2016

Annual Report

For the Year Ended 31 March 2016

VMob

Chairman's Report
For the Year Ended 31 March 2016

Dear Shareholder

Welcome to the 2016 Annual Report for VMob Group Limited.

Performance Highlights for the Year Ended 31 March 2016

For the year ended 31 March 2016, total revenue grew 126% over the same period last year, to $6,642k. Annualised Committed Monthly Revenue (ACMR – recurring revenue) grew strongly to $5,404k, an increase of 70% over 2015. ACMR is a key performance metric for Software as a Service (SaaS) businesses.

The net loss for the year ended 31 March 2016 was $6,649k, up 51% from the same period last year. This loss reflects the investment the Company is making establishing a presence in the US market and the continuing development of its technology platform.

	2016	2015	Change	Change
	$'000s	$'000s	$'000s	%
Total revenue	6,642	2,940	3,702	126
Operating revenue	5,368	2,297	3,071	134
Net loss after tax	(6,649)	(4,399)	(2,250)	51
Annualised Committed Monthly Revenue[1]	5,404	3,181	2,223	70
Staff (FTE's)	52	48	4	8
Cash at bank	2,637	1,946	691	36

Growth and Momentum

The Company continues to enjoy strong support from existing clients and utilisation of VMob's technology within these organisations is expanding at a steady rate.

McDonald's US roll-out has exceeded expectations with 8 million app downloads since the service was launched in November 2015 and app users at McDonald's Japan are now over 20 million. On the back of these successes, new deployments by McDonald's in Korea, Canada, Australia and three Baltic countries have been secured, which after piloting, will be rolled out more extensively. McDonald's is achieving sales increases, higher customer visit frequency rates and lower customer churn from users with the VMob powered app in all markets where the Company's technology is deployed.

Compass Group, a large US corporate food service operator became a client and 7-Eleven Australia went live with an innovative fuel price offering based on VMob's technology. Anheuser-Busch InBev, the world's largest brewer, is also expanding its uptake of VMob's technology platform, which is being used to personalise promotions on TV screens in bars across the US. Similarly, IKEA has successfully piloted an application in five European countries using VMob's technology platform and prospects for a wider global deployment are promising.

These clients will underpin ACMR revenue growth in the year ahead.

The Company has strengthened its US sales capability with the addition of new personnel experienced in selling enterprise solutions to major corporations. Such sales are complex and typically require both SaaS platform services and consulting services to facilitate implementations. The pipeline of new sales opportunities is strong and focused around a limited number of vertical markets where VMob's technology has the potential to deliver positive differentiation and high return on investment.

The Company's technology platform is performing well at scale and continues to be lauded as market leading, particularly as its data analytics capability grows. It is now being used in a number of different application areas and with the growing interest in the "Internet of Things", the scope for the platform to drive innovation within VMob's existing and prospective client base is significant.

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

[1] *This is a non-GAAP SaaS metric representing committed monthly recurring revenue as at 31 March 2016 multiplied by 12 months*

Strategic partnerships

VMob's relationship with Microsoft remains very strong and the two companies continue to collaborate productively in the pursuit of sales opportunities in the US. During the year Microsoft provided the Company with a substantial marketing grant to assist with the continued expansion of the Company in the US.

Further go-to-market partnership opportunities are also starting to emerge as VMob's presence in the US becomes more prominent.

Leadership and Governance

The Company's leadership team has been strengthened by the addition of Stephen Davies as Chief Financial Officer (February 2016) and Jen Millard (March 2016) as Chief Revenue Officer. Stephen has held senior positions with a number of internationally focused New Zealand-based companies, including a six-year engagement with Rank Group as Group Financial Controller. Jen Millard is a retail and technology leader and has held senior sales positions with several large US retailers. She has also led MasterCard's Worldwide loyalty practice. Jen is based in VMob's San Francisco office.

At a governance level, Sharon Hunter joined the Board as a Non Executive Director in November 2015. Sharon is a seasoned entrepreneur, having co-founded PC Direct in 1989, successfully selling the business in 1997 after which she formed Hunter Powell Investments Limited with Tenby Powell. Sharon is also a Director of Skin Institute Limited and Veritas Investments Limited.

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

The Company's Founder and Chief Executive, Scott Bradley, moved to San Francisco in 2015 and continues to reside there, driving VMob's US growth agenda.

Capital and Capital Markets

During the year, the Company completed a share consolidation on a one for twenty-five basis to further support the "institutionalisation" of the share register and reduce the number of shares on issue to a more manageable quantity.

$8.45m of new capital was raised during the year via a combination of a private placement, a share purchase plan issuance and the exercise of share options to enable the continued expansion and growth of the business in offshore markets, particularly the US.

Subsequent to the year-end, and following approval by shareholders, the Company undertook another private placement and raised an additional $3.4m. The Company expects that it will need to undertake a further capital raising in the second half of 2016. The strategy for that capital raising is still to be determined but it may include a US-based strategic shareholder able to assist the Company further develop its US business.

The Company had previously proposed to transition the quotation of its shares from the NZX Alternative Market (NZAX) to the NZX Main Board. That transition was completed in January 2016.

Awards

During the period, the Company won a number of prestigious awards:

Top honours at the I-COM Big Data conference in San Sebastian, Spain. As a finalist in both the mobile categories of "Data Venture Challenge" and "Data Creativity", VMob took out both awards, along with the overall "Data Venture Challenge" award.

In winning at the I-COM awards, the Company demonstrated that smart marketing is not just about collecting large data sets; the crucial advantage is in collecting relevant, real-time data and then using that data to create a uniquely personalised experience for each customer.
Recognised as one of the world's most prominent innovation and technology businesses in the annual Microsoft Worldwide Partner Awards, winning the "Cloud Platform: Application Innovation" category award as well as being named as a finalist in the "Intelligent Systems" category.

Presented with "Partner of the Year Award" for the "Cloud Platform: Application Innovation" category at the Microsoft Worldwide Partner Conference in July 2015. This prestigious award programme recognises partners that have delivered exemplary solutions built on Microsoft's technologies. This recognition capped off a highly successful appearance at the event, during which the Company presented its solutions to an audience of 15,000 as part of the opening keynote address.

CEO and Founder, Scott Bradley, was a finalist for "Innovator of the Year" in the 2016 "New Zealander of the Year" Awards.

Outlook

VMob continues to attract significant international attention for its end-to-end personalisation and data analytics platform, particularly from large US brands. Growth is expected to come from both existing customers as their utilisation of the Company's products and services expands, and from new customers looking to differentiate themselves from competitors through the innovative use of mobile technology and data analytics. VMob's partnership with Microsoft will remain an important part of the Company's US go-to-market strategy, providing access to major US brands that would otherwise be difficult to engage.

The Company's technology platform will continue to evolve as will its services offering, allowing VMob to deliver increasingly sophisticated, turnkey solutions to large enterprises.

The market opportunity for the Company continues to expand and VMob has now proven it has the execution capability to capture a significant share of that market in the next few years.

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

Phil Norman
Chairman

23 June 2016

Statement Of Corporate Governance
For the Year Ended 31 March 2016

The objective of the Group 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 directors are responsible for reviewing and maintaining the corporate governance principles of the Group and consider that they do not materially differ from the principles set out in the NZX Corporate Governance Best Practice Code, which the Board has implemented.

Board of Directors

The business and affairs of the Group are managed directly by the Board of Directors. In particular the Board:

- establishes the long term goals of the Group and strategic plans to achieve those goals;
- reviews and adopts the annual budgets for the financial performance of the Group and monitors results on a monthly basis;
- ensures preparation of the annual and half-yearly financial statements;
- manages risk by ensuring that the Group 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 four non-executive directors and one executive director. Phil Norman, Mike Carden, Tim Cook and Sharon Hunter are non-executive directors. Scott Bradley is the chief executive officer of the Company, in addition to his role as an executive director. Sean Joyce resigned as a director and Sharon Hunter joined the Board in November 2015.

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.

One third, or the whole number nearest 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 Tim Cook and Mike Carden, being the longest serving directors of the Company, will retire and offer themselves for re-election at the next Annual Meeting. Sharon Hunter, having been appointed during the year, will stand down and offer herself for election at the next Annual Meeting.

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

The Board has three standing committees, namely audit, remuneration, and nomination. Other committees are formed for specific purposes and disbanded as required.

Audit Committee

The current members of the committee are Tim Cook (Chairman), Phil Norman and Sharon Hunter.

The audit committee provides a forum for the 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 function.

The committee generally invites the Group's Chief Financial Officer and the auditors to attend audit committee meetings. The committee also meets with and receives regular reports from the auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

Remuneration Committee

The current members of the committee are Phil Norman (Chairman), Tim Cook and Mike Carden.

The Remuneration Committee is responsible for overseeing management succession planning, establishing employee incentive schemes, reviewing and approving the compensation arrangements for the Executive Director and senior management.

Nomination Committee

The Board as a whole undertakes the role of nomination committee given the small size of the Board. 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 expertise.

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 the confidentiality of Group information.

Code of Ethics

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

- Conduct;
- Conflicts of interest;
- Confidentiality;
- Use of assets and information;
- Gifts and giving of gifts;
- Corporate opportunities; and
- Corporate social responsibility.

An interests' register is maintained for the Group in which the particulars of certain transactions and matters involving the directors must be recorded. The interests' register is available for inspection at the Group's 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 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 Group. While a director has inside information on the Group he or she must not trade in, or advise others to trade in, the securities of the Company.

Diversity Policy

The Company does not have a formal diversity policy. However it recognises the wide-ranging benefits that diversity brings to an organization and its workplaces. VMob 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 2016, the gender balance of the Company's directors, officers and all employees and contractors was as follows:

	Directors	Officers	Employees & Contractors
Female	1	1	8
Male	4	4	44
Total	5	5	52

Directors' Responsibility Statement

For the Year Ended 31 March 2016

The Directors of VMob Group Limited are pleased to present to shareholders the financial statements for VMob Group for the year ended 31 March 2016.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which fairly presents the financial position of the Group as at 31 March 2016 and the results of its operations and cash flows for the year ended on that date.

The Directors consider the financial statements of the Group have been prepared using accounting policies which have been 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 Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Financial Statements are signed on behalf of the Board by:

Phil Norman
Chairman

Dated: 23 June 2016

Scott Bradley
Director

Dated: 23 June 2016

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
VMOB GROUP LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of VMob Group Limited and its subsidiaries ('the Group') on pages 9 to 31, which comprise the consolidated statement of financial position as at 31 March 2016, 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 a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body. Our audit has been undertaken so that we might state to the company's shareholders those matters 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 the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibilities

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

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

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

Other than in our capacity as auditor and the provision of taxation compliance services and taxation advisory services we have no relationship with or interests in VMob Group Limited or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Opinion

In our opinion, the consolidated financial statements on pages 9 to 31 present fairly, in all material respects, the financial position of VMob Group Limited and its subsidiaries as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(a)(i) in the consolidated financial statements which indicates that the Group recorded a net loss of $6,649k, net cash out flow of $4,526k to operating activities and a net cash out flow of $3,070k to investing activities for the year ended 31 March 2016. These conditions, along with other matters as set forth in Note 2(a)(i), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Deloitte

Chartered Accountants
23 June 2016
Auckland, New Zealand

Consolidated Statement Of Comprehensive Income

For the Year Ended 31 March 2016

	Notes	2016 $'000	2015 $'000
Revenues			
Operating revenue	3 (a)	5,368	2,297
Other income	3 (b)	1,274	643
Total revenue & other income		6,642	2,940
Expenses			
Amortisation	9	1,270	661
Depreciation	8	118	50
Directors fees		155	124
Employee benefits	3 (d)	5,655	2,808
Share based payment	23	111	369
Other operating expenses	3 (c)	5,925	3,291
		13,234	7,303
Net loss before tax		(6,592)	(4,363)
Income tax expense	4	57	36
Net loss after tax for the year attributable to the shareholders of the company		(6,649)	(4,399)
Other comprehensive income			
Exchange difference on translating foreign operations[2]		42	14
Total comprehensive loss for the year attributable to shareholders of the company		(6,607)	(4,385)
Earnings per Share:	14		
Basic (loss) per share (cents)		(9.4)	(8.5)
Diluted (loss) per share (cents)		(9.4)	(8.5)

Calculated on a weighted average basis of the number of shares on issue.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

[2] *Items that may be reclassified subsequently to profit and loss.*

Consolidated Statement of Changes In Equity

For the Year Ended 31 March 2016

	Notes	Share Capital	Foreign Currency Translation Reserve	Share Based Payment Reserve	Accumulated Losses	Total Equity
		$000	$000	$000	$000	$000
Balance at 1 April 2014		11,055	-	511	(4,764)	6,802
Net loss after tax		-	-	-	(4,399)	(4,399)
Currency translation movements		-	14	-	-	14
Total comprehensive loss		-	14	-	(4,399)	(4,385)
Transactions with owners						
Issue of share capital	13	2,124	-	-	-	2,124
Recognition of share based payments	23	-	-	369	-	369
Balance at 31 March 2015		13,179	14	880	(9,163)	4,910
Balance at 1 April 2015		13,179	14	880	(9,163)	4,910
Net loss after tax		-	-	-	(6,649)	(6,649)
Exchange differences arising on translating foreign operations		-	42	-	-	42
Total comprehensive loss		-	42	-	(6,649)	(6,607)
Transactions with owners						
Issue of share capital	13	8,244	-	-	-	8,244
Share based payments transfer on exercise		21		(21)		-
Recognition of share based payments	23	-	-	111	-	111
Balance at 31 March 2016		21,444	56	970	(15,812)	6,658

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement Of Financial Position

As at 31 March 2016

	Notes	2016 $'000	2015 $'000
Assets			
Current assets			
Cash and cash equivalents	5	2,637	1,946
Trade and other receivables	6	1,073	1,003
		3,710	2,949
Less current liabilities			
Trade and other payables	10	1,484	1,116
Deferred revenue	11	551	168
Income tax payable	4	39	36
Other liabilities	12	10	10
		2,084	1,330
Working capital		1,626	1,619
Non-current assets			
Property, plant & equipment	8	306	323
Intangible assets	9	4,770	3,072
		5,076	3,395
Non-current liabilities			
Deferred revenue	11	17	67
Other liabilities	12	27	37
		44	104
Total net assets		6,658	4,910
Equity			
Share capital	13 (a)	21,444	13,179
Share based payment reserve	13 (b)	970	880
Accumulated losses	15	(15,812)	(9,163)
Foreign currency translation reserve	13 (c)	56	14
Total equity		6,658	4,910

Signed on behalf of the Board by:

Phil Norman
Chairman

Dated: 23 June 2016

Scott Bradley
Director

Dated: 23 June 2016

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement Of Cash Flows

For the Year Ended 31 March 2016

	Notes	2016 $'000	2015 $'000
Operating activities			
Cash was provided from (applied to):			
Receipts from customers		5,707	1,860
Marketing funding received		994	-
Grants received		153	316
Interest received		31	98
Payment to suppliers & employees		(11,357)	(5,573)
Income taxes paid		(54)	-
Net cash outflow from operating activities	21	(4,526)	(3,299)
Investing activities			
Cash was provided from (applied to):			
Purchase of property, plant and equipment	8	(102)	(324)
Proceeds from disposal of property, plant and equipment		-	2
Lease inducement		-	47
Capitalised development costs	9	(2,968)	(2,236)
Net cash outflow from investing activities		(3,070)	(2,511)
Financing activities			
Cash was provided from (applied to):			
Issue of ordinary shares		8,475	2,174
Share capital raising costs		(231)	(50)
Net cash inflow from financing activities	13	8,244	2,124
Net increase/(decrease) in cash held		648	(3,686)
Add cash and cash equivalents at start of year		1,946	5,632
Effect of foreign exchange rate changes on cash		43	-
Cash at bank at end of year	5	2,637	1,946
Comprised of:			
Cash and short term deposits	5	2,637	1,946

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Corporate Information

Corporate Information
The consolidated financial statements of VMob Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 23 June 2016.

VMob Group Limited ("the Company") is a limited liability company incorporated and domiciled in New Zealand, registered under the Companies Act 1993, and whose shares are publicly traded on the New Zealand Stock Exchange [NZX:VML]. The registered office is located at Level 3, 104 Quay Street, Auckland, New Zealand.

The principal activity of the Company is the development and deployment of cloud based marketing campaign management technologies.

Statement of Compliance
The consolidated financial statements of the Group comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-oriented entities.

The consolidated financial statements comply with International Financial Reporting Standards ("IFRS").

VMob Group Limited is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of Preparation
The consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP the entity is a for-profit entity.

The consolidated financial statements have been prepared on the basis of historical cost and on a going concern basis. Cost is based on the fair values of the consideration given in exchange for assets. As noted in 2(c) the application of the going concern assumption is a key judgement. Refer below for further details.

(i) Going concern
For the year ended 31 March 2016, operating revenue grew 134% over the same period last year, to $5,368,000 and Annualised Committed Monthly Revenue[3] grew 70% over the same period to $5,404,000. Given the Group still remains in the start-up phase of its operations and is investing for growth, it has recorded a net loss after tax of $6,649,000 for the year ended 31 March 2016 (2015: $4,399,000) with equity of $6,658,000 as at 31 March 2016 (2015: $4,910,000). As at 31 March 2016 the Group has cash and cash equivalents of $2,637,000 (2015: $1,946,000), and the net cash outflow from operating activities for the year ended 31 March 2016 was $4,526,000 (2015: $3,299,000), and the net cash outflow from investing activities was NZ$3,070,000 (2015: $2,511,000). The Group raised $8,475,000 of capital during the year, and subsequent to year-end raised $3,369,440 of new capital via a private placement.

The Group has prepared forecasts which indicate that cash on hand at year-end, combined with cash flow as a result of operations, as well as the issuance of new share capital subsequent to year-end will enable the Group to continue operating and satisfy its going concern requirements. Part of the capital required from the issuance of new share capital has already been satisfied by the $3,369,440 private placement completed in June 2016. The going concern assumption is dependent on raising sufficient cash through the issuance of further share capital. This dependency on a future capital raising creates a material uncertainty with respect to meeting the Group's cash requirements. Notwithstanding this dependency on raising further capital the Directors are confident that the Group remains a going concern and are confident of being able to raise further share capital from market feedback to date.

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

[3] *This is a non-GAAP SaaS metric representing committed monthly recurring revenue as at 31 March 2016 multiplied by 12 months*

(a) Basis of Preparation (continued)

(i) Going concern (continued)

which they believe will occur after that date which could affect the validity of the going concern assumption.

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

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

The consolidated financial statements are presented in New Zealand dollars and all values are rounded to the nearest ($000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

(b) Critical Judgements in Applying Accounting Policies
In the application of NZ IFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Key Sources of Estimation Uncertainty and Key Judgements
Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Key Sources of Estimation Uncertainty and key judgements include:

- The Group assesses whether there are indications of impairment for finite life intangibles. As at 31 March 2016 the Group has determined that, due to continued growth in ACMR, there are no indications of impairment for finite life intangible assets.
- Determining the fair value of share based payments made during the period required management to exercise their judgement as to the fair value of the shares issued in return for employment services received by the company (refer Note 23).
- The application of the going concern assumption (refer Note 2(a)(i)).

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 measurable under the circumstances.

(d) Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries as at 31 March 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

(d) Basis of Consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. The consideration transferred for an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred and included in operating expenses.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Provision of services

Revenue is recognised over the period in which the service is rendered by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Such services include deployment and integration revenue, license revenue, support fees and consulting fees. Consideration received prior to the service being rendered is recognised in the consolidated statement of financial position as deferred revenue. Revenue for which services have been rendered but invoices have not been issued is recognised within the consolidated statement of financial position as accrued income and included within trade and other receivables.

(ii) Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is included in other income in the consolidated statement of comprehensive income.

(iii) Government Grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the profit or loss in the period they become receivable.

(f) Taxation

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

(f) Taxation (continued)

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination), which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at reporting date. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

GST
Expenses and assets are recognised net of the amount of GST, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

(g) Foreign Currencies
The Group's consolidated financial statements are presented in New Zealand dollars, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.
The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into New Zealand Dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

(h) Property, Plant and Equipment
All items of Property, Plant and Equipment are stated at cost less accumulated depreciation, and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

(h) Property, Plant and Equipment (continued)

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of the asset over its expected useful life to its estimated residual value. The following estimates of useful lives are used in the calculation of depreciation:

Category	*Estimated useful life*
Fixtures & Fittings	2-14 years
Plant & Equipment	3 years
Leasehold Improvements	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(i) Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee
Operating lease payments are recognised as an operating expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

(j) Intangible Assets
Capitalised Software Development Expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

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

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately. The useful life of internally-generated intangible assets is as follows:

Category	*Estimated Useful Life*
Core Platform	5 years
Mobile Apps	2 years

(k) Impairment of Non-Financial Assets
At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Impairment of Non-Financial Assets (continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(l) Cash and Cash Equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(m) Share Based Payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding increase in equity, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

(n) Financial Instruments
Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(o) Accounts Receivable
Accounts receivable are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(p) Equity Instruments
Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

(q) Accounts Payable
Accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

(r) Employee Benefits
Provision is made for benefits accruing to employees in respects of wages and salaries, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits, which are not expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(s) Consolidated Statement of Cash Flows
For the purpose of the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments net of outstanding bank overdrafts.

(s) Consolidated Statement of Cash Flows (continued)

The consolidated statement of cash flows is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive income.

Definition of terms used in the consolidated statement of cash flows:

- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity.

(t) Adoption of New Revised Standards and Interpretations
The Group adopted all mandatory new and amended standards and interpretations. None of these standards and interpretations had a material impact on the financial statements.

There are a number of other new and revised standards and interpretations that are not effective yet. The following are particularly relevant for the Group:

NZ IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
This standard addresses the requirements for classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting. The standard is not expected to have a material impact on the Group financial statements. The Group will adopt the standard for the year ending 31 March 2019.

NZ IFRS 15 Revenue from contracts with customers (effective for accounting periods beginning on or after 1 January 2018).
This standard addresses recognition of revenue from contracts with customers and replaces the current revenue recognition guidance in IAS 18 Revenue. The Group is yet to assess NZ IFRS 15 for its full impact on the Group financial statements. The Group will adopt the standard for year ending 31 March 2019.

NZ IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019)
NZ IFRS 16, Leases, 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 Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

There were a number of other amendments to accounting standards as part of the ongoing improvement process. None of these changes is expected to have a significant impact on the Group.

3. Profit/(loss) from Operations

	2016	2015
(a) Operating revenue	**$'000**	**$'000**
Operating revenue consisted of the following items:		
License revenue	3,075	725
Deployment and integration revenue (i)	438	1,177
Consulting fees	1,163	266
Support fees	627	129
Expenses reimbursed	65	-
	5,368	2,297

(i) Deployment and integration revenue relates to fees earned to develop and deploy applications for certain customers and integrate those applications with the VMob platform.

3. Profit/(loss) from Operations (continued)

(b) Other income

	2016 $'000	2015 $'000
Other income consisted of the following items:		
Government grant income	203	545
Marketing funding	1,040	-
Interest received	31	98
	1,274	643

(c) Operating expenses

	2016 $'000	2015 $'000
Other operating expenses includes the following:		
Auditors' fees for audit of the financial statements (i)	32	26
Auditors' other fees:		
Taxation compliance services	21	8
Taxation advisory services	16	10
Accounting advisory fees	-	5
Net foreign exchange differences	(73)	28
Net gain on disposal of property, plant & equipment	-	2
Minimum lease payments recognised as an operating lease expense (ii)	359	54

(i) The auditor of the Group in 2015 and 2016 is Deloitte.
(ii) Operating lease rentals relate to leased property and equipment.

(d) Employee benefits expense

	2016 $'000	2015 $'000
Wages and salaries	5,418	2,722
Pension costs	237	86
	5,655	2,808

4. Income Tax

The major components of income tax expense for the years ended 31 March 2016 and 2015 are:

(a) Consolidated Statement of Comprehensive Income:

	2016 $'000	2015 $'000
Current income tax:		
Current income tax expense	57	36
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of comprehensive income	57	36

(b) Current tax assets and liabilities

	2016 $'000	2015 $'000
Current tax payable	39	36
	39	36

4. Income Tax (continued)

(c) Reconciliation of income tax expense to net loss before tax:

	2016 $'000	2015 $'000
Net loss before income tax	(6,592)	(4,363)
Benefit at statutory income tax rate of 28% (2015: 28%)	1,846	1,222
Non-deductible expenses	13	23
Future benefit of tax losses not recognised	(1,910)	(1,276)
Effect of difference in overseas tax rates	(6)	(5)
Income tax (expense) reported in the statement of comprehensive income	(57)	(36)

(d) Deferred Tax

The Group has estimated gross tax losses of $15.5m at balance date (2015: $8.3m). These are subject to confirmation by the Inland Revenue Department and subject to meeting the requirements of the 2007 Income Tax Act. Unrecognised deferred tax assets arising from these tax losses are $4.4m measured at 28% (2015: $2.4m).

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Intangible assets $'000	Provisions & accruals $'000	Tax losses $'000	Total $'000
At 1 April 2014	(5)	-	5	-
Recognised in profit and loss	(126)	18	108	-
At 31 March 2015	(131)	18	113	-
At 1 April 2015	(131)	18	113	-
Recognised in profit and loss	(179)	19	160	-
At 31 March 2016	(310)	37	273	-

(e) Imputation Credit Account Balances

	2016 $'000	2015 $'000
Balance as at 31 March	9	58

5. Cash and Cash Equivalents

	2016 $'000	2015 $'000
Cash at banks	1,428	1,321
Short term deposits	1,209	625
	2,637	1,946
Denominated in:		
New Zealand dollars	2,068	1,153
United States dollars	425	79
Australian dollars	15	42
Japanese Yen	105	669
Great Britain pounds	24	3
	2,637	1,946

5. Cash and Cash Equivalents (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are held with the Group's bankers, made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

6. Trade and Other Receivables	**2016**	**2015**
	$'000	**$'000**
Accounts receivable and accrued income	628	736
Sales taxes receivable	183	70
Prepayments and other receivables	253	139
Resident withholding tax	9	58
	1,073	1,003

The aging profile of accounts receivable and accrued income follows;	**2016**	**2015**
	$'000	**$'000**
Current	331	357
30-59 days	110	188
60-69 days	17	145
90 days and later	170	46
	628	736

The aging profile above does not necessarily reflect whether an amount is past due and impaired as customer credit terms vary. Normal credit terms are 30th of the following month.

7. Investments in Subsidiaries

The consolidated financial statements of the Group include the following subsidiaries:

Name	**Holding company**	**Equity interest 2016**	**2015**	**Balance date**	**Country of incorporation**	**Principal activity**
VMob Limited	VMob Group Limited	100%	100%	31 March	New Zealand	Trading entity
VMob IP Limited	VMob Group Limited	100%	100%	31 March	New Zealand	Holder of IP assets
VMob Pty Limited	VMob Limited	100%	100%	31 March	Australia	Trading entity
VMob Singapore Pte Limited	VMob Limited	100%	100%	31 March	Singapore	Trading entity
VMob UK Limited	VMob Limited	100%	100%	31 March	United Kingdom	Trading entity
VMob USA Limited	VMob Limited	100%	100%	31 March	USA	Trading entity
VMob KK	VMob Limited	100%	100%	31 March	Japan	Trading entity

8. Property, Plant & Equipment

	Leasehold Improvements $'000	Furniture & Fittings $'000	Plant & Equipment $'000	Total $'000
Cost				
At 1 April 2014	-	24	41	65
Additions	229	18	77	324
Disposals	-	-	(2)	(2)
At 31 March 2015	229	42	116	387
Additions	10	18	74	102
Disposals	-	(1)	(3)	(4)
At 31 March 2016	239	59	187	485
Depreciation				
At 1 April 2014	-	(5)	(11)	(16)
Depreciation charge for the year	(15)	(6)	(29)	(50)
Disposals	-	-	2	2
At 31 March 2015	(15)	(11)	(38)	(64)
Depreciation charge for the year	(48)	(7)	(63)	(118)
Disposals	-	-	3	3
At 31 March 2016	(63)	(18)	(98)	(179)
Net book value				
At 31 March 2015	214	31	78	323
At 31 March 2016	176	41	89	306

No impairment losses were recorded in 2016 or 2015.

9. Intangible Assets

The capitalised development expenditure relates to the continued development of the Group's cloud based customer retention platform and mobile applications.

9. Intangible Assets (continued)

	Core Platform $'000	Mobile Apps $'000	Total $'000
Cost			
As at 1 April 2014	1,711	243	1,954
Additions – internally developed	2,002	234	2,236
As at 31 March 2015	3,713	477	4,190
Additions – internally developed	2,549	419	2,968
As at 31 March 2016	6,262	896	7,158
Amortisation			
As at 1 April 2014	(294)	(163)	(457)
Amortisation charge for the year	(564)	(97)	(661)
As at 31 March 2015	(858)	(260)	(1,118)
Amortisation charge for the year	(1,018)	(252)	(1,270)
As at 31 March 2016	(1,876)	(512)	(2,388)
Net book value			
As at 31 March 2015	2,855	217	3,072
As at 31 March 2016	4,386	384	4,770

No impairment losses were recorded in 2016 or 2015.

10. Trade and Other Payables

	2016 $'000	2015 $'000
Accounts payable	819	667
Accruals	665	449
	1,484	1,116

11. Deferred Revenue

Deferred customer revenue relates to income invoiced to customers in advance during a financial period, part of which will be recognised in the statement of comprehensive income of a subsequent financial period.

Deferred grant revenue relates to the Group's grant income for the development of its core platform (refer note 9). This grant revenue is being recognised over a five year period.

	2016 $'000	2015 $'000
Deferred customer revenue	501	118
Deferred grant revenue	67	117
	568	235

Classified as:	2016 $'000	2015 $'000
Current	551	168
Non-current	17	67
	568	235

12. Other liabilities

Other liabilities represent a lease inducement received for the leasing of premises in Auckland. The inducement is being recognised over five years which is the initial term of the lease.

13. Share Capital and Share Based Payment Reserve

(a) Share capital

	Shares	$'000
Balance as at 31 March 2014	50,530,753	11,055
Movements during the year		
Shares issued by way of private placement in February 2015	8,205,668	2,124
Balance as at 31 March 2015	58,736,421	13,179
Movements during the year		
Shares issued by way of private placement in May 2015	6,750,000	2,565
Shares issued by way of share purchase plan in June 2015	1,008,028	369
Shares issued by way of private placement in August 2015	750,000	297
Shares issued by way of private placement in October 2015	5,480,059	1,829
Shares issued by way of private placement in December 2015	9,329,412	3,142
Shares issued by way of exercise of share options in January 2016	240,000	63
Balance as at 31 March 2016	82,293,920	21,444

All shares are ordinary shares, have been issued as fully paid and have no par value. Fully paid ordinary shares carry one vote per share, carry a right to dividends and a pro-rate share of net assets on a wind up. The Group completed a consolidation of its share capital on 7 May 2015 on a 25 old for 1 new share basis. Shares presented above are as if the consolidation had taken place at the start of the reporting period.

(b) Share based payments

The share based payment reserve is used to record the accumulated value of unexercised share options and vested share rights which have been recognised in the statement of comprehensive income. As at balance date executives, employees and directors have options over 6,363,200 shares (2015: 6,507,200) (refer Note 23).

	2016 $,000	2015 $,000
Balance at the beginning of year	880	511
Share based payment	364	375
Write back of share based payment expense on expired options	(253)	(6)
Options exercised during year and transferred to share capital	(21)	-
Balance at the end of year	970	880

(c) Foreign exchange translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. New Zealand dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

	2016 $,000	2015 $,000
Balance at the beginning of year	14	-
Exchange differences arising on translating the foreign operations	42	14
Balance at the end of year	56	14

14. Earnings Per Share

The loss of $6,649k (2015; $4,399k) for the year represented a loss per share shown below based on weighted average ordinary shares (post consolidation) on issue during the year.

	2016	2015
Weighted average ordinary shares issued	70,656,244	51,744,719
Weighted average options issued	6,888,104	4,974,676
Weighted average number of ordinary shares for diluted loss per share	70,656,244	51,744,719
Basic loss per share (cents)	9.4	8.5
Diluted loss per share (cents)	9.4	8.5

Note that the options are not considered dilutive in terms of calculating earnings per share, as a loss was recorded in 2015 and 2016.

15. Accumulated Losses

	2016	2015
	$,000	$,000
Balance at the beginning of year	(9,163)	(4,764)
Net loss for the year	(6,649)	(4,399)
Balance at the end of the year	(15,812)	(9,163)

16. Related Party Transactions

At reporting date the Directors of the Company controlled 27% (2015: 36%) of the voting shares in the Company.

Scott Bradley, director and Chief Executive Officer of the Company, is a shareholder of Sharbo ULC which holds 21.00% (2015: 29.42%) of the shares and 600,000 options (2015: 600,000).

Phil Norman, chairman of the Company, holds 3.88% (2015: 5.37%) of the shares in the Company at balance date. During the year the Company paid Nortek Management Services Limited, a company of which Phil Norman is a director and shareholder, $50,000 (2015: $50,000) for Chairman services and $120,000 (2015: $70,000) for consulting services. As at 31 March 2016 $16,508 was outstanding (2015: $16,618).

Mike Carden, director of the Company, is a trustee of the Perfect Day Trust which holds 0.44% (2015: 0.38%) of the shares in the Company at balance date. During the year the Company paid Mike Carden $35,000 (2015: $35,000) for director fees. As at 31 March 2016 $3,354 was outstanding (2015: $3,354).

Tim Cook, director of the Company, holds 1.60% (2015: 0.75%) of the shares in the Company at balance date. During the year the Company paid Corporate Advisory Limited, a company of which Tim Cook is a director and shareholder $35,000 (2015: $4,792) for director fees, and paid Cook Executive Recruitment, a company of which Tim Cook is a director and shareholder, $23,500 for recruitment services. As at 31 March 2016 $3,354 was outstanding (2015: $3,354).

Sharon Hunter, appointed director of the Company during the year, was paid $11,667 for director fees.

Sean Joyce resigned as a director on 24 November 2015. During the year the Company paid Corporate Counsel, a legal firm of which Sean Joyce is a partner, $23,333 for director fees (2015: $35,000) and $8,750 (2015: nil) for consulting services. As at 31 March 2016 nil was outstanding (2015: $3,354).

The Company supplied services to the value of $206,292 (2015: $500,943) to Loyalty New Zealand Limited during the year. Phil Norman was a Director of this company during the year.

The Company received funding from New Zealand Trade and Enterprise of $299,836 (2015: $300,163) during the year. Mike Carden is a member of the Beachheads Advisory Board for New Zealand Trade and Enterprise.

16. Related Party Transactions (continued)

Key management personnel and director transactions

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

In addition to their fees and salaries, the Group also provides non-cash benefits to directors and executive officers in the form of share options (refer Note 23).

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

	2016	2015
	$'000	$'000
Directors' fees	155	124
Consulting fees paid to directors	129	70
Share based payments	111	369
Short term employee benefit	1,607	910
	2,002	1,473

17. Commitments

(a) Capital Expenditure Commitments

As at 31 March 2016 there were no capital expenditure commitments (2015: $Nil).

(b) Operating lease Commitments – Group as lessee

The Group leases property and vehicles under non-cancellable operating lease arrangements. Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	2016	2015
	$'000	$'000
Within one year	369	121
After one year but not more than five years	336	393
	705	514

ASB Bank provides a guarantee for $64,000 in respect of property leases.

18. Contingencies

There were no material contingent assets or contingent liabilities at 31 March 2016 (2015: $Nil).

19. Events After the Reporting Period

Subsequent to year-end the Group issued 9,106,594 Ordinary Shares at an issue price of $0.37 per share, total proceeds of $3,369,440, to a combination of qualifying New Zealand and Australia based high net worth individuals and institutional investors via private placement. The new capital will be used to fund VMob's continued offshore expansion, particularly in the US, and the ongoing development of VMob's technology platform.

20. Segmental Reporting

The Chief Executive and members of the executive management team are the Group's chief operating decision makers. They have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms a single operating segment, the development and deployment of mobile marketing solutions. The segment result is reflected in the financial statements.

Geographical information
The Group operated in Australasia, Asia, North America and Europe during the year ended 31 March 2016. Operating revenue by geographical location is as follows:

	2016	**2015**
	$'000	**$'000**
Japan	2,549	1,171
United States of America	1,480	292
Sweden	411	58
New Zealand	333	620
Other Europe	235	-
Australia	178	-
Netherlands	112	156
Other Asia	56	-
Canada	14	-
	5,368	2,297

All material non-current assets are held within New Zealand.

21. Reconciliation of Operating Cash Flows

Reconciliation from the net loss after tax to the net cash from operating activities

	2016	**2015**
	$'000	**$'000**
Net loss after tax	(6,649)	(4,399)
Adjustments for non-cash items		
Amortisation	1,270	661
Depreciation	118	50
Amortisation of lease inducement	(10)	-
Share based payment expense (Note 23)	111	369
	1,489	1,080
Movements in working capital		
(Increase) in trade & other receivables	(70)	(698)
Increase in trade payables & accruals	371	725
Increase / (Decrease) in deferred revenue	333	(57)
Financing activities included within trade payables	-	50
	634	20
Net cash outflow from operating activities	(4,526)	(3,299)

22. Financial Risk Management

The Group is subject to a number of financial risks including liquidity risk, credit risk and market risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Specific risk management objectives and policies are set out below:

22. Financial Risk Management (continued)

(a) Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity.

The capital structure of the Group consists of shares and equity, comprising issued capital, equity reserves and retained earnings (deficit) as disclosed in Notes 13, and 15 respectively.

The Group's Board of Directors reviews the capital structure on a regular basis.

The Group is not subject to externally imposed capital requirements.

The Group's overall strategy remains unchanged from the prior year.

(b) Interest Rate Risk

As the Group has no significant interest bearing assets or liabilities the Group's income and operating cashflows are substantially independent of changes in market interest rates in interest bearing financial assets or liabilities.

(c) Foreign Exchange Risk

The Group faces the risk of movements in foreign currency exchange rates against the New Zealand dollar. During the year ended 31 March 2016, the Group's transactions were in New Zealand dollars, Australian dollars, Singapore dollars, United States dollars, Sterling, Japanese Yen and Euros. As a result the Group's consolidated statement of comprehensive income and consolidated statement of financial position can be affected by movements in exchange rates.

The table below details the Group's sensitivity to a reasonably possible (10%) increase or decrease in the New Zealand dollar against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the change in foreign currency rates.

	2016			2015		
	Carrying amount	+/- 10% effect on profit before tax	+/- 10% effect on equity	Carrying amount	+/- 10% effect on profit before tax	+/- 10% effect on equity
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets						
Cash and cash equivalents						
USD	425	42	42	79	8	8
AUD	15	1	1	42	4	4
JPY	105	10	10	669	67	67
GBP	24	2	2	3	-	-
Trade receivables						
USD	234	21	21	291	29	29
AUD	61	6	6	32	3	3
JPY	6	2	2	40	4	4
EUR	268	24	24	127	12	12

22. Financial Risk Management (continued)

(d) Credit Risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk, principally consist of bank balances and trade accounts receivable. The Board monitors and manages the exposure to credit risk through the ongoing review of aged receivables and their recoverability.

The maximum exposures to credit risk at balance date are:

	2016	2015
	$'000	$'000
Cash and cash equivalents	2,637	1,946
Accounts Receivable	628	538

At March 31, 2016, the credit risk associated with trade accounts receivable is considered minor due to the mix and number of large organisations. At March 2015 accounts receivable included an amount of $202,000 due from one customer.
The Group's bank accounts are held with reputable banks in New Zealand and overseas. Otherwise the Group does not have any other concentrations of credit risk. The Group does not require any collateral or security to support financial instruments.

(e) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. A major part of managing liquidity risk is the raising of additional capital.

(f) Fair Value of Financial Instruments

There are no significant differences between the fair values and the carrying amounts of financial assets and liabilities in the consolidated statement of financial position as at balance date.

23. Share Based Payments

In August 2012 the Group established a share option plan that entitles selected directors, employees, contractors and executives 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 outstanding grants are as follows:

Grant date	Personnel entitled	Number of instruments
27 August 2012	Key executives	1,760,000
25 March 2013	Key executive	260,000
26 March 2014	Key executive and staff	1,509,760
20 June 2014	Staff	223,440
28 October 2014	Staff	50,000
30 March 2015	Key executives and staff	1,300,000
17 June 2015	Key executives and staff	370,000
19 November 2015	Key executives and staff	890,000
Total options outstanding		6,363,200

All share options vest in three equal tranches, one third on each of the first, second and third anniversaries of the grant. The contractual life of all options is until 5 calendar years from the date of issue. Following a consolidation of its share capital on 7 May 2015 the share options were consolidated on a 25 old for 1 new share option basis.

23. Share Based Payments (continued)

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

	2016		2015	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 April		6,507,200		4,651,040
Exercised during the year		(240,000)		-
Granted during the year	36.0 cents	1,270,000	45 cents	1,913,440
Forfeited during the year	59.7 cents	(1,164,000)	55 cents	(57,280)
Outstanding at 31 March		6,363,200		6,507,200

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:

Issue Date	19 November 2015	17 June 2015	30 March 2015	28 October 2014	20 June 2014	26 March 2014	25 March 2013	27 August 2012
Estimated fair value per option at grant date	16.7 cents	20.1 cents	22.1 cents	16.0 cents	24.6 cents	33.2 cents	15.4 cents	8.6 cents
Exercise price per share	34 cents	40.8 cents	45 cents	32.5 cents	50 cents	67.5 cents	31.2 cents	17.5 cents
Expected volatility	50%	50%	50%	50%	50%	50%	50%	50%
Option life from date of grant	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Risk free interest rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

Expected volatility was estimated by reference to the volatility of listed equity securities for businesses of a similar nature to the Group operating in the technology industry.

Additional NZX Disclosures

For the Year Ended 31 March 2016

1. Substantial Product Holders

Pursuant to section 280 of the Financial Markets Conduct Act 2013, the following persons had given notice as at the balance date of 28 April 2016 that they were substantial product holders in the Company:

Name	No. of Shares	% of Issued Shares
Sharbo ULC (Scott Bradley)	17,281,095	21.00%

2. Spread of Security Holders at 28 April 2016

	Shareholders		Shares	
	Number	%	Number	%
1 – 999	313	24.9	87,518	0.10
1,000 – 4,999	283	22.5	749,622	0.91
5,000 – 9,999	164	13.1	1,167,590	1.42
10,000 – 99,999	392	31.2	11,819,899	14.36
100,000 – 499,999	79	6.3	15,813,363	19.22
500,000 – 999,999	12	1.0	7,496,981	9.11
1,000,000 and above	12	1.0	45,158,947	54.88
TOTAL	1,255	100.0	82,293,920	100.00

3. Twenty Largest Equity Security Holders

The names of the 20 largest holders of ordinary issued shares as at 28 April 2016 are listed below.

Top 20 Shareholders		No. of Issued Ordinary Shares	% Issued
1.	Sharbo ULC	17,281,095	21.00
2.	New Zealand Central Securities Depository Limited	6,972,325	8.47
3.	Collins Asset Management Limited	3,838,692	4.66
4.	Phil Norman	3,194,405	3.88
5.	Jarden Custodians Limited	3,100,000	3.77
6.	JML Capital Limited	2,941,177	3.57
7.	MK 1 Trustee Limited	1,470,589	1.79
8.	Forsyth Barr Custodians Limited	1,470,588	1.79
9.	Tim Cook	1,316,847	1.60
10.	Denise Jane Campbell	1,261,086	1.53
11.	Jaobq Pty Limited	1,257,143	1.53
12.	Duncan Ritchie & Andrea Bell	1,055,000	1.28
13.	Mark Charles Darrow	800,000	0.97
14.	Christopher Eyles	780,000	0.95
15.	Annette Presley & Professional Trustees Limited	751,422	0.91
16.	Custodian Nominee Company Limited	666,667	0.81
17.	Lifjar Pty Limited	650,000	0.79
18.	Suede Salt Pty Limited	627,933	0.76
19.	Mark Gray	588,235	0.71
20.	Custodial Services Limited	555,042	0.67
		50,578,246	61.44

4. Interests Register

Directors have declared interest in the following transactions with the Group during the year:

Scott Bradley
None.

Phil Norman
During the year ended 31 March 2016 Phil Norman acquired 40,107 ordinary shares in the Company, and Nortek Management Services, a company controlled by Phil Norman, was paid $120,000 by the Company for consulting services.

Mike Carden
During the year ended 31 March 2016 the Perfect Day Trust of which Mike Carden is a trustee and beneficiary acquired 40,107 ordinary shares in the Company.

Tim Cook
During the year ended 31 March 2016 Tim Cook acquired 878,342 ordinary shares in the Company.

Sharon Hunter
None.

5. Directors' Remuneration

Directors' remuneration is as follows:		**2016** **$**	**2015** **$**
Scott Bradley	Remuneration as CEO	609,635	240,846
Phil Norman	Chairman fee	50,000	50,000
Phil Norman	Consulting fee	120,000	70,000
Mike Carden	Director fee	35,000	35,000
Tim Cook	Director fee	35,000	4,942
Sharon Hunter	Director fee	11,667	-
Sean Joyce	Director fee	23,333	35,000
(resigned 24 November 2015)	Consulting fee	8,750	-

During the year the Company reviewed operations with a view to growing VMob's footprint in the strategically important US market. As a result of this review the CEO was relocated to San Francisco, at which time his financial remuneration was adjusted to reflect commercial terms in this key market. The Company also agreed to compensate the CEO for his additional costs of living whilst located in the US, a cost of approximately $133,289 for the year ended 31 March 2016 (2015; Nil).

6. Directors' Loans

There were no loans from the Group to Directors.

7. Use of Company Information

The Board received no notices during the year from directors requesting to use the Group information received in their capacity as directors which would not have been otherwise available to them.

8. Dividend

The Directors recommend that no dividend be paid in relation to ordinary shares on issue.

9. Employees and Contractors Remuneration

During the period employees or contractors (excluding Scott Bradley in his role as CEO and director), within the Group received annualised remuneration, termination payments and benefits which exceeded $100,000 as follows:

Number of employees/contractors	2016	2015
Band		
$100,000 - $120,000	9	12
$120,001 - $140,000	7	3
$140,001 - $160,000	5	3
$160,001 - $180,000	1	5
$180,001 - $200,000	2	5
$200,001 - $220,000	1	-
$240,001 - $260,000	1	-
$280,001 - $300,000	1	-

10. Directors' Equity Security Holdings

Details of director equity securities holdings as at 31 March 2016 are set out below:

Name of Director		Beneficially	Associated Persons
Scott Bradley	Shares	17,281,095	-
	Options	600,000	-
Phil Norman	Shares	3,194,405	-
Mike Carden	Shares	365,051	-
Tim Cook	Shares	1,316,847	-
Sharon Hunter	Shares	-	-

11. Share Dealing

During the year the following Directors (or the relevant associated entity in which the Director has a relevant interest) acquired or disposed of equity securities in the Group:

Date	Associated Entity	Director	Class of Share	Acquired	Consideration
June 2015	Phil Norman	Phil Norman	Ordinary	40,107	$15,000
June 2015	Perfect Day Trust	Mike Carden	Ordinary	40,107	$15,000
May 2015	Tim Cook	Tim Cook	Ordinary	250,000	$100,000
June 2015	Tim Cook	Tim Cook	Ordinary	40,107	$15,000
September 2015	Tim Cook	Tim Cook	Ordinary	588,235	$200,000

12. Remuneration of Auditors

	2016 $'000	2015 $'000
Audit of the financial statements	32	26
Tax compliance services	21	8
Tax advisory services	16	10
	69	44

The auditor of the Group is Deloitte for the year ended 31 March 2016.

13. Donations

No donations were made by the Group during the year ended 31 March 2016 (2014: $Nil).

14. Directors Holding Office

The names of the Directors of the Group, who held office during and since the end of the year are:

Phil Norman
Scott Bradley
Mike Carden
Tim Cook
Sharon Hunter
Sean Joyce (resigned)

All Directors are Independent with the exception of Scott Bradley.

15. Material Transaction – Employment Contract

On 23 June 2016 the Company entered into an amendment to an employment contract with Scott Bradley (Chief Executive Officer and Director), with such employment contract constituting a Material Transaction with a Related Party pursuant to NZX Listing Rule 9.2.1. Under the terms of this amendment to employment contract Scott Bradley is entitled to receive a base annual salary NZ$500,000 up until 31 December 2016, when remuneration will be reviewed with reference to prevailing market conditions. The Company also entered into an agreement with respect to Scott Bradley's secondment to work in the US during the year ended 31 March 2016. The terms of the secondment, acknowledging market conditions in this key strategic market and the increased costs of living, provide for a base salary of US$262,000 for the 9 months to 30 June 2016, an anticipated performance based bonus of up to US$139,000, and expatriate allowances to compensate for the increased costs of living of approximately US$246,200 per annum whilst residing in the US for the 9 months to 30 June 2016. The requirement to obtain approval by Ordinary Resolution to enter into a Material Transaction with a Related Party under NZX Listing Rule 9.2.1 did not apply to this arrangement as the Company made use of the exception under NZX Listing Rule 9.2.4(d). The terms of the employment contract were set on an arm's length, commercial basis and were approved by the Independent Directors of the Company and (as required by the NZX Listing Rules) the Independent Directors approving the contract signed and delivered to NZX a certificate stating that Rule 9.2.4(d)(i) had been complied with.

On 15 March 2016 the Company entered into an employment contract with Jen Millard (Chief Revenue Officer), with such employment contract constituting a Material Transaction with a Related Party pursuant to NZX Listing Rule 9.2.1. Under the terms of this employment contract Jen Millard is entitled to receive a base annual salary of US$250,000 and an anticipated performance based bonus of up to US$250,000. The requirement to obtain approval by Ordinary Resolution to enter into a Material Transaction with a Related Party under NZX Listing Rule 9.2.1 did not apply to this arrangement as the Company made use of the exception under NZX Listing Rule 9.2.4(d). The terms of the employment contract were set on an arm's length, commercial basis and were approved by the Independent Directors of the Company and (as required by the NZX Listing Rules) the Independent Directors approving the contract signed and delivered to NZX a certificate stating that Rule 9.2.4(d)(i) had been complied with.

Corporate Directory
As at 31 March 2016

Company Number	244518	
NZ Business Number	9429039937803	
Directors	Phil Norman – Chairman Scott Bradley Mike Carden Tim Cook Sharon Hunter (appointed 27 November 2015) Sean Joyce (resigned 24 November 2015)	
Registered Office	Level 3, 104 Quay Street Britomart Auckland	
Postal Address	PO Box 90722 Victoria Street West Auckland	
Share Registrar	Computershare Investor Services Limited Private Bag 92119 Auckland Phone: 09 488 8700 Fax: 09 488 8787	
Auditors	Deloitte Private Bag 115033 Shortland Street Auckland	
Bankers	ASB Bank PO Box 35 Shortland Street Auckland	ANZ Bank PO Box 92210 Albert Street Auckland
Solicitors	Bell Gully PO Box 1291 Wellington	
Website	www.vmob.com	