Snakk Media Limited
Annual Report
for the year ended 31 March 2017

Letter from the Chair

The year ended 31 March 2017 was a challenging one for Snakk Media. During the year the board has overseen significant restructuring of the business including the strengthening of the executive team with the appointment of a highly experienced and capable Chief Executive Officer, Joel Williams - who commenced as Chief Operations Officer in August before stepping into the CEO role, Head of Sales – Australia and New Zealand, Chief Finance Officer, and other members of the accounting team.

Much work has been done to reposition and improve our internal processes, right across the company including the Sales, Finance, Accounting and Ad Operations areas. Our South East Asian operations have also been restructured and will operate under new leadership in the 2018 financial year.

This restructuring has placed pressure on the level of working capital available to the business, and the management team and Board have undertaken significant work to get Snakk's cost base down to an acceptable level. We have at all times ensured that this cost reduction did not impact our customer facing and business development activities.

At the same time we have made good progress in repositioning the business to take full advantage of the capabilities of our major technology partner UberMedia, including the growing self-service programmatic offering which complements our managed-service business as well as a range of other mobile technology products.

The investments in the 2017 financial year have resulted in a more diversified product and service range and additional distribution channels.

The mobile advertising market continues to offer excellent opportunities and my thanks go to Joel, the management team and all the staff as well as to my board colleagues who have worked tirelessly to position the company to take advantage of these opportunities in the 2018 financial year and beyond.

Peter James
Independent Chair

CEO's Review

Introduction

Snakk has invested to re-position itself with a more diversified product suite and distribution channels and associated revenue streams.

In the 2017 financial year Snakk has invested in operational capability, finance, and human resources, leading to improved operational efficiencies and controls. As a consequence of that investment and also to align the business structure to the future needs of the business, Snakk implemented a restructuring in Q4 of the 2017 financial year to reduce operational expenses. The focus of the restructure was on non-customer facing support roles and it has not impacted Snakk's ability to service the anticipated business volumes.

Highlights

Highlights for the year include:

- Launch of a programmatic geographic mobile self-service trading platform in October 2016
- Launch of a market leading GPS based mobile video product - video is a growing mobile advertising format
- Development of a mobile geographic data and analytics capability
- Development of enhanced retail-insights measurement and reporting to enable agencies and retail brands to measure the in-store impact of mobile advertising
- An advertising agency winning the Bronze "Best Use of Geolocation" at the Festival of Media Global Awards for a mobile advertising campaign that utilised Snakk's geographic targeted advertising platform and creative from Snakk's Touch Create division
- International recognition of the Touch Create mobile creative division: winner of 6 silver W3 Awards USA for "Bond Spectre", Singapore and "The Walk", Singapore and Finalist for the MMA Smarties APAC 2016 "Best Brand Media Experience in Rich Media" for the same campaign
- Strengthening of the executive team

The Market

The mobile advertising market continues to grow rapidly but remains highly competitive, and is subject to revenue fluctuations and uncertainty in a volatile mobile market. The supply side is dominated by a handful of major global companies. Snakk competes against the major global companies by focusing on differentiated niche products and services in areas where the competitors are not as proficient, and by expanding its distribution channels.

Products and Services

Managed-service and self-service: Snakk's core business is to offer highly targeted geo and audience based managed-service advertising supported by mobile creative on the Snakk Media Audience and other platforms. The programmatic geographic mobile self-service platform was introduced in October 2016 for customers who wish to manage their own advertising campaigns on UberMedia via Snakk. Self-service complements Snakk's managed-service offering. Self-service accounted for more than 15% of Snakk's revenue in Q4 of the 2017 financial year and is expected to continue to grow in the 2018 financial year.

Data Analytics: The mobile geographic data and analytics beta product developed by Snakk and underpinned by the UberMedia platform provides consumer movement and enriched consumer behaviour data to brands and agencies. This enables more highly targeted advertising campaigns and the potential to link the data to other forms of media such as billboards and bus shelter outdoor advertising locations.

Mobile Creative: Snakk's stand-alone mobile creative division, Touch Create, complements Snakk's mobile advertising technologies. Touch Create is a mobile creative agency that provides creative strategy, design, technical capability, development and production. The creative is sold independently or bundled with managed-service advertising.

CEO's Review (continued)

Geographies

Snakk continues to operate in Australia, New Zealand and Southeast Asia.

Snakk is developing a stronger market presence in Melbourne and Brisbane and maintains a strong presence in NSW and New Zealand. Snakk’s Southeast Asia operations are being restructured to provide new leadership in 2018 and to better match resources with revenue expectations.

Snakk’s primary technology partner is UberMedia. The UberMedia platform that powers the majority of Snakk’s revenue is a leading edge advertising technology and positions Snakk well to continue to provide innovative, differentiated products and services. One of the most trusted mobile authorities, UberMedia transforms mobile behavioural data to power actionable business intelligence, advertising, and measurement. UberMedia continues to work closely with Snakk as UberMedia’s supplier in Australia, New Zealand, and Southeast Asia.

Summary

Snakk expects to capitalise on the investments made in the 2017 financial year and grow revenue in the 2018 financial year and beyond, including continued growth in the new programmatic self-service product and data led sales, whilst operating off a lower cost base.

Joel Williams
CEO

Corporate governance statement

The objective of Snakk Media Limited (the Company) is to enhance shareholder value. The Board considers there is a strong link between good corporate governance policies and practices and the achievement of this objective. The Board has adopted the Snakk Media Corporate Governance Code which is available on the Snakk Media website www.snk.co.nz.

The directors are responsible for reviewing and maintaining the corporate governance principles of the Company and consider that they do not materially differ from the principles set out in the NXT Market Rules.

Board of Directors

The business and affairs of the Company are managed directly by the Board of Directors or by the executive of the operating subsidiaries under the direction of the Board. In particular, the Board:

- establishes the long term goals of the Company and strategic plans to achieve those goals;
- reviews and adopts the annual budgets for the financial performance of the Company and monitors results on a monthly basis;
- ensures preparation of the annual and half-yearly financial statements;
- manages risk by ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities; and
- works with management to create shareholder value.

The Board consists of three independent, non-executive directors Peter James, Chair, Martin Riegel and Robert Antulov.

The Board meets at least monthly on a formally scheduled basis. All available information relating to items to be discussed at a meeting of the Board is provided to each non-conflicted director prior to that meeting.

At least one third of the directors retire by rotation at each Annual Meeting. The directors to retire are those who have been longest in office since the last election. Directors retiring by rotation may, if eligible, stand for re-election. A director appointed since the previous Annual Meeting holds office only until the next Annual Meeting but is eligible for re-election at that meeting. Under the rotation policy, Peter James will be retiring and offering himself for re-election at the next Annual Meeting.

Each director has the right to seek independent legal and other professional advice, at the Company’s expense with the prior approval of the chairman, concerning any aspect of the Company’s operations or undertakings to assist in fulfilling their duties and responsibilities as directors.

The Board has two standing committees, namely the Audit, Finance and Risk Committee and the Nominations and Remuneration Committee. Other committees are formed for specific purposes and disbanded as required.

Audit, Finance and Risk Committee

The current members of the Committee are Peter James, Martin Riegel and Robert Antulov. The Committee’s Charter is contained in the Snakk Media Corporate Governance Code which is available on the Snakk Media website www.snk.co.nz.

The Audit, Finance and Risk Committee provides a forum for effective communication between the Board and external auditors. The committee reviews the annual and half-yearly financial statements prior to their approval by the Board, the effectiveness of internal control and management information systems and the efficiency and effectiveness of the audit functions.

The Committee meets with and receives regular reports from the auditors concerning any matters that arise in connection with the performance of their respective roles, including the adequacy of internal controls.

Nominations and Remuneration Committee

The current members of the Committee are Peter James, Martin Riegel and Robert Antulov. The Committee’s Charter is contained in the Snakk Media Corporate Governance Code which is available on the Snakk Media website www.snk.co.nz.

The Committee reviews the remuneration packages of all directors and the senior management team. The packages of the employees and contractors of the Company and its subsidiaries, which consist of base salary and incentive schemes (including performance-related bonuses), are reviewed with due regard to performance and other relevant factors.

The Board reviews the composition of the Board annually to ensure that the Board comprises a majority of non-executive directors, with an appropriate mix of skills and experience.

The terms and conditions of the appointment of directors are set out in a formal letter of appointment that deals with the following matters:

- duration of appointment; role of the Board; timing and location of Board meetings, and expected time commitment; remuneration including timing of reviews; committee involvement; Board and individual evaluation processes;
- outside interests including other directorships; dealing in company shares; and
- induction and development processes; access to independent professional advice; availability of liability insurance; and confidentiality of Company information.

Code of Ethics

As part of the Board's commitment to the highest standards of behaviour and accountability, the Company adopts a code of ethics to guide executives, management and employees in carrying out their duties and responsibilities. The code covers such matters as:

- responsibilities to shareholders;
- relations with customers and suppliers;
- product/service quality;
- protection of Company assets;
- employment practices; and
- responsibilities to the community.

An interests' register is maintained for the Company in which the particulars of certain transactions and matters involving the directors must be recorded. The interests' register is available for inspection at its registered office. When a director has declared an interest in a particular entity, as a shareholder or director, the declaration serves as notice that the director may benefit from any transaction between the Company and the identified entity.

The Code of Ethics is contained in the Snakk Media Corporate Governance Code which is available on the Snakk Media website www.snk.co.nz.

The Board has adopted a specific policy for directors, senior staff and other insiders for trading in the Company's securities. Compliance with this policy is actively managed and a director must declare to the Board any interest in a transaction with the Company, any relationship that might compromise his or her ability to act independently from management and any conflicts of interest that are potentially detrimental to the Company. All directors and senior management of the Company are familiar with the Company's "Insider Trading Policy" that relates to dealing in securities by directors and employees.

Shareholder Communication

The Board places importance on effective shareholder communication. As a NXT listed entity the Company releases a business update quarterly, reporting performance against the annual targets for each of its Key Operating Milestones.

Half year and annual reports are published each year and posted on the Company's website. From time to time the board may communicate with shareholders outside this regular reporting regime. Consistent with best practice, external communications that may contain market sensitive data are, where the NXT Market Rules require, released through NZX in the first instance. Further communication is encouraged with press releases through mainstream media.

Diversity Policy

The Company does not have a formal diversity policy. However, it recognises the wide-ranging benefits that diversity brings to an organisation and its workplaces. Snakk Media endeavours to ensure diversity at all levels of the organisation to ensure a balance of skills and perspectives are available in the service of our shareholders and customers.

As at 31 March 2017, the gender balance of the Company's directors, officers and all employees was as follows:

	Directors		Officers (Local Director)		Employees (Including Officers)	
Female	0	0 %	0	0 %	20	48 %
Male	3	100 %	2	100 %	21	52 %
Total	3	100 %	2	100 %	41	100 %

Directors' responsibility statement

The directors consider that the financial statements of the Company have been prepared using appropriate accounting principles, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

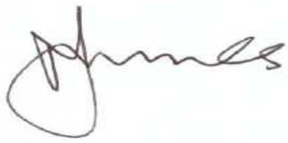
The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the requirements of Part 7 of the Financial Markets Conduct Act 2013.

The directors consider they have taken adequate steps to safeguard the assets of the Company and the Company to prevent and detect fraud and other irregularities.

The directors have pleasure in presenting the financial statements, set out on pages 12 to 44 of Snakk Media Limited for the year ended 31 March 2017.

The Board of Directors of Snakk Media Limited authorised these financial statements for issue on 30 June 2017.

For and on behalf of the Board,



Peter James
Chairman

Martin Riegel
Director

Shareholder information

1. Shareholder statistics

Stock Exchange Listing

The Company's shares are listed on the NXT Market operated by NZX Limited.

Shares on issue

As at 7 June 2017, the total number of ordinary shares on issue was 16,262,242.

Distribution of Security Holders (as at 7 June 2017)

Holding range	Shareholders number	Number	Ordinary shares %
500 to 999	343	223,888	1.38
1,000 to 1,999	352	483,622	2.97
2,000 to 4,999	336	1,026,624	6.31
5,000 to 9,999	219	1,391,444	8.56
10,000 to 49,999	157	2,784,306	17.12
50,000 to 99,999	23	1,399,695	8.61
100,000 to 499,999	14	2,766,440	17.01
500,000 to 999,999	2	1,111,332	6.83
1,000,000+	2	5,074,891	31.21
Total	1,448	16,262,242	100.00

20 Largest registered holders of quoted equity securities (as at 31 May 2017)

Shareholder	Number of shares held	Percentage of issued shares %
Forsyth Barr Custodians Limited	3,036,259	18.67
Far East Associated Traders Limited	2,038,632	12.54
The Business Bakery LP	559,809	3.44
HSBC Nominees (New Zealand) Limited	551,523	3.39
JPMorgan Chase Bank NA NZ Branch-Segregated Clients	427,307	2.63
Leveraged Equities Finance Limited	393,102	2.42
Kaupapa UKA Limited	333,000	2.05
ANZ Custodial Services New Zealand Limited	261,637	1.61
Investment Custodial Services Limited	176,937	1.09
John Handley	173,477	1.07
China Scot International Limited	161,207	0.99
JBWere (NZ) Nominees Limited	150,000	0.92
Gordon Kenneth Nolan	129,783	0.80
Mudsmith Trustee Limited	127,716	0.79
Custodial Services Limited	118,537	0.73
David Georges Andre Dromer	113,737	0.70
John Anthony Osborne	100,000	0.61
Nicklas William Patrick Willemse + Ety Joanne Willemse	100,000	0.61
FNZ Custodians Limited	99,606	0.61
Malachi Kevin Brady	90,040	0.55
Total	9,142,309	56.22

Shareholder information (continued)

Geographic distribution of security holders (as of 31 May 2017)

Location	Holder count	Holder count %	Holding quantity	Holding quantity %
New Zealand	1,397	96.48	13,246,851	81.46
Australia	29	2.00	230,923	1.42
USA	7	0.48	2,240,443	13.78
Thailand	4	0.28	406,389	2.50
Hong Kong	4	0.28	92,448	0.57
Great Britain	3	0.21	23,259	0.14
France	1	0.07	12,804	0.08
Italy	1	0.07	5,000	0.03
Netherlands	1	0.07	3,141	0.02
Ireland	1	0.07	984	0.01
Total	1,448	100.00	16,262,242	100.00

Substantial product holders

As at 31 March 2017 the following persons are substantial product holders according to the Company's records and disclosures under the Financial Markets Conduct Act 2013. The number of ordinary shares and the percentage of voting securities set out below are taken from the relevant substantial product holder notices and, where applicable, have been adjusted to reflect the 1:20 share consolidation undertaken on 27 January 2016 and the issue of shares on 4 November 2015.

Substantial product holder	Number of ordinary shares	Percentage of ordinary shares	Date of SPH Notice
Manji Family Trust	2,091,360	13.31	20-Jan-17
Far East Associated Traders Limited	2,038,632	12.54	5-Oct-15

The total number of ordinary shares (being the only class of quoted voting products) on issue in the Company as at 31 March 2017 was 15,712,242.

2. Interests' register

Each of the Company and its subsidiaries (together, the Group) are required to maintain an interests' register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests' registers for the Group are available for inspection at its registered office. When a director has declared an interest in a particular entity, as a shareholder or director, the declaration serves as notice that the director may benefit from any transaction between the relevant member of the Group and the identified entity.

Entries in the interests' register

The following entries were recorded in the interests register of a member of the Group during the year:

- Pursuant to the authority in the Company's constitution, the Company has indemnified Martin Riegel, Peter James and Robert Antulov for liability as directors and officers.
- Peter James entered into a service agreement with the Company pursuant to which he agreed to provide certain management and operational services to the Company and its subsidiaries for an annual fee of $146,240, which fee includes his remuneration as Chairman of the Board of Directors of the Company.
- Robert Antulov entered into a service agreement with the Company pursuant to which he agreed to provide certain strategic advisory services to the Company and its subsidiaries at an agreed rate.

Shareholder information (continued)

3. Number of Director meetings held

The number of director meetings held and attendance for the year ended 31 March 2017 is set out below:

Director	Board meeting	Audit and Risk Committee
Peter James	34	4
Martin Riegel	34	4
Robert Antulov	34	4

4. Directors' relevant interests in equity securities

		Beneficially	Associated Persons
Peter James	Share Options	397,700	
	Shares		34,800
Martin Riegel	Share Options	100,000	
Robert Antulov	Share Options	100,000	

5. Directors' remuneration

Details of the remuneration of each director for the year ended 31 March 2017 inclusive of superannuation is:

		2017		2016	
		Salary & fees $	Share-based payments $	Salary & fees $	Share-based payments $
Directors of Snakk Media Limited					
Robert Antulov	Appointed 14 January 2016	72,418	11,016	14,583	1,134
Peter James	Appointed 1 September 2015	140,213	159,600	32,100	86,058
Martin Riegel	Appointed 12 June 2015	70,091	29,556	39,152	18,161
D Handley	Resigned 31 October 2015	-	-	65,565	-
M Kong	Resigned 16 September 2015	-	-	10,000	-
T Alpe	Resigned 8 May 2015	-	-	3,750	-
		-	-	-	-
		282,722	200,172	165,150	105,353

6. Directors' and officers' indemnification and insurance

The Company indemnifies all current directors and officers of the Group against all liabilities (other than to a member of the Group) which arise out of the performance of their normal duties as directors or officers, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has obtained indemnity insurance. The total cost of this insurance expensed in the Company during the financial year was $12,763 (2016: $11,788).

7. Directors' disclosures

The Boards of the Company's subsidiaries are comprised of members from the Board of the Company. Where appropriate for jurisdictional or operational issues, outside directors may be introduced.

		Status
Directors of Snakk Media Limited		
M Riegel	Appointed 12 June 2015	Independent, Non-executive
P James	Appointed 1 September 2015	Independent, Non-executive
R Antulov	Appointed 14 January 2016	Independent, Non-executive
Snakk Media PTY Limited		
M Ryan	Appointed 21 January 2016	Executive
V Singh	Appointed 13 March 2016 Resigned 27 October 2016	Executive
A Jacobs	Resigned 17 May 2016	Executive
J Williams	Appointed 22 December 2016	Executive

Shareholder information (continued)

Snakk Media PTE Limited

M Ryan	Appointed 16 January 2016	Executive
P Ba Jaj	Resigned 24 May 2016	Executive
K Birch	Resigned 20 February 2017	Executive

8. Employee remuneration

During the period employees, including executive directors, within the Group received remuneration, termination payments and benefits which exceeded $100,000 as follows:

	2017 **$**	2016 $
$100,000 - $110,000	**4**	-
$110,001 - $120,000	**2**	5
$120,001 - $130,000	**2**	-
$130,001 - $140,000	**1**	-
$140,001 - $150,000	**2**	2
$150,001 - $160,000	**-**	6
$160,001 - $170,000	**2**	-
$170,001 - $180,000	**2**	-
$180,001 - $190,000	**2**	-
$200,001 - $210,000	**1**	-
$220,001 - $230,000	**1**	-
$230,001 - $240,000	**1**	1
$320,001 - $330,000	**1**	-

The top two highest paid employees are no longer with the Group. One of the positions will not be replaced and the other has been filled with an internal replacement.

9. Donations

No donations were made by the Group during the financial year ended 31 March 2017.

10. Payments made to auditors

The auditor for the Group is Staples Rodway. Auditor’s remuneration is disclosed in Note 4 to the financial statements.

Directory

Company Number	3202682
Incorporated	24 November 2010
Shares issued	16,262,242 Ordinary Shares
Registered office	Level 6 57 Symonds Street Grafton Auckland, 1010
Postal address	PO Box 302430, North Harbour Auckland, 0751
Share registrar	**Computershare Investor Services Limited** Private Bag 92119, Auckland Phone: 09 488 8700
Auditor	**Staples Rodway** Tower Centre, 45 Queen Street Auckland, 1010 New Zealand
NXT advisor	**Miro Capital Advisory Limited** PO Box 10261 Dominion Road Auckland 1446
Solicitors	**Chapman Tripp** Level 35, ANZ Centre 23-29 Albert Street Auckland, 1010 New Zealand
Bankers	**BNZ Bank Limited** 80 Queen Street Auckland, 1010 New Zealand
Board of Directors	M Riegel (Appointed 12 June 2015) P James (Appointed 1 September 2015) R Antulov (Appointed 14 January 2016)
Independent directors	**Peter James** 25 Bogota Avenue, Cremorne Point NSW Australia 2090 **Martin Riegel** 17 Rota Place, Parnell Auckland 1052 **Robert Antulov** 14 Victoria Street, Malabar NSW Australia 2036

Financial statements
for the year ended 31 March 2017

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Statement of comprehensive income

For the year ended 31 March 2017

	Notes	**Group 2017 $**	Group 2016 $
Advertising fee revenue	3	**10,625,915**	10,513,901
Direct media costs		**(4,277,592)**	(3,907,529)
		6,348,323	6,606,372
Other income	3	**113,053**	369,010
Other gains / (losses)	3	**-**	(404,829)
Finance expenses		**(92,398)**	(49,945)
Finance income		**10,764**	44,981
Finance costs - net		**(81,634)**	(4,964)
Expenses			
Depreciation	4	**(44,953)**	(33,946)
Employee benefits	4	**(5,810,717)**	(3,975,581)
Marketing and advertising		**(154,326)**	(215,269)
Other expenses	4	**(3,544,172)**	(3,275,711)
Expenses, excluding finance costs		**(9,554,168)**	(7,500,507)
Loss before taxation		**(3,174,426)**	(934,918)
Income tax expense	5	**-**	-
Loss after taxation attributable to the shareholders		**(3,174,426)**	(934,918)
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Changes in foreign currency translation reserve		**(44,922)**	(58,748)
Other comprehensive loss after tax		**(44,922)**	(58,748)
Total comprehensive loss for the year attributable to the shareholders		**(3,219,348)**	(993,666)
		Cents	Cents
Loss per share:			
Basic loss per share (cents):	15	**(20.20)**	(6.56)
Diluted loss per share (cents):	15	**(20.20)**	(6.56)

Statement of changes in equity

For the year ended 31 March 2017

		Attributable to equity holders of the Company				
		Share Capital	**Share options reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Total equity**
	Notes	**$**	**$**	**$**	**$**	**$**
Balance as at 1 April 2015		10,337,180	1,090,817	37,200	(8,930,294)	2,534,903
Comprehensive loss for the year						
Loss for the year		-	-	-	(934,918)	(934,918)
Other comprehensive income Items that may be subsequently reclassified to profit or loss:						
Change in foreign currency translation reserve		-	-	(58,748)	-	(58,748)
Total comprehensive loss for the year		-	-	(58,748)	(934,918)	(993,666)
Transactions with owners of the Company						
Shares issued	6	2,209,311	-	-	-	2,209,311
Shares issue expenses	6	(126,848)	-	-	-	(126,848)
Options forfeited	6	-	(335,532)	-	335,532	-
Share-based payment transactions	21	-	172,406	-	-	172,406
Total contributions by owners of the Company		2,082,463	(163,126)	-	335,532	2,254,869
Balance as at 31 March 2016		12,419,643	927,691	(21,548)	(9,529,680)	3,796,106
Balance as at 1 April 2016		**12,419,643**	**927,691**	**(21,548)**	**(9,529,680)**	**3,796,106**
Comprehensive loss for the year						
Loss for the year		-	-	-	(3,174,426)	(3,174,426)
Other comprehensive income Items that may be subsequently reclassified to profit or loss:						
Change in foreign currency translation reserve		-	-	(44,922)	-	(44,922)
Total comprehensive income/(loss) for the year		**-**	**-**	**(44,922)**	**(3,174,426)**	**(3,219,348)**
Transactions with owners of the Company						
Options forfeited	6	-	(510,723)	-	510,723	-
Shares based payment transactions	21	-	227,113	-	-	227,113
Total contributions by owners of the Company		**-**	**(283,610)**	**-**	**510,723**	**227,113**
Balance as at 31 March 2017		**12,419,643**	**644,081**	**(66,470)**	**(12,193,383)**	**803,871**

Statement of financial position

As at 31 March 2017

	Notes	**Group 2017 $**	Group 2016 $
EQUITY			
Share capital	6	**12,419,643**	12,419,643
Share options reserve	6	**644,081**	927,691
Accumulated losses		**(12,193,383)**	(9,529,680)
Foreign currency translation reserve		**(66,470)**	(21,548)
Total equity		**803,871**	3,796,106
LIABILITIES			
Current liabilities			
Trade and other payables	7	**3,008,618**	3,887,511
Total liabilities		**3,008,618**	3,887,511
Total equity and liabilities		**3,812,489**	7,683,617
ASSETS			
Current assets			
Cash and cash equivalents	8	**566,287**	3,017,275
Trade and other receivables	9	**3,130,637**	4,470,267
Taxation receivable		**14,783**	108,212
Total current assets		**3,711,707**	7,595,754
Non-current assets			
Property, plant and equipment	10	**70,744**	57,825
Financial assets at fair value through profit or loss	13	**30,038**	30,038
Total non-current assets		**100,782**	87,863
Total assets		**3,812,489**	7,683,617

For and on behalf of the Board.

P James
Director

30 June 2017

M Riegel
Director

30 June 2017

Statement of cash flows

For the year ended 31 March 2017

	Notes	**Group 2017 $**	Group 2016 $
Operating activities			
Cash was provided from:			
Receipts from customers		**12,167,240**	9,793,086
Cash was applied to:			
Payments to suppliers & employees		**(14,478,723)**	(11,516,465)
Interest paid		**(92,398)**	-
		(14,571,121)	(11,516,465)
Net cash applied to operating activities	11	**(2,403,881)**	(1,723,379)
Investing activities			
Cash was provided from:			
Finance income		**10,764**	44,981
Cash was applied to:			
Purchase of property, plant and equipment	10	**(75,547)**	(62,722)
Disposal of property, plant and equipment	10	**17,676**	-
Loans repaid/(advanced)	9	**-**	150,000
Net cash from / (applied) to investing activities		**(47,107)**	132,259
Financing activities			
Cash was provided from:			
Net proceeds from share issue		**-**	2,082,463
Net cash provided from financing activities		**-**	2,082,463
Net increase / (decrease) in cash and cash equivalents held		**(2,450,988)**	491,343
Cash & cash equivalents at the beginning of the year		**3,017,275**	2,525,932
Cash & cash equivalents at end of the year	8	**566,287**	3,017,275

1 Statement of accounting policies

Introduction

Snakk Media Limited (the Company) is incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and is a Financial Markets Conduct reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NXT Market Rules.

The consolidated financial statements comprise the Company and its subsidiaries (together the "Group").

These consolidated financial statements have been approved for issue by the Board of Directors on 27 June 2017. The Company's owners do not have the power to amend the financial statements after issue.

The principal activity of the Company is the provision of end-to-end mobile media solutions.

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1.1 Basis of preparation

For the purposes of complying with generally accepted accounting practice in New Zealand (NZ GAAP), the Group is a for-profit entity. These financial statements comply with NZ GAAP, New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified for the revaluation of certain assets and liabilities as set out in the accounting policies below.

Going concern

The Group reported a loss of $3,174,426 (2016: loss of $934,918) and operating cash outflows of $2,403,881 (2016: operating cash outflows of $1,723,379) for the year ended 31 March 2017. As at 31 March 2017 the Group has reported assets of $3,812,489 and current liabilities of $3,008,618.

These financial statements have been prepared using the going concern assumption.

The considered view of the Board of Directors of the Company is that, after making enquiries, we have a reasonable expectation that Snakk Media Limited (the Company) and Group have access to adequate resources to continue operations for the foreseeable future. For this reason, the Board of Directors considers the adoption of the going concern assumption in preparing the financial statements for the year ended 31 March 2017 to be appropriate.

The Board of Directors has reached this conclusion having regard to circumstances which it considers likely to affect the Company and Group during the period of at least one year from June 2017, and to circumstances which it considers will occur after that date which will affect the validity of the going concern assumption. The key considerations are set out below:

- Achieving the planned managed-service revenue growth:
  - in the Victorian and Queensland markets where Snakk was under represented;
  - through re-establishing an effective team in Southeast Asia; and
  - with incremental growth in the more established NSW and New Zealand markets;
- Achieving the continued growth of the self-service business introduced in October 2016, including expanding the self-service customer base in all markets; and
- Maintaining a stable gross profit margin through sales pricing and inventory purchasing.

1 Statement of accounting policies (continued)

1.1 Basis of preparation (continued)

The Board of Directors has reviewed the operating and cash flow forecasts prepared by management that covers a period of at least one year from June 2017. The directors have obtained sufficient satisfaction based on their review of the financial forecasts to believe that during this period there will be adequate cash flows generated from operating activities available to meet (and for the Company to be able to perform) any obligations of the Company and Group as they arise. The key assumptions made by management in preparing these forecasts for the relevant period are as follows:

- The growth forecasts for managed-services and self-service described above are realised;
- An effective sales and business development team will be re-established in Southeast Asia and the consequential combined managed-service and self-service revenue growth in that market will be realised in the second half of the financial year;
- Gross profit margins will remain stable except as a result of the planned change in product service mix to an increased proportion of self-service compared to managed-services or as part of securing longer term revenue agreements with acceptable returns. Self-service has a lower gross profit margin then managed-services but lower operating costs to fulfil;
- The retention of key management;
- The exclusive distribution agreement with the key supplier is retained;
- The agreed favourable trading terms with key suppliers and creditors is maintained; and
- The Company will collect trade debts in a timely manner.

The outcome of these assumptions and impact on underlying operating and cash flow projections is materially uncertain. Management and the Board of Directors have identified further material uncertainties in relation to the events and conditions associated with the key assumptions underlying the operating and cash flow projections as follows:

- Forecasting sales and revenue growth in a highly competitive, volatile, and rapidly changing digital advertising landscape is inherently uncertain;
- The potential for the large global companies with significant development and marketing resources such as Google and Facebook, to introduce closer competing products that may undermine Snakk's revenue model;
- The potential for other competing platform providers to enhance their product without forewarning such that our competitors obtain a competitive advantage;
- The potential for margin pressure as a consequence of any adverse shift in power among publishers, intermediaries, and advertisers;
- The potential impact of a mix shift of some agencies to relying more heavily on trading desks which provides an opportunity for self-service sales but reduces the opportunity for managed-service sales increases;
- The impact of adverse and unanticipated market and economic conditions on sales performance in any of the key markets;
- The potential loss of key customer or supplier contracts and agreements;
- The loss of key managerial staff or other key personnel and inability to recruit suitably qualified and experienced staff hampering the ability to deliver;
- A change in the seasonality of advertising spending; and
- Material adverse movements in foreign exchange rates.

Management and the Board of Directors have identified the following courses of action to deal with the events or conditions giving rise to the material uncertainties:

- Close monitoring of the Company's performance including cash flow forecasts compared to actual performance, including testing the accuracy of the assumptions underpinning the cashflow scenarios;

1 Statement of accounting policies (continued)

1.1 Basis of preparation (continued)

- Continued vigilance in looking for and implementing further cost saving measures; and
- Continual review of strategic capital options.

The Board of Directors acknowledge that there are material uncertainties within the forecast assumptions. In the event there are material variations from the assumptions adopted in the cash flow forecasts, it could lead to significant uncertainty that the minimum cash available to the Group over the forecast period will be adequate for the Company and Group to continue to operate as a going concern.

The financial statements do not include any adjustments that would result if the Company and Group was unable to continue as a going concern.

1.2 Changes in accounting policies

There have been no significant changes in accounting policies during the current year.

Accounting policies have been applied on a basis consistent with the prior annual financial statements.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been approved but are not yet effective and have not been adopted by the Group for the year ended 31 March 2017. These will be applied when they become mandatory. The significant standards are:

NZ IFRS 9 : Financial instruments

NZ IFRS 9: 'Financial Instruments' was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories; those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. The standard is effective for reporting periods beginning on or after 1 January 2018. The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of NZ IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

NZ IFRS 15 : Revenue from contracts with customers

NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18: Revenue and NZ IAS 11: Construction Contracts and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for periods beginning on or after 1 January 2017. The Group has assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, the Group would continue to recognise revenue for these service contracts/service components of contracts over time rather than at a point of time.

1 Statement of accounting policies (continued)

1.2 Changes in accounting policies (continued)

NZ IFRS 16 : Leases

NZ IFRS 16 replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers'. The Group does not expect a significant impact on its balance sheet on applying the requirements of NZ IFRS 16 as the leases involve only property leases and low-value assets and the lease agreements do not expect any re-instatement provisions.

1.3 Basis of consolidation

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.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.4 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services, excluding Goods and Services Tax, after eliminating sales within the Group. Revenue is recognised as follows:

(i) Advertising fees

Advertising fees are recognised on a basis that reflects the stage of completion based on the proportion of contracted advertising targets that have been delivered, in line with the underlying contracted billing rights. Where amounts are received from clients in advance of services being performed the amounts are recognised as deferred income in the statement of financial position.

(ii) Interest income

Interest is recognised as it accrues using the effective interest rate method.

(iii) Rental sublease income

Revenue from rental sublease is recognised on a straight line basis over the lease term.

1.5 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assumption that the grant will be received and the Group will comply with all the attached conditions. Research and development grants are credited to Other Income when expected to be received in cash.

1.6 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1 Statement of accounting policies (continued)

1.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate the cost, net of their residual values, over the estimated useful lives as follows:

Category	*Estimated useful life (years)*
Office equipment	2 - 7

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss component of the statement of comprehensive income.

1.8 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid at the reporting date. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Payables of a short term nature are not discounted.

1.9 Rebate

Rebate liabilities are recognised as accrued and offset against revenue, with the rebate percentage payable dependant on the terms of the individual contract signed between the Group and the third party and our revenue is reported net of rebates.

1.10 Foreign currency translation

Functional and presentation currency

The financial statements are presented in New Zealand dollars which is Snakk Media Limited's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Group companies

The income and expenses of all of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

1 Statement of accounting policies (continued)

1.10 Foreign currency translation (continued)

- income and expenses for each profit or loss are translated at the average exchange rate for the month which approximates the spot rate on the date of the transactions;
- all resulting exchange differences are recognised as a separate component of equity.

1.11 Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Assets carried at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. Financial assets at fair value through profit or loss are financial assets representing investments in units or convertible notes. Financial assets are designated in this category if they are managed and performance is evaluated on a fair value basis, in accordance with the Group's investment strategy. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as noncurrent. No financial assets were impaired in profit and loss account for the year ended 31 March 2017.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss component of the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1 Statement of accounting policies (continued)

1.12 Income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

1.13 Financial assets

The Group classifies their financial assets in the following categories: loans and receivables, at fair value through profit or loss, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the statement of financial position.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets representing investments in units or convertible notes. Financial assets are designated in this category if they are managed and performance is evaluated on a fair value basis, in accordance with the Group's investment strategy. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial asset at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. Investments in equity instruments that do not have a quoted market price and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

Financial assets and financial liabilities are only offset if there is a currently legally enforceable right of offset and the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1 Statement of accounting policies (continued)

1.13 Financial assets (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. Receivables of a short term nature are not discounted.

The collection of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment losses is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

1.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are not recognised for future operating losses.

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

1.15 Wages and salaries, annual, long service and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and sick leave expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis. The Group has no obligations in relation to post-employment benefits.

1.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss component of the Statements of Comprehensive Income on a straight-line basis over the lease.

1.17 Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding during the financial period, adjusted by the exchange ratio arising from share options issued by the Company, to assume conversion of all dilutive potential ordinary shares.

1.18 Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.19 Goods and Services Tax (GST)

The statement of comprehensive income and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

1 Statement of accounting policies (continued)

1.20 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

1.21 Share-based payments

For equity settled share based payment transactions, the grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options.

1.22 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value hierarchy used for all items carried at fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments and other financial assets by valuation technique.

- *Level 1:* quoted (unadjusted) prices in active markets for identical assets or liabilities
- *Level 2:* other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- *Level 3:* techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

2 Critical accounting estimates and judgements

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

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

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The preparation of financial statements in conformity with NZ IFRS also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in this note.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(i) Fair value of financial assets

The fair value of financial assets held at fair value through the profit or loss and available-for-sale financial assets (excluding derivatives) fall into level 3 fair value measurement, refer to notes 1 and 1.22 for information on the classification of fair values.

2 Critical accounting estimates and judgements (continued)

Unlisted securities

When determining the fair value of the unlisted securities, the Directors have used a market approach valuation technique based on an enterprise value to revenue multiple as a basis for determining fair value of the investment in Moasis Global. As the Directors have used market derived data from a set of listed comparable companies, they have applied a further 20% illiquidity and small company discount before converting the fair value of the investment denominated in US dollars at the closing exchange rate at balance date. See notes 13 and 17.

Shares / convertible notes

The Directors have considered that there has been material changes in the underlying business operation of Plyfe Inc. following the investment in Plyfe Inc. convertible notes in February 2014. Due to data made available when determining the fair value of the convertible notes, the Directors consider the fair value to be zero due to a significant decrease in market activity, and the risk of insufficient funds to allow the business to continue operating in the short to medium term.

In subsequent reporting periods the fair value of the investments in Moasis Global LLCC could be materially different in the event of movements in the US dollar exchange rate and/or changes in the operating and/or financial performance of these businesses. A range of sensitivities is disclosed in note 17.

(ii) Provision for doubtful debts

In determining the provision for doubtful debts management evaluates the collectability of trade receivables at each balance sheet date based on the age of accounts and consideration of actual write-off history. See note 17.

3 Revenue, other income and other gains / (losses)

	Group 2017 $	Group 2016 $
Advertising fee revenue		
Gross revenue	**10,647,262**	10,690,610
Less: rebates	**(21,347)**	(176,709)
Net advertising fee revenue	**10,625,915**	10,513,901
Other income		
Rental sublease income	**53,109**	33,032
Government grant - research and development tax credit	**59,944**	335,978
	113,053	369,010
Financial assets at fair value through profit or loss		
Fair value losses	**-**	(404,829)
	-	(404,829)

4 Expenses

	Notes	**Group 2017 $**	Group 2016 $
(a) Loss before income tax includes the following expenses:			
Auditor’s remuneration	4(b)	**96,796**	114,791
Depreciation expense - office equipment		**44,953**	33,946
Directors' salary and fees	19	**282,722**	165,150
Directors' share-based payments	19,21	**200,172**	105,353
Operating lease expense		**393,275**	388,530
Foreign exchange losses		**150,247**	44,537
Fraudulent third party payment		**-**	214,895
Impairment of trade receivables		**(17,129)**	(31,551)
Employee benefits			
Salaries and wages		**5,288,391**	3,587,146
Superannuation contributions		**444,515**	324,541
Other staff benefits		**50,870**	-
Share options granted to employees	21	**26,941**	63,894
		5,810,717	3,975,581

4 Expenses (continued)

(b) Auditors' remuneration comprises

The auditor for Snakk Media Limited is Staples Rodway.

	Notes	Group 2017 $	Group 2016 $
Fees paid to Staples Rodway for:			
Audit of the financial statements		**72,500**	63,000
Under provision prior year		**24,296**	51,791

No other services have been provided by the auditor.

5 Income tax

	Group 2017 $	Group 2016 $
Income tax expense		
Current tax	**-**	-
Deferred tax	**-**	-
Income tax expense	**-**	-
Reconciliation of income tax expense to prima facie tax payable		
Loss before tax	**(3,174,426)**	(934,918)
Taxation benefit at the rate of:		
Australia - 30% of loss (2016: 30% of profit)	**375,912**	(158,058)
NZ - 28% of loss (2016: 28% of loss)	**381,504**	365,036
Singapore - 17% of loss (2016: 17% of profit)	**95,008**	(21,944)
Non-deductible expenses	**(103,787)**	(61,076)
Non-taxable income	**17,983**	100,793
Taxation effect of temporary differences	**(397)**	(113,352)
Future benefit of tax losses not recognised	**(766,223)**	(111,399)
Income tax expense	**-**	-
Taxation receivable	**14,783**	108,212

The Company has an unrecognised deferred tax asset in respect of computed tax losses of $4,744,407 - tax effect of $1,318,354 (2016: computed tax losses of $3,757,384 - tax effect of $580,152) which are available to be carried forward to reduce future income tax liabilities in New Zealand.

The Company's Australian subsidiary has an unrecognised deferred tax asset in respect of computed tax losses of $2,627,395 - tax effect of $788,218 (2016: computed tax losses of $1,858,114 - tax effect of $557,434) which are available to be carried forward to reduce future income tax liabilities in Australia.

5 Income tax (continued)

The Company's Singaporean subsidiary has an unrecognised deferred tax asset in respect of computed tax losses of $751,131 - tax effect of $127,794 (2016: computed tax losses of $134,171 - tax effect of $22,809) which are available to be carried forward to reduce future income tax liabilities in Singapore.

Utilisation of the tax losses is subject to compliance with income tax legislation on continuity of shareholders and/ or "business" activities and the availability of future taxable income.

The Directors are of the view that it is not probable that the tax losses will be utilised in the foreseeable future. The deferred tax benefit of those losses has therefore not been recognised in the statement of financial position.

	Group 2017 $	Group 2016 $
Imputation credits - New Zealand		
Opening balance	**108,212**	98,301
Taxes paid / (refunds received)	**(88,264)**	9,911
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2016: 28%)	**19,948**	108,212

6 Share capital and other equity instruments

Issued and paid up capital

All shares issued are ordinary shares with no par value and rank equally with one vote attached to each fully paid share.

	Group 2017 $	Group 2016 $
Issued and paid up capital:		
Balances at the start of the year	**12,419,643**	10,337,180
Ordinary shares issued during the year	**-**	2,209,311
Share issues expenses	**-**	(126,848)
Balance at the end of the year	**12,419,643**	12,419,643

Movement in ordinary shares	Number of shares
Company	
Balance at 1 April 2015	265,132,984
Movements during the year	
49,095,812 shares issued at $0.045 each on 4 November 2015	49,095,812
Share consolidation 27 January 2016	(298,516,554)
Balance at 31 March 2016	15,712,242
Balance at 31 March 2017	15,712,242

6 Share capital and other equity instruments (continued)

Share option reserve

The share option reserve is used to record the accumulated value of unexercised share options and unvested share rights which have been recognised in the statement of comprehensive income. As at balance date, Directors, executives and employees and contractors have options over 791,162 shares (2016: 1,254,685). Refer to note 21.

	Group 2017 $	Group 2016 $
Balance at the start of the year	**927,691**	1,090,817
Share based payment	**227,113**	172,406
Options forfeited	**(510,723)**	(335,532)
Balance at the end of the year	**644,081**	927,691

7 Trade and other payables

		Group 2017 $	Group 2016 $
Trade payables		**1,869,376**	2,582,113
Sundry payables and accruals		**1,124,682**	1,239,785
Amounts due to related parties	19	**14,560**	52,218
Taxation payable		**-**	13,395
		3,008,618	3,887,511

Trade payables are typically payable within 30 days and are interest free.

8 Cash and cash equivalents

	Group 2017 $	Group 2016 $
Cash at bank - on call, interest rate nil (2016: nil)	**333,945**	151,931
Cash at bank - on call, interest rate 0.35% (2016: 0.55%)	**164,977**	2,796,800
Cash at bank - term deposit interest rate 1.75% (2016: 2.35%)	**67,365**	68,544
	566,287	3,017,275

9 Trade and other receivables

	Group 2017 $	Group 2016 $
Trade receivables	**3,056,703**	4,111,372
Less: provision for impairment of trade receivables	**(60,416)**	(77,545)
Trade receivables - net	**2,996,287**	4,033,827
Other receivables	**74,112**	354,288
Prepayments	**60,238**	82,152
	3,130,637	4,470,267

10 Property, plant and equipment

	Group $
Office equipment	
At 1 April 2015	
Cost	91,977
Accumulated depreciation	(62,928)
Net book amount	29,049
Year ended 31 March 2016	
Opening net book amount	29,049
Additions	62,722
Depreciation charge	(33,946)
Closing net book amount	57,825
At 31 March 2016	
Cost	150,437
Accumulated depreciation	(92,612)
Net book amount	57,825
Year ended 31 March 2017	
Opening net book amount	57,825
Additions	75,548
Disposals	(17,676)
Depreciation charge	(44,953)
Closing net book amount	70,744
At 31 March 2017	
Cost	207,636
Accumulated depreciation	(136,892)
Net book amount	70,744

11 Reconciliation of operating cash flows

	Group 2017 $	Group 2016 $
Loss after tax	**(3,174,426)**	(934,918)
Items classified as investing / financing		
Interest received	**(10,764)**	(44,981)
Add non-cash items:		
Depreciation	**44,953**	33,946
Share based payment expense	**227,113**	172,406
Impairment of trade receivables	**(17,129)**	(31,551)
Foreign currency reserve movement	**(44,922)**	-
Gains on financial assets at fair value through the profit and loss	**-**	404,829
Add / (Less) movements in working capital:		
Trade and other receivables	**1,356,758**	(1,229,914)
Trade and other payables	**(878,893)**	(83,285)
Taxation receivable	**93,429**	(9,911)
Net cash outflow from operating activities	**(2,403,881)**	(1,723,379)

12 Investments in subsidiaries

The Company's subsidiaries have a balance date of 31 March.

Name of entity	**Principal activities**	**Incorporated**	**Group interest 2017 & 2016**
Snakk Media Pty Limited	Provision of end to end mobile media solutions	Australia	100%
Snakk Media PTE LTD	Provision of end to end mobile media solutions	Singapore	100%

On 30 June 2016, Snakk Media Limited and its wholly owned New Zealand subsidiary, Agent M Group Limited, were amalgamated by way of a short form amalgamation to become Snakk Media Limited under Part XIII of the Companies Act 1993.

13 Financial assets at fair value through profit or loss

	Group 2017 $	Group 2016 $
Unlisted securities		
Moasis Global LLC Equity Securities - US	**30,038**	30,038
	30,038	30,038

Moasis Global LLC ('Moasis') is a limited liability company registered in Delaware, United States of America. Moasis has developed a digital system that delivers advertisements on smart phones and other mobile devices to consumers within a defined geographic area selected by the advertiser. The Company subscribed for 65,500 Class A Membership units at USD$1.53 per unit in February 2014. The fair value of this investment may be affected by future movements in the pricing of units offered by Moasis Global LLC in addition to any foreign exchange movements between the US dollar and NZ dollar. At 31 March 2016, the fair value of the units was based on a discounted enterprise value to annual revenue multiple. At 31 March 2017, the fair value of this investment has been carried forward from the last year as we have been unable to obtain further information about the investments.

Under the terms of the Class A membership units the Company is not entitled to any interest but are entitled to a “priority return” equal to 8% of the unit holding issued in cash or equity, and a pro rata share on a pari passu basis in distributions made to Class B Members. No priority return or distribution was received in the year ended 31 March 2017 (2016: nil).

Plyfe, Inc. ('Plyfe') is a limited liability company registered in Delaware, United States of America. Plyfe offers a cloud-based ad technology platform that enable brands to add interactive and game-like experiences into the apps, mobile websites and social pages viewed on their smart screen devices. The Company subscribed for USD$150,000 convertible notes in November 2013. Subsequent to 31 March 2014 the convertible notes converted to an equity instrument in Plyfe, Inc. based on a stipulated conversion price in accordance with the terms of the convertible notes. Following the conversion, Snakk Media Limited holds 211,281 Common Shares and 845,121 Series Seed-2 Shares. At 31 March 2016, the fair value was determined based on data provided to Directors and the investment has been written off in full.

14 Commitments

The following amounts have been committed to but not recognised in the financial statements. Non-cancellable operating lease commitments relate to the Australian premises and will expire on 14 February 2018. The Group has no right of renewal or purchase option over the premises.

	Group 2017 $	Group 2016 $
Less than one year	**201,273**	340,798
Between one and five years	**-**	187,841
Total commitment	**201,273**	528,639

At reporting date, the Company and the Group had no material outstanding capital expenditure commitments (2016: nil).

15 Loss per share

The loss $3,174,426 (2016: $934,918) for the year represented a loss per share shown below based on weighted average ordinary shares on issue during the year. The weighted average of ordinary shares issued in the prior year has been adjusted for the share consolidation undertaken during the year.

	Group 2017 $	Group 2016 $
Weighted average ordinary shares issued	**15,712,242**	14,252,016
Basic loss per share (cents)	**(20.20)**	(6.56)
Diluted loss per share (cents)	**(20.20)**	(6.56)

As share options would have an anti-dilutive impact on the loss per share, the basic and diluted loss per share are the same.

16 Net tangible assets per share

The net tangible assets of $803,871 (2016: $3,796,106) at 31 March 2017 represented a net tangible assets per share shown below based on ordinary shares on issue during the year.

	Group 2017 $	Group 2016 $
Ordinary shares issued	**15,712,242**	15,712,242
Total assets	**3,812,489**	7,683,617
Total liabilities	**3,008,618**	3,887,511
Net tangible assets	**803,871**	3,796,106
Net tangible assets per share (cents)	**5.12**	24.16

17 Financial risk management

The Group is subject to a number of financial risks including liquidity risk, credit risk and market risk (including interest rate risk and currency risk) which arise as a result of its activities.

(i) Interest rate risk

Interest rate risk is the risk of loss to the Group arising from adverse changes in interest rates. The Group's financing activities are exposed to interest rate risk in respect of its interest earning assets. Changes to interest rates can impact the Group's financial results by affecting the interest earned on these assets.

Interest rates are managed by maintaining an effective portfolio of financial assets and liabilities to meet the operational demands of the Group. Exposure to interest rates is monitored by the Board of Directors on a monthly basis.

The interest rates earned on financial assets are a mixture of fixed and variable rates. The table below summarises the sensitivity of the Group’s financial assets and liabilities to interest rate risk.

17 Financial risk management (continued)

	Group 2017 $	Group 2016 $
Variable rate instruments		
Financial assets - Cash and cash equivalents	**498,923**	3,017,275
	498,923	3,017,275
Fixed rate instruments		
Financial assets - Cash and cash equivalents	**67,365**	-
	67,365	-

Interest rates on cash and cash equivalents ranged from 0% to 1.75% p.a. (2016: 0% to 2.35% p.a.).

Cash flow sensitivity analysis for interest bearing financial instruments

A change of 100 basis points in interest rates, which the Directors believe is an interest rate movement deemed reasonable at the reporting date, would have increased/(decreased) equity and profit or loss by the amounts shown below:

	Profit or loss		**Equity**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 March 2017				
Cash & cash equivalents	**5,663**	**(5,663)**	5,663	(5,663)
31 March 2016				
Cash & cash equivalents	**30,173**	**(30,173)**	30,173	(30,173)

(ii) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of a credit policy, credit limits and monitoring procedures on an ongoing basis.

For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. Impairment is estimated by management based on prior experience and the current economic environment.

17 Financial risk management (continued)

Maximum exposures to credit risk at reporting date are as follows:

	Group 2017 $	Group 2016 $
Carrying amounts of financial assets		
Cash and cash equivalents	**566,287**	3,017,275
Trade receivables	**2,996,287**	4,111,372
Receivables by geographic region		
Australia	**2,224,566**	2,864,649
New Zealand	**234,476**	295,281
Singapore	**537,245**	951,442

Concentrations of credit risk

The Group's largest customer accounts for 12% (2016: 13%) of total sales and 29% (2016: 11%) of trade receivables at balance date.

57% (2016: 82%) of the Group's reporting date cash was with one bank. The Group does not have any other significant concentrations of credit risk.

(iii) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Group is exposed to foreign exchange risk, primarily from purchases of media cost in US Dollars (USD) by the Australian and Singapore subsidiaries. The Group is also exposed to foreign exchange risk on other financial assets that are denominated in US Dollars. The Group may enter into forward foreign exchange contracts to buy US Dollars and sell Australian dollars to reduce the risk and impact of any changes to the US dollar and Australian dollar.

At 31 March 2017, if the functional currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post tax loss and impact on equity for the year would have been $10,639 (2016: $130,394) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated trade payables and financial assets. A 10% movement in currency weakness/strength has been deemed appropriate by the Directors as a result of the historical 2015-2016 and 2016-2017 financial year range of currency movement between the New Zealand Dollar and US Dollar. As at 31 March 2017, the Group's exposure to foreign currency was as follows:

	2017 $	2016 $
Foreign currency risk stated in NZD		
USD investments	**30,038**	30,038
USD accounts receivable	**616,773**	543,189
USD accounts payable	**640,103**	1,061,112
USD rebate payable	**-**	816,059

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with financial liabilities as they fall due. The Group endeavours to maintain sufficient funds to meet its commitments based on forecasted cash flow requirements. The exposure is reviewed on an on-going basis from daily procedures to monthly reporting as part of the Group's liquidity management process.

17 Financial risk management (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The maturity analysis of financial assets and liabilities based on contractual cashflows is shown in the table below:

Financial liabilities:

	Carrying Amount $	Contractual cash flows $	0-3 months $	4-12 months $	1-2 years $	3-5 years $	5+ years $
31 March 2017							
Trade and other payables	3,008,618	3,008,618	3,003,863	4,755	-	-	-
31 March 2016							
Trade and other payables	3,874,116	3,874,116	2,370,338	1,503,778	-	-	-

Financial assets	Carrying Amount $	Contractual cash flows $
31 March 2017		
Cash and cash equivalents	566,287	566,287
Trade and other receivables	3,070,402	3,130,815
31 March 2016		
Cash and cash equivalents	3,017,275	3,017,275
Trade and other receivables	4,388,115	4,388,115

(v) Impairment allowance

The aged receivables balances are closely monitored by the finance team and reviewed by directors as part of each monthly board meeting.

	Group			
	2017		**2016**	
	Gross $	**Impairment provision** $	**Gross $**	**Impairment provision** $
Current receivables	**1,946,004**	**-**	2,819,603	-
Past due: 61 – 90 days	**284,411**	**-**	293,502	-
Past due: 91 - 120 days	**-**	**-**	-	-
Past due: 121+ days	**900,400**	**(60,416)**	998,267	(77,545)
	3,130,815	**(60,416)**	4,111,372	(77,545)

17 Financial risk management (continued)

Movement in the allowance for impairment loss as follows:

	2017	2016
	$	$
As at 1 April	**77,545**	148,541
Provision utilised during the year	**-**	(36,327)
Amount written back/recovered	**(17,129)**	(34,669)
As at 31 March	**60,416**	77,545

Factors considered in determining whether any impairment provision was required were the age of the debt, the financial position of the debtor and past payment history. Amounts greater than 60 days old are considered past due in line with the Group's credit terms but not all are considered to be impaired. The Group had $1,124,395 past due but not impaired as at March 2017 (2016: $1,214,224) as the Directors have taken debtor's payment history into consideration while making a decision on impairment allowance.

(vi) Fair values

The following table presents the Group's assets and liabilities that are measured at fair value. The Group has investments in Moasis and Plyfe Inc. that are measured at fair value. All the financial assets are level 3 assets.

	2017 & 2016	
	Level 3	**Total**
	$	**$**
Assets		
Financial assets at fair value		
Other financial assets		
Unlisted securities	-	-
Convertible Units - US	-	-
Equity Securities - US	30,038	30,038
Total assets	30,038	30,038

Financial instruments in level 3

The following table presents the changes in Level 3 instruments for the year ended 31 March 2017.

	Equity securities - US	**Convertible units - US**	**Total**
	$	**$**	**$**
Opening balance	298,006	136,861	434,867
Gains or (losses) recognised in profit or loss	(267,968)	(136,861)	(404,829)
Balance 31 March 2016	30,038	-	30,038
Opening balance	30,038	-	30,038
Gains or (losses) recognised in profit or loss	-	-	-
Balance 31 March 2017	30,038	-	30,038

17 Financial risk management (continued)

The table below presents the valuation techniques and the sensitivities of fair value measurements for level 3 instruments to changes in the valuation inputs described above.

US unlisted companies	Fair value at 31 March 2017 $	Valuation technique	Range	Reasonable possible shift +/- (absolute value)	Change in valuation $
Moasis Global LLC	30,038	Market approach applying a discounted Enterprise-value-to-revenue multiple	10% movement based on Enterprise-value-to-revenue multiple	USD$2,022	3003
Plyfe Inc.	0	Income approach based on available financial data	The investment has been fully impaired at balance date	USD$0	0

The carrying values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair value estimation.

(vii) Capital management

The Company's objectives when managing capital comprising shareholders' equity are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company currently monitors capital on the basis of cash requirements and, in order to maintain or adjust the capital structure, undertakes issues of new shares to investors and existing shareholders. The Group and the Company have not been subject to any externally imposed capital requirements during the current year or comparative period.

18 Segment information

(a) Operating segment

The Group is organised into one operating segment, that being the provision of mobile phone enabled promotions and marketing services. The Group primarily provides only information on operating segment revenue to Directors on a regular basis. The Group's operating revenue allocation by region is based on the geographical location of the external customer. The Group operates principally in Australia. The Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Board of Directors.

Two customers (2016: Two) of the Group's media & marketing segment individually exceed 10% (2016: 10%) of the Group's revenues. They represent approximately $1,274,771 and $1,140,796 respectively of the Group's total revenue (2016: $1,372,887 and $1,357,619).

(b) Geographic segments

	2017			
	Australia $	**New Zealand $**	**Singapore $**	**Total $**
Operating revenue	7,984,312	1,436,624	1,204,979	10,625,915

	2016			
	Australia $	New Zealand $	Singapore $	Total $
Operating revenue	7,570,009	1,156,529	1,787,363	10,513,901

19 Related party transactions

(a) General

Derek Handley is the sole shareholder of Far East Associated Traders Limited which holds 12.5% (2016: 12.9%) of the shares in the Company at balance date. Derek Handley provided executive services to the Company through Aera Limited during the year ended 31 March 2016 and 2017. Derek Handley is a director of Aera Limited. Derek Handley resigned as a Director on 31 October 2015.

Malcolm Lindeque entered into a service agreement with the Company pursuant to which he agreed to provide certain financial management and operational services to the Company and its subsidiaries at an agreed rate through Sharp Acumen Limited. Malcolm Lindeque is a director of Sharp Acumen Limited. Malcolm Lindeque was appointed as a Director of Snakk Media Limited on 8 May 2015 and resigned on 14 January 2016.

Really Useful Crew Pty Ltd provided development services in the production of websites. Mark Ryan is a Director of Really Useful Crew who stepped down as CEO of Snakk Media Pty Limited on 22 December 2016.

Martin Riegel is a Director of Broadfield Advisory Limited and an independent Director of Snakk Limited. Martin Riegel's director fees and expense reimbursements are invoiced by Broadfield Advisory Limited.

	Group 2017 $	Group 2016 $
Transaction with related parties		
Aera Limited	**46,690**	128,198
Derek Handley	**-**	4,713
Really Useful Crew Pty Ltd	**19,156**	29,618
Sharp Acumen Limited	**-**	84,000
Broadfield Advisory Limited	**79,874**	40,777
	145,720	287,306
Related party payables		
Derek Handley	**4,713**	4,713
Aera Limited	**-**	40,630
Broadfield Advisory Limited	**9,847**	6,875
	14,560	52,218
Key management personnel compensation (excluding Directors' remuneration) comprised:		
Short term employee benefits	**1,364,364**	876,783
Termination payments	**72,115**	-
Share based payments	**6,597**	63,894
	1,443,076	940,677

(b) Key management personnel and director transactions

In addition to their salaries and Director's fees, the Group also provides non-cash benefits to Directors and executive officers in the form of share options (see note 21).

19 Related party transactions (continued)

(c) Directors' remuneration

During the year, the Board approved the following fees and remuneration inclusive of superannuation and all share option benefits, for the Directors:

	2017		2016	
Directors of Snakk Media Limited	**Salary & fees $**	**Share-based payments $**	**Salary & fees $**	**Share-based payments $**
R Antulov - Appointed 14 January 2016	**72,418**	**11,016**	14,583	1,134
P James - Appointed 1 September 2015	**140,213**	**159,600**	32,100	86,058
M Riegel - Appointed 12 June 2015	**70,091**	**29,556**	39,152	18,161
D Handley - Resigned 31 October 2015	**-**	-	65,565	-
M Kong - Resigned 16 September 2015	**-**	-	10,000	-
T Alpe - Resigned 8 May 2015	**-**	-	3,750	-
	282,722	**200,172**	165,150	105,353

20 Significant events subsequent to reporting date

The Company issued 550,000 ordinary shares at $0.20 per share on 5 May 2017 to one of its major shareholders, the Manji Family Trust, raising $110,000 in new equity. The shares were issued at a premium of 122% over the share price of $0.09 as at 28 April 2017, and a premium of 4.3% to the 60 day VWAP of $0.1916 as at 28 April 2017.

21 Share-based payments

The Group has an established share option plan that entitles selected Directors, executives, employees and contractors to purchase shares in the Company. In accordance with the terms of issue of the options, holders are entitled to acquire shares at the price determined at the time the options were issued. All options are to be delivered by physical delivery of shares.

Terms and conditions of grants are as follows:

Grant date	Personnel entitled	Number of instruments	Vesting conditions	Contractual life of option
As at 1 April 2015		21,514,582		
Less: options forfeited during the year		**(8,374,876)**		
Add: options granted during the year				
3/08/2015	Director	1,000,000	Three equal tranches, vesting on each of the next three anniversaries of the grant.	Until 2 calendar years from the date of vesting or within 90 days from the resignation of the position.
21/10/2015	Director	7,953,990	Three equal tranches, vesting on each of the next three anniversaries of the grant.	Until 2 calendar years from the date of vesting or within 90 days from the resignation of the position.
27/01/2016	Share option consolidation	(20,989,011)		
1/03/2016	Directors	150,000	Three equal tranches, vesting on each of the next three anniversaries of the grant.	Until 2 calendar years from the date of vesting or within 90 days from the resignation of the position.
As at 31 March 2016		**1,254,685**		
Less: options forfeited during the year		**(463,523)**		
As at 31 March 2017		**791,162**		

The number and average exercise price of the share options is as follows:

	2017		**2016**	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding at 1 April	**85.83 cents**	**1,254,685**	8.10 cents	21,514,582
Granted during the year		-	96.83 cents	9,103,990
Share option consolidation		-		(20,989,011)
Forfeited during the year		**(463,523)**		(8,374,876)
Outstanding at 31 March	**126.97 cents**	**791,162**	85.83 cents	1,254,685

Options outstanding at 31 March 2017 have a weighted average exercise price of 126.97 cents (2016: 85.83 cents) and a weighted average contractual life of 2.2 years (2016: 3.33 years). The range of exercise prices outstanding at 31 March 2017 was 84.0 cents to 240.0 cents (2016: 84.0 cents to 240.0 cents). Options exercisable at 31 March 2017 were 552,987 (2016: 1,254,685). The fair value of services received in return for the share options granted is based on the fair value of share options granted measured using a Black Scholes model with the following inputs:

21 Share-based payments (continued)

	Key executives, employees and contractors		Directors	
	2017	2016	**2017**	2016
Estimated fair value per share at grant date (average)	**-**	-	**-**	79.0 cents
Exercise price per share (average)	**-**	-	**-**	102.67 cents
Expected volatility (average)	**-**	-	**-**	87%
Option life from date of grant	**-**	-	**-**	5 years
Risk free interest rate (average)	**-**	-	**-**	2.82%

For the year ended 31 March 2016, expected volatility was estimated by reference to the Company's listed share price trading history listing in the 52 week preceding the grant of the options and the volatility of listed equity securities for businesses of a similar nature to the Company operating in the media industry. There were no options issued during 2017.

The share based payment expense for Directors, contractors and employees is as follows:

	Group 2017 $	Group 2016 $
Directors	**200,172**	105,353
Employees	**26,941**	67,053
Share based payment expense	**227,113**	172,406

22 Contingent liability

On 17 May 2017, the Group received a capital contribution call from a potential investee entity totalling USD105,000 pursuant to a subscription agreement dated 18 July 2014. The directors do not believe that the Group is liable for the capital call and are considering the Group's response including options to avoid funding the call altogether.

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CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Snakk Media Limited

Report on the Audit of the Consolidated Financial Statements

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Snakk Media Limited and its subsidiaries ('the Group') on pages 12 to 42, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Our report is made solely to the Shareholders of Snakk Media Limited, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Snakk Media Limited and the Shareholders of Snakk Media Limited, for our audit work, for our report or for the opinions we have formed.

Basis for Disclaimer of Opinion

As disclosed in Note 1.1 to the financial statements, these financial statements have been prepared on a going concern basis, the validity of which depends on a number of assumptions as set out in Note 1.1 and includes the need for the Group to achieve planned revenue growth and maintain gross profit margins to achieve its cashflow forecast. We were unable to obtain sufficient appropriate audit evidence to support the Group's ability to achieve its revenue growth and gross profit margins to achieve its cashflow forecast. As a result, we were unable to form an opinion as to whether the application of the going concern basis in the preparation and presentation of the financial statements is appropriate.

These financial statements do not include any adjustments that may need to be made to reflect the situation should the Group be unable to continue as a going concern. Such adjustments may include assets being realised at other than the amounts currently recorded in the balance sheet. In addition, the Group may have to provide for further liabilities that might arise and to reclassify certain non-current assets and liabilities as current.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS'), and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)') and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements

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

Other than in our capacity as auditor we have no relationship with, or interests in, Snakk Media Limited or any of its subsidiaries.

The engagement partner on the audit resulting in this independent auditor's report is N S de Frere.

Staples Rodway

STAPLES RODWAY AUCKLAND
Auckland, New Zealand
30 June 2017