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ASX Announcement

27 February 2015

Results for Announcement to the Market – Preliminary Final Report

Invigor Group Limited ("Invigor" or "the Company") (ASX: IVO) has today released its Preliminary Final Report (Appendix 4E). The preliminary financial statements remain subject to audit completion which will occur during March 2015.

Invigor has reported a preliminary consolidated loss before interest, tax, depreciation and amortisation of approximately $3.1 million for the year ended 31 December 2014, an improvement of $0.5 million from the forecast result announced earlier this month. This result reflects the effect of the acquisitions made during 2014, the transition and repositioning of the Company as well as costs incurred in connection with the acquisitions and legacy matters, including the US litigation. No dividend for 2014 has been declared. Further information is contained in the accompanying Appendix 4E and preliminary financial statements.

Invigor spent the majority of 2014 transforming into a digital solutions group capable of delivering both sales and fulfilment capability. A number of acquisitions and investments were made as part of this transformation. Following completion of the acquisition of Global Group in July and Amethon in December and the successful $7.0 million raising of new capital during the second half of 2014, the Company has been focusing on development of its Insights product suite. The Insights range of solutions provides powerful business analytics for a range of industries and has applications in both the public and private sectors. The Insights product suite includes:

- Insights Retail, which provides pricing and market intelligence to a range of industries. Our pricing is based on a Software as a Service (SaaS) model depending on the industry segment, product set and number of users.
- The Insights Visitor and 360 platforms provide businesses with consumer intelligence and actionable insights arising from the growing use of mobile devices, particularly in WiFi zones. As retailers embrace the use of data to make more decisions around their consumer, the depth and timeliness of that data and the analysis into actionable insights becomes more important. The Insights Visitor platform is a fully integrated cross-functional platform bringing together a range of sensory data, web based data, point of sale data and proprietary data sets to give the most comprehensive analysis currently on the market.

We are seeing significant interest in these product offerings and are building a solid sales pipeline which provides significant confidence about uptake during 2015.

My Verified ID

On 20 February 2015, the Company signed a non-binding document intended to restructure the arrangements with My Verified ID Holdings Pty Ltd. A further update will be provided when a binding position has been finalised.

Piksel/KIT digital

As announced on 5 February 2015, we await the distribution by the appointed KIT digital Creditors' Committee. The timing of distributions is not confirmed. We anticipate receiving over $A1.0 million for the claims in due course subject to finalisation of all claims by the Committee and the quantum of funds finally available for distribution.

For further information, please contact:

Gary Cohen
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About Invigor Group Limited

Invigor Group is a leading information technology and digital solutions company. It specialises in innovative business intelligence, big data solutions for businesses and consumers which are supported by strategic consulting, development and marketing services. Invigor delivers its cloud based solutions to a broad range of clients including: retailers, brands, mobile network providers, local and state governments, advertising and media agencies.

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Results for announcement to the market

Appendix 4E for the year ended 31 December 2014

Invigor Group Limited (ASX: IVO) announces the following results for the Company and its controlled entities (together the Consolidated Entity) for the year ended 31 December 2014. The results are extracted from the Preliminary Financial Statements of the Consolidated Entity which remain subject to audit completion.

Extracted from the 31 December 2014 Preliminary Financial Statements which remain subject to audit completion	**Year to 31 December 2014** $A'000	**Year to 31 December 2013** $A'000	**Change** %
Revenue from ordinary activities	869	38	2,186.8
Net profit (loss) from ordinary activities after tax attributable to members[1]	(4,127)	(15,952)	74.1
Net profit (loss) after tax attributable to members[1]	(4,127)	(15,952)	74.1

1 Prior period includes a $12.4 million impairment of other financial assets.

The result for the financial year reflects the effect of the acquisitions made during 2014, the transition and repositioning of the Company as well as costs incurred in connection with the acquisitions and legacy matters, including the US litigation.

The prior period result included an impairment charge of $12.4 million against the exposure to KIT digital, Inc. ("KIT").

Please refer to the accompanying results announcement and 31 December 2014 Preliminary Financial Statements for further information.

Dividends for the year ended 31 December 2014
No final dividend has been declared or proposed (2013 – nil).

No interim dividend was declared or paid (2013 – nil).

Net Tangible Assets (Liabilities) per Share

	31 December 2014[1] $A	**31 December 2013[2]** $A
Net assets (liabilities) per share	0.022	(0.005)
Less: Intangible assets per share	(0.026)	-
Net tangible assets (liabilities) per share	(0.004)	(0.005)

1 Based on 227,806,667 issued ordinary shares.

2 Based on 99,004,684 issued ordinary shares.

Audit status

The Preliminary Financial Statements remain subject to completion of the audit by the Company's Auditor. The Auditor has indicated that, at this stage, the final audit report may contain an emphasis of matter on either or both of the following:

- Preparation of the financial statements on a going concern basis.
- Realisation of the exposures to KIT digital, Inc./Piksel and My Verified ID.

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The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the accompanying 31 December 2014 Preliminary Financial Statements.

For further information, please contact:

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	Note	31 December 2014 $'000	Consolidated 31 December 2013 $'000
Revenue		869	38
Employee benefits expense	4	(1,878)	(1,030)
Professional fees	5	(1,034)	(1,608)
Impairment of Other financial assets	9	-	(12,399)
Other operating costs	5	(1,034)	(677)
Total profit (loss) before financing costs, tax, depreciation and amortisation		(3,077)	(15,676)
Depreciation and amortisation		(676)	(4)
Total profit (loss) before financing costs and tax		(3,753)	(15,680)
Financing costs		(374)	(272)
Profit (loss) before income tax		(4,127)	(15,952)
Income tax benefit (expense)	6	-	-
Profit (loss) for the period		(4,127)	(15,952)
Other comprehensive income			
Foreign currency translation reserve		-	-
Total comprehensive income (loss) for the period		**(4,127)**	**(15,952)**
Total:		**Cents**	**Cents**
Basic earnings (loss) per share attributable to ordinary equity holders	28	(3.01)	(21.42)
Diluted earnings (loss) per share attributable to ordinary equity holders	28	(2.12)	(21.26)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Note	31 December 2014 $'000	Consolidated 31 December 2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	1,077	144
Trade and other receivables	8	2,689	1,265
Other financial assets	9	496	-
Total Current Assets		4,262	1,409
NON-CURRENT ASSETS			
Other financial assets	9	-	2,238
Property, plant and equipment	11	206	16
Intangible assets	12	6,014	-
Total Non-Current Assets		6,220	2,254
TOTAL ASSETS		10,482	3,663
CURRENT LIABILITIES			
Other creditors and accruals	13	2,827	2,142
Interest bearing loans and borrowings	14	2,273	1,986
Provisions	15	223	-
Total Current Liabilities		5,323	4,128
NON-CURRENT LIABILITIES			
Provisions	15	136	-
Total Non-Current Liabilities		136	-
TOTAL LIABILITIES		5,459	4,128
NET ASSETS		5,023	(465)
EQUITY			
Issued capital	17	127,028	117,436
Reserves	19	1,550	1,527
Accumulated losses	20	(123,555)	(119,428)
TOTAL EQUITY		5,023	(465)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

	Note	31 December 2014 $'000	Consolidated 31 December 2013 $'000
Cash flows from operating activities			
Receipts from customers		1,032	-
Payments to suppliers and employees		(4,484)	(2,485)
Interest received		30	23
Other income received		-	9
Net cash from (used in) operating activities	29	(3,422)	(2,453)
Cash flows from investing activities			
Proceeds from sale of shares		-	715
Payments for property, plant and equipment		(324)	(3)
Payments for acquisition of investments and convertible notes		(893)	(450)
Payments for other assets		(62)	-
Net cash outflow upon acquisition of business operations, net of cash acquired	3	(261)	-
Net cash from (used in) investing activities		(1,540)	262
Cash flows from financing activities			
Proceeds from issue of shares	17	6,404	2,905
Proceeds from issue of convertible notes		1,500	595
Proceeds from borrowings		1,277	880
Borrowing costs paid		(398)	(203)
Repayment of borrowings		(2,668)	(1,573)
Capital raising costs paid		(220)	(296)
Net cash flow from (used in) financing activities		5,895	2,308
Net increase (decrease) in cash and cash equivalents		933	117
Cash and cash equivalents at 1 January		144	27
Cash and cash equivalents at 31 December		1,077	144

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated	Issued Capital $'000	Accumulated Losses $'000	Reserves $'000	Total $'000
Balance at 1 January 2014	**117,436**	**(119,428)**	**1,527**	**(465)**
Profit (loss) for the period	-	(4,127)	-	(4,127)
Foreign currency translation reserve	-	-	-	-
Total comprehensive income (loss)	-	(4,127)	-	(4,127)
Transactions with owners in their capacity as owners:				
Issue of share capital	9,992	-	-	9,992
Share based payments reserve	-	-	23	23
Capital raising costs incurred	(400)	-	-	(400)
Balance at 31 December 2014	**127,028**	**(123,555)**	**1,550**	**5,023**
Balance at 1 January 2013	**114,885**	**(103,476)**	**1,527**	**12,936**
Profit (loss) for the period	-	(15,952)	-	(15,952)
Total comprehensive income (loss)	-	(15,952)	-	(15,952)
Transactions with owners in their capacity as owners:				
Issue of share capital	2,905	-	-	2,905
Capital raising costs incurred	(354)	-	-	(354)
Balance at 31 December 2013	**117,436**	**(119,428)**	**1,527**	**(465)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. Significant accounting policies

This general purpose consolidated financial report for the year ended 31 December 2014 comprises Invigor Group Limited ("the Company" or "Invigor"), its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interests in associates and jointly controlled entities. The principal accounting policies adopted in the preparation of the consolidated financial report are set out below and have been consistently applied by each entity in the Consolidated Entity for all periods presented, unless otherwise stated.

Invigor Group Limited is a limited liability company incorporated and domiciled in Australia.

The principal activity of the Consolidated Entity until 18 March 2014 was to operate as an investment company focused on the information and communication technologies sector. The Company invested its expertise and capital to transform innovative technology companies with outstanding management teams into successful international businesses in accordance with agreed business plans covering an appropriate timeframe. The Company intends to exit investments at an appropriate time to maximise value and returns for shareholders. From 18 March 2014, the Company has been transforming into a digital solutions group capable of delivering both sales and fulfilment capability. It specialises in innovative business intelligence, big data solutions for businesses and consumers which are supported by strategic consulting, development and marketing services. Invigor delivers its cloud based solutions to a broad range of clients including retailers, brands, mobile network providers, local and state governments, advertising and media agencies. The Company intends continuing to seek investment opportunities which are profitable and synergistic with the overall strategy.

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial report of the Consolidated Entity complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial assets which are measured at fair value. The methods used to measure fair value are discussed further in Note 10.

Comparative figures have been adjusted to conform to changes in presentation for the current financial year when required by accounting standards. Where the Consolidated Entity has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the entities in the Consolidated Entity during the reporting period.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars unless otherwise stated.

(c) Preparation of financial statements on the going concern basis

The consolidated financial statements have been prepared on the going concern basis. In determining that the going concern basis is appropriate, the directors have had regard to the:

- effect on the financial position of the Consolidated Entity following a review of the amount and terms of forecast investment, financial and operating commitments for the next 12 months;
- terms of financing facilities available to the Company and the likelihood of these being extended, if required; and
- anticipated timing and amount expected to be received from realisation of the exposure to Piksel Inc. Refer Notes 8 and 9.

The Company's ability to continue to operate as a going concern is dependent upon the items listed above. Should these events not occur as anticipated, the Company may not be able to pursue its business objectives and will have difficulty continuing to operate as a going concern, including realising its assets and extinguishing its liabilities at the amounts shown in the financial statements.

(d) Use of estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of Receivables (Note 8), Other financial assets (Note 9), Intangible assets (Note 12), Tax losses (Note 6), Interest bearing loans and borrowings (Note 14) and assessment of any potential claims under the sale transaction with Piksel Inc. (formerly KIT digital, Inc.) (Note 23).

(e) Principles of consolidation

Subsidiaries

The consolidated financial statements of Invigor Group Limited incorporate the assets and liabilities of all entities controlled by the Company as at 31 December 2014 and the results of all controlled entities for the year then ended. Control exists when the Consolidated Entity has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Associates and jointly controlled entities

Associates are those entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Consolidated Entity has joint control, established by contractual agreement. In the consolidated financial statements, investments in associates and jointly controlled entities are accounted for using either fair value through profit and loss or the equity method of accounting.

The Consolidated Entity's investments in associates and jointly controlled entities include goodwill identified on acquisition net of impairment losses, if any.

Where the fair value through profit or loss method is applied, the carrying amount of investments in associates or jointly controlled entities is restated to the assessed fair value with changes recognised in the income statement. Such investments are classified as "Other financial assets" in the balance sheet.

Where the equity method is applied, the consolidated financial statements include the Consolidated Entity's share of the total recognised gains and losses of associates or jointly controlled entities on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Consolidated Entity's share of losses exceeds its interest in an associate or jointly controlled entity, the Consolidated Entity's carrying amount is reduced to $nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred obligations or made payments on behalf of the associate or jointly controlled entity.

Transactions eliminated on consolidation
All intercompany balances, unrealised income and unrealised expenses arising from intra-group transactions, have been eliminated in full.

Unrealised gains or losses on transactions between the Consolidated Entity and its equity accounted investments are eliminated to the extent of the Consolidated Entity's interest in those entities.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(f) Foreign currency translation

Foreign currency transactions and balances
Transactions in foreign currencies are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items that are outstanding at reporting date are translated at the foreign exchange rate prevailing at that date.

Foreign exchange gains and losses arising on translation are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the exchange rates prevailing at the dates the fair value was determined.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at balance date.

The income and expenses of foreign operations are translated into Australian dollars at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenues and expenses are translated at exchange rates at the dates of the transactions). Any exchange differences arising on translation are taken directly to the Foreign currency translation reserve in equity.

Exchange differences arising from the translation of a net investment in foreign operations, and of related hedges, are taken to the Foreign currency translation reserve and are released into the income statement upon a disposal resulting in a loss of control.

(g) Revenue

Revenue is income that arises in the course of ordinary activities of the Consolidated Entity and is recognised at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Interest income

Interest income is recognised in the income statement on an accruals basis, using the effective interest method.

Dividend income

Dividend income is recognised in the income statement when the entity's right to receive payment is established.

Development projects and rendering of professional services

Revenue from development projects and the rendering of professional services is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to some or all of the specific contract terms, milestone or performance delivery dates, agreed invoicing terms and costs incurred as a percentage of estimated total costs, including labour, for each contract. Where the contract outcomes cannot be reliably measured, revenue is recognised only to the extent that recoverable expenses have been recognised.

Revenue from time and materials and consulting services is recognised when the service is provided.

(h) Financing costs

Financing costs comprise interest expense on borrowings calculated using the effective interest rate method, costs incurred in establishing and maintaining borrowing facilities for use in funding business acquisitions, foreign exchange gains and losses on foreign currency borrowings, unwinding of the discount on provisions, fair value movements on other financial assets at fair value through the profit and loss where considered part of the borrowing cost, and gains and losses on hedging instruments that are recognised in the income statement. Borrowing costs are recognised in profit or loss using the effective interest method unless they relate to a qualifying asset in which case they are capitalised in the relevant asset.

(i) Operating leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(j) Research and development expenditure

Research expenditure is expensed as incurred.

Development expenditure incurred on projects may be capitalised if the product or service is technically feasible, adequate resources are available to complete the projects, it is probable that future economic benefits will be generated and expenditure attributable to a project can be reliably measured. Expenditure capitalised comprises the direct costs of services, direct labour and an appropriate portion of overheads. Other development costs are expensed when they are incurred. Capitalised development expenditure, if any, is stated at cost less accumulated amortisation and any impairment losses and amortised over the period of expected future sales from the related projects, which is generally no more than 3 years. Capitalised development expenditure is reviewed at least annually for impairment.

(k) Income tax

The income tax expense or benefit on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax is the expected tax payable on the current period's taxable income, using tax rates enacted or substantially enacted at balance date. Current tax also includes any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the underlying items and the tax rates which are enacted or substantially enacted at balance date and expected to apply when the assets are recovered or liabilities are settled. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is not recognised for taxable temporary differences arising from the recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly-owned Australian controlled entities formed a tax consolidated group on 10 October 2012 meaning that all members of the tax consolidated group are taxed as a single entity from that date. The Company is the head entity of the tax consolidated group.

(l) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

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

Financial liabilities are recognised if the Consolidated Entity becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value though profit or loss, any directly attributable transaction costs, except as described below.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Purchases of investments are recognised when the Consolidated Entity is entitled to the risks and rewards of ownership. This is usually on settlement date, being the date on which the asset is delivered to the Consolidated Entity. Sales of investments are recognised when the Consolidated Entity is unconditionally committed to sell the asset and the risks and rewards of ownership have been substantially transferred by the Consolidated Entity.

The Consolidated Entity classifies its investments as either loans and receivables at amortised cost or financial assets through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest method, less allowance for impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in the income statement in interest income. Losses arising from any impairment of such loans and advances are recognised in the income statement.

Financial assets at fair value through profit or loss
An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition or subsequently re-designated in compliance with accounting standards. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial instruments are designated at fair value through profit or loss if the Consolidated Entity manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial instruments that are classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management strategy are reported within liabilities in the balance sheet, but included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Impairment
The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment includes observable data that indicates that there is a measurable decrease in the future cash flows expected to be received.

Loans and receivables
For loans and receivables carried at amortised cost, the Consolidated Entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Consolidated Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Financial assets at fair value through profit and loss
For financial assets at fair value through profit and loss, the Consolidated Entity assesses at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

(m) Property, plant and equipment
Items of property, plant and equipment are stated at historical cost less accumulated depreciation, accumulated amortisation and impairment losses (refer note 1(t)). The carrying amount of an item of property, plant and equipment includes the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will eventuate and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the income statement as incurred.

Depreciation or amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- capitalised equipment and installation costs	shorter of lease term or useful life
- leasehold improvements	shorter of lease term or useful life
- furniture and fittings	5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

(n) Intangible assets
Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Any goodwill on acquisitions of associates or jointly controlled entities is included in investments in associates or jointly controlled entities where the equity method is adopted. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Identifiable intangible assets

The useful lives of separately identified intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets other than goodwill which is not amortised. Other intangible assets are amortised from the date they are available for use. The useful lives of intangible assets are reviewed, and adjusted if appropriate, at each balance date.

(o) Creditors and payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the period and which remain outstanding at balance date. Creditors are stated initially at fair value and subsequently at amortised cost, are unsecured, and are usually paid within 60 days of recognition.

(p) Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value. Fair value is calculated based on discounted expected future principal and interest cash flows. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with income/expense recognised in profit or loss on an effective interest basis.

(q) Employee entitlements

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The Consolidated Entity's net obligation for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

Profit-sharing and bonus plans

The Consolidated Entity recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made. The liability is not discounted as it is settled within 12 months.

(r) Employee benefits expense – share based payments

The Consolidated Entity may provide benefits to its employees, including directors, in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity (employee equity benefits reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined using an appropriate option pricing model (eg Black-Scholes). In determining fair value, no account is taken of any performance conditions other than those related to the share price of Invigor Group Limited.

(s) Provisions

Provisions are recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting expected future cash flows at a market rate.

(t) Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that have a definite useful life and are subject to amortisation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount of an asset is measured by reference to fair value less costs to sell and value in use. An impairment loss is recognised in the income statement unless the asset has previously been revalued, in which case the loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

(u) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the collection of instalment amounts due from shareholders are accounted for as a deduction from equity, net of any related income tax benefit.

(v) Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) New and revised accounting standards

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Consolidated Entity. The Consolidated Entity has decided not to early adopt any of the new and amended pronouncements. The Consolidated Entity's assessment of the new and amended pronouncements that are relevant to the Consolidated Entity but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018, as further amended by Part E of AASB 2014-1).
This standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the standard which may affect the Consolidated Entity on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting which will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the Consolidated Entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Consolidated Entity's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-1: Amendments to Australian Accounting Standards
Part A of this standard is applicable to annual reporting periods beginning on or after 1 July 2014 and makes the following significant amendments:

- revises/adds the definitions of the terms "market condition", "performance condition" and "service condition" in AASB 2: Share-based Payment;
- clarifies that contingent considerations arising in a business combination should be accounted for as items of equity or liability and not as provisions in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets;
- requires additional disclosures when an entity aggregates its operating segments into one reportable segment in accordance with AASB 8: Operating Segments; and
- includes an entity that provides key management personnel services (a "management entity") to a reporting entity (or a parent of the reporting entity) within the definition of a "related party" in AASB 124: Related Party Disclosures.

This part also makes other editorial corrections to various Australian Accounting Standards. However, it is not expected to have a significant impact on the Consolidated Entity's financial statements.

Part B of this standard is applicable to annual reporting periods beginning on or after 1 July 2014 and permits an entity to recognise the amount of contributions from employees or third parties in a defined benefit plan as a reduction in service cost for the period in which the related service is rendered, if the amount of contributions is independent of the number of years of service. This part is not expected to have a significant impact on the Consolidated Entity's financial statements.

Part C of this standard is applicable to annual reporting periods beginning on or after 1 July 2014 and deletes the reference to AASB 1031: Materiality in particular Australian Accounting Standards. This part is not expected to have a significant impact on the Consolidated Entity's financial statements.

Part D of this standard is applicable to annual reporting periods beginning on or after 1 January 2016 and makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, which arise from the issuance of AASB 14: Regulatory Deferral Accounts in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. In line with management's assessment of AASB 14, this part is not expected to have a significant impact on the Consolidated Entity's financial statements.

Part E of this standard is applicable to annual reporting periods beginning on or after 1 January 2015 and defers the application date of AASB 9 (December 2010) to annual reporting periods beginning on or after 1 January 2018. This part also makes consequential amendments to hedge accounting disclosures set out in AASB 7: Financial Instruments: Disclosures, and to AASB 132: Financial Instruments: Presentation to permit irrevocable designation of "own use contracts" as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch. Management believes that there will not be any significant impact on the Consolidated Entity's financial statements on adoption of this part of the standard.

AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations

This standard is applicable to annual reporting periods beginning on or after 1 January 2016. It amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisition of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Consolidated Entity's financial statements.

2 Segment reporting

The Consolidated Entity has adopted *AASB 8 Operating Segments* whereby segment information is presented using a 'management approach'. That is, segment information is provided on the same basis as information used for management reporting purposes by the chief operating decision maker.

Current reporting period

The Consolidated Entity did not have any reportable operating segments during the reporting period from 1 January 2014 until 30 June 2014 as the business activities of investments held during that period were not considered to be reportable operating segments. From 1 July 2014, following completion of the acquisition of the balance of the shareholding of Global Group Australia Pty Ltd, the Consolidated Entity has identified "digital solutions" as a separately identifiable operating segment.

Prior period comparatives

The Consolidated Entity did not have any reportable operating segments during the comparative reporting period. The business activities of investments held during the comparative reporting period were not considered to be reportable operating segments. Accordingly, no comparative information is presented below.

Segment information

Year ended 31 December 2014	**Digital Solutions** $'000	**Consolidated Total** $'000
Revenue from external customers	549	549
Other revenue/income	2	2
Total segment revenue/income	551	551
EBITDA	(972)	(972)
Interest income	-	-
Interest expense	(6)	(6)
Depreciation and amortisation	(643)	(643)

Reconciliation of segment EBITDA to profit (loss) before income tax is as follows:

	Consolidated 2014 $'000
Segment EBITDA	(972)
Non-segment EBITDA	(2,105)
Depreciation and amortisation	(676)
Finance costs	(374)
Profit (loss) before income tax	(4,127)

The Consolidated Entity has adopted the amendment included in AASB 2009-5. No segment assets or segment liabilities are disclosed as these were not regularly provided to the chief operating decision maker.

3 Business Combinations

Global Group Australia Pty Ltd group

(a) Summary of acquisition

The Consolidated Entity acquired the balance of the issued shares it did not already own (60%) of the Global Group Australia Pty Ltd group ("GGA") on 1 July 2014. The Consolidated Entity had acquired an initial 40% interest in GGA on 17 October 2012 and had provided funding under a convertible note facility between 17 October 2012 and 30 June 2014. The principal activity of GGA is the provision of digital technology services.

(b) Purchase consideration and summary of cash movement

	2014 $'000
Purchase Consideration	
60% acquired on 1 July 2014	
Cash consideration paid	200
Deferred cash consideration	700
Equity issued	827
Direct costs relating to acquisition capitalised	-
Total purchase consideration – 60% acquired on 1 July 2014	1,727
Total purchase consideration – initial 40% in October 2012	1,760
Convertible note funding provided before 1 July 2014	875
Total purchase consideration – 100%	4,362
Reconciliation of cash movement	
Cash consideration paid	200
Less: net (cash acquired) or liability assumed	46
Net cash outflow	246

Deferred cash consideration is payable on 1 July 2015. A liability has been recognised for this amount. Refer Notes 13 and 22.

Equity issued comprises 8,270,563 ordinary shares issued at $0.10 per share on 15 September 2014.

No direct costs associated with the transaction were capitalised. Direct costs attributable to the acquisition totalling approximately $16,000 were charged directly to professional fees in the profit and loss account. These expenses were mainly for legal costs.

(c) Fair value of net assets acquired

	Acquiree's carrying amount (100%) $'000	Fair value adjustments $'000	Fair value (100%)[1] $'000
Cash and other financial assets	728	-	728
Property, plant and equipment	109	-	109
Intangible assets	3,355	(2,455)	900
Creditors and provisions	(824)	(46)	(870)
Borrowings	(1,013)	875	(138)
Net assets acquired	2,355	(1,626)	729
Purchase consideration – 100%			4,362
Fair value of net assets acquired			729
Goodwill on acquisition			3,633

1 Fair values are provisionally accounted for at 31 December 2014.

Goodwill on consolidation relates primarily to growth and future profitability expectations and the expected benefits from the skill and expertise of the GGA executives and employees.

GGA contributed operating revenue of $0.5 million for the period 1 July 2014 to 31 December 2014. The net loss before tax contributed for this period was $1.6 million. These results are included in the results of the Consolidated Entity.

Amethon Solutions (Asia Pacific) Pty Ltd group

(a) Summary of acquisition

The Consolidated Entity acquired the issued shares of Amethon Solutions (Asia Pacific) Pty Ltd group ("Amethon") on 1 December 2014. The principal activity of Amethon is the provision of digital technology services specifically focused on the mobile data analytics market delivering subscriber data through advanced network analytics and content tracking solutions.

(b) Purchase consideration and summary of cash movement

	2014 $'000
Purchase Consideration	
Cash consideration paid	-
Equity issued	1,810
Direct costs relating to acquisition capitalised	-
Total purchase consideration	1,810
Reconciliation of cash movement	
Cash consideration paid	-
Less: net (cash acquired) or liability assumed	15
Net cash outflow	15

Equity issued comprises 22,625,000 ordinary shares issued at $0.08 per share on 1 December 2014. Additional equity and cash consideration may become payable subject to the business performance of Amethon over the next two years. Refer Note 22. An amount of $178,000 for contingent consideration has provisionally been included in the fair value of net assets acquired.

No direct costs associated with the transaction were capitalised. Direct costs attributable to the acquisition totalling approximately $23,000 were charged directly to professional fees in the profit and loss account. These expenses were mainly for legal and due diligence costs.

(c) Fair value of net assets acquired

	Acquiree's carrying amount $'000	**Fair value adjustments** $'000	**Fair value[1]** $'000
Cash and other financial assets	26	-	26
Property, plant and equipment	-	-	-
Intangible assets	1,357	(1,179)	178
Creditors and provisions	(134)	(178)	(312)
Borrowings	-	-	-
Non-controlling interests	-	-	-
Net assets acquired	1,249	(1,357)	(108)
Purchase consideration			1,810
Fair value of net assets acquired			(108)
Goodwill on acquisition			1,918

1 Fair values are provisionally accounted for at 31 December 2014.

Goodwill on consolidation relates primarily to growth and future profitability expectations and the expected benefits from the skill and expertise of the Amethon executives and employees.

Amethon contributed operating revenue of $21,000 for the period 1 December 2014 to 31 December 2014. The net loss before tax contributed for this period was approximately $30,000. These results are included in the results of the Consolidated Entity.

My Digital Marketing Team International Pty Ltd group

The Consolidated Entity acquired the 50% of this group that it did not already own for nominal value effective 3 November 2014. This was done to acquire full ownership of a dormant structure and provide the Consolidated Entity with an Indian subsidiary which could be used to employ the Chennai based development team. No fair value was ascribed to this acquisition. Goodwill acquired of $19,000 was immediately written off.

4 Employee benefits expense

	Consolidated	
	2014	**2013**
	$'000	$'000
Employee benefits	1,855	1,030
Share based payments	23	-
	1,878	1,030

Employee benefits expense includes any amounts incurred for services provided by executives under the Cost Recovery Agreement with Marcel Equity Pty Ltd. Refer Note 25.

The Company provides benefits to defined employees (including executive directors) of the Consolidated Entity in the form of share-based payment transactions, whereby services are rendered in exchange for shares or options over shares ("equity-settled transactions"). Formal share and option incentive plans are in place. Refer Note 1(r).

5 Other operating expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000
Professional fees	1,034	1,608
Other operating costs	1,034	677
	2,068	2,285

6 Income Tax

(a) Income tax expense recognised in the income statement

	Consolidated 2014 $'000	Consolidated 2013 $'000
Current tax	-	-
Deferred tax	-	-
Total income tax expense	-	-

(b) Numerical reconciliation between income tax expense and pre-tax net profit (loss)

	Consolidated 2014 $'000	Consolidated 2013 $'000
Profit (loss) for the year before tax	(4,127)	(15,952)
Income tax at the Australian tax rate of 30% (2013 – 30%)	(1,238)	(4,786)
Non-deductible expenses	209	3,724
Other timing differences	(45)	(71)
Net non-assessable income	-	(60)
Unrealised losses	1,074	1,193
Total income tax expense	-	-

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised:

	Consolidated 2014 $'000	Consolidated 2013 $'000
Income tax losses	9,514	6,096
Capital losses	32,360	32,360
Potential benefit at 30%		
Income tax losses	2,854	1,829
Capital losses	9,708	9,708

The benefit of all losses can only be utilised if the requirements of the Income Tax Assessment Act are satisfied at the time the Company seeks to utilise the available losses. This will include the requirement to meet either the continuity of ownership test or the same business test at that time. Deferred tax assets have not been recognised for deductible temporary differences and unused tax losses as it is not presently probable that future taxable amounts will be available to utilise those temporary differences and losses.

7 Cash and cash equivalents

	Consolidated	
	2014	2013
	$'000	$'000
Cash at bank and on hand	1,077	144
Current	1,077	144

8 Receivables

	Consolidated	
	2014	2013
	$'000	$'000
Claims recoverable at fair value	1,150	1,150
Trade debtors	1,085	-
Provision for doubtful debts	(19)	-
Research and development grants receivable	360	-
Sundry debtors and receivables	40	44
Prepayments	73	71
Current	2,689	1,265

"Claims recoverable at fair value" represents the assessed fair value of claims made by the Company to the appointed Creditors' Committee of KIT digital, Inc. These claims remain to be finally determined by the Creditors' Committee.

9 Other financial assets

	Consolidated	
	2014	2013
	$'000	$'000
Other financial assets, at fair value through profit or loss[(a),(b)]	12,895	12,399
Provision for impairment	(12,399)	(12,399)
Current	496	-
Other financial assets, at fair value through profit or loss[(c)]	-	2,238
Non-current	-	2,238

(a) My Verified ID Holdings Pty Ltd ("MVID")

The Consolidated Entity entered into a $3.1 million convertible note funding facility with MVID on 12 November 2014. Funding is to be provided in accordance with an agreed schedule. Funding provided is to be used by MVID for agreed purposes only as set out in the facility documentation. Subsequent to year end, it has been conditionally agreed with MVID to restructure the arrangements between the parties. Refer Note 30. The Maturity Date for the facility is 31 December 2016. The Consolidated Entity can only seek conversion into shares of the notes held between 1 January 2016 and the Maturity Date unless a Takeover Offer is made for MVID (as defined) or a defined Event of Default occurs. Conversion occurs on a 1 for 1 basis.

The Consolidated Entity had provided funding of $0.5 million to MVID under the facility at 31 December 2014. The terms of the facility and the proposed restructuring provide for redemptions upon MVID receiving certain defined cash receipts which are presently forecast to be received during 2015. These receipts exceed the carrying value at 31 December 2014. Accordingly, the exposure at 31 December 2014 has been shown as a current asset.

In assessing the appropriateness of the carrying amount in MVID at 31 December 2014, the directors have had regard to a number of factors, including:

- The terms of the Convertible Note funding facility entered into on 12 November 2014.
- The business performance of MVID since 12 November 2014.
- MVID's expected progress against its business plan.
- The intended restructuring of the convertible note arrangements which have been conditionally agreed subsequent to balance date. Refer Note 30.

No amount has been ascribed to the fair value of the embedded derivative within the convertible note facility as any value is not able to be reliably measured after considering the intended restructured arrangements.

(b) Piksel Inc. (formerly KIT digital, Inc) ("Piksel" or "KIT")

An amount of $12.4 million represents entitlements under the share sale agreement with KIT entered into during 2012 as well as the entitlement to receive warrants in Piksel following approval by the US Bankruptcy Court of a Plan of Reorganization in August 2013. At 31 December 2013 it was considered prudent for accounting purposes that no value be recognised for the warrants claim as the asset was contingent in nature, being dependent upon the number of warrants to be received, for which timing was then unclear, and then the raising of funding to enable those warrants to be exercised. Accordingly, the amount was fully provided against. Piksel issued 14.1 million warrants to the Company during December 2014. The Company subsequently elected not to exercise the warrants. Refer Note 30. The Company still has an ongoing legal claim against Piksel for costs incurred in prosecuting and defending its position. No receivable has been recognised for this amount whilst the matter remains to be determined.

(c) Global Group Australia Pty Ltd

The comparative period amount represented the assessed fair value at 31 December 2013 of shares (40% of issued capital) and a convertible note held in Global Group Australia Pty Limited ("Global Group"), an Australian incorporated company operating in the digital technology industry. On 1 July 2014, the Consolidated Entity acquired the balance of the issued shares of Global Group it did not already own at which time it became a wholly owned subsidiary and a member of the Consolidated Entity. The assets and liabilities of Global Group form part of the Consolidated Entity's assets and liabilities at 31 December 2014 and its results from operations have been consolidated from 1 July 2014. Accordingly, no amount is shown as "Other financial assets, at fair value through profit or loss" for the investment in Global Group at 31 December 2014.

The investment in Global Group represents:

	Consolidated	
	2014	**2013**
	$'000	$'000
Shares	-	1,760
Convertible notes	-	478
	-	2,238

10 Fair values of financial instruments

The fair value of financial instruments traded in active markets (such as publicly traded securities and available-for sale securities) are based on quoted market prices at the balance date (usually being the closing bid price at that date).

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions based on market conditions existing at balance date.

The fair values of financial assets and liabilities recognised at balance date are not considered to be materially different from their carrying amounts as described below or in the relevant notes to these financial statements.

The Consolidated Entity has considered that the use of derivative financial instruments, such as foreign exchange contracts or interest rate swaps, to minimise the risks associated with financial instruments, was not necessary during the financial year.

Estimation of fair values
The following summarises the major methods and assumptions used in estimating fair values of financial assets and liabilities.

Financial assets at fair value through profit or loss
Fair values for listed securities are based on the quoted market price at balance date without any deduction for transaction costs. The Consolidated Entity held no listed securities at balance date.

Fair values for unlisted securities are assessed using financial models, supporting analysis, including the terms upon which funding or investments are made, and may be supported by independent analysis if considered appropriate to aid the assessment. Factors considered in assessing the fair value of unlisted securities held at balance date are outlined in Note 9.

Interest-bearing borrowings
Fair values are estimated using analysis based on current terms and rates for similar types of lending arrangements. Fair values of interest-bearing borrowings due within 12 months are generally assessed to equal face value given the short term to maturity.

Trade and other receivables and payables
The carrying amounts represent fair value because of their short term to maturity.

The Consolidated Entity will usually use the BBSW yield curve as at the reporting date, plus an adequate constant credit spread, to discount financial instruments, where applicable.

Fair value hierarchy
The following table analyses financial instruments carried at fair value by valuation method. The different levels have been defined 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 (ie as prices) or indirectly (ie derived from prices).
- Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Consolidated 31 December 2014	**Level 1** $'000	**Level 2** $'000	**Level 3** $'000	**Total** $'000
Financial assets designated at fair value through profit or loss	-	-	496	-
	-	-	496	-
Interest-bearing borrowings	-	2,273	-	2,273
	-	2,273	-	2,273
31 December 2013				
Financial assets designated at fair value through profit or loss	-	-	2,238	2,238
	-	-	2,238	2,238
Interest-bearing borrowings	-	1,986	-	1,986
	-	1,986	-	1,986

Other financial assets at 31 December 2014 designated as Level 3 represent the exposure to My Verified ID Holdings Pty Ltd, the fair value of which has been assessed having regard to the factors summarised in Note 9. In 2013, the exposure represented the shares and convertible notes held in Global Group Australia Pty Ltd at that date. A 10% increase or decrease to the ascribed value at 31 December 2014 would change the carrying amount upward or downward by $49,600 with the change being recognised through the income statement (2013 - $223,800). The exposure to Piksel group ($nil carrying value) is designated as Level 3 and has been assessed having regard to the factors summarised in Note 9.

Interest-bearing borrowings designated as Level 2 have been assessed at face value as the holders of the convertible notes have a right to convert within the next 12 months. Refer Note 14.

11 Property, plant and equipment

	Consolidated	
	2014	**2013**
	$'000	$'000
Plant and equipment		
Cost	184	4
Accumulated depreciation	(46)	(3)
Net carrying amount	138	1
Computer equipment and software		
Cost	341	18
Accumulated depreciation	(273)	(3)
Net carrying amount	68	15
Total property, plant and equipment		
Cost	525	22
Accumulated depreciation	(319)	(6)
Net carrying amount	206	16

Reconciliation of carrying amounts at the beginning and end of the period

	2014	2013
Plant and equipment		
Net carrying amount at the beginning of the period	1	3
Additions	105	-
Acquisitions through business combinations (net)	72	-
Depreciation charge for the year	(40)	(2)
Net carrying amount at the end of the period	138	1
Computer equipment		
Net carrying amount at the beginning of the period	15	14
Additions	37	3
Acquisitions through business combinations (net)	37	-
Amortisation charge for the year	(21)	(2)
Net carrying amount at the end of the period	68	15
Total property, plant and equipment		
Net carrying amount at the beginning of the period	16	17
Additions	142	3
Acquisitions through business combinations (net)	109	-
Depreciation charge for the year	(61)	(4)
Net carrying amount at the end of the period	206	16

12 Intangible assets

	Consolidated 2014 $'000	2013 $'000
Software and technology		
Cost (gross carrying amount)	1,078	-
Accumulated amortisation	(615)	-
Net carrying amount	463	-
Goodwill		
Cost (gross carrying amount)	5,551	-
Accumulated impairment	-	-
Net carrying amount	5,551	-
Total intangible assets		
Cost (gross carrying amount)	6,629	-
Accumulated amortisation	(615)	-
Accumulated impairment	-	-
Net carrying amount	6,014	-

Reconciliation of carrying amounts at the beginning and end of the period

	2014 $'000	2013 $'000
Software and technology		
Net carrying amount at the beginning of the period	-	-
Additions	1,078	-
Accumulated amortisation	(615)	-
Accumulated impairment	-	-
Net carrying amount at the end of the period	463	-
Goodwill		
Net carrying amount at the beginning of the period	-	-
Additions	5,551	-
Accumulated impairment	-	-
Net carrying amount at the end of the period	5,551	-
Total intangibles		
Net carrying amount at the beginning of the period	-	-
Additions	6,629	-
Accumulated amortisation	(615)	-
Accumulated impairment	-	-
Net carrying amount at the end of the period	6,014	-

Software and technology

An intangible asset is recognised for software and technology owned by the Consolidated Entity. Software and technology acquired under a business combination has been recognised at fair value at acquisition date. Fair value has been established using appropriate analysis and having regard to the relevant contractual terms of the transactions. The software and technology was acquired following completion of the acquisitions of Global Group Australia and Amethon Solutions. Refer Note 3. The Software and technology assets are recognised at cost less accumulated amortisation and impairment losses, if any. Refer Notes 1(n) and 1(t).

Goodwill

Goodwill is allocated to the Consolidated Entity's cash generating units. At 31 December 2014, the goodwill balance related to the Invigor Digital Solutions division and arose following the acquisitions of Global Group Australia and Amethon Solutions. Refer Note 3. Goodwill is reviewed annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

The recoverable amount of goodwill has been assessed by reference to both fair value less costs to sell and value in use methodologies. Where possible, relevant comparable information is used from an active market and where such information is not readily available a combination of market accepted valuation techniques are used to estimate the amount available from the sale of assets in arm's-length transactions between knowledgeable and willing parties.

For value in use assessment, a discounted cash flow model was utilised which:

- Covered a 5 year forecast period;
- Used discount rates ranging from 8.0% to 25.0% based on cost of capital and business risk assessments; and
- Assumed annual revenue and cost growth rates ranging from 5% to 10%.

13 Other creditors and accruals

	Consolidated	
	2014	**2013**
	$'000	$'000
Other creditors and accrued expenses	1,040	2,142
Deferred consideration payable on acquisitions	947	-
Unearned revenue	840	-
Current	2,827	2,142

Included in other creditors and accrued expenses are amounts totalling $11,283 (2013 - $884,000) payable at balance date under cost recovery agreements with Marcel Equity Pty Ltd and associated entities. Refer Note 25. These amounts are unsecured.

Deferred consideration payable on acquisitions represents:

- An amount of $700,000 (principal) payable on 1 July 2015 to the vendors of the 60% of issued shares of Global Group Australia Pty Ltd ("GGA Vendors") acquired by the Consolidated Entity on 1 July 2014. The deferred consideration is interest bearing at 7.5% per annum and is secured by an option held by the GGA Vendors over the issued shares of Global Group Australia Pty Ltd. The option is exercisable by the GGA Vendors in the event that the deferred consideration amount is not paid when due. In addition, the GGA Vendors are entitled to a share of research and development grants which the Consolidated Entity may receive in connection with Global Group for the year ended 30 June 2014. An estimate of $69,000 has been recognised.
- An amount of $178,000 representing the estimated fair value of contingent consideration to the vendors of Amethon Solutions (Asia Pacific) Pty Ltd pursuant to the terms of the share sale agreement dated 1 December 2014. Refer Note 22.

14 Interest bearing loans and borrowings

	Consolidated	
	2014	**2013**
	$'000	$'000
Unsecured borrowings – convertible notes	2,273	595
Secured borrowings – convertible notes	-	1,241
Unsecured borrowings – loan facility	-	150
Current	2,273	1,986

Unsecured borrowings – convertible notes

The Company raised $595,000 by way of an issue of 13,222,222 redeemable convertible notes to H Investments International Pty Ltd <atf the H Investments Trust> in December 2013. The notes were converted into shares on 18 March 2014 after conditions precedent to conversion were satisfied.

The Company raised $1,500,000 by way of an issue of redeemable convertible notes to H Investments International Pty Ltd <atf the H Investments Trust> in March 2014. Key terms of these notes are:

- Convertible notes on issue at balance date – 15,000,000 (31 December 2013 – nil)
- Term – 2 years from date of issue (20 March 2014)
- Ranking – unsecured
- Conversion price – The convertible notes may be converted into shares at the conversion price of $0.10 per share (subject to any adjustment in accordance with the terms and conditions of those notes).
- Interest – 9.0 per cent per annum from the date of issue on the principal amount outstanding payable quarterly in arrears and ending on the earlier of the redemption date or conversion date. Any unpaid interest will capitalise on a quarterly basis.
- Redemption – on the maturity date or if the noteholder gives a notice requiring redemption after the occurrence of a defined event of default.

The Company issued redeemable convertible notes with a face value of $773,000 to Marcel Equity Pty Ltd in March 2014 upon conversion of part of a liability to Marcel Equity Pty Ltd incurred under a Service Agreement between the companies. Key terms are:

- Convertible notes on issue at balance date – 7,773,000 (31 December 2013 – nil)
- Term – 2 years from date of issue (20 March 2014)
- Ranking – unsecured
- Conversion price – The convertible notes may be converted into shares at the conversion price of $0.10 per share (subject to any adjustment in accordance with the terms and conditions of those notes).
- Interest – 9.0 per cent per annum from the date of issue on the principal amount outstanding payable quarterly in arrears and ending on the earlier of the redemption date or conversion date. Any unpaid interest will capitalise on a quarterly basis.
- Redemption – on the maturity date or if the noteholder gives a notice requiring redemption after the occurrence of a defined event of default.

The unsecured convertible notes are required to be converted into equity upon a valid conversion notice being received by the Company. A minimum 5 business days' notice to convert must be provided. The unsecured convertible notes are shown as a current liability because the note holders have a current right to issue a conversion notice and notwithstanding that the convertible notes have a 2 year term to maturity.

Secured borrowings – convertible notes

The Company held a convertible note facility with Partners for Growth III, LP. The amount outstanding under the facility was repaid during September 2014. The security has been discharged.

Unsecured borrowings – loan facility

In August 2013, the Company entered into an interest bearing short term loan arrangement with Gary Cohen under which under which his company, Marcel Equity Pty Ltd, would make available up to $1,000,000 as and when required by the Company, subject to the terms of the loan arrangement. The facility amount was increased to $1,300,000 in April 2014 and the term extended to 31 March 2015. The facility limit was further increased to $1,500,000 on 13 August 2014. No amount was outstanding under this loan arrangement at 31 December 2014 (2013 - $150,000). Borrowings under the facility incur interest at a rate of 10.8%pa, being a rate equivalent to a bank overdraft facility at the time the arrangement was entered into. The loan arrangement may be extended by mutual agreement.

Bank overdraft

Global Group Australia Pty Ltd ("GGA") has a $100,000 interest bearing bank overdraft facility with National Australia Bank entered into during 2012 which was fully available at 31 December 2014 (2013 – not applicable as GGA was not a member of the Consolidated Entity at that date). The facility is secured by guarantees provided by Gary Munitz and Daniel Sekers, being the directors of GGA at the time the facility was entered into and who became executives of the Consolidated Entity on 1 July 2014. The Company is seeking to restructure this arrangement.

15 Provisions

	Consolidated	
	2014	**2013**
	$'000	$'000
Employee benefits	223	-
Current	223	-
Employee benefits	136	-
Non-Current	136	-

Reconciliation of carrying amounts at the beginning and end of the period

	2014	2013
Employee benefits		
Balance at the beginning of the period	-	-
Provisions raised	77	-
Provisions assumed upon completion of business acquisitions	282	-
Balance at the end of the period	359	-
Onerous contracts, fit out and make good		
Balance at the beginning of the period	-	95
Provisions raised (reversed)	-	(95)
Balance at the end of the period	-	-
Total provisions		
Balance at the beginning of the period	-	95
Provisions raised (reversed)	77	(95)
Provisions assumed upon completion of business acquisitions	282	-
Balance at the end of the period	359	-

Employee benefits

Provision for employee benefits represent amounts payable by the Consolidated Entity for accrued annual leave and long service leave. The Consolidated Entity had no employees at 31 December 2013.

Onerous contracts, fit out and make good

The Consolidated Entity previously carried provisions for onerous contracts, being for non-cancellable operating leases of excess premises, fit out incentives provided by landlords and restoration of leased premises to original condition required at the end of the lease term. Provisions were carried in connection with leased premises in New Zealand. The provisions were reversed during 2013 as they were assessed to no longer be required.

16 Financial risk management, objectives and processes

The Consolidated Entity has exposure to a variety of financial risks, which are categorised as market risk, credit risk and liquidity risk. This note presents information about the Consolidated Entity's exposure to each of these risks. Additional disclosures are presented throughout this financial report.

The Board recognises that the understanding and management of risk, particularly preservation of capital, is critical to the Company. The Board has overall responsibility for ensuring that there is a sound system of risk management and internal compliance and controls. The Board has formally adopted documented policies and processes to enable appropriate management of business and investment risk.

Key financial risk management practices presently employed by the Company include:

- The Board having ultimate responsibility for business, investment and divestment decisions. This includes monitoring the quantum of funds invested in any operating business or transaction so that the level of exposure is appropriate to the Company's circumstances.
- Preservation of cash resources. The Executive Chairman and Group Director – Operations, both Board members, oversee treasury management on behalf of the Board with ultimate responsibility retained by the full Board.

Operating businesses in which the Company is invested but which are not wholly owned are responsible for their own risk management. The Company oversees the risk management processes of these businesses by providing assistance and guidance to their management teams where appropriate. The Company may also have representation on the boards of these businesses.

The risk management policies and analysis described below and throughout the financial report refer to those practices adopted by entities that are members of the Consolidated Entity.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There are various types of market risk including exposures to foreign currencies, interest rates and equity market prices. The Consolidated Entity may use derivative financial instruments to hedge certain risk exposures. No derivative financial instruments were used during the financial year. The methods used to measure the types of risk to which the Consolidated Entity is exposed are described below.

(i) Foreign currency risk

From 22 June 2012, the Company has made investments in Australian dollars only.

The Consolidated Entity established a development team in India during 2014 which has operated through a wholly owned subsidiary company since November. The Indian subsidiary is denominated in Indian Rupee. Exposure to Indian Rupee is limited to the exchange variations upon the provision of funding to the subsidiary and to exchange variations resulting from the translation of the operation's statement of financial position and statement of comprehensive income at closing and average rates respectively.

The Company has exposure to movements in the value of the claims made to the KIT digital Creditors' Committee as any distributions will be made in US dollars. Refer Note 8.

At 31 December 2014, the Consolidated Entity did not have any other material net foreign currency risk in respect of transactions in currencies other than the functional currency (31 December 2013 - nil).

Sensitivity Analysis

A 10% movement in the USD/AUD exchange rate would increase or decrease the fair value of the claims made to the KIT digital Creditors' Committee by $115,000. No further sensitivity analysis is considered necessary as the Consolidated Entity did not have any other material exposure to currency risk at 31 December 2014.

(ii) Interest rate risk

The Consolidated Entity's exposure to market interest rates on deposits is minimal. Cash reserves are held in interest-bearing accounts with either fixed or variable interest rates.

The Consolidated Entity had the following financial assets and liabilities at balance date:

		Consolidated
	2014	**2013**
	$'000	$'000
Financial assets		
Cash and cash equivalents	1,077	144
Other financial assets, at fair value through profit or loss	496	2,238
Financial liabilities		
Secured borrowings	-	1,241
Unsecured borrowings	2,273	745

Sensitivity Analysis

At 31 December 2014, if interest rates had changed by -/+ 1% from the year-end rates, with all other variables held constant, and this change was applied to cash and cash equivalents, the effect on profit (loss) after tax for the year would be $10,770 (2013: immaterial). If the same sensitivity is applied to secured and unsecured borrowings, the result would be a higher/lower interest expense of approximately $22,730 (2013 - $20,000).

Other financial assets, at fair value through profit or loss are represented by shares and convertible notes that are not considered sensitive to interest rates.

(iii) Equity price risk

The Consolidated Entity was not exposed to equity securities price risk arising from investments in listed securities during the 2014 financial year as it had no exposure to listed securities during 2014 or at balance date.

The Consolidated Entity has not hedged exposure to a general decline in equity market values as such strategies are not considered cost effective.

Sensitivity analysis

No sensitivity analysis for listed equities is required at 31 December 2014 as the Consolidated Entity did not have an exposure to equity price risk of listed securities at that date (2013 – not applicable).

A 10% increase or decrease to the ascribed fair value of the convertible notes held in MVID Holdings Pty Ltd at balance date would change the carrying amount upward or downward by $49,600 (2013 – not applicable).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. Credit risk arises from all financial assets included in the balance sheet.

During the current reporting period and particularly from 1 July 2014, the Consolidated Entity has been exposed to credit risk arising from the potential default of customers with which it transacted. The Consolidated Entity endeavours to trade with only creditworthy third parties. As such collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade and other receivables. A credit policy is in place and exposure to credit risk is monitored on an ongoing basis. Derivatives are not held to offset any credit exposure.

The Consolidated Entity may provide loan funding to investee entities which are not wholly owned but only when it forms part of the overall funding provided for an investment transaction. Approval of such funding is the responsibility of the Board.

Operating businesses that the Consolidated Entity invests in and which are not wholly owned will have their own credit risk policies. The Consolidated Entity endeavours to oversee that such entities have appropriate credit risk policies in place. Such oversight may be limited by the terms of the transaction.

The carrying amounts of the financial assets recognised in the balance sheet best represent the Consolidated Entity's maximum exposure to credit risk at the reporting date.

The Company has exposure to loans made to subsidiary entities to enable those entities to fund the investment transactions that the Board has elected to pursue and/or to fund the operations of those subsidiaries. Repayment of loans by the subsidiary entities is dependent upon proceeds realised by the subsidiary entities from investment transactions and/or net cash generated from operating activities.

Ageing of financial assets

The following table assesses the ageing of the carrying amount of the Consolidated Entity's financial assets at the reporting date and details any financial assets that are individually impaired. A description of collateral held is detailed, where relevant.

Consolidated	**Cash and cash equivalents** $'000	**Receivables** $'000	**Other financial assets** $'000
2014			
Neither past due or impaired	1,077	1,625	496
Past due but not impaired:			
< 30 days	-	1,025	-
30-60 days	-	2	-
60-90 days	-	-	-
> 90 days	-	18	-
Collectively impaired	-	-	-
Individually impaired	-	19	-
Total	1,077	2,689	496
2013			
Neither past due or impaired	144	1,265	2,238
Past due but not impaired:			
< 30 days	-	-	-
30-60 days	-	-	-
60-90 days	-	-	-
> 90 days	-	-	-
Collectively impaired	-	-	-
Individually impaired	-	-	-
Total	144	1,265	2,238

Liquidity risk

Liquidity risk is the risk that the Company or its subsidiaries will not be able to meet financial obligations as they fall due.

The Board has approved a Financial Management Policy applicable to the Company and its wholly owned subsidiaries. The Financial Management Policy includes policies for the investment of surplus cash and the monitoring of the liquidity, including the preparation of cash forecasts. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as they fall due. The liquidity position is monitored for the impact of potential investment acquisitions or divestments, including any potential funding requirements.

Details of debt funding terms and facilities that the Consolidated Entity has in place are disclosed in Note 14.

Operating businesses in which the Consolidated Entity has invested and which are not wholly owned are required to manage their own liquidity requirements to meet their financial obligations as they fall due. The Consolidated Entity is able to monitor the liquidity position of these entities subject to the terms of the transaction and/or where it has board representation.

The following table analyses the Consolidated Entity's financial liabilities into relevant maturity groups based on the remaining contracted maturity period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows (including both interest and principal cash flows).

Consolidated	Creditors and payables $'000	Secured borrowings $'000	Unsecured borrowings $'000
2014			
Contractual cash flows	2,827	-	2,273
Residual contract maturities:			
6 months or less	1,949	-	-
6 – 12 months	878	-	2,273
1 – 2 years	-	-	-
2 – 5 years	-	-	-
More than 5 years	-	-	-
Total carrying amount	2,827	-	2,273
2013			
Contractual cash flows	2,142	1,241	745
Residual contract maturities:			
6 months or less	2,142	1,241	745
6 – 12 months	-	-	-
1 – 2 years	-	-	-
2 – 5 years	-	-	-
More than 5 years	-	-	-
Total carrying amount	2,142	1,241	745

Capital risk management

The Board regularly reviews the Company's capital plan, including equity and debt requirements and dividend policy. This is done to ensure the Company has an appropriate capital structure to support its operations. The Company does not expect to pay a regular dividend in the foreseeable future given the nature of its operations.

The Company completed several capital raisings during 2014. Details are set out in Note 17. The Company also raised funds through the issue of convertible notes. Refer Note 14.

17 Issued capital

	2014 Shares	Company 2013 Shares	2014 $'000	Company 2013 $'000
Ordinary shares, fully paid	227,806,667	99,004,684	127,028	117,436

Movement in ordinary share capital
Fully paid shares

	2014 Shares	Company 2013 Shares	2014 $'000	Company 2013 $'000
Balance at the beginning of the period	99,004,684	34,430,128	117,436	114,885
Issues of new fully paid shares	128,801,983	9,000,000	9,992	405
Issue of shares upon partly paid shares becoming fully paid	-	55,555,556	-	2,500
Issue of shares on conversion of Entitlement Options	-	19,000	-	-
Capital raising costs incurred	-	-	(400)	(354)
Net balance at end of period	227,806,667	99,004,684	127,028	117,436

Movement in ordinary share capital
Partly paid shares

	2014 Shares	Company 2013 Shares	2014 $'000	Company 2013 $'000
Balance at beginning of period	-	-	-	-
Issue of shares – 15 April 2013	-	55,555,556	-	2,500
Capital raising costs incurred	-	-	-	(283)
Transfer to fully paid shares	-	(55,555,556)	-	(2,217)
Net balance at end of period	-	-	-	-

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and the amounts paid on the shares held.

The Company made the following issues of fully paid ordinary shares during 2014:

18 March 2014 – issue of 13,222,222 ordinary shares upon conversion of convertible notes issued on 12 December 2013. Refer below and Note 14.

15 September 2014 – issue of 8,270,563 ordinary shares at $0.10 per share as part consideration for the acquisition of shares in Global Group Australia Pty Ltd pursuant to the terms of a Share Purchase Deed dated 1 July 2014.

18 September 2014 – issue of 81,250,000 ordinary shares at $0.08 per share by way of a share placement on terms approved by shareholders at an extraordinary general meeting held on 11 September 2014.

12 November 2014 – issue of 1,457,500 ordinary shares at $0.08 per share pursuant to the terms of a Share Purchase Plan offered to eligible shareholders as announced on 22 September 2014.

28 November 2014 – issue of 1,042,500 ordinary shares at $0.08 per share pursuant to the terms of an Underwriting Agreement for the Share Purchase Plan announced on 22 September 2014.

1 December 2014 – issue of 22,625,000 ordinary shares at $0.08 per share as consideration for the purchase of the issued shares of Amethon Solutions (Asia Pacific) Pty Ltd pursuant to a Share Sale Agreement dated 1 December 2014. Holders of 18,284,750 of these shares have agreed that they be placed in escrow for a period of six months from issue date. Refer Note 22.

8 December 2014 – issue of 184,198 ordinary shares to employees under the rules of the Invigor Tax Exempt Share Plan dated 10 October 2014. The shares were issued at no cost to the employee in accordance with the rules of the plan. The shares are held in escrow for 3 years subject to the terms of the plan.

19 December 2014 – issue of additional 750,000 ordinary shares at $0.08 per share pursuant to the terms of the Share Sale Agreement dated 1 December 2014 for the acquisition of Amethon Solutions (Asia Pacific) Pty Ltd.

The Company made the following issues of fully paid ordinary share during the comparative reporting period:

The Company undertook a capital raising by way of a pro rata entitlement offer that closed on 9 April 2013. The Company raised $2.5 million, before transaction costs and expenses, of which $1.94 million was received on application and $0.56 million was received during July 2013 (after the final instalment was called for payment by the Company on 19 June 2013). Following completion of the capital raising, the Company issued 55,555,556 partly paid ordinary shares and 27,777,778 Entitlement Options (refer Note 18). Partly paid shares converted to fully paid following payment of the call.

12 December 2013 – issue of 9,000,000 ordinary shares at $0.045 per share by way of a share placement and 4,500,000 Entitlement Options (refer Note 18).

The movement in issued shares is reconciled to cash proceeds from share issues as follows:

		Company
	31 December 2014	**31 December 2013**
	$'000	$'000
Cash received from share issues (Note 3)	6,404	405
Gross up for capital raising costs offset against cash proceeds	356	-
Gross movement for fully paid shares issued for cash	6,760	405
Issue of shares other than for cash	2,637	-
Conversion of convertible notes	595	-
Issues of new fully paid shares	9,992	405

18 Share Options

(a) Entitlement Options

Key terms of Entitlement Options issued on 15 April 2013 as part of the pro rata entitlement offer and on 12 December 2013 and 20 March 2014 as part of the transaction with H Investments International Pty Ltd are:
Exercise price – 5.0 cents per Entitlement Option
Expiry – 1 July 2018
Entitlement – one fully paid ordinary share in the Company for each Entitlement Option exercised.
There are no vesting or exercise conditions.

		Company
Movement in Entitlement Options	**31 December 2014** Entitlement Options	**31 December 2013** Entitlement Options
Balance at beginning of period	32,258,778	-
Issue of Options – 20 March 2014	6,611,111	-
Issue of Options – 15 April 2013	-	27,777,778
Issue of Options – 12 December 2013	-	4,500,000
Exercised during the period	-	(19,000)
Net balance at end of period	38,869,889	32,258,778

(b) Options issued under incentive plans

The Company provides benefits to defined employees of the Consolidated Entity (including executive directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions"). Approved incentive plans for the issue of options to defined employees (including executive directors) (“Plans”) are in place. At 31 December 2014, there were 13,818,870 options on issue under the Plans (2013 – 8,998,949). Options on issue under the Plans may have varying vesting dates. All options on issue under the Plans at 31 December 2014 expire 5 years from the applicable grant date. Details of the share based payment expense recognised during the year are shown in Note 4.

The Company did not issue any ordinary shares to participants in the Plans during the year ended 31 December 2014 upon exercise of options as no previously issued options were exercised. The issue of shares upon the exercise of options will be governed by the terms of the relevant plan.

Details of options on issue under the Plans at 31 December 2014 are shown in the following table.

Date options granted	Expiry Date	Exercise price	Balance at start of the year	Issued during the year	Cancelled or Lapsed during the year	Exercised during the year	Balance at end of the year	Exercisable at end of the year
		$	#	#	#	#	#	#
22 July 2013	22 July 2018	0.10	7,198,855	-	-	-	7,198,855	2,399,617
24 Dec 2013	24 Dec 2018	0.10	1,800,094	-	(1,530,079)	-	270,015	90,006
17 Sept 2014	17 Sept 2019	0.10	-	6,350,000	-	-	6,350,000	-
Total			8,998,949	6,350,000	(1,530,079)	-	13,818,870	2,489,623

The Weighted Average Exercise Price of options on issue under incentive plans at balance date is $0.10 (2013: $0.10).

The principal rules governing the operation of the Plans are as follows:

(i) The Board is responsible for determining the number of options granted to each eligible employee;

(ii) Vesting conditions in relation to options are determined by the Board at the time of determination of option entitlements;

(iii) Options which have not vested when an employee ceases their employment will lapse unless an employee ceases to be employed through death, retirement or disablement, in which case special provisions apply or if the Board otherwise determines;

(iv) The share option exercise price is determined by the Board;

(v) The acquisition price of the options are nil, unless the Board determines that it should be any other amount;

(vi) Share options issued pursuant to the Plans are not transferable; and

(vii) Options not exercised within 7 years from their date of issue will lapse.

The weighted average contractual life of all options on issue under incentive plans outstanding at 31 December 2014 was 1,496 days (2013 – 1,664 days).

(c) Options issued to BBY Limited

The Company issued 5,000,000 options to BBY Limited ("BBY Options") during 2014 pursuant to a mandate letter dated 5 August 2014. The mandate letter sets out the terms under which BBY Limited will provide sales, marketing and equity capital market services to the Company on a non-exclusive basis for a minimum of twelve months from the date of the letter. The BBY Options represent part of the fee payable to BBY Limited for providing these services.

Key terms of the options issued to BBY Limited are:
Exercise price – 10.0 cents per option
Expiry – 5 August 2019
Entitlement – one fully paid ordinary share in the Company for each BBY Option exercised.
There are no vesting or exercise conditions.

		Company
Movement in BBY Options	**31 December 2014** BBY Options	**31 December 2013** BBY Options
Balance at beginning of period	-	-
Issue of Options – 18 August 2014	2,500,000	-
Issue of Options – 19 September 2014	2,500,000	-
Net balance at end of period	5,000,000	-

19 Reserves

		Consolidated
	2014 $'000	**2013** $'000
Employee equity benefits reserve		
Opening balance	1,527	1,527
Share based payments expense (Note 4)	23	-
Total employee benefits reserve	1,550	1,527
Foreign currency translation reserve		
Opening balance	-	-
Exchange differences arising on the translation of the financial statements of foreign subsidiaries	-	-
Total foreign currency translation reserve	-	-
Total reserves	1,550	1,527

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

20 Retained profits (accumulated losses)

	Consolidated	
	2014	**2013**
	$'000	$'000
Opening balance	(119,428)	(103,476)
Net profit (loss) for the year	(4,127)	(15,952)
Dividends paid	-	-
	(123,555)	(119,428)

21 Dividends

No dividends were proposed or paid during the financial year (2013 - $nil). No final dividend has been proposed for payment (2013 - $nil).

The Company has no franking credits available for subsequent years (2013 - $nil).

22 Commitments

Leases

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated	
	2014	**2013**
	$'000	$'000
Within one year	-	41
Later than one year but not later than five years	-	268
Later than five years	-	-
	-	309
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	-	-

The lease commitments represent payments due for leased premises under non-cancellable operating leases which have not otherwise been accrued or provided for.

The terms of the share sale agreement entered into with with KIT digital, Inc. ("KIT") during 2012 required that obligations of the Company under certain lease agreements, either as a lessee or guarantor, be assigned or novated to one of the companies sold to KIT. Such assignment in respect of a leased property at 92 Albert Street Auckland, New Zealand ("the New Zealand Lease") did not occur as provided for in the share sale agreement. The Company asserted a claim against KIT in litigation commenced in January 2013 based upon KIT's failure to assume the New Zealand Lease obligations. On 6 March 2013, KIT filed its response denying this claim by the Company. This legal action was automatically stayed while the KIT Chapter 11 bankruptcy process was completed and will now not be heard following approval of the KIT Plan of Reorganization in August 2013. The Company has submitted a claim in the KIT bankruptcy proceeding for the amount owed under the New Zealand Lease. Any objections to this claim are still to be heard and determined. This claim may or may not be paid in full and may be subject to offset. A receivable has been recognised for the fair value of the claim amount (refer Note 8).

Other commitments

The Consolidated Entity has a commitment to pay an amount of $700,000 (principal) due on 1 July 2015 to the vendors of the 60% of issued shares of Global Group Australia Pty Ltd ("GGA Vendors") acquired by the Consolidated Entity on 1 July 2014. In addition, the GGA Vendors are entitled to a share of research and development grants which the Consolidated Entity may receive in connection with Global Group for the year ended 30 June 2014. Refer Note 13.

On 17 October 2012, the Consolidated Entity entered into a convertible note facility with Global Group Australia Pty Limited to provide, over a 3 year period, up to $2.0 million of funding for Global Group's business operations if drawn down by Global Group. Issued Convertible Notes will convert into ordinary shares in Global Group at the end of the 3 year availability period (or later, if agreed). The facility became an internal commitment upon completion of the acquisition of the balance of the issued shares of Global Group on 1 July 2014 and is now eliminated on consolidation.

The Company entered into a $3.1 million convertible note funding facility with My Verified Holdings ID Pty Ltd ("MVID") on 12 November 2014. Funding is to be provided in accordance with an agreed schedule through to 30 June 2015. The outstanding commitment under the facility at 31 December 2014 was $2.6 million (2013 - $nil). On 20 February 2015, the Company signed a non-binding document intending to restructure the arrangements with MVID. Refer Note 30.

Under the terms of the share purchase agreement for the acquisition of Amethon Solutions (Asia Pacific) Pty Ltd dated 1 December 2014, the Company may be obliged to issue additional shares to the Amethon vendors subject to the businesses performance of Amethon during 2015 and 2016. Performance Equity Shares will be required to be issued where the Consolidated Entity implements defined Qualifying Mobile Analytics Deployments in the Performance Equity Period, being 2015 and 2016. The Amethon vendors will be issued with Performance Equity Shares, at the Performance Equity Share Price, based on the nature of the Qualifying Mobile Analytics Deployments determined in accordance with the agreed calculation factors. Subscriber caps apply to deployments across defined regions and countries. There is an overall maximum value applying to Performance Equity Shares of $7,500,000. Equity Earn Out Shares to a maximum value of $500,000 will be required to be issued if certain defined contractual arrangements are entered into before 30 June 2015.

Earn Out Payments may be required to be made in cash to the Amethon vendors, to the extent not already reflected in the Equity Earn Out Shares calculation referred to above, in respect of a defined third party contractual arrangement subject to an agreement being finally executed with the third party. It is not possible to presently estimate the maximum commitment as no agreement has been entered into nor negotiation of the terms of such agreement been finalised. Subject to the agreement being entered into, the Amethon vendors will be entitled to receive quarterly payments from 1 July 2015 based on the following:

- 50.0% of the net income derived in the first two years under the agreement;
- 33.3% of the net income derived in the third year under the agreement; and
- 20.0% of the net income derived in the fourth year under the agreement.

The Company issued 22,625,000 shares to the Amethon vendors on 1 December 2014. Amethon vendors holding 18,284,750 of these shares have agreed that they be placed in escrow for a period of six months ending 31 May 2015. The Company has a commitment to issue additional shares to these shareholders if at the end of the escrow period the volume weighted average price for the Company's shares during this period is less than 8.0 cents per share (but only down to 4.0 cents per share). A calculation in accordance with the prescribed formula will be undertaken at the end of the escrow period.

Details of options over shares committed to be issued by the Company if the options are exercised are set out in Note 18.

23 Contingent Liabilities

The Company was subject to possible warranty claims under the terms of the Securities Purchase Agreement entered into with KIT digital, Inc. (now Piksel Inc.) ("KIT" or "Piksel") which, in the first instance, could have impacted the final number of shares received under the top-up formula as warranty claims were restricted to the value of the 10 per cent of KIT shares specifically held in escrow as a reserve against any warranty claims. Following the release in August 2013 from escrow of all KIT shares held by the Company, the Company is of the view that any warranty claims are limited by the value of the shares previously held in escrow. KIT raised with the Company a potential issue regarding responsibility under the Securities Purchase Agreement for prior period tax liabilities of former subsidiary companies payable under an instalment plan agreed with the Australian Taxation Office. On 6 March 2013, KIT filed its response to the legal action commenced by the Company in January 2013 and counterclaimed on this matter for approximately $1.0 million. The US

Bankruptcy Court dismissed the claims asserted by Piksel in June 2014, including allegations against the Company in relation to its conduct during the sale negotiations in 2012. Piksel, with the consent of the court, filed an amended complaint on 13 August 2014 which repeats previous assertions made by Piksel against the Company. The Company denies liability for these allegations, including the allegations that it is responsible for the tax liability, the allegations in relation to conduct during the sale negotiations and the other allegations made against it. The Company intends vigorously defending itself against the allegations.

24 Parent Entity Disclosures

As at, and throughout the financial year ending 31 December 2014, the parent company of the Consolidated Entity was Invigor Group Limited.

		Company
	2014	**2013**
	$'000	$'000
Result of the parent entity		
Profit (loss) for the period	(4,106)	(15,976)
Other comprehensive income (expense)	-	-
Total comprehensive income (expense) for the period	(4,106)	(15,976)
Financial position of the parent entity at year end		
Current assets	7,166	1,407
Non-current assets	2,106	2,232
Total assets	9,272	3,639
Current liabilities	4,195	4,128
Non-current liabilities	57	-
Total liabilities	4,252	4,128
Total equity of the parent entity comprises:		
Share capital	127,028	117,435
Reserves	1,550	1,527
Retained earnings (accumulated losses)	(123,558)	(119,451)
Total equity	5,020	(489)

Contingent liabilities of the Company at 31 December 2014 are detailed at Note 23. Investment commitments of the Company at 31 December 2014 are detailed at Note 22. The Company had no capital expenditure commitments at 31 December 2014. The Company had not provided any guarantees at 31 December 2014.

25 Related party transactions and key management personnel disclosures

The following were key management personnel of the Consolidated Entity at any time during the reporting period and, unless otherwise indicated, were key management personnel for the entire period:

Gary Cohen	Executive Chairman and Chief Executive Officer
Gregory Cohen	Group Director - Operations
John Hayson	Non-executive director (from 27 March 2014)
Vic Lorusso	Non-executive director
Gary Munitz	Non-executive director (until 1 July 2014); Executive Director (from 1 July 2014 until 11 December 2014); Group Director – Digital Solutions (from 1 July 2014)
Paul Salter	Non-executive director (from 10 December 2014)
Daniel Sekers	Non-executive director (until 1 July 2014); Executive Director (from 1 July 2014 until 11 December 2014); Group Director – Business Development/Mobile and Consumer Analytics (from 1 July 2014)
Brian Cohen	Chief Technology Officer
David Neufeld	Chief Financial Officer and Company Secretary

Other than as noted above, there have been no changes in key management personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue.

Details of remuneration
Details of the total remuneration of all key management personnel, including their personally related entities, are as follows:

		Consolidated
	2014	**2013**
	$	$
Short term employee benefits	955,358	864,583
Other long term benefits	26,735	-
Post employment benefits	65,504	64,046
Share based payments	9,699	-
Termination benefits	-	-
	1,057,296	928,629

Equity instrument disclosures relating to key management personnel

Shares
The number of shares held during the financial year by key management personnel of the Consolidated Entity, including their personally related entities, is set out below.

2014 Ordinary shares	Balance at 1 January 2014	Purchases/ (Disposals)[1]	Transfers in/ (Transfers out)[2]	Balance at 31 December 2014
Directors				
Gary Cohen	15,955,696	3,125,000	-	19,080,696
Gregory Cohen	16,379,054	3,125,000	-	19,504,054
John Hayson	-	6,250,000	22,222,222	28,472,222
Vic Lorusso	5,328,456	187,500	-	5,515,956
Paul Salter	-	-	3,074,563	3,074,563
Executives				
Brian Cohen	-	-	-	-
Gary Munitz[3]	5,895,477	4,286,280	-	10,181,757
David Neufeld	-	-	-	-
Daniel Sekers[3]	6,590,215	4,295,697	-	10,885,912

1 Includes shares acquired under the share placement which completed in September 2014 and/or the share purchase plan which completed in November 2014. For Gary Munitz and Daniel Sekers, also includes shares issued pursuant to the terms of the share purchase agreement for Global Group Australia which completed on 1 July 2014.

2 Transfers in upon becoming a director/KMP Executive or transfers out upon ceasing to be a director/KMP Executive.

3 Gary Munitz and Daniel Sekers were directors until 11 December 2014. Thereafter, they remain executives of the Consolidated Entity.

2013 Ordinary shares	Balance at 1 January 2013	Purchases/ (Disposals)[1]	Transfers in/ (Transfers out)[2]	Balance at 31 December 2013
Directors				
Gary Cohen	2,943,197	13,012,499	-	15,955,696
Gregory Cohen	3,067,336	13,311,718	-	16,379,054
Vic Lorusso	1,035,411	4,293,045	-	5,328,456
Gary Munitz	1,965,159	3,930,318	-	5,895,477
Anthony Poiner	-	-	-	-
Daniel Sekers	1,853,770	4,736,445	-	6,590,215
Executives				
Brian Cohen	-	-	-	-
David Neufeld	-	-	-	-

1 Includes shares acquired in the pro rata entitlement offer completed in April 2013.

2 Transfers in upon becoming a director/KMP Executive or transfers out upon ceasing to be a director/KMP Executive.

Options

(a) Entitlement Options

The number of Entitlement Options held during the financial year by key management personnel of the Consolidated Entity, including their personally related entities, is set out below.

2014 Entitlement Options	Balance at 1 January 2014	Purchases/ (Disposals)	Transfers in/(Transfers out)[1]	Balance at 31 December 2014
Directors				
Gary Cohen	6,506,250	-	-	6,506,250
Gregory Cohen	6,630,389	-	-	6,630,389
John Hayson	-	-	11,111,111	11,111,111
Vic Lorusso	2,146,522	-	-	2,146,522
Paul Salter	-	-	-	-
Executives				
Brian Cohen	-	-	-	-
Gary Munitz[2]	614,272	(201,114)	-	413,158
David Neufeld	-	-	-	-
Daniel Sekers[2]	3,719,110	201,114	-	3,920,224

2013 Entitlement Options	Balance at 1 January 2013	Purchases/ (Disposals)	Transfers in/(Transfers out)[1]	Balance at 31 December 2013
Directors				
Gary Cohen	-	6,506,250	-	6,506,250
Gregory Cohen	-	6,630,389	-	6,630,389
Vic Lorusso	-	2,146,522	-	2,146,522
Gary Munitz[2]	-	614,272	-	614,272
Anthony Poiner	-	-	-	-
Daniel Sekers[2]	-	3,719,110	-	3,719,110
Executives				
Brian Cohen	-	-	-	-
David Neufeld	-	-	-	-

1 Transfers in upon becoming a director/KMP Executive or transfers out upon ceasing to be a director/KMP Executive.

2 Gary Munitz and Daniel Sekers were directors until 11 December 2014. Thereafter, they remain executives of the Consolidated Entity.

(b) Options issued under incentive plans

Details of the number of options issued to key management personnel of the Consolidated Entity, including their personally related entities, during the financial year under incentive plans of the Company and the balance held at the end of the financial year are set out below.

2014 **Incentive Plan Options**	Balance at 1 January 2014	Issued during the financial year	Balance at 31 December 2014
Directors			
Gary Cohen	4,499,284	-	4,499,284
Gregory Cohen	899,857	-	899,857
John Hayson	-	-	-
Vic Lorusso	-	-	-
Paul Salter	-	-	-
Executives			
Brian Cohen	899,857	-	899,857
Gary Munitz[1]	-	800,000	800,000
David Neufeld	899,857	-	899,857
Daniel Sekers[1]	-	800,000	800,000

2013 **Incentive Plan Options**	Balance at 1 January 2013	Issued during the financial year	Balance at 31 December 2013
Directors			
Gary Cohen	-	4,499,284	4,499,284
Gregory Cohen	-	899,857	899,857
Vic Lorusso	-	-	-
Gary Munitz[1]	-	-	-
Anthony Poiner	-	-	-
Daniel Sekers[1]	-	-	-
Executives			
Brian Cohen	-	899,857	899,857
David Neufeld	-	899,857	899,857

1 Gary Munitz and Daniel Sekers were directors until 11 December 2014. Thereafter, they remain executives of the Consolidated Entity.

No shares of the Company were issued to key management personnel during the year ended 31 December 2014 on the exercise of Entitlement Options or options issued under incentive plans (2013 – nil).

No options have been issued to key management personnel subsequent to year end.

Other transactions with key management personnel or related parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Vic Lorusso was appointed chief operating officer of Australian Traffic Network ("ATN") during 2014.

A number of those entities, including ATN, transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's-length basis.

The Company has entered into cost recovery agreements with Marcel Equity Pty Ltd and its associated entities ("Marcel"), being entities associated with Gary Cohen, under which the Company reimburses Marcel, on a cost recovery basis, for services provided. Services include executive management services performed by staff and consultants of Marcel, use of office space, provision of administration and bookkeeping services, investor and shareholder relations and such other services as may be agreed from time to time. An expense of approximately $245,000 was incurred during the current reporting period (2013 - $935,000). Additionally, amounts totalling approximately $111,000 relating mainly to office fit out costs were reimbursed to Marcel and capitalised (2013 - $nil). An amount of $11,283 was payable by the Company to Marcel at balance date (2013 - $884,000). A portion of the liability ($773,000) was converted into a convertible note facility during 2014. Refer Note 14 and below.

The Company has entered into convertible note facilities with entities associated with Gary Cohen and John Hayson. Details of the terms of the facilities, as approved by shareholders, are set out in Note 14. The aggregate balance outstanding at balance date was $2,273,000 (2013 - $595,000). Interest expense of $160,582 was incurred during 2014 (2013 - $nil).

The Consolidated Entity acquired the issued capital of Amethon Solutions (Asia Pacific) Pty Ltd on 1 December 2014. Paul Salter was a member of the vendor group ("Amethon vendors"). The Amethon vendors received shares in the Company as consideration for the transaction. Details of Paul Salter's aggregate interest in the shares of the Company are shown above. Pursuant to the terms of the transaction, the Amethon vendors may be entitled to receive additional shares in the Company or cash consideration based on the business performance of Amethon after completion. Additional shares may also be issued after 31 May 2015 to Amethon vendors, including entities associated with Paul Salter, who agreed to place shares in escrow for the six months following completion depending on the Company's share price performance during this period. Details of these entitlements are set out in Notes 13 and 22.

The Consolidated Entity acquired the balance of the issued shares of Global Group Australia Pty Ltd ("GGA") it did not already own on 1 July 2014. Entities associated with Gary Munitz and Daniel Sekers were vendors of the GGA shares sold to the Consolidated Entity, amongst others ("GGA vendors"). The GGA vendors received cash and shares in the Company as consideration for the transaction. Payment of a portion of the cash consideration is deferred until 1 July 2015. Refer Notes 3 and 22. The Consolidated Entity also has a $2.0 million convertible note facility with GGA entered into in 2012 when the initial investment in GGA was made. The facility became an internal commitment upon completion of the acquisition of the balance of the issued shares of Global Group on 1 July 2014 and is now eliminated on consolidation. Refer Note 22. The Consolidated Entity earned interest income of $23,813 on these convertible notes prior to the facility becoming intercompany (2013 - $24,000).

A Shareholders' Deed was entered into between Invigor GGA Holdings Pty Ltd, GGA and other parties, including entities associated with Gary Munitz and Daniel Sekers in 2012 after the initial investment by the Consolidated Entity. The Deed was terminated on 1 July 2014. Under the terms of the Shareholders' Deed, the Consolidated Entity was entitled to receive an annual fee for management services it provides to GGA. The fee was to be renegotiated each year. It was agreed between the parties that a fee would not be charged from early 2013 to assist GGA with its cash management. No fee income was recognised in the reporting period (2013 - $9,000).

Global Group Australia Pty Ltd ("GGA") has a $100,000 interest bearing bank overdraft facility with National Australia Bank entered into during 2012 which was fully available at 31 December 2014 (2013 – not applicable as GGA was not a member of the Consolidated Entity at that date). The facility is secured by guarantees provided by Gary Munitz and Daniel Sekers, being the directors of GGA at the time the facility was entered into and who became executives of the Consolidated Entity on 1 July 2014. The Company is seeking to restructure this arrangement.

In August 2013, the Company entered into an interest bearing short term loan arrangement with Gary Cohen under which under which his company, Marcel Equity Pty Ltd, would make available up to $1,000,000 as and when required by the Company, subject to the terms of the loan arrangement. The facility amount was increased to $1,300,000 in April 2014 and the term extended to 31 March 2015. The facility limit was further increased to $1,500,000 on 13 August 2014. No amount was outstanding under this loan arrangement at 31 December 2014 (2013 - $150,000). Borrowings under the facility incur interest at a rate of 10.8% per annum, being a rate equivalent to a bank overdraft facility at the time the arrangement was entered into. The loan arrangement may be extended by mutual agreement.

The Company undertook a capital raising by way of a share placement to certain professional, sophisticated and institutional investors and certain related parties which completed in September 2014 ("Placement"). The terms of the Placement and the participation of related parties was approved by shareholders at an extraordinary general meeting held on 11 September 2014. Gary Cohen, Gregory Cohen, John Hayson and Daniel Sekers each indirectly received an allocation of shares under the Placement through their personally related entities. Vic Lorusso acquired additional shares in the Company in November 2014 through a share purchase plan which was offered to all eligible shareholders. Gary Munitz and Daniel Sekers received options over shares under the terms of the Invigor incentive plan and shares issued under the Invigor Tax Exempt Share Plan. Details of aggregate holdings of directors and key management personnel are set out above.

Aggregate amounts of each of the above types of other transactions:

		Consolidated
	2014	**2013**
	$'000	$'000
Amounts recognised as revenue		
Management fee income from Global Group	-	9
Interest revenue from Global Group convertible notes	24	24
	24	33
Amounts recognised as expense		
Service fees and cost recoveries to Marcel Equity and associated entities	245	935
Interest on borrowings/convertible notes from/held by entities associated with Gary Cohen, Gregory Cohen and/or John Hayson	216	9
Interest on deferred payable to GGA vendors	26	-
	487	944

Aggregate amounts of assets and liabilities at balance date relating to the above transactions:

	Consolidated 2014	2013
	$'000	$'000
Amounts recognised as assets		
Interest on convertible notes receivable from Global Group	-	3
	-	3
Amounts recognised as liabilities		
Convertible notes owing to entities associated with Gary Cohen, Gregory Cohen and John Hayson	2,273	-
Service fees and cost recoveries owing to Marcel Equity and associated entities	11	884
Owing to Marcel Equity under short term loan arrangement, including accrued interest	-	151
Owing to Global vendors, including accrued interest and R&D grant share entitlement	795	-
	3,079	1,035

26 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 1(f).

Name of entity	Country of incorporation	Class of Shares	Equity holding 2014 %	Equity holding 2013[1] %
AimIPCo Pty Ltd	Australia	Ordinary	100	-
Amethon Solutions (Asia Pacific) Pty Ltd	Australia	Ordinary	100	-
Global Group Australia Pty Ltd	Australia	Ordinary	100	40
Global Group Ventures Pty Ltd	Australia	Ordinary	100	40
Invigor Digital Solutions Pty Ltd	Australia	Ordinary	100	40
Invigor GGA Holdings Pty Ltd	Australia	Ordinary	100	100
Invigor Digital Solutions India Private Ltd	India	Ordinary	100	-
My Digital Marketing Team International Pty Ltd	Australia	Ordinary	100	-
My Digital Marketing Team Pty Ltd	Australia	Ordinary	100	-
Social Loot Australia Pty Ltd	Australia	Ordinary	100	40

1 The Consolidated Entity held a 40% interest in Global Group Australia Pty Limited and its subsidiary companies at 31 December 2013. These entities were not members of the Consolidated Entity at that date.

27 Auditor remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	Consolidated 2014	2013
	$	$
Audit services		
Nexia Melbourne	57,000	45,000
	57,000	45,000
Other services		
Nexia Melbourne	-	-
	-	-
Total	57,000	45,000

28 Earnings per share

	Consolidated	
	2014	**2013**
	cents	cents
Total		
Basic earnings per share	(3.01)	(21.42)
Diluted earnings per share	(2.12)	(21.26)
	$'000	$'000
Reconciliation of earnings used in the calculation of basic earnings per share		
Profit (loss) for the year	(4,127)	(15,952)
Earnings used in the calculation of total basic earnings per share	(4,127)	(15,952)
Reconciliation of earnings used in the calculation of diluted earnings per share		
Earnings used in the calculation of total basic earnings per share	(4,127)	(15,952)
Non-discretionary changes in earnings arising from dilutive potential ordinary shares	55	-
Earnings used in the calculation of total diluted earnings per share	(4,072)	(15,952)
	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	137,198,538	74,485,560
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	192,447,885	75,028,939

29 Reconciliation of cash flows from operating activities

	Consolidated	
	2014	**2013**
	$'000	$'000
Net profit (loss) for the year after related income tax expense	(4,127)	(15,952)
Depreciation and amortisation	676	4
Borrowing costs shown as cash flows	398	203
Impairment of Other financial assets	-	12,399
Write off on acquisition of My Digital Marketing Team group (Refer Note 3)	19	-
Loss on sale of assets	4	-
Share based payment expense	23	-
Changes in operating assets and liabilities:		
Decrease (increase) in trade and other receivables (2013 - net of reclassifications from Other financial assets)	(1,424)	30
(Decrease) increase in trade and other payables (net of movement in accruals for non-operating activities)	(190)	958
Increase (decrease) in deferred revenue	840	-
Increase (decrease) in provisions	359	(95)
Net cash from (used in) operating activities	(3,422)	(2,453)

30 Events Subsequent to Balance Date

Subsequent to balance date, Invigor elected not to exercise the 14.1 million warrants issued to it by Piksel Inc. during December 2014. This followed a review of financial information received from Piksel in January 2015. The remaining issues and claims between the parties have now considerably narrowed but remain to be finalised.

On 20 February 2015, the Company signed a non-binding document intending to restructure the arrangements with My Verified ID Holdings Pty Ltd (“MVID”). Subject to conditions precedent, including execution of formal binding documentation, the revised arrangements are expected to impact upon the funding commitment to MVID and the service fee arrangements. Further detail will be provided in the final financial statements by which time the binding terms are expected to be known.

The directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.