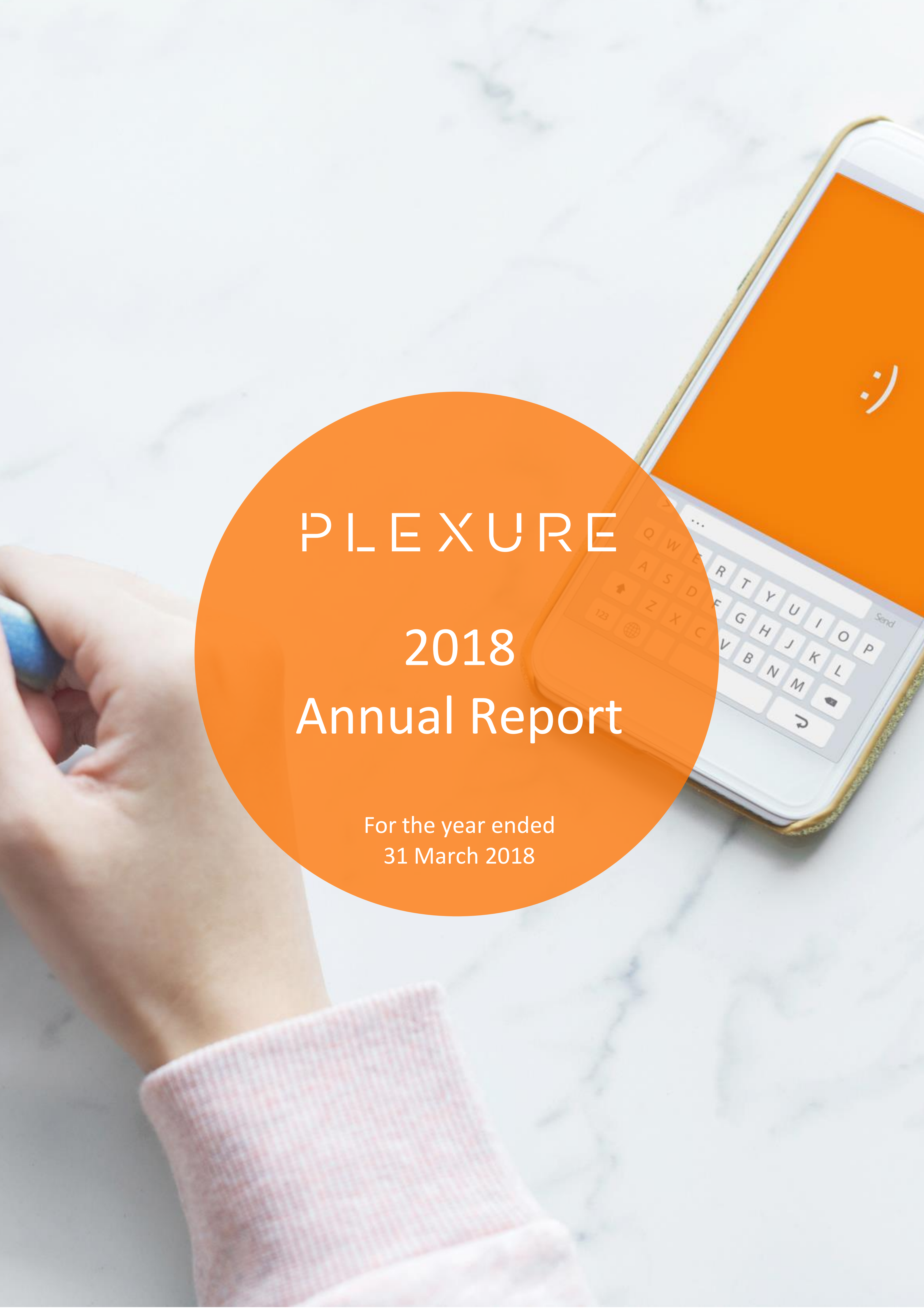

PLEXURE

2018 Annual Report

For the year ended
31 March 2018

Chairman's Review

Overview

Plexure is a mobile engagement software company with a focus on the quick service restaurant and convenience sectors. Plexure makes the sales process for physical retailers seamless, engaging and profitable by identifying where customers are, what they want and then facilitating their purchases.

The Company's technology platform and product offering covers five key capabilities:

- Mobile order and pay
- Next generation loyalty programmes
- Personalised offers
- Analytics
- Seamless operations integration

The Company now has 85 million end users on its platform in over 30 countries. Its technology is delivering increases in purchase frequency, average basket value, impulse visits and customer lifetime value, which are all key metrics for retailers.

Year in Review

Key Achievements

- Significantly improved financial performance – revenue growth of 61%, up $4.474m from FY17.
- The Company had $4.097m of cash on hand at balance date and remains cash flow positive with cashflow from operating activities generating $2.634m.
- Significant reduction in operating expenses resulting in a substantial decrease in net loss by 74% for FY18.
- A new executive team to take the business to the next stage of growth.
- Implementation of a refined strategic direction with a focus on growing existing customers and new business development.
- Significant new product extension with the development and deployment of mobile order and pay for McDonald's.

Financial Performance

	2018	2017	Change	Change
	$'000s	$'000s	$'000s	%
Total revenue	11,755	7,281	4,474	61
Operating revenue	11,553	7,044	4,509	64
Net loss after tax	(1,666)	(6,491)	4,825	74
Cash at bank	4,097	615	3,482	566
Staff (FTE's)	39	55	(16)	(29)

Financial Performance (continued)

The year ended 31 March 2018 saw a comprehensive turnaround in the underlying performance and profitability of the core business.

- Revenue increased to $11.755m, representing a 61% improvement YOY.
- Operating expenses decrease of $1.737m, representing a 13% improvement YOY.
- The Company is now cash flow positive with cash flow from operating activities generating $2.634m in cash, meaning Plexure finished the year with $4.097m cash in the bank.
- The net loss after tax excluding the convertible note accounting* is $0.411m for FY18, down by 94% or $6.100m compared to FY17 calculated on the same basis.

For the year ended 31 March 2018, the Company's total comprehensive loss decreased by 75% to $1.617m (2017: $6.482m). The decrease in the loss was driven by strong revenue growth and a decrease in operating expenses, which resulted in the Company becoming cash flow positive for the year.

Plexure's strong revenue growth of 61%, or $4.474m, came from existing customers with whom the Company continues to develop and grow commercially significant relationships. The Company's global footprint also continues to grow with 17 countries added in the year ended 31 March 2018 through its relationship with McDonald's. Deeper relationships throughout Plexure's customer set have fuelled significant new revenues as the Company continues to build new features and capabilities into its technology platform.

Operating expenses decreased by 13%, or $1.737m, during the year, primarily through cost management and re-structuring.

Of the total comprehensive loss of $1.731m, $1.255m relates solely to the accounting treatment of the $1.675m convertible note.

Impact of Convertible Note

The net loss before tax excluding the convertible note accounting* reduced by 94% to $0.411m, a reduction of $6.100m from the previous year's loss of $6.511m (calculated on the same basis).

The relevant accounting standard requires us to value the convertible note and discount its value accordingly, using the effective interest rate valuation method.

The total amount that will be required to be repaid, should note holders choose to redeem, is $1.675m as at 31 March 2018. Post balance date some noteholders have already chosen to convert, meaning that at the date of this Annual Report the total amount owing is $1.506m.

As at 31 March 2018, the Company's share price was $0.21 per share compared to the option conversion price of $0.12 per share.

Leadership and Governance

In September 2017, Scott Bradley, the Company's Founder and CEO, relinquished his executive role but continued as a Non-executive Director. Craig Herbison was appointed as CEO following Scott's resignation.

Duanne O'Brien joined the Company as CTO in late 2017, replacing David Inngs. Christopher Dawson was promoted to Chief Customer Officer at the same time. The final member of the new leadership team is CFO, Andrew Dalziel.

At the Board level, Brian Russell was appointed as a Non-executive Director in October 2017. Brian brings nearly three decades of relevant experience in global technology commercialisation with a focus on machine learning and artificial intelligence.

*A reconciliation is provided in the supplementary financial information

Chairman’s Review

For the Year Ended 31 March 2018

Strategic Focus

The Company’s Management team and Board undertook a strategic review in late 2017 with an emphasis on global market trends in the mobile engagement software category.

The Company is confident that the increasing adoption of mobile order and pay technologies, coupled with offer, loyalty and analytics capabilities, represents a strong opportunity and potential for growth. Plexure’s updated proposition addresses customer demand for seamless buying experiences using mobile technologies. It also makes it easier for the Company’s customers to manage back-end operations around mobile order and pay data.

Operational excellence continues to be an area of focus as the Company matures and scales. Plexure is also refining its marketing approach and go-to-market activities.

Technology Platform and Product Development

Plexure has continued to invest in its technology platform and product set and during the course of the year has developed a new mobile order and pay product. With the Company’s integrated offer, loyalty and analytics features, this expanded product set creates a well differentiated proposition for Plexure, which will drive incremental revenues from existing customers.

The extended product set also enables more customer data to be captured. This will allow Plexure to provide deeper consumer insights and will generate more revenue for customers. The enhanced data also provides a strong foundation to build Plexure’s AI and machine learning capabilities.

Outlook

The Board is extremely pleased with the progress the Company has made in the last 12 months. The financial results, cash position and substantial reduction in loss are clear evidence that our strategic direction is positioning Plexure for sustainable growth and profitability.

We would like to thank shareholders for their ongoing support of the Company and the Plexure team for their commitment, energy and hard work.

Phil Norman

Phil Norman
Chairman

30 May 2018

Directors' Responsibility Statement

For the Year Ended 31 March 2018

Financial Statements

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which present fairly the financial position of the Group as at 31 March 2018 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 Reporting 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: 30 May 2018

Tim Cook
Director

Dated: 30 May 2018

Deloitte.

Independent Auditor's Report

To the Shareholders of Plexure Group Limited

Opinion

We have audited the consolidated financial statements of Plexure Group Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 10 to 40, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated statement of comprehensive income and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

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*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 the Company or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $320,000 (2017: $320,000).

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key audit matter	How our audit addressed the key audit matter and results
Revenue Recognition (Note 3) The Group's primary revenue arises from service agreements, and totalled $11.55m (2017: $7.04m) for the year to 31 March 2018. The service agreements contain multiple elements such as license revenue, deployment and integration revenue, consulting fees and support fees. The revenue recognition for each of these different elements differ based on when the relevant service has been delivered to the customer and is normally after the revenue has been billed. This requires the Group to identify the value of the individual services being provided in the service agreements and allocate the revenue received across those services into the correct period to which the services relates (in accordance with NZ IAS 18 *Revenue* ('NZ IAS 18')). We have included the recognition of revenue as a key audit matter due to the significance of revenue to the measurement of the performance of the Group and the judgement made in determining which period the services are delivered.	We obtained an understanding of the Group's process for recording revenue arising from the service agreements and performed walk through procedures of the Group's processes for each significant class of revenue. We selected and read a sample of the services agreements and evaluated the appropriateness of management's recognition of revenue arising from these agreements by: • assessing the salient contractual terms in the service agreements for conditions that impact the timing of revenue recognition and in turn the completeness of deferred revenue; • ensuring revenue recognised during the year is supported by signed service agreements; • assessing the appropriate allocation of the fair value of the consideration to the identified service delivery components; and • evaluating evidence of relevant service delivery to customers and therefore supporting revenue being recognised in the current period.
Intangible Assets – Internally Developed Software (Note 2(c) and Note 15) As a software as a service provider the Group incurs significant expenditure in developing, maintaining and upgrading software. The Group has to exercise judgement in determining which costs associated with the software expenditure meet the criteria for capitalisation (as described in Note 2(c)) including whether the software will generate probable future economic benefits and be subsequently amortised under NZ IAS 38 *Intangible Assets* ('NZ IAS 38') rather than being expensed as incurred. Intangible assets relating to software had a carrying value of $4.4m (2017: $5.4m) at 31 March 2018, and there were additions of $0.9m (2017: $2.4m) for the year then ended. For internally developed software, we have included the assessment of the capitalisation criteria, the assessment whether the software will generate probable future economic benefits and indicators of impairment as a key audit matter due to the level of judgement involved.	We assessed the Group's policy for determining whether software costs should be capitalised or expensed against the relevant accounting standards and performed a walk through to confirm our understanding of the Group's policy. We selected a sample of the additions to intangible assets - software during the year and evaluated whether these additions were appropriately capitalised. This was achieved by: • comparing the selected samples to relevant supporting documentation (such as supplier invoices, and employee records); and • evaluating whether the capitalisation of software meets the recognition criteria of the relevant accounting standards and Group's policy. We challenged management's assessment that the costs capitalised will generate future economic benefits and challenged management's assessment of indicators of impairment.
Going Concern (Note 2(a)(i)) The consolidated financial statements have been prepared on a going concern basis. Whilst the Group recorded a net loss after tax of $1.7m for the year ended 31 March 2018, the Group undertook a restructure in the current period to align costs more closely with revenue, and also raised additional funds in the form of additional shares amounting to $1.9m. Further details of the financial position of the Group are outlined in Note 2(a)(i). Given the significance of the going concern assumption to the consolidated financial statements and the judgement involved in determining the cash flow forecast supporting this assumption, the assessment of the Group's ability to continue as a going concern is considered to be a key audit matter.	We evaluated the Group's assessment of its ability to continue as a going concern. This included: • obtaining the Group's cash flow forecast for a period not less than 12 months from the date the consolidated financial statements are approved; • comparing the actual results for the financial year ended March 2018 against the forecast results for the same period to determine the Group's accuracy in preparing cash flow forecasts; • testing the mechanical accuracy of the Group's cash flow forecast; and • evaluating the assumptions used in the forecast, which included sighting supporting documentation for known revenue increases, understanding the cost base within the forecast, performing sensitivity analysis, and comparing the forecast to actual results to the date the consolidated financial statements are approved. We assessed the adequacy of the going concern disclosures included in the consolidated financial statements.

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Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities 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 NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

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.

Deloitte Limited

Andrew Boivin, Partner
for Deloitte Limited
Auckland, New Zealand
30 May 2018

PLEXURE

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2018

	Notes	2018 $'000	2017 $'000
Revenues			
Operating revenue	3	11,553	7,044
Other income	4	202	237
Total revenue & other income		11,755	7,281
Expenses			
Wages & staff costs	5&9	(4,286)	(5,350)
Contractors		(975)	(720)
Travel costs		(450)	(703)
Office costs	9	(381)	(504)
Professional costs	6	(299)	(396)
Board fees		(189)	(178)
Marketing		(92)	(678)
IT costs	7	(2,760)	(2,928)
Other expenses	8	(463)	(279)
Depreciation	14	(101)	(121)
Amortisation	15	(1,937)	(1,813)
Operating expenses		(11,933)	(13,670)
Gain/(Loss) on derivative liability	18	(900)	89
Extinguish convertible note	18	(64)	-
Interest expense on derivatives	18	(291)	(69)
Financing expenses		(1,255)	20
Net loss before tax		(1,433)	(6,369)
Income tax expense	10(a)	(233)	(122)
Net loss after tax for the year attributable to the shareholders of the company		**(1,666)**	**(6,491)**
Other comprehensive income			
Exchange difference on translating foreign operations		49	9
Total comprehensive loss for the year attributable to the shareholders of the company		(1,617)	(6,482)
Earnings per share			
Basic (loss) per share (cents)	21	(1.6)	(7.1)
Diluted (loss) per share (cents)	21	(0.3)	(7.1)

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.

Consolidated Statement of Changes in Equity

For the year ended March 2018

	Notes	Share Capital $'000	Foreign Currency Translation Reserve $'000	Share Based Payment Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 April 2016		21,444	56	970	(15,812)	6,658
Net loss after tax	22	-	-	-	(6,491)	(6,491)
Exchange differences arising on translating foreign operations	20(c)	-	9	-	-	9
Total comprehensive loss		-	9	-	(6,491)	(6,482)
Transactions with owners						
Issue of share capital	20(a)	3,508	56	-	-	3,508
Recognition of share based payments	20(b)	-	-	108	-	108
Balance at 31 March 2017		24,952	65	1,078	(22,303)	3,792
Balance at 1 April 2017		24,952	65	1,078	(22,303)	3,792
Net loss after tax	22	-	-	-	(1,666)	(1,666)
Exchange differences arising on translating foreign operations	20 (c)	-	49	-	-	49
Total comprehensive loss		-	49	-	(1,666)	(1,617)
Transactions with owners						
Issue of share capital	20(a)	1,900	-	-	-	1,900
Capital raise fees	20(a)	(32)				(32)
Recognition of share based payments	20(b)	-	-	53		53
Share based payments on options vested but not exercised	20(b)	-	-	(830)	830	-
Balance at 31 March 2018		26,820	114	301	(23,139)	4,096

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 2018

	Notes	2018 $'000	2017 $'000
Asset			
Current assets			
Cash and cash equivalents	11	4,097	615
Trade and other receivables	12	1,431	1,885
		5,528	2,500
Less current liabilities			
Trade and other payables	16	751	1,570
Deferred revenue	17	2,446	1,149
Income tax payable	10(b)	27	82
Convertible notes	18	1,485	1,419
Derivative liability	18	1,351	161
Other liabilities	19	10	10
		6,070	4,391
Working capital		(542)	(1,891)
Non-current assets			
Property, plant & equipment	14	243	220
Intangible assets	15	4,401	5,394
Deferred tax	10(d)	-	86
		4,644	5,700
Non-current liabilities			
Other liabilities	19	6	17
		6	17
Total net assets		4,096	3,792
Equity			
Share capital	20(a)	26,820	24,952
Share based payment reserve	20(b)	301	1,078
Accumulated losses	22	(23,139)	(22,303)
Foreign currency translation reserve	20(c)	114	65
Total equity		4,096	3,792

Signed on behalf of the Board by:

Phil Norman
Chairman

Dated: 30 May 2018

Tim Cook
Director

Dated: 30 May 2018

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

PLEXURE

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	2018 $'000	2017 $'000
Operating activities			
Cash was provided from (applied to):			
Receipts from customers		13,300	6,819
Marketing funding received		175	171
Interest received		10	16
Payment to suppliers & employees		(10,819)	(11,511)
Income tax paid		(32)	(165)
Net cash inflow / (outflow) from operating activities	27	2,634	(4,670)
Investing activities			
Cash was provided from (applied to):			
Disposal of property, plant and equipment		3	-
Purchase of property, plant and equipment	14	(128)	(34)
Capitalised development costs	15	(944)	(2,437)
Net cash outflow from investing activities		(1,069)	(2,471)
Financing activities			
Cash was provided from (applied to):			
Issue of ordinary shares		1,900	3,671
Share capital raising costs		(32)	(161)
Convertible notes issued	18	-	1,600
Net cash inflow from financing activities		1,868	5,110
Net increase/(decrease) in cash held		3,433	(2,031)
Add cash and cash equivalents at start of year		615	2,637
Effect of foreign exchange rate changes on cash		49	9
Cash at bank at end of year	11	4,097	615
Comprised of:			
Cash and short term deposits	11	4,097	615

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

Notes to the Consolidated Financial Statements
For the Year Ended 31 March 2018

1. Corporate Information
The consolidated financial statements of Plexure Group Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 30th May 2018.

Plexure Group Limited ("the Company") is a limited 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:PLX]. The registered office is located at Level 3, 104 Quay Street, Auckland, New Zealand.

On the 25th of July 2016 VMob Group Limited and VMob Limited changed their names to Plexure Group Limited and Plexure Limited. All other companies in the Group structure still retain the VMob name although trade as Plexure.

The principal activity of the Company is the development and deployment of mobile engagement software. The principal activities of subsidiaries are disclosed in Note 13.

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

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

Plexure Group Limited is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and these financial statements comply with that Act.

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 2018, operating revenue grew 64% over the same period last year, to $11.553m. The Group recorded a net loss after tax of $1.666m for the year ended 31 March 2018 (2017: loss $6.491m) with equity of $4.096m as at 31 March 2018 (2017: $3.792m). As at 31 March 2018 the Group has cash and cash equivalents of $4.097m (2017: $0.615m), and the net cash inflow from operating activities for the year ended 31 March 2018 was $2.634m (2017:outflow of $4.670m), and the net cash outflow from investing activities was NZ$1.069m (2017: $2.471m). The Group raised $1.900m of funds during the year via the issuance of shares.

The Group has prepared forecasts which indicate that cash on hand at year-end, combined with cash flow as a result of operations, will enable the Group to continue operating and satisfy its going concern requirements. During the course of the year the Group undertook a restructure aimed at aligning costs more closely with revenue. As a result of this, along with forward looking forecasts, the going concern assumption is not dependent on raising cash through the issuance of further share capital. The Directors are confident that the Group remains a going concern.

(a) Basis of Preparation (continued)

(i) Going concern (continued)

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

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

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

The 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 each revenue contract to ensure that revenue is recognised based on the specific element to which it relates (ie training, licence, deployment, integration or support) in accordance with the contract and the appropriate accounting standard. A single contract may contain multiple elements with different recognition and measurement criteria.
- The application of the going concern assumption (refer Note 2(a)(i)).
- Determining whether the intangible assets to which the development expenditure relates meet the criteria for capitalization and if there are any indicators of impairment.

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 2018. 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.

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.

(e) Revenue Recognition (continued)

(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.

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.

Sales Tax

Expenses and assets are recognised net of the amount of sales tax, 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.

(g) Foreign Currencies (continued)
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 recognised in 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.

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.

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 20. 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.

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) Convertible notes
Convertible notes are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method for calculating the amortised cost of a financial liability and allocating interest expense over the relevant period.

(u) Derivative financial liability
The derivative financial liability is carried at fair value, with any gains or losses arising on measurement recognised in profit or loss.

Fair value has been determined in the manner described in Note 18.

(v) 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 noting that the Convertible Note wil either be repaid or converted to equity on the 31 March 2019. The Group will adopt the standard for the year ending 31 March 2019.

(v) Adoption of New Revised Standards and Interpretations (continued)
NZ IFRS 15 Revenue from contracts with customers (effective for accounting periods beginning on or after 1 January 2018).
This standard replaces NZ IAS 18 Revenue by establishing a new framework for revenue recognition and is effective for the Group for the year ended 31 March 2019.

NZ IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, and also contains new requirements related to presentation. The core principle of this new standard is that revenue should be recognised dependent on the transfer of promised goods or services to the customer for an amount that reflects the consideration which should be received in exchange for those goods or services. The objective of the standard is to provide a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations, and recognising revenue when or as performance obligations are satisfied.

Judgement will need to be applied, including making estimates and assumptions, for the contracts Plexure has in place with its customers in identifying performance obligations, in constraining estimates of variable consideration and in allocating the transaction price to each performance obligation. The new standard requires the incremental costs of obtaining a contract to be capitalised and expensed on a systematic basis. Further, the new standard will result in an increased volume of disclosure information the consolidated financial statements.

An initial assessment of impact on the Group's performance has been performed on each of the Group's most significant contracts. The customer contracts Plexure currently has in place have multiple elements to them, with the associated revenue streams as per Note 3. Based on the Group's initial assessment, there is not expected to be a material change in the recognition of revenue in relation to the services provided.

Plexure continues to grow, and sign new contracts with both existing and new customers. Consequently the final impact of the NZ IFRS 15 will need to be continually assessed throughout the next financial year.

NZ IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019)

NZ IFRS 16, Leases, This standard replaces NZIAS17: *Leases* and changes the way in which the Group accounts for its operating leases. The new standard requires recognition of a lease liability and a right-of-use asset at inception based on the future lease payments for substantially all lease contracts. The expense previously recorded in relation to operating leases will move from being included in operating expenses to within depreciation and finance expense.

NZ IFRS 16 is effective for the year ended 31 March 2020 with early adoption permitted. The Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact, however it should be noted that as at 31 March 2018, the Group has two leases, one for property and one for a photocopier.

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. **Operating revenue**	**2018 $'000**	**2017 $'000**
License revenue	3,847	4,052
Deployment and integration revenue (i)	3,031	544
Consulting revenue	2,089	332
Support fees	2,408	2,073
Expenses reimbursed revenue	178	43
	11,553	7,044

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

4. **Other income**	**2018 $'000**	**2017 $'000**
Interest received	10	16
Government grant income	17	50
Marketing funding	175	171
	202	237

5. **Wages and staff costs**	**2018 $'000**	**2017 $'000**
Salaries (less capitalised)		
NZ	2,885	2,659
Overseas	767	2,109
Benefits		
NZ	299	117
Overseas	60	129
Kiwisaver/Pension		
NZ	85	187
Overseas	20	53
Staff Costs	170	96
	4,286	5,350
Permanent Staff numbers as at 31 March		
NZ	26	47
Overseas	4	8

6. **Professional fees**	**2018 $'000**	**2017 $'000**
Auditors' fees for audit of the financial statements (i)	40	40
Auditors' other fees:		
Taxation compliance services	23	19
Taxation advisory services	25	2
Accounting advisory services and systems	79	115
Consultancy services	33	128
Legal Expenses	99	92
	299	396

(i) The auditor of the Group in 2017 and 2018 is Deloitte Limited.

7. IT Costs

	2018 $'000	**2017 $'000**
Platform hosting	2,353	2,305
Support and maintenance	184	343
License	175	174
Other IT expenses	48	106
	2,760	2,928

8. Other expenses

Other Expenses includes the following amounts:		
Listing Expenses	77	104
Share Option Expense	53	108
Foreign Exchange gain	96	(18)
Bad debts	123	48
Doubtful Debts	91	-
Non-derivatives interest expenses	4	11
Bank fees	19	26
	463	279

9. Lease expenses

Lease expenses are included within staff benefits and office costs		
Staff benefits	-	183
Office costs	132	201

10. Tax

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

(a) Consolidated Statement of Comprehensive Income:	2018 $'000	2017 $'000
Current income tax:		
Current income tax expense	(35)	(208)
Withholding Tax not recognised	(126)	86
Deferred tax:		
Prior Period Adjustment	(72)	-
Income tax expense reported in the statement of comprehensive income	(233)	(122)

(b) Current tax assets and liabilities	2018 $'000	2017 $'000
RWT receivable	(8)	-
Current tax payable	35	82
	27	82

(c) Reconciliation of income tax expense to net loss before tax:	2018 $'000	2017 $'000
Net loss before tax	(1,433)	(6,369)
Benefit of statutory income	401	1,784
Non-deductible expenses	(89)	(38)
Future benefit of tax losses not recognised	(359)	(1,847)
Effect of difference in overseas tax rates	12	9
Foreign withholding tax expenses	(126)	(30)
Prior period adjustment	(72)	-
Income tax expense reported in the statement of comprehensive income	(233)	(122)

(d) Deferred Tax

The Group has estimated gross tax losses of $23.0m at balance date (2017: $22.1m). 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 $6.4m measured at 28% (2017: $6.2m). The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Intangible assets $'000	Provisions & accruals $'000	Tax losses $'000	Deferred $'000	Total $'000
At 1 April 2016	(310)	37	273	-	-
Recognised in profit and loss	(305)	13	292	86	86
At 31 March 2017	(615)	50	565	86	86
At 1 April 2017	(615)	50	565	86	86
Recognised in profit and loss	(270)	(12)	282	(86)	(86)
At 31 March 2018	(885)	38	847	-	-

10. Tax (continued)

(e) Imputation Credit Account Balances

	2018 $000	2017 $000
Balance as at 31 March	8	14

11. Cash and Cash Equivalents

	2018 $'000	2017 $'000
Cash at banks	174	190
Short term deposits	3,923	425
	4,097	615
Denominations in:		
New Zealand dollars	3,906	405
United States dollars	77	85
Australian dollars	36	34
Japanese Yen	55	70
Great British pounds	23	21
	4,097	615

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. Foreign currency rates used to convert was USD 0.7203, AUD 0.9409, JPY 76.96,GBP 0.5121 (2017: USD 0.6991, AUD 0.9418, JPY 78.36,GBP 0.5600)

12. Trade and Other Receivables

	2018 $'000	2017 $'000
Accounts receivable	1,029	1,562
Provision for doubtful debts	(91)	-
Accrued Income	111	-
Sales tax receivable	212	94
Prepayments and other receivables	170	189
Resident Withholding Tax	-	40
	1,431	1,885
The aging profile of Accounts Receivable are as follows		
Current	273	249
30-59	463	32
60-89	121	1,036
90 days and later	172	245
	1,029	1,562

The aging profile above does not necessarily reflect whether an amount is past due and impaired, as customer credit terms vary. Of the accounts receivable total of $1.029m, $0.756m is past due (2017: $1.281m) however based on overseas payment patterns this is considered normal.

13. Investments in Subsidiaries

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

Name	Holding company	Equity interest 2018	Equity interest 2017	Balance date	Country of incorporation	Principal activity
Plexure Limited	Plexure Group Limited	100%	100%	31 March	New Zealand	Trading entity
VMob IP Limited	Plexure Group Limited	100%	100%	31 March	New Zealand	Holder of IP assets
VMob Pty Limited	Plexure Limited	100%	100%	31 March	Australia	Trading entity
VMob Singapore Pte Limited	Plexure Limited	100%	100%	31 March	Singapore	Trading entity
VMob UK Limited	Plexure Limited	100%	100%	31 March	United Kingdom	Trading entity
VMob USA Limited	Plexure Limited	100%	100%	31 March	USA	Trading entity
VMob KK	Plexure Limited	100%	100%	31 March	Japan	Trading entity

On the 25th of July 2016 VMob Group Limited and VMob Limited changed their names to Plexure Group Limited and Plexure Limited. All other companies in the Group structure still retain the VMob name although trade as Plexure.

14. Property, Plant & Equipment

	Leasehold Improvements $'000	Furniture & Fittings $'000	Plant & Equipment $'000	Total $'000
Cost				
At 1 April 2016	239	59	187	485
Additions	3	-	32	35
At 31 March 2017	242	59	219	520
Additions	-	2	125	127
Disposal	(6)	-	(30)	(36)
At 31 March 2018	236	61	314	611
Depreciation				
At 1 April 2016	(63)	(18)	(98)	(179)
Depreciation charge for the year	(48)	(6)	(67)	(121)
At 31 March 2017	(111)	(24)	(165)	(300)
Depreciation charge for the year	(49)	(5)	(47)	(101)
Disposal	3	-	30	33
At 31 March 2018	(157)	(29)	(182)	(368)
Net book value				
At 31 March 2017	131	35	54	220
At 31 March 2018	79	32	132	243

15. Intangible Assets

	Core Platform $000s	Mobile Platform $000s	Total $000s
Cost			
As at 1 April 2016	6,262	896	7,158
Additions – internally developed	2,316	121	2,437
As at 31 March 2017	8,578	1,017	9,595
Additions – internally developed	944	-	944
As at 31 March 2018	9,522	1,017	10,539
Amortisation			
As at 1 April 2016	(1,876)	(512)	(2,388)
Amortisation charge for the year	(1,469)	(344)	(1,813)
As at 31 March 2017	(3,345)	(856)	(4,201)
Amortisation charge for the year	(1,784)	(153)	(1,937)
As at 31 March 2018	(5,129)	(1,009)	(6,138)
Net book value			
As at 31 March 2017	5,233	161	5,394
As at 31 March 2018	4,393	8	4,401

16. Trade and Other Payables

	2018 $'000	2017 $'000
Accounts payable	216	818
Accruals	443	595
Staff social security and tax payable	92	157
	751	1,570

Normal credit terms are 30th of the following month.

17. 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.

	2018 $'000	2017 $'000
Deferred customer revenue	2,446	1,094
Deferred grant revenue	-	55
	2,446	1,149
Classified as:		
Current	2,446	1,149
Non-current	-	-
	2,446	1,149

18. Convertible note

On the 3 February 2017 Plexure Group Limited entered into a convertible debt agreement to issue convertible notes with an aggregated principal value of $1.6m maturing on 3 November 2017. The notes initially bear 8% interest per annum calculated on a simple basis and are convertible at the option of the holder at a price of $0.28 per share.

On the 30th August 2017 Plexure Group Limited agreed amended terms with the holders of the $1.6m of convertible notes above. The key terms of the amendments are as follows:

- The repayment date has been extended from the 3rd November 2017 until the 31st March 2019.
- Interest to date of $74,591 converted into the face value of the convertible note.
- Interest stopped accruing on the convertible note.
- The options can be converted to shares at 3 set dates, being the 2nd April 2018, 1st October 2018 and the 31st March 2019. The options can only be repaid on the 31st March 2019.
- The above option has been re-priced from 28c to 12c.

The convertible note contains a liability at amortised cost and a derivative liability at fair value through the profit and loss. The change of terms requires that the old convertible note is extinguished and the value of convertible note and the derivative liabilities are re-calculated. The change in value flows through the statement of comprehensive income.

As at 31 March 2018 the share price of Plexure Group Limited was $0.21 per share compared to the option conversion price of $0.12 per share.

As at 31 March 2018 the carrying value of the convertible note liability is as follows:

	2018 $'000	**2017 $'000**
Opening balance	1,419	-
Interest until date of new terms	191	-
Reversal of opening balance due to new terms	(1,610)	-
Proceeds of issue	1,600	1,600
Interest converted to the face value of the note	75	-
Derivative liability fair value at date of issue	(290)	(250)
Liability component at date of issue	1,385	1,350
Effective interest rate charged	100	69
Closing balance	1,485	1,419

As at 31 March the carrying value of the convertible note derivative liability is as follows:

	2018 $'000	**2017 $'000**
Opening balance	161	-
Reversal of opening balance due to new terms	(161)	-
Amount at the date of issue	290	250
Fair value of derivative through profit and loss	1,061	(89)
Closing balance	1,351	161

18. Convertible note (continued)

Reconciliation of the carrying value of the convertible note to financing expenses in the statement of comprehensive income:

	2018 $'000	2017 $'000
Convertible note interest until date of reversal	(191)	-
Convertible note interest until balance date	(100)	(69)
Interest expense on derivatives	(291)	(69)
Reversal of convertible note liability due to new terms	1,610	-
Proceeds of issue	(1,600)	-
Interest converted to the face value of the note	75	
	(64)	-
Reversal of derivative liability due to new terms	161	-
Fair value of the derivativative through the profit and loss	(1,061)	89
Gain / (loss) on derivative liability	(900)	89

The fair value of the derivative liability has been determined using the Binomial model and is a level 3 valuation in the Fair Value Hierarchy. The main assumptions used in this valuation are:

Risk free rate	1.74%
Volatility	50%
Exercise price	0.12 cents per share

19. 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.

The lease inducement is due to expire on 3rd November 2019.

20. Share Capital and Share Based Payment Reserve

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.

(a) Share capital

	Shares	$'000
Balance as at 31 March 2016	82,293,920	21,444
Movements during the year		
Shares issued by way of private placement in June 2016	9,106,593	3,223
Shares issued by way of private placement in December 2016	1,250,000	285
Balance as at 31 March 2017	92,650,513	24,952
Shares issued by way of private placement in July 2017	5,230,000	503
Shares issued by way of private placement in August 2017	13,770,000	1,365
Balance as at 31 March 2018	111,650,513	26,820

(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, and employees and directors have options over 4,690,000 shares (2017: 8,006,533).

	2018 $'000	2017 $'000
Balance at the beginning of year	1,078	970
Share based payment	141	250
Writeback of share based payment expired but not vested	(88)	(142)
Options not exercised written to retained earnings	(830)	-
Balance at the end of year	301	1,078

(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.

	2018 $'000	2017 $'000
Balance at the beginning of year	65	56
Exchange differences arising on translating the foreign operations	49	9
Balance at the end of year	114	65

20. Share Capital and Share Based Payment Reserve (continued)

(d) Share Based Payments

In August 2012 the Group established a share option plan that entitles selected 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
26/03/2014	Key executive and staff	46,560
26/06/2014	Staff	163,440
28/10/2014	Staff	40,000
30/03/2015	Key executives and staff	80,000
17/06/2015	Key executives and staff	280,000
19/11/2015	Key executives and staff	40,000
02/12/2016	Key executives and staff	1,340,000
22/02/2017	Staff	30,000
06/09/2017	Key executives	1,000,000
20/11/2017	Key executives	800,000
10/01/2018	Key executives and staff	870,000
Total options issued		4,690,000

20. Share Capital and Share Based Payment Reserve (continued)

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

	2018		2017	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 April		8,006,533		6,363,200
Exercised during the year		-		-
Granted during the year	0.14	2,690,000	0.36	3,750,000
Forfeited during the year	0.36	(6,006,533)	0.52	(2,106,667)
Outstanding at 31 March		4,690,000		8,006,533

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	**10/01/18**	**20/11/17**	**06/09/17**
Estimated fair value per option at grant date	9.5 cents	5.9 cents	5.4 cents
Exercise price per share	19.3	12.0	11.0
Expected volatility	50%	50%	50%
Option life from date of grant	5 years	5 years	5 years
Risk free interest rate	4.00%	4.00%	4.00%

Issue Date	**22/02/17**	**02/12/16**	**07/06/16**	**19/11/15**	**17/06/15**
Estimated fair value per option at grant date	12.8 cents	11.8 cents	18.7 cents	16.7 cents	20.1 cents
Exercise price per share	26.0	24.0	38.0	34 cents	40.8 cents
Expected volatility	50%	50%	50%	50%	50%
Option life from date of grant	5 years	5 years	5 years	5 years	5 years
Risk free interest rate	4.00%	4.00%	4.00%	4.00%	4.00%

Issue Date	**30/3/15**	**28/10/14**	**20/6/14**	**26/03/14**	**25/03/13**	**27/08/12**
Estimated fair value per option at grant date	22.1 cents	0.16 cents	24.6 cents	33.2 cents	15.4 cents	8.6 cents
Exercise price per share	45 cents	32.5 cents	50 cents	67.5 cents	31.2 cents	17.5 cents
Expected volatility	50%	50%	50%	50%	50%	50%
Option life from date of grant	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%

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.

21. Earnings Per Share

The loss of $1.666m (2017: $6.491m) for the year represented a loss per share shown below based on weighted average ordinary shares on issue during the year.

	2018	2017
Weighted average ordinary shares issued	105,306,540	89,974,984
Weighted average potential ordinary shares	6,168,939	7,824,214
Weighted average number of ordinary shares for diluted loss per share	105,306,540	89,974,984
Basic loss per share (cents)	1.6	7.1
Diluted loss per share (cents)	0.3	7.1

Note that the options are not considered dilutive in terms of calculating earnings per share, as a loss was recorded in 2018 and 2017. However, the ordinary shares attached to the convertible notes are considered dilutive and these have been included in the diluted loss per share calculation. Subsequent to 31 March 2018 a number of shareholders chose to convert their options to shares. These shares have been included in both the basic and diluted loss per share calculation.

22. Accumulated Losses	2018	2017
	$'000	$'000
Balance at the beginning of year	(22,303)	(15,812)
Share based payments on expired options	830	-
Net loss for the year	(1,666)	(6,491)
Balance at the end of the year	(23,139)	(22,303)

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23. Related Party Transactions

At reporting date the Directors of the Company controlled 19% (2017: 24%) of the voting shares in the Company.

		2018	2017
Phil Norman	Directors Fees ($)	50,000	50,000
	Consulting Fees ($)	-	100,000
	Payables ($)	4,792	4,792
	Share holding (#)	3,194,405	3,194,405
	Shares (%)	2.86	3.45
Scott Bradley	Directors Fees ($)	11,099	-
	Salary (CEO) ($)	193,968	600,000
	Share holding (#)	16,681,095	17,281,095
	Shares (%)	14.94	18.65
Tim Cook	Directors Fees ($)	35,000	35,000
	Consulting Fees ($)	-	9,000
	Payables ($)	-	3,354
	Share holding (#)	1,316,847	1,316,847
	Shares (%)	1.18	1.42
Sharon Hunter	Directors Fees ($)	35,000	35,000
	Consulting Fees ($)	-	-
	Payables ($)	-	3,354
	Share holding (#)	-	-
	Shares (%)	-	-
Brian Russell (appointed 17/10/2017)	Directors Fees ($)	16,720	-
	Consulting Fees ($)	-	-
	Payables ($)	3,825	-
	Share holding (#)	-	-
	Shares (%)	-	-
Mike Carden (resigned 23/12/2016)	Directors Fees ($)	-	26,250
	Consulting Fees ($)	-	-
	Payables ($)	-	-
	Share holding (#)	-	-
	Shares (%)	-	-

The Company supplied services to the value of $173,517 (2017: $184,017) to Loyalty New Zealand Limited during the year. Phil Norman was a Director of this company during the year.

23. 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 20).

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

	2018 $'000	2017 $'000
Directors' fees*	148	146
Consulting fees paid to directors	-	109
Exec team salary**	1,437	1,926
Share based payments	91	152
	1,676	2,333

*Directors fees is the total amount paid to Directors as fees. This differs to the amount in the consolidated statement of comprehensive income as that figure includes directors and officers insurance.

**The Executive team salary includes a period of up to 3 months where Plexure paid for 3 extra executive roles as the new team was brought on board.

24. Operating lease Commitments – Group as lessee

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

	2018 $'000	2017 $'000
Within one year	129	127
After one year but not more than five years	73	186
	202	313

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

25. Contingencies

There were no material contingent assets at 31 March 2018 (2017:Nil). There is a contingent liability of $64,000 in respect of properties and a further $75,000 in relation to the NZX bond (2017:$139,000).

26. 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 a mobile engagement software. The segment result is reflected in the financial statements.

The Group operated principally in Australasia, Asia, North America, Latin America and Europe during the year ended 31 March 2018. Operating revenue by geographical location is as follows:

	2018 $'000	2017 $'000
Asia	7,049	3,116
Australasia	639	783
North America	307	1,780
Latin America	1,134	471
Europe	2,424	894
	11,553	7,044

All material non-current assets are held within New Zealand. We note that one customer contributes over 10% of our revenues.

27. Reconciliation of Operating Cash Flows

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

	2018 $'000	2017 $'000
Net loss after tax	(1,666)	(6,491)
Adjustments for non-cash items		
Amortisation	1,937	1,813
Depreciation	101	121
Amortisation of lease inducement	(9)	(10)
Recognition of share based payments	53	108
Fair Value of Derivative	900	(89)
Interest Accrued on Convertible Note	356	69
Other	30	-
	3,368	**2,012**
Movements in working capital		
Decrease / (increase) in trade and other receivables	454	(901)
(Decrease) / increase in trade payables and accruals	(819)	129
(Decrease) / (inrease) in deferred revenue	1,297	581
	932	**(191)**
Net cash inflow / (outflow) from operating activities	2,634	(4,670)

28. 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 set out below:

(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 debt, shares and equity comprising of convertible notes, issued capital, equity reserves and accumulated losses as disclosed in Notes 18, 20 and 22.

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 Groups overall strategy remains unchanged from prior years.

(b) Interest Rate Risk

Other than the convertible note the Group has no significant interest bearing assets or liabilities and operating cashflows are substantially independent of changes in market interest rates in interest bearing financial assets or liabilities. The convertible note had a fixed rate of interest of 8%, however this stopped on the 30th August 2017 when the terms of the convertible note were amended (refer note 18).

(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 2018, 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.

28. Financial Risk Management (continued)

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.

	2018			2017		
	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	77	8	8	85	8	8
AUD	36	4	4	34	3	3
JPY	55	6	6	70	7	7
GBP	23	2	2	21	2	2
Trade receivables						
USD	657	66	66	1,437	144	33
AUD	19	2	2	23	2	4
JPY	163	16	16	-	-	-
EUR	77	8	8	102	10	6

(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 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:

	2018	2017
	$'000	$'000
Cash and cash equivalents	4,097	615
Accounts Receivable	1,029	1,562

At March 31 2018, the credit risk associated with trade accounts receivable is considered minor due to the mix of large organisations. 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.

28. Financial Risk Management (continued)

(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.

(f) Fair Value of Financial Instruments

There is one significant difference between the fair value and the carrying value of a financial instrument, being the convertible note. The relevant accounting standard requires us to value the convertible and discount its value using the effective interest rate method. This means we have a liability of $1.485m on the balance sheet compared to the $1.675m we may have to pay. The difference flows through the P&L as an expense.

Accounting standards also deem that due to the optionality around conversion date that the convertible note has an embedded derivative. The embedded derivative is valued using a binomial model with a number of inputs including the closing share price. As at 31 March 2018, the derivative liability had a value of $1.351m.

As a result of the above accounting, Plexure has a liability of $2.836m sitting as a current liability. The total amount that will be required to be paid back, should note holders choose so, as at 31 March 2018 is $1.675m. After balance date some noteholders have already chosen to convert to equity meaning that at the date of this report the total amount owing is $1.506m.

29. Events after reporting period

On the 4th of April 2018 a number of convertible note holders took the option to convert their note to equity. As a result Plexure Group Limited (PLX) issued 1,407,397 shares. This translated into $0.169m of the notes meaning that the total balance owing is now $1.506m

Subsequent to the 31st March 2018 we have closed VMob Singapore Pte Limited. On the 7th May 2018 VMob Singapore Pte Limited was struck off the Singaporean register.

On the 29th of May 2018 the company received the resignation of Director Scott Bradley.

Supplementary Financial Information

For the Year Ended 31 March 2018

The supplementary financial information does not form part of the financial statements. To assist in understanding the Group's performance, The Director's have provided additional disclosure of the Group's results excluding the financing expenses which relate to the convertible note.

Reconciliation of net loss before tax excluding convertible note accounting

	2018	**2017**
	$'000	**$'000**
Net loss before tax	(1,433)	(6,369)
Add back financing expenses (convertible note)	1,255	(20)
Net loss before tax excluding convertible note accounting	(178)	(6,389)

Reconciliation of net loss after tax excluding convertible note accounting

	2018	**2017**
	$'000	**$'000**
Net loss after tax attributable to the shareholders of the company	(1,666)	(6,491)
Add back financing expenses (convertible note)	1,255	(20)
Net loss before tax excluding convertible note accounting	(411)	(6,511)

Reconciliation of total comprehensive loss excluding convertible note accounting

	2018	**2017**
	$'000	**$'000**
Total loss for the year attributable to the shareholders of the company	(1,617)	(6,482)
Add back financing expenses (convertible note)	1,255	(20)
Total comprehensive loss before excluding convertible note accounting	(362)	(6,502)

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Corporate Governance Statement

This corporate governance statement demonstrates Plexure's compliance with the new NZX Corporate Governance Code.

Principle 1: Code of Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for delivering these standards throughout the organization.

Recommendation 1.1 Code of Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

The Plexure Code of Ethics (the "Code") is fundamental to the way that Plexure Group Limited ("Plexure" or the "Company") does business and it published on our website. The purpose of the Code is to ensure high standards of ethical conduct. The Code aims to achieve this purpose by the use of principles that provide guidance on appropriate standards and conduct. As the Code and the principles set out in it cannot capture every situation that might arise, Plexure personnel are requested to assess actions and decisions against the backdrop of the principles and spirit of the Code and always seek to act consistently with that. The Code has been approved by the board of directors (the "Board") of Plexure.

Recommendation 1.2 Financial dealing policy

An issuer should have a financial product dealing policy which applies to employees and directors.

Plexure is committed to the integrity of the financial and to ensuring compliance with all regulatory market requirements at all times. Plexure's Securities Trading Policy is a critical part of this commitment and of ensuring every member of the Plexure team is aware of their obligations and legal requirements for trading in Plexure securities. All of Plexure's policies are owned by the board or a board delegate and are regularly reviewed. The Plexure Securities Trading Policy was last reviewed in October 2017.

Principle 2: Board composition and Performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Recommendation 2.1 Written Board Charter

The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management."

The Plexure Board Charter sets out how the board exercises and discharges its powers and responsibilities, including through committees established by the board. The Charter defines and prescribes the relationship between the board, the CEO, and the executive team.

The Board has statutory responsibility for the affairs and activities of the Company, which in practice is achieved through delegation to the Chief Executive Officer of the day-to-day leadership and management of the Company.

Recommendation 2.2 Nominating and appointing directors to the board.

Every issuer should have a procedure for the nomination and appointment of directors to the board.

Plexure's procedures for the nomination and appointment of directors are covered by the remuneration committee. One third of the Directors stand for re-election at each AGM (as per the Board Charter). From time to time Plexure will seek new Directors for its Board. The potential candidates are recruited based on the specific skill set they can bring to the Board. The candidate will be interviewed by the Chair and a sub-committee of the Board. They will be subject to checks on their character, education, criminal and bankruptcy history.

Recommendation 2.3 Written agreements with each director

"An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment."

Plexure's Directors enter in to a written agreement establishing the terms of their appointment, including Plexure's expectations for the role of director.

Recommendation 2.4 Information on directors

"Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests."

Profiles of each director's experience can be found on the website.

Phil Norman
Chair – Independent
23 August 2012 (5 years, 7 months)

Scott Bradley
Non independent
23 August 2012 (5 years, 7 months)

Tim Cook
Independent
11 February 2015 (3 years, 1 month)

Sharon Hunter
Independent
27 November 2015 (2 years, 4 months)

Brian Russell
Independent
27 Oct 2017 (5 months)

Recommendation 2.4 Information

Directors disclosed the following relevant interests in shares as at 31 March 2018.

Director	Beneficially	Associated Persons
Scott Bradley	16,681,095	-
Phil Norman	3,194,405	9,362
Tim Cook	1,316,847	-

Recommendation 2.5 Diversity Policy

"*An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it."*

Plexure is committed to creating and maintaining an inclusive and collaborative workplace culture by recognising the values of a diverse and skilled workforce. This commitment extends to all areas of its business and is encompassed in Plexure's diversity policy which is available on our website.

As at 31 March 2018, the gender balance of the Company's directors, officers and all employees and contractors was as follows:

	2018			2017		
	Female	Male	Total	Female	Male	Total
Directors	1	4	5	1	3	4
Executive	0	4	4	1	4	5
Employees & contractors	12	23	35	14	41	55
Total (including directors)	12	31	43	16	48	64
Percentage	34%	66%	100%	25%	75%	100%

Although the gender balance has increased marginally we lost a female member of the executive team. This remains an area of focus within the company. Plexure's Directors also believe that diversity goes beyond gender and that diversity is the key to succeeding in the fast-changing world.

Recommendation 2.6 Director training

"Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer."

Plexure is committed to the ongoing development of the board however during the year ended 31 March 2018 Plexure did not organise any group training for Directors. Directors of their own accord attended sessions on their statutory requirements.

Recommendation 2.7 Performance

"The board should have a procedure to regularly assess director, board and committee performance."

As per Plexure's charter the Board reviews its performance as a whole on an annual basis. Performance reviews of individual Directors will be undertaken as required and determined by the Board. Plexure has its next scheduled Board review in August 2018.

Recommendation 2.8 Chair and CEO

"*The Chair and the CEO should be different people."*

Plexure's Board Charter states that the Chair is separate from the CEO. Phil Norman is the Chair of the board at Plexure, and Craig Herbison is the CEO at Plexure.

Principle 3: Board committees

The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Recommendation 3.1 Audit committee

"*An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should not also be the chair of the board."*

Plexure's Audit and Risk Committee (ARC) has a written charter and is made up of independent directors. The Chair of the ARC is not the Chair of the Board.

Current members: Tim Cook (Chair), Phil Norman, Sharon Hunter

The role of the ARC is defined in the ARC Charter. The purpose of the ARC is to provide a specific governance focus on enterprise risks and the financial management, accounting, audit and reporting of Plexure and its subsidiaries.

Recommendation 3.2 Employees attend audit committee

"Employees should only attend audit committee meetings at the invitation of the audit committee."

Plexure's employees only attend ARC meetings at the invitation of the Audit and Risk Committee. The Chief Financial Officer and the Auditors are regular invitees to these meetings.

Recommendation 3.3 Remuneration committee

"*An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee"*

Plexure's Remuneration Committee has a written charter which is available on the website. Plexure's remuneration committee is made up of independent directors.

Current members: Phil Norman (Chair), Tim Cook, Brian Russell.

The remuneration committee approves performance criteria and remuneration for the CEO, and recommends incentive payment or other adjustments to CEO remuneration to the board, taking into account the CEO's performance review with the board.

Recommendation 3.4 Nomination committee

"An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors"

Plexure does not have a separate nomination committee. The Board as a whole undertakes the role of nominations committee given the size of the company.

Recommendation 3.5 Other committees

"An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance."

Plexure has no other committees.

Attendance at board meetings

Directors attended the following total number of meetings:

Phil Norman	11 of 11
Scott Bradley	10 of 11
Tim Cook	10 of 11
Sharon Hunter	10 of 11
Brian Russell	5 of 5

Recommendation 3.6 Protocols for takeover offer

"The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. It should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee."

Plexure has a takeover protocol that has been prepared by an external advisor that outlines all the appropriate procedures if a takeover offer has been received.

Principle 4: Reporting and disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Recommendation 4.1 Continuous disclosure

"*An issuer's board should have a written continuous disclosure policy."*

Plexure is committed to notifying the market through full and fair disclosure to the NZX of any material information related to its business required by applicable listing rules. The Market Disclosure Policy assists the Board with the need to keep Plexure's investors and markets informed through a timely, clear and balanced approach which communicates both positive and negative news.

Plexure has appointed its Chief Financial Officer (CFO) as the Disclosure Officer. The CEO and the executive team are required to provide all material information to the Disclosure Officer.

Recommendation 4.2 Make key documents available

"An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website."

Plexure's Code of Conduct, board and committee charters, and other policies recommended in the NZX Code, together with other key governance documents are available on Plexure's website.

Recommendation 4.3 Financial reporting

Financial reporting should be balanced, clear and objective. An issuer should provide non- financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability risks and other key risks. It should explain how it plans to manage those risks and how operational or non-financial targets are measured.

The ARC plays a central role in Plexure's commitment to transparent reporting of its financial and non-financial performance. The ARC Charter clearly defines the roles of the board, the ARC, the executive, and external auditors.

Financial reporting

The executive is responsible for implementing and maintaining appropriate accounting and financial reporting principles, policies, and internal controls designed to ensure compliance with accounting standards and applicable laws and regulations.

Plexure's external auditor, Deloitte, is responsible for planning and carrying out each external audit and review in line with applicable auditing and review standards. Deloitte is accountable to shareholders through the ARC and the board respectively. The board retains overall responsibility for financial reporting.

The ARC makes sure that it and the full board are sufficiently informed about good-practice financial reporting and Plexure's operations to know whether financial reporting is fit for purpose. This means it represents a balanced viewpoint, is factual and complete, and is effectively implemented.

Non-Financial reporting

Plexure has not adopted environmental, social and governance reporting.

Principle 5: Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

Recommendation 5.1 Director remuneration

"An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report."

As at the date of this annual report Plexure has not conducted an annual review of its non-executive director fees since the company has been incorporated. Where a review indicated the pool should be increased, this was put to a shareholder vote by resolution at the annual shareholders meeting.

Directors remuneration received in FY18

	Board Fees	Salary
Phil Norman (Chair)	50,000	-
Tim Cook	35,000	-
Sharon Hunter	35,000	-
Scott Bradley	11,099	193,968*
Brian Russell	16,750	-

*Scott Bradley received his salary as CEO until the 7th December 2017.

Recommendation 5.2 Remuneration policy for directors and officers

"An issuer should have a remuneration policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria."

Plexure's Board and Executive remuneration policy which is published on Plexure's website sets out policies which are designed to be fair, simple and transparent. It is designed to promote a high-performance culture and to align remuneration to the development and achievement of strategies and business objectives to create sustainable value for shareholders.

Remuneration of directors

None of the directors is entitled to any remuneration from Plexure other than directors' fees and reasonable travel, accommodation, and other expenses incurred in the course of performing duties or exercising powers as directors. No directors are entitled to any retirement benefits.

Remuneration of Plexure employees including executives

Plexure provides the opportunity for the employees to receive, where performance merits, a total remuneration package for equivalent market-matched roles. Plexure's Remuneration Committee reviews the annual performance appraisal outcomes for all Executive Team members, including the Chief Executive Officer. The review takes into account external benchmarking to ensure competitiveness with comparable market peers, along with consideration of an individual's performance, skills, expertise and experience.

Total remuneration is made up of three components being: fixed remuneration, short-term performance-based cash remuneration and long-term performance-based equity remuneration.

Fixed Remuneration

Fixed remuneration consists of base salary and benefits where applicable (generally based on local requirements).

Short-Term Incentive

Short-term incentives (STI) are at-risk payments designed to motivate and reward for performance, typically in that financial year. The target value of an STI payment is set annually, usually as a percentage of the executive's base salary. The relevant percentage ranges from 15% to 50%.

Long Term Incentives - Options

In August 2012, the Group established a share option plan that entitles all employees 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.

The granting of options is designed to align the rewards for Executive Team members with the enhancement of shareholder value over a multi-year period. The options vest over three years and must be exercised within five years.

The number of options granted to the Executive team is determined by the Board.

Evaluating performance

Plexure's Executive will evaluate staff performance at year end. The board is responsible for monitoring the performance of the CEO and the executive team against established objectives.

All of Plexure's permanent employees, including management, have undertaken performance reviews in 2018.

Plexure's employee remuneration tables

The data in this section relates to Plexure permanent employees only. The total number of employees and contractors is 38, of these 22 receive remuneration and benefits over $100,000.

Plexure notes the high proportion of employees earning above $100,000 reflects Plexure's business model and the demand for skill staff particularly in the Technology sector.

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

	2018			2017		
	NZ Entity	Intl Entity	Total	NZ Entity	Intl Entity	Total
$100-$110,000	5	-	5	4	-	4
$110-$120,000	3	-	3	3	-	3
$120-$130,000	5	-	5	3	-	3
$130-$140,000	-	1	1	3	3	6
$140-$150,000	2	-	2	1	1	2
$150-$160,000	-	-	-	-	-	-
$160-$170,000	1	-	1	1	-	1
$170-$180,000	-	-	-	1	-	1
$180-$190,000	1	-	1	1	-	1
$190-$200,000	-	-	-	-	-	-
$210-$220,000	-	-	-	-	1	1
$220-$230,000	-	-	-	-	1	1
$230-$240,000	1	1	2	-	1	1
$240-$250,000	-	-	-	-	-	-
$250-$260,000	-	-	-	-	-	-
$260-$270,000	1	-	1	-	-	-
$270-$280,000	1	-	1	1	1	2
$280-$290,000	-	-	-	-	-	-
$290-$300,000	-	-	-	-	-	-
$300-$310,000	-	-	-	-	-	-
$310-$320,000	-	-	-	-	-	-
$320-$330,000	-	-	-	-	-	-
$330-$340,000	-	-	-	-	-	-
$340-$350,000	-	-	-	-	-	-
$350-$360,000	-	-	-	-	-	-
$360-$370,000	-	-	-	-	-	-
$370-$380,000	-	-	-	-	-	-
$380-$390,000	-	-	-	-	-	-
$390-$400,000	-	-	-	-	-	-
$410-$420,000	-	-	-	1	1	2
	20	**2**	**22**	**19**	**9**	**28**

Recommendation 5.3 CEO remuneration

"An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments."

Craig Herbison's employment agreement for his role as CEO began on 7 September 2017.

In FY18, Craig had a base salary of $300,000 per annum, pro-rated for time spent in the role. The base salary is reviewed annually with effect from 1 April each year. In addition to his base salary, he may also be paid an annual Short-Term Incentive (STI) payment with an on-target value of 50 percent of his base salary. Payment of an STI is at the board's discretion and is assessed in the first quarter of each financial year, based on business performance in the previous financial year.

Craig is also entitled to share options. The size of the package of options is determined by the Remuneration Committee. For further information on the CEOs salary see the additional NZX disclosures.

Principle 6: Risk management

"Directors should have a sound understanding of the key risks faced by the business, and should regularly verify there are appropriate processes to identify and manage these."

Recommendation 6.1 Risk management framework

"An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. A framework should also be put in place to manage any existing risks and to report the material risks facing the business and how these are being managed."

Plexure's risk management policy is published on its website. Plexure has a number of risk management policies, as well as related internal compliance systems that are designed to:

(a) optimise the return to, and protect the interests of, stakeholders;
(b) safeguard Plexure's assets and maintain its reputation;
(c) improve Plexure's operating performance; and
(d) fulfil Plexure's strategic objectives.

The risk management approach focuses on management of the following material business risks:

1. Operating risks;
2. Financial risks;
3. Organisational risks; and
4. Corporate risks.

The Board is ultimately responsible for overseeing the effectiveness of the risk management system, and the adequacy of the internal compliance and controls, which it believes should be monitored and managed on a continuing basis. Plexure has in place number of mechanisms and internal controls intended to identify and manage areas of material business risk.

The Audit and Risk Committee (ARC) is responsible for oversight, monitoring, and reviews. The CEO is responsible for promoting a culture of proactively managing risks, and reporting to the ARC.

Recommendation 6.2 Health and safety risks

"An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management."

Plexure has appointed an internal health and safety officer who receives appropriate training on an ongoing basis. Plexure maintains a risk register and the Board receives an updated risk register and report on a monthly basis at the Board meeting.

Due to the size and nature of Plexure's business and associated health and safety risks we do not currently report externally on Health & Safety.

Principle 7: Auditors

"The board should ensure the quality and independence of the external audit process."

Recommendation 7.1 Establish a framework

"The board should establish a framework for the issuer's relationship with its external auditors."

Plexure's External Auditor Independence Policy sets out the work that the external auditor is required to do and specifies the services that the external auditor is not permitted to do. This ensures the ability of the auditor to carry out their role is not impaired and could not be reasonably perceived to be impaired.

All non-audit work that the external auditor performs must be approved by the Chair of the ARC. The approval details what work is to be performed and how auditor independence and objectivity are maintained. The policy requires that the development of local and overseas practice for other related assurance services be continuously monitored so that Plexure's policies comply with best practice.

Deloitte has been the external auditor of Plexure for 5 years. The tenure and reappointment procedure of the external auditor is detailed in the External Auditor Independence Policy.

Plexure is committed to having financial reports externally audited to meet international accounting standards.

Recommendation 7.2 External auditor attend Annual Meeting

"The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit."

In the past, Plexure's external auditors have attended the Annual Shareholders' Meeting (ASM), where they have been available to answer shareholders' questions about the audit. Plexure expects the auditor to attend the 2018 ASM.

Recommendation 7.3 Internal audit

"Internal audit functions should be disclosed."

Plexure does not have an internal audit function.

Principle 8: Shareholder rights and relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Recommendation 8.1 Website

"*An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer."*

The investor section of Plexure's website contains financial and operational information and key corporate governance information.

Recommendation 8.2 Investor communications

"An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically."

Plexure communicates with shareholders through multiple channels throughout the year: continuous market disclosure, half-year and full-year reporting, investor roadshow meetings and an Annual Shareholders' Meeting.

Plexure provides and advocates for the option for investors to receive communications electronically, to and from both Plexure and its share registrar

Shareholders can directly access our CEO and CFO who respond directly to shareholder phone calls and emails.

Recommendation 8.3 Shareholder right to vote

“Shareholders should have the right to vote on major decisions which may change the nature of the company in which they are invested in.”

Major decisions that may change the nature of Plexure’s business are presented as resolutions at the ASM and voted on by shareholders.

Recommendation 8.4 One vote per share

“Each person who invests money in a company should have one vote per share of the company they own equally with other shareholders.”

Plexure’s shareholders receive one vote per share, which is equal with all other shareholders.

Recommendation 8.5 Notice of Annual Meeting

“The board should ensure that the annual shareholders notice of meeting is posted on the issuer’s website as soon as possible and at least 28 days prior to the meeting.”

Each year, the annual shareholders notice of meeting is sent to shareholders by mail and email at least 28 days before the meeting.

Additional NZX Disclosure

For the Year Ended 31 March 2018

NZX Additional Reporting

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 31 March 2018 that they were substantial product holders in the Company:

Name	No. of Shares	% of Issued Shares
Sharbo Limited	16,681,095	14.94
Allectus Capital Limited	10,583,095	9.48
Jarden Custodians Limited	9,050,000	8.11

2. Spread of Security Holders at 31 March 2018

	Shareholders		Shares	
	Number	%	Number	%
1 – 999	294	22.19	77,489	0.07
1,000 – 4,999	284	21.43	771,505	0.69
5,000 – 9,999	172	12.98	1,195,866	1.07
10,000 – 99,999	454	34.26	13,296,250	11.91
100,000 – 499,999	88	6.64	17,705,113	15.86
500,000 – 999,999	14	1.06	8,619,821	7.72
1,000,000 and above	19	1.44	69,984,469	62.68
TOTAL	1,325	100.0	111,650,513	100.00

Additional NZX Disclosure

For the Year Ended 31 March 2018

3. Twenty Largest Equity Security Holders

The names of the 20 largest holders of ordinary issued shares as at 31 March 2018 are listed below.

Top 20 Shareholders	No. of Issued Ordinary Shares	% Issued
Sharbo Limited	16,681,095	14.94
Allectus Capital Limited	10,583,095	9.48
Jarden Custodians Limited	9,050,000	8.11
JML Capital Limited	4,806,042	4.30
HSBC Nominees (NZ) Limited	3,902,731	3.50
Forsyth Barr Custodians Limited ACCOUNT 1 NRH	3,840,858	3.44
Collins Asset Management Limited	3,838,692	3.44
Phil Norman	3,194,405	2.86
Accident Compensation Corporation	2,222,468	1.99
Duncan Ritchie & Andrea Bell	1,420,000	1.27
Denise Jane Campbell	1,362,086	1.22
Tim Cook	1,316,847	1.18
Jaobq Pty Limited	1,257,143	1.13
Forsyth Barr Custodians Limited 1 CUSTODY	1,186,068	1.06
Wairahi Holdings Ltd	1,150,000	1.03
Maarten Janssen	1,088,350	0.97
MK 1 Trustee Limited	1,084,589	0.97
Donald Hamish Mackintosh	1,000,000	0.90
Alan Michael Turner & Tracey Turner	1,000,000	0.90
Christopher Eyles	780,000	0.70
	70,764,469	63.38

4. Interests Register

There were no transactions between the Group and Directors during the year other than their remuneration for Director services, and in Scott Bradley's case for remuneration as CEO.

5. Directors' Remuneration

Directors' remuneration is as follows:		2018 $	2017 $
Scott Bradley	Salary	193,968	573,288
	Benefits	-	146,097
	Director fee	11,099	-
Phil Norman	Chairman fee	50,000	50,000
	Consulting fee	-	100,000
Tim Cook	Director fee	35,000	35,000
	Consulting fee	-	9,000
Sharon Hunter	Director fee	35,000	35,000
Brian Russell (appointed)	Director fee	16,750	-
Michael Carden	Director fee	-	26,250

During FY 2017 Scott Bradley was relocated to San Francisco with additional living expenses. In FY 2018 Scott was remunerated as CEO until his last day as an employee of the company on 7th December 2017 after which he was paid a monthly Directors Fee at $2,917 per month.

6. Directors' Equity Security Holdings

Details of director equity securities holdings as at 31 March 2018 are set out below:

Name of Director		Beneficially	Associated Persons
Scott Bradley	Shares	16,681,095	-
Phil Norman	Shares	3,194,405	9,362
Tim Cook	Shares	1,316,847	-

7. Share Dealing

On the 28th February 2018 Scott Bradley sold 600,000 shares for $106,800 in an off market transaction.

8. Directors' Loans

There were no loans from the Group to Directors.

9. 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.

10. Dividend

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

11. CEO's salary

Craig Herbison was appointed as Plexure's CEO and began his duties on 7th September 2017.

In FY18, Craig had a base salary of $300,000 per annum, pro-rated for time spent in the role. Craig earned $170,464 during the year ended 31 March 2018.The base salary is reviewed annually with effect from 1 April each year.

In addition to his base salary, Craig may also be paid an annual Short-Term Incentive (STI) payment with an on-target value of 50 percent of his base salary. Payment of an STI is at the board's discretion and is assessed in the first quarter of each financial year, based on business performance in the previous financial year.

Craig is also entitled to share options. The size of the package of options is determined by the Remuneration Committee. On his date of appointment Craig was granted 1,000,000 options.

12. Remuneration of Auditors

	2018 $'000	2017 $'000
Audit of the financial statements	40	40
Tax compliance services	23	19
Tax advisory services	25	2
	88	61

The auditor of the Group is Deloitte Limited for the year ended 31 March 2018.

13. Donations

The Group made no donations during the year ended 31 March 2018 (2017:$2,820).

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
Tim Cook
Sharon Hunter
Brian Russell (appointed 17 October 2017)

Directory

As at 31 March 2018

Company Number	244518
NZ Business Number	9429039937803
Directors	Phil Norman – Chairman Scott Bradley Tim Cook Sharon Hunter Brian Russell (appointed 17 October 2017)
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 Limited 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.plexure.com