



TIP: 38'3"

H: 37'6" XARM

H: 26'4" SECONDARY

H: 31'8" TRANSFORMER

H: 21'0" STREETLIGHT

H: 18'7" FIBER

H: 21' NESC CLEARANCE

H: 17'8" PHONE



Get the measure of your world

# THE OLD

WE BELIEVE WE CAN CHANGE HOW THE WORLD IS MEASURED.

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MINE



OPEN:  
MON 10am-8pm  
TUES-THUR 11am-8pm  
FRI & SAT 11am-10pm  
SUN 11am-8pm  
HAPPY HOUR  
HOLIDAYS  
4pm-8pm



It has been another big year for our company and some important milestones were achieved through FY16:

**2.3x**

### Growth

Revenue and other income up 2.3 times against FY15, to \$9.2 million.

**56**

### Capability

Personnel in CO, WA and NZ offices. Team depth to support growth plans and transition to cash breakeven.

**>2,000**

### New enterprise customers

First \$1m IKE 4 account in the utility market. Rapid Spike expansion across signage vertical. Stanley Smart Measure Pro selling through at Lowe's at approximately 1,000 units per week.

**4**

### New product platforms

A portfolio of products now in place to address multiple vertical markets.

**Spike:** Next generation smart phone solution, including cloud services.

**Stanley Smart Measure Pro:** Launched successfully in Lowe's across North America, entering Europe in FY17.

**IKE 4:** New platform for measuring, analysing and managing distribution assets.

**ike Cloud:** Underpinning all products transition to subscription revenues in FY17.

# Impressive progress.

PRE IPO



20

FULL TIME  
EMPLOYEES

13

NEW ZEALAND  
BASED

7

U.S BASED

2016



56

FULL TIME  
EMPLOYEES

5

ENGINEERING  
OPERATIONS

24

SOFTWARE  
ENGINEERING

5

CORPORATE

14

SALES

8

MARKETING



# Chairman's & CEO's Report



**Rick Christie**



**Glenn Milnes**

## Financial Performance

The Company is pleased to report continued strong revenue growth in FY2016. Revenue and other income of \$9.2 million represented a year-on-year increase of 129%. Overall revenue was in line with revised guidance but below the forecast set out in the Company's July 2014 listing documents.

Within this revenue mix our mobile products (Spike and the Stanley Smart Measure Pro) generated year-on-year sales growth of more than 7x as against FY2015 to approximately \$4.2m, as a result of buoyant sales into the signage and construction markets. We also saw 46% year-on-year growth of solution sales into the electric utility and communications market.

In FY2016 there was an improvement in important operating metrics such as a gross profit year-on-year increase of 115% to \$4.5m. FY2016 closing cash balance was \$5.3m.

The Company recorded a net loss of \$8.8m for the year as a result of our decision to continue to invest in scaling the business with a primary focus on sales into the North American market

and the development and launch of several new product platforms. With the establishment phase of these new products primarily behind us we now have a faster than previously projected path to cash break-even which we now expect to occur in Q4 FY2017.

## FY2016 Product Innovation Highlights

FY2016 was an exciting year during which we released four new products to market. IKE now has a compelling portfolio of digital offerings that expand the Company's FY2017 focus to several new vertical markets such as construction, insurance and residential contracting.

The extension of a cloud software component to all of IKE's products also enables customers to now perform additional analysis, reporting, and management of their IKE data on their desktop or mobile device. For IKE, this new cloud software platform enables subscription business models to be introduced that will generate higher levels of recurring revenue and materially increased revenues & margins over the lifetime of a customer. Early adoption of the cloud offering has been positive,

for example with nearly 70% of IKE's approximate 2,000 signage business customers using the cloud service.

The new subscription-based IKE 4 solution is well positioned to grow existing customer accounts and capture larger market share in the US electric utility market, estimated to be an addressable market opportunity of \$700m. IKE 4 is a complete redesign and extension of software and hardware to address the needs of the market around distribution asset structures. We recently announced a major new IKE 4 customer, Cyient, tied to Google Fiber deployment projects across the U.S.

Integration offerings for Spike, via an API launched in FY2016, enables Spike to be connected into other industry workflows and incumbent mobile apps. Over the past 12 months Spike has been adopted by approximately 2,000 signage businesses in North America, and Spike was recently recognized as 'the most significant new product to enter the signage market in the past decade' in winning the International Sign Association's most innovative product award. The addressable market for Spike in Signage is estimated to be 150,000 businesses across North



America, Europe and the Middle East, representing an addressable market opportunity of \$300-500m. The Company is now working to introduce new software features tailored for these end users and is aggressively seeking to expand Spike's geographic reach.

### **Outlook for Continued Growth in FY2017**

New customer acquisition momentum is expected to continue in FY2017 with projected 50% customer growth over FY2016 on IKE-branded products (IKE 4 and Spike) into both the electric utility market and signage markets respectively. We are also forecasting further improvement in gross margins of IKE-branded products (IKE 4 and Spike) to 65%. In addition to operating and production efficiency improvements, the recurring revenue streams established across all products are projected to materially increase the lifetime value of a customer.

The launch of the new product platforms above through the past year positions IKE to expand into new vertical markets in FY2017, such as insurance and residential construction, as well as into new geographic markets where there is

the opportunity to replicate success in the U.S., such as in the signage market.

We are also now forecasting to reach cash breakeven in Q4 FY2017, driven by a combination of projected sales growth, increased margins on products, and operating and cost efficiencies.

As further context to the base case business plan and growth outlook, and notwithstanding the Company's forecast transition to cash break even, we are continuing to investigate a potential dual listing subject to the Board's review and approval of the terms and benefits.

In concluding, IKE solutions have today become central to thousands of businesses. We have extended our position in the U.S., and have an opportunity to take a leading position in mobile measurement solutions & software for electric utility and signage customers. For many customers, the IKE and Spike platform is not just a stand-alone measurement product, it has become integrated into their business alongside other tools they use daily to get the job done more quickly, effectively and cheaply. In the past 12 months, IKE products have been used to measure and record hundreds of thousands of assets to drive business

decisions. Our vision in the electric utility market is put IKE at the centre of every distribution asset transaction, and with our mobile products our vision is to put Spike software at the centre of many enterprise mobile workflows where external assets need to be assessed, analysed and managed on the go. In markets with hundreds of thousands of potential customers, we are only just getting started. Our customer base continues to grow strongly and we remain focused on financial progress and taking further steps towards value-added growth.

**Rick Christie**  
CHAIRMAN  
IKE GPS GROUP  
30 JUNE 2016

**Glenn Milnes**  
CEO & MANAGING DIRECTOR  
IKE GPS GROUP  
30 JUNE 2016



# Continuing to build the platform for our growth

CEO Commentary

## Winning in the market

Our strategy continues to be to build solutions that are differentiated in the market by several important elements

Competitive landscape	ike approach at beginning of FY16	Achieved in FY16
Aggressive price discounting on hardware, focused horizontally	Hybrid software & hardware offerings allow premium pricing & recurring revenue. Focused expertise for defined niche markets	New products and industry-specific software enhancements: <ul style="list-style-type: none"> <li>– IKE 4 solution, almost doubles value, margin and price against IKE 3</li> <li>– Next generation Spike, almost doubles value &amp; margin</li> </ul>
Walled garden	Developing an open and integrated ecosystem, while maintaining value for ike	IKE Cloud and Spike App-to-App API released: <ul style="list-style-type: none"> <li>– Enabling integration into incumbent mobile apps and work flows</li> </ul>
Treat customer service as a cost	Superior customer experience to drive adoption	<ul style="list-style-type: none"> <li>– Field training and integration teams creating competitive advantage, and delivering revenue</li> <li>– Very low product returns</li> </ul>
Brand zero	Building a brand, and measuring experience, that customers love: clear, simple, personable, expert	Passionate customers are driving IKE's brand. In FY16 Spike was recognised globally as the most innovative product to enter the signage market.
Legacy reseller model is expensive and limiting	Layered approach: <ul style="list-style-type: none"> <li>– Online sales model scales fast</li> <li>– Direct sales with high customer touch and high service, underpins high value IKE 4 sales</li> <li>– Partners provide scaled market access</li> </ul>	<ul style="list-style-type: none"> <li>– Ecommerce engine fully accessible on web.</li> <li>– Direct sales, marketing and field integration teams in place for IKE 4.</li> <li>– Stanley Smart Measure Pro introduced via Lowes.</li> <li>– Spike signage partner network growing rapidly in U.S. and non-U.S. markets</li> </ul>



## Changing the way the world is measured

And this differentiation is working: IKE3 and IKE4 have continued to be adopted by some of the largest utilities, telecommunications companies and engineering firms in the US market. The introduction of IKE4 delivers an even higher value solution over IKE3. This remains a high touch sales process and, as might be expected with infrastructure-oriented customers, the sales cycles for IKE solutions are longer. But the stickiness of the solution is significant and the overall market is large, growing and underserved. These customers experience compelling return on investment from IKE – efficiency, speed, safety, verification of data, and integration capability.

Similarly our new smartphone solution, Spike, has become an industry disruptor in the signage industry. We expect to continue to pursue other large vertical markets through FY17 including real-estate appraisal, insurance assessment and applications in the intelligence & defense industry.



## Investing for growth

We continued to pursue a growth agenda through FY16; to become the long term leader in measurement solutions for specific industry segments.

To progress this goal, in the 12 months we made investments into internal infrastructure, software & hardware development and sales & marketing capabilities.

Our growth model is a hybrid of selling software & mobile devices, and importantly through the year we executed on the strategy to introduce subscription software products delivered via the cloud. We have now made much of the significant investment required for product development in order to receive valuable future revenue from our customers that will underpin higher gross margins, profitability in the medium term, and shareholder value over the long term.

More generally these investments in infrastructure and capability have enabled us to deliver to, and support, many thousands of new global customers through FY16. It also positions us strongly for FY17 and beyond.

## People

We have welcomed two recent management team members in Dennis Bencala as CFO (subsequent to 31 March 2016), and Mike McGill promoted as SVP of the Utilities & Communications business unit.

Dennis brings U.S. public company, broad technology market, and international business experience from executive roles in VC-backed and Nasdaq-listed companies. These include as CFO and VP Finance at Nasdaq-listed Ikanos Communication Inc. (acquired by Qualcomm Inc.), CFO of Nasdaq-listed SIRF Technology Holdings Inc., CFO at VC-backed Renewable Energy Test Center Inc., and as Corporate Controller of VC-backed and Hong Kong-listed ScanVision Inc. He joined SIRF Technology Inc., a fabless GPS semiconductor company, when the business was less than US\$10m in revenue. There, he oversaw the Company's financial planning, IPO on Nasdaq and subsequent growth to greater than US\$300m in revenue.

## Financial Results and Outlook

FY16 Financial Results featured continued strong revenue growth of 2.3x year-over-year to \$9.2m in FY16. Although our FY16 actual revenue was below our forecast at the time of our IPO, our FY16 results were within our revised guidance. FY16 was a key transition year for IKE as we completed the development of four new products. We are now focused on continuing to grow the Company and achieve cash flow break even by the end of FY17.

## Result after tax

	YEAR ENDED FY14	YEAR ENDED FY15	YEAR ENDED FY16
	Audited FY14A \$'000's	Audited FY15A \$'000's	Audited FY16A \$'000's
Revenue and other income	1,883	4,026	9,214
Expenditure	(3,600)	(9,215)	(17,392)
<b>Loss before depreciation, amortisation, financing and tax</b>	<b>(1,717)</b>	<b>(5,189)</b>	<b>(8,178)</b>
Depreciation and amortisation	(363)	(807)	(1,306)
Foreign exchange (losses) / gains	(157)	625	280
Other expenses from IPO	–	(272)	–
<b>Loss before financing and tax</b>	<b>(2,237)</b>	<b>(5,643)</b>	<b>(9,204)</b>
Net finance (expenses) / income	(48)	565	361
Income tax benefit / (expense)	24	(3)	7
<b>Loss attributable to owners of ikeGPS Group</b>	<b>(2,261)</b>	<b>(5,081)</b>	<b>(8,836)</b>

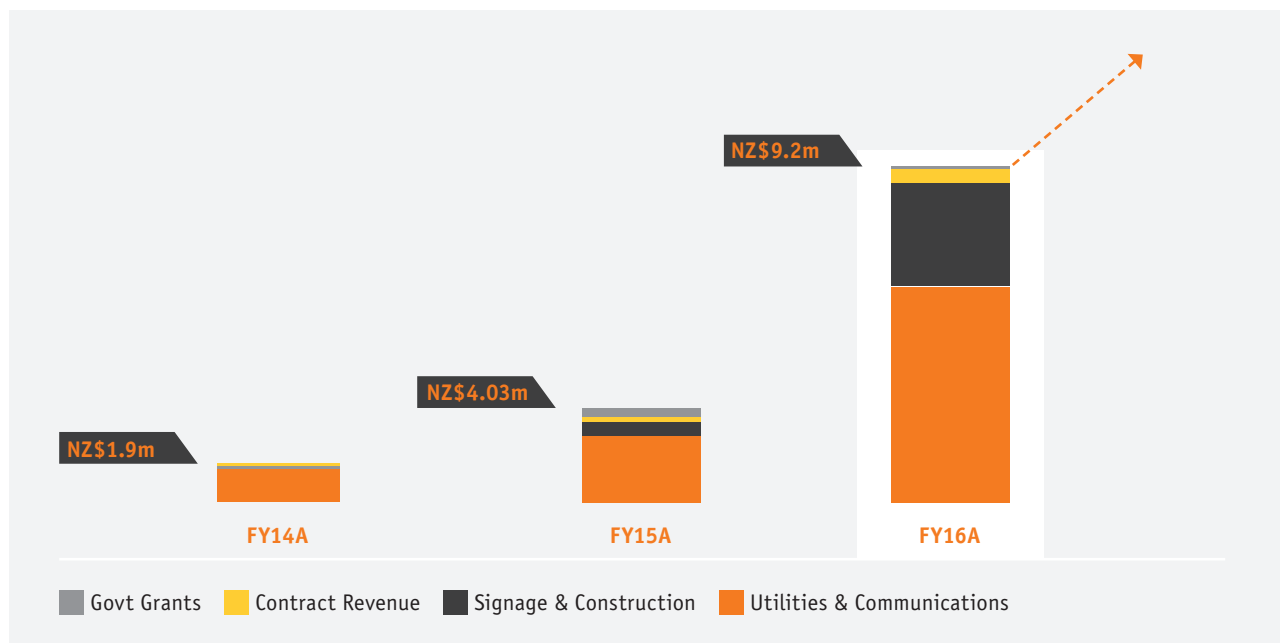
## Group Operating Results and Net Assets

	2014 \$000's	2015 \$000's	2016 \$000's
Total operating revenue and government grants	1,883	4,026	9,214
Net loss before other comprehensive income	(2,261)	(5,081)	(8,836)
Net assets	3,949	22,122	13,241



## Continued Growth in Vertical Markets

Based on the development of our new products in FY16 we expect continued customer growth in FY17 to exceed 50% against the prior year. Our projection is based on forecasted sales growth of the IKE 4 solution into the U.S. electric utility and communications market, continued sales growth of the Spike solution into the signage & digital graphics market, and expansion of the Stanley Smart Measure Pro into new markets in Europe.



## KPI's

Several KPI's are highlighted as they relate to FY17. Among these we project continued high revenue growth. While it still remains early in terms of developing markets for IKE 4 and our mobile solutions, we now have an enviable position where in each case we are offering unique solutions that are easy to use, save time and money, integrate with industry standard software and that have a rapid and demonstrable return on investment.

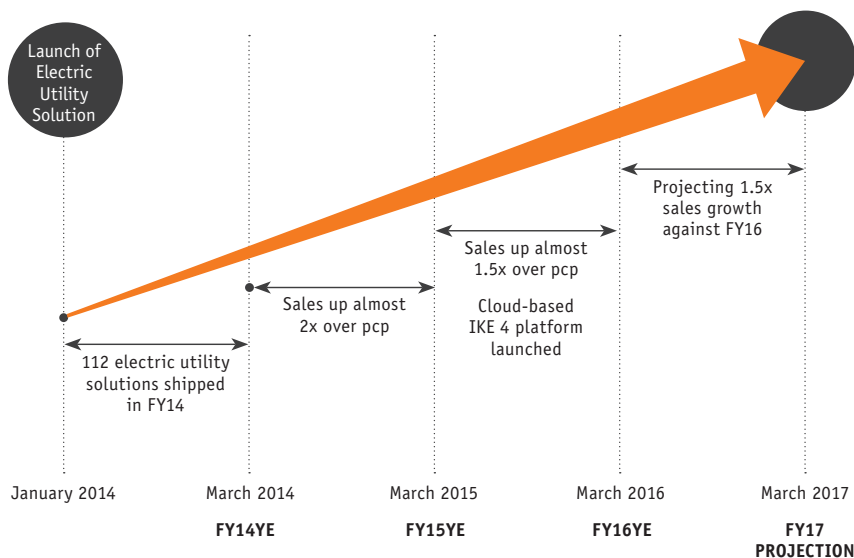
Metric	Expectation at commencement of FY17	Projected Performance FY17
Customer and market growth	<p>"We expect:</p> <ul style="list-style-type: none"> <li>– 50% growth in IKE 4 customer acquisition against FY16</li> <li>– 50% growth in Spike customer acquisition in the Signage market against FY16</li> <li>– 60% of Spike users in the Signage vertical to subscribe to the cloud service.</li> <li>– Expansion of Stanley Smart Measure Pro into Europe to deliver volumes of 500 units per week."</li> </ul>	>50% customer growth over FY16
Cash and investor relations	<p>"We</p> <ul style="list-style-type: none"> <li>– expect to transition to cash breakeven in Q4 FY17.</li> <li>– plan to continue to implement a long term investor relations programme in the U.S. market to complement NZ activities, and potentially seek a U.S. listing."</li> </ul>	Cash breakeven Q4 FY17
Gross margins, pricing & business models	<p>"We expect</p> <ul style="list-style-type: none"> <li>– gross margins to increase on all ike-branded products</li> <li>– all products to develop a higher bias to recurring revenue via cloud-based software subscriptions</li> <li>– the introduction of subscription business models for the IKE 4 and Spike products to materially increase customer total cost of ownership over a 3 year period. We also expect this business model change to impact recognized revenue in FY17 relative to customer growth metrics."</li> </ul>	<p>&gt;65% Gross Margin on ike-branded products (IKE 4 and Spike)</p> <p>Recurring revenue streams established across all products</p>
Sales & Marketing	<p>"Costs will increase in absolute dollar terms as investment toward acquiring customers and growing market share continues, however we expect to see a relative reduction in sales and marketing costs as a percentage of operating revenue."</p>	30% of revenue investment into sales & marketing



## IKE 4 Sales Momentum

Continued IKE customer wins through FY16 provide us with momentum entering FY17. Demonstrable success has been followed by contract wins with two of the largest mobile telecommunications groups in the US market – both of whom are scheduling the rollout of fiber infrastructure across California. In some cases these infrastructure owners are now further stipulating that engineering firms assess their assets using IKE. This has been followed by instances of some electric utilities standardizing on our solution through the issue of Request for Proposals requiring IKE data formats.

- ▶ Sales of the electric utility solution up almost 50% against PCP
- ▶ Major customer wins including first \$1m+ account
  - Total addressable market estimated at \$700m
- ▶ Delivering more value
  - Scalable cloud offering introduced in FY16 to drive subscription revenues in FY17 and beyond
  - Additional product features introduced, expected to almost double the value and total cost of ownership for a customer over three years



## Well positioned

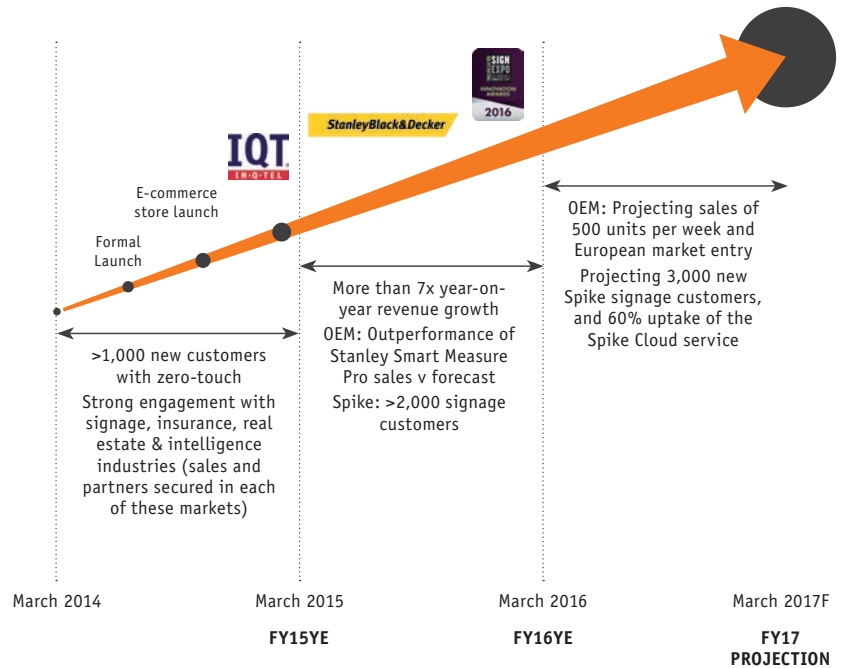
With the development of IKE 4, Spike, Smart Measure Pro, and Cloud capabilities completed in FY16 we believe that we are now well positioned to enter new vertical markets as we expand the reach and breath of our products.

FY17 markets & revenue component	Today
Electric Utility and Communications market, via IKE 4	<p>Established sales, marketing, integration and delivery teams in place.</p> <p>Quality and depth of sales pipeline increasing.</p> <p>Several factors in the U.S. provide a market tailwind, driving more &amp; more infrastructure owners and third parties to have the need to measure and model distribution structures: such as communications fibre roll-out and regulation.</p>
Signage and new markets, via Spike	<p>Distribution channels, product &amp; brand recognition developing quickly in the Signage market in the U.S., and emerging in Europe.</p> <p>Opportunity for larger enterprise sales in FY17.</p> <p>New vertical market opportunities provide upside potential, such as insurance and real estate verticals.</p>
Construction and Contractor market, via Stanley Smart Measure Pro	<p>Sales in North America via Lowe's at around 1,000 units per week.</p> <p>Orders received for launch into new European markets: UK, Germany and France, for delivery through 1H FY17.</p> <p>Still early in selling-through the high margin, add-on cloud subscription services</p>
Contract revenue	<p>In-Q-Tel backed development contract for U.S. intelligence customers will be complete Q1 FY17.</p> <p>Favourable initial response to the product from various government end-users.</p> <p>Next step is to target Spike for wider product acquisition programmes later in FY17, FY18 &amp; FY19.</p>

## Smartphone Solution Sales Momentum

At the time of our IPO mid-2014 our smartphone solution, Spike and the Stanley Smart Measure Pro, was a pre-commercial market products. The position of these products today is much advanced and the market opportunity is significant:

- ▶ Spike is being rapidly adopted across the signage market – a total addressable market estimated at \$300-500m
- ▶ Initial sales beginning into other verticals such as real estate, insurance and government markets
- ▶ Stanley Smart Measure Pro launched successfully via Lowe's across North America – an expectation of Europe market entry in FY17
- ▶ Cloud and subscription products introduced FY16, plans to monetize in FY17



## Spike Wins Global ISA Innovation Award

At the ISA International Sign Expo 2016 Spike took home first place in the show's Innovation Awards. The 2016 Innovation Award competition highlights new and groundbreaking products. After entering the signage market only a little more than 12 months earlier, Spike was recognized with this award as it allows sign and graphics professionals to measure signs by capturing the width, height and area of a space just by taking a photo from a smartphone or tablet, dramatically decreasing the time and cost to measure, estimate and quote. Spike can be used on all types of signs, from channel letters to monument and pylon signs.

PRIMARY > 1/0 ACSR > Light...  
32' 5"

PRIMARY > 1/0 ACSR > Light...  
31' 10"

NEUTRAL > 1/0 ACSR > Light...  
27'

SECONDARY > 1/0 WP Al. > L...  
26' 9"

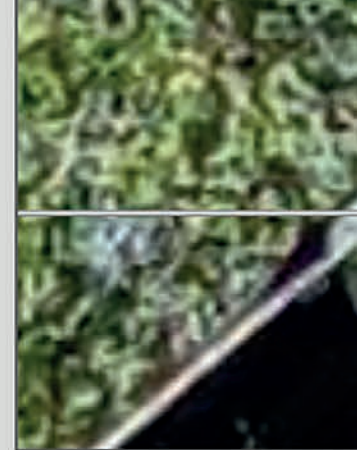
UTILITY > SCE  
25' 8"

UTILITY > SCE  
25' 4"

TION > AT&T Cal...  
3"

# ikeGPS is changing the way the world is measured.

Our core business is to produce end-to-end measurement solutions targeted at customers in specific vertical industries, such as electric utilities who need to measure and model their distribution assets including power poles and wires. ikeGPS' solutions bundle a combination of desktop software, mobile device software, mobile hardware devices and accessories. Data from ike's solutions can then integrate with industry-specific third party software, enabling additional advanced modeling, mapping and measurement capability.



Pole ID

Pole Number

Location

Circumference (")

AGL

Pole Type

Pole Owner

## ▲ Equipment (1 / 1)

Type

Orientation

Quantity

Attachment Height

Owner

Note

## ▼ Anchor (3)

Span (1)

Ice Drop (3)



# IKE 4 snapshot

The global electric utilities market opportunity is vast

U.S.A  
**191m**  
Power poles and  
distribution assets

Global  
**1.24b**  
Power poles and  
distribution assets

- Initial target – U.S. Electric Utility Market
- Motivation
  - Utilities are required to measure, audit & model distribution networks for operational, revenue generating and regulatory reasons

## IKE 4 is integrated software-led solution

### Hardware



Ruggedised mobile hardware that integrates laser, camera, 3D-compass and GPS components

### Software

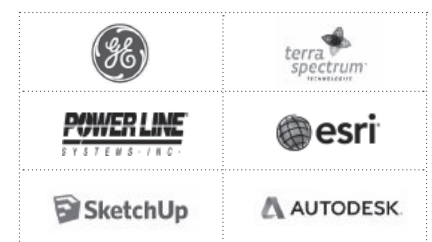


### Desktop software

- Custom forms to manage field staff
- Measurement and modeling within photos
- Reports generated in industry standard formats

### Industry software

- Data exported into back-end software with large customer bases



## Two Main Customer Groups

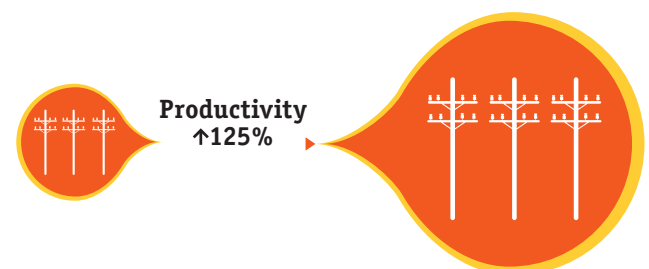
### US electric utility customers



### US engineering firm customers



## Fast, safe, verifiable, integrated



"We now carry less equipment around the field. The photos are used to conduct fast and accurate measurements, but also provide photo-verifiable evidence."

- BRAD MAYO -  
PROJECT MANAGER,  
HENKELS, McCOY, INC.

## Spike snapshot

Spike turns your Smartphone or Tablet into a powerful measurement solution



## Very broad market opportunity

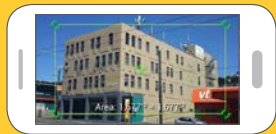
### Signage, Architecture, Engineering and Construction



Signage



Architect



Construction



Builders



Engineering contractors

### Other



Insurance



Defence & intelligence



Telecom



Law enforcement & forensics



Environmental & disaster



Local government





**"For estimating purposes  
this is the perfect  
tool to increase  
your productivity."**

– TOM WEBER –  
FASTSIGNS IN MINNETONKA, MINNESOTA

**"It's an amazing tool,  
and I use it every day.  
No more climbing  
ladders! I can take all  
the measurements I need  
right from the ground."**

– BRYAN CLAYMAN –  
SIGNARAMA IN WALPOLE,  
MASSACHUSETTS USA

**"Using Spike has  
made my job so  
much easier. Spike  
measurements are  
very precise."**

– DIANE RICHARD –  
CERTIFIED REAL ESTATE  
APPRAISER IN MANASSAS, VIRGINIA

**"A picture is worth  
a thousand words;  
a Spike enhanced picture  
is worth two thousand."**

– TANE DUNNE –  
WELLINGTON CITY COUNCIL

**"Spike streamlined  
our entire business  
process!"**

– MIKE FRANKS –  
PCS RESIDENTIAL IN INDIANAPOLIS,  
INDIANA

**"After using Spike once,  
you can't help but think  
'why would I do this  
any other way?'"**

– ROB CHATWIN –  
ALPHAGRAPHS IN DENTON, TEXAS



# Leading the way

## BOARD

### Rick Christie

(MSc (Hons) in chemistry)  
CHAIRMAN AND INDEPENDENT DIRECTOR

Former Chairman of Ebos Group. Experience as a director on a number of other major boards, including TVNZ. Previously CEO of investment company Rangatira Ltd. 21 years' management experience in the international oil and gas industry.

### Peter Britnell

INDEPENDENT DIRECTOR

GIS industry veteran who established and grew the Asia/Pacific business for Smallworld that later listed on the NASDAQ stock exchange and was later acquired by General Electric. Subsequently VP Worldwide Sales for GE Smallworld and GE Network Solutions.

### Dr Bruce Harker

(PhD in Electrical Engineering, BE (Hons))  
INDEPENDENT DIRECTOR

Director of H.R.L. Morrison & Co's Energy Group and is ex-Chairman of NZX listed TrustPower and Z-Energy.



### Alex Knowles

DIRECTOR

Experience with companies in the information technology and transportation industries. Formerly Chief Operating Officer of the largest international freight forwarder and small parcel consolidator in the US.

### Glenn Milnes

(BSc (Hons), MBA (Dist.))  
MANAGING DIRECTOR AND CHIEF EXECUTIVE

Joined ike from No 8 Ventures. Previously held senior strategy and corporate development positions with Cable & Wireless International.

### Fred Lax

INDEPENDENT DIRECTOR

Mr. Lax is an executive leader with extensive global experience in the telecommunications industry. He is currently a director of NASDAQ listed Ikanos Communications Inc. and former Chief Executive Officer and President of Tekelec Inc.



## MANAGEMENT

### Glenn Milnes

MBA (Dist.), BSc (Hons), B PhD  
CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

Glenn has been alongside ikeGPS from the company's earliest days. He joined ikeGPS from No 8 Ventures – New Zealand's leading technology investor, where he had executive and board roles for a number of technology companies. Prior to that he held senior strategy and corporate development positions with Cable & Wireless International. He has also held senior sales and finance roles in various European markets.

### Leon Toorenburg

BSc, BE  
CHIEF TECHNOLOGY OFFICER

The founder and inventor of ike, Leon brings deep GIS and GPS product and market knowledge, extensive customer relationships and unparalleled industry networks. He has a B.Sc and BE Honours in electrical engineering from the University of Canterbury and holds several US patents.

### Dr. Richard Mander

PhD, MA, BA  
EXECUTIVE VP OF ENGINEERING & OPERATIONS

Richard has extensive experience turning technology into beautiful products. His career includes roles as Engineering Group Manager at Apple, CTO at Navman, CEO of HumanWare, and Director of Operations Engineering at Contour. Richard has a Ph.D. from Stanford University and in 2004 was named World Class New Zealander for achievements in technology.

### Dennis Bencala

BSc  
CHIEF FINANCIAL OFFICER

Dennis is the chief financial officer at ikeGPS, where he is responsible for finance and administrative functions as well as financial strategy and planning. With more than 30 years of experience working in Silicon Valley for high-growth public and venture capital-funded technology companies, Dennis brings extensive international business experience.

### Jeff Ross

BA  
CHIEF MARKETING OFFICER

Previously Director of Marketing at Intel Corporation and held senior level marketing positions with QUALCOMM Incorporated. Led successful start-ups as COO of 9 Squared and VP of Products for Cequent. Jeff has BA in Communication from San Diego State University, California and is a frequent wireless industry speaker.

### Mike McGill

BSc  
SENIOR VICE PRESIDENT, UTILITY & COMMUNICATION BUSINESS UNIT

Mike is the senior vice president of the Utilities & Communication business unit at ikeGPS, where he is responsible for delivering collection, analysis and management solutions for customers focused on distribution assets. Prior to joining ikeGPS, Mike served as the senior vice president of sales at Navagis and spent six years at DigitalGlobe in director- and vice president-level positions for the spanned commercial and defense segments







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# Corporate Governance

## Best practice and governance

The Board recognises the importance of good corporate governance and particularly its role in delivering improved corporate performance and protecting the interests of all stakeholders.

The Board is responsible for establishing and implementing the Group's corporate governance frameworks and is committed to fulfilling this role in accordance with best practice while observing applicable laws, the NZX Corporate Governance Best Practice Code (NZX Code) and the Financial Markets Authority Corporate Governance in New Zealand Principles and Guidelines.

The Investors section on the Company's website contains copies of the following corporate governance documents adopted and followed by the Company:

- Constitution;
- Corporate Governance Code (which contains the Company's Code of Ethics, Audit and Risk Management Committee Charter, and Nominations and Remuneration Committee Charter); and
- Securities Trading Policies and Guidelines.

The Company considers that during the reporting period, the corporate governance principles adopted and followed by it did not materially differ from the NZX Corporate Governance Best Practice Code.

## The role of the Directors

The Directors assume accountability for the success of the Group by taking responsibility for the direction and management of the Group's affairs. The main functions of the Directors include:

1. reviewing and approving the strategic, business and financial plans prepared by management;
2. ensuring the Group has appropriate management to enable it to achieve its objectives;
3. reviewing and approving individual investment decisions which the Directors have determined should be referred to it before implementation;
4. monitoring the Group's performance against its approved plans and to oversee the Group's operating results;
5. ensuring the quality and independence of the Group's external audit process;
6. monitoring compliance and risk management; and
7. establishing and monitoring the Group's health and safety policies.

## Composition of the Board

The Board consists of five non-executive directors and one executive director.

1. Rick Christie (Independent, Non-executive Chairman),
2. Bruce Harker (Independent, Non-executive Director),
3. Peter Britnell (Independent, Non-executive Director),
4. Alex Knowles (Not Independent, Non-executive Director),
5. Fred Lax (Independent, Non-executive Director),
6. Glenn Milnes (Not Independent, Chief Executive Officer and Managing Director)

## Nomination and appointment

The procedures for the appointment and removal of Directors are ultimately governed by the Company's Constitution. The Board has established a Nominations and Remuneration Committee whose role is to identify and recommend to the Board individuals for nomination as members of the Board and its Committees, taking into account such factors as it deems appropriate, including experience, qualifications, judgement and the ability to work with other Directors. Directors receive formal letters of appointment setting out the arrangements relating to their appointments.

## Board committees

The Board operated two Committees during the year: the Audit and Risk Management Committee and the Nominations and Remuneration Committee. Other committees may be formed for specific purposes and disbanded as required.

The Charters of each Committee are in the Investors section on the Group's website. The membership of each Committee at 31 March 2016 was:

1. Audit and Risk Management Committee – Peter Britnell (Chair), Fred Lax and Glenn Milnes
2. Nomination and Remuneration Committee – Rick Christie (Chair), Bruce Harker and Glenn Milnes

## **Retirement and re-election**

At least one-third of Directors retire annually, but are eligible for reappointment by shareholders at each Annual Meeting.

The Directors to retire are those who have been longest in office since the last election. Directors retiring by rotation may, if eligible, stand for re-election. A Director appointed since the previous Annual Meeting holds office only until the next Annual Meeting but is eligible for re-election at that meeting.

## **Director remuneration**

Directors' fees are currently set at a maximum total of \$320,000 for all the non-executive Directors. The actual amount of fees paid in the past year to all non-executive Directors was \$240,000.

## **Board access to information and advice**

The Chief Financial Officer (Dennis Bencala) is responsible for supporting the effectiveness of the Board by ensuring that policies and procedures are followed and co-ordinating the completion and dispatch of the Board agendas and papers.

All Directors have access to the senior management team, including the Chief Financial Officer, to discuss issues or obtain information on specific areas in relation to items to be considered at Board meetings or other areas as they consider appropriate. Further, Directors have unrestricted access to Group records and information.

The Board, the Board Committees and each Director have the right, subject to the approval of the Chairman, to seek independent professional advice at the Group's expense to assist them to carry out their responsibilities. Further, the Board and Board Committees have the authority to secure the attendance at meetings of outsiders with relevant experience and expertise.

## **Director education**

All Directors are responsible for ensuring they remain current in understanding their duties as Directors.

## **Directors' share ownership**

All Directors and employees are required to comply with the Company's Securities Trading Policy and Guidelines in undertaking any trading in the Company's securities. A copy of this Policy can be found in the Investors section on the Company's website. Tables identifying the Directors' holding of securities are included in the Disclosures section of this Annual Report.

## **Indemnities and insurance**

Deeds of Indemnity have been granted by the Company in favour of the Directors in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as Directors. The Group's Directors' and Officers' Liability insurance policy covers risks normally covered by such policies arising out of acts or omissions of Directors and employees in their capacity as such. In addition, the Company acquired prospectus insurance for its 2014 initial public offering.

## **Board meetings**

The Board met formally 8 times in the year ended 31 March 2016 and there were also separate meetings of the Committees. At each meeting the Board considers key financial and operational information as well as matters of strategic importance. Executives regularly attend Board meetings and are also available to be contacted by Directors between meetings.

All available information relating to items to be discussed at a meeting of the Board is provided to each non-interested Director prior to that meeting.

## **Code of Ethics**

The Code of Ethics includes a policy on business ethics which is designed to govern the Board's conduct. The Code addresses conflicts of interest, receipt of gifts, confidentiality and fair business practices.

## **Disclosure**

The Company adheres to the continuous disclosure requirements of NZX and at law, which govern the release of material information in relation to the Group.



# Disclosures

## Introduction

The directors of ikeGPS Group Limited (the Company) present their report on the consolidated entity (the Group), consisting of ikeGPS Group Limited and the entities it controlled during the year ended 31 March 2016.

### Restricted Securities

The shareholders immediately prior to the Company's listing and quotation on 23 July 2014 became subject to transfer restrictions contained in Schedule 4 of the Company's constitution which restricted their ability to dispose of shares from the date the shares were first quoted on the NZX Main Board until the earlier of the first business day after the Company made the preliminary announcement of its results for the period ended 31 March 2015 and the first business day after the last day such announcement was due to be made. That announcement was made on 29 May 2015 and the restrictions were lifted the following day.

A number of directors and officers agreed to an extra year of restrictions i.e. until the earlier of the first business day after the Company made the preliminary announcement of its financial results in respect of the accounting period ended 31 March 2016 and the first business day after the last day such announcement was due to be made. That announcement was made on 23 May 2016 and accordingly the restrictions were lifted the following day.

### Audit Fees

The amounts payable to PwC as auditor of the Group are as set out in Note 2(c) to the financial statements.

### Subsidiary company Directors

The following people held office as Directors of subsidiary companies of the Company at 31 March 2016:

1. ikeGPS Inc: Glenn Milnes, Leon Toorenburg and Alex Knowles.
2. ikeGPS Limited: Peter Britnell and Leon Toorenburg. (Subsequent to balance date Rick Christie and Bruce Harker were both appointed as directors on 27 April 2016)

### Dividends

As part of the Group's growth plans, dividends are not currently paid and the Board did not declare a dividend in respect of the period ending 31 March 2016 nor does it expect to declare any dividends during the period ending 31 March 2017.

### Credit rating

The Group has no credit rating.

### Net Tangible Assets

The Net Tangible Assets per security at 31 March 2016 was 17.3c (31 March 2015: 35.7c).

### NZX Waivers

There were no waivers obtained or relied upon during the period to 31 March 2016.

### Diversity

A gender breakdown of directors and officers of the Company and its subsidiaries as at 31 March 2016 and 31 March 2015 are detailed below. For the purposes of accurate disclosure Glenn Milnes is shown both as a director and an officer.

Directors	2016	2015
Male	7	7
Female	-	-
Officers		
Male	6	6
Female	1	1

The Company's officers as at 31 March 2016, and their respective roles, were as follows:

Glenn Milnes	Chief Executive Officer
Gael Hargreaves	Chief Financial Officer*
Leon Toorenburg	Chief Technology Officer
Jeff Ross	Chief Marketing Officer
Michael McGill	Director Sales (Americas)
Richard Mander	EVP Engineering Operations
Peter Shaw	Head of Software Engineering

\* Gael Hargreaves resigned in March and was replaced by Dennis Bencala from 15 April 2016

### Annual Meeting

The Company's Annual Meeting of shareholders will be held in Wellington in September 2016. A notice of Meeting and Proxy Form will be circulated to shareholders closer to the time.

## Entries recorded in interests register

The following are particulars of entries made in the Company's interests register pursuant to section 140 of the Companies Act 1993 for the period 1 April 2015 to 31 March 2016 (including in respect of those Directors who are Directors of the Company's subsidiaries).

Director	Interest	Disclosed	Declaration
<b>Rick Christie - Chairman</b>			No conflicting interests
NZX:EBO EBOS Group Limited	Chairman	Resigned Oct 27,2015	
NZX:SPN Southport NZ Limited	Director		
Solnet Group (Private)	Director		
Powerhouse Ventures Limited	Director		
National e-Science Infrastructure (NeSI)	Chairman		
Service IQ	Chairman		
Victoria University Foundation	Trustee	Appointed March 2016	
<b>Fred Lax - Non Executive Director</b>			No conflicting interests
NASDAQ:IKAN, Ikanos Communications Inc	Director and Chairman of audit committee	Resigned October 2015	
<b>Peter Britnell - Non Executive Director</b>			No conflicting interests
Omori Estate Limited, New Zealand	Director		
Apra Investments Pte. Ltd. Singapore	Director		
<b>Dr Bruce Harker - Non Executive Director</b>			No conflicting interests
NZX:TPW Trustpower	Director	Resigned Dec 31, 2015	
NZX:ZEL Z Energy	Director	Resigned Oct 6, 2015	
<b>Glenn Milnes - CEO and Managing Director</b>			No conflicting interests, except for potential parallel with No 8
Advisory Board for No 8 Ventures Management Limited	Advisor		
Ohakuri Weekends Limited	Director		
<b>Alex Knowles - Non Executive Director</b>			No conflicting interests
Knowles Services Ltd	Director		
PureFresh	Director	Pending	
Coast All Services Ltd	Director		
36 Ascot Ltd	Director		
Alphian Investments Ltd	Director		
A Way To Move Inc	Director		
Trinium Technologies LLC / QED LLC	Board Member		
XenonFS LLC	Board Member		
AWA Shipping / IntelligentSCM LLC	Board Member		
EPE FRAME METAL SPA	Director		
Framemax Systems Inc	Director		
Infrastructure Solutions Group LLC	Board Member		
Climate Coatings Ltd	Director		
Harbourside Developments Ltd	Director		
AKMT Ltd	Director	Resigned March 2016	
Super Save Ltd	Director	Resigned March 2016	
CG Lease Ltd	Director		
<b>Leon Toorenburg - Executive (subsidiary company Director)</b>			
Cool Stuff Company Ltd	Director		
Lemon Farm Limited	Director		

## Directors remuneration and other benefits

Directors' fees are currently set at a maximum of \$320,000 for the non-executive Directors. The actual amount of fees paid in the year to 31 March 2016 was \$240,000 (2015: \$204,000).

Directors fees and other remuneration and benefits (including share option expense) from the Company recognized in profit or loss during the accounting period ended 31 March 2016 are as follows:

Director	2016 Remuneration and other benefits (\$)	2015 Remuneration and other benefits (\$)	Nature of remuneration
Richard Christie	87,093	63,750	Director fees & share option expense
Bruce Harker	57,093	55,750	Director fees & share option expense
Peter Britnell	57,093	34,750	Director fees & share option expense
Alex Knowles	42,093	21,000	Director fees & share option expense
Frederick Lax	46,689	28,750	Director fees & share option expense
Glenn Milnes*	554,211	253,889	Salary and entitlements
Leon Toorenburg**	296,940	150,672	Salary and entitlements
<b>Total</b>	<b>\$ 1,141,214</b>	<b>\$ 608,561</b>	

\* Glenn Milnes and Leon Toorenburg received salary and entitlements in US\$ as employees of ikeGPS Limited. Remuneration shown above, has been converted to NZ\$ at the rate on 31 March 2016. Neither received any remuneration in their capacity as a Director of any Group company. Entitlements include the share option expense.

# Leon Toorenburg was a Director of ikeGPS Group Limited until July 29 2015 and was a Director of subsidiary companies; ikeGPS Limited and ikeGPS Inc at 31 March 2016.

Each Director is separately entitled to be reimbursed for reasonable travelling, accommodation and other expenses incurred in performing their role as a Director.

No Director of either of the Company's subsidiaries receives any remuneration in that capacity.

Options granted to Directors are stated below in Directors' relevant interests.

## Statement of Directors' relevant interests

Directors (including Directors of subsidiary companies) held the following relevant interests in equity securities of the Company as at 31 March 2016.

Quoted shares	With beneficial interest	As trustee or associated person of registered holder	Total number of ordinary shares 31 March 2016	Unlisted options to acquire ordinary share
Richard Christie	30,000	-	30,000	150,000
Bruce Harker	-	127,115	127,115	150,000
Peter Britnell	24,545	-	24,545	150,000
Alex Knowles	2,983,863	-	2,983,863	150,000
Glenn Milnes	489,139	11,000	500,139	750,000
Leon Toorenburg	-	1,551,175	1,551,175	120,000
<b>Total</b>	<b>3,527,547</b>	<b>1,689,290</b>	<b>5,216,837</b>	<b>1,470,000</b>

## Spread of security holders as at 3 June 2016

Size of shareholding	Number of holders	% of holders	Total shares held	% of shares
1-1,000	38	6.68	30,125	0.06
1,001-5,000	203	35.68	688,775	1.37
5,001-10,000	130	22.85	1,083,044	2.15
10,001-50,000	123	21.62	2,678,051	5.32
50,001-100,000	21	3.69	1,518,011	3.01
Greater than 100,000	54	9.49	44,380,500	88.09
<b>Total</b>	<b>569</b>	<b>100.00</b>	<b>50,378,506</b>	<b>100.00</b>



## Twenty largest shareholders

Analysis of shareholding on a disaggregated basis as at 3 June 2016:

Shareholder rank and name	Holding	% total shares on issue
1. Forsyth Barr Custodians Ltd	7,553,116	15.0
2. NZVIF Investments Limited	3,535,029	7.0
3. Alex Knowles	2,983,863	5.9
4. Hector Rex Nicholls & Kerry Leigh Prendergast	2,657,812	5.3
5. Accident Compensation Corporation	2,465,000	4.9
6. Nicola Jane Wilson & David Jonathan Wilson	2,000,000	4.0
7. TEA Custodians Limited	1,613,363	3.2
8. Leon Mathieu Lammers Van Toorenborg & Fanny Emmanuelle Lammers Van Toorenborg	1,551,175	3.1
9. JP Morgan Chase Bank	1,432,990	2.8
10. 48 Investments Limited	907,343	1.8
11. Nikau Nominees Limited	739,000	1.5
12. Guardian Nominees No 2 Limited	714,655	1.4
13. Leveraged Equities Finance Limited	709,920	1.4
14. Watt Land Company Limited	694,930	1.4
15. FNZ Custodians Limited	692,608	1.4
16. Cogent Nominees (NZ) Limited	661,953	1.3
17. Jarden Custodians Limited	654,545	1.3
18. Custodial Services Limited	642,750	1.3
19. Forsyth Barr Custodians Limited	617,284	1.2
20. Susan Iorns	611,888	1.2
<b>Total</b>	<b>33,439,224</b>	<b>66.40</b>

## Substantial product holders

According to notices given under the Securities Markets Act 1988 and the Financial Markets Conduct Act 2013 as at 31 March 2016, the following were substantial product holders in respect of the 50,378,506 ordinary shares of the Company on issue as at 31 March 2016 (being the Company's only class of quoted voting securities):

Name	Shareholding	%	Nature of relevant interest
Alex Knowles	2,983,863	5.92%	Registered holder and beneficial owner of securities
Hector Rex Nicholls, Kerry Leigh Prendergast and Advisory Trustees Limited as trustees of the Rex and Kerry Family Trust	2,657,812	5.28%	Registered holder and beneficial owner of securities
Ballylinch LP	2,726,000	5.41%	Registered holder and beneficial owner of securities
ikeGPS Group Limited	27,355,090	54.30%	Power to control sale of shares*
First NZ Capital Group Limited (summary for First NZ Capital Securities Limited and Harbour Asset Management Limited as related bodies corporate)	4,462,428	8.86%	Beneficial owner of shares and, as fund manager, power to exercise a right to vote and acquire or dispose of shares under powers contained in investment management contracts with clients (as the beneficial owners of the securities)
NZVIF Investments Limited	3,535,029	7.02%	Registered holder and beneficial owner of securities

\* This notice related to the transfer restrictions applicable to shareholders immediately prior to the Company's listing and quotation on 23 July 2014. The transfer restrictions imposed under Schedule 4 of the Company's constitution and/or Restricted Security Agreements entered into by various shareholders and the Company were all finally lifted on 24 May 2016 with a disclosure of ceasing to have a substantial holding filed subsequently. Refer to the "Restricted Securities" section on page 8 of this annual report for more information.

## Employee Remuneration

No remuneration was paid by the Company. The following table shows the number of current or former employees (excluding employees holding office as Directors of the parent or a subsidiary) who received remuneration and other benefits in excess of \$100,000 from the subsidiary companies of the Group during the year ended 31 March 2016:

Band	Number of employees
\$100,000 to \$109,999	2
\$110,000 to \$119,999	2
\$120,000 to \$129,999	1
\$130,000 to \$139,999	7
\$140,000 to \$149,999	-
\$150,000 to \$159,999	1
\$160,000 to \$169,999	-
\$170,000 to \$179,999	3
\$180,000 to \$189,999	1
\$190,000 to \$199,999	-
\$200,000 to \$209,999	1
\$210,000 to \$219,999	1
\$220,000 to \$229,999	-
\$230,000 to \$239,999	1
\$240,000 to \$249,999	1
\$250,000 to \$259,999	-
\$260,000 to \$269,999	-
\$270,000 to \$279,999	-
\$280,000 to \$289,999	-
\$290,000 to \$299,999	1
\$300,000 to \$309,999	1
\$310,000 to \$319,999	-
\$320,000 to \$329,999	-
\$330,000 to \$339,999	-
\$340,000 to \$349,999	-
\$350,000 to \$359,999	-
\$360,000 to \$369,999	1
<b>Total</b>	<b>24</b>

## Donations

No member of the Group made any significant donations during the financial year. The Group undertakes regular promotional sponsorship activity through a variety of channels.



# Financial Statements for year to 31 March 2016

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## ***Independent Auditors' Report*** to the shareholders of ikeGPS Group Limited

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

We have audited the consolidated financial statements of ikeGPS Group Limited ("the Company") on pages 30 to 63, which comprise the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 31 March 2016 or from time to time during the financial year.

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

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

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

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

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

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

We are independent of the Group. Our firm carries out other services for the Group in the areas of other assurance services and tax compliance services. The provision of these other services has not impaired our independence.



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

ikeGPS Group Limited

### ***Opinion***

In our opinion, the consolidated financial statements on pages 30 to 63 present fairly, in all material respects, the financial position of the Group as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Without modifying our opinion, we draw attention to Note 14 to the financial statements, which indicates that the Group had operating cash outflows for the year ended 31 March 2016 of \$9,850,000 and a cash balance at 31 March 2016 of \$5,291,714. If the Group is unable to achieve forecast cash flows it may not have sufficient cash reserves to meet obligations as they fall due. These conditions, along with other matters as set forth in Note 14, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

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

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

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in a dark grey or black ink.

Chartered Accountants  
20 May 2016

Wellington

## Consolidated statement of profit or loss and other comprehensive income

	Note	Year ended 31 March	
		Group	
		2016	2015
		\$'000's	\$'000's
Operating revenue	2(a)	8,574	3,662
Cost of sales		(4,072)	(1,569)
<b>Gross profit</b>		<b>4,502</b>	<b>2,093</b>
Other income	2(a)	640	364
Operations cost	2(c)	(372)	(415)
Sales and marketing expenses	2(c)	(5,010)	(3,453)
Engineering and research expenses	2(c)	(4,926)	(2,150)
Corporate costs	2(c)	(4,318)	(2,707)
Foreign exchange gains		280	625
<b>Expenditure</b>		<b>(14,346)</b>	<b>(8,100)</b>
<b>Operating loss</b>		<b>(9,204)</b>	<b>(5,643)</b>
Net finance income	2(b)	361	565
<b>Net loss before income tax</b>		<b>(8,843)</b>	<b>(5,078)</b>
Income tax benefit/(expense)	9	7	(3)
<b>Loss attributable to owners of ikeGPS Group</b>		<b>(8,836)</b>	<b>(5,081)</b>
<b>Other comprehensive loss</b>			
Exchange differences on translation of foreign operations <sup>1.</sup>		(373)	(640)
<b>Comprehensive loss</b>		<b>(9,209)</b>	<b>(5,721)</b>
Basic loss per share	20	(\$0.18)	(\$0.14)
Diluted loss per share	20	(\$0.18)	(\$0.14)

1. Exchange differences are reclassified to the profit or loss on disposal of foreign operations.

The notes on pages 34 to 63 are an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

	Share capital	Accumulated losses	Share based payment reserve	Foreign Currency Translation Reserve	Total
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Opening balance at 1 April 2014	13,164	(10,119)	241	663	3,949
Loss for the year	-	(5,081)	-	-	(5,081)
Other comprehensive loss:					
Currency translation differences	-	-	-	(640)	(640)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(5,081)</b>	<b>-</b>	<b>(640)</b>	<b>(5,721)</b>
Issue of ordinary shares	23,762	-	-	-	23,762
Recognition of share-based options	-	-	132	-	132
Share based payment reserve movement	207	-	(207)	-	-
<b>Total transactions with owners</b>	<b>23,969</b>	<b>(5,081)</b>	<b>(75)</b>	<b>(640)</b>	<b>18,173</b>
<b>Balance at 31 March 2015</b>	<b>37,133</b>	<b>(15,200)</b>	<b>166</b>	<b>23</b>	<b>22,122</b>

	Share capital	Accumulated losses	Share based payment reserve	Foreign Currency Translation Reserve	Total
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Opening balance at 1 April 2015	37,133	(15,200)	166	23	22,122
Loss for the year	-	(8,836)	-	-	(8,836)
Other comprehensive loss:					
Currency translation differences	-	-	-	(373)	(373)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(8,836)</b>	<b>-</b>	<b>(373)</b>	<b>(9,209)</b>
Issue of ordinary shares	900	-	-	-	900
Unvested shares <sup>1.</sup>	(714)	-	-	-	(714)
Recognition of share-based options	-	-	142	-	142
Share based payment reserve movement	33	-	(33)	-	-
<b>Total transactions with owners</b>	<b>219</b>	<b>-</b>	<b>109</b>	<b>-</b>	<b>328</b>
<b>Balance at 31 March 2016</b>	<b>37,352</b>	<b>(24,036)</b>	<b>275</b>	<b>(350)</b>	<b>13,241</b>

1. Unvested shares returned from General Electric Company refer to note 22

The notes on pages 34 to 63 are an integral part of these consolidated financial statements.



## Consolidated balance sheet

		As at 31 March	
	Note	Group	
		2016	2015
		\$'000's	\$'000's
ASSETS			
Current assets			
Cash and cash equivalents	3	5,292	17,256
Trade and other receivables	6	1,931	713
Prepayment		303	67
Inventory	4	949	827
Total current assets		8,475	18,863
Non-current assets			
Property, plant and equipment	12	1,539	523
Intangible assets	13	4,545	4,212
Deferred tax asset	9	28	21
Total non-current assets		6,112	4,756
Total assets		14,587	23,619
LIABILITIES			
Current liabilities			
Trade and other payables	7	1,048	837
Employee entitlements	5	208	117
Deferred revenue	10	82	535
Total current liabilities		1,338	1,489
Non-current liabilities			
Deferred revenue	10	8	8
Total non-current liabilities		8	8
Total liabilities		1,346	1,497
Total net assets		13,241	22,122
EQUITY			
Share capital	11	37,352	37,133
Share based payment reserve	21	275	166
Accumulated losses		(24,036)	(15,200)
Foreign currency translation reserve		(350)	23
Total equity		13,241	22,122

Director

Date: 18<sup>th</sup> May 2016  
MDT (Mountain Daylight Time)

Director

Date: 18<sup>th</sup> May 2016  
MDT (Mountain Daylight Time)

The notes on pages 34 to 63 are an integral part of these consolidated financial statements.

## Statement of cash flows

Year ended 31 March			
Group			
	Note	2016 \$'000's	2015 \$'000's
<b>Cash flows from operating activities</b>			
Cash receipts from customers and grants		7,453	3,856
Cash paid to suppliers and employees		(17,284)	(9,765)
Interest paid		(19)	(5)
<b>Net cash used in operating activities</b>	19	<b>(9,850)</b>	<b>(5,914)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(1,258)	(520)
Purchases of intangible assets		(2,112)	(1,250)
Interest received		468	570
<b>Net cash used in investing activities</b>		<b>(2,902)</b>	<b>(1,200)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares		900	22,762
<b>Net cash from financing activities</b>		<b>900</b>	<b>22,762</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(11,852)</b>	<b>15,648</b>
Cash and cash equivalents at 1 April		17,256	1,623
Effect of exchange rate fluctuations on cash held		(112)	(15)
<b>Cash and cash equivalents at 31 March</b>		<b>5,292</b>	<b>17,256</b>

The notes on pages 34 to 63 are an integral part of these consolidated financial statements.

## Notes to the consolidated financial statements

Financial statements are presented for ikeGPS Group Limited ("the Company") and its subsidiaries, ikeGPS Limited and ikeGPS Inc., together referred to as the "Group". The financial statements were authorised for issue by the Directors on 18 May 2016. The Company is a limited liability company incorporated and domiciled in New Zealand.

### 1. Summary of significant accounting policies

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

#### Basis of preparation

##### Statement of compliance

The Group is primarily involved in the business of design, marketing and sales of integrated GPS data capture devices and related software.

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

The consolidated financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements comply with International Financial Reporting Standards (IFRS).

##### Basis of measurement

The financial statements have been prepared on the historical cost basis with the exception of certain financial instruments which are measured in accordance with the specific relevant accounting policy.

##### Changes in accounting policy and disclosures

#### a) Changes in accounting policies and disclosures

The Group has elected to change how expenses are presented in the consolidated statement of profit or loss and other comprehensive income. The expenses are still classified by function but the method of allocation has been changed in order to provide a more accurate allocation and depiction of the Group's operational performance. There is no change to the total expenses report as a result of this change. The impact of the change in allocation is included below:

	2015 restated \$'000's	2015 \$'000's	change
Operations cost	(415)	(610)	195
Sales and marketing expenses	(3,453)	(3,856)	403
Engineering and research expenses	(2,150)	(1,913)	(237)
Corporate costs	(2,707)	(2,346)	(361)
Foreign exchange gains	625	625	-
<b>Expenses</b>	<b>(8,100)</b>	<b>(8,100)</b>	<b>-</b>

#### b) New and amended standards adopted by the Group

There are no new standards, amendments and interpretations which are effective for the financial year beginning on 1 April 2015 that are material to the Group.

# Notes to the consolidated financial statements

## 1. Summary of significant accounting policies (continued)

### Changes in accounting policy and disclosures (continued)

#### c) *New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations have been issued, but are not yet effective. These standards have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following:

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

NZ IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group intends to adopt NZ IFRS 15 on its effective date and is currently assessing its full impact.

NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers'.

The Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

## Notes to the consolidated financial statements

### 1. Summary of significant accounting policies (continued)

#### Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are the measurement and impairment of intangible assets.

In particular:

- Capitalised development of the IKE product platform (core technology platform) is amortised over 10 years.
- Capitalised development of the Spike product platform is amortised over 5 years.
- Capitalised development of Smart Phone technology products, based on either IKE or Spike product platforms, are amortised no more than 3 years.
- Patents are amortised up to a period of 10 years.

The Directors judgment is about the economic life of the development assets based on the fact these intangible assets provide the core technology for all current and future product development and therefore have a life which goes beyond the life of any one product. The IKE product platform has been developed over a period of 10 years and is considered to have at least 7 years of life remaining. The Spike product platform has at least 3.5 years of life remaining.

Annually the Directors are required to assess the appropriateness of the assets amortisation period. For the current year the Directors have assessed that the amortisation period is appropriate.

The pattern of benefits received from the capitalised development may ultimately differ from the Directors' initial judgment due to risk of obsolescence or other future factors affecting the assets useful life. The table below summarises the impact that a reduction in the amortisation period of the core technology platform would have.

Reduction in years	Increase in annual amortisation expense
1	\$31,058
2	\$76,382
3	\$144,368

In addition to the above, the Group makes judgments about the amount of costs to capitalise as part of the development asset. The Group capitalises direct labour costs into its development asset. The costs applied are based on judgment as to the nature of work employees performed, and the amount of time spent on the task. This is assessed each month jointly by engineering management and the CFO.

The Group regularly reviews the carrying value of capitalised development costs for impairment. Refer to accounting policy on impairment of non-financial assets.



# Notes to the consolidated financial statements

## 1. Summary of significant accounting policies (continued)

### Basis of consolidation

#### Subsidiaries

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

#### Transactions eliminated on consolidation

Intra-Group transactions, balances, and any unrealised gains arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### Operating segments

The Managing Director and members of the Executive Team are the Group's operating decision makers. They have determined that based on the information they use for the purpose of allocating resources and assessing performance, the Group itself forms a single operating segment.

#### Foreign currency translation

##### a) Functional and presentation currency

Items included in the financial statements of each the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is NZ dollars. The functional currency of the Group's USA subsidiary is US dollars. These financial statements are presented in NZ dollars, which is the Group's presentation currency.

##### b) Transactions and balances

Foreign currency transactions are initially translated to functional currencies at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

##### c) Group companies

The results and financial position of the US subsidiary are translated into the presentation currency as follows:

- i) assets and liabilities are translated at the closing rate at the date of the balance sheet;
- ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- iii) all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, such exchange differences are reclassified to profit or loss in the statement of profit or loss and other comprehensive income.

## Notes to the consolidated financial statements

### 1. Summary of significant accounting policies (continued)

#### Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST) and other indirect taxes except for trade debtors and trade payables that are stated inclusive of GST.

#### Financial instruments

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

#### Non-derivative financial instruments

Non-derivative financial instruments comprise loans and receivables, including trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

#### Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods and services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the end of the reporting period which are classified as non-current assets.

#### Trade and other payables

Trade and other payables are obligation to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

# Notes to the consolidated financial statements

## 1. Summary of significant accounting policies (continued)

### Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

#### Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

Development equipment	14.0% - 33.0%
Office furniture and equipment	13.0% - 48.0%
Plant and equipment	14.0% - 33.0%
Leasehold improvements	9.5% - 33.0%

Gain and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

### Intangible assets

#### Research and development

All research costs are recognised as an expense when they are occurred.

#### Capitalised development costs

The Group capitalises employee costs directly related to software development. The Group regularly reviews (at least annually) the carrying value of capitalised development costs to ensure they are not impaired. The development costs for all products are amortised over periods up to 10 years (core platform 10 years and subsequent development between 2-5 years), to reflect the expected useful life of the assets.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## Notes to the consolidated financial statements

### 1. Summary of significant accounting policies (continued)

#### Intangible assets (continued)

##### Software

Software acquired or developed by the Group, has finite useful lives, and are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives of 2 to 5 years.

##### Patent costs

Patents are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of up to 10 years.

##### Trademark and licences

Separately acquired trademarks and licences are shown at historical cost. Acquired trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of up to 5 years (being the license term).

The estimated useful life and amortisation method of intangible assets is reviewed at the end of each annual reporting period.

#### Leased assets

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

#### Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on a weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost comprises direct materials, direct labour and production overhead. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Government grants

Government grants are assistance by the Government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group. Government grants include Government assistance where there are no conditions specifically relating to the operating activities of the Group other than the requirement to operate in certain regions or industry sectors.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods necessary to match the grant to the costs that it is intended to compensate.

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

# Notes to the consolidated financial statements

## 1. Summary of significant accounting policies (continued)

### **Impairment of non-financial assets**

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment or objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated. 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 pre-tax discount rate that reflects current market assessments for the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or 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. An impairment loss is recognised in profit or loss immediately. 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.

### **Impairment of financial assets**

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### **Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### **Share-based payment**

The Group operates an employee option scheme (equity-settled) under which employees receive the option to acquire shares at a predetermined exercise price. The options are measured at fair value at grant date using the Black Scholes model with the fair value recognised as an employee benefits expense in profit or loss with a corresponding increase in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimate of the number of options that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss with a corresponding adjustment to equity.

The Group has issued a number of shares to an entity in exchange for the right to use the entity's trade mark for a period of time. The trade mark licence is recognised at cost with reference to the fair value of the equity consideration paid.



## Notes to the consolidated financial statements

### 1. Summary of significant accounting policies (continued)

#### Revenue

The Group derives its revenue from the sale of product and related maintenance services, and subscription revenue. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods or services supplied, stated net of discounts, returns and goods and services tax.

#### a) Sale of product

Revenue from the sale of product is derived from the sale of the Groups' photogrammic laser measurement devices, associated software, accessories and warranty support. Revenue is recognised when the products are shipped and significant risks and rewards of ownership have been transferred to the buyer, and recovery of the consideration is probable. Warranty support revenue is recognised in the period the warranty service is provided i.e. evenly over the warranty period. The sale of product often includes other deliverables such as the provision of warranty support and associated software maintenance and upgrade. Warranty support in excess of the standard sales warranty provided under various consumer legislation is recognised as a separate component of revenue as detailed below. Software provided that is essential to the functioning of the hardware is deemed integral to the hardware sale and is not recognised separately. Revenue relating to services to maintain and upgrade software over the life of the product is recognised at time of product sale due to the immaterial/insignificant cost of delivering these services.

#### b) Subscription revenue

Subscription revenue comprises the recurring monthly fees from customers who subscribe to the Group's software services. Revenue is recognised as the services are provided to the customers. Consideration received in advance (of the service being provided), is recognised in the balance sheet as deferred revenue.

#### c) Other operating revenue

Other operating revenue includes contract revenue from the provision of professional services in relation to project delivery and product development. Revenue is recognised in the accounting period in which service is provided. Consideration received prior to the service being provided is recognised in the balance sheet as deferred revenue. Revenue associated with the rendering of services is recognised when all the following conditions have been satisfied:

- the amount of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

#### Finance income and expenses

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

Finance expenses comprise interest expense on borrowings, recognized using the effective interest method.

# Notes to the consolidated financial statements

## 1. Summary of significant accounting policies (continued)

### **Current and deferred income tax**

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **Earnings per share**

The Group presents earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares on issue for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and convertible preference shares.

### **Other reserves**

#### **Share-based payments reserve:**

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

#### **Foreign currency translation reserve:**

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in the foreign currency translation accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

## Notes to the consolidated financial statements

### 2. Revenue and expenses

#### (a) Revenue

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000's</b>	<b>\$'000's</b>
Sale of product and services	8,574	3,662
Government grants	640	364
<b>Total revenue and other income</b>	<b>9,214</b>	<b>4,026</b>

Government grants are in relation to cost subsidies from Callaghan Innovation for research and development and cost subsidies from New Zealand Trade and Enterprise (2015 only). Under the conditions of the Callaghan Innovation grant the Group is required to submit a report from an independent auditor on the eligibility of the costs claimed. This report is outstanding at balance date but does not represent a significant unfulfilled condition.

Revenue from one customer of \$2,825,000 represented more than 10% of revenue (2015: \$526,860).

#### (b) Net finance income/(expense)

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000's</b>	<b>\$'000's</b>
Interest income	380	570
Interest expense	(19)	(5)
<b>Net interest income/(expense)</b>	<b>361</b>	<b>565</b>

# Notes to the consolidated financial statements

## 2. Revenue and expenses (continued)

### (c) Operating expenses

	Group	
	2016 \$'000's	2015 \$'000's
<b>Audit of financial statements</b>		
Audit and review of financial statements <sup>1.</sup>	297	111
<b>Other services</b>		
Regulatory audit work <sup>2.</sup>	2	2
Other assurance services <sup>3.</sup>	6	6
Tax compliance services <sup>4.</sup>	27	20
Other services <sup>5.</sup>	-	138
<b>Total other services</b>	<b>35</b>	<b>166</b>
<b>Total fees paid to auditor</b>	<b>332</b>	<b>277</b>
Less other service fees capitalised <sup>5.</sup>	-	(117)
<b>Total auditor expenses recognised in profit or loss</b>	<b>332</b>	<b>160</b>
Amortisation of development asset	853	441
Amortisation of patents and software	30	30
Amortisation of trademark	181	240
Depreciation	242	96
<b>Total amortisation and depreciation<sup>6.</sup></b>	<b>1,306</b>	<b>807</b>
Employee benefit expense <sup>7.</sup>	8,247	4,274
External contractors consultants and advisors	3,135	1,553
Expense capitalised <sup>8.</sup>	(2,112)	(1,222)
IPO expenses (NZX listing)	-	272
Operating lease expenses	299	122
Direct selling and marketing expenses <sup>9.</sup>	2,107	1,590
Other operating expenses	1,312	1,169
<b>Total operating expenses</b>	<b>14,626</b>	<b>8,725</b>

Operating expenses comprises of operations costs, sales and marketing expenses, engineering and research expenses and corporate costs.

#### Notes

1. The audit fee includes the fees for the annual audit of the financial statements and the review of the interim financial statements. In 2016 the fee includes procedures to audit the 2015 and 2016 financial statements in accordance with US auditing requirements.
2. Regulatory audit work consists of the audit of the Company's share registry.
3. Other assurance services comprise reporting on grant application requirement.
4. Tax compliance services relates to assistance to review and file the Group's tax return.
5. Other services in the comparative year comprise due diligence work in relation to the Prospective Financial Information, and the NZX Initial Public Offering. An amount of \$117,000 was deducted from equity as a cost of issue on IPO.
6. Amortisation and depreciation expenses are included in engineering and research expenses.
7. Includes Share options granted \$162,000 (FY2015, \$133,000).
8. Relates to employee benefit expense, external contractors and consultants expenses that are directly attributable to the development of intangible assets and have been capitalised.
9. Direct selling and marketing expenses are incurred in payment of commissions, royalties from product sales, promotional events and other direct marketing expenses.

## Notes to the consolidated financial statements

### 3. Cash and cash equivalents

	Group	
	2016 \$'000's	2015 \$'000's
Bank balances	292	256
Call deposits	5,000	17,000
<b>Total cash and cash equivalents</b>	<b>5,292</b>	<b>17,256</b>

\$5,000,000 is on term deposit with a maturity date of 20 April 2016. Interest earned is at a rate of 2.9% p.a. (2015: 4.34% p.a.). The Group has redeposited surplus funds. BNZ has perfected security interest in all present and after acquired property of ikeGPS Limited.

### 4. Inventory

	Group	
	2016 \$'000's	2015 \$'000's
Finished goods	146	148
Components	803	679
<b>Total inventory</b>	<b>949</b>	<b>827</b>

Included in cost of sales is \$3,817,000 (2015: \$1,173,000) relating to the amount of inventory recognised as an expense in the period.

### 5. Employee entitlements

The Group has employee entitlements consisting of accrued leave balances of \$207,572 (2015: \$117,260).

### 6. Trade and other receivables

	Group	
	2016 \$'000's	2015 \$'000's
Trade receivables	1,621	303
Other receivables	310	410
<b>Total trade and other receivables</b>	<b>1,931</b>	<b>713</b>

The Group has \$291,583 past due trade receivables at balance date. (2015 NIL)

60 - 90 days	90 days +	Total Past due
23,492	268,091	291,583

No accounts are deemed impaired.

Other receivables relate to;

- Government grant claim with NZTE for \$228,401 (2015: \$87,870);
- GST tax refund of \$59,767 (2015: \$147,379);
- Interest receivable \$14,523 (2015: 100,760);
- Withholding tax receivables NIL (2015: 74,193); and
- Supplier reimbursements \$6,978 (2015: NIL).



## Notes to the consolidated financial statements

### 7. Trade and other payables

	Group	
	2016	2015
	\$'000's	\$'000's
Trade payables	803	563
Accrued expenses	245	274
<b>Total trade and other payables</b>	<b>1,048</b>	<b>837</b>

### 8. Subsidiaries

Name of entity	Country of incorporation	Principal activity	Investment	
			2016	2015
			\$'s	\$'s
ikeGPS Limited	New Zealand	Product development and business operations	1,000	1,000
ikeGPS Inc.	USA	Business operations	1,000	1,000
			<b>2,000</b>	<b>2,000</b>

ikeGPS Limited and ikeGPS Inc. are 100% (2015: 100%) owned by the Company.

All subsidiaries have 31 March balance dates.

## Notes to the consolidated financial statements

### 9. Current and deferred tax

The Group's tax (benefit) / expense comprises:

	2016 \$'000's	2015 \$'000's
Current tax	-	-
Deferred tax	(7)	3
<b>Income tax (benefit)/expense</b>	<b>(7)</b>	<b>3</b>

Prima facie income tax expense on pre-tax accounting profit from operations reconciles to the accounting loss from operations and reconciles to the income tax (benefit) / expense in the financial statements as follows:

	Group	
	2016 \$'000's	2015 \$'000's
Net loss before income tax	(8,843)	(5,078)
Prima facie income tax credit at 28%	(2,476)	(1,422)
Non-deductible expenses	47	98
Prior period adjustment	(23)	(123)
Unrecorded tax losses	2,445	1,450
<b>Income tax (benefit)/expense</b>	<b>(7)</b>	<b>3</b>

The Group has unrecognised tax losses of \$9,688k (2015: \$8,139k), arising from New Zealand operations available for use against future taxable profits subject to meeting the requirements of continuous ownership provision stated in the Income Tax Act 2007.

A tax asset in respect of these losses has not been recognised due to the uncertainty of when the unused tax losses can be utilised.

#### Deferred tax : Employee entitlement

	Group	
	2016 \$'000's	2015 \$'000's
Opening balance	21	24
Recognised through profit or loss	7	(3)
<b>Closing balance</b>	<b>28</b>	<b>21</b>

Deferred tax is expected to be settled within 12 months.

### 10. Deferred revenue

Deferred revenue is income received in advance of the supply of product and warranty services.

	Group	
	2016 \$'000's	2015 \$'000's
Warranty deferred revenue	81	41
Contracted services deferred revenue	-	502
Other income received in advance	9	-
<b>Total deferred revenue</b>	<b>90</b>	<b>543</b>

## Notes to the consolidated financial statements

### 11. Contributed equity

<b>Share Capital</b>	<b>2016</b> <b>\$'000's</b>	<b>2015</b> <b>\$'000's</b>
On Issue at 1 April	37,133	13,164
Issued for cash	900	-
Unvested shares returned from General Electric Company (note 22)	(714)	-
Convertible preference shares <sup>1</sup>	-	1,000
Issue of options	33	207
Issued at IPO	-	25,000
Less IPO costs offset against issue proceeds	-	(2,238)
<b>Total share capital</b>	<b>37,352</b>	<b>37,133</b>

<b>Share Capital on issue</b>	<b>2016</b>	<b>2015</b>
Fully paid total shares 1 April	50,129,669	25,406,886
Ordinary shares issued on settlement of warrants	-	617,291
Ordinary shares issued from anti-dilution clauses	-	1,009,780
Ordinary shares issued on settlement of options	41,339	321,133
<b>Shares on issue</b>	<b>50,171,008</b>	<b>27,355,090</b>
New shares offered	1,111,112	22,727,272
Ordinary shares cancelled after share buy-back	(903,614)	-
Ordinary shares issued on settlement of options after IPO	-	47,307
<b>Fully paid ordinary shares</b>	<b>50,378,506</b>	<b>50,129,669</b>

- <sup>1</sup> Last year the Company had \$1,000,000 convertible preference shares which converted to ordinary shares upon the issue of shares in the initial public offering.

## Notes to the consolidated financial statements

### 12. Property, plant and equipment

	Plant & equipment	Leasehold improvements	Office furniture & equipment	Development equipment	Total
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
<b>Cost</b>					
Balance at 1 April 2014	176	28	80	44	328
Additions	84	-	433	4	521
Balance at 31 March 2015	260	28	513	48	849
Balance at 1 April 2015	260	28	513	48	849
Additions	1,117	-	131	10	1,258
<b>Balance at 31 March 2016</b>	<b>1,377</b>	<b>28</b>	<b>644</b>	<b>58</b>	<b>2,107</b>
<b>Depreciation</b>					
Balance at 1 April 2014	119	19	62	30	230
Depreciation for the year	40	6	44	6	96
Balance at 31 March 2015	159	25	106	36	326
Balance at 1 April 2015	159	25	106	36	326
Depreciation for the year	68	3	165	6	242
<b>Balance at 31 March 2016</b>	<b>227</b>	<b>28</b>	<b>271</b>	<b>42</b>	<b>568</b>
<b>Carrying amounts</b>					
At 31 March 2015	101	3	407	12	523
<b>At 31 March 2016</b>	<b>1,150</b>	<b>-</b>	<b>373</b>	<b>16</b>	<b>1,539</b>

# Notes to the consolidated financial statements

## 13. Intangible assets

	Development assets	Patents and software	Trademark licence	Total
	\$'000's	\$'000's	\$'000's	\$'000's
<b>Cost</b>				
Balance at 1 April 2014	3,200	146	1,205	4,551
Additions	1,222	28	-	1,250
Balance at 31 March 2015	4,422	174	1,205	5,801
Balance at 1 April 2015	4,422	174	1,205	5,801
Additions	2,112	-	-	2,112
Disposal	-	-	(1,205)	(1,205)
<b>Balance at 31 March 2016</b>	<b>6,534</b>	<b>174</b>	<b>-</b>	<b>6,708</b>
<b>Amortisation and impairment losses</b>				
Balance at 1 April 2014	741	68	69	878
Amortisation for the year	441	30	240	711
Balance at 31 March 2015	1,182	98	309	1,589
Balance at 1 April 2015	1,182	98	309	1,589
Amortisation for the year	853	30	181	1,064
Disposal	-	-	(490)	(490)
<b>Balance at 31 March 2016</b>	<b>2,035</b>	<b>128</b>	<b>-</b>	<b>(2,163)</b>
<b>Carrying amounts</b>				
At 31 March 2015	3,240	76	896	4,212
<b>At 31 March 2016</b>	<b>4,499</b>	<b>46</b>	<b>-</b>	<b>4,545</b>

Intangible assets are all recognised within and owned by ikeGPS Group Limited, incorporated in New Zealand.

### Development assets

Additions to internally generated development assets for the year relates to the continued development of the Spike product and other new products not yet released.

### Trademark licence

The Company was granted on 16 December 2013 the exclusive right to use the GE trademark on its ike product. These rights were granted for a period of five years with an exit option after two years. On 31 December 2015 ikeGPS exercised this exit option. As a result the asset was derecognised.



## Notes to the consolidated financial statements

### 14. Financial instruments and financial risk management

**Financial instruments** recognised in the balance sheet include cash balances, trade and other receivables and trade and other payables.

The following table shows the designation of the Group's financial instruments:

	<b>2016</b> <b>\$'000's</b>			<b>2015</b> <b>\$'000's</b>		
	Loans and receivables	Financial liabilities at amortised cost	Total carrying value	Loans and receivables	Financial liabilities at amortised cost	Total carrying value
<b>Financial assets</b>						
Cash and cash equivalents	5,292	-	5,292	17,256	-	17,256
Trade and other receivables	1,871	-	1,871	566	-	566
<b>Total financial assets</b>	<b>7,163</b>	<b>-</b>	<b>7,163</b>	<b>17,822</b>	<b>-</b>	<b>17,822</b>
<b>Financial liabilities</b>						
Employee entitlements	-	208	208	-	117	117
Trade and other payables	-	803	803	-	563	563
Accrued expenses	-	245	245	-	274	274
<b>Total financial liabilities</b>	<b>-</b>	<b>1,256</b>	<b>1,256</b>	<b>-</b>	<b>954</b>	<b>954</b>

**Financial risk factors.** The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risks which arises in the normal course of the Company and Group's business.

#### Credit risk

Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents, and trade and other receivables. All cash and cash equivalents in New Zealand are held with high credit quality counterparties, being trading banks with "AA-" grade or better credit ratings, and "A+ to A++" grade in the USA. The Group does not require collateral or security from its trade receivables. The Group performs credit checks and continuously monitors the credit quality of its larger trade receivables and does not anticipate any non-performance of those customers. There were no impaired trade receivables.

Maximum exposure to credit risk at balance date:

	<b>Group</b>	
	<b>2016</b> <b>\$'000's</b>	<b>2015</b> <b>\$'000's</b>
Cash at bank	5,292	17,256
Trade and other receivables	1,871	566
<b>Total</b>	<b>7,163</b>	<b>17,822</b>

Receivables of \$530,000 are due from one large customer at 31 March 2016. This customer has a credit rating of A-.

# Notes to the consolidated financial statements

## 14. Financial instruments and financial risk management (continued)

### Liquidity risk

Liquidity risk is the risk that the Group cannot pay contractual liabilities as they fall due. During the year the Company raised net cash of \$900,000 from a placement of shares on the NZX Main Board. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's forward financing plans and commitments.

While these consolidated financial statements have been prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions indicate the existence of a material uncertainty that may cast significant doubt on the validity of this assumption. The Group had operating cash outflows for the year ended 31 March 2016 of \$9,850,000 (2015: \$5,914,000) and given a cash balance as at the same date of \$5,291,714 the Group would not be able to fund a similar level of operating cash outflows.

The Directors have approved a business plan for FY17 that includes the continued prudent management of costs and at the same time focusing effort on realizing the significant sales opportunities for the entity's products. The plan takes into consideration:

- an expectation of increased sales in the 31 March 2017 year as a result of the recent introduction of further new products and solutions combined with management's assessment of the size of demand for the Company's products,
- reductions in the level of development related costs, and
- the ability of the Group to manage its growth activities and hence associated costs.

On this basis the Directors believe that the Group has access to sufficient funding to meet its obligations as they fall due for at least the next 12 months from the date of authorizing the financial statements, and hence consider the use of the going concern basis appropriate.

The Group's ability to improve its financial capacity and cash flow generated from its operations cannot be assured.

These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Group were unable to realize its assets and settle its liabilities in the normal course of operations. Such adjustments could be material.

The following table sets out the undiscounted cash flows for all financial liabilities of the Group:

	2016 \$'000's			2015 \$'000's		
	Contractual cash flows	6 months or less	No stated maturity	Contractual cash flows	6 months or less	No stated maturity
Employee entitlements	208	-	208	117	-	117
Trade payables	803	803	-	563	563	-
Accrued expenses	245	245	-	274	274	-
<b>Total financial liabilities</b>	<b>1,256</b>	<b>1,048</b>	<b>208</b>	<b>954</b>	<b>837</b>	<b>117</b>

## Notes to the consolidated financial statements

### 14. Financial instruments and financial risk management (continued)

#### Foreign currency risk management

The Group is exposed to foreign currency risk on its sales that are denominated in a currency other than the Group's presentation currency. The foreign currency in which sales transactions are primarily denominated in U.S. dollars (USD). The Group currently does not hedge its exposures arising from its transactions denominated in a foreign currency.

At 31 March 2016, had the local currency strengthened / weakened against the USD by 10% the pretax loss would have been (higher)/lower

	Carrying value of FX impacted Financial Instruments \$'000's	+ 10% \$'000's	-10% \$'000's
Cash and cash equivalents	USD 179	(27)	34
Trade and other receivables	USD 1,123	(147)	180
Trade and other payables	USD 296	39	(48)
Intercompany balance foreign	USD 9,995	(1,312)	1,601

#### Interest rate risk management

The Group's interest rate risk arises from its cash balances. The Group currently has no significant exposure to interest rate risk other than in relation to the amount held at the bank. A reasonably expected movement in the prevailing interest rate would not materially affect the Group's financial statements.

### 15. Capital management

The capital structure of the Group consists of equity raised by the issue of ordinary shares in the Company. The Group manages its capital to ensure the entities in the Group are able to continue as a going concern. The Group is not subject to any externally imposed capital requirements.

The Group's aim is to maintain a sufficient capital base so as to maintain investor and creditor confidence and to sustain future development of the business.

The Group's strategy in respect of capital management is reviewed regularly by the Board of Directors. There have been no material changes in the Group's management of capital during the year.

### 16. Fair value estimation

The fair value of the Group's financial assets and liabilities does not materially differ from their carrying value due to their short maturities.

The Group has no financial instruments measured at fair value.

# Notes to the consolidated financial statements

## 17. Commitments

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000's</b>	<b>\$'000's</b>
Non-cancellable operating leases		
Less than one year	435	813
Between one and five years	671	610
More than five years	-	-
<b>Total</b>	<b>1,106</b>	<b>1,423</b>

Operating leases are in relation to rented premises, computers and photocopiers and minimum royalty payments to GE Trademark Licensing, Inc. (2015 only)

## 18. Contingencies

The Group advises there are no contingencies.

## 19. Cash used in operations

	<b>Year ended 31 March</b>	
	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000's</b>	<b>\$'000's</b>
<b>Loss for the year</b>	(8,836)	(5,081)
Less interest received (investing activity)	(468)	(570)
<b>Non-cash items included in net loss</b>		
Depreciation	243	96
Amortisation of intangible assets	1,064	711
Deferred tax (benefit) / expense	(7)	3
Share option expense	161	132
Foreign exchange gains	(280)	(625)
	713	(253)
<b>Add/(less) movement in working capital items</b>		
Increase in trade and other receivables	(1,218)	(310)
Increase in inventories	(122)	(679)
Increase in prepayments	(236)	(30)
Increase in trade and other payables	211	283
(Decrease)/ increase in deferred revenue	(453)	140
Increase in employee entitlements	91	16
	(1,727)	(580)
<b>Net cash used in operating activities</b>	<b>(9,850)</b>	<b>(5,914)</b>

## Notes to the consolidated financial statements

### 20. Basic and diluted earnings per share

#### Basic

	2016 \$'000's	2015 \$'000's
Total loss for the year attributable to the owners of the parent	(8,836)	(5,081)
Ordinary shares issued (weighted average)	50,357,352	36,436,002
Loss per share	\$(0.18)	\$(0.14)

The potential shares are anti-dilutive in nature. The diluted loss per share is therefore the same as the undiluted EPS at (\$0.18) and (\$0.14) for the respective periods.

### 21. Share based payments

Share options are granted to directors and selected employees. Options outstanding at 31 March 2016 have a contractual life of three years. Options can be exercised at any time after vesting and unexercised options expire if the employee leaves the Group. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related average exercise prices are as follows:

	2016		2015	
	Average Exercise Price	Options ('000's)	Average Exercise Price	Options ('000's)
At 1 April	\$0.84	2,875	\$0.73	1,620
Granted	\$0.63	490	\$0.98	2,300
Forfeited	\$0.85	(420)	\$1.10	(60)
Exercised	\$0.65	(510)	\$0.65	(985)
	<b>\$0.79</b>	<b>2,435</b>	<b>\$0.84</b>	<b>2,875</b>

Out of the 2,435,000 outstanding options (2015: 2,874,996), 1,344,004 (2015: 1,118,885) were exercisable at 31 March 2016.

The weighted average share price at the time of exercise of options in 2016 was \$0.65 (2015: \$0.65).

## Notes to the consolidated financial statements

### 21. Share based payments (continued)

#### Options vested

Share options outstanding at the end of the year have the following expiry date and exercise price.

Grant-vest	Expiry date 31 December	Options exercise price	2016	2015	Weighted average remaining term of options (years)
			Number of options (‘000’s)	Number of options (‘000’s)	
2008-13	2015	\$0.65	-	510	-
2012-13	2016	\$0.80	-	100	-
2014	2017	\$0.99 - \$1.10	1,895	2,115	1.75
2014	2017	\$0.01	150	150	1.75
2015	2017	\$0.88 - \$1.10	390	-	-
			<b>2,435</b>	<b>2875</b>	<b>1.75</b>

#### Measurement of fair value

At 31 March 2016, the Company determined the fair value of options issued using the Black Scholes valuation model. The significant inputs to the model were:

	2016	2015
Fair value of options issued in the year	\$0.02, \$0.06, \$0.61	\$0.23, \$0.24, \$0.94
Weighted average share price	\$0.63	\$1.03
Exercise price	\$0.01, \$0.88 - \$1.10	\$0.01, \$0.99, \$1.10
Volatility	30%	30%
Dividend yield	Nil	Nil
Risk free interest rate	2.97%	3.76% / 4.14%

Based on the fact that IkeGPS listed in July 2014, there is not sufficient historical data to accurately calculate a volatility rate for the model. Instead, a set rate of 30% has been used. This rate reflects the volatility of comparable companies.

#### Warrants

All warrants were converted into ordinary shares at the IPO in July 2014. There are no warrants at 31 March 2016 (or 31 March 2015).



## Notes to the consolidated financial statements

### 22. Related parties

#### Trademark licence

The Company entered into a licencing and trademark agreement with GE Trademark Licensing Inc. in December 2013. The agreement granted ikeGPS the right to use GE's trademark on its ike product for a period up to five years. In exchange ikeGPS issued 1.5m of convertible preference shares to General Electric Company. The shares vested on a pro rata basis over the contract period and subsequently converted to ordinary shares upon IPO of ikeGPS in July 2014. The exit option included in the contract was exercised on 31 December 2015 and the unvested shares were returned to the Company (refer to note 11).

#### Key management compensation

	Group	
	2016 \$'000's	2015 \$'000's
Short term benefits to directors and senior management	2,128	1,597
Share option expense; directors and senior management	157	121

Key management are identified as the Chief Executive Officer, Chief Technology Officer, Chief Financial Officer, Chief Marketing Officer, VP Global Sales (until March 2015), VP Utility Sales, Head of Engineering, and the Directors.

### 23. Subsequent events

There were no events subsequent to balance date.



# **Comparison against Prospective Financial Information (PFI)**

The PFI for the year ended 31 March 2016 formed part of the Company's Investment Statement and Prospectus, each dated 23 June 2014.

## Consolidated statement of profit or loss and other comprehensive income vs PFI

	Note	Year ended 31 March	
		Group Audited FY16A \$'000's	Unaudited FY16F \$'000's
Revenue and other income	1	9,214	14,325
Expenditure		(17,392)	(19,590)
<b>Loss before depreciation, amortisation, financing and tax</b>		<b>(8,178)</b>	<b>(5,265)</b>
Depreciation and amortisation		(1,306)	(1,230)
Foreign exchange gains	2	280	-
<b>Loss before financing and tax</b>		<b>(9,204)</b>	<b>(6,495)</b>
Net finance income		361	649
Income tax benefit/(expense)		7	-
<b>Loss attributable to owners of ikeGPS Group</b>	3	<b>(8,836)</b>	<b>(5,846)</b>
<b>Other comprehensive (loss)/income</b>			
Exchange differences on translation of foreign operations	4	(373)	-
<b>Comprehensive (loss)</b>		<b>(9,209)</b>	<b>(5,846)</b>

## Consolidated statements of changes in equity vs PFI

	Note	Year ended 31 March	
		Group Audited FY16A \$'000's	Unaudited FY16F \$'000's
Opening balance at 1 April 2015		22,122	22,783
<b>Comprehensive (loss)</b>		<b>(9,209)</b>	<b>(5,846)</b>
Issue of ordinary shares		900	-
Share buy-back		(714)	-
Share based payment reserve movement		142	61
<b>Total transactions with owners</b>		<b>328</b>	<b>61</b>
<b>Balance at 31 March 2016</b>		<b>13,241</b>	<b>16,998</b>

## Consolidated balance sheet vs PFI

	Note	As at 31 March Group	
		Audited FY16A	Unaudited FY16F
		\$'000's	\$'000's
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	5,292	10,479
Trade and other receivables	10	1,931	1,382
Prepayment		303	-
Inventory	6	949	708
<b>Total current assets</b>		<b>8,475</b>	<b>12,569</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,539	1,377
Intangible assets	11	4,545	6,061
Deferred tax asset		28	-
<b>Total non-current assets</b>		<b>6,112</b>	<b>7,438</b>
<b>Total assets</b>		<b>14,587</b>	<b>20,007</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,048	1,956
Employee entitlements		208	242
Deferred revenue current	7	82	491
<b>Total current liabilities</b>		<b>1,338</b>	<b>2,689</b>
<b>Non-current liabilities</b>			
Deferred revenue non-current	7	8	320
<b>Total non-current liabilities</b>		<b>8</b>	<b>320</b>
<b>Total liabilities</b>		<b>1,346</b>	<b>3,009</b>
<b>Total net assets</b>		<b>13,241</b>	<b>16,998</b>
<b>EQUITY</b>			
Share capital		37,352	37,270
Share based payment reserve		275	362
Accumulated Losses		(24,036)	(21,295)
Foreign currency translation reserve	4	(350)	662
<b>Total equity</b>		<b>13,241</b>	<b>16,998</b>

## Statements of cash flows vs PFI

		Year ended 31 March	
	Note	Group FY16A \$'000's	FY16F \$'000's
<b>Cash flows from operating activities</b>			
Cash receipts from customers and grants	8	7,453	14,034
Cash paid to suppliers and employees	9	(17,284)	(18,961)
Interest paid		(19)	-
<b>Net cash used in operating activities</b>		<b>(9,850)</b>	<b>(4,927)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(1,258)	(1,011)
Purchases of intangible assets		(2,112)	(2,576)
Interest received		468	649
<b>Net cash used in investing activities</b>		<b>(2,902)</b>	<b>(2,938)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares		900	-
<b>Net cash from financing activities</b>		<b>900</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(11,852)</b>	<b>(7,865)</b>
Cash and cash equivalents at 1 April		17,256	18,344
Effect of exchange rate fluctuations on cash held		(112)	-
<b>Cash and cash equivalents at 31 March</b>		<b>5,292</b>	<b>10,479</b>

# Notes to the prospective financial information (PFI)

## 1. Revenue and other income

Revenue and other income was 64% of PFI due to the timing of the sales pipeline.

## 2. Foreign exchange gains /(losses)

Total foreign exchange (FX) gain \$0.28M is the result of the decline in USD during the year from 74c US in April 2015 to 69c in March 2016. The PFI assumption was a rate of 81c.

## 3. Loss attributable to the owners of the Group

The loss attributable to the owners of the Group (\$8.8M) was 1.5x the projected PFI losses (\$5.8M) due to reduced gross margins and lower sales revenues. Expenses were lower than PFI by \$2.2M (actual \$17.4M (PFI \$19.6M)) due to lower investment into sales & marketing and the later launch of new products.

## 4. Exchange differences on translation of foreign operations

The foreign currency translation reserve loss reserve of \$0.35M relates to FX losses from translation of US subsidiary prior year retained earnings and current year net assets. The PFI assumption was a rate of 81c.

## 5. Cash and cash equivalents

Net cash \$5.3M (PFI \$10.5M) is \$5.2M lower than PFI. Net cash used in operations \$9.8M was \$4.9M greater than PFI \$4.9M.

## 6. Inventory

Stocking levels of finished goods of IKE are higher than PFI due to timing of pre-stocking the IKE 4 product, which launched in March 2016.

## 7. Deferred revenue

Deferred revenue of \$0.09M (PFI \$0.49M) is lower since PFI had presumed higher levels of IKE maintenance and software subscriptions.

## 8. Cash receipts from customers and grants

Cash receipts from customers and grants was 53% of PFI due to lower sales volumes. Refer to note 1.

## 9. Cash paid to supplies and employees

Cash paid to suppliers and employees was 91% of PFI as the Group continued to invest in new product development and expanding selling capacity.

## 10. Trade and other receivables

Trade and other receivables are higher than PFI due to the delays in receipt of amounts due.

## 11. Intangibles

Intangible assets are approximately \$1.5m lower than PFI due to the revised policy to amortise some intangible assets more quickly, and a lower level of some related engineering investments.



# Directory

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