Snakk Media Limited
Annual report
for the year ended 31 March 2018

Letter from the Chair

Through a successful implementation of a rigorous restructuring program, investment in products, services and markets likely to result in revenue growth, and concurrently reducing investment in high risk markets, the management team and the board brought the business back close to a break-even result in the financial year ending 31 March 2018.

Snakk invested in products and services and in managed-service markets where Snakk considered there were favourable risk/reward opportunities for growth. We achieved good outcomes in self-service and in the Melbourne and Brisbane managed-service markets. However, there was lower than expected managed-service revenue in the established, highly competitive Sydney and New Zealand markets. Snakk significantly reduced its sales resources in Southeast Asia as the achieved and forecasted revenue did not justify continuing the same level of investment. The sales team has been revitalised in NSW and a new distribution model has been established in New Zealand. Snakk is exploring distribution and partnership opportunities that do not require significant financial investment to enter and grow.

The restructuring that commenced in the financial year 2017 continued into 2018 with the majority of the benefits being realised from the second quarter onwards. The restructuring reduced the operating cost base whilst retaining and strengthening the sales, delivery, and support functions in all key areas.

For the financial year 2019, Snakk is well positioned to maintain or grow its managed-service business in its core Australian and New Zealand markets. Snakk continues to develop products to support mobile advertising and data-led products and services derived from use of mobile device apps and mobile geo-location data. The demand for data-led products and services is growing and Snakk is pursuing opportunities in that market segment. There is a more diversified range of products and services compared to 2017 and 2018 that Snakk intends to leverage in 2019 and beyond.

Costs are being closely managed as is the working capital. The level of working capital available is very tight limiting opportunities and placing pressure on the business overall. Snakk's scale of operations is low for a listed company with the associated overhead and the board and management continuously monitor and manage working capital and associated capital options.

I would like to thank Joel Williams, senior management, the entire Snakk team and my board colleagues for their dedication and commitment in stabilising the business and optimising Snakk's position for the future.

Peter James
Independent Chair

CEO's Review

FY18 has seen a significant turnaround of $2.9m resulting in a decrease of the net loss to $0.27m from a net loss of $3.2m in FY17. Snakk achieved a net profit of $0.35m in the second half of the year, the first profitable half year in the last six years.

The media revenue was $10.3m (FY17, $10.6m). The main differences between years is continued growth in Self-Service revenue of $0.9m offset by lower revenue from Managed Services in Southeast Asia of $1.1m.

The mobile advertising market continues to grow, and remains highly competitive and subject to structural change. It is a rapidly evolving market with demands for the types of services shifting year-on-year. Snakk competes against the major global companies by focusing on differentiated niche products and services in areas where the competitors are not as proficient, by being nimble in adapting its products and services to changing demand, and by expanding its distribution channels.

Snakk continues to operate in Australia, New Zealand and Southeast Asia. As the contribution to net results from Southeast Asia was negative in FY17 Snakk significantly reduced the resources deployed there in FY18. Snakk is currently investigating ways to re-establish a Managed Services presence in a cost-effective manner that if successful would result in a positive contribution to the net result. There was good growth in the Melbourne and Brisbane markets that Snakk invested in to establish a stronger presence. The Sydney and New Zealand markets continued to be highly competitive and results were disappointing in those markets. The Sydney team has been re-vamped for FY19 and Snakk has established a new distribution model in New Zealand that encourages revenue growth whilst reducing operating costs at foreseeable revenue levels.

Although there was good growth in Self-Service revenue in FY18 the demand for specialist self-service platforms such as that offered by Snakk Media is not growing as fast as first anticipated. It has to some extent been replaced by an increased demand for data led products and services.

Managed Services and Self-Service. Snakk's core business is to offer highly targeted geo and audience based in-app advertising supported by mobile creative through its Managed-Service business stream. Snakk continues to develop and evolve the range of products to support the Managed-Services business stream.

The programmatic geographic mobile Snakk Audience platform is for customers who wish to manage their own advertising campaigns on a Self-Service basis. Self-Service complements Snakk's Managed-Services offering. Self-Service grew to $1.6m in FY18 and Snakk continues to offer this service, although the ongoing demand is difficult to predict.

Data Products and Services. The mobile geographic data and analytics products provide audiences based on consumer movement and enriched consumer behaviour data to our customers. This enables more highly targeted advertising campaigns or use of the consumer data for other insight purposes unrelated to advertising campaigns. Snakk can charge for access to the data and in other cases charge activation fees for use of the data. Snakk itself blends data from a variety of sources to provide enriched audiences as part of the Managed-Services suite of products.

Through continued vigilant management and monitoring of costs and investment in operational capability, controls, finance, and other human resources Snakk has reduced the operating expenses excluding finance charges to $6.5m in FY18. That is a reduction of $3.1m from FY17 without impacting sales capability in Australia and New Zealand or delivery and support capability in any market. As the full benefits of the restructuring commenced in FY17 was only fully realised from Q2 onwards in FY18 Snakk expects the operating expenses to be lower again in FY19. However, Snakk will take the opportunity to further invest in capability where there is a reasonable potential to grow revenue.

Nevertheless, Snakk's level of working capital remains relatively low and it and the associated cash flow is closely monitored by the company and the board.

The board and management believe the investment in product development for in-app and other mobile products, programmatic self-service offerings, data products and services, and the potential for innovative distribution channels and partnership diversifies the risk to revenue.

J Williams

Joel Williams
CEO

Corporate governance statement

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

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

Board of Directors

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

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

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

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

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

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

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

Audit, Finance and Risk Committee

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

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

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

Nominations and Remuneration Committee

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

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

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

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

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

Code of Ethics

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

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

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

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

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

Shareholder Communication

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

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

Diversity Policy

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

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

	Directors		**Officers (Local Director)**		**Employees (Including Officers)**	
Female	0	0%	0	0%	12	48%
Male	3	100%	1	100%	13	52%
Total	3	100%	1	100%	25	100%

Directors' responsibility statement

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

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

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

The directors present the financial statements, set out on pages 13 - 46 of Snakk Media Limited for the year ended 31 March 2018.

The Board of Directors of Snakk Media Limited authorised these financial statements for issue on 29 June 2018.

For and on behalf of the Board,

Peter James Chairman	Martin Riegel Director

Shareholder information

1. Shareholder statistics

Stock Exchange Listing

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

Shares on issue

As at 1 May 2018, the total number of ordinary shares on issue was 16,262,242.

Distribution of Security Holders (as at 1 May 2018)

Holding range	Shareholders number	Number	Ordinary shares %
200 to 499	1	317	0
500 to 999	341	222,871	1.37
1,000 to 1,999	341	467,293	2.87
2,000 to 4,999	327	998,071	6.14
5,000 to 9,999	207	1,307,058	8.04
10,000 to 49,999	153	2,728,437	16.78
50,000 to 99,999	22	1,383,155	8.51
100,000 to 499,999	15	2,848,890	17.52
500,000 to 999,999	2	1,091,332	6.71
1,000,000+	2	5,214,818	32.07
Total	1,411	16,262,242	100.00

20 Largest registered holders of quoted equity securities (as at 1 May 2018)

Shareholder	Number of shares held	Percentage of issued shares %
Forsyth Barr Custodians Limited	3,176,186	19.53
Far East Associated Traders Limited	2,038,632	12.54
The Business Bakery LP	559,809	3.44
HSBC Nominees (New Zealand) Limited	531,523	3.27
Kaupapa UKA Limited	400,000	2.45
Leveraged Equities Finance Limited	354,152	2.18
McLaren Machinery Limited	273,617	1.68
ANZ Custodial Services New Zealand Limited	261,637	1.61
Investment Custodial Services Limited	176,937	1.09
John Handley	173,477	1.07
Glenn Stephen Walsh	164,083	1.01
China Scot International Limited	161,207	0.99
John Dennis Stumbles	152,319	0.94
JBWere (NZ) Nominees Limited	150,000	0.92
Gordon Kenneth Nolan	142,000	0.87
Mudsmith Trustee Limited	127,716	0.79
Adam Pierre Kluts	108,008	0.66
David Georges Andre Dromer	103,737	0.64
Nicklas William Patrick Willemse + Ety Joanne Willemse	100,000	0.61
Ross Dix Harvey	92,607	0.57
Total	9,247,647	56.87

Shareholder information (continued)

Geographic distribution of security holders (as of 1 May 2018)

Location	Holder count	Holder count %	Holding quantity	Holding quantity %
New Zealand	1,361	96.46	13,254,669	81.50
Australia	28	1.98	223,605	1.37
USA	7	0.50	2,240,443	13.78
Thailand	4	0.28	406,389	2.50
Hong Kong	4	0.28	92,448	0.57
Great Britain	2	0.14	19,259	0.12
France	1	0.07	12,804	0.08
Italy	1	0.07	5,000	0.03
Singapore	1	0.07	3,500	0.02
Netherlands	1	0.07	3,141	0.02
Ireland	1	0.07	984	0.01
Total	1,411	100.00	16,262,242	100.00

Substantial product holders

As at 31 March 2018 the following persons are substantial product holders according to the Company's records and disclosures under the Financial Markets Conduct Act 2013. The number of ordinary shares and the percentage of voting securities set out below are taken from the relevant substantial product holder notices and, where applicable, have been adjusted to reflect the 1:20 share consolidation undertaken on 27 January 2016 and the issue of shares on 4 November 2015.

Substantial Product Holder	Number of ordinary shares	Percentage of ordinary shares	Date of SPH Notice
Manji Family Trust	2,967,376	18.25	7-Jul-17
Far East Associated Traders Limited	2,038,632	12.54	5-Oct-15

The total number of ordinary shares (being the only class of quoted voting products) on issue in the Company as at 31 March 2018 was 16,262,242.

2. Interests' register

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

Entries in the interests' register

The following entries are recorded in the interests register of a member of the Group:

- Pursuant to the authority in the Company's constitution, the Company has indemnified Martin Riegel, Peter James and Robert Antulov for liability as directors and officers.
- Peter James has a service agreement with the Company pursuant to which he agreed to provide certain management and operational services to the Company and its subsidiaries for an annual fee of $59,200.
- Robert Antulov has a service agreement with the Company pursuant to which he agreed to provide certain strategic advisory services to the Company and its subsidiaries for an annual fee of $20,000.

Shareholder information (continued)

3. Number of Director Meetings Held

The number of director meetings held and attendance for the year ended 31 March 2018 is set out below:

Director	Board Meeting	Audit and Risk Committee
Peter James	34	1
Martin Riegel	34	1
Robert Antulov	34	1

4. Directors' relevant interests in equity securities

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

5. Directors' remuneration

Details of the remuneration of each director for the year ended 31 March 2018 inclusive of superannuation is:

	2018		2017	
	Salary & fees $	Share-based payments $	Salary & fees $	Share-based payments $
Directors of Snakk Media Limited				
Robert Antulov	70,000	4,939	72,418	11,016
Peter James	137,545	65,719	140,213	159,600
Martin Riegel	70,000	11,466	70,091	29,556
	277,545	82,124	282,722	200,172

6. Directors' and officers' indemnification and insurance

The Company indemnifies all current directors and officers of the Group against all liabilities (other than to a member of the Group) which arise out of the performance of their normal duties as directors or officers, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has obtained indemnity insurance. The total cost of this insurance expensed in the Company during the financial year was $15,237 (2017: $12,763).

7. Directors' disclosures

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

		Status
Directors of Snakk Media Limited		
M Riegel		Independent, Non-executive
P James		Independent, Non-executive
R Antulov		Independent, Non-executive
Snakk Media PTY Limited		
M Ryan	Resigned 7 July 2017	Executive
J Williams		Executive
Snakk Media PTE Limited		
M Ryan	Resigned 27 November 2017	Executive
Gowri Saminathan	Appointed 21 April 2017	Non-Executive
Mrs Gowri Wade		

Shareholder information (continued)

8. Employee remuneration

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

	2018 **$**	2017 $
$100,000 - $110,000	**1**	4
$110,001 - $120,000	**-**	2
$120,001 - $130,000	**1**	2
$130,001 - $140,000	**1**	1
$140,001 - $150,000	**1**	2
$150,001 - $160,000	**-**	-
$160,001 - $170,000	**1**	2
$170,001 - $180,000	**2**	2
$180,001 - $190,000	**-**	2
$190,001 - $200,000	**1**	-
$200,001 - $210,000	**-**	1
$220,001 - $230,000	**-**	1
$230,001 - $240,000	**-**	1
$240,001 - $250,000	**1**	-
$270,001 - $280,000	**1**	-
$310,001 - $320,000	**1**	-
$320,001 - $330,000	**-**	1

9. Donations

No donations were made by the Group during the financial year ended 31 March 2018.

10. Payments made to auditors

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

Directory

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

Financial statements
for the year ended 31 March 2018

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Statement of comprehensive income

For the year ended 31 March 2018

	Notes	Group 2018 $	Group 2017 $
Advertising fee revenue	3	**10,251,393**	10,625,915
Direct media costs		**(4,274,865)**	(4,277,592)
		5,976,528	6,348,323
Other income	3	**383,278**	113,053
Finance expenses		**(146,639)**	(92,398)
Finance income		**3,117**	10,764
Finance costs - net		**(143,522)**	(81,634)
Expenses			
Depreciation	4	**(30,644)**	(44,953)
Employee benefits	4	**(3,807,563)**	(5,810,717)
Marketing and advertising		**(19,514)**	(154,326)
Other expenses	4	**(2,625,459)**	(3,544,172)
Expenses, excluding finance costs		**(6,483,180)**	(9,554,168)
Loss before taxation		**(266,896)**	(3,174,426)
Income tax expense	5	**-**	-
Loss after taxation attributable to the shareholders		**(266,896)**	(3,174,426)
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Changes in foreign currency translation reserve		**(38,039)**	(44,922)
Other comprehensive loss after tax		**(38,039)**	(44,922)
Total comprehensive loss for the year attributable to the shareholders		**(304,935)**	(3,219,348)
		Cents	Cents
Loss per share:			
Basic loss per share (cents):	15	**(1.65)**	(20.20)
Diluted loss per share (cents):	15	**(1.65)**	(20.20)

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

Statement of changes in equity

For the year ended 31 March 2018

		Attributable to equity holders of the Company				
		Share Capital	**Share options reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Total equity**
	Notes	**$**	**$**	**$**	**$**	**$**
Balance as at 1 April 2016		**12,419,643**	**927,691**	**(21,548)**	**(9,529,680)**	**3,796,106**
Comprehensive loss for the year						
Loss for the year		-	-	-	(3,174,426)	(3,174,426)
Other comprehensive income Items that may be subsequently reclassified to profit or loss:						
Change in foreign currency translation reserve		-	-	(44,922)	-	(44,922)
Total comprehensive loss for the year		**-**	**-**	**(44,922)**	**(3,174,426)**	**(3,219,348)**
Transactions with owners of the Company						
Options forfeited	6	-	(510,723)	-	510,723	-
Share-based payment transactions	21	-	227,113	-	-	227,113
Total contributions by owners of the Company		**-**	**(283,610)**	**-**	**510,723**	**227,113**
Balance as at 31 March 2017		**12,419,643**	**644,081**	**(66,470)**	**(12,193,383)**	**803,871**
Balance as at 1 April 2017		12,419,643	644,081	(66,470)	(12,193,383)	803,871
Comprehensive loss for the year						
Loss for the year		-	-	-	(266,896)	(266,896)
Other comprehensive income Items that may be subsequently reclassified to profit or loss:						
Change in foreign currency translation reserve		-	-	(38,039)	-	(38,039)
Total comprehensive income/(loss) for the year		**-**	**-**	**(38,039)**	**(266,896)**	**(304,935)**
Transactions with owners of the Company						
Shares issued	6	110,000	-	-	-	110,000
Shares issue expense	6	(1,536)	-	-	-	(1,536)
Options forfeited	6	-	(272,565)	-	272,565	-
Shares based payment transactions	21	-	86,151	-	-	86,151
Total contributions by owners of the Company		**108,464**	**(186,414)**	**-**	**272,565**	**194,615**
Balance as at 31 March 2018		**12,528,107**	**457,667**	**(104,509)**	**(12,187,714)**	**693,551**

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

Statement of financial position

As at 31 March 2018

	Notes	**Group 2018 $**	Group 2017 $
EQUITY			
Share capital	6	**12,528,107**	12,419,643
Share options reserve	6	**457,667**	644,081
Accumulated losses		**(12,187,714)**	(12,193,383)
Foreign currency translation reserve		**(104,509)**	(66,470)
Total equity		**693,551**	803,871
LIABILITIES			
Current liabilities			
Trade and other payables	7	**1,649,456**	3,008,618
Financial liabilities	13	**737,659**	310,834
Total liabilities		**2,387,115**	3,319,452
Total equity and liabilities		**3,080,666**	4,123,323
ASSETS			
Current assets			
Cash and cash equivalents	8	**1,077,205**	566,287
Trade and other receivables	9	**1,969,914**	3,441,471
Taxation receivable		**158**	14,783
Total current assets		**3,047,277**	4,022,541
Non-current assets			
Property, plant and equipment	10	**33,389**	70,744
Financial assets	13	**-**	30,038
Total non-current assets		**33,389**	100,782
Total assets		**3,080,666**	4,123,323

For and on behalf of the Board.

P James
Director

29 June 2018

M Riegel
Director

29 June 2018

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

Statement of cash flows

For the year ended 31 March 2018

	Notes	**Group 2018 $**	Group 2017 $
Operating activities			
Cash was provided from:			
Receipts from customers		**11,741,712**	11,853,197
Cash was applied to:			
Payments to suppliers & employees		**(11,622,562)**	(14,478,723)
Interest paid		**(146,639)**	(92,398)
		(11,769,201)	(14,571,121)
Net cash applied to operating activities	11	**(27,489)**	(2,717,924)
Investing activities			
Cash was provided from:			
Finance income		**3,117**	10,764
Disposal of property, plant and equipment		**-**	17,676
Cash was applied to:			
Purchase of property, plant and equipment		**-**	(75,547)
Net cash from / (applied) to investing activities		**3,117**	(47,107)
Financing activities			
Cash was provided from:			
Net proceeds from share issue		**108,464**	-
Proceeds from borrowings		**426,826**	314,043
Net cash provided from financing activities		**535,290**	314,043
Net increase / (decrease) in cash and cash equivalents held		**510,918**	(2,450,988)
Cash & cash equivalents at the beginning of the year		**566,287**	3,017,275
Cash & cash equivalents at end of the year	8	**1,077,205**	566,287

The above statement of cashflows should be read in conjunction with the accompanying notes.

1 Statement of accounting policies

Introduction

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 29 June 2018. The Company’s owners do not have the power to amend the financial statements after issue.

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

Summary of significant accounting policies

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

1.1 Basis of preparation

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

Historical cost convention

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

Going concern

The Group reported a loss of $266,896 (2017: loss of $3,174,426) and operating cash outflows of $27,489 (2017: outflows of $2,717,924) for the year ended 31 March 2018. As at 31 March 2018 the Group has reported net assets of $693,551 (2017: $803,871) and net current assets of $660,162 (2017: $703,089).

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

The considered view of the Board of Directors of the Company is that, after making enquiries, we have a reasonable expectation that Snakk Media Limited (the Company) and Group have access to adequate resources to continue operations for the foreseeable future. For this reason, the Board of Directors considers the adoption of the going concern assumption in preparing the financial statements for the year ended 31 March 2018 to be appropriate.

The Board of Directors has reached this conclusion having regard to circumstances which it considers likely to affect the Company and Group during the period of at least one year from June 2018, and to circumstances which it considers will occur after that date which will affect the validity of the going concern assumption.

The Board of Directors has reviewed the operating and cash flow forecasts prepared by management that covers a period of at least one year from June 2018. The directors have obtained sufficient satisfaction based on their review of the financial forecasts to believe that during this period there will be adequate cash flows generated from operating activities available to meet (and for the Company to be able to perform) any obligations of the Company and Group as they arise. The key assumptions made by management in preparing these forecasts for the relevant period are as follows:

- The revenue forecasts for *managed-services, self-service*, and *data-services* are realised;
- Maintaining a stable gross profit margin for *managed-services* and *self-service* through sales pricing and inventory purchasing and achieving the planned gross profit margin for *data-services* and potential new products and channels;
- The retention of key management;
- The exclusive distribution agreement with the key supplier is retained;
- The agreed favourable trading terms with key suppliers and creditors is maintained; and
- The Company will collect trade debts in a timely manner.

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

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

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

- Close monitoring of the Company's performance including cash flow forecasts compared to actual performance, including testing the accuracy of the assumptions underpinning the cashflow scenarios;
- Continued vigilance in looking for and implementing further cost saving measures;
- Implementation of a long-term incentive plan for senior executives, and;
- Continual review of strategic capital options.

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

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

1.2 Changes in accounting policies

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

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

1 Statement of accounting policies (continued)

1.2 Changes in accounting policies (continued)

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been approved but are not yet effective and have not been adopted by the Group for the year ended 31 March 2018. These will be applied when they become mandatory. The significant standards are:

NZ IFRS 9 : Financial instruments

NZ IFRS 9: 'Financial Instruments' was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories; those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. The standard is effective for reporting periods beginning on or after 1 January 2018. The Group intends to adopt NZ IFRS 9 for the financial year ending 31 March 2019. The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of NZ IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

NZ IFRS 15 : Revenue from contracts with customers

NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18: Revenue and NZ IAS 11: Construction Contracts and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This standard is effective for periods beginning on or after 1 January 2018. The Group intends to adopt NZ IFRS 15 for the financial year ending 31 March 2019. The Group has assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, the Group would continue to recognise revenue for these service contracts/service components of contracts over time rather than at a point of time.

NZ IFRS 16 : Leases

NZ IFRS 16 replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers'. The Group intends to adopt NZ IFRS 16 for the financial year ending 31 March 2020. The Group will assess the impact on its balance sheet on applying the requirements of NZ IFRS 16.
There are currently no significant lease agreements in place.

1.3 Basis of consolidation

Subsidiaries

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

1 Statement of accounting policies (continued)

1.4 Revenue

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

(i) Advertising fees

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

(ii) Interest income

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

(iii) Rental sublease income

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

1.5 Government grant

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

1.6 Cash and cash equivalents

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

1.7 Property, plant and equipment

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

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

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

Category	*Estimated useful life (years)*
Office equipment	1.5 - 5

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

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

1.8 Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid at the reporting date. The amounts are unsecured and are usually paid in accordance with trade payables terms, which vary from 30 to 90 days. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Payables of a short term nature are not discounted.

1 Statement of accounting policies (continued)

1.9 Rebate

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

1.10 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

1.11 Impairment of assets

Financial assets

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

Assets carried at amortised cost

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

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

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

1 Statement of accounting policies (continued)

1.11 Impairment of assets (continued)

Financial assets at fair value through profit or loss

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

Non-financial assets

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

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

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

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

1.12 Income tax

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

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

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

1 Statement of accounting policies (continued)

1.12 Income tax (continued)

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

1.13 Financial assets

The Group classifies their financial assets as loans and receivables or at fair value through profit or loss. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition.

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

Loans and receivables

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

Financial assets at fair value through profit or loss

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

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

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

Financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial asset at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

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

Trade and other receivables

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

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

1 Statement of accounting policies (continued)

1.13 Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. The Group has recognised a financial liability in relation to its debt factoring facility as it retains substantially all the risks and rewards of ownership of the transferred financial asset

1.14 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or other financial liabilities, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and borrowings, including the debt factoring facility. The Group's financial liabilities have been classified as other financial liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by NZ IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in NZ IAS 39 are satisfied.

Other financial liabilities

After initial recognition other financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1 Statement of accounting policies (continued)

1.14 Financial liability (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.15 Provisions

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

Provisions are not recognised for future operating losses.

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

1.16 Wages and salaries, annual, long service

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

1.17 Leases

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

1.18 Loss per share

Basic loss per share

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

Diluted loss per share

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

1.19 Contributed equity

Ordinary shares are classified as equity.

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

1.20 Goods and Services Tax (GST)

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

1.21 Finance income and expenses

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

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

1.22 Share-based payments

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

1.23 Determination of fair values

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

Fair value hierarchy used for all items carried at fair value

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

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

2 Critical accounting estimates and judgements

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

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

2 Critical accounting estimates and judgements (continued)

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

(i) Fair value of financial assets

The fair value of financial assets held at fair value through the profit or loss fall into level 3 fair value measurement, refer to notes 1.13 and 1.23 for information on the classification of fair values.

Unlisted securities

When determining the fair value of the unlisted securities, the Directors have used a market approach valuation technique based on an enterprise value to revenue multiple as a basis for determining fair value. As the Directors have used market derived data from a set of listed comparable companies, they have applied a further 20% illiquidity and small company discount before converting the fair value of the investment denominated in US dollars at the closing exchange rate at balance date. As at 31 March 2018 all investments in unlisted securities have been written down to nil value. See notes 13 and 17. The directors have been unable to obtain financial and other information on the unlisted securities for an extended period of time.

(ii) Provision for doubtful debts

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

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

	Group 2018 $	Group 2017 $
Advertising fee revenue		
Gross revenue	**10,276,895**	10,647,262
Less: rebates	**(25,502)**	(21,347)
Net advertising fee revenue	**10,251,393**	10,625,915
Other income		
Rental sublease income	**9,391**	53,109
Release of provision	**245,160**	-
Government grant - research and development tax credit	**128,727**	59,944
	383,278	113,053

During 2018 financial year all provisions were reviewed and reassessed. As a result of that review an amount of $245,160 was released.

4 Expenses

	Notes	**Group 2018 $**	Group 2017 $
(a) Loss before income tax includes the following expenses:			
Auditor's remuneration	4(b)	**86,299**	96,796
Depreciation expense - office equipment		**30,644**	44,953
Directors' salary and fees	19	**277,545**	282,722
Directors' share-based payments	19,21	**82,124**	200,172
Operating lease expense		**402,383**	393,275
Investment write off		**30,038**	-
Foreign exchange losses		**59,713**	150,247
Impairment of trade receivables		**69,769**	(17,129)
Employee benefits			
Salaries and wages		**3,420,472**	5,288,391
Superannuation contributions		**334,109**	444,515
Other staff benefits		**48,955**	50,870
Share options granted to employees	21	**4,027**	26,941
		3,807,563	5,810,717

4 Expenses (continued)

(b) Auditors' remuneration comprises

The auditor for Snakk Media Limited is Staples Rodway.

	Notes	**Group 2018 $**	Group 2017 $
Fees paid to Staples Rodway for:			
Audit of the financial statements		**66,000**	72,500
Under provision prior year		**20,299**	24,296

No other services have been provided by the auditor.

5 Income tax

	Group 2018 $	Group 2017 $
Income tax expense		
Current tax	**-**	-
Deferred tax	**-**	-
Income tax expense	**-**	-
Reconciliation of income tax expense to prima facie tax payable		
Loss before tax	**(266,896)**	(3,174,426)
Income tax at the rate of:		
Australia - 30% of profit (2017: 30% of loss)	**(352,262)**	375,912
NZ - 28% of loss (2017: 28% of loss)	**325,188**	381,504
Singapore - 17% of loss (2017: 17% of loss)	**66,073**	95,008
Non-deductible expenses	**(30,990)**	(103,787)
Non-taxable income	**38,618**	17,983
Taxation effect of temporary differences	**(29,866)**	(397)
Future benefit of tax losses not recognised	**(16,761)**	(766,223)
Income tax expense	**-**	-
Taxation receivable	**158**	14,783

The Company has an unrecognised deferred tax asset in respect of computed tax losses of $5,905,794 - tax effect of $1,653,622 (2017: computed tax losses of $4,744,407 - tax effect of $1,318,354) which are available to be carried forward to reduce future income tax liabilities in New Zealand.

The Company’s Australian subsidiary has an unrecognised deferred tax asset in respect of computed tax losses of $1,453,187 - tax effect of $435,956 (2017: computed tax losses of $2,627,395 - tax effect of $788,218) which are available to be carried forward to reduce future income tax liabilities in Australia.

5 Income tax (continued)

The Company's Singaporean subsidiary has an unrecognised deferred tax asset in respect of computed tax losses of $1,139,795 - tax effect of $193,765 (2017: computed tax losses of $751,131 - tax effect of $127,794) which are available to be carried forward to reduce future income tax liabilities in Singapore.

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

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

	Group 2018 $	Group 2017 $
Imputation credits - New Zealand		
Opening balance	**19,948**	108,212
Taxes paid / (refunds received)	**(13,119)**	(88,264)
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2017: 28%)	**6,829**	19,948

6 Share capital and other equity instruments

Issued and paid up capital

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

	Group 2018 $	Group 2017 $
Issued and paid up capital:		
Balances at the start of the year	**12,419,643**	12,419,643
Ordinary shares issued during the year	**110,000**	-
Share issue expenses	**(1,536)**	-
Balance at the end of the year	**12,528,107**	12,419,643

Movement in ordinary shares	Number of shares
Company	
Balance at 1 April 2016	15,712,242
Balance at 31 March 2017	15,712,242
Movements during the year	
550,000 shares issued at $0.20 each on 5 May 2017	550,000
Balance at 31 March 2018	16,262,242

6 Share capital and other equity instruments (continued)

Share option reserve

The share option reserve is used to record the accumulated value of unexercised share options and unvested share rights which have been recognised in the statement of comprehensive income. As at balance date, Directors, executives and employees and contractors have options over 657,628 shares (2017: 791,162). Refer to note 21.

	Group 2018 $	Group 2017 $
Balance at the start of the year	**644,081**	927,691
Share based payment	**86,151**	227,113
Options forfeited	**(272,565)**	(510,723)
Balance at the end of the year	**457,667**	644,081

7 Trade and other payables

		Group 2018 $	Group 2017 $
Trade payables		**659,931**	1,869,376
Sundry payables and accruals		**958,144**	1,124,682
Amounts due to related parties	19	**31,381**	14,560
		1,649,456	3,008,618

Trade payables are typically payable within 30- 90 days and are interest free.

8 Cash and cash equivalents

	Group 2018 $	Group 2017 $
Cash at bank - on call, interest rate nil (2017: nil)	**1,071,373**	333,945
Cash at bank - on call, interest rate nil (2017: 0.35%)	**-**	164,977
Cash at bank - term deposit interest rate 2.1% (2017: 1.75%)	**5,832**	67,365
	1,077,205	566,287

9 Trade and other receivables

	Group 2018 $	Group 2017 $
Trade receivables	**2,015,336**	3,367,537
Less: provision for impairment of trade receivables	**(130,185)**	(60,416)
Trade receivables - net	**1,885,151**	3,307,121
Other receivables	**33,988**	74,112
Prepayments	**50,775**	60,238
	1,969,914	3,441,471

10 Property, plant and equipment

	Group $
Office equipment	
At 1 April 2016	
Cost	150,437
Accumulated depreciation	(92,612)
Net book amount	57,825
Year ended 31 March 2017	
Opening net book amount	57,825
Additions	75,548
Disposals	(17,676)
Depreciation charge	(44,953)
Closing net book amount	70,744
At 31 March 2017	
Cost	207,636
Accumulated depreciation	(136,892)
Net book amount	70,744
Year ended 31 March 2018	
Opening net book amount	70,744
Additions	-
Disposals	(6,711)
Depreciation charge	(30,644)
Closing net book amount	33,389
At 31 March 2018	
Cost	182,878
Accumulated depreciation	(149,489)
Net book amount	33,389

11 Reconciliation of operating cash flows

	Group 2018 $	Group 2017 $
Loss after tax	**(266,896)**	(3,174,426)
Items classified as investing / financing		
Interest received	**(3,117)**	(10,764)
Add non-cash items:		
Depreciation	**30,644**	44,953
Share based payment expense	**86,151**	227,113
Impairment of trade receivables	**69,769**	(17,129)
Foreign currency reserve movement	**(38,039)**	(44,922)
Investment write off	**30,038**	-
Release of provision	**245,160**	-
Add / (Less) movements in working capital:		
Trade and other receivables	**1,401,788**	1,042,715
Trade and other payables	**(1,597,612)**	(878,893)
Taxation receivable	**14,625**	93,429
Net cash outflow from operating activities	**(27,489)**	(2,717,924)

12 Investments in subsidiaries

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

Name of entity	**Principal activities**	**Incorporated**	**Group interest 2018 & 2017**
Snakk Media Pty Limited	Provision of end to end mobile media solutions	Australia	100%
Snakk Media PTE LTD	Provision of end to end mobile media solutions	Singapore	100%

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

13 Financial assets and financial liabilities

	Group 2018 $	Group 2017 $
Financial assets - Unlisted securities		
Moasis Global LLC Equity Securities - US	-	30,038
	-	30,038

At 31 March 2017 the fair value of Moasis Global LLC ("Moasis") investment had been carried forward from the previous year. In 2018 management determined that, due to the inability to obtain any financial or other information or to ascertain if Moasis is still trading, the investment is non-recoverable and was written off. Moasis was a limited liability company registered in Delaware, United States of America. Moasis had developed a digital system that delivers advertisements on smart phones and other mobile devices to consumers within a defined geographic area selected by the advertiser. The Company subscribed for 65,500 Class A Membership units at USD$1.53 per unit in February 2014. At 31 March 2016, the fair value of the units was based on a discounted enterprise value to annual revenue multiple.

	Group 2018 $	Group 2017 $
Financial liabilities		
Debt factoring facility	**737,659**	310,834
	737,659	310,834

The debt factoring facility has limit of $1.3m (2017 $1.3m). The discount charge is one percent above the Westpac Indicator Lending Rate. The facility does not have a maturity date. Debt factoring facility is secured against trade debtors of the Australian subsidiary.

14 Commitments

The Group has no undisclosed commitments as at 31 March 2018. The non-cancellable operating lease for the Australian premises expired on 14 February 2018 and is currently on a month by month arrangement.

	Group 2018 $	Group 2017 $
Less than one year	-	201,273
Between one and five years	-	-
Total commitment	-	201,273

At the reporting date, the Company and the Group had no material outstanding capital expenditure commitments (2017: nil)

15 Loss per share

The loss $266,896 (2017: $3,174,426) for the year represented a loss per share shown below based on weighted average ordinary shares on issue during the year.

	Group 2018 $	Group 2017 $
Weighted average ordinary shares issued	**16,210,868**	15,712,242
Basic loss per share (cents)	**(1.65)**	(20.20)
Diluted loss per share (cents)	**(1.65)**	(20.20)

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

16 Net tangible assets per share

The net tangible assets of $693,551 (2017: $803,871) at 31 March 2018 represented a net tangible assets per share shown below based on ordinary shares on issue during the year.

	Group 2018 $	Group 2017 $
Ordinary shares issued	**16,262,242**	15,712,242
Total assets	**3,080,666**	4,123,323
Total liabilities	**2,387,115**	3,319,452
Net tangible assets	**693,551**	803,871
Net tangible assets per share (cents)	**4.26**	5.12

17 Financial risk management

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

(i) Interest rate risk

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

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

The interest rates earned on financial assets are a mixture of fixed and variable rates. The interest rate paid in relation to the debt factoring facility is variable. The table below summarises the sensitivity of the Group’s financial assets and liabilities to interest rate risk.

17 Financial risk management (continued)

	Group 2018 $	Group 2017 $
Variable rate instruments		
Financial assets - Cash and cash equivalents	**1,071,373**	498,923
Financial liabilities - Debt factoring facility	**(737,659)**	(310,834)
	333,713	188,089
Fixed rate instruments		
Financial assets - Cash and cash equivalents	**5,832**	67,365
	5,832	67,365

Interest rates on cash and cash equivalents ranged from 0% to 2.1% p.a. (2017: 0% to 1.75% p.a.).

Interest rate debt factoring facility is one percent above the Westpac Indicator Lending Rate. The Westpac rate was 8.4% as at 31 March 2018.

Cash flow sensitivity analysis for interest bearing financial instruments

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

	Profit or loss		**Equity**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 March 2018				
Financial assets and liabilities	**3,395**	**(3,395)**	**3,395**	**(3,395)**
31 March 2017				
Financial assets and liabilities	2,555	(2,555)	2,555	(2,555)

(ii) Credit risk

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

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

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

17 Financial risk management (continued)

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

	Group 2018 $	Group 2017 $
Carrying amounts of financial assets		
Cash and cash equivalents	**1,077,205**	566,287
Trade receivables	**1,969,914**	3,441,471
Receivables by geographic region		
Australia	**1,776,687**	2,535,400
New Zealand	**99,796**	234,476
Singapore	**8,668**	537,245

Concentrations of credit risk

The Group's largest customer accounts for 24% (2017: 12%) of total sales and 41% (2017: 29%) of trade receivables at balance date.

85% (2017: 57%) of the Group's reporting date cash was with one bank. The Group does not have any other significant concentrations of credit risk.

(iii) Foreign exchange risk

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

At 31 March 2018, if the functional currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss and impact on equity for the year would have been $34,547 (2017: $10,639) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade payables and financial assets. A 10% movement in currency weakness/strength has been deemed appropriate by the Directors as a result of the historical 2016-2017 and 2017-2018 financial year range of currency movement between the New Zealand Dollar and US Dollar. As at 31 March 2018, the Group's exposure to foreign currency is as follows:

	2018 $	2017 $
Foreign currency risk stated in NZD		
USD investments	**-**	30,038
USD accounts receivable	**-**	616,773
USD accounts payable	**375,507**	640,103

(iv) Liquidity risk

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

17 Financial risk management (continued)

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

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

Financial liabilities:

	Carrying Amount $	Contractual cash flows $	0-3 months $	4-12 months $	1-2 years $	3-5 years $	5+ years $
31 March 2018							
Trade and other payables	1,649,456	1,649,456	1,491,347	158,109	-	-	-
Debt factoring facility	737,659	737,659	737,659	-	-	-	-
31 March 2017							
Trade and other payables	3,008,618	3,008,618	3,003,863	4,755	-	-	-
Debt factoring facility	310,834	310,834	310,834	-	-	-	-

Financial assets	Carrying Amount $	Contractual cash flows $
31 March 2018		
Cash and cash equivalents	1,077,205	1,077,205
Trade and other receivables	1,969,914	1,969,914
31 March 2017		
Cash and cash equivalents	566,287	566,287
Trade and other receivables	3,441,471	3,441,471

(v) Impairment allowance:

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

The ageing of receivables at reporting date was:

	Group			
	2018		**2017**	
	Gross $	**Impairment provision $**	**Gross $**	**Impairment provision $**
Current receivables	**902,034**	**-**	2,256,660	**-**
Past due: 61 – 90 days	**590,661**	**-**	284,411	**-**
Past due: 91 -120 days	**262,090**	**-**	-	**-**
Past due:121+	**215,129**	**(130,185)**	900,400	(60,416)
	1,969,914	**(130,185)**	3,441,471	(60,416)

17 Financial risk management (continued)

Movement in the allowance for impairment loss as follows:

	2018 $	2017 $
As at 1 April	**60,416**	77,545
Provision utilised during the year	**-**	-
Charge to profit or loss	**69,769**	(17,129)
As at 31 March	**130,185**	60,416

Factors considered in determining whether any impairment provision was required were the age of the debt, the financial position of the debtor and past payment history. Amounts greater than 60 days old are considered past due in line with the Group's credit terms but not all are considered to be impaired. The Group had $1,039,672 past due but not impaired as at March 2018 (2017: $1,124,395) as the Directors have taken debtor's payment history into consideration while making a decision on impairment allowance.

(vi) Fair values

The following table presents the Group's assets and liabilities that were measured at fair value. The Group had an investment in Moasis Inc. that is measured at fair value in 2017. That investment is level 3 asset.

The following table presents the Group's assets and liabilities that are measured at fair value.

	2018 & 2017	
	Level 3 $	Total $
Assets		
Financial assets at fair value		
Other financial assets		
Convertible Units - US	-	-
Equity Securities - US	-	30,038
Total assets	-	30,038

17 Financial risk management (continued)

Financial instruments in level 3

The following table presents the changes in Level 3 instruments for the year ended 31 March 2018.

	Equity securities - US $	Total $
Opening balance	30,038	30,038
Gains or (losses) recognised in profit or loss	-	-
Balance 31 March 2017	30,038	30,038
Opening balance	30,038	30,038
Gains or (losses) recognised in profit or loss	(30,038)	(30,038)
Balance 31 March 2018	-	-

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

(vii) Capital management

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

18 Segment information

(a) Operating segment

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

Two customers (2017: Two) of the Group's media & marketing segment individually exceed 10% (2017: 10%) of the Group's revenues. They represent approximately $2,729,038 and $1,757,925 respectively of the Group's total revenue (2017: $1,274,771 and $1,140,796).

(b) Geographic segments

	2018			
	Australia $	**New Zealand $**	**Singapore $**	**Total $**
Operating revenue	8,827,498	1,271,720	152,175	10,251,393

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

19 Related party transactions

(a) General

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

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

	Group 2018 $	Group 2017 $
Transaction with related parties		
Really Useful Crew Pty Ltd	**-**	19,156
Broadfield Advisory Limited	**97,378**	79,874
	97,378	99,030

19 Related party transactions (continued)

	Group 2018 $	Group 2017 $
Related party payables		
Broadfield Advisory Limited	**31,381**	9,847
	31,381	9,847

	Group 2018 $	Group 2017 $
Key management personnel compensation (excluding Directors' remuneration) comprised:		
Short term employee benefits	**1,263,676**	1,364,364
Termination payments	**-**	72,115
Share based payments	**4,027**	6,597
	1,267,703	1,443,076

(b) Key management personnel and director transactions

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

(c) Directors' remuneration

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

	2018		2017	
Directors of Snakk Media Limited*	**Salary & fees $**	**Share-based payments $**	**Salary & fees $**	**Share-based payments $**
R Antulov	**70,000**	**4,939**	72,418	11,016
P James	**137,545**	**65,719**	140,213	159,600
M Riegel	**70,000**	**11,466**	70,091	29,556
	277,545	**82,124**	282,722	200,172

*- The Directors elected to defer payment of a portion of their salary and fees of $110,179 for the twelve months ended 31 March 2018 to assist in managing the cash flow of the company. Amounts of $22,410.85 of the deferred director fees have been paid to 30 June 2018.

20 Significant events subsequent to reporting date

Subsequent to balance date on 30 May 2018 the group allocated 795,000 share options to the key management personnel (KMP). The exercise price of the share options is 6.1c which equalled the 30 day volume weighted average price to close of business on 29 May 2018. There are three tranches, vesting on each of the next three anniversaries of the grant. The contractual life of options is until two calendar years from the date of vesting or within 90 days from the resignation of the position. The terms are consistent with those approved by shareholders in a Special Meeting of Shareholders on 25 February 2016 for issue of options to employees.

21 Share-based payments

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

Grant date	**Number of instruments**
As at 1 April 2016	1,254,685
Less: options forfeited during the year	(463,523)
As at 31 March 2017	**791,162**
Less: options forfeited during the year	(133,534)
As at 31 March 2018	**657,628**

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

	2018		**2017**	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at 1 April	**126.97 cents**	**791,162**	85.83 cents	1,254,685
Granted during the year		**-**		-
Share option consolidation		**-**		-
Forfeited during the year		**(133,534)**		(463,523)
Outstanding at 31 March	**109.88 cents**	**657,628**	126.97 cents	791,162

Options outstanding at 31 March 2018 have a weighted average exercise price of 109.88 cents (2017: 126.97 cents) and a weighted average contractual life of 2.16 years (2017: 2.2 years). The range of exercise prices outstanding at 31 March 2018 was 84.0 cents to 240.0 cents (2017: 84.0 cents to 240.0 cents). Options exercisable at 31 March 2018 were 657,628 (2017: 791,162). There were no options issued in 2017 or 2018

21 Share-based payments (continued)

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

	Group 2018 $	Group 2017 $
Directors	**82,124**	200,172
Employees	**4,027**	26,941
Share based payment expense	**86,151**	227,113

22 Contingent Liability

On 17 May 2017, the Group received a capital contribution call from a potential investee entity totalling USD105,000 pursuant to a subscription agreement dated 18 July 2014. The Group responded to a call in July 2017 and since that date no correspondence has been received. The directors do not believe that the Group is liable for the capital call and are considering the group's response including options to avoid funding the call altogether.

There are no other material contingent liabilities at 31 March 2018 (2017: nil).

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CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Snakk Media Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Snakk Media Limited and its subsidiaries ('the Group') on pages 15 to 46, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 in the consolidated financial statements, which indicates that the Group incurred a net loss of $266,896 (2017: $3,174,426) and had an operating cash outflow of $27,489 (2017: $2,717,924) during the year ended 31 March 2018. As at 31 March 2018 the Group has net assets of $693,551 (2017: $803,871) and net current assets of $660,162 (2017: $703,089). As stated in Note 1.1, these conditions, along with other matters as set forth in Note 1.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters are selected from the matters communicated with the Directors, but are not intended to represent all matters that were discussed with them.

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition As disclosed in Note 3 of the consolidated financial statements, the Group earned advertising fee revenue of $10,251,393 during the year ended 31 March 2018 (2017: $10,625,915). Advertising fee revenue is significant to our audit due to its quantum and bearing on the Group's performance. Advertising fee revenue is recognised based on the stage of completion with reference to the underlying contract. To determine the amount of advertising fee revenue recognised during the year, management completes calculations based on campaign impression reports and the underlying contracts.	Our audit procedures among others included: ▪ Evaluating the systems, processes and controls in place to calculate the amount of advertising fee revenue recognised by the Group. ▪ Evaluating the application of the revenue recognition policy for a sample of advertising fee revenue transactions. ▪ Evaluating the related disclosures about revenue recognition which are included in Note 3 in the consolidated financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2018 (but does not include the consolidated financial statements and our auditor's report thereon).

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

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

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Staples Rodway

STAPLES RODWAY AUCKLAND
Auckland, New Zealand
29 June 2018