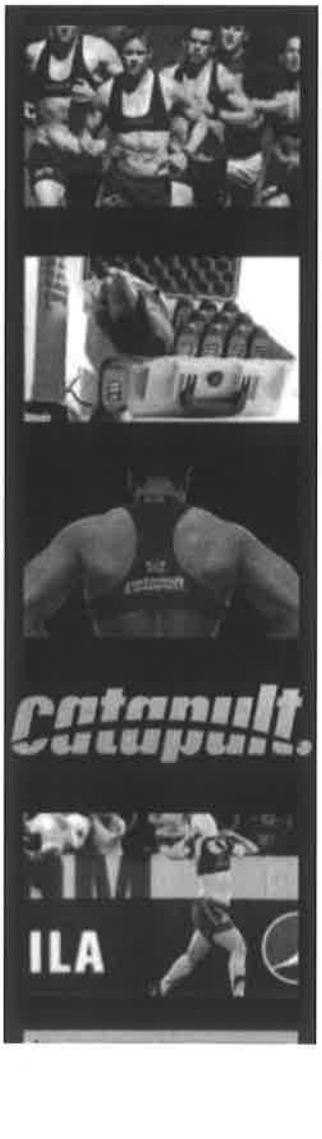
Financial Statements

Catapult Group International Ltd

For the year ended 30 June 2014



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Directors' Report

The Directors of Catapult Group International Ltd ('Catapult') present their Report together with the financial statements of the consolidated entity, being Catapult Group International Ltd ('the Company') and its controlled entities ('the Group') for the year ended 30 June 2014.

Director details

The following persons were Directors of Catapult Group International Ltd during or since the end of the financial year.

Mr Shaun Holthouse
B.E. (Hon), Mechanical Engineering
Chief Executive Officer
Appointed 4 September 2013

Shaun is a founding Director of Catapult and has been actively engaged in all business operations, from development through sales.

Shaun is an expert in product development of new technologies from biotech through to telecommunication and scientific instrumentation, and has several patents to his name. He has more than 10 years' experience in applying cutting edge technology to measurement of sport.

Other current Directorships:
None

Previous Directorships (last 3 years):
None

Dr Adir Shiffman
MBBS, Medicine
Executive Chairman
Appointed 4 September 2013

Adir is one of the foremost technology experts in Australia, having founded, built and sold a number of high-growth businesses. He has strong experience expanding into offshore markets such as the US, UK and Europe, particularly SaaS and analytics businesses.

Other current Directorships:
Disruptive Investment Group Limited
(Appointed February 2013)

Disruptive Capital Pty Ltd
(Appointed November 2012)

Start Here Pty Ltd
(Appointed September 2011)

Global Reviews Pty Ltd
(Appointed November 2000)

Innovate Online Pty Ltd
(Appointed July 2011)

Previous Directorships (last 3 years):
None

Mr Igor van de Griendt
B.E.
Chief Operating Officer
Appointed 4 September 2013

Igor is a founding Director of Catapult, with a focus on research and development through productisation having previously held senior engineering and project management roles with major engineering businesses.

Other current Directorships:
None

Previous Directorships (last 3 years):
None

Mr Calvin Ng
BComm (Fins) LLB AMC DFP
Non-Executive Director
Appointed 29 November 2013

Calvin has worked at some of Australia's largest absolute return investment managers where he gained exposure to a wide range of industries, geographies and asset classes through the provision and investment in public and private market transactions. Calvin advises a range of Australian corporates within the finance, insurance, food & beverage, resources and technology sector.

Other current Directorships:
Aura Capital Group Pty Ltd
(Appointed January 2006)

Finsure Group Pty Ltd
(Appointed July 2011)

Disruptive Investment Group Limited
(Appointed February 2013)

Start Here Pty Ltd
(Appointed September 2011)

1300 Home Loan Holdings Pty Ltd
(Appointed January 2010)

Previous Directorships (last 3 years):
None

Mr Michael An
BCom (Actuarial Studies/Finance)
Non-Executive Director
Appointed 13 January 2014

Michael has extensive experience in the start-up & venture space and is currently involved with several early stage companies, both domestic and international, through direct investment, advisory and board representations. Prior to assuming his current role, Michael co-founded a market leader in the private education sector, focusing on the deployment of strategic growth & development initiatives.

Other current Directorships:
Perle Ventures Pty Ltd
(Appointed May 2014)

Previous Directorships (last 3 years):
Intuition Education Australia Pty Ltd
(Appointed 2005 resigned 2012)

Ms Rhonda O'Donnell
BCom (Actuarial Studies/Finance)
Non-Executive Director
Appointed 3 September 2014

Rhonda has extensive experience in international and local industries including telecommunications, information technology, education, government and utilities.

Rhonda has been a successful executive and board member in both the private and public sectors. Rhonda has received several industry achievements including the award for the Victorian Telstra Business Woman of the Year in 1999.

Other current Directorships:
Slater & Gordon (SGO.ASX)(Appointed March 2013)

Company Secretaries

Andrew Whitten is a lawyer, specialising in corporate finance and securities law and has been involved in a comprehensive range of corporate and investment transactions including numerous initial public offerings on the ASX. Andrew was appointed Company Secretary of Catapult Group International on 18 August 2014.

Brett Coventry is a Certified Practicing Accountant and the Group's Chief Financial Officer. Brett has held the CFO role with a number of fast growing and technology businesses and has a degree in Accounting. Brett has been the Company Secretary of Catapult since 27 February 2013.

Principal activities

During the year, the principal activities of entities within the Group were:

- ongoing development and sale of elite athlete wearable tracking solutions; and
- ongoing development and sale of analytics for athlete tracking.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The Group is the global leader in wearable elite athlete tracking technology and corresponding sporting analytics, holding a market share of approximately 3%. The Group has a diverse customer base across sports regions and leagues.

The Group has recorded an increased loss of $1,402,601 (2013: $578,324 loss); this is mainly due to the continued transition to a subscription business model, expansion into the United States market and continued investment in development of products.

Loss per share for the year was $87.61 (2013: $39.03) and no dividend will be paid or declared.

Additional capital raising activities were undertaken during the year which raised $6.5m and allowed the Group to fund the GPSports Systems acquisition via a cash settlement as well as positioning the Group in a sound cash position for 2015 to allow for continued growth.

The Group's net assets increased to $3.7m compared to the previous years' position of $69,368, largely attributable to the Group's capital raising activities.

The acquisition which has occurred during the year is in line with the Group's strategy to increase customer footprint.

Goodwill of $1,212,735 arising on acquisition of GPSports Systems (as described below) is primarily related to market growth expectations, expected future profitability and the acquisition of customers; we do not expect to realise any cost synergies.

Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

- Acquisition of GPSports Systems:
  - On 30 June 2014, the Group acquired 100% of the assets of GPSports Systems Pty Ltd, a Canberra based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the wearable athlete tracking and analytics market globally. GPSports Systems Pty Ltd is a business with global reach in the Group's targeted market. The cost of the acquisition was $2.65m which was, or will be settled in cash.
- Significant share issues:
  - On 1 November 2013, the Group issued 950 ordinary shares as part of its capital raising program which resulted in gross proceeds of $500,004, each share has the same terms and conditions as the existing ordinary shares.
  - On 6 June 2014, the Group issued 3,050 ordinary shares as part of its capital raising program which resulted in gross proceeds of $4,483,500, each share has the same terms and conditions as the existing ordinary shares.

Dividends

In respect of the current year, no dividend has been paid by Catapult Group International Ltd. The subsidiary, Catapult Sports Pty Ltd declared and paid a fully franked dividend of $150,000 on 30 September 2013. Catapult Sports Pty was acquired by Catapult Group International Ltd on 1 October 2013 (refer to Note 2 to the financial statements for further information).

Management have elected to present historical information, including comparatives, of the Catapult business (which includes Catapult Sports Pty Ltd) as if the combining of the entities had occurred at the beginning of the earliest comparative period presented. As such, this dividend paid by Catapult Sports Pty Ltd has been included in the results of the Group for the year ended 30 June 2014.

Events arising since the end of the reporting period

Subsequent to year end, the company changed its status from being a proprietary company to a public company. As a result the company changed its name from Catapult Group International Pty Ltd to Catapult Group International Ltd.

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Likely developments, business strategies and prospects

Based on the expected demand in the wearables market globally as experienced by our inbound enquiries and recent sales history, we expect significant increase sales for next few years. We have a number of strategies to implement this growth, including:

- recruiting C level executives in the United States and European Markets;
- further expanding our sales teams;
- increased strategic partnerships; and
- exploring opportunities in the consumer space.

To assist with the funding of this ongoing growth we have engaged corporate advisory consultants to complete a further round of capital raising. Given the process is ongoing, we have utilised the exemption in s299A(3) and have not disclosed further details about the possible impact of this raising on the Group's business strategy and future prospects.

We are relying on the exemption on the basis that disclosure of the potential financial impact on the Group arising from the outcome of the capital raising process is premature, and would be likely to result in confusion to the capital market.

The material business risks faced by the Group that are likely to have an effect on the financial prospects of the Group, and how the Group manages these risks include:

- Historic acquisitions - The success of acquisitions is heavily dependent on the integration of the acquired business. Catapult has recently acquired GPSports, which has operated in geographies with which Catapult has less familiarity. The integration process could be more expensive or time consuming than anticipated by Catapult, for example in the event of issues with staff retention, increased management time required in integrating the acquired business.

Directors' Meetings

The number of Directors Meetings (including meetings of Committees of Directors) held during the year, and the number of meetings attended by each Director is as follows:

Directors' Name	Board Meetings	
	A	B
Shaun Holthouse	6	6
Igor van de Griendt	6	5
Adir Shiffman	6	6
Calvin Ng	4	4
Michael An	4	4

Where:

- column A is the number of meetings the Director was entitled to attend.
- column B is the number of meetings the Director attended.

Unissued shares under option

Unissued ordinary shares of Catapult Group International Ltd under option at the date of this report are:

Date Options Granted	Expiry Date	Exercise Price of Shares	Number under Option
11 October 2013	10 October 2016	$1,165.70	438

All options expire on their expiry date. These options were issued under an agreement with Disruptive Asset Management Pty Ltd and have been allotted after fulfilment of any conditions required for allotment.

Shares issued during or since the end of the year as a result of exercise

During or since the end of the financial year, the Company has not any issued ordinary shares as a result of the exercise of options.

Environmental legislation

Catapult Group International Ltd operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Indemnities given and insurance premiums paid to auditors and officers

During the year, Catapult Group International Ltd paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Non-audit services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the reason the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 26 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 11 of this financial report and forms part of this Directors' Report.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the Directors.

Shaun Holthouse

Director

21 November 2014

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Auditor's Independence Declaration
To the Directors of Catapult Group International Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Catapult Group International Ltd for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b No contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Adrian Nathanielsz
Partner– Audit & Assurance

Melbourne, 21st November 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Notes	2014 $	2013 (unaudited) $
Revenue	8	4,772,230	2,897,117
Other income	9	620,948	799,502
Costs of materials		(771,362)	(521,824)
Inventory Impairment		(112,596)	(60,464)
Employee benefits expense	20	(2,854,634)	(1,946,132)
Depreciation and amortisation	13/15	(426,744)	(256,928)
Other expenses		(2,366,721)	(1,197,603)
		(1,138,879)	**(286,332)**
Finance costs	23	(203,801)	(4,496)
Finance income	23	15,869	11,718
Loss before income tax		**(1,326,811)**	**(279,110)**
Income tax expense	25	(75,790)	(299,214)
Loss for the year from continuing operations attributable to owners of the Parent		**(1,402,601)**	**(578,324)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(27,944)	20,108
Other comprehensive income for the period, net of tax		**(27,944)**	**20,108**
Total comprehensive income for the period attributable to owners of the Parent		**(1,430,545)**	**(558,216)**
Earnings per share			
Basic and diluted loss per share	27	($87.613)	($39.032)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 $	2013 (unaudited) $
Assets			
Current			
Cash and cash equivalents	10	3,754,202	504,456
Trade and other receivables	11	1,696,084	756,122
Inventories	12	1,492,590	460,622
Other short-term financial assets		-	16,765
Current tax assets		481,095	153,537
Total Current Assets		**7,423,971**	**1,891,502**
Non-Current			
Other long-term financial assets		91,012	-
Property, plant and equipment	13	1,012,463	349,036
Goodwill	14	1,212,735	-
Other intangible assets	15	2,341,755	75,137
Deferred tax assets	16	296,443	101,387
Total Non-Current Assets		**4,954,408**	**525,560**
Total Assets		**12,378,379**	**2,417,062**
Liabilities			
Current			
Trade and other payables	17	1,391,585	496,936
Other liabilities	18	4,551,602	1,095,529
Borrowings	19	501,702	-
Employee benefits	20	395,874	510,207
Current Liabilities		**6,840,763**	**2,102,672**
Non-Current			
Other liabilities	18	215,883	191,751
Borrowings	19	1,161,530	-
Employee benefits	20	38,485	18,259
Deferred tax liabilities	16	456,436	35,012
Total Non-Current Liabilities		**1,872,334**	**245,022**
Total Liabilities		**8,713,097**	**2,347,694**
Net Assets		**3,665,282**	**69,368**
Equity			
Share capital	21	4,878,403	95
Share option reserve		298,151	-
Foreign currency translation reserve		(7,836)	20,108
Accumulated losses		(1,503,436)	49,165
Total Equity		**3,665,282**	**69,368**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the year ended 30 June 2014

	Notes	Share Capital $	Share Option Reserve $	Foreign Currency Translation Reserve $	Retained Profits/ (Accumulated Losses) $	Total Equity $
Balance at 1 July 2012 (unaudited)		**95**	-	-	**627,489**	**627,584**
Loss for the year		-	-	-	(578,324)	(578,324)
Other comprehensive income		-	-	20,108	-	20,108
Total comprehensive income		-	-	**20,108**	**(578,324)**	**(558,216)**
Balance at 30 June 2013		**95**	-	**20,108**	**49,165**	**69,368**
Balance at 1 July 2013		95	-	20,108	49,165	69,368
Dividends	28	-	-	-	(150,000)	(150,000)
Issue of share capital under share-based payment	21	120,527	-	-	-	120,527
Options issued		-	298,151	-	-	298,151
Issue of share capital, net of transaction costs and tax	21	4,757,781	-	-	-	4,757,781
Total transactions with owners		**4,878,308**	**298,151**	-	**(150,000)**	**5,026,459**
Loss for the year		-	-	-	(1,402,601)	(1,402,601)
Other comprehensive income		-	-	(27,944)	-	(27,944)
Total comprehensive income		-	-	**(27,944)**	**(1,402,601)**	**(1,430,545)**
Balance at 30 June 2014		**4,878,403**	**298,151**	**(7,836)**	**(1,503,436)**	**3,665,282**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	2014 $	2013 (unaudited) $
Operating activities			
Receipts from customers		5,193,436	4,418,636
Government grants		808,871	412,127
Lease incentive		215,727	-
Payments to suppliers and employees		(6,659,509)	(3,674,520)
Income tax refund		(301,103)	(512,682)
Net cash from / (used in) operating activities	29	**(742,578)**	**643,561**
Investing activities			
Purchase of property, plant and equipment		(1,028,989)	(426,145)
Purchase of other intangible assets		(998,612)	(135,913)
R&D tax offset received and offset against purchase of intangibles		61,160	-
Acquisition of GPSports, net of cash acquired	5	(258,299)	-
Interest received	23	15,869	11,718
Net cash used in investing activities		**(2,208,871)**	**(550,340)**
Financing activities			
Proceeds from convertible notes		1,500,000	-
Transaction costs related to convertible notes issued		(221,825)	-
Proceeds from issue of share capital		4,983,505	-
Transaction costs related to share capital issued		(247,927)	-
Proceeds from related party borrowings		501,702	-
Interest paid	23	(96,832)	(4,496)
Dividends paid	28	(150,000)	-
Net cash from / (used in) financing activities		**6,268,623**	**(4,496)**
Net change in cash and cash equivalents		3,317,174	88,725
Cash and cash equivalents, beginning of year		504,456	333,293
Exchange differences on cash and cash equivalents		(67,428)	82,438
Cash and cash equivalents, end of year	10	**3,754,202**	**504,456**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1. Nature of operations

Catapult Group International Ltd and subsidiaries' (the Group) principal activities are the development and supply of wearable athlete tracking and analytics solutions.

2. General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Catapult Group International Ltd is a for-profit entity for the purpose of preparing the financial statements.

Catapult Group International Ltd (formerly Catapult Group International Pty Ltd) is the Group's Ultimate Parent Company. Catapult Group International Ltd is a Private Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is The Clocktower, 1 Aurora Lane, Docklands, Victoria, Australia.

Catapult Group International Ltd was registered on 17 June 2013. On 1 October 2013, the Catapult business, which included Catapult Sports Pty Ltd and Catapult Gameday Pty Ltd, was transferred from the Catapult Innovations Unit Trust to Catapult Group International Ltd. The acquisition was a restructure in which Shaun Holthouse and Igor van de Griendt swapped their interest in units in the Catapult Innovations Unit Trust for interests in the fully paid ordinary shares of Catapult Group International Ltd. Catapult Group International Ltd was formed solely to become the legal acquirer of the Catapult business and is not carrying on a business at the time of the acquisition. The transaction is not a business combination within the scope of AASB 3 Business Combinations. As a result, management have elected to account for the acquisition as a continuation of the existing business, where the assets and liabilities of the Catapult businesses have been recorded at existing book values with no goodwill arising. Further comparative amounts have been included as if the combining of the entities had occurred at the beginning of the earliest comparative period presented.

On 2 October 2013, the company registered the subsidiary Catapult International Pty Ltd which owns Catapult Sports LLC (US) and Catapult Sport Limited (UK). On 13 February 2014, Catapult Sports Holdings Pty Ltd was incorporated to acquire the business of GP Sports, and following the acquisition was renamed GP Sports Systems Pty Ltd on 7 July 2014.

The consolidated financial statements for the year ended 30 June 2014 were approved and authorised for issue by the Board of Directors on xx September 2014.

3. Changes in accounting policies

3.1 New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below:

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB127 *Consolidated and Separate Financial Statements* (AASB127) and AASB Interpretation112 *Consolidation - Special Purpose Entities.* AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 *Interests in Joint Ventures* (AAS 131) and AASB Interpretation 113 *Jointly Controlled Entities- Non-Monetary-Contributions by Venturers.* AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

The Group does not have any joint arrangements so this standard does not impact the financial statements.

AASB 12 Disclosure of interests in Other Entities

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

The Group does not have any interests in other entities so this standard does not impact the financial statements.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 *Financial Instruments: Disclosures.*

The Group has applied AASB 13 for the first time in the current year, see Notes 33.

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The Group does not contribute to any defined benefit plans.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 *Presentation of Financial Statements*.

The effect of the application of AASB119 on the statement of financial position at 1 July 2012, 30 June 2013 and 30 June 2014 are immaterial.

Accounting Standards issued but not yet effective and not been adopted early by the Group.

3.2 Accounting Standards issued but not yet effective and have not been adopted early by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods, and have not yet been adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments (December 2010)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and
- The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and
- De-recognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

The group has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and the IASB is yet to finalise the remaining phases of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 in Australia).

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the group as this standard merely clarifies existing requirements in AASB 132.

AASB 2013-4 Amendments to Australian Accounting Standards –Novation of Derivatives and Continuation of Hedge Accounting

AASB 2013-4 makes amendments to AASB 139 Financial Instruments: Recognition & Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15:

- replaces IAS 18 Revenue and some revenue-related Interpretations
- establishes a new control-based revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

In the Australian context, the Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard (AASB 15 Revenue from Contracts with Customers).

The group has not yet assessed the full impact of this Standard.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

4. Summary of accounting policies

4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

4.3 Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

4.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars ('AUD'), which is also the functional currency of the Parent Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

4.5 Revenue

Revenue arises from the sale of goods and the rendering of services it is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The Group enters into sales transactions involving either an outright sale to the client or on a subscription basis. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction.

Outright Sale of goods

Outright sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Subscription sale

The Group generates revenues from subscription sales and once the customer has taken undisputed delivery of the goods, the revenue from the subscription agreement is recognised on a monthly basis, equal amounts for each month of the subscription agreement.

In recognising subscription sales revenues, the Group considers the nature of the term of the agreement and the useful life of the goods being provided under the subscription agreement.

Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

4.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs (see Note 23).

4.8 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Note 4.3 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 14.1 for a description of impairment testing procedures.

4.9 Other intangible assets

Recognition of other intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Brand names and customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values (see Note 4.3).

Internally developed software

Expenditure on the research phase of projects to develop new customised software for athlete tracking and analytic analysis is recognised as an expense as incurred.

Development costs are capitalised as incurred.

Internally developed hardware

Expenditure on the research phase of projects to develop new hardware for athlete tracking and analytic analysis is recognised as an expense as incurred.

Development costs are capitalised as incurred.

Subsequent measurement

All intangible assets, including capitalised internally developed software and hardware, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.12.

The following useful lives are applied:

- Software (licenses and internally developed): 5 years, except with regard to identified projects with 2 years
- brand names: annually assessed by management for impairment
- customer lists: impaired based on customer losses or migrations
- hardware: 3 years
- distributor relationships: impaired based on relationship losses or migrations
- distributor contracts: impaired based on stated contract life
- goodwill : annually assessed by management for impairment

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

4.10 Property, plant and equipment

Plant, IT equipment and other equipment

Plant, IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Plant, IT equipment and other equipment are subsequently measured using the cost model, cost less subsequent precaution and impairment losses.

Depreciation is recognised on a diminishing-value basis to write down the cost less estimated residual value of Plant buildings, IT equipment and other equipment. The following useful lives are applied:

- plant: 3-10 years
- office equipment 3-20
- Fixture and fittings 20
- other equipment 2-7
- property improvements 7 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.11 Leased assets

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.12 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.13 Financial instruments

Recognition, Initial Measurement and De-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:
- Loans and receivables
- Financial assets at Fair Value Through Profit or Loss ('FVTPL')
- Held-To-Maturity ('HTM') investments; or
- Available-For-Sale ('AFS') financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment.

4.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

4.15 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Catapult Group International Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

4.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.17 Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- **foreign currency translation reserve**- comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into AUD (see Note 4.4)
- **share option reserve** – comprises the grant date fair value of options issued but not exercised.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

4.18 Post-employment benefits and short-term employee benefits

Post-employment Benefit Plans

The Group provides post-employment benefits through defined contribution plans.

Short-term Employee Benefits

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 *Presentation of Financial Statements*.

4.19 Share-based employee remuneration

The Group provided a once off unstructured, equity-settled share-based remuneration which did not feature any options for a cash settlement. The Group is in consultation to develop a formalised employee remuneration program.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

4.20 Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. 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. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

4.21 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.22 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of subscription revenue and rental units

Determining when to recognise revenues from subscription agreements requires an understanding of the customer's use and the useful life of the products, historical experience and knowledge of the market. The company provides GPS tracking units for team sports under both an up-front sales model and a subscription model. Under the subscription model, the customer has the right to use the GPS tracking units for the period of the subscription, however must return the unit to the Group at the end of the subscription period. Management have considered various factors under AASB 117 Leases as to whether a component of the subscription agreements represents a finance or operating lease. As the GPS tracking units have for the majority of subscription contracts have a subscription period less no more than 75% of the useful life of the units, this component of the subscription agreements has been considered an operating lease with the Group as lessor. As such, those GPS tracking units provided under subscription agreements have been capitalised as 'Rental Units' under property, plant and equipment and are amortised over their estimated useful life.

All revenue under subscription sales is therefore recognised on a straight-line basis over the term of the subscription period, reflecting management's best estimate of the delivery of services and provision of the rental units over the term of the agreements.

Convertible Notes

The convertible notes issued on 11 October 2013 were assessed to be a financial liability with an embedded derivative which was not closely related to the host contract. The derivative component arises due to a feature of the notes which allows a variable number of shares to be issued based on whether or not the Company issues any Security to a third party within the first 12 months after issue which values the Company within certain prescribed values . Management have assessed the derivative component to have a negligible value on issue of the notes and throughout the period to 30 June 2014.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 4.12).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 4.3). Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability (see Note 5.1).

4.23 Going concern

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated group incurred a loss after tax of $1,402,601 and had cash outflows from operations of $742,578.

Notwithstanding this, the directors are of the view that the going concern principle is appropriate due to the following factors:

- The consolidated entity expects to float its shares on the Australian Stock Exchange in 2014 which is expected to raise approximately $10m. The funds raised will be used to fund working capital as the consolidated entity expands its business;
- The consolidated entity has successfully secured sale arrangements with many leading sporting organisations across the world for which revenues and cash inflows will be recognised in future reporting periods; and
- The acquisition of GPSports completed on 30 June 2014 is expected to provide a larger customer base that will drive higher revenues and positive cash flows.

5. Acquisitions and disposals

5.1 Acquisition of GPSports Systems

On 30 June 2014, the Group acquired 100% of the assets of GPSports Systems (GPSports), a Canberra based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the acquisition was made to enhance the Group's position in the wearable athlete tracking and analytics market globally. GPSports is a significant business in the Group's targeted market.

The details of the business combination are as follows:

	30 June 2014 $
Fair value of consideration transferred	
Amount settled in cash	258,299
Consideration payable on acquisition of GPSports	2,111,892
Contingent consideration for the acquisition of GPSports	275,000
Total	**2,645,191**
Recognised amounts of identifiable net assets:	
Property, plant and equipment	23,805
Intangible assets (note 15)	1,754,000
Deferred tax assets (note 16)	42,491
Total non-current assets	**1,820,296**
Inventories	132,998
Total current assets	**132,998**
Deferred tax liabilities (note 16)	(395,400)
Total non-current liabilities	**(395,400)**
Employee entitlements	(125,438)
Total current liabilities	**(125,438)**
Identifiable net assets	**1,432,456**
Goodwill on acquisition	**1,212,735**

	30 June 2014 $
Consideration transferred settled in cash	258,299
Cash and cash equivalents acquired	-
Net cash outflow on acquisition	**258,299**
Acquisition costs charged to expenses	283,613
Net cash paid relating to the acquisition	**541,912**

Consideration transferred

The acquisition of GPSports was settled in cash of $258,299 plus $2,111,892 payable after year-end.

The $275,000 fair value of the contingent consideration liability initially recognised represents the present value of the Group's probability-weighted estimate of the cash outflow. It reflects management's expectation that the key employees of GPSports are retained for 9 months, being the retention target. As at 30 June 2014, there have been no changes in the estimate of the probable cash outflow.

Acquisition-related costs amounting to $283,613 are not included as part of consideration transferred and have been recognised as an expense in profit or loss as part of other expenses

Goodwill

Goodwill of $1,212,735 is primarily related to growth expectations, expected future profitability and the substantial skill and expertise of GPSports workforce. Goodwill has been allocated to cash-generating units at 30 June 2014. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

GPSports contribution to the group results

GPSports was acquired on 30 June 2014 and therefore did not have an impact on the profit or loss and other comprehensive income of the Group for the year then ended, apart from of acquisition costs of $283,613 which were expensed.

6. Interests in subsidiaries

Set out below details of the subsidiaries held directly by the Group:

Name of the Subsidiary	Country of Incorporation &Principal Place of Business	Principal Activity	Group Proportion of Ownership Interests	
			30-Jun-14	30-Jun-13
Catapult Sports Pty Ltd	Australia / The Clocktower, 1 Aurora Lane, Docklands, Victoria, Australia	Manufacturing and Selling for Catapult products	100%	100%
Catapult Gameday Pty Ltd	Australia / The Clocktower, 1 Aurora Lane, Docklands, Victoria, Australia	Trading entity for relationships with Media	100%	0%
Catapult International Pty Ltd	Australia / The Clocktower, 1 Aurora Lane, Docklands, Victoria, Australia	Holding Company	100%	0%
GPSports Systems Pty Ltd	Australia / Level 2 18 Barrier Street, Canberra, ACT, Australia	Manufacturing and Selling for GPSports products	100%	0%
Catapult Sports LLC	USA / 1717 McKinney Ave, Suite 700, Dallas TX	North American Sales Operations	100%	100%
Catapult Sports Limited	UK / 5 New Street Square, London, UK	European Sales Operations	100%	0%

7. Segment reporting

The Chief Operating Decision Maker currently reviews consolidated financial information when making decisions about the allocation of resources, and therefore there are currently no separate reportable operating segments in the Group.

The Group's revenues from external customers (excludes government grants) and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	2014 $		2013 (unaudited) $	
	Revenue	Non-current Assets	Revenue	Non-current Assets
Australia (Domicile)	3,557,268	4,550,926	2,450,738	405,389
United Kingdom	-	3,176	-	-
USA	1,164,962	12,851	446,379	18,784
Total	**4,722,230**	**4,566,953**	**2,897,117**	**424,173**

Revenues from external customers in the Group's domicile, Australia, as well as its major markets, the United Kingdom and the USA, have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

During 2014, $481,325 or 10% (2013: $411,925 or 14%) of the Group's revenues depended on a single customer.

8. Revenue

Revenue has been generated from the following types of sales transactions

	2014 $	2013 (unaudited) $
Up-front sales	2,014,988	1,402,290
Subscription revenue	1,862,055	560,629
Three year sales	93,417	295,203
Media revenue	481,325	411,925
Project revenue	320,445	227,070
Total Revenue	**4,722,230**	**2,897,117**

9. Other Income

Other income has been generated from the following sources

	2014 $	2013 (unaudited) $
Government grants – EMDG	133,965	124,211
Government grants - R & D Tax Offset	286,197	675,291
Other income	200,786	-
Total Other Income	**620,948**	**799,502**

A further amount of Government grants from R&D tax offsets of $448,618 (2013: $60,776) were recognised as a reduction in intangibles, based on the proportion of development, capitalised.

10. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2014 $	2013 (unaudited) $
Cash at bank and in hand:		
AUD	3,396,555	356,278
EUR	86,729	7,212
GBP	224	98,475
USD	195,859	42,491
Short term deposits (AUD)	74,835	-
Cash and cash equivalents	**3,754,202**	**504,456**

The amount of cash and cash equivalents inaccessible to the Group as at 30 June 2014 amounts to $74,835 (2013: $nil). All cash became subsequently available as at 28 August 2014.

11. Trade and other receivables

Trade and other receivables consist of the following:

Trade receivables, gross	1,376,292	705,140
Allowance for credit losses	-	-
Trade receivables	**1,376,292**	**705,140**
Social security and other taxes	142,721	2,666
Other	12,232	-
Prepayments	164,839	48,316
Non-financial assets	**319,792**	**50,982**
	1,696,084	**756,122**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. No trade receivables were found to be impaired and no allowance for credit losses has been made (2013: Nil).

12. Inventories

Raw materials and consumables	1,106,081	415,622
Work in progress	156,058	-
Finished goods	230,451	45,000
	1,492,590	**460,622**

In 2014, a total of $771,362 of inventories was included in profit and loss as an expense (2013:$521,824). Additionally an amount of $112,596 (2013: $60, 464) resulted from write down of inventories, associated with change in device models

13. Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Rental Units $	Plant & Equipment $	Furniture & Fittings $	Office Equipment $	Leasehold Improvements $	Total $
Gross carrying amount						
Balance 1 July 2013	598,011	125,538	14,013	17,651	-	755,213
Additions	696,839	73,928	-	75,913	193,289	1,039,969
Acquisition through business combination	-	23,805	-	-	-	23,805
Disposals	-	-	(10,097)	(862)	-	(10,959)
Net exchange differences	-	(123)	-	-	-	(123)
Balance 30 June 2014	1,294,850	223,148	3,916	92,702	193,289	1,807,905
Depreciation and impairment						
Balance 1 July 2013	(360,985)	(38,131)	(1,975)	(5,086)	-	(406,177)
Disposals	-	(2,635)	2,245	470	-	80
Net exchange differences	-	22	-	-	-	22
Depreciation	(337,669)	(44,886)	(1,128)	(3,486)	(2,198)	(389,367)
Balance 30 June 2014	(698,654)	(85,630)	(858)	(8,102)	(2,198)	(795,442)
Carrying amount 30 June 2014	**596,196**	**137,518**	**3,058**	**84,600**	**191,091**	**1,012,463**
Gross carrying amount						
Balance 1 July 2012 (unaudited)	271,190	26,812	14,013	16,642	-	328,657
Additions	326,821	98,316	-	1,009	-	426,146
Net exchange differences	-	410	-	-	-	410
Balance 30 June 2013 (unaudited)	598,011	125,538	14,013	17,651	-	755,213
Depreciation and impairment	(133,041)	(13,278)	(717)	(2,213)	-	(149,249)
Balance 1 July 2012 (unaudited)	-	-	-	-	-	-
Depreciation	(227,944)	(24,853)	(1,258)	(2,873)	-	(256,928)
Balance 30 June 2013 (unaudited)	(360,985)	(38,131)	(1,975)	(5,086)	-	(406,177)
Carrying amount 30 June 2013(unaudited)	**237,026**	**87,407**	**12,038**	**12,565**	**-**	**349,036**

All depreciation and impairment charges are included within depreciation and amortisation expense. All of the Group's assets have been pledged as security for the Group's convertible notes (see Note 19.2). There were no material contractual commitments to acquire property, plant and equipment at 30 June 2014 (2013: None).

14. Goodwill

The movements in the net carrying amount of goodwill are as follows:

	2014 $	2013 (unaudited) $
Balance 1 July	-	-
Acquired through business combination on 30 June 2014	1,212,735	-
Balance 30 June	**1,212,735**	**-**

14.1 Impairment testing

For the purpose of annual impairment testing goodwill is allocated to the cash-generating units which expected to benefit from the synergies of the business combinations in which the goodwill arises. For the period ended 30 June 2014, no impairment testing was undertaken as the acquisition completed on 30 June 2014.

15. Other intangible assets

	Acquired Software Licenses	Hardware IP	Brand Names	Distributor Relationships	Distributor Contracts	Customer Relationships	Internally Developed Software	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance at 1 July 2013	-	-	-	-	-	-	75,137	75,137
Acquisition through business combination	395,000	203,000	248,000	425,000	96,000	387,000	-	1,754,000
Additions	-	124,949	1,685	-	-	-	423,361	549,995
Balance at 30 June 2014	395,000	327,949	249,685	425,000	96,000	387,000	498,498	2,379,132
Amortisation and impairment								
Balance at 1 July 2013	-	-	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-	(37,377)	(37,377)
Balance at 30 June 2014	-	-	-	-	-	-	(37,377)	(37,377)
Carrying amount 30 June 2014	**395,000**	**327,949**	**249,685**	**425,000**	**96,000**	**387,000**	**461,121**	**2,341,755**

(unaudited)	Acquired Software Licenses	Hardware IP	Brand Names	Distributor Relationships	Distributor Contracts	Customer Relationships	Internally Developed Software	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance at 1 July 2012	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	75,137	75,137
Balance at 30 June 2013	-	-	-	-	-	-	75,137	75,137
Amortisation and impairment								
Balance at 30 June 2013	-	-	-	-	-	-	-	-
Carrying amount 30 June 2013	-	-	-	-	-	-	**75,137**	**75,137**

In addition, research costs of $635,993 (2013: $1,499,791) were recognised as other expenses.

16. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as attributable to the following:

Deferred Tax Assets / (Liabilities)	1-Jul-13	Recognised directly in equity	Recognised in Business Combination	Recognised in Profit & Loss	30-Jun-14
	$	$	$	$	$
Deferred Tax Assets					
Inventories	-	-	4,201	-	4,201
Property, plant and equipment	-	-	659	-	659
Provision for annual leave	33,924	-	25,550	18,517	77,991
Provision for long service leave	21,708	-	12,081	8,326	42,115
Other employee obligations	13,417	-	-	37,083	50,500
Section 40-880 expenditure	32,338	96,740	-	(8,101)	120,977
	101,387	**96,740**	**42,491**	**55,825**	**296,443**
Deferred Tax Liabilities					
Other intangible assets	-	-	(395,400)	-	(395,400)
Foreign Exchange	(35,012)	-	-	(26,024)	(61,036)
	(35,012)	-	**(395,400)**	**(26,024)**	**(456,436)**
Deferred tax movement		**96,740**	**(352,909)**	**29,801**	

Deferred Tax Assets / (Liabilities)	1-Jul-12	Recognised directly in equity	Recognised in Business Combination	Recognised in Profit & Loss	30-Jun-13
(unaudited)	$	$	$	$	$
Deferred Tax Assets					
Inventories	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Provision for annual leave	15,567	-	-	18,357	33,924
Provision for long service leave	-	-	-	21,708	21,708
Other employee obligations	2,116	-	-	11,301	13,417
Section 40-880 expenditure	15,054	-	-	17,284	32,338
	32,737	-	-	**68,650**	**101,387**
Deferred Tax Liabilities					
Other intangible assets	-	-	-	-	-
Foreign Exchange	-	-	-	(35,012)	(35,012)
	-	-	-	**(35,012)**	**(35,012)**
Deferred tax movement		-	-	**33,638**	

The amounts recognised in other comprehensive income relate exchange differences on translating foreign operations. See Note 25 for the amount of the income tax relating to these components of other comprehensive income.

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

17. Trade and other payables

Trade and other payables consist of the following:

	2014 $	2013 (unaudited) $
Current:		
Trade payables	841,692	364,147
Other payables	549,893	132,789
Total Trade and Other Payables	**1,391,585**	**496,936**

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

18. Other liabilities

Other liabilities consist of the following:

	2014	2013 (unaudited)
Due to customers for services work		
Advances received for future service work	13,200	-
Deferred income	1,842,718	1,033,685
Deferred gain (lease incentive)	201,742	-
Other	107,050	61,844
Consideration payable on acquisition of GP Sports	2,111,892	-
Contingent consideration for the acquisition of GPSports	275,000	-
Other Liabilities – Current	**4,551,602**	**1,095,529**
Deferred income	215,883	191,751
Other Liabilities -Non-Current	**215,883**	**191,751**

The deferred gain relates to the lease incentive associated with Aurora Lane premises commencing March, 2014. The excess of proceeds received over fair value was deferred and is being amortised over the lease term of 4 years. In 2014, deferred income of $13,985 (2013:$Nil) was recognised in profit or loss relating to this transaction. The subsequent leasing agreement is treated as an operating lease. The non-current part of the deferred gain will be amortised between 2015 and the end of the lease term.

Contingent consideration payable under the asset purchase agreement for GPSports is secured over assets equal to the amount of the contingent consideration.

All amounts recognised relating to deferred income are assessed for current versus non-current classification and are applied to revenue as recognised in relation to the timing of the client contract. The Group expects to recognise $1,842,718 of deferred income during 2014 (2013: $1,033,685), and from non-current deferred income $118,375 (2013: $191,751) during 2015 and $97,508 during 2016.

19. Financial assets and liabilities

19.1 Categories of financial assets and liabilities

Note 4.13 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2014	Note	Loans and Receivables $ (Carried at amortised cost)	Other Assets $ (Carried at fair value)	Total $
Financial assets				
Other long-term financial assets		91,012		91,012
Trade and other receivables	11	1,376,292	-	1,376,292
Cash and cash equivalents	10	3,754,202	-	3,754,202
		5,221,506	-	**5,221,506**

30 June 2014	Note	Other Liabilities $ (Carried at amortised cost)	Other Liabilities at FVTPL $ (Carried at fair value)	Total $
Financial liabilities				
Non-current borrowings	19.2	1,161,530	-	1,161,530
Current borrowings	19.2	501,702	-	501,702
Trade and other payables	17	1,391,585	-	1,391,585
Consideration payable on acquisition of GP Sports	18	2,111,892	275,000	2,386,892
		5,166,709	**275,000**	**5,441,709**

30 June 2013 (unaudited)	Note	Loans and Receivables $ (Carried at amortised cost)	Other Assets $ (Carried at fair value)	Total $
Financial assets				
Other long-term financial assets		-		-
Trade and other receivables	11	705,140	-	705,140
Cash and cash equivalents	10	504,456	-	504,456
		1,209,596	-	**1,209,596**

30 June 2014 (unaudited)	Note	Other Liabilities $ (Carried at amortised cost)	Other Liabilities at FVTPL $ (Carried at fair value)	Total $
Financial liabilities				
Trade and other payables	17	496,936	-	496,936
		496,936	-	**496,936**

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 32.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 33.1.

19.2 Borrowings

Borrowings include the following financial liabilities:

Financial Liabilities	Current		Non-Current	
	2014	2013 (unaudited)	2014	2013 (unaudited)
	$	$	$	$
Carrying amount at amortised cost:				
Loans from director related entities	501,702	-		-
Convertible Note	-	-	1,161,530	-
	501,702	-	**1,161,530**	-

All borrowings are denominated in $AUD.

Loans from director related entities

Of the loans from director related entities, $256,265 is a fixed term loan of one-year which carries an interest rate of 15%. If the loan is not repaid by the due date, the interest rate increases to 20% for the first six months after the due date and then 25% from that point onwards. There is no security provided over the loans amounts.

The remaining loans from director related entities are interest-free, unsecured loans with no fixed repayment terms.

Convertible Notes

	2014	2013 (unaudited)
	$	$
Proceeds from issued of convertible notes (15 notes at $100,000 par value)	1,500,000	-
Borrowing costs	(445,439)	-
Net proceeds	1,054,561	-
Amortised borrowing costs	106,969	-
Carrying amount 30 June	**1,161,530**	-

The convertible notes were issued on 11 October 2013 for a period of 3 years, and bear interest at a fixed rate of 8.0%, payable at the end of each 6 month period. The notes have a Non-Redemption Period of 12 months from the date of issue subject to a possible extension to a period of 24 months if shares are issued by the Company under certain circumstances (described below).

The notes can be converted at any time prior to maturity by the note-holder into ordinary shares of the Company. The number of ordinary shares issues is calculated by dividing the face value of the note (and any unpaid interest at conversion time at the note-holder's election) by $1,002.51 ("Conversion Price").

If within the first 12 months after issue of the notes the Company issues any Security that rises:

(a) more than $2.5million from third parties at a price per Security that values the Group (on a pre-money valuation) at between $11million and $14million; or

(b) more than $2million from third parties at a price per Security that values the Group (on a pre-money valuation) at below $11million,

then at the option of the Company:

(a) the Conversion Price will be adjusted to $902.25; or

(b) the Non-Redemption Period may be extended for an additional 12 months (to 24 months from the date of issue).

Following the lapse of the Non-Redemption Period, the Company may elect to redeem the convertible notes, however any redemption must be for at least $750,000 or the balance of the face value of the notes outstanding plus any unpaid interest. On redemption by the Company prior to the maturity date, an early redemption penalty is payable as follows:

(a) redeemed between 13 months and 24 months, 6 months' interest; or
(b) redeemed after 24 months but prior to maturity, 3 months; interest.

The notes are secured by a charge over the assets of the Company.

19.3 Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables

20. Employee remuneration

20.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2014 $	2013 (unaudited) $
Wages and salaries	2,360,886	1,727,797
Social security costs	294,323	141,624
Share-based payments	14,737	-
Superannuation - Defined Contribution Plans	184,688	76,711
Employee benefits expense	**2,854,634**	**1,946,132**

20.2 Share-based employee remuneration

As at 30 June 2014 the Group had no formal share based remuneration program.

20.3 Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

Current		
Wages, salaries	-	315,634
Social security & payroll taxes	-	17,173
Defined Contribution Plans	17,999	7,949
Accrued leave entitlements	377,875	169,451
Total current employee benefits	**395,874**	**510,207**
Non-current		
Accrued leave entitlements	38,485	18,259
Total non-current employee benefits	**38,485**	**18,259**

The current portion of these liabilities represents the Group's obligations to its current and former employees that are expected to be settled during the next 12 months.

21. Share Capital

The share capital of Catapult Group International Ltd consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Catapult Group International Ltd.

	2014 Shares	2013 (unaudited) Shares	2014 $	2013 (unaudited) $
Shares issued and fully paid:	**23,229**	**19,000**	**4,878,403**	**95**
Beginning of the year	19,000	19,000	95	95
Share-based payments	229	-	120,527	-
Shares issue for cash	4,000	-	4,983,504	-
Share issue costs	-	-	(322,463)	-
Deferred tax credit recognised directly in equity on share issue costs (note 16)	-	-	96,740	-
Total contributed equity at 30 June	**23,229**	**19,000**	**4,878,403**	**95**

The Group issued the following shares:

- On 1 November 2013, the Group issued 950 ordinary shares as part of its capital raising program which resulted in gross cash proceeds of $500,004.
- On 1 March 2014, the Group issued 201 ordinary shares as a share-based payment in exchange for marketing services with a fair market value of $105,790, to be provided over a 36 month period. Should the marketing agreement be terminated early, the Group has a right of repurchase over the number of originally shares on a pro-rata basis by reference to the unexpired original term of the agreement, for consideration of $1 per share.
- On 20 May 2014, the Group issued 28 ordinary shares as a share based payment to an executive with a fair value of $14,737.
- On 6 June 2014, the Group issued 3,050 ordinary shares as part of its capital raising program which resulted in gross cash proceeds of $4,483,500.

22. Leases

22.1 Finance leases as lessee

The Group's has no finance leases as lessee.

22.2 Operating leases as lessee

The Group leases an office and production building under an operating lease. The future minimum lease payments are as follows:

	Minimum Lease Payments Due			
	Within 1 year $	1-5 years $	After 5 years $	Total $
30 June 2014	227,210	671,835	-	899,045
30 June 2013 (unaudited)	61,790	-	-	61,790

Lease expense during the period amounted to $136,355 (2013: $100, 572) representing the minimum lease payments.

22.3 Operating leases as lessor

The Group leases out wearable athlete tracking units on a subscription basis to its clients. The future minimum revenues are as follows:

	Minimum Lease Payments Due			
	Within 1 year	1-5 years	After 5 years	Total
	$	$	$	$
30 June 2014	2,869,696	3,033,895	-	5,903,591
30 June 2013 (unaudited)	1,125,092	1,765,244	-	2,890,336

Lease revenues during the period amounted to $1,862,055 (2013: $560,629) representing the minimum subscription payments.

Subscription agreements are in place with over 70 clients with a broad range of expiry's, based on the commencement of this kind of arrangements in 2012 and on average an initial term of 36 months and standard wording incorporates rolling renewals of these agreements upon expiry of the initial term. The athlete tracking units and their associated equipment are included as The Group's Plant and Equipment and depreciated over their useful life of 4 years (see Note 13).

23. Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2014	2013 (unaudited)
	$	$
Interest expenses for borrowings at amortised cost:		
Subordinated shareholder loan	9,682	4,496
Other borrowings at amortised cost	87,150	-
	96,832	**4,496**
Amortisation of borrowing costs	106,969	-
	203,801	**4,496**

Finance income for the reporting periods consists of the following:

	2014	2013 (unaudited)
Interest income from cash and cash equivalents	15,869	11,718
	15,869	**11,718**

24. Other financial items

Other financial items consist of the following:

Gain / (loss) from exchange differences on loans and receivables	(175,328)	8,707
	(175,328)	**8,707**

25. Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Catapult Group International Ltd at % (2013:%) and the reported tax expense in profit or loss are as follows:

	2014 $	2013 (unaudited) $
Profit before tax	**(1,326,811)**	**(279,110)**
Expected tax expense at domestic tax rate for Catapult Group International Ltd at 30%	**(398,043)**	**(83,733)**
Adjustment for tax-rate differences in foreign jurisdictions	(32,319)	-
Tax losses in foreign jurisdictions not recognised	287,408	-
Adjustment for tax-effect of non-assessable income:		
R&D tax offset recognised as grant income	(85,859)	(202,587)
Adjustment for tax-effect of non-deductible expenses:		
R&D costs expensed and eligible for R&D tax offset	190,798	449,938
Other non-deductible expenses	113,805	135,596
Actual tax expense / (income)	**75,790**	**299,214**
Tax expense comprises:		
Current tax expense	105,591	332,852
Deferred tax expense / (income):	(29,801)	(33,638)
Tax expense	**75,790**	**299,214**
Deferred tax benefit recognised directly in equity relating to share issue costs	(90,170)	-

Note 16 provides information on deferred tax assets and liabilities.

26. Auditor remuneration

Audit and review of financial statements		
Audit of Catapult Group International Ltd and controlled entities- Grant Thornton Australia	32,000	-
Specified audit procedures on GPSports acquisition	2,000	-
Remuneration for audit and review of financial statements	**34,000**	**-**
Other services		
Auditors of Catapult Group International Pty. Ltd. - Grant Thornton Australia:		
Taxation compliance and general accounting advice	33,105	48,812
Overseas Grant Thornton Network Firms		
Taxation compliance and general accounting advice	10,583	-
Total other service remuneration	**43,688**	**48,812**
Total auditor's remuneration	**75,688**	**48,812**

27. Earnings per share

27.1 Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Parent Company (Catapult Group International Ltd) as the numerator (i.e. no adjustments to profit were necessary in 2013 or 2014).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2014 $	2013 (unaudited) $
Amounts in thousand shares:		
Weighted average number of shares used in basic earnings per share	16,009	14,817
Shares deemed to be issued for no consideration in respect of share based payments	-	-
Weighted average number of shares used in diluted earnings per share	**16,009**	**14,817**

28. Dividends

28.1 Dividends paid and proposed

	2014	2013
Dividend declared and paid during the year by Catapult Sports Pty Ltd		
Fully franked interim dividend ($1,578.95 per share)	150,000	-

Catapult Sports Pty Ltd declared and paid a fully franked dividend of $150,000 on 30 September 2013. Catapult Sports Pty was acquired by Catapult Group International Ltd on 1 October 2013 Ltd (refer to Note 2 to the financial statements for further information). Management have elected to present historical information, including comparatives, of the Catapult business (which includes Catapult Sports Pty Ltd) as if the combining of the entities had occurred at the beginning of the earliest comparative period presented. As such, this dividend paid by Catapult Sports Pty Ltd has been included in the results of the Group for the year ended 30 June 2014.

The tax rate applicable to the franking credits attached to the dividend and is 30%.

28.2 Franking credits

	2014	2013
The amount of the franking credits available for subsequent reporting periods are:		
Balance of franking account at year end	-	-
Deferred debit balance of franking account at the end of the reporting period	(507,035)	(96,285)
Deferred debit that will arise from the receipt of the R&D tax offset for the current year	(647,901)	(434,964)
Balance of franking account adjusted for deferred debits arising from past R&D tax offsets received and expected R&D tax offset to be received for the current year	**(1,154,936)**	**(531,249)**

29. Reconciliation of cash flows from operating activities

	2014 $	2013 (unaudited) $
Reconciliation of Cash Flows From Operating Activities		
Cash flows from operating activities		
Loss for the period	(1,402,601)	(578,324)
Adjustments for:		
Depreciation, amortisation and impairment	426,744	256,927
Foreign exchange differences	39,484	(28,901)
Net interest and dividends received included in investing and financing	187,932	7,222
Share based payments expense	120,527	-
R&D tax income offset against capitalised intangibles	(61,160)	-
Net changes in working capital, excluding movements attributable to business combinations:		
Change in inventories	(898,970)	(102,094)
Change in trade and other receivables	(939,962)	(244,803)
Change in other assets	(74,247)	(16,765)
Change in current tax assets	121,059	(153,537)
Change in trade and other payables	890,816	1,018,814
Change in other employee obligations	(219,545)	397,018
Change in deferred tax, excluding amounts recognised directly in equity	(25,968)	67,208
Change in other current liabilities	1,093,313	20,796
Net cash from operating activities	**(742,578)**	**643,561**

In 2014, the Group acquired GPSports (see Note 5.1). The consideration transferred included a contingent payment arrangement amounting to $275, 000 as of the acquisition date. The initial recognition of this liability and the subsequent unwinding of the discount of $275,000 (2013:$Nil) are non-cash transactions excluded from the statement of cash flows.

30. Related party transactions

The Group's related parties include its associates, key management and others as described below.

In addition, Catapult Group International Pty. Ltd. has a loan from its shareholder, One Managed Investments Ltd (see Note 19.2 for information on terms and conditions), on which interest of $84,486 (2013: Nil) was paid.

Further Catapult Group International Ltd has a subordinated loan from related parties of its directors, Holthouse and Ng (See Note 19 for information on terms and conditions), on which interest of $9,682 (2013: Nil) was paid. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

30.1 Transactions with key management personnel

Key management of the Group are the executive members of Catapult Group International's Board of Directors. Key Management Personnel remuneration includes the following expenses:

	2014 $	2013 (unaudited) $
Short term employee benefits		
Salaries including bonuses	555,353	548,626
Total short term employee benefits	555,353	548,626
Long service leave	8,355	12,620
Total other long-term benefits	8,355	12,620
Share-based payments	14,737	-
Total remuneration	**578,445**	**561,246**

Adir Shiffman and Calvin Ng are directors of Disruptive Capital Pty Ltd. During the year, the Group engaged Disruptive Capital Pty Ltd for advisory services amounting to $406,660 (2013: $80,000) and had an amount payable as at 30 June 2014 of $166, 650. (2013: Nil).

Calvin Ng is a director of Aura Capital Group Pty Ltd. During the year, the Group engaged Aura Capital Group Pty Ltd for advisory services amounting to $44, 000 (2013: Nil) and had an amount payable as at 30 June 2014 of $Nil (2013: Nil).

31. Contingent liabilities

There were no contingent liabilities as at 30 June 2014.

32. Financial instrument risk

32.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 19.1. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

32.2 Market risk analysis

The Group is exposed to currency risk which result from its operating activities.

Foreign Currency Sensitivity

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD), Pound Sterling (GBP) and Euro (EUR).

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those translated into $AUD at the closing rate:

	Short Term Exposure			Long Term Exposure		
	USD	GBP	EUR	USD	GBP	EUR
	$	$	$	$	$	$
30 June 2014						
Financial assets	663,017	270,737	133,901	-	-	-
Financial liabilities	(89,565)	(39,130)	-	-	-	-
Total Exposure	**573,452**	**231,607**	**133,901**	-	-	-
30 June 2013						
Financial assets	27,945	97,487	104,913	-	-	-
Financial liabilities	(94,192)	(6,084)	-	-	-	-
Total Exposure	**(66,247)**	**91,403**	**104,913**	-	-	-

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the various exchange rates 'all other things are equal'. It assumes a +/- 10% change of the various exchange rate for the year ended at 30 June 2014 (2013:10%).

If the AUD had strengthened by 10% against the respective currencies then this would have had the following impact:

	USD	GBP	EUR	Total
	$	$	$	$
30 June 2014	(52,132)	(21,055)	(12,173)	(85,360)
30 June 2013 (unaudited)	6,022	(8,039)	-	(2,017)

If the AUD had weakened by 10% against the respective currencies then this would have had the following impact:

	USD	GBP	EURO	Total
	$	$	$	$
30 June 2014	57,345	23,161	13,390	93,896
30 June 2013 (unaudited)	(6,625)	9,140	-	2,515

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

32.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for receivables to customers. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2014	2013 (unaudited)
	$	$
Classes of financial assets		
Carrying amounts:		
Cash and cash equivalents	3,754,202	504,456
Trade receivables	1,376,292	705,140
	5,130,494	**1,209,596**

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

At 30 June the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 30 June, analysed by the length of time past due, are:

	2014	2013 (unaudited)
	$	$
Not more than three (3) months	1,206,689	308,012
More than three (3) months but not more than six (6) months	80,839	52,157
More than six (6)months but not more than one (1) year	-	-
More than one (1) year	-	-
Total	**1,287,528**	**360,169**

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various sports and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

32.4 Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored on a week-to-week basis, as well as on the basis of a rolling 90-day projection.

The Group is currently in a significant growth phase and expect to undertake a further round of capital raising during the December 2014 quarter with a view to maintaining liquidity.

As at 30 June 2014, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within Six (6)Months	Six (6)- Twelve (12)Months	One (1)-Five (5)Years	Later than Five (5)Years
	$	$	$	$
30 June 2014				
Consideration payable on acquisition of GP Sports	2,111,892	-		
Contingent Liabilities for Acquisition	-	275,000	-	-
Other Loans	19,050	262,700	-	-
Convertible Note	61,380	61,380	1,684,141	-
Trade and other payables	1,391,585	-	-	-
Total	**3,583,907**	**599,080**	**1,684,141**	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current		Non-current	
	Within Six (6)Months	Six (6)- Twelve (12)Months	One (1)- Five (5)Years	Later than Five (5)Years
	$	$	$	$
30 June 2013 (unaudited)				
Trade and other payables	496,936	-	-	-
Total	**496,936**	-	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. Director's loans amounting to $245,437 have not been included as these are not currently treated as repayable and there is no interest accrued to this loan.

33. Fair value measurement

33.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- **level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **level 3:** unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2014 and 30 June 2013:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
30 June 2014				
Financial liabilities				
Contingent consideration	-	-	275,000	275,000
Total liabilities	-	-	**275,000**	**275,000**

No assets or liabilities were measured at fair value in the 2013 financial year.

There were no transfers between Level 1 and Level 2 in 2014 or 2013.

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. Valuation processes and fair value changes are discussed among the Board at least every year, in line with the Group's reporting dates.

The valuation techniques used for instruments categorised in Level 3 is described below:

Contingent consideration (Level 3)

The fair value of contingent consideration related to the acquisition of GPSports (see Note 5.1) is estimated using a present value technique. The $275,000 reflects the directors' estimate of a 100% probability that the employee retention target will be achieved. The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate.

Level 3 Fair Value Measurements

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is:

	Contingent Consideration	
	2014	2013 (unaudited)
	$	$
Balance at 1 July	-	-
Acquired through business combination	275,000	-
Balance at 30 June	**275,000**	-

34. Capital management policies and procedures

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the group monitors capital on the basis of its gearing ratio. In order to maintain or adjust its capital structure, the group considers its issue of new capital, return of capital to shareholders and dividend policy as well as its plan for acquisition or disposal of assets.

35. Parent Entity information

Information relating to Catapult Group Holdings Pty Ltd ('the Parent Entity'):

	2014	2013 (unaudited)
	$	$
Statement of financial position		
Current assets	288,972	51,355
Total assets	6,764,483	372,675
Current liabilities	432,582	379,092
Total liabilities	1,792,048	379,092
Net assets	4,972,435	(6,417)
Issued capital	4,878,403	95
Retained earnings	(204,119)	(6,512)
Share option reserve	298,151	-
Total equity	4,972,435	(6,417)
Statement of profit or loss and other comprehensive income		
Loss for the year	(197,607)	(6,512)
Other comprehensive income	-	-
Total comprehensive income	(197,607)	(6,512)

The Parent Entity has no capital commitments at year end. The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

36. Post-reporting date events

Subsequent to year end, the company changed its status from being a proprietary company to a public company. As a result the company changed its name from Catapult Group International Pty Ltd to Catapult Group International Ltd.

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Directors' Declaration

1 In the opinion of the Directors of Catapult Group International Ltd:

a The consolidated financial statements and notes of Catapult Group International Ltd are in accordance with the *Corporations Act 2001*, including

i Giving a true and fair view of its financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b There are reasonable grounds to believe that Catapult Group International Pty will be able to pay its debts as and when they become due and payable.

2 Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Director

Shaun Holthouse

Dated the 21st day of November 2014

Grant Thornton

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Independent Auditor's Report
To the Members of Catapult Group International Ltd

We have audited the accompanying financial report of Catapult Group International Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Grant Thornton

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Opinion

We were appointed as auditors of the entity in June 2014 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2013. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

Auditor's opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Catapult Group International Ltd is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards and the Corporations Regulations 2001

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 4.23 in the financial report which indicates that the consolidated group incurred a loss after tax of $1,402,601 and had cash outflows from operations of $742,578. These conditions, along with other matters as set forth in Note 4.23, indicate the existence of a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 21st November 2014