

A woman with blonde hair is shown in profile, looking out of a window at night. The background outside the window is dark with blurred city lights, including red and yellow bokeh. To the right of the woman, a document with text and a yellow highlight is visible, partially obscured by the window frame. The overall mood is contemplative and professional.

PLEXURE

2016/2017
Interim Report

for the six month period ended
30 September 2016

Plexure Group

Directory

As at 30 September 2016

Company Number	244518
NZ Business Number	9429039937803
Directors	Phil Norman - Chairman Scott Bradley Mike Carden Tim Cook Sharon Hunter
Registered Office	Level 3, 104 Quay Street Britomart Auckland
Postal Address	PO Box 90722 Victoria Street West Auckland
Share Registrar	Computershare Investor Services Limited Private Bag 92119 Auckland Phone: 09 488 8700 Fax: 09 488 8787
Auditors	Deloitte Private Bag 115033 Shortland Street Auckland
Bankers	ASB Bank PO Box 35 Shortland Street Auckland
Solicitors	Bell Gully PO Box 1291 Wellington
Website	www.plexure.com

Directors' Report

Overview

Plexure offers a purpose-built “Internet of Things” (IoT) CRM solution that enables retailers to engage with consumers in real time using connected devices and sensors. It is an enterprise scale solution that improves the customer experience and optimises retail revenues.

The Company’s focus of activity is on the US market where large retail brands are targeted.

Performance Highlights

For the six months ended 30 September 2016, total revenue grew 9% over the same period last year, to \$3,602k. During the same period operating revenue grew 32% to \$3,348k reflecting the growth in the underlying business. Annualised Committed Monthly Revenue (ACMR – recurring revenue) grew to \$6,004k, an increase of 25% over the same period in 2015. ACMR is a key performance metric for Software as a Service (SaaS) businesses.

The net loss for the six months ended 30 September 2016 was \$3,653k, up 15% from the same period last year. This loss reflects the investment the Company is making establishing a presence in the US market and the continuing development of its technology platform.

	6 months to 30 Sept 2016	6 months to 30 Sept 2015	Increase %
Total Revenue	3,601	3,291	9%
Operating Revenue	3,348	2,532	32%
Net Loss after tax	(3,653)	(3,188)	15%
Cash at Bank	2,326	1,576	48%
ACMR	6,004	4,800	25%
Staff (FTE's)	52	64	-19%

Growth

Growth during this period was slower than anticipated. Changes in the US sales team slowed progress, however, towards the end of the period, momentum started to pick up with the addition of McDonald’s Canada, the signing of a new South American customer and expansion of the Compass Group relationship; all occurring in the final 2 months of this period.

While we continue to sign new customers, we are also experiencing increased demand from existing customers to provide additional services and, as we respond to those requests, our relationship with those customers is deepening.

We have also started to field more enquiries from manufacturers of hardware who are looking for solutions that allow them to provide further functionality to consumers of their products. This is an exciting development and will broaden the Company’s addressable target market and increase revenues without incurring large cost increases.

The Company’s technology platform is performing well at scale, now supporting in excess of 50 million users, and continues to be lauded as market leading, particularly as its data analytics capability grows. It is now being used in a number of different application areas and with the growing interest in the IoT, the scope for the platform to drive innovation within Plexure’s existing and prospective customer base is significant.

Cost management remains a focus of attention for the Company’s leadership team with the objective of growing sales and maintaining product development momentum without increasing operating cash burn.

In November 2016, the Company was placed second on Deloitte’s New Zealand Fast 50 index of growth businesses; an award that recognises Plexure’s progress over the last several years.

Strategic Partnerships

Plexure's relationship with Microsoft remains very strong and the two companies continue to collaborate productively in the pursuit of sales opportunities in the US. Our solution is now available in the Microsoft AppSource store and Microsoft has employed a sales team focused and incentivised on selling retail solutions, which includes Plexure's platform.

Recently, the Company has signed a partnership agreement with Current, the US digital energy start-up of General Electric (GE). Current is supporting major US retailers with their digital energy and data infrastructure initiatives and Plexure's IoT solution will be part of that GE Current offering. The IoT sector is "hot" at the moment and the Company is well positioned to capitalise on market demand with what is widely regarded as market leading product, testament to which was Plexure's winning of GE's Partner Innovation Award at GE's Industrial Internet Minds + Machines event in San Francisco in November 2016.

Name Change

During the period, the Company changed its name from VMob to Plexure. The change was made as a result of customer feedback, particularly in our largest market, the US.

Although mobile is still an important channel for our customers, most of our engagements now include multiple consumer devices such as WiFi products, beacons, digital signage and kiosks. The VMob brand name was perceived to be exclusively associated with "mobile" and was limiting the opportunity for the sales team to sell the wider solution capability we now offer.

The new name, Plexure, is from the Latin plexus, which means "the art of weaving together" and is an appropriate analogy for what we now do for customers as we weave together multiple digital channels to provide a tailored engagement.

The re-branding decision was taken after careful review with our strategic partners who met most of the cost of the exercise and it has been well received in both the US and European markets.

Leadership and Governance Changes

During the period, we welcomed Andrew Dalziel as CFO, replacing Stephen Davies. Andrew had previously worked for Plexure in an Acting CFO role and comes with a background of experience of technology businesses and public markets.

With effect from April 2016, Ross Jenkins was appointed as an Advisor to the Board. Ross left Xero Limited in December 2015 after 4.5 years in CFO and COO roles, including 12 months based in San Francisco as COO running Xero's US business. Ross has a wealth of SaaS industry experience and is assisting the Company with its capital markets strategy.

Capital and Capital Markets

During the 6 months ended 30 September 2016, the Company raised \$3.4m of new capital via a private placement. We were pleased to have VIX Investments increase its stake in the Company to approximately 10% through their participation in this placement. VIX is a specialist Fintech investor based in Australia and manages a global portfolio of investments.

We are continuing to engage in discussions with prospective US-based strategic investors. We have now appointed a US based external advisor, who is undertaking a process to identify and evaluate appropriate potential US investors, and will assist Plexure to consider its strategic options and the potential transactions that may be available to it. This process will be broad ranging, and the Company may discuss, and potentially pursue, investment proposals that extend beyond issuance of new capital, including strategic alliances or the acquisition of all or part of Plexure's existing share capital.

Outlook

Plexure continues to attract significant international attention for its end-to-end personalisation and data analytics platform. Its IoT capability is a major point of differentiation from competitors and this capability is now driving interest in the Company from new market players.

The platform is now processing massive numbers of transactions across several geographies; we have a strong partnership with Microsoft and a new relationship with GE that looks very promising. Our revenues from existing customers are growing as they extend the use of our products and services and new customers are being secured.

Thus, the Directors remain confident about the future prospects for the Company but note that the pursuit of large enterprise customers in international markets takes time.

Finally, on behalf of the Board of Directors, I would like to express our appreciation for the ongoing support of shareholders and the untiring efforts of our talented staff.



Phil Norman
Chairman

29 November 2016

Plexure Group Limited

Condensed Interim Statement of Comprehensive Income

For the 6 Months ended 30 September 2016

	Note	6 months to 30 Sept 2016 Unaudited \$'000	6 months to 30 Sept 2015 Unaudited \$'000
Revenues			
Operating Revenue	2	3,348	2,532
Other Income	3	253	759
Total Revenue and Other Income		<u>3,601</u>	<u>3,291</u>
Less			
Amortisation		856	549
Depreciation		62	57
Directors Fees		88	78
Employee Benefits		3,292	3,020
Share based payment		40	195
Other Operating Expenses		2,915	2,551
		<u>7,254</u>	<u>6,450</u>
Net loss before tax		<u>(3,653)</u>	<u>(3,159)</u>
Income tax expense		-	29
Net loss after tax for the period attributable to shareholders of the company		<u>(3,653)</u>	<u>(3,188)</u>
Other Comprehensive Income			
Exchange difference on translating foreign operations		36	(48)
Total comprehensive loss for the period attributable to shareholders of the company		<u>(3,617)</u>	<u>(3,236)</u>
<i>Earnings per share</i>			
Basic (cents per share)		(4.30)	(5.20)
Diluted (cents per share)		(4.00)	(5.20)

The accompanying notes form part of these financial statements.

Plexure Group Limited
Condensed Interim Statement of Changes in Equity
For the 6 months ended 30 September 2016

	Share Capital	Foreign Currency Translation Reserve	Share Based Payment Reserve	Accumulated Losses	Total Equity
Six months ended 30 September 2016 - Unaudited	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2016	21,444	56	970	(15,812)	6,658
Net loss after tax	-	-	-	(3,653)	(3,653)
Exchange differences arising on translating foreign operations	-	36	-	-	36
Total comprehensive loss		36	-	(3,653)	(3,617)
<i>Transactions with owners</i>					
Issue of share capital	3,223	-	-	-	3,223
Recognition of share based payments	-	-	108	-	108
Share based payments on expired options	-	-	(68)	-	(68)
Balance at 30 September 2016	24,667	92	1,010	(19,465)	6,304
Six months ended 30 September 2015 - Unaudited					
Balance at 1 April 2015	13,179	14	880	(9,163)	4,910
Net loss after tax	-	-	-	(3,188)	(3,188)
Exchange differences arising on translating foreign operations	-	(48)	-	-	(48)
Total comprehensive loss	-	(48)	-	(3,188)	(3,236)
<i>Transactions with owners</i>					
Issue of share capital	3,231	-	-	-	3,231
Recognition of share based payments	-	-	199	-	199
Share based payments on expired options	-	-	(4)	-	(4)
Balance at 30 September 2015	16,410	(34)	1,075	(12,351)	5,100

The accompanying notes form part of these financial statements.

Plexure Group Limited
Condensed Interim Statement of Financial Position
As at 30 September 2016

	Notes	30-Sep 2016 Unaudited \$'000	31-Mar 2016 Audited \$'000
Assets			
Current assets			
Cash and cash equivalents		2,326	2,637
Trade and other receivables		1,738	1,073
		<u>4,064</u>	<u>3,710</u>
Less current liabilities			
Trade and other payables		2,501	1,484
Deferred revenue		469	551
Income tax payable		19	39
Other liabilities		-	10
		<u>2,989</u>	<u>2,084</u>
Working capital		<u>1,075</u>	<u>1,626</u>
Non-current assets			
Property, plant & equipment		256	306
Intangible assets	8	5,005	4,770
		<u>5,261</u>	<u>5,076</u>
Non-current liabilities			
Deferred revenue		-	17
Other liabilities		32	27
		<u>32</u>	<u>44</u>
Total net assets		<u>6,304</u>	<u>6,658</u>
Equity			
Share capital	4	24,667	21,444
Share based payment reserve		1,010	970
Accumulated losses		(19,465)	(15,812)
Foreign currency translation reserve		92	56
Total equity		<u>6,304</u>	<u>6,658</u>

The accompanying notes form part of these financial statements.

Plexure Group Limited
Condensed Interim Statement of Cash Flows
For the 6 Months ended 30 September 2016

	Notes	6 months to 30 Sept 2016 Unaudited \$'000	6 months to 30 Sept 2015 Unaudited \$'000
Operating activities			
<i>Cash was provided from (applied to):</i>			
Receipts from customers		3,045	2,914
Marketing funding received		254	489
Grants received		-	153
Interest received		12	17
Payment to suppliers & employees		(5,762)	(5,514)
Income taxes paid		(8)	(17)
Net cash outflow from operating activities	3	<u>(2,459)</u>	<u>(1,958)</u>
Investing activities			
<i>Cash was provided from (applied to):</i>			
Purchase of property, plant and equipment		(13)	(84)
Capitalised development costs		(1,098)	(1,512)
Net cash outflow from investing activities		<u>(1,111)</u>	<u>(1,596)</u>
Financing activities			
<i>Cash was provided from (applied to):</i>			
Issue of ordinary shares		3,369	3,398
Share capital raising costs		(146)	(167)
Net cash inflow from financing activities		<u>3,223</u>	<u>3,231</u>
Net increase/(decrease) in cash held		347	(323)
Add cash and cash equivalents at start of year		2,637	1,946
Effect of foreign exchange rate changes on cash		36	(47)
Cash at bank at end of year		<u>2,326</u>	<u>1,576</u>
Comprised of:			
Cash and short term deposits		<u>2,326</u>	<u>1,576</u>

The accompanying notes form part of these financial statements.

1. Summary of Accounting Policies

Statement of Compliance

The unaudited consolidated condensed interim financial statements presented are those of Plexure Group Limited ("PLX" or "Company") and its subsidiaries ("the Group"). The principal activity of the Company and Group is the development and deployment of its cloud based mobile personalisation platform. The Company and Group is a profit oriented entity, registered in New Zealand under the Companies Act 1993 and is listed on the New Zealand Stock Exchange. The Company is an issuer for the purposes of the Financial Reporting Act 2013 and its annual financial statements comply with that Act.

The company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The unaudited consolidated condensed interim financial statements are prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP) and comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for interim financial statements (NZ IAS 34).

The accounting policies set out in the 31 March 2016 financial statements have been applied consistently to all periods presented in these financial statements.

These condensed interim financial statements were approved by the Board of Directors on 29 November 2016.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

The same accounting policies and methods of computation are followed in these interim financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 March 2016.

(i) Going concern

For the six month period ended 30 September 2016, operating revenue grew 32% over the six month period ended 30 September 2015, to \$3,348,000 and Annualised Committed Monthly Revenue³ grew 25% over the same period to \$6,004,000. Given the Group is in an early stage of its operations and is investing for growth, it has recorded a net loss after tax of \$3,653,000 for the six month period ended 30 September 2016 (six month period ended 30 September 2015: \$3,188,000) with equity of \$6,304,000 as at 30 September 2016 (as at 30 September 2015: \$5,100,000). As at 30 September 2016 the Group has cash and cash equivalents of \$2,326,000 (as at 30 September 2015: \$1,576,000), and the net cash outflow from operating activities for the six month period ended 30 September 2016 was \$2,459,000 (six month period ended 30 September 2015: \$2,111,000). The Group raised \$3,223,000 (net) of capital during the six month period ended 30 September 2016 via a private placement. The Group is currently raising additional capital and aims to raise up to \$3,500,000 via a private placement.

¹ This is a non-GAAP SaaS metric representing committed monthly recurring revenue as at the balance sheet date multiplied by 12 months

(i) *Going concern (continued)*

The Group has prepared forecasts which indicate that cash on hand at period-end, combined with cash flow as a result of operations, as well as the issuance of new share capital or debt subsequent to period-end will enable the Group to continue operating and satisfy its going concern requirements. The going concern assumption is dependent on raising sufficient cash through the issuance of further share capital or arranging a debt facility. This dependency on future capital raising creates a material uncertainty with respect to meeting the Group's cash requirements. Notwithstanding this dependency on raising further capital the Directors are confident that the Group remains a going concern and are confident of being able to raise further share capital or debt from market feedback to date.

Accordingly the Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the Group during the period of one year from the date these financials are approved, and to circumstances which they believe will occur after that date which could affect the validity of the going concern assumption.

If the Group was unable to continue in operational existence, and pay debts as and when they become due and payable, adjustments would have to be made to reflect the situation that assets may need to be realised and liabilities extinguished, other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

Plexure Group Limited
Notes to the Condensed Interim Financial Statements
For the 6 Months ended 30 September 2016

PLEXURE

2. Operating revenue

	6 months to 30 Sept 2016 Unaudited \$'000	6 months to 30 Sept 2015 Unaudited \$'000
Licence & Support Revenue	2,253	1,622
Consulting Revenue	848	529
Deployment and Integration Revenue	238	330
Expenses Reimbursed Revenue	9	51
	3,348	2,532

3. Other Income

Interest Received	12	17
Government Grant Income	25	178
Marketing Funding	216	564
	253	759

4. Share Capital

	Shares	\$'000
Balance at 1 April 2015	58,736,421	13,179
<i>Movement in ordinary shares on issue</i>		
Issue of shares - private placement May 2015	6,750,000	2,565
Issue of Shares - share purchase plan June 2015	1,008,028	369
Issue of shares - private placement August 2015	750,000	297
Issue of shares - private placement October 2015	5,480,059	1,829
Issue of shares - private placement December 2015	9,329,412	3,142
Issue of shares - share options January 2016	240,000	63
Balance as at 31 March 2016	82,293,920	21,444
Balance at 1 April 2016	82,293,920	21,444
Issue of shares - private placement June 2016	9,106,593	3,223
Balance as at 30 September 2016	91,400,513	24,667

5. Reconciliation of Operating Cash Flow

	6 months to 30 Sept 2016 Unaudited \$'000s	6 months to 30 Sept 2015 Unaudited \$'000s
Net loss after tax	(3,653)	(3,188)
Adjustment for Non-cash items:		
Amortisation	856	549
Depreciation	62	57
Share based payment expense	40	195
Lease inducement	(31)	(5)
	927	796
Movements in working capital		
(Increase)/decrease in trade & receivables	(665)	353
Increase/(decrease) in trade payables and accruals	1,017	(158)
Increase in deferred revenue	(85)	239
	267	434
	(2,459)	(1,958)

6. Related parties

At reporting date the Directors of the Company controlled 24.1% (30 Sept 2015: 31.9%) of the voting shares in the Company.

Scott Bradley, director and Chief Executive Officer of the Company, is a shareholder of Sharbo ULC which holds 18.9% (30 Sept 2015: 25.7%) of the shares and 600,000 options (30 Sept 2015: 600,000).

Phil Norman, chairman of the Company, holds 3.5% (30 Sept 2015: 4.8%) of the shares in the Company at balance date. During the six months ended 30 September 2016 the Company paid Nortek Management Services Limited, a company of which Phil Norman is a director and shareholder, \$24,457 (30 Sept 2015: \$25,000) for Chairman services and \$100,000 (30 Sept 2015: \$60,000) for the provision of investment banking and capital raising services.

Mike Carden, director of the Company, is a trustee of the Perfect Day Trust which holds 0.2% (30 Sept 2015: 0.3%) of the shares in the Company at balance date. During the six months ended 30 September 2016 the Company paid Mike Carden \$14,583 (30 Sept 2015: \$17,500) for director fees.

Tim Cook, director of the Company, holds 1.4% (30 Sept 2015: 1.1%) of the shares in the Company at balance date. During the six months ended 30 September 2016 the Company paid Corporate Advisory Limited, a company of which Tim Cook is a director and shareholder \$17,500 (30 Sept 2015: \$17,500) for director fees, and paid \$9,000 for assistance with capital raising (30 Sept 2015: nil).

Sharon Hunter, a director of the Company was paid 17,500 for director fees (30 Sept 2015: nil) during the six months ended 30 September 2016.

The Company supplied services to the value of \$94,259 (30 Sept 2015: \$114,288) to Loyalty New Zealand Limited during the six months ended 30 September 2016. Phil Norman was a Director of this company during the year.

The Company received funding from New Zealand Trade and Enterprise of \$25,134 (30 Sept 2015: \$145,970) during the year. Mike Carden is a member of the Beachheads Advisory Board for New Zealand Trade and Enterprise.

Plexure Group Limited
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For the 6 Months ended 30 September 2016

PLEXURE

Key management personnel and director transactions

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include the Chief Executive and his direct reports.

In addition to their fees and salaries, the Group also provides non-cash benefits to directors and executive officers in the form of share options.

The following table summarises remuneration paid to key management personnel and directors:

	6 months to 30 Sept 2016 Unaudited \$'000	6 months to 30 Sept 2015 Unaudited \$'000
Directors Fees	74	77
Consulting fees paid to directors	109	60
Share based payments	71	120
Short term employee benefits	1,140	647
	1,394	904

7.Segmental Reporting

The Group operates predominantly in one segment, its primary business being the development and deployment of its cloud based mobile personalisation platform.

Geographical

An Analysis of trading revenue by geographical region of original sale is provided as follows.

	6 months to 30 Sept 2016 Unaudited \$'000s	6 months to 30 Sept 2015 Unaudited \$'000s
Asia	1,601	1,288
United States of America	774	622
North America	86	-
Europe	442	377
Australasia	445	245
	3,348	2,532

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PLEXURE

8. Intangible Assets

	Core Platform \$'000s	Mobile Platform \$'000s	Total \$'000s
Cost			
As at 1 April 2015 - audited	3,713	477	4,190
Additions - internally developed	2,549	419	2,968
As at 31 March 2016 - audited	6,262	896	7,158
Additions - internally developed	970	121	1,091
As at 30 September 2016 - unaudited	7,232	1,017	8,249
Amortisation			
As at 1 April 2015 - audited	(858)	(260)	(1,118)
Amortisation charge for the year	(1,018)	(252)	(1,270)
As at 31 March 2016 - audited	(1,876)	(512)	(2,388)
Amortisation charge for the year	(678)	(178)	(856)
As at 30 September 2016 - unaudited	(2,554)	(690)	(3,244)
Net book value			
As at 31 March 2016 - audited	4,386	384	4,770
As at 30 September 2016 - unaudited	4,678	327	5,005

9. Operating Lease Commitments - Group as a Lessee

Future minimum rentals payable under non-cancellable operating leases as at 30 September 2016 are as follows:

	6 months to 30 Sept 2016 Unaudited \$'000s	6 months to 30 Sept 2015 Unaudited \$'000s
Within one year	198	235
After one year but not more than five years	432	397
	630	632

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PLEXURE

10. Commitments and Contingencies

There were no capital commitments or contingent liabilities as at 30 September 2016 (30 September 2015: \$Nil)

11. Events After the Reporting Period

No events have occurred subsequent to period end.

12. Audit

These financial statements have not been audited.