GEOOP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Notes	12 mths 30 Jun 16 $000	15 mths 30 Jun 15 $000
Revenues			
Operating revenue	3a	1,928	1,212
Other revenue	3b	411	517
		2,339	1,729
Expenses			
Research and development		1,647	2,353
Sales and marketing		1,459	2,284
General operating and administration		2,960	2,920
		6,066	7,557
(Loss) before tax	3c	(3,727)	(5,828)
Tax benefit	4	1,006	-
Net (loss) for the period		(2,721)	(5,828)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
(Loss) on translation of foreign operations		(117)	(13)
Total comprehensive (loss) for the period, net of tax attributable to shareholders		(2,838)	(5,841)
(Loss) per Share:			
Basic and diluted (loss) per share (cents)	14	(8.0)	(21.3)

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

GEOOP LIMITED
CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
For the year ended 30 June 2016

	Note	Share Capital $000	Share Based Payments Reserve $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Total Equity $000
Balance at 1 April 2014		12,984	385	(5)	(5,097)	8,267
Loss for the fifteen months		-	-	-	(5,828)	(5,828)
Currency translation movements		-	-	(13)	-	(13)
Total Comprehensive Income		-	-	(13)	(5,828)	(5,841)
Transactions with Owners						
Issue of shares	12	450	(450)	-	-	-
Share based payment expense	23	-	251	-	-	251
Balance at 30 June 2015		13,434	186	(18)	(10,925)	2,677

	Note	Share Capital $000	Share Based Payments Reserve $000	Foreign Currency Translation Reserve $000	Accumulated Losses $000	Total Equity $000
Balance at 1 July 2015		13,434	186	(18)	(10,925)	2,677
Loss for the year		-	-	-	(2,721)	(2,721)
Currency translation movements		-	-	(117)	-	(117)
Total Comprehensive Income		-	-	(117)	(2,721)	(2,838)
Transactions with Owners						
Issue of shares	12	7,427	(151)	-	-	7,276
Share based payment expense	23	-	53	-	-	53
Balance at 30 June 2016		20,861	88	(135)	(13,646)	7,168

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

GEOOP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	30 Jun 16 $000	30 Jun 15 $000
Current assets			
Cash and cash equivalents	5	1,068	1,475
Accounts receivable	6	684	453
		1,752	1,928
Non-current assets			
Property, plant & equipment	7	100	121
Intangible assets	8	10,110	781
Related party loans	15b	351	331
Other receivables	6	100	89
		10,661	1,322
Total assets		12,413	3,250
Current liabilities			
Trade and other payables	10	1,220	573
Convertible note	11	3,000	-
		4,220	573
Non-current liabilities			
Provision for long service leave		25	-
Contingent consideration	17	1,000	-
		1,025	-
Total liabilities		5,245	573
Total net assets		7,168	2,677
Owners equity			
Share capital	12	20,861	13,434
Share based payments reserve	23	88	186
Accumulated losses	13	(13,646)	(10,925)
Foreign currency translation reserve		(135)	(18)
Total equity		7,168	2,677

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

Signed on behalf of the Board on 29 August 2016 by:

Roger Sharp
Chair

Viv Brownrigg
Chair of Audit and Risk Committee

GEOOP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	Notes	12 mths 30 Jun 16 $000	15 mths 30 Jun 15 $000
Cash flows from operating activities			
Cash was provided from (applied to):			
Receipts from customers		2,665	1,290
Interest received		36	253
Payments to suppliers & employees		(5,441)	(6,879)
Net cash (outflow) from operating activities	21	(2,740)	(5,336)
Cash flows from investing activities			
Cash was provided from (applied to):			
Purchase of property, plant and equipment		(15)	(23)
Capitalised development costs	8	(422)	(801)
Cash acquired as part of the acquisition of subsidiary	17	64	-
Proceeds from sale of government stock		-	3,096
Net cash inflow/(outflow) from investing activities		(373)	2,272
Cash flows from financing activities			
Cash was provided from (applied to):			
Issue of ordinary shares		2,706	-
Net cash inflow (outflow) from financing activities		2,706	-
Net decrease in cash held		(407)	(3,064)
Add cash and cash equivalents at start of the period		1,475	4,539
Balance at end of the period		**1,068**	**1,475**
Comprised of:			
Cash and cash equivalents	5	1,068	1,475

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

GEOOP LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2016

1. CORPORATE ENTITY

Reporting Entity

GeoOp Limited (the "Company") and its subsidiaries ("GEO" or the "Group") is a for profit entity incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and whose shares publicly trade on the New Zealand Stock Exchange (NZAX:GEO). The registered office of the Company is located on level 3, 12 Heather Street, Auckland, New Zealand.

The principal activity of the Company is the development and commercial deployment of cloud based mobile workforce productivity technologies.

The consolidated financial statements represented are those for GeoOp Limited and its subsidiaries ("GEO").

The Company is a FMC reporting entity for the purpose of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and is listed on the NZX alternative market ("NZAX").

The Board of Directors approved these financial statements on 29 August 2016.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements of the Group are prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP) and comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-orientated entities. The financial statements comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the basis of historical cost and on a going concern basis. Cost is based on the fair values of the consideration given in exchange for assets. As noted in 'Key Sources of Estimation Uncertainty and Key Judgements', the application of the going concern assumption is a key judgement. Refer below for further details.

(i) Going Concern

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

For the 12 month period to 30 June 2016, subscription revenue was $1,773,000, 47% higher than the 15 month period to 30 June 2015. The number of licenced users grew to 23,717 (25% growth over 30 June 2015.) Annualised committed monthly revenue grew 242% over the same period to $3,389,000 at 30 June 2016. During the financial year ending 30 June 2017, management are focused on further increasing the subscription revenue by continuing to expand the Group's customer base. The Group is also seeking to grow the business through investment in the development of software, and through its recent acquisition of Interface IT Pty Ltd (see note 17).

The Group remains in an early stage of its operations, and recorded a net loss of $2,721,000 for the 12-month period ended 30 June 2016 (15-months to 30 June 2015: $5,828,000). Net cash outflow from operations for the 12 month period was $2,740,000 (15-months to 30 June 2015: $5,336,000) and capitalised development costs were $389,000 (15-months to 30 June 2015: $801,000). Additional research and development activities are being undertaken in the financial year ending 30 June 2017 and are expected to continue in future financial years.

At 30 June 2016 the Group is in a net asset position of $7,168,000 (30 June 2015: $2,677,000). Due to the Group being a technology focused business and the recent acquisition of Interface IT Pty Ltd, a large portion of the Group's assets is represented by intangibles, including $4,392,000 of software assets (30 June 2015: $781,000) and $5,718,000 of goodwill (30 June 2015: nil).

At 30 June 2016 the Group is in a net current liability position of $2,468,000 (30 June 2015: net current asset position of $1,355,000). $3,000,000 of the Group's current liability balance relates to convertible notes which, if settled prior to 1 June 2018, would be settled through the issuance of shares (see note 11) rather than cash. Excluding the convertibles notes, the Group is in a net current asset position of $532,000 at 30 June 2016.

Subsequent to year end, the Directors of the Group and their related parties provided short term, unsecured interest free loans totalling $425,000 to aid the continuation of the Group's strategy (see note 19). These loans will be repaid at conclusion of the forthcoming capital raising proposed by the Company, which Directors and their related parties have committed to invest $1,000,000 in.

The Group's forecasts indicate that cash on hand combined with cash flows from operations and the issuance of new share capital will enable the Group to continue operating for the foreseeable future, which is not less than 12 months from the date these financial statements are approved for issue.

Whilst the Directors are taking a number of actions in respect of development of the Group's business, in the short term, the going concern assumption is mainly dependent on raising sufficient cash through the issuance of further share capital. The dependency on future capital raising creates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

Notwithstanding this dependency on raising further capital the Directors are confident that the Group remains a going concern and are confident of being able to raise further share capital. Accordingly, the Directors believe the going concern assumption is valid and have reached this conclusion having regard to the circumstances which they consider likely to affect the Group during the period of one year from the date these financials are approved.

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

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

Critical Judgements in Applying Accounting Policies

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

2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Key Sources of Estimation Uncertainty and Key Judgements

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

Key sources of estimation uncertainty and key judgements include:

- the application of the going concern assumption (refer Note 2(i))
- the intangible assets to which the development expenditure relate are reviewed for possible indicators of impairment on an annual basis. None were noted in the current year.
- Assessing goodwill for impairment on an annual basis. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 30 June 2016 was $5,718,000 (30 June 2015: Nil). Refer to Note 8.
- The application of provisional accounting applicable to the fair value of Interface IT Pty Ltd assets and liabilities acquired on 1 June 2016. Refer to Note 17.

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 relevant under the circumstances.

Significant Accounting Policies

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

Basis of Consolidation

The consolidated financial statements prepared are issued in the name of the legal entity and parent, GeoOp Limited (the "Parent"). The consolidated financial statements incorporate the financial statements of the Parent and entities controlled by the Parent. Control is achieved when the Parent:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Subsidiaries are fully consolidated from the date on which the Parent obtains control over subsidiaries and are de-consolidated from the date that control ceases. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Business combinations

Business combinations are accounted for using the acquisition method. Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Acquisition costs incurred are expensed and included in administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Where the Group has been unable to complete the initial accounting for a business combination by the end of the reporting period in which the combination occurred it provisionally accounts for the transaction.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. During this period, the acquirer retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable.

Property, Plant and Equipment

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

Depreciation is provided on property, plant and equipment.

Depreciation is calculated on a diminishing value basis so as to write off the net cost of the asset over its expected useful life to its estimated residual value. The following estimates of useful lives are used in the calculation of depreciation:

Category	*Estimated useful life*
Office Equipment	1 to 8 years
Computer Equipment	1 to 7 years
Fixtures & Fittings	14 to 17 years
Office furniture	4 to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Internally-generated Intangible Assets – Capitalised Development Expenditure

Expenditure on research and maintenance activities is recognised as an expense in the period in which it is incurred.

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

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

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

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

Category	*Estimated Useful Life*
Application Software	3 – 5 years

Impairment of Tangible and Intangible Assets

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

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

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

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

2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Revenue Recognition

Revenues are recognised to the extent that it is probable that the future economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. The following specific recognition criteria must also be met before revenue is recognised:

> *Subscription Services* – Subscription revenue is billed on a monthly or annual basis and paid in advance by customers. Revenue is recognised over the accounting period in which the obligation is discharged.
>
> *Government Grants* – Grants from the Government are recognised in the period the expense is incurred at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.
>
> *Interest Revenue* – Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Consideration received prior to the service being rendered is deferred and recognised in the Statement of Financial Position as revenue received in advance and included within trade and other payables. Revenue for which services have been rendered but invoices have not been issued is recognised within the Statement of Financial Position as accrued income and included within trade and other receivables.

Taxation

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent it is unpaid (or refundable).

Deferred Tax

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

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

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

2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Deferred Tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Goods and Services Tax (GST)

All items in the statement of financial position are stated exclusive of GST, with the exception of receivables and payables, which include GST. All items in the statement of comprehensive income are stated exclusive of GST.

Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified 'Available-For-Sale' (AFS) financial assets and 'loans and receivables' (as per Note 22).

Cash and Cash equivalents

Cash and short term deposits comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Accounts Receivable

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

Share Capital

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

Other Financial Liabilities

The convertible notes are recorded initially at fair value and subsequently measured at fair value through the profit and loss.

Other financial liabilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Trade and Other Payables

Accounts payable are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Employee Benefits

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

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

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

Share-based payments

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss over the remaining vesting period, with a corresponding adjustment to the equity-settled share-based payment reserve.

Equity settled compensation in lieu of salary is measured at the fair value of the salary sacrificed. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 12 and 23.

Earnings per share

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

(i) Basic EPS is calculated by dividing the Group profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares on issue during the period.

(ii) Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares on issue for the effects of any potential dilutive issue of ordinary shares.

Foreign exchange translation reserve

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

2. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Foreign operations

The results and financial position of all foreign operations that have a functional currency different from New Zealand Dollars 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 of the statement of comprehensive income are translated at average exchange rates for the period; and
- all resulting exchange differences are recognised as other comprehensive income and accumulated in the foreign currency translation reserve.

Statement of Cash Flows

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments net of outstanding bank overdrafts.

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

Definition of terms used in the cash flow statement:

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

Adoption of New and Revised Standards and Interpretations

The Group adopted all mandatory new and amended standards and interpretations effective during the period. None of these standards and interpretations had a material impact on the financial statements.

There are a number of other new and revised standards and interpretations that are not effective yet. In particular, NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers which are effective for periods beginning 1 January 2018 may impact the Group but have not yet been assessed. All other changes are not expected to have a significant impact on the Group.

3. (LOSS) FROM OPERATIONS

	12 mths 2016 $000	15 mths 2015 $000
(a) Operating Revenue		
Operating revenue consisted of the following items:		
Subscription revenue	1,773	1,204
Other operating revenue	155	8
	1,928	1,212
(b) Other revenue		
Other income from operations consisted of the following items:		
Government grants	364	265
Interest received	47	252
	411	517

Government grants are from Callaghan Innovation and relate to GEO's research and development investment.

(c) Expenses

(Loss) before tax includes the following specific expenses:

	12 mths 2016 $000	15 mths 2015 $000
Amortisation of finite life intangible assets (Note 8)	370	235
Auditors' fees for audit of the financial statements (ii)	38	26
Auditors' other fees:		
Other assurance services	11	12
Taxation compliance services	12	10
Depreciation of property, plant & equipment (Note 7)	49	74
Employee benefits	3,530	4,492
Superannuation	64	138
Share Based Payments (Note 23)	319	334
Lease expenditure (i)	155	176
Net foreign exchange differences	30	21

(i) Operating lease rentals relate to the Company's offices in Auckland, New Zealand and in Sydney and Melbourne, Australia.

(ii) The auditor of the Group is Deloitte.

GEOOP LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2016

4. TAXATION

(a) Statement of Comprehensive Income:

	12 mths 2016 $000	15 mths 2015 $000
Current tax expense	-	-
Deferred tax benefit	1,006	-

(b) Reconciliation of income tax expense to prima facie tax payable

(Loss) before tax	(3,727)	(5,828)
Benefit at 28%	1,044	1,632
Non-deductible expenses	(199)	(66)
Utilisation of tax losses	-	8
Future benefit of tax losses not recognised	-	(1,574)
Recognition of prior period tax losses	161	-
Income tax benefit	1,006	-

(c) Deferred Tax Balances

The Group has an unrecognised deferred tax asset arising from tax losses of $2,292,000 measured at 28% (2015: $2,470,000). The carry forward of losses are subject to confirmation by the relevant tax authority.

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

	Intangible assets $'000	Provisions & accruals $'000	Tax losses $'000	Total $'000
At 1 April 2014	(11)	33	(22)	-
Recognised in the profit & loss	(37)	15	22	-
At 30 June 2015	(48)	48	-	-
At 1 July 2015	(48)	48	-	
Recognised in the profit & loss	-	-	1,006	1,006
Recognised as part of a business combination	(1,006)	-	-	(1,006)
At 30 June 2016	(1,054)	48	1,006	-

5. CASH AND CASH EQUIVALENTS

	30 June 16 $000	30 June 15 $000
Cash at bank	868	1,475
Short term deposit	200	-
	1,068	1,475

As at 30 June 2016, $443,000 (2015: $21,000) was held in Australian dollars.

6. ACCOUNTS & OTHER RECEIVABLES

	30 June 16 $000	30 June 15 $000
Current assets		
Accounts receivable	480	29
Grants receivable	111	292
Prepayments	35	30
Goods and services & withholding taxes receivable	45	89
Sundry debtors	13	13
	684	453
Non-current assets		
NZX & rental bond	100	89

(a) Trade and other receivables

Trade receivables relate to the monthly or annual subscriptions charged in advance for GEO's service. The provision for impairment of receivables has been determined on specific balances by management based on likelihood of recovery. In accepting a new customer with terms other than that above, the Group assesses the customer's credit quality and reviews credit performance monthly. Of the trade receivable balances at the end of the year $222,000 (2015: $17,000) representing 34% (2015: 59%) are due from GEO's three largest customers, are not impaired and considered to be a low credit risk.

Grants receivable relate to the Growth Grant GEO receives from Callaghan Innovation. Grants are recognised when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. $66,000 of the above balance was received subsequent to balance date.

(b) Aging analysis

At 30 June 2016, $386,000 or 80% of trade receivables were due for payment between one and 60 days after being invoiced (as at 30 June 2015: $27,000 or 93% of trade receivables.)

(c) Past due but not impaired trade receivables

Included in the trade receivables balance are debtors amounting to $94,000 (2015: $2,000) that are past due but not impaired at balance date.

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7. PROPERTY, PLANT & EQUIPMENT

	Office Equipment $'000	Computer Equipment $'000	Fixtures & Fittings $'000	Office Furniture $'000	Total $'000
At 1 April 2014					
Cost	28	120	22	44	214
Accumulated depreciation	(6)	(33)	(1)	(2)	(42)
Carrying amount at beginning of period	22	87	21	42	172
15 months ended 30 June 2015					
Additions	3	15	-	5	23
Depreciation	(10)	(53)	(3)	(8)	(74)
Carrying amount at end of period	15	49	18	39	121
At 1 July 2015					
Cost	31	135	22	49	237
Accumulated depreciation	(16)	(86)	(4)	(10)	(116)
Carrying amount at beginning of period	15	49	18	39	121
Year ended 30 June 2016					
Additions	5	13	3	-	21
Additions - acquisition	-	7	-	-	7
Disposals	-	-	-	-	-
Depreciation	(9)	(33)	(2)	(5)	(49)
Carrying amount at end of year	11	36	19	34	100
At 30 June 2016					
Cost	36	155	25	49	265
Accumulated depreciation	(25)	(119)	(6)	(15)	(165)
Carrying amount at end of year	11	36	19	34	100

No impairment losses were recorded in 2016 or 2015.

GEOOP LIMITED
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8. INTANGIBLE ASSETS

(a) Capitalised development expenditure

The capitalised development expenditure relates to the continued development of the Group's technology platform hosted in the cloud and mobile application software.

	Application Software $'000
At 1 April 2014	
Cost	410
Accumulated amortisation	(195)
Carrying amount at beginning of period	215
15 months ended 30 June 2015	
Additions	801
Amortisation	(235)
Carrying amount at end of period	781
At 30 June 2015	
Cost	1,211
Accumulated amortisation	(430)
Carrying amount at end of period	781
Year ended 30 June 2016	
Additions	389
Additions - acquisition	3,592
Amortisation	(370)
Carrying amount at end of year	4,392
At 30 June 2016	
Cost	5,192
Accumulated amortisation	(800)
Carrying amount at end of year	4,392

The useful life of the capitalised development expenditure has been extended from 3 to 4 years which better reflects expected life of the platform and related products. Had the useful life not been changed, amortisation for the current year would have been $473,000.

(b) Goodwill

Year ended 30 June 2016	
Carrying amount at beginning of year	-
Additional amounts recognised from business combinations occurring during the year	5,718
Carrying amount at end of year	5,718
At 30 June 2016	
Cost	5,718
Accumulated impairment	-
Carrying amount at end of year	5,718

No impairment losses were recorded in 2016 (2015: Nil)

(c) Impairment Consideration

During the year ended 30 June 2016, the Board and management reviewed Interface IT Pty Ltd assets including goodwill, as a cash generating unit. The Company has two cash generating units: GeoOp Limited and the recently acquired Interface IT Pty Ltd. Goodwill is allocated to the Interface IT Pty Ltd cash generating unit. The Board has determined that there is no impairment of any amount, including the intangible assets.

The calculation of the recoverable amounts has been determined based on a value in use calculation that uses cash flow projections based on financial forecasts approved by management and the Board. Management has determined that the recoverable amount calculations are most sensitive to changes in the post-tax discount rates used and the cash flow projections themselves. The recoverable amount is sensitive to the assumptions being achieved. If the assumptions are not met goodwill may require impairment.

9. SUBSIDIARIES

Subsidiary	Equity interest 30 June 2016	Equity interest 30 June 2015	Balance Date	Country of Incorporation	Principal Activity
GeoOp Pty Limited	100%	100%	30 June	Australia	Limited risk distributor
GeoOp Trustees Limited	100%	100%	30 June	New Zealand	Trustee
Interface IT Pty Ltd	100%	-	30 June	Australia	Sales Software supplier

100% of the shares in Interface IT Pty Ltd were acquired on 1 June 2016. See Note 17.

10. TRADE AND OTHER PAYABLES

	30 June 16 $000	30 Jun 15 $000
Trade and other payables	390	68
Accruals	587	412
Revenue received in advance	243	93
	1,220	573

Trade and other payables

The average credit period on purchases of services represents an average of 30 days credit (2015: 20 days credit). The Group has financial risk policies in place to ensure that all payables are paid within payment terms.

11. BORROWINGS

	30 June 16 $000	30 Jun 15 $000
Unsecured		
Unlisted convertible notes	3,000	-

3,000,000 unlisted convertible notes of $1 each were issued as part consideration to the vendors on the acquisition of Interface IT Pty Ltd on 1 June 2016.

The notes are fully paid, having a 0% coupon and a two year term at which time they will, at the option of the holder, be repaid or converted to ordinary shares (at the 90 day volume weighted average price per share over the preceding 90 trading days). The notes may convert earlier, at the option of the holder, at the 90 day volume weighted average price per share over the preceding 90 trading days or, if GEO undertakes a capital raise, at the capital raise price.

Fair value
The fair value of the convertible notes has been calculated based on an implied interest rate of 10% and over a 2 year term and an assessment of the value of the converting option built into the note.

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12. SHARE CAPITAL

	Notes	Number of shares	$000's
Balance at 31 March 2014		27,270,167	12,984
Movements during the fifteen months			
Issue of shares to Directors & Employees		201,301	118
Transfer from share based payment reserve		-	332
Balance at 30 June 2015		27,471,468	13,434
Movements during the year			
Issue of shares in lieu of directors fees and salaries - related parties	i	224,604	90
Issue of shares under a share placement plan - related parties	ii	713,919	343
Issue of shares under a share placement plan - other parties	ii	4,396,665	2,110
Issue of shares under a share purchase plan - other parties	iii	1,408,072	629
Share buyback; shares placed in treasury stock	vi	-	(200)
Issue of shares under CEO incentive scheme	iv	178,571	130
Transaction costs for the issue of new shares		-	(176)
Transfer from share based payments reserve		-	151
Shares issued to fund acquisition of InterfaceIT Pty Ltd	v	15,000,000	4,350
Balance at 30 June 2016		49,393,299	20,861

All shares have been issued as fully paid and have no par value. In the year to 30 June 2016, the Company issued the following:

(i) On 31 July 2015 the Company issued 224,604 ordinary shares in lieu of directors' fees and salaries to the directors and Chief Financial Officer.

(ii) On 24 August 2015 the Company completed a placement of 5,110,584 ordinary shares at an issue price of NZ$0.48 per share, raising NZ$2,453,000.

Warrants
Participants in the placement also received 1 warrant for every 3 shares subscribed for in the placement. The warrant is exercisable at each holder's election on three dates 30 April 2016, 31 July 2016 or 31 October 2016 at NZ$0.480 per share. The warrants, totalling 1,703,528 shares, will potentially provide the Company with additional funding in the future of approximately $817,000 if exercised in full.

(iii) On 30 September 2015 the Company completed a share purchase plan of 1,408,072 ordinary shares to existing shareholders at an issue price of NZ$0.446 per share, raising NZ$629,000.

GEOOP LIMITED
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SHARE CAPITAL (CONTINUED)

(iv) On 13 November 2015 the Company agreed a long term incentive scheme with the Chief Executive Officer, Anna Cicognani. The details of the long term incentive scheme are set out in Note 23.

(v) On 1 June 2016 the Company allotted 15,000,000 shares as part consideration for the purchase of 100% of the shares in Interface IT Pty Ltd.

(vi) On 11 May 2015 a share buyback for NZ$ 200,000 was completed.

13. ACCUMULATED LOSSES

	12 mths 30 June 16 $000	**15 mths 30 June 15 $000**
Balance at the beginning of period	(10,925)	(5,097)
Net loss after tax for the period	(2,721)	(5,828)
Balance at the end of the period	(13,646)	(10,925)

14. (LOSS) PER SHARE

	12 mths 30 June 16	**15 mths 30 June 15**
Net (loss) after tax for the period ($'000)	(2,721)	(5,828)
Number of issued and outstanding ordinary shares (refer Note 12)	49,393,299	27,471,468
Weighted average number of ordinary shares outstanding	33,877,219	27,331,451
Basic and diluted (loss) per share (cents)	(8.0)	(21.3)

For 2015 there were no instruments that could potentially dilute basic earnings per share.

15. RELATED PARTY TRANSACTIONS

(a) Remuneration

At reporting date, the Directors of GeoOp Limited (the "Company") controlled 40.1% (2015: 26.2%) of the voting shares in the Company.

Roger Sharp, Chair of the Company (and previous Chair of Interface IT Pty Ltd), beneficially held 31.3% (2015: 0%) of the shares in the Company at balance date. He also beneficially holds 2,517,237 (84%) of the convertible notes. During the period, the Company paid North Ridge Partners (Pty) Ltd, a company of which Roger Sharp is a director and shareholder, $3,333 (2015: Nil) for director fees, and $13,333 for consulting fees. (2015: Nil).

Mark Weldon, director of the Company, held 5.8% (2015: 9.6%) of the shares in the Company at balance date. During the period, the Company paid Lola Nominees Limited, a company of which Mark Weldon is a director and shareholder, $71,667 (2015 : 15 month period: $106,250) for services as Chair for the period to 1 June 2016, and director services for the period 1 June to 30 June 2016.

Viv Brownrigg, director of the Company, held 2.1% (2015: 3.3%) of the shares in the Company at balance date. During the period, the Company paid Dune Trustees Limited, a company of which Viv Brownrigg is a director and shareholder, $55,000 (2015: 15 month period: $68,750) for director fees.

15. RELATED PARTY TRANSACTIONS

(a) Remuneration (continued)

Anna Cicognani was appointed to the Board on 1 June 2016 and holds 0.9% (2015: nil) of the shares in the Company at balance date. Anna Cicognani is not paid a directors fee.

Jodi Mitchell resigned as a director on 11 March 2016. During the period, the Company paid Medary Services Limited, a company of which Jodi Mitchell is a director and shareholder, $27,500 (2015: 15 month period: $68,750) for director fees.

Leanne Graham resigned as a director on 27 May 2016. During the period, the Company paid Leanne Graham $29,167 (2015: $Nil) for director fees.

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

The following table summarises remuneration earned by key management personnel and directors:

		12 months 30 Jun 16 $000	**15 months 30 Jun 15 $000**
Directors' fees	- Cash	48	89
	- Issue of shares	136	170
CEO Incentive Scheme (refer Note 23)		130	129
Short term employee benefits		815	670
		1,129	1,058

(b) Loans to Directors

	Interest paid/received		**Balances outstanding**	
	2016 12 months $'000	**2015 15 months $'000**	**2016 30 Jun 16 $'000**	**2015 30 Jun 15 $'000**
Directors – Non executive	-	-	351	331

In 2013, GEO provided a secured loan facility for the two Non-Executive Directors (through their investment entities) that enabled them to each acquire 200,000 shares at $1.00 per share (total of 400,000). The loans are interest free and must be repaid by 30 September 2018. The secured loans were discounted back to the value at the time of issue at September 2013.

No amounts have been written off or forgiven in the period (2015: nil).

16. COMMITMENTS FOR EXPENDITURE

(a) Capital Expenditure Commitments

As at 30 June 2016 there were no capital expenditure commitments (2015: $Nil).

(b) Operating Lease Commitments

Non-cancellable operating lease commitments are as follows:

	30 June 16 $000	30 June 15 $000
Less than 1 year	172	89
After one year but not more than five years	182	163
	354	252

Operating lease commitments are for the Group's premises.

17. BUSINESS COMBINATIONS

Subsidiaries acquired

2016	Principal activity	Date of Acquisition	Proportion of voting equity interest acquired	Consideration transferred $'000
Interface IT Pty Ltd	Sales software provider	1 June 2016	100%	8,350

This acquisition has significantly increased GEO's revenue and will enable the Company to scale quicker as it builds out its suite of workforce productivity applications.

Fair value of consideration transferred

	Interface IT Pty Ltd $'000
15,000,000 ordinary shares in GeoOp Limited, at $0.29 per share.	4,350
3,000,000 unlisted unsecured convertible notes at $1.00 per note.	3,000
Contingent consideration arrangement (i)	1,000
Indemnification asset / (liability) (ii)	-
	8,350

(i) The purchase price is subject to a potential performance payment, calculated as: $2 x the amount of recurrent revenue of the merged group (GeoOp and Interface IT) in excess of $4.5 million for the year ended 30 June 2017 Recurrent revenue represents gross recurring subscription and licence fee and support revenue received from ordinary customers. It excludes one-off training and implementation income or any grant income or interest received or any revenue from further acquisitions.

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17. BUSINESS COMBINATIONS (Continued)

(ii) The purchase price is also subject to adjustment for warranty claims against either the Interface IT shareholders or GeoOp. As at the reporting date, the Directors are not aware of any circumstances that would trigger a claim under the warranty provisions.

Assets acquired and liabilities recognised at the date of acquisition

	Interface IT Pty Ltd 2016 $'000
Current Assets	
Cash and cash equivalents	64
Trade and other receivables	419
Non-current Assets	
Plant and equipment	8
Security deposit	11
Intellectual property	3,592
Current liabilities	
Trade and other payables	(432)
Non-current liabilities	
Provision for Long Service Leave	(24)
Deferred tax liability	(1,006)
	2,632

The initial accounting for the acquisition of Interface IT Pty Ltd has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of Interface IT's assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate.

Goodwill arising on acquisition

	Interface IT Pty Ltd $'000
Consideration transferred	8,350
Less: fair value of identifiable net assets acquired	2,632
Goodwill arising on acquisition	5,718

Acquisition related costs

The acquisition process was conducted by the directors as part of their day to day activities and therefore there are no separately identifiable acquisition costs relating to this transaction.

Revenue and Profit contribution

The acquired business contributed recurring revenues of $135,507 and net loss of $44,898 to the Group for the period from 1 June 2016 to 30 June 2016.

Board appointment

As part of the acquisition Roger Sharp (Interface IT Pty Ltd's Chair) joined GeoOp Limited's board and assumed the role of Chair. Roger Sharp is also a director and shareholder of North Ridge Partners Pty Limited who collectively held 79.65% of Interface IT Pty Ltd's ordinary shares.

18. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no material contingent assets or contingent liabilities at 30 June 2016 (2015: $Nil).

19. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Mark Weldon resigned as a Director, effective 31 August 2016.

Subsequent to year end Director and related party loans of $425,000 were received.

There have been no other events subsequent to reporting date which will have a material effect on these financial statements.

20. SEGMENTAL REPORTING

The Chief Executive and members of the executive management team are the Group's chief operating decision makers. They have determined that based on the information they use for the purposes of allocating resources and assessing performance, the Group itself forms a single operating segment, the development and deployment of cloud based application software. The segment result is reflected in the financial statements. Financial information about geographical areas is not available and the cost to develop it has been deemed to be excessive.

21. RECONCILIATION OF NET LOSS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	12 mths 30 Jun 16 $000	15 mths 30 Jun 15 $000
Net loss for the period	(2,721)	(5,828)
Adjustments for non-cash items		
Amortisation of capitalised development costs	370	235
Depreciation	49	74
Related party loan expense / (income)	(20)	(23)
Share based payments expense (Refer Note 23)	319	251
Tax losses utilised	(1,006)	-
Other	(147)	57
	(435)	594
Movements in working capital		
Accounts receivable and other receivables	(231)	(252)
Accounts payable and accruals	647	150
	416	(102)
Net cash (outflow) from operating activities	(2,740)	(5,336)

22. FINANCIAL RISK MANAGEMENT

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

(a) Capital Risk Management

The capital structure of the Group consists of equity raised by the issue of ordinary shares and convertible notes in the Company.

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders. Capital comprises issued capital and retained losses as disclosed in Note 12 and Note 13.

The Group's board of directors reviews the capital structure on a regular basis to ensure that entities in the Group are able to continue as going concern (see Note 2(i)).

The Group is not subject to externally imposed capital requirements.

(b) Liquidity Risk Management

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

22. FINANCIAL RISK MANAGEMENT

(c) Interest Rate Risk

The Group's interest rate risk arises from its cash balances that are placed on deposit at variable rates that expose the Group to cash-flow interest rate risk. The Group does not enter into forward rate agreements.

Management regularly review its banking arrangements to ensure the best returns on funds.

	30 Jun 16 $000	**30 Jun 15 $000**
Variable rate instruments		
Financial assets		
Cash and cash equivalents	1,068	1,475

Interest rates on cash and cash equivalents ranged from 0% to 3.20% (2015: 0% to 4.00%).

(d) Credit Risk

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

The maximum exposures to credit risk at balance date are:

	30 Jun 16 $000	**30 Jun 15 $000**
Assets		
Cash and short term deposits	1,068	1,475
Accounts receivable	480	29
Grants receivable	111	292
Sundry debtors	13	13
Related party loans	351	331
Other receivables	100	89

$66,000 of the grants receivable had been paid subsequent to year end. The Group's bank accounts are held with ASB Bank, BNZ Bank, Commonwealth Bank of Australia and National Australia Bank. Otherwise the Group does not have any other concentrations of credit risk.

The Group does not require any collateral or security to support financial instruments.

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22. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Foreign Exchange Risk

The Group is exposed to foreign currency movements against the New Zealand Dollar. The Australian operations are funded directly from New Zealand and will require continual funding for at least the next twelve months.

As a result the financial statements can be affected by movements in this rate. During this time the foreign currency risk will increasingly be mitigated by repatriation of Australian revenues.

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. As at 30 June 2016, had the New Zealand Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and loss and equity would have been affected as follows:

	12 months 30 June 16 $000	15 months 30 June 15 $000
Increase in the value of the New Zealand Dollar by 10%		
Impact on profit or (loss)	(18)	54
Impact on equity	(158)	54
Decrease in the value of the New Zealand Dollar by 10%		
Impact on profit or (loss)	18	(54)
Impact on equity	158	(54)

The sensitivity analysis was calculated by taking the average rate as at balance date of 0.9170 (2015: 0.9286) for Australian Dollars and moving this rate by the reasonably possible movements of plus and minus 10 percent and then re-converting the foreign currency into New Zealand Dollars with the "new spot rate". This methodology reflects the translation methodology undertaken by the Group.

(f) Fair Value of Financial Instruments

There are no significant differences between the fair values and the carrying amounts of financial assets and liabilities in the Statement of Financial Position as at balance date.

30 June 2016	**Loans & receivables**	**Financial liabilities at FVTPL**	**Financial liabilities at amortised cost**	**Total carrying value**
	$000	**$000**	**$000**	**$000**
Assets				
Cash and cash equivalents	1,068	-	-	1,068
Trade receivables	684	-	-	684
Bonds	100	-	-	100
Related party loans	351	-	-	351
Total financial assets	**2,203**	**-**	**-**	**2,203**
Liabilities				
Accounts payable	-	-	1,002	1,002
Convertible notes	-	3,000	-	3,000
Other payables	-	-	220	220
Total financial liabilities	**-**	**3,000**	**1,222**	**4,222**

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22. FINANCIAL RISK MANAGEMENT

(f) Fair Value of Financial Instruments (continued)

15 months ended 30 June 2015	**Loans & receivables**	**Financial liabilities at amortised cost**	**Total carrying value**
Assets	**$000**	**$000**	**$000**
Cash and cash equivalents	1,475	-	1,475
Trade receivables	321	-	321
Sundry receivables	13	-	13
Bonds	89	-	89
Related party loans	331	-	331
Total financial assets	**2,229**	**-**	**2,229**
Liabilities			
Accounts payable	-	68	68
Other payables	-	505	505
Total financial liabilities	**-**	**573**	**573**

23. SHARE BASED PAYMENTS

(a) Share Based Payments Reserve	**$000's**
Balance at 31 March 2014	385
Share based payment expense	251
Transfer to issued share capital	(450)
Balance at 30 June 2015	186
Movements during the year	
Share based payment expenses	53
Transfer to issued share capital	(151)
Balance at 30 June 2016	88

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23 SHARE BASED PAYMENTS (CONT'D)

(b) Share based payments expense

	12 mths 30 June 16 $000	15 mths 30 June 15 $000
CEO Incentive Scheme	130	-
Management Incentive Scheme	-	114
Employee Growth Share Scheme	53	35
Directors' fees	90	87
Employee salary sacrifice	-	15
	273	251
Accrual	46	83
Total for the period	319	334

Employee Growth Share Plan

During the prior period the Group implemented an employee share plan, the GeoOp Limited Employee Growth Share Plan (the "Plan"). The Plan operates as an equity-settled, share-based compensation plan, under which employees render services in exchange for shares in GEO. The value of the employee services rendered for the grant of non-transferable shares is recognised as an expense over the vesting period, and the amount is determined by reference to the fair value of the shares granted.

The Plan was introduced for selected executives and employees of the Group. Under the Plan, ordinary shares in GeoOp Limited are issued to a trustee, GeoOp Trustee Limited, a wholly owned subsidiary, and allocated to participants, on grant date, using funds lent to them by the Company.

The price for each share issued during the year under the Plan is the higher of the market price of the share on the date on which the shares are allocated or the invitation price.

Under the Plan, shares are beneficially owned by the participants. The length of retention period before the shares vest is either two or three years, being 31 October 2016 or 31 October 2017. If the individual is still employed by the Group at the end of this specific period and the GEO share price is above a specific hurdle price of $1.15 for the two year tranche or $1.40 for the three year tranche, the employee is given a cash bonus that must be used to repay the est free loan and shares are then transferred to the employee. The number of shares awarded and the hurdle price for the two or three year tranches are determined by the Remuneration and Nomination Committee. The grant date fair value of restricted shares issued during the period was determined by using an option pricing model. 72,727 shares vested during the 15 month period to 30 June 2015 as a result of participants leaving the scheme as good leavers.

23 SHARE BASED PAYMENTS (CONT'D)

Employee Growth Share Plan (continued)

A non-cash expense of $52,723 was recorded in the period to 30 June 2016 relating to the Plan.

	Number of shares ('000) 30 Jun 16	Number of shares ('000) 30 Jun 15
Outstanding at beginning of period	322	-
Awarded pursuant to the Employee Growth Share Plan	-	415
Forfeited	(98)	(21)
Vested	(72)	(72)
Unvested shares as at 30 June allocated to employees	152	322
Forfeited shares held by the Trustee not yet reallocated	98	21
Aging of unvested shares		
Balance of shares to vest within 1 year	152	91
Balance of shares to vest after 1 year	-	231
	152	322

The Board is taking advice with a view to resetting its employee equity incentive plans during the 2017 financial year.

The fair value of the shares granted under the Plan is based on the fair value of shares granted measured using an option pricing model with the following inputs (note that all issues occurred in the prior year, with none made in the current year):

Input	*Assumption*
Risk free rate	3.5%
Share price at grant date	$0.40
Volatility	98%
Hurdle price	
- 2 year term	$1.15
- 3 year term	$1.40
Number of shares	415,629
Fair value of each option	
- 2 year term	$0.33
- 3 year term	$0.35

The volatility was determined having regard to the daily movement in GEO's share price as listed on the Alternative Market of the NZX since listing.

Directors' fees

The Directors of GEO are able to elect to receive up to two thirds of their fees in GEO ordinary shares. The fair value of the shares issued is determined having regard to the volume weighted average price over twenty business days following the six month period to which the service was provided. The shares vest immediately.

Employee Salary Sacrifice

During the period, the Company issued 35,246 ordinary shares for a value of $15,360 (2015: 26,034 shares valued at $15,360) in lieu of salary to the Chief Financial Officer. The fair value of the shares issued is determined having regard to the volume weighted average price over twenty business days following the six month period to which the service was provided. The shares vest immediately.

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23 SHARE BASED PAYMENTS (CONT'D)

On 13 November 2015 the Company agreed a long term incentive scheme with the Chief Executive Officer, Anna Cicognani. The details of the long term incentive scheme are:

Chief Executive Officer Long Term Incentive

An allocation of a maximum of 1,078,571 shares will be awarded to the Chief Executive Officer, being 178,571 shares vesting immediately upon signing and 900,000 being awarded upon the Company's share price achieving certain share price targets (based on end-of-day pricing on a specific trading day).

Share price targets are

Share price target	Allocation of shares
$0.50	50,000
$0.70	50,000
$1.00	200,000
$1.30	100,000
$1.60	100,000
$1.90	100,000
$2.20	100,000
$2.50	200,000
TOTAL	900,000

The scheme remains in place during the tenure of the Chief Executive Officer role and ceases upon cessation of employment.

The Company allotted 178,571 shares to the Chief Executive Officer on 13 November 2015, being the date of inception of the scheme, and 50,000 share under the scheme on 29 January 2016, based on the share price target of $0.50 being achieved on 15 January 2016.

A non-cash expense of $130,000 was recorded in the year to 30 June 2016 relating to the incentive scheme. The fair value of the shares granted under the incentive scheme has been calculated using an option pricing model with the following key inputs:

Input	*Assumption*
Risk free rate	3.5%
Share price at grant date	$0.40

Other key inputs include volatility (determined having regard to the daily movement in GEO's share price as listed on the Alternative Market of the NZX since listing), the share target price (as per above) and the expected time to expiry.

Management incentive scheme

GEO entered into a Subscription Agreement in July 2013 pursuant to which Cloud Rainmakers, an entity associated with Leanne Graham, and Stewart Reynolds each subscribed for ordinary fully paid shares in GEO under the Management Incentive Scheme.

In September 2014, Leanne Graham moved from Chief Executive Officer to take up the role as Executive Strategic Advisor to the Group. Pursuant to Leanne Graham's Management Incentive Scheme and related Subscription Agreement, the Group acquired 500,077 ordinary shares in the Company from Leanne Graham for a total consideration of NZ$1.00 and held as treasury stock.

23 SHARE BASED PAYMENTS (CONT'D)

On 30 October 2015, Stewart Reynolds resigned as Chief Financial Officer. Pursuant to Stewart Reynolds's Management Incentive Scheme and related Subscription Agreement, the Group acquired 133,350 ordinary shares in the Company from Stewart Reynolds for a total consideration of NZ$1.00 and held it as treasury stock.

Jason Faulkner, Chief Technology Officer, joined the Group on 6 June 2016. Subject to Board approval and completion of 12 months of service he will be awarded shares to the value of NZ$ 50,000.