	<b>236,026</b>	<b>77,863</b>

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.

# CropLogic Limited

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2016

### 8 Intangibles

	2016 Group	2015 Group
	\$	\$
Intellectual Property Rights	51,260	61,512
Telemetry Intellectual Property and related customer relationships	820,523	916,584
<b>Total Intangibles</b>	<b>871,783</b>	<b>978,096</b>

Intellectual Property Rights have a cost value of \$102,520, and are amortised on a straight line basis for the year at \$10,252 (2015: \$10,252). Accumulated amortisation is \$51,260.

Telemetry Intellectual Property and related customer relationships of Indigo Systems were acquired in October 2014 at a cost of \$960,612 and is amortised on a straight line basis for the year at \$96,061 (2015: \$44,028). Accumulated amortisation is \$140,089.

The Telemetry Asset acquired relates to IP, hardware, proprietary software stack, and backend systems required to manage the communication of data from field-based data acquisition devices to the CropLogic 'cloud', where that data is analysed and presented in a usable manner for decision support. Combined with the existing low-power long-range mesh networking technology, this IP is an important part of CropLogic's data acquisition strategy.

### 9 Term Loan - Unsecured

	2016 Group	2015 Group
	\$	\$
<b>Loan - Callaghan Innovation</b>		
Total Outstanding	450,000	-
<b>Total Term Loans - Unsecured</b>	<b>450,000</b>	<b>-</b>

The loan outstanding to Callaghan Innovation accrues interest daily at 3% per annum. Any unpaid interest shall be capitalised and become part of the loan. This loan has accrued interest of \$12,169.

### 10 Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

Name of Subsidiary	Principle Activity	Place of Incorporation and Operation	Proportion of ownership interest and voting power held by the Group	
			2016 Group	2015 Group
Indigo Systems Limited	Development of a wireless network to be used in vineyard management	New Zealand	100%	100%

### 11 Inventories

	2016 Group	2015 Group
	\$	\$
Raw Material	28,475	28,559
Work in Progress	1,144	638
Finished Goods	818	3,696
Spare Parts	1,660	-
	<b>32,097</b>	<b>32,894</b>

The cost of inventories recognised as an expense during the year in respect of continuing operations was \$52,241 (2015: \$60,439)

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.

# CropLogic Limited

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 March 2016

### 12 Compensation of Key Management Personnel

The remuneration of directors during the year was \$78,125 (2015: Nil). The remuneration of other members of key management personnel during the year was \$446,427 (2015: \$209,951).

### 13 Conflicts of Interest of Directors

Steven Wakefield is a partner at Deloitte. During the 2016 year, the parent purchased \$33,714 (2015:\$5,165) of accounting and advisory services from Deloitte.

Stephen Hampson is the Managing Director at Powerhouse Ventures Ltd (PVL). PVL had a shareholding interest in Indigo Systems, which was acquired by CropLogic in October 2014. Stephen was excused during board discussions relating to this transaction. During the 2016 year, the parent purchased \$104,230 (2015:\$41,069) of services from PVL, the majority of which was for the secondment of Matthew Journée.

### 14 Contingent Liabilities

The Group has no contingent liabilities as at 31 March 2016, (2015 Nil).

### 15 Capital Commitments

The Group has no capital commitments as at 31 March 2016, (2015 Nil).

### 16 Related Parties

As at 31 March 2016 Croplogic did not have a trade payable owing to shareholder, PowerHouse Ventures Limited (2015: \$28,984). During the financial year Croplogic incurred management cost recharges of \$104,230 (2015: \$41,069) payable to PowerHouse.

### 17 Subsequent events

On 31 May 2016, CropLogic entered into an agreement to purchase licence rights from The New Zealand Institute for Plant and Food Research Limited in exchange for consideration of \$460,000.

### 18 Share Options Granted Under the Company's Employee Share Option Plan

At 31 March 2016, a senior employee held options over 11,714 ordinary shares of the Company. If not exercised, the options will expire on the earlier of 18 March 2020 or on admission of CropLogic to an investment exchange. Share options granted carry no voting rights or rights to dividends. \$73,000 has been expensed under share based payments to account for the value of the share options. There are no other options at year end.

### 19 NZ IFRS RDR Adoption and Changes in Measurement

Opening Equity as previously reported under NZ IFRS Differential Reporting  
Measurement differences upon first time adoption of NZ IFRS RDR  
Opening Equity per NZ IFRS RDR

2016 Group

\$

1,086,168

1,086,168

These financial statements are to be read in conjunction with the accompanying Notes and Audit Report. These statements have been audited.