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IMPORTANT INFORMATION

Important notice

This document (Prospectus) relates to the Offer of ordinary shares (Shares) in ikeGPS Group Limited (ikeGPS Group). A description of the Offer and the Shares is set out in *Section 8.1 Details of the Offer*.

This document is a prospectus for the purposes of the Securities Act and the Securities Regulations and is prepared as at, and dated, 23 June 2014.

This Prospectus is an important document and should be read carefully before deciding whether or not to invest in ikeGPS Group.

No person is authorised to give any information or make any representation in connection with this Offer which is not contained in this Prospectus, the Investment Statement or in other communications from the directors of ikeGPS Group. Any information or representation not so contained may not be relied upon as having been authorised by the directors of ikeGPS Group.

If you are in any doubt as to any aspect of the Offer you should consult your financial or legal adviser or an NZX Firm.

You should seek your own taxation advice on the implications of an investment in the Shares.

No guarantee

No person guarantees the Shares offered under this Prospectus. No person warrants or guarantees the performance of the Shares or any return on any investments made pursuant to this Prospectus.

Selling restrictions

The Offer is being made only to Applicants and selected Institutional Investors in New Zealand and Australia. Further details on the selling restrictions that apply are set out in *Section 8.1 Details of the Offer*.

No person may offer, sell (including resell) or deliver or invite any other person to so offer, sell (including resell) or deliver any Shares or distribute any documents (including this Prospectus) in relation to the Shares to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with ikeGPS Group, any person or entity subscribing for Shares in the Offer shall, by virtue of such subscription, be deemed to represent that he, she or it is not in a jurisdiction which does not permit the making to him, her or it of an offer or invitation of the kind described in this Prospectus, and is not acting for the account or benefit of a person within such jurisdiction. None of ikeGPS Group, the Joint Lead Managers, the Share Registrar or any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

Registration

A copy of this Prospectus, duly signed by or on behalf of the directors of ikeGPS Group, and having endorsed thereon or attached thereto copies of the documents and other materials required by section 41 of the Securities Act, has been delivered to the Registrar of Financial Service Providers for registration in accordance with section 42 of the Securities Act.

The documents required by section 41 of the Securities Act to be endorsed on or attached to the copy of this Prospectus delivered to the Registrar of Financial Service Providers are:

- the report of the Auditor in respect of certain financial information included in this Prospectus, as set out in this Prospectus,

- the signed consent of the Auditor to the audit reports appearing in this Prospectus, and
- copies of the material contracts referred to under the heading "Material Contracts" in *Section 8.2 Statutory Information*.

Consideration period

Pursuant to section 43C of the Securities Act, the Financial Markets Authority will be notified once this Prospectus is registered with the Registrar of Financial Service Providers. The Financial Markets Authority will have the opportunity to consider whether the Prospectus: (a) complies with the Securities Act and the Securities Regulations, (b) contains any material misdescription or error or any material matter that is not clearly legible, or (c) is false or misleading as to a material particular or omits any material particular. Nothing in this section or in any other provision of the Securities Act limits the Financial Markets Authority's power to consider or reconsider these matters at any time. The nature and extent of the consideration (if any) that the Financial Markets Authority gives to this Prospectus is at the Financial Markets Authority's discretion.

Pursuant to section 43D of the Securities Act, no allotment of Shares may be made and no Applications or subscriptions for Shares may be accepted during the Financial Markets Authority's consideration period. The consideration period commences on the date this Prospectus is registered and ends at the close of five working days after the date of registration. The Financial Markets Authority may shorten the consideration period, or extend it by no more than five additional working days.

Forward looking statements

This Prospectus contains certain statements that relate to the future, including, in particular, the information set out in *Section 7.4 Prospective Financial Information*. Forward looking statements should be read together with the other information in this Prospectus, including the risk factors in *Section 6 What are my Risks?* and the assumptions and the sensitivity analysis set out in *Section 7.4 Prospective Financial Information*.

Such forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of ikeGPS Group and which may cause the actual results, performance or achievements of the ike Group to differ materially from those expressed or implied by such statements. ikeGPS Group disclaims any responsibility to update any such risk factors or publicly announce the results of any revisions to any of the forward looking statements contained in this Prospectus to reflect developments or events, except to the extent required by the Securities Act or the Securities Regulations, the NZX Listing Rules or the Financial Reporting Act.

Given these uncertainties, you are cautioned not to place undue reliance on any forward looking statements contained in this Prospectus. Under no circumstances should you regard the inclusion of forward looking statements as a representation or warranty by ikeGPS Group or its officers, the directors of ikeGPS Group or any other person referred to in this Prospectus with respect to the achievement of the results set out in any such statement, or that the underlying assumptions used will in fact be realised.

Questions about the Offer

If you have any queries about the risk or suitability of an investment in the Shares you should consult your financial adviser or an NZX Firm. If you have inquires about the Shares you should contact the Share Registrar, Link Market Services. The contact details of the Share Registrar are set out in the Directory. If you wish to apply for Shares you must receive the Investment Statement and make your Application on the Application Form attached to, or accompanying, the Investment Statement.

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DEFINITIONS AND IMPORTANT INFORMATION

Terms used in this Prospectus have the specific meaning given to them in the Glossary (including certain industry specific terms with which you may not be familiar). If you do not understand the technical terms used in this Prospectus, please refer to the Glossary at the back of this document or consult a financial adviser.

References to:

- “ike” are to the business carried on by ikeGPS Group Limited and its subsidiaries,
- “ikeGPS Group” are to ikeGPS Group Limited, and
- “the ike Group” are to ikeGPS Group Limited and its subsidiaries.

Unless otherwise indicated, any references to dates and times are to dates and times in New Zealand and any references to dollars (\$) are to New Zealand dollars.

This Prospectus refers to various legislation in force in New Zealand as at the date of this Prospectus. You can view free of charge copies of any such legislation online at www.legislation.govt.nz.

ike is currently a loss-making business that is not anticipated to make a net profit in the Prospective Period as the business invests in growth. Although ike has been operating since April 2003, it is only recently that ike’s current business model has been developed and so investors should treat ike as an early-stage growth company. ike does not expect to pay dividends in the Prospective Period. An investment in ike may not suit all investors. You should read all the information in the Investment Statement and this Prospectus and talk to a financial adviser you trust before deciding to subscribe for Shares.



SECTION 1 INVESTMENT OVERVIEW

1.1 Letter from the Chairman

Dear Investor,

The Board is pleased to provide you with the opportunity to become a shareholder of ikeGPS Group Limited.



ike stands for “I Know Everything” and is reflective of the solutions that ike provides. We believe that the ability to remotely measure, photographically capture and locate remote assets in a matter of seconds on a single device can be valuable for businesses in a range of industries.

ike has technology combining desktop and mobile software with devices that use laser, camera, compass and GPS components. ike’s two ‘solutions’, GE MapSight and Spike, both enable a user to take a photograph, overlay measurements onto those photographs and create workflows and reports. Data collected with ike solutions can be exported to widely used third party software. We believe our solutions offer significant advantages over existing methods.

In 2012 ike entered into development contracts with In-Q-Tel, the US organisation tasked with accelerating innovation for the US intelligence community, following an international review by In-Q-Tel of existing remote measurement technologies. In December 2013, ike and General Electric entered into an agreement to sell ike’s solution for the electric utility market as the GE branded MapSight, which followed an extensive review by GE of ike’s manufacturing, product quality and customer service processes. GE and In-Q-Tel also invested in ike.

ike has a foothold in the US electric utility market with the GE MapSight solution targeting the requirements of electric utility distribution asset management. The potential efficiencies to be gained by market participants from the use of ike’s solutions are significant. ike believes that if all identified potential customers adopted the GE MapSight solution the potential value of this market in the US would be approximately US\$700 million per annum. ike has a small share of this market and believes it can grow its market share. ike already has some of the largest US electric utilities as customers.

Spike is our new solution which brings our technology to a smartphone or tablet. Although there is a broad range of potential applications and customers for Spike, ike is initially targeting participants in the AEC (architecture, engineering and construction) sector. More than 1,300 Spike units have been ordered to date, and ike expects to ship 650 Spike units to new customers in June 2014.

Our senior management team has industry experience in international technology businesses relevant to ike’s business plan. This team is supported by the Board and the Advisory Board with experience in international organisations that operate in ike’s target markets.

We will use the proceeds of the Offer to fund our growth plans, specifically the expansion of our sales force, to market GE MapSight and Spike internationally and to continue to develop solutions for specific industry requirements.

On behalf of the Board, I commend this investment opportunity to you, and look forward to welcoming you as a shareholder of ike.



Rick Christie
Chairman

1.2 Offer at a Glance / Key Dates

What is this?

This is an initial public offer of ordinary shares in ikeGPS Group Limited (ikeGPS Group) by ikeGPS Group. All Shares offered are the same and will rank equally in all respects including in relation to voting and dividends.

ike is currently a loss-making business that is not anticipated to make a net profit in the Prospective Period. ike does not currently forecast paying a dividend and so cannot give a date on which a dividend is expected to be paid.

ike expects to enter into a period of substantial growth during the Prospective Period and intends to invest the proceeds of the Offer (net of associated costs) in initiatives designed to grow the sales of its existing solutions, such as expanding its direct and indirect sales teams and developing new applications for specific industries. The Offer will not proceed unless ike realises gross proceeds of at least \$20 million to fund ike's growth plans. You can find out more about the proposed use of Offer proceeds by ike in *Section 4.6 Growth and Strategy*.

The Offer comprises the Broker Firm Offer and the Institutional Offer. There is no public pool for the Offer. You can find out more about the terms of the Offer in *Section 8.1 Details of the Offer*.

Who is ike?

ike is a New Zealand-based business carried on by ikeGPS Group and its subsidiaries that develops, markets and sells measurement solutions for different industries. ike's current solutions are called GE MapSight and Spike. You can find out more about ike in *Section 4 Business Overview*.

Capital structure of ike

When Shares are allotted under the Offer, following a capital restructure, ikeGPS Group will have ordinary shares (Shares) and options to subscribe for Shares. More detail on the options granted by ike and their effect on ikeGPS Group's shareholding structure can be found in *Section 8.1 Details of the Offer* and *Section 8.2 Statutory Information*.

Key dates

Broker Firm Offer opens	1 July 2014
Broker Firm Offer closes (5:00pm)	21 July 2014
Allotment Date and expected commencement of quotation and trading of Shares on the NZX Main Board (12:00pm)	23 July 2014
Expected despatch of holding statements and any refund payments if required (no later than five Business Days after Allotment Date)	30 July 2014

ike does not currently forecast paying a dividend and so cannot give a date on which a dividend is expected to be paid.

These dates are indicative only and may be amended. If ikeGPS Group amends any of the above dates this will be announced through NZX. The Offer may also be withdrawn at any time before the allotment of Shares in the absolute discretion of ikeGPS Group.

Key Offer Statistics

Offer Price	\$1.10
Value / Number of Shares being offered by ikeGPS Group	\$25,000,000 / 22,727,272 Shares
Percentage of total Shares being offered under the Offer	45.4%
Total number of Shares on issue following the Offer ¹	50,082,362
Indicative market capitalisation ²	\$55,090,599
Total gross proceeds to ikeGPS Group ³	\$25,000,000

Key Investment Metrics	FY12A	FY13A	FY14A	FY15F	FY16F
Revenue and other income (\$'000s)	2,409	2,729	1,884	6,460	14,325
Revenue growth % ⁴	16	13	(31)	243	122
Gross margin % ⁵	45	68	56	60	65
Net profit/(loss) before tax (\$'000s)	(1,602)	(1,003)	(2,285)	(5,330)	(5,846)
ike 300/1000 units ⁶ shipped	162	173	112	-	-
GE MapSight units ⁷ shipped	-	-	44	289	626
Spike units shipped	-	-	-	2,533	2,712

ike's historical focus has been on developing its solutions, culminating in GE MapSight and Spike. Development partners included the US Army Corps of Engineers, In-Q-Tel (the company that accelerates innovation for US intelligence agencies) and electric utilities software providers.

ike's focus is now on sales of GE MapSight and Spike.

You can find out more about ike in *Section 4 Business Overview*. You can find out more about ike's financial and operational performance in *Section 7 Financial Information*. Wherever prospective financial information appears in this Prospectus you should read that financial information together with the assumptions set out in *Section 7.4 Prospective Financial Information*. You can find out information on the risk factors associated with ike in *Section 6 What are my Risks?*.

¹ Excludes all options granted by ikeGPS Group. There are 672,500 vested options with an exercise price of \$0.65 and 7,500 vested options with an exercise price of \$0.80. There are 137,500 unvested options with an exercise price of \$0.65, 17,500 unvested options with an exercise price of \$0.80 and 1,890,000 unvested options with an exercise price of the Offer Price. Each option, if exercised, gives the holder the right to subscribe for one Share. Further detail on the options granted by ikeGPS Group can be found under the heading "Share Option Plan" in *Section 5 Directors, Management and Governance*. Shares on issue immediately prior to allotment under the Offer will be subject to transfer restrictions. See *Section 8.1 Details of the Offer* under the heading "Transfer restrictions applicable to Shares" for more information.

² The indicative market value of the equity of ikeGPS Group based on the Offer Price.

³ Total proceeds ikeGPS Group expects to receive from the issue of Shares under the Offer excluding costs of any nature. Estimated costs associated with the Offer are set out in *Section 8.2 Statutory Information*.

⁴ This is year-on-year revenue growth shown as a percentage change against the previous year.

⁵ The ike Group's gross margin for a period is the difference between the ike Group's revenue and its cost of goods sold for the period.

⁶ The ike 300/1000 has been superseded by GE MapSight which has extended software capabilities and is sold for a materially higher price.

⁷ See footnote 6 above.

SECTION 2 INVESTMENT HIGHLIGHTS

This section provides an overview of the key strengths of ike. Your decision whether to invest should be based upon this Prospectus as a whole. In particular, you should consider the risks detailed in *Section 6 What are my Risks?* and information on ike's historical and prospective financial performance in *Section 7 Financial Information*. **ike is currently a loss-making business that is not anticipated to make a net profit in the Prospective Period. There is no guarantee that ike will meet its forecast revenue and volume growth targets during the Prospective Period or that similar revenue and volume growth will be experienced after the Prospective Period.**

1. ike's innovative software and hardware solutions provide a demonstrable benefit over incumbent work practices

- ike has integrated measurement software and cameras, lasers, computing, GPS, and 3D-compass components into one solution to enable users to capture real-time measurements, geolocate remote objects and make subsequent measurements and models from the photographs.
- ike's solutions improve the efficiency, accuracy, speed, safety, achievability and consistency of field data collection over traditional methods.
- ike's solutions offer a demonstrable return on investment for its customers (see *case study below*).
- ike seeks to maintain its competitive position by protecting key intellectual property and by monitoring international activity in fields related to its solutions.

Case Study: Henkels & McCoy - A customer success story using GE MapSight to measure joint-use pole attachments

Henkels & McCoy (H&M) is one of the largest privately held engineering, project management, construction, and training firms in the US. H&M provides critical infrastructure services for the electric power, renewable energy, communications, natural gas, pipeline and water industries.

H&M Case Study Snapshot

- a 3,000 pole project was completed 16 weeks faster than using traditional equipment
- using GE MapSight meant less equipment for H&M teams to carry around in the field
- digital data collection and measurement meant verification of results and no transcription errors
- H&M considered that GE MapSight delivered a return on investment before completion of the first project, and
- GE MapSight assessed by H&M as having improved joint attachment field productivity by 125%



2. Significant international market opportunity with an initial focus on the electric utilities, AEC⁸ and defence and intelligence sectors

- ike believes that if all identified potential electric utilities customers adopted the GE MapSight solution the potential value of this market in the United States alone would be approximately US\$700 million per annum. ike already has a small share of this market and believes it can grow its market share. ike already has some of the largest US electric utilities as customers.
- Sales of Spike and preliminary customer feedback indicate that the AEC sector (which has a large number of users of measurement systems) will form a large target market for Spike.
- ike initially developed its solutions with the US Army Corps of Engineers (USACE) and has In-Q-Tel as a development partner and shareholder. ike continues to target the defence and intelligence sector.
- ike has identified several other sectors (including the oil and gas, mining, vegetation management, environmental management, disaster management and local government sectors) where it has a small foothold and further penetration presents a significant growth opportunity.

3. ike's solutions and business processes have been validated by some of the world's leading organisations

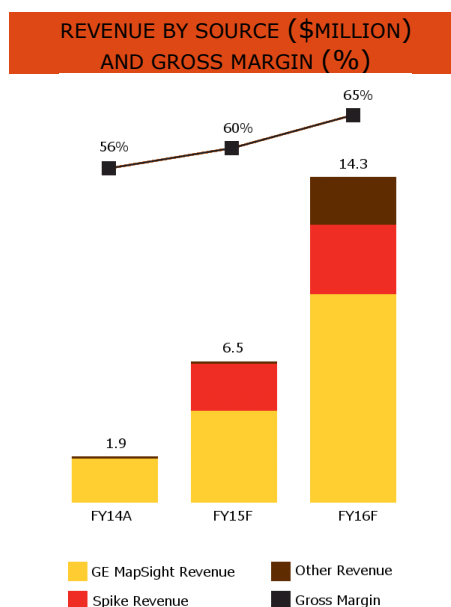
- ike's initial platform was developed in cooperation with the USACE.
- In 2012 ike contracted with In-Q-Tel following an international technology review by In-Q-Tel. In-Q-Tel is also a shareholder in ike.
- In December 2013, General Electric, one of the largest suppliers of products, technology and software solutions to the utilities sector worldwide, entered into an agreement with ike to sell ike's existing electric utilities solution as GE MapSight. This followed a comprehensive review of ike's products, business and systems by GE and paves the way for ike to distribute its products through the General Electric sales channel. General Electric is also a shareholder in ike.
- ike expects to develop and release versions of Spike under contract with one or more original equipment manufacturers (OEMs), including with one of the largest distributors of products to the international construction market. Under an OEM proposal currently being considered, ike is forecasting large scale OEM order volumes to the construction market beginning not later than FY16F.

In-Q-Tel – Partnership and investment from an international technology validator

- In-Q-Tel was created to bridge the gap between the technology needs of the US intelligence community and emerging commercial innovation.
- In-Q-Tel's subject matter experts vet each technology against mission needs, compare alternative approaches, and rigorously validate technical claims.
- In-Q-Tel's strategic investments team examined ike's commercial potential, business plan and management team to gauge the potential for long-term success in the market.
- In-Q-Tel became a shareholder and contracted customer of ike following an international technology review.
- ike believes that it is the first Australasian business to be backed by In-Q-Tel, an early backer of other notable companies such as Keyhole (that became Google Earth) and SketchUp (that became Google SketchUp).

⁸ Architecture, engineering and construction.

4. Potential to be a high growth, scalable business with strong margins



- Growth is underpinned by a strong sales pipeline and forward order book for GE MapSight and Spike.
 - The solution now known as GE MapSight was rebranded in January 2014. Since this rebranding ike has sold solutions to more than 45 new electric utilities customers and built a strong order pipeline.
 - More than 1,300 Spike units have been ordered to date and over 650 Spike units are projected to be shipped to new customers in June 2014.
- ike's target markets are large, its current penetration is low and the business is highly scalable due to a business model that features high gross margins and low marginal cost of sales. Gross margins are forecast to increase from 56% in FY14A to 60% in FY15F and 65% in FY16F, with the potential for subsequent increases if economies of scale are realised.
- ike plans to invest substantially in sales, marketing and development of industry solutions over the next two years to significantly grow the business.

5. ike's solutions provide software and hardware revenue streams with growth forecast in recurring revenue

PROPORTION OF RECURRING REVENUE AS A PERCENTAGE OF OVERALL REVENUE	
FY14A	0%
FY15F	2%
FY16F	11%

- In the last 18 months, ike has moved from offering a basic hardware-only product for a one-off payment to offering integrated solutions to meet specific business needs.
- Subscription sales are forecast to form an increasing proportion of total revenue as new customers are anticipated to increasingly purchase Spike, add-on software packages and end-to-end software packages on this basis.
- ike anticipates that 75% of subscription customers will renew after their first year of subscription during the prospective period.

6. Experienced management team and Board with international experience

- The senior management team, led by CEO Glenn Milnes, has industry experience in international technology businesses.
- Led by Chairman Rick Christie, ike has an experienced Board with a mix of sector expertise and New Zealand listed-company experience.
- ike's Advisory Board is available as a resource for the management team and Board and has experience in international organisations that operate in ike's target markets.

SECTION 3 MARKET OPPORTUNITY

Market trends

ike's solutions intersect two market trends – Geographical Information Systems (GIS) and Enterprise Mobility. Each of these is having a profound impact on the way in which many businesses manage their assets and make business decisions.

Geographical Information Systems

GIS systems involve the capture, integration, storage, editing, analysis, sharing, and display of geospatial information (geographical locations, 3D measurements, distances etc.) for the purpose of assisting business decision making.

Over recent years, developments in GIS technology have led to an escalation in the use of GIS data and projects in a wide variety of industries as organisations become increasingly aware of the benefits of GIS information in making decisions. Research has indicated that the annual value of the worldwide GIS market will reach an estimated US\$10.6 billion by 2015.⁹

Enterprise Mobility

There is a trend towards increased mobility in the workforce, and in particular the growth of smart phone and mobile computing for enterprise. Organisations are pursuing greater efficiency and processing abilities at the field workforce level with the ability to provide onsite analysis and services being seen as a key competitive advantage.

Targeted industry applications

Within the larger market for GIS and Enterprise Mobility solutions, ike is currently focused on measurement solutions for:

- the electric utility industry, primarily in the US,
- the AEC (architecture, engineering and construction) sector, and
- the defence and intelligence sector, primarily in the US.

Measurement solutions for the electric utility industry, primarily in the US

In the US there are approximately 3,250¹⁰ electric utilities together with at least 1,000¹¹ engineering firms who contract to these utilities to undertake the required asset measurement and recording programs across their distribution networks.

Utility providers need to regularly measure, model and audit their utility distribution assets (including power poles) due to specific revenue, safety, operational, network integrity and regulatory factors.

Electricity distribution in the US relies on 191 million¹² utility distribution poles (power poles) that are used to deliver electricity across the US, in addition to other utility services such as telecommunications and cable television. In addition to the US electric utility market, there is a potentially large but currently unquantified opportunity to pursue a similar sales strategy with the GE MapSight solution in other countries. It has been estimated that there are 1.05 billion¹³ additional distribution poles in countries outside the US, some of which may develop into market opportunities for ike.

Today the field workers at electric utilities and contracting engineering firms typically use a combination of measuring sticks, measuring tapes, GPS devices, laser rangefinders, and

⁹ Global Industry Analysts, Inc. "A Global Industry Outlook" (January, 2012).

¹⁰ American Public Power Association "2012-2013 Public Power Annual Directory & Statistical Report" (2012).

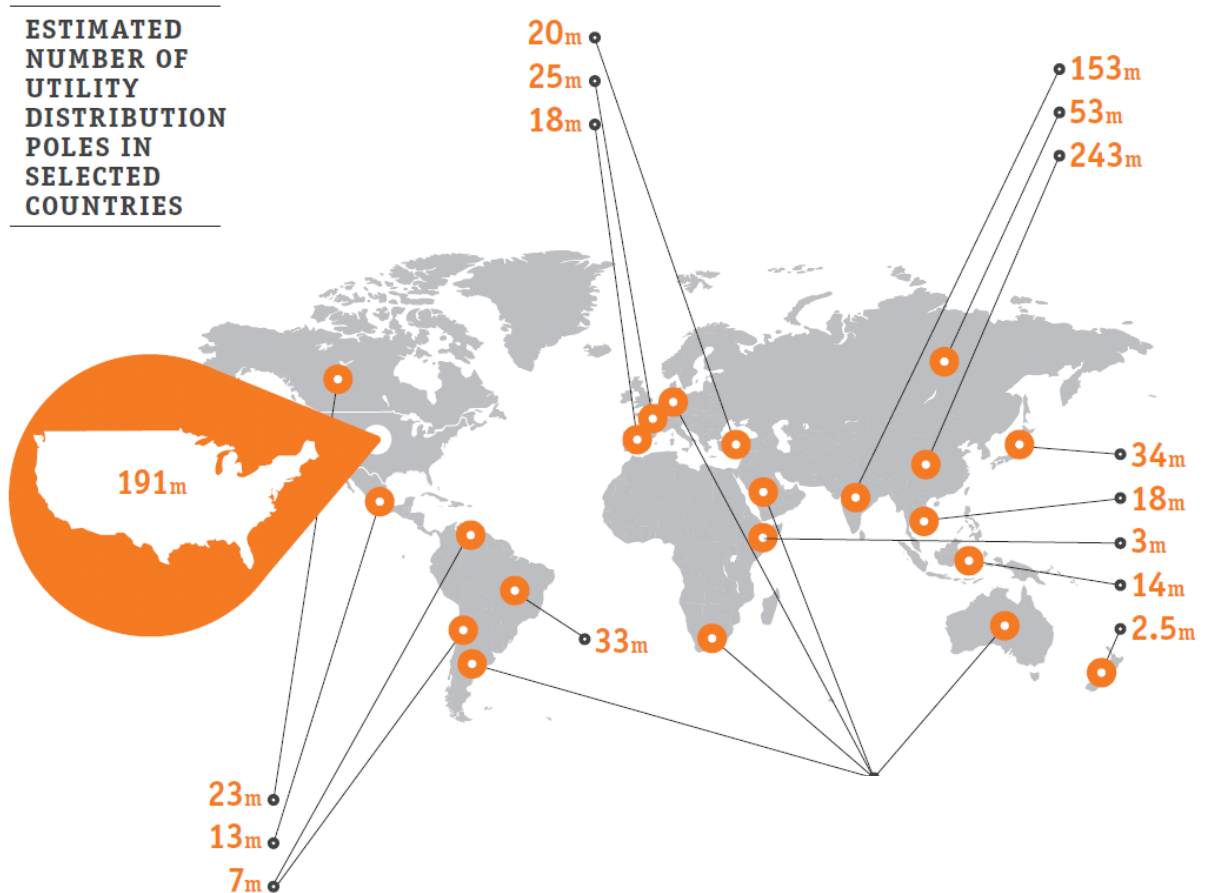
¹¹ ike management estimate.

¹² StatPlan "The Global Market for Towers and Poles in the Electricity, Telecoms and Rail Sectors 2012-2017" (Edition one, October 2012).

¹³ See footnote 12.

digital cameras to physically measure, model and audit utility distribution assets. Data from this collection process is often then entered into databases manually. ike’s GE branded solution, GE MapSight, specifically targets this market by providing a solution to enable field workers to measure, model and audit these utility distribution assets in a materially more efficient, effective, safe and verifiable manner. More detail on GE MapSight solution is set out in *Section 4 Business Overview*.

Based on the approximate number of electric utilities (and the associated supporting contract engineering firms) in the US, together with ike’s assessment as to the number of GE MapSight solutions each customer would require to monitor and audit their respective networks (at current ike pricing), ike believes that if all identified potential customers adopted the GE MapSight solution the potential value of this market in the US would be approximately US\$700 million per annum. While many of these potential customers may never be interested in a solution such as GE MapSight, ike believes that it can grow its market share. ike already has some of the largest US electric utilities as customers.



StatPlan "The Global Market for Towers and Poles in the Electricity, Telecoms and Rail Sectors 2012-2017" Edition one, October 2012.

Measurement solutions for the AEC (architecture, engineering and construction) sector

Spike is ike’s new smartphone and tablet-based measuring solution which provides what ike believes is a valuable new tool which allows users to measure and model remote objects.

As more applications and uses are developed for smartphones and tablets in a business context and as businesses seek to increase Enterprise Mobility, ike believes there is the potential for strong demand for Spike in markets which are adopters of Enterprise Mobility technologies.

Based on ike's own market assessment and pre-sales of Spike, ike considers the AEC sector to be a key potential market for Spike. The range of potential users and applications of Spike in this market includes:

- architects - to import real world measurements into design and computer aided design (CAD) processing systems to produce two and three dimensional models and analysis of physical assets,
- engineers - to capture measurements of structures and their surroundings,
- construction industry participants - to quickly capture and integrate verifiable measurements for building information modelling, and
- painters and tradespeople - to quickly and accurately measure surface areas and distances.

CAD software is utilised widely across the AEC sector and allows users to create two and three dimensional designs, drawings and models of objects. There are estimated to be over 42 million users of the two leading CAD software solutions (SketchUp¹⁴ and Autodesk¹⁵), of which AEC users are a substantial component. Spike provides a powerful method to capture measurements of structures and objects and import these measurements into CAD software solutions as a basis for further modelling and design.

Measurement solutions for the defence and intelligence sector, primarily in the US

Geospatial technologies are extensively used in the defence and intelligence sector. ike has a history of developing technology under contract to the US Government and related parties for the purposes of building systems for collecting field data and geographical intelligence.

Today, US Government agencies use ike's products for the purposes of asset management and reconnaissance.

ike or its sales partners have engaged with other defence and intelligence organisations, including in New Zealand, Canada, India and Australia, which has resulted in some initial sales.

Other applications

ike's solutions have potential applications across other industries and sectors characterised by geographically dispersed external assets that need to be located and measured in an efficient, effective, safe and verifiable manner. These markets represent long term opportunities and ike's solutions have already been adopted by large business customers in industries including oil and gas, mining, vegetation management, environmental management, public safety, disaster management and local government.

¹⁴ Imagination Technologies "Imagination Delivers One-Click Virtual Photos Inside of SketchUp" (20 May 2014) <<http://online.wsj.com/article/PR-CO-20140520-908322.html>>.

¹⁵ Autodesk "Corporate Info" (retrieved 23 June 2014) <<http://usa.autodesk.com/adsk/servlet/pc/index?siteID=123112&id=14224433>>.

SECTION 4 BUSINESS OVERVIEW

4.1 Introduction to ike



ike began in April 2003 as an idea of a New Zealand engineer surveying radio sites in Kenya and has grown into a business delivering solutions to international customers.

ike's two solutions, GE MapSight and Spike, enable a user to take a photograph and capture measurements of objects in real time or subsequently make measurements or models from those photographs.

ike's software allows the overlaying of measurements onto any ike photo, the creation of workflows for field teams and reports, and the ability to export ike data to leading industry software.

ike seeks to make data and measurements collected accurate, verifiable, geospatially-located and easily integrated into systems that users are familiar with so that data can assist day-to-day business decision making.

Data capture, measurement and integration of this type is complex and uncertain:

- objects can be difficult or dangerous to access,
- manually recorded measurements are difficult to verify, and
- collecting measurement data is often costly and time consuming.

"ike delivers the ability to assess an asset from a safe distance and verify it with an image, this is important to EI2RC because we rely on accurate field information."*

- Dr Lynn Hardegree, US Army Corps of Engineers.

* The Engineering Infrastructure and Intelligence Reachback Center of the U.S. Army Corps of Engineers.

Industry recognition of the quality and innovation of ike's solutions include:

- Winner - New Zealand HiTech Awards 2013, Most Innovative Hardware Product



- Finalist - New Zealand HiTech Awards 2014 Most Innovative Mobile Product (Spike)
- Finalist - New Zealand HiTech Awards 2014 Most Innovative Hardware Product (GE MapSight)



- Winner - 2013 Red Herring Asia Top 100

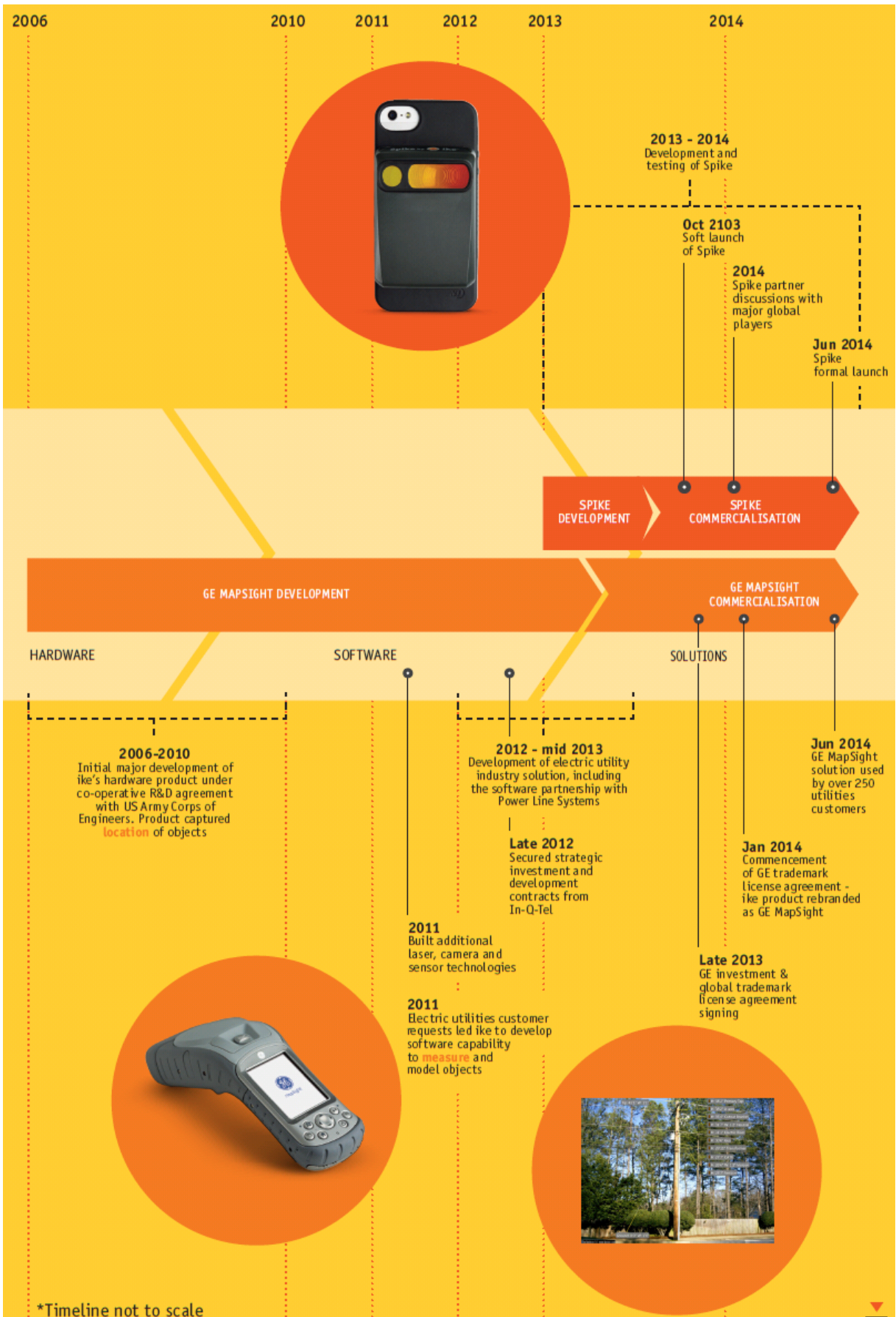
Innovation based funding success:**CallaghanInnovation**

- 2014 recipient of R&D funding from Callaghan Innovation for three years beginning 2014
- One of 31 high tech New Zealand businesses receiving growth grants of more than \$140 million over three years (these grants will not be allocated equally)
- Callaghan Innovation is a Crown entity that accelerates the best innovation by firms in New Zealand



- International Growth Funding from NZ Trade & Enterprise for 2014

4.2 ike Overview



ike's first major development began in 2006 with the US Army Corps of Engineers (USACE). USACE partnered with ike because it considered the first iteration of the ike device to be the only mobile hardware platform with the ability to capture the **location** of a distant object. This hardware continued to be developed between 2006 and 2010 in collaboration with defence engineering customers.

From 2011 customer requests from the electric utility market led ike to develop software capability to enable users to not only locate an object, but **measure** the dimensions of the object and distances between objects.

In 2012, ike's measurement capability was the catalyst for securing strategic investment and development contracts from In-Q-Tel, the US organisation tasked with accelerating innovation for the US intelligence community.

Over 2012 and 2013, ike began to develop an industry solution specifically focused on the electric utility market, securing electric utility and engineering customers.

During 2013, ike and General Electric initiated discussions on the potential for a General Electric branded ike solution. In late 2013, after meeting General Electric's manufacturing, product quality, customer service and addressable market requirements, ike and General Electric entered into a global trademark license agreement under which the ike solution is branded and sold as GE MapSight. The GE MapSight solution integrates into GE's software product suite - GE Smallworld Electric Office. General Electric also became a shareholder in ike.

Over the past two years ike has also been in the development phase of Spike, its smartphone and tablet solution. Spike has recently entered the commercialisation phase with first orders shipping from June 2014.

ike is a New Zealand business. Its head office, product design, research & development and assembly operations are in Wellington, New Zealand.

ike has had a US sales presence for several years and in 2014 opened a sales and marketing office in Colorado, USA to build out a team to continue to address the North American market.

As at March 2014 ike had 21 employees, 16 in New Zealand and 5 in the United States. ike also uses contractors throughout New Zealand and the US.

4.3 ike's Products

ike produces two solutions: GE MapSight and Spike. These solutions enable a user to take a photograph and measure distances and locations of objects. They bundle a combination of desktop software, device software, hardware devices and accessories. Data from ike's solutions can integrate with third party software, enabling additional advanced modelling, mapping and measurement capability.

GE MapSight

GE MapSight is a solution targeted primarily at the electric utility market. It is also used by energy companies, telecommunications companies, military engineering and intelligence groups and engineering firms.

In its most developed form, the GE MapSight solution can remotely measure electric utility poles, the heights of various points and attached items, span heights of wires and vegetation clearances. It also captures the GPS position of the utility pole and provides this data to modelling, mapping and design software for further analysis.



Sample measurements captured by the GE MapSight solution.



Today electric utilities typically use a combination of measuring sticks (called the Hastings Stick), measuring tapes, GPS devices, laser rangefinders and digital cameras to physically measure, model and assess distribution assets. Data from this collection process is often then entered into databases manually.

There are specific revenue, operational and network integrity, joint-use, efficiency and cost, safety and regulatory factors that drive the requirement for regular measurement of utility distribution poles. Examples include:

- assessing residual capacity for other businesses to utilise poles (e.g. Cable TV providers),
- reviewing and maintaining assets to reduce costs of failure (network integrity),
- attaching items which are required to prove compliance with design drawings,

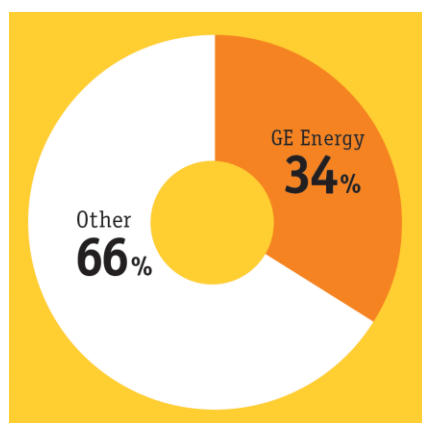
- maintaining a digital, verifiable record of distribution assets,
- managing health and safety risks for employees and third parties, and
- ensuring compliance with regulatory requirements and managing the risk of incurring fines for badly maintained pole networks (for example, in the US, breach of regulatory requirements can lead to fines of up to US\$1 million per day per violation¹⁶).

The General Electric relationship

GE Energy and GE Digital Energy, divisions of General Electric (GE) are amongst the largest suppliers of products, technology and software systems into the utility market globally. GE has been assessed as one of the most valuable industrial brands in the world.¹⁷

GE Smallworld Electric Office is the back-end GIS software system for utilities used by approximately 34%¹⁸ of the global telecommunications and utility market.

*Worldwide GIS/Geospatial
Combined Telco and Utility Market
for GIS Software¹⁹*



The solution now known as GE MapSight was rebranded in January 2014 under a global trademark license agreement with GE. The agreement provides access to GE's global sales organisation and existing customer base (which includes many of the world's largest electric utilities). GE MapSight and its outputs integrate with GE Smallworld Electric Office. The agreement requires ike to meet GE's manufacturing, product quality, customer service and addressable market requirements. Under the terms of the agreement ike pays a trademark licensing fee for use of the GE trademark, and will separately pay a reseller fee for any sales through GE channels.

GE also operates in countries outside the US and ike believes that its relationship with GE provides a platform for sales of GE MapSight in other locations.

ike believes there is a particular opportunity in Europe and specific Asian countries where GE Smallworld Electric Office has significant market share in the electric utility and telecommunications markets.

¹⁶ Energy Policy Act of 2005 (US).

¹⁷ Forbes "The World's Most Valuable Brands" (November 2013) <www.forbes.com/powerful-brands/list/>.

¹⁸ DARATECH, Inc. "GIS Markets & Opportunities" (2011/2012).

¹⁹ See footnote 18.

Different GE MapSight solutions

GE MapSight is sold as two different solutions (GE MapSight 3 and GE MapSight 5). These solutions combine a hardware device, desktop software, and device software data capture modes to measure location, dimensions, and distances between objects. GE MapSight 5 is the solution designed for the electric utility sector, with additional functionality and software integration compared to GE MapSight 3.

	GE MapSight 3	GE MapSight 5
Description	<ul style="list-style-type: none"> • Entry level solution with application across a range of industries • MapSight device with standard measuring tools, desktop software and back end software integration 	<ul style="list-style-type: none"> • Solution designed for electric utilities • GE MapSight 3 with additional functionality to capture calibrated photos for further measurement and modelling of pole attachments and related items • Additional software integration into Power Line Systems utility network mapping software
Target industry applications	<ul style="list-style-type: none"> • Defence and intelligence • Vegetation management • Oil and gas • Local government • Environmental 	<ul style="list-style-type: none"> • Electric utilities • Vegetation management • Telecommunications

Integration with third party software

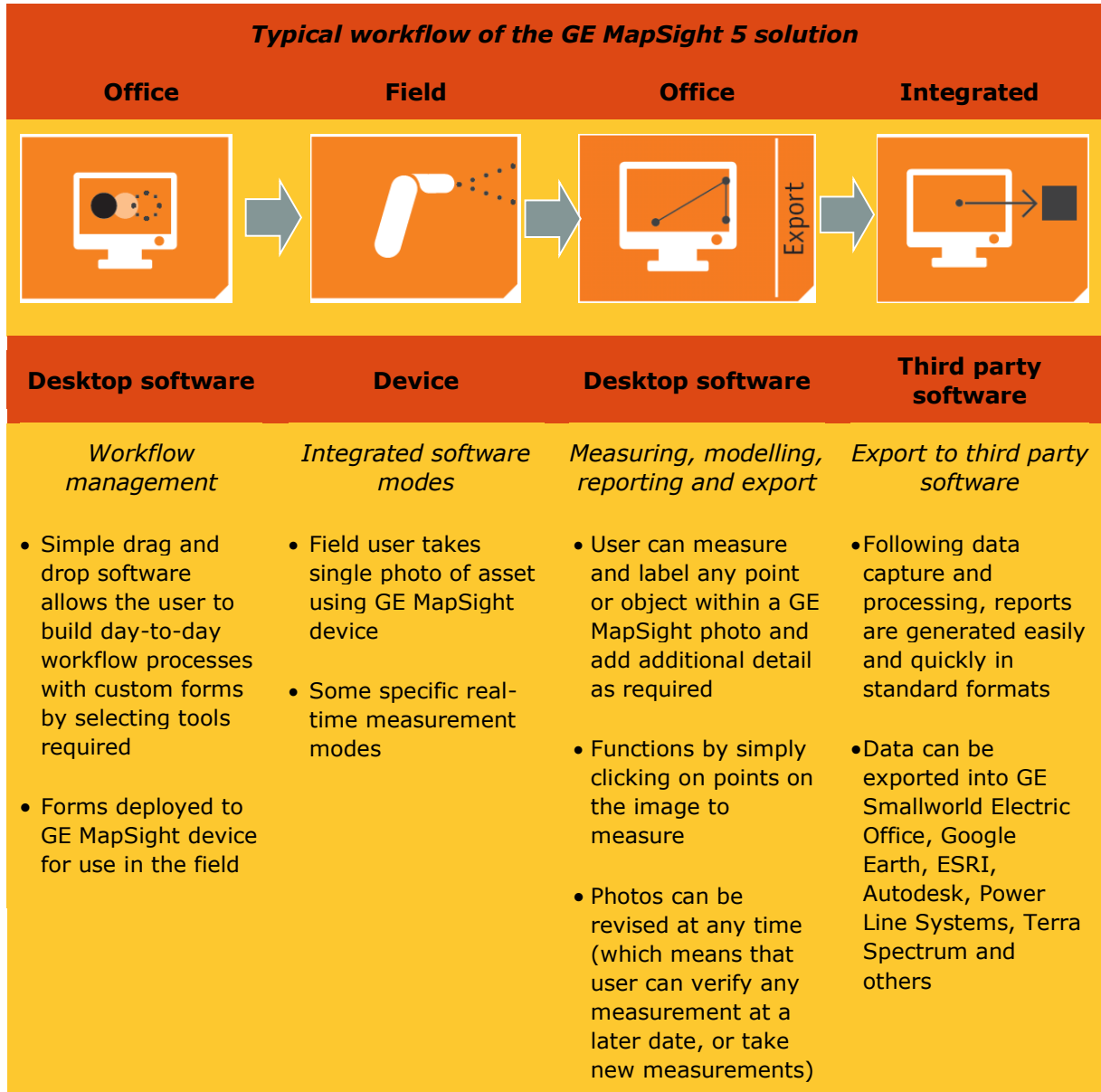
Integration into third party software is a key selling feature of GE MapSight. GE MapSight currently integrates with a range of software including:

- GE Smallworld Electric Office, the leading GIS software system for utilities,
- Power Line Systems network design software (used by more than 1,200²⁰ of the world's utilities),
- Google Earth,
- ESRI,
- Autodesk, and
- Terra Spectrum (vegetation management workflow software).

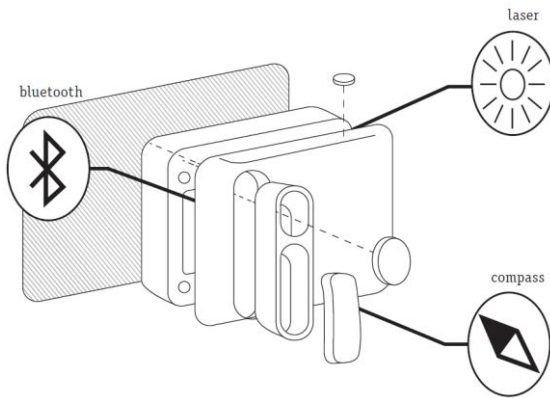
²⁰ Power Line Systems, Inc. "PLS-CADD Users List" (June 2014) <http://www.powline.com/products/pls_user.html#USERLIST>, and "PLS-POLE Users List" (June 2014) <http://www.powline.com/products/pol_user.html#USERLIST>.

GE MapSight workflow

GE MapSight desktop software provides the user interface to build custom work flows for field teams. Once field data has been collected, further measurements can be performed on captured photos, reports generated and data exported to various third party software systems.



Spike



Spike brings ike's measurement capability to Apple (iOS) and Android smartphones and tablets (together approximately 94%²¹ of global smartphone and tablet shipments in 2013). Spike attaches to the back of a smartphone or tablet and contains laser, compass, software, and Bluetooth technologies that integrate with the smartphone or tablet's camera and GPS.

Spike offers a wide array of applications at a much lower price than GE MapSight. It utilises the considerable processing power of today's smartphones and tablets to give extensive on-device measurement capability. Spike potentially replaces expensive, specialised measurement instruments and utilises a familiar, easy to use interface.

Spike allows users to measure, locate, model (and share) an object up to 200 metres away, simply by taking a photo with their Spike-enabled smartphone or tablet.



"Kiwi tech beams onto Kickstarter to hook the measurers, modellers and developers"

– IDEALOG –
<http://www.idealogue.co.nz/blog/2013/09/kiwi-tech-beams-kickstarter-hook-measurers-modellers-and-developers>



"Augmented Reality: Spike by ike"

– WIRED –
<http://www.wired.com/2013/09/augmented-reality-spike-by-ike/>



"CIA venture arm backs Spike, which lets you make precise models of anything"

– VENTURE BEAT –
<http://venturebeat.com/2013/09/29/cia-venture-arm-backs-spike-which-lets-you-make-precise-models-of-anything/>



"Spike Kickstarter Project Puts Accurate Laser Measurement Hardware Right On Your Smartphone"

– TECH CRUNCH –
<http://techcrunch.com/2013/09/30/spike-kickstarter-project-puts-accurate-laser-measurement-hardware-right-on-your-smartphone/>

²¹ Strategy Analytics "Android Captures 79 Percent Share of Global Smartphone Shipments in 2013" (January 29 2014) <<http://blogs.strategyanalytics.com/WSS/post/2014/01/29/Android-Captured-79-Share-of-Global-Smartphone-Shipments-in-2013.aspx>>.

Our customers have told us that Spike has a number of potential applications:

Potential Customer	Screenshot	Potential Application
Architect		Rapid plan creation & 3D modelling
Insurance assessor		Damage assessment and modelling
Builder		Rapid and efficient measurement and area planning
Real estate valuer		Rapid building measurement & 3D modelling
Public authority assessor		Check if objects are within legal code regulations
Local government agency		Log asset repair
Public works contractor		Assess repair dimensions
Painter		Calculate paintable surface area
Rofer		Measure roof size

Spike product offering

Unlike GE MapSight, Spike’s software is driven by the Spike application contained on the smartphone or tablet. Within the application the user can select measurement and modelling criteria. Advanced software modes allow the application to produce additional data outputs including geo-tagged, calibrated photos and 3D models. As with GE MapSight, Spike outputs will be able to be exported into various back-end software packages. Spike uses the communications capability of a smartphone or tablet to send outputs directly from the device.

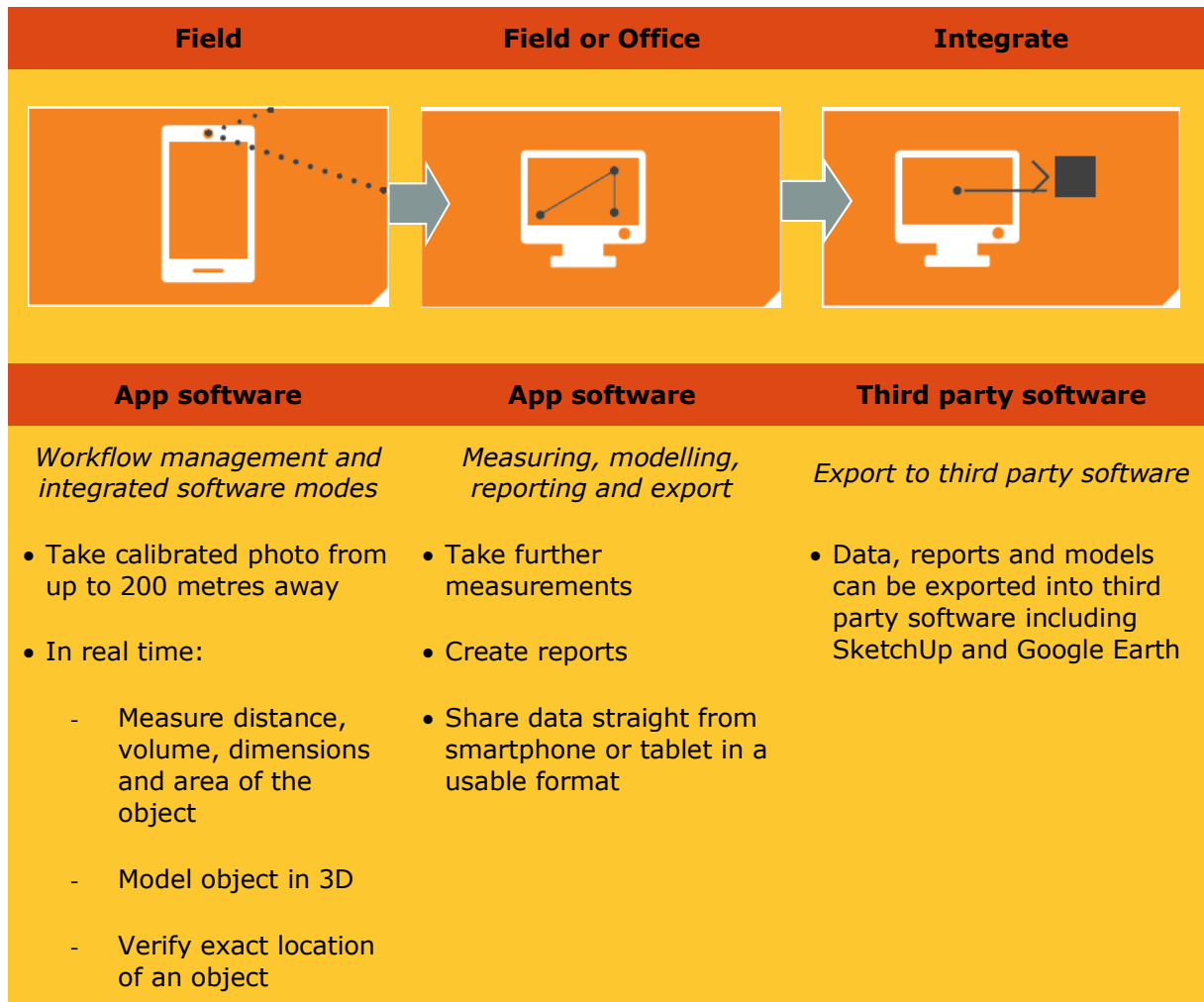
An application programming interface (API) is being developed which is intended to enable third party developers to create applications that utilise the capabilities of Spike and integrate them with their existing software.

ike is developing business specific software add-on packages targeting, for example, applications within the AEC sector, and including additional software integration. The first packages are expected to be released from January 2015.

	Base package	Advanced packages
Description	<ul style="list-style-type: none"> • Smartphone/tablet package with functionality for location measurement and modelling • Back end software integration 	<ul style="list-style-type: none"> • Advanced capability including measurement of complex heights, dimensions and area, and 3D measurement and modelling functionality • Targeted industry specific software add-on packages under development (expected January 2015 release) • Access to API • Additional software integration
Target industry applications	<ul style="list-style-type: none"> • Architecture, engineering and construction (AEC) • DIY • Recreational • Multi industry 	

Spike workflow

Set out below is what ike expects will be the typical workflow of the Spike solution:



More than 1,300 Spike units have been ordered to date and over 650 Spike units are projected to be shipped to new customers in June 2014.

Spike Kickstarter

- Spike was announced via a Kickstarter pre-marketing programme in October 2013.
- The Kickstarter programme was met with strong support receiving pledges (sales) of more than US\$200,000, more than double ike's target.
- The campaign was ranked in the top 1% of successful Kickstarter projects.
- The publicity generated by the Kickstarter campaign assisted ike in initiating discussions with a range of potential customers and channel partners.

4.4 ike's Business Model



GE MapSight



Spike

<p>Customers</p>	<ul style="list-style-type: none"> • Primarily US electric utilities and associated engineering companies. Sales over the past two years include orders from over 250 utility customers. Since the January 2014 launch of the GE MapSight solution, ike received orders from over 45 new customers • Longstanding customer relationships with military engineering and intelligence customers, including In-Q-Tel, Carahsoft and USACE. USACE has over 500 units deployed • Current sales focus is the US electric utilities market • Largest electric utilities customer currently employs 75 units • Access to potential customers in Asia and Europe is expected to be enhanced via ike's GE trademark license and GE's existing customer base • Potential customers in telecommunications and oil and gas industries 	<ul style="list-style-type: none"> • A wide range of potential applications • Initial orders from customers in the AEC sector • Potential customers include: <ul style="list-style-type: none"> - Construction companies - Architecture firms - Engineering firms - Insurance assessors - Commercial and residential real estate valuers - Works contractors and tradesmen - Defence and intelligence agencies
<p>Channels</p>	<ul style="list-style-type: none"> • Direct sales team • International reseller network 	<ul style="list-style-type: none"> • Online • Direct sales team • International reseller network • Potential OEM (original equipment manufacturer)
<p>Product Offering</p>	<ul style="list-style-type: none"> • Upfront purchase of bundled software and hardware solution • Recurring revenue from maintenance and extended warranty and replacement programs • Accessory sales 	<ul style="list-style-type: none"> • Two customer offerings: <ul style="list-style-type: none"> - Subscription – small upfront cost with ongoing monthly subscription (similar to a mobile phone contract) - Upfront purchase of bundled software and hardware solution • Software sales provide further potential recurring revenue: <ul style="list-style-type: none"> - Initial purchase price includes software with some functionality - Business specific software packages (similar to the GE MapSight 5 solution) intended to be developed and sold for additional monthly charges • Recurring revenue anticipated from maintenance and extended warranty and replacement programs • Accessory sales
<p>Design, Development and Manufacture</p>	<ul style="list-style-type: none"> • Design and development of both hardware and software completed in Wellington • Components sourced from multiple providers under contract • Assembly, production and quality control at ike's facilities in Wellington • All products are shipped globally (in the case of GE MapSight, with GE branding) from Wellington 	

4.5 Competitive Environment

Alternatives to ike's solutions range from traditional physical measurement devices to higher technology solutions:

- an extendable fibreglass measuring stick, called a Hastings Stick, raised to touch and measure each point of interest on a pole,
- tape measures,
- standalone laser range finders (such as red dot lasers),
- 3D scanners,
- light detection and ranging (LiDAR) equipment which measures distance by illuminating a target with a laser and analysing the reflected light, and
- mobile measurement tools that use multiple cameras or viewpoints to measure items within a close range.

Utility services firms may use a combination of traditional methods to collect data about field assets and deliver this information to utility companies but, in ike's view, these methods have limitations when compared to ike solutions. Further, a number of the more technological solutions such as 3D scanners and LiDAR are typically expensive, specialised instruments that are larger than ike's handheld mobile solutions.

ike believes that its solutions are difficult for competitors to quickly replicate because:

- 1 ike has spent significant time understanding and developing methods for integrating laser, camera, compass and GPS technologies and then building software to enable its solutions to accurately measure, model and locate remote objects.
- 2 ike has worked closely with customers and development partners to develop solutions tailored for specific industries, including the ability to integrate with third party software that is widely used within these industries. For example, GE MapSight 5 is purpose-built for the electric utility industry and integrates with Power Line Systems utility network mapping software and GE Smallworld Electric Office - providing a model for other industry solutions.
- 3 ike has sought to protect intellectual property in its solutions via:
 - a limited number of patents,
 - maintaining the confidentiality of know how and trade secrets, and
 - a programme of monitoring and reviewing international patent filings in fields related to ike's solutions.

See *Section 6 What are my Risks?* for risks associated with ike's intellectual property.

4.6 Growth and Strategy

Sales strategy

ike's GE MapSight sales strategy is:

- to increase sales into the US electric utility market by expanding its direct and indirect sales teams and providing dedicated account management services to large customers, and
- in the medium term, to expand into other electric utilities markets, targeting Asia and Europe and pursuing expansion opportunities into other industries, including telecommunications and oil and gas.

ike's Spike sales strategy is to:

- target customers in specific industries characterised by large numbers of external, distributed assets such as in the AEC sector,
- market new Spike applications and software packages for specific industries once developed,
- establish new branding and distribution partnerships for Spike, for example with a mobile telecommunications business or an industry software provider, and
- pursue opportunities to develop Spike variants with OEM providers.

Research & development strategy

ike has an on-going focus on research and development (R&D). From 2006 to 2012 ike's focus was on the development of hardware with partners such as USACE and In-Q-Tel. Over the past two years ike's focus switched to software that delivers solutions to meet particular requirements of electric utilities customers. This resulted in the ike solution now marketed as GE MapSight.

In parallel, ike has also invested substantially in mobile software and mobile hardware projects in order to develop Spike.

ike's intended R&D focus over the Prospective Period is:

- extending GE MapSight's software capability and applications for electric utility customers and new industries including telecommunications and the oil and gas industries, and
- extending Spike's applications capability and, in particular, developing software packages for specific industries such as the AEC sector.

Use of Offer proceeds

ike intends to use the \$23.1 million of net offer proceeds (\$25 million before costs) to:

- recruit and retain sales and marketing staff to assist in the sale and marketing of ike's solutions directly and through partners,
- develop new products and extensions of existing products,
- meet the operational costs associated with ike's growth plans, and
- meet other costs or fund acquisitions of ancillary businesses that can be integrated with ike's existing business and provide a demonstrable benefit to ike's product offering or customer base.

Notwithstanding the plans of the Directors, the proceeds of the Offer may be applied towards any other purpose.

SECTION 5 DIRECTORS, MANAGEMENT AND GOVERNANCE

Directors

Our Board comprises executive and non-executive directors. The Board has determined that, for the purposes of the NZX Listing Rules, the independent directors will be Rick Christie, Bruce Harker and Peter Britnell, as they do not have any direct or indirect relationship that could reasonably influence, in a material way, their decisions in relation to ike.

No 8 Ventures Management Limited has a right to appoint a Director. This right will be terminated upon allotment of Shares under the Offer. Further, ike and No 8 Ventures Management Limited have agreed to work together to seek to identify and appoint a suitably qualified Director who can contribute to ike's next phase of growth, and this appointment could occur prior to completion of the Offer.



Rick Christie, Chairman and Independent Director (*MSc (Hons) in chemistry*)

Rick has extensive experience as a company chairman and professional director with roles in both the private and public sectors. Currently the Chairman of Ebos Group, NeSI, the recently formed NZ supercomputer network, and the Science Media Centre, he is also a director of Southport Ltd, Solnet Solutions Ltd, and the NZ Pork Industry Board. Until recently he was Chairman of AgResearch, Chairman of the Growth and Innovation Advisory Board, Deputy Chairman of the Foundation for Research Science & Technology and Chairman of the Victoria University Foundation Board of Trustees. Rick is a former director of VComms Limited (in liquidation) and chairman of Provenco Group Limited (in receivership). Rick has an extensive background in management including 21 years in the oil industry in New Zealand and overseas. He has led a wealth of companies including Rangatira Ltd, Tradenz, Cable Price Downer Ltd and is an Accredited Fellow of the New Zealand Institute of Directors. Rick has also been closely involved in a number of New Zealand sports, arts and media organisations. He was a Director of Television New Zealand for seven years, a founding Director of the New Zealand Symphony Orchestra, and is a past President of Chamber Music New Zealand.

Dr Bruce Harker, Independent Director (*PhD in Electrical Engineering, BE (Hons)*)

Bruce has extensive experience in corporate governance and energy markets, with a particular focus on renewable electricity developments. He is the Director of H.R.L. Morrison & Co's Energy Group and is Chairman of NZX listed renewable electricity company TrustPower. He has previously chaired the Australian hydro business Southern Hydro Partnership and was Deputy Chair of ASX listed Energy Developments Limited. Also in Australia, Bruce chaired startup electricity retailer Victoria Electricity (now called Lumo Energy) between 2004 and 2012 from its first signed customer through to over 400,000 customers.

Peter Britnell, Independent Director

Peter is a GIS industry veteran who established and grew the Asia/Pacific business for Smallworld that later listed on the NASDAQ stock exchange and was subsequently acquired by General Electric. Peter held senior roles for GE Smallworld including VP Asia Pacific, VP Utilities Division, and was subsequently VP Worldwide Sales for GE Smallworld and GE Network Solutions.

Alex Knowles, Director

Alex operates a number of companies in the information technology and transportation industries with a focus on technology and efficiency created from adherence to best industry

practices. Alex was formerly Chief Operating Officer of the largest international freight forwarder and small parcel consolidator in the US.

Glenn Milnes, Chief Executive Officer and Executive Director (*BSc Accounting (Hons), MBA (Dist.)*)

Glenn has been involved with ike from an early stage. He joined ike from No 8 Ventures, where he had executive and board roles for a number of technology companies. Prior to that he held senior strategy and corporate development positions with Cable & Wireless International, London. He has also held sales and finance roles in various other European markets.

Leon Toorenburg, Founder, Chief Technology Officer and Executive Director (*B.Sc and BE Honours in electrical engineering from the University of Canterbury*)

Originally an engineer, Leon brings to ike deep GIS and GPS product and market knowledge, extensive customer relationships and industry networks. As the founder and inventor of ike, Leon's passion is customers and finding solutions for large real world problems.

Management



Glenn Milnes, Chief Executive Officer and Executive Director

(see above)

Leon Toorenburg, Founder, Chief Technology Officer and Executive Director

(see above)

Gael Hargreaves, Chief Financial Officer (*MBA, BCA, CA*)

A seasoned CFO and corporate executive, Gael joined after serving 2 years as CEO and 1 year as CFO of Revera Limited, a leading New Zealand Infrastructure-as-a-Service (IaaS) provider, delivering high integrity computing infrastructure, enterprise storage, and data management services. Before that, Gael was the CFO at ASSA ABLOY NZ Limited (formerly Interlock Group Ltd), New Zealand's leading manufacturer of window and door hardware. Gael led the finance, procurement, information systems, human resources and quality functions over a distinguished 12 year career. As part of the ASSA ABLOY AB group, Gael also led a number of best practice initiatives within the Asia Pacific region.

Paul Brewerton, Chief Operating Officer (*EMBA, B.Eng (Hons) in Manufacturing Systems Engineering*)

Paul joined ike with 20 years of operational and supply chain experience in the telecommunications industry. With an engineering background, Paul is originally from the UK and before joining ike, spent 15 years in Asia, based in Tokyo and Hong Kong, managing regional operations across Asia for Nortel Networks.

Jeff Ross, Vice President of Marketing (*BA in Communication*)

Jeff is a wireless industry veteran who has led the market adoption of numerous wireless technologies, B2B mobility products, and D2C smartphone apps and services. Jeff was the Director of Marketing at Intel Corporation, where he led the Go-to-Market strategy and launch of the first Intel processor for Android-based Smartphones. Jeff's career began at QUALCOMM Incorporated where he held a number of senior level marketing positions over a ten year period. In between QUALCOMM and Intel, Jeff led two successful start-ups, serving as COO of 9 Squared (acquired by Zed Group) and VP of Products for Cequent (acquired by TNS).

Brian Soliday, Vice President of Sales (*MS (Summa cum laude) and BS degrees in Geography*)

Brian has over 25 years' experience working in sales, marketing and channel development within the GIS and remote sensing industries. He has held vice president and director level positions with geospatial organisations including Autodesk, Trimble Navigation, Space Imaging, LizardTech, Intermap, TerraGo, and SANZ. Brian is well travelled in the industry arena having presented at over 50 geospatial events and published articles in many geospatial publications.

Advisory Board**Major General (USAF, retired) Punch Moulton**

Punch is the Senior Director for Cyberspace Strategies, Innovation, and Consulting at Stellar Solutions, Inc. where he leads a company sector focused on cyber, defence, and international consulting issues. Prior to joining Stellar Solutions in 2012, he served as the Director of Operations at the United States European Command, responsible for all operations related to advancing United States interests in the European area. During his 33 year career he had assignments as a fighter pilot, commanded a squadron, group, and wing, and served in Joint positions at the Pentagon Joint Staff, US Forces Korea, North American Aerospace Defense Command, US Northern Command, and US European Command.

Alan Nunns

Alan is a former Chief Information Officer for Chevron's international upstream operations and General Manager of Technology and Strategy for Chevron's global IT function. Originally a geophysicist, Alan maintains strong links into the energy, oil and gas and GIS industries and has served on the US Beachheads Advisory Board for NZTE. Alan is currently president of Nunns and Rogan LLC, a private company that has developed the StructureSolver software package that helps petroleum companies analyse complex geological structures. Alan is a former director of SQFive Intelligent Oilfield Solutions Ltd (which went into receivership in a period after his resignation as director). Alan holds a PhD from the University of Durham, where he was the Commonwealth Scholar.

Alan Townsend

Alan is a former Group Vice President of Trimble Navigation Ltd (TRMB on NASDAQ) where he was responsible for their Field Solutions Group comprising the Mapping and GIS division and the Agriculture division. Alan's responsibilities encompassed worldwide responsibility for the sales, marketing and engineering operations of these two divisions. Prior to that, Alan served in various technical and management roles within the Datacom group of companies in New Zealand including Managing Director of Datacom Software Research Ltd. Alan is presently a director of Lincoln Agritech Ltd and TracPlus Global Ltd.

Elmar Toime

Elmar is chairman of the Postea Group, Inc., a US based technology company in the logistics sector. Elmar is a member of the Supervisory Board of Deutsche Post DHL, the world's leading logistics company and a non-executive director of Blackbay Limited. Elmar was formerly CEO of New Zealand Post, Executive Deputy Chairman of the Royal Mail Group, UK and Chairman of General Logistics Systems (GLS) B.V., a leading European logistics group. In 2007 Elmar was Executive Director and CEO of SKYCITY Entertainment Group Limited, NZ. In 2004, Elmar was awarded a lifetime achievement award for leadership in the postal industry. Elmar lives in London.

Governance**Role of the Board**

The Board has ultimate responsibility for the strategic direction of ike and for supervising ikeGPS Group's management for the benefit of shareholders. The specific responsibilities of the Board include:

- working with management to set the strategic direction of ike,

- monitoring and working with management to direct the business and the financial performance of the ike Group,
- monitoring compliance and risk management,
- establishing and monitoring the ike Group's health and safety policies,
- establishing and overseeing succession plans for senior management, and
- ensuring effective disclosure policies and procedures are adopted.

The Board has delegated authority, in part, to the Chief Executive Officer to allow for the effective day-to-day management and leadership of ike. In accordance with that delegation of authority, the Chief Executive Officer may also sub-delegate limited authorities to other management of ike.

Role of the Advisory Board

ike's Advisory Board is available as a resource for the management team and Board. Members of the Advisory Board have experience in international organisations that operate in ike's target markets.

The functions of the Advisory Board are to give ike:

- regular feedback on its strategy and plans,
- advice and recommendations regarding market positioning, market introduction, and organisations it would be useful for ike to engage,
- advice regarding strategy, long-term developments, potential strategic partnerships and advancements relating to ike's field, and
- advice on any other matter the Advisory Board members think could assist ike.

Disclosure Policy

Once ike's Shares are quoted on the NZX Main Board, ike will be required to comply with the NZX Listing Rules and the disclosure requirements of securities and other laws in New Zealand. The Board intends to ensure that timely, orderly, consistent and credible information is communicated to the market. We are committed to full and fair disclosure of any material information required by the NZX Listing Rules. We are committed to fostering constructive relationships with Shareholders. In particular, we are committed to:

- communicating effectively with Shareholders,
- giving Shareholders ready access to balanced and understandable information about ike,
- making it easy for Shareholders to participate in ike's general meetings, and
- maintaining an up-to-date website which provides Shareholders with information about ike, its business and affairs.

The Board is responsible for ensuring that ike complies with its disclosure obligations.

Insider Trading Policy

We have adopted an Insider Trading Policy which details our rules for trading in ike securities (including the Shares). The Insider Trading Policy applies to Directors, officers, employees, contractors and secondees and is additional to the legal prohibitions on insider trading in New Zealand.

Board Committees

Audit and Risk Management Committee

The Audit and Risk Committee assists the Board in ensuring oversight of all matters relating to risk management, financial management and controls, and the financial accounting, audit and reporting of ike.

The current members of the Audit and Risk Committee are Bruce Harker (Chair), Peter Britnell, and Rick Christie.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee assists the Board in promoting and overseeing continuous improvement of good corporate governance as well as overseeing people policies and strategies including remuneration frameworks.

The current members of the Nominations and Remuneration Committee are Rick Christie (Chair), Bruce Harker and Glenn Milnes.

Director Interests

Director Remuneration

None of the Directors are entitled to any remuneration from ike in their role as Director except for directors' fees and reasonable travelling, accommodation and other expenses incurred in the course of performing their duties or exercising their powers as directors. ike's Shareholders have, prior to the Offer, approved an annual total pool for Directors' remuneration of \$320,000. Directors will, under ike's constitution, be separately entitled to be reimbursed for reasonable travelling, accommodation and other expenses incurred in performing their role as a Director.

Director Shareholdings

All Directors are encouraged to hold Shares, unless otherwise prohibited and subject to the requirements of our Insider Trading Policy and applicable laws.

Directors may apply for Shares in the Broker Firm Offer (in the same way as any other Applicant). To the extent that any Directors acquire or dispose of Shares those acquisitions must be disclosed to the market as required by law and the NZX Listing Rules.

Expected Share and option holdings of the Directors immediately following the Offer are set out in the table titled "Expected Share and option holdings of the Directors" below.

All Directors have agreed with ikeGPS Group that transfer restrictions will apply to their existing Shares (as at allotment under the Offer) for the period from the date the Shares are accepted for quotation on the NZX Main Board until the date of the announcement of ikeGPS Group's financial results for the period ending 31 March 2016. See *Section 8 Terms of the Offer* under the heading "Transfer restrictions applicable to Shares" for more information.

Director Options

Prior to the Offer, the Board approved a one-off grant of options to Directors recognising their contribution to the execution of the Offer and ongoing contribution to the business over the three year vesting schedule of the options.

Details of those options, together with other options to subscribe for Shares, are set out below.

Director	Expected Share and option holdings of the Directors			Options held immediately following Offer		
	Shares held immediately following Offer		Total	Vested	Unvested	Total
With beneficial interest	As trustee of family trust / associated company					
Peter Britnell	24,545	-	24,545	-	150,000	150,000
Rick Christie, Chairman	-	-	-	-	150,000	150,000
Bruce Harker	-	72,115	72,115	-	150,000	150,000
Alex Knowles	2,983,863	-	2,983,863	-	150,000	150,000
Leon Toorenburg	-	1,532,618	1,532,618	250,000	120,000	370,000
Glenn Milnes	474,294	-	474,294	200,000	750,000	950,000
Total	3,482,702	1,604,733	5,087,435	450,000	1,470,000	1,920,000

Share Options

ike has adopted a share option plan, intended to incentivise employees to achieve long term Shareholder returns, by providing a proportion of their remuneration in Shares. The Board can offer participation in the share option plan to any existing or prospective employee of ike.

Under the share option plan, participants are granted options entitling them, on the payment of the specified exercise price per option, to be allocated Shares in ikeGPS Group. Participants are entitled to exercise their options at any time during a specified exercise period, provided they are still employed by ike. Generally, an exercise period is three years in duration.

A participant's options will lapse in certain specified circumstances, including where an employee ceases to be employed by ike before the exercise period, where an employee is summarily dismissed by ike during the exercise period and on the expiry of the exercise period.

On exercise, participants may elect either 'full settlement' or 'net settlement'. Where full settlement is elected, participants pay the exercise price for any options exercised and receive one Share for each option exercised. Where net settlement is elected, participants receive a number of Shares equal, in value, to the 'net settlement amount'. The net settlement amount equals the total market price of the Shares to be issued under the exercised options (if full settlement had been elected), less the total exercise price for those options, and then multiplied by the number of options exercised. The net settlement amount is then divided by the market price to determine the number of Shares to be issued.

The Board has approved an allocation of 1,200,000 options under the share option plan in addition to those options already granted, which the Board currently intends to grant between 31 March 2014 and 31 March 2017.

At the most recent annual meeting of ikeGPS Group, Shareholders approved the grant of 150,000 options to each of Rick Christie, Alex Knowles, Peter Britnell and Bruce Harker, on the same terms as (although not under) the share option plan detailed above. The exercise price for those options is the Offer Price.

The table titled "Options granted at the date of Prospectus" below shows details of options granted at the date of this Prospectus, including their exercise price and whether those options are vested (i.e. exercisable). The expiry date for each grant of option is set out in Appendix A to this Prospectus.

Options granted at the date of Prospectus				
Options exercise price	Number of vested options	Number of unvested options	Total number of options	Weighted average remaining term of options (years)
\$0.65	672,500	137,500	810,000	1.52
\$0.80	7,500	17,500	25,000	3.59
Offer Price	-	1,890,000	1,890,000	3.59 ²²
Total	680,000	2,045,000	2,725,000	2.97 ²³

²² Assumes all existing option grants at the Offer Price are accepted by grantees as offered by ikeGPS Group.

²³ See footnote 22.

SECTION 6 WHAT ARE MY RISKS?

If you do not understand the information in this section, you should consult a financial or legal adviser.

Any investment in the share market has risks associated with it, and this investment is no exception. Risks specific to ike Group and other general market risks are set out in this section. These risks, if they were to occur, could materially adversely affect the financial position or performance of the ike Group through loss of assets, reduced revenue, increased costs, loss of customers, damage to reputation, or a combination of these factors and could reduce or eliminate the value of your Shares or the returns on them.

You should consider such risk factors together with the other information in this Prospectus. In particular, you should read *Section 4 Business Overview* and *Section 5 Directors, Management and Governance* for further information on how the ike Group manages risks facing its business.

The risk factors set out below are not the only ones faced by the ike Group. There may be additional risk factors of which the ike Group is currently unaware, or that the ike Group currently deems not material but which may subsequently become key risk factors for the ike Group.

6.1 ike's Principal Risks

The risks set out under this heading are those which have been identified as the principal risks that could reduce or eliminate the value of your Shares or the returns on them.

Growth risks

Revenue and volume growth

ike forecasts a significant increase in revenues over the Prospective Period as compared with its historic results. ike's forecast revenue growth is substantial in percentage terms. ike's revenue growth is closely linked to projected volumes of GE MapSight and Spike solutions that can be sold and at what prices. Forecasts for a growth company like ike are inherently uncertain, and there is no guarantee that ike will meet its forecast revenue and volume growth targets and/or that similar revenue and volume growth will be experienced after the Prospective Period.

Risk that ike's sales and marketing strategy is ineffective

Volume and revenue growth are dependent on ike's ability to develop, market, sell and deliver solutions which customers wish to acquire. ike plans to materially increase its sales and marketing investment to deliver new customers by demonstrating the value of its solutions and grow sales channels and partners. There is a risk that ike's sales and marketing strategies take longer than expected to translate into increased volumes and revenues, prove ineffective, or require greater levels of expenditure than anticipated.

Business model for Spike

In relation to Spike, ike intends to transition from a business model that relies on the up front price paid by customers for an ike solution to a business model where a substantial proportion of its revenue is derived from recurring subscription-based revenue and premiums paid by customers where ike can deliver business specific end-to-end solutions and advanced capabilities. This Spike business model has not yet been market tested by ike and there is no guarantee that this transition will be successful or will occur in line with ike's expectations.

Ability to manage growth in ike's business

ike is pursuing growth initiatives and intends to materially expand its customer base, staff numbers and scale of its sales and marketing, distribution, development and manufacturing operations (including the demands on its supply chain and ike's own ability to assemble and distribute solutions). If that occurs, the operating complexities ike faces will increase. If ike's

operating systems, training processes, personnel, suppliers or other resources are unable to keep pace with such growth, ike's business, operating results and financial condition may be adversely affected.

Risk that ike's investment will not generate returns to Shareholders

To deliver on its business plan, ike intends to invest a significant proportion of its revenues and equity capital into growth and expansion initiatives, including expansion of sales and marketing activities and numbers of sales staff, development of new solutions for customers and expansion into new markets with a goal of generating profit that will be able to be reinvested in further growth initiatives and returned to Shareholders in the long term. There is a risk that ike's investment will not generate sufficient revenues, and therefore profits, that can be reinvested in further growth initiatives and returned to Shareholders in the long term.

Market risks

New products, customers and markets

ike intends to continue to expand its business by selling solutions, including its new Spike solution, to new customers and into new markets. There is no certainty that ike will succeed in meeting these objectives. Development of these new customers and markets may involve significant costs and may require ike to deal with risks it has not anticipated. Operating in new markets will require significant management attention and financial resources. Any negative impact from ike's efforts to enter new markets could negatively impact its business as a whole. Spike is a relatively new solution and there is a risk that a viable market for Spike does not develop as anticipated by ike, or at all.

Competition

ike operates in, or intends to operate in, markets which are characterised by large organisations with significant financial resources and technical expertise. These organisations, or new organisations who do not currently operate in these markets, could compete with ike in a way that adversely affects ike's business, including by causing ike to lose potential sales or to sell its solutions at lower prices or at reduced margins. For example, current or potential competitors could:

- offer existing products, services or solutions to achieve commercial outcomes similar to those offered by ike's solutions,
- introduce new products, services or solutions with substantially similar, or enhanced, functionality to ike's solutions, or
- have greater financial, marketing and technical resources than ike, allowing them to compete on terms which adversely affect ike's business.

In particular, ike cannot guarantee that a product, service or solution that matches or exceeds the capability of ike's solutions does not exist or will not be introduced in the near or medium term and adversely affect demand for ike's solutions.

Technology risks

Technology is constantly changing, with the frequent introduction of new products and services. There is a risk that new solutions by third parties, the emergence of new industry standards or the development of entirely new technologies could render ike's existing or future solutions obsolete or less competitive. If ike is unable to successfully develop and deliver new solutions and/or enhance existing solutions, ike's business may be negatively impacted.

Intellectual property risks

Intellectual property infringement by ike

Providers of technology products and services can bring and/or become subject to intellectual property infringement claims, particularly claims of infringement of patent rights. Intellectual

property infringement claims can be brought by competitors or third parties (sometimes referred to as “non-practicing entities”) whose primary business is to assert such claims.

ike could become the subject of such an intellectual property infringement claim (including if ike’s current monitoring programme has not accurately identified infringement risks relating to ike’s solutions). If that occurs, there is a risk that ike could incur substantial costs in connection with defending the claim and that the claim could divert its management resources. If ike was ultimately found to have infringed third party intellectual property, it may be required to do one or more of the following:

- redesign its solutions,
- withdraw its solutions,
- incur potentially substantial liabilities for legal fees, settlement payments or other costs or damages, including under indemnities provided by ike to customers or suppliers which relate to the infringement of third party intellectual property, or
- obtain a licence or other right to use the relevant intellectual property, which may not be available on reasonable terms.

Any or all of these outcomes could have an adverse effect on ike’s operations or financial performance or position.

Failure to protect ike’s intellectual property

ike’s business is highly dependent on intellectual property (in the broadest sense, including trade secrets or other confidential information) that ike has in its solutions.

The methods that ike uses to protect its intellectual property (including maintaining confidentiality, restricting access to systems and securing patents and trademarks) all have limitations. There can be no assurance that the efforts ike has made or will make in connection with protecting its intellectual property will be adequate to prevent the copying, imitation, use or development of ike’s intellectual property or substantially similar intellectual property by some third party.

Even if this involves an infringement of ike’s intellectual property rights, the enforcement of ike’s intellectual property rights could be costly, time-consuming and distracting to management, and have an adverse effect on ike’s business, operating results and financial condition.

A limited number of ike’s arrangements with counterparties provide that a failure by ike to adequately protect specific intellectual property rights would allow the counterparty to itself take ownership of those intellectual property rights. There is a risk that a failure to protect intellectual property by ike could lead to it losing some of the value associated with those specific intellectual properties.

In addition, ike has granted some licenses under existing arrangements which could limit ike’s ability to protect existing or yet to be developed intellectual property.

Open source software

There is a risk that ike’s solutions could contain, or could be alleged to contain, code from ‘open-source’ software (i.e. software for which the source code has been made available to the public for use or modification at no cost).

Certain ‘open-source’ software licences contain reciprocal provisions that can, in certain circumstances, require the open-source licence to be ‘carried through’ to solutions incorporating the open-source code so that those solutions and associated source code are made available free of charge.

There is a risk that a third party could claim that ike has materially infringed such a licence and that such a claim could negatively impact ike.

Product risk

Failure or liability associated with ike's solutions

If issues are identified with ike's solutions ike may become subject to product liability claims, which could result in a requirement to pay compensation to customers, to recall and replace solutions or to fix software errors.

In particular, Spike is a new solution being offered by ike and as a consequence there is a higher risk of product failures and associated liability for ike.

Even if no liability exists in relation to a solution issue, ike may still be adversely affected by loss of goodwill or potential sales.

This could result in adverse consequences for ike, such as delayed or lost revenue, an adverse impact on demand for solutions, a customer liability claim or obligation to repair or replace solutions. This could affect ike's ability to meet its forecast volumes and revenues. If ike experiences product return rates at levels significantly higher than historical return rates, it could adversely affect its relationship with commercial counterparties (or even, in the worst case, lead to the termination of those arrangements).

ike's reputation

ike's reputation among customers, distributors, suppliers and other parties relies substantially on the quality of its solutions. Any product issues, including as described above, or any problems with the way ike supports its customers may adversely affect ike's reputation and its ability to sell solutions to existing or potential customers.

Development of solutions

If ike is not able to develop its existing and intended new solutions with sufficient speed and quality, relative to its actual or potential competitors, ike may not meet its growth objectives.

Counterparty risk

Reliance on key partners

A substantial part of ike's business relies on its relationships with key partners, most notably General Electric. All of its key relationships are important in allowing ike to sell its solutions in line with its projections.

Any problems in the relationships between ike and these parties, or any matter which adversely affects those parties' businesses, or a change in strategy or focus by those businesses, could adversely affect ike.

If an ike partner suffers major reputational damage (in relation to ike solutions or otherwise) this may in turn affect ike's operations, financial situation or reputation, regardless of whether any fault is attributable to ike.

If any of ike's key contractual arrangements with key relationship parties are terminated, and most particularly ike's rights to use the General Electric trademark for GE MapSight, this could have an adverse impact on ike's operations and financial position.

If ike's arrangements with GE do not result in a minimum amount of sales of GE branded products by the end of next year (31 December 2015) then either party may elect to terminate or renegotiate this relationship. Moreover, after 31 December 2015 the minimum royalty payments due to GE increase such that if ike does not significantly grow sales of GE branded products in later years, the per unit cost of the trademark license fee will increase – potentially materially (depending on the extent to which sales growth does or does not occur).

Key suppliers and supply chain risk

ike uses a number of independent suppliers to supply components for ike's products on time, on budget and to the required quality standards. There are risks to ike in respect of delays, costs and operating performance within the supply chain, including the termination, at short notice, by suppliers of the agreements under which components are supplied.

ike believes that, generally, it is able to source the componentry for its products at short notice from a range of suppliers at competitive prices. However, there would likely be a lead time to adapt ike's solutions if ike was to source its mobile computer componentry from a new supplier, which may affect ike's ability to fill customer orders and hence both its reputation and its ability to execute its growth plans.

Financial risks**Exposure to currency fluctuations**

ike is exposed to foreign exchange movements which may affect both its revenues and its costs, particularly between the New Zealand Dollar and the US Dollar. Adverse foreign exchange rate movements will impact upon the financial performance, capital expenditure and financial position of ike to the extent foreign exchange rates are not hedged. ike does not currently maintain an active hedging policy to limit the effect of New Zealand Dollar / US Dollar (or any other currency) exchange rate movements on financial performance, other than some natural hedging which occurs because a material proportion of its sales costs and product componentry costs are denominated in US Dollars.

6.2 ike's Other Specific Risks**Market risks****International markets**

ike derives a substantial portion of its revenue from international sales and conducts most of its business internationally. Economic, political and other risks that ike has not anticipated in international markets may harm ike's operations and cause ike's revenues to decline.

Counterparty risks**Reseller risks**

ike's business uses resellers to promote and sell its solutions. If difficulties were experienced with key resellers or reseller arrangements, or if any material existing reseller arrangement were to cease, this could adversely affect ike's business. In particular, some of ike's reseller arrangements may be terminated on short notice. There is no guarantee that ike would be able to replace any of its existing reseller relationships if they are terminated.

ike also plans to establish new reseller relationships to facilitate its entry into new markets. If ike is not able to establish these new reseller relationships this may adversely affect ike's ability to meet forecasts and execute its growth strategy.

Third party software

ike's solutions are designed to integrate with third party applications, which ike considers is a key advantage of ike's solutions for customers.

ike relies on certain third party application programming interfaces (APIs) to integrate its software with that of third parties. In general, these third parties encourage software integration and make their APIs freely available for this purpose.

However, in general ike has little or no rights to integrate its solutions with third party software under any contractual arrangements. Accordingly, there is no guarantee that ike will continue to be able to integrate its solutions with any particular third party software.

There is a risk that third parties may take steps to prevent ike from integrating its solutions with their application or that for technical reasons ike is unable to integrate its solutions with some or all of these third party applications.

To the extent that ike does integrate its solutions with third party software, there is also a risk that a failure of third party software or a general move by customers away from using that third party software could negatively impact on demand for ike's solutions.

Change of control provisions under contracts

Some of ike's commercial arrangements contain "change of control" or "deemed assignment" provisions which could be triggered by changes in our ownership, as part of the Offer or following the Offer. In some cases, triggering those provisions can give rise to adverse consequences for ike, including termination of the relevant arrangement, acceleration of counterparty rights under those agreements or the ability to withdraw or requirement the repayment of funding. We are confident that, if any such provisions are triggered by the Offer, this will not have a significant impact on our business.

Effect of anti-dilution provisions under contracts

ike is party to investment agreements with some existing Shareholders which contain "anti-dilution" provisions which will remain in effect for a period of up to 18 months following the Offer. These provisions would require ike to issue new Shares to those Shareholders for no consideration if ike needed to raise equity capital at a substantial discount (on a per Share basis) to the Offer Price during the applicable post-Offer period. This would potentially dilute the interest of persons who become Shareholders as a result of the Offer.

Financial risks

Funding

ike intends to fund its planned growth through existing funds, funds raised under the Offer and net revenues generated from its operations. There is a risk that these sources of funding will prove insufficient to support ike's growth plans. There is a risk that ike's growth plans may be unsuccessful or require higher levels of expenditure than expected. If ike cannot secure additional funding if required it may not be able to make the investment in growth that it needs to meet its forecasts or pursue its growth plans.

Some of ike's funding has been and is forecast to continue to be provided by economic development agencies like Callaghan Innovation, New Zealand Trade & Enterprise and the Ministry of Business, Innovation and Employment (through TechNZ). The nature of these funding arrangements are, in some respects, contingent and, if certain events occur, future funding arrangements can be terminated or (in limited circumstances) ike can be required to repay funding already drawn. If this were to occur, it could adversely affect ike's financial position.

Information technology risks

Information technology infrastructure disruption

ike depends on, and will increasingly depend on, the information technology systems, servers, networks, hardware and software that it has in place or that it in future puts in place. ike's systems may be vulnerable to unauthorised access, viruses, human error, natural disasters, flood, fire, power loss, communications failure, sabotage or terrorism. A significant disruption, repeated or on-going failure, loss of data, security breach, or incidence of fraud could reduce confidence in ike's products, and adversely affect ike's financial performance.

While ike has made provision for alternative arrangements (which ike considers adequate) to be available in the event of disruption, there is no certainty that this will continue to be the case. There is also potential for disruption if ike is unable to renew these agreements on commercially reasonable terms.

Reliance on third-party information technology infrastructure

ike's products rely on the continued third party maintenance and development of infrastructure such as mobile networks and global navigation systems (such as the GPS satellite system).

Security and privacy breaches

There is a risk that ike could suffer a material security breach, virus or similar disruption causing loss of confidential information, loss of service to customers, reputational damage, early termination of customer contracts, litigation, regulatory investigations or other liabilities.

Personnel risk**Recruitment and retention**

ike is projecting to expand its sales, marketing, technical and corporate personnel in order to achieve its growth plans. A failure to hire, train and retain sufficient qualified and effective personnel may adversely affect ike's financial performance.

Management and directors

ike relies upon the skills, knowledge and performance of its senior management team and Directors. If senior management or Directors were to leave ike, replacing them could involve significant time and cost, and may inhibit ike from achieving its business objectives.

Regulatory and taxation risk**Loss of regulatory approvals**

ike is subject to product regulation in some of the markets in which it operates. In particular, ike requires certain regulatory approvals to market its products in the US and the European Economic Area.

If ike fails to maintain required permits or fails to comply with regulatory requirements in a jurisdiction, ike may not be able to sell its products in that jurisdiction, which may adversely affect ike's financial performance.

Regulatory changes

Changes to laws and regulations, including those specified above, may impose increased compliance requirements on ike and/or could have an adverse effect on ike's financial performance.

Tax

ike's business operates across multiple jurisdictions, and it is therefore subject to multiple tax regimes. There is a risk that ike could encounter material tax issues or liabilities under one or more of those regimes that it did not anticipate which may have an adverse impact on its financial performance or the returns that can be distributed to Shareholders.

6.3 General Investment Risks**Economic Risk**

Like any other investment, returns from the Shares are influenced by the level of economic activity and uncertainty. For example, a contraction in the New Zealand or global economy may negatively affect the performance of ike's business by reducing demand for ike's products, affecting customers' ability to pay for those products, and affecting input costs and other underlying fundamentals.

Taxation Risks

A change to the existing rate of company income tax may affect ike's overall returns, and a change to tax law applying to you personally could affect your returns. Other changes to tax law and practice in New Zealand, or in other relevant international jurisdictions, which affect us or our target markets could also have an effect on your returns.

General Market Risks

Prior to this offer there has been no public market for the shares. There can be no assurance that an active trading market in the shares will develop, that the price of your shares will increase or that the shares will trade at or above the Offer Price. There may be relatively few potential buyers or sellers of the shares (including because of the transfer restrictions applicable to the Shares held by existing Shareholders or the expiry of those transfer

restrictions) on the NZX Main Board at any time. Future issues of shares may dilute your interest in ike and affect the trading price of ike's shares.

Factors such as changes in the New Zealand or international regulatory environment, New Zealand and international equity and debt markets, New Zealand dollar and foreign currency movements and the New Zealand and global economy could cause the market price of your shares to fluctuate after the offer.

Consequences of insolvency

Shareholders will not be liable to pay any money to any person if ikeGPS Group becomes insolvent.

If ikeGPS Group is liquidated, then all claims by its creditors (secured and unsecured) will rank ahead of Shareholder claims. After all such creditors have been paid, any remaining assets will be available for distribution between shareholders. However, any distribution made on liquidation may be less than the amount of your investment – or there may no distribution made at all.

SECTION 7 FINANCIAL INFORMATION

Wherever prospective financial information appears in this Prospectus you should read that financial information together with the assumptions set out in *Section 7.4 Prospective Financial Information*. You can find out information on the risk factors associated with ike in *Section 6 What are my Risks?*.

Key Investment Metrics	FY12A	FY13A	FY14A	FY15F	FY16F
Revenue and other income (\$000s)	2,409	2,729	1,884	6,460	14,325
Revenue growth % ²⁴	16	13	(31)	243	122
Gross margin % ²⁵	45	68	56	60	65
Net profit/(loss) before tax (\$000s)	(1,602)	(1,003)	(2,285)	(5,330)	(5,846)
ike 300/1000 units ²⁶ shipped	162	173	112	-	-
GE MapSight units ²⁷ shipped	-	-	44	289	626
Spike units shipped	-	-	-	2,533	2,712

7.1 Introduction to ike's Financial Information

ike's financial performance reflects its ability to:

- sell GE MapSight solutions, currently into the US utilities market,
- sell Spike solutions,
- develop and sell solutions for an identified market or customer requirement,
- establish and maintain key distribution relationships,
- enter into development contracts for specific customers,
- effectively market, distribute and support solutions to potential customers,
- minimise the cost of sourcing and procuring components from external suppliers,
- efficiently manufacture, perform quality assurance, and ship solutions to customers,
- retain existing customers and obtain further orders from these customers, and
- operate corporate and operational services efficiently.

²⁴ This is year-on-year revenue growth shown as a percentage change against the previous year.

²⁵ The ike Group's gross margin for a period is the difference between the ike Group's revenue and its cost of goods sold for the period.

²⁶ The ike 300/1000 has been superseded by GE MapSight which has extended software capabilities and is sold for a materially higher price.

²⁷ See footnote 6 above.

7.2 Key Factors Driving Financial Performance

ike has certain key drivers of financial performance. The following factors can have a significant impact on annual financial performance and net cash flows, but are not an exhaustive list of all relevant factors. This section should be read in conjunction with *Section 6 What are my Risks?*.

7.2.1 GE MapSight volumes and prices

GE MapSight is forecast to make up the largest proportion of ike's sales over the Prospective Period. The number of units and prices at which GE MapSight can be sold determine the revenue GE MapSight provides to ike. Sales are focussed on GE MapSight 5 – the solution targeted at the electric utilities industry.

Sales of GE MapSight are influenced by customer demand which can itself be influenced by the level of sales and marketing activities undertaken by ike. ike forecasts a significant increase in GE MapSight sales volumes in the Prospective Period due to increased investment in sales and marketing activities and the benefit to ike of the GE trademark license. Forecast volumes in FY15F are based on an analysis of the identified sales pipeline and forecast volumes in FY16F are based on projected growth ike believes is achievable based on historical performance and the sales pipeline in FY15F.

The pricing of GE MapSight is determined by ike based on the value it delivers to customers, market and customer feedback and ike's direct costs. ike's current price points for GE MapSight are projected to remain constant through the Prospective Period.

Additional GE MapSight revenue is generated from the sale of extended warranties and accessories.

7.2.2 Spike volumes and prices

Spike is ike's new smartphone and tablet solution. Sales of Spike are projected to make up an increasing proportion of ike's revenue over the Prospective Period. The number of units and prices at which Spike can be sold determine the revenue Spike provides to ike.

As with GE MapSight, volumes will be influenced by customer demand which can itself be influenced by the level of sales and marketing activities undertaken by ike. Forecast volumes in FY15F include pre-orders (currently over 1,300 units, totalling approximately \$0.9 million in revenue, which is recognised when shipped in FY15F) plus an analysis of the identifiable sales pipeline and anticipated growth in sales. This reflects ike's strategy and forecast sales and marketing activity. Forecast volumes in FY16F are based on an anticipated growth rate reflecting ike's strategy and forecast sales and marketing activity.

Spike will initially be sold on the basis of an upfront purchase (this is the basis for existing pre-orders). From January 2015, ike expects to offer Spike on a 12-month rolling subscription basis and offer value-added software with additional applications and packages. The relative proportion of Spike units sold via the upfront or subscription options will influence ike's revenue. Over time the revenue generated from a subscription purchase is expected to be higher overall if the customer is retained past the initial subscription period.

The pricing of Spike (upfront and subscription options) and the value-added software packages is determined by ike based on the value it delivers to customers, market and customer feedback and ike's direct costs. ike intends to offer graduated pricing to reflect enhanced functionality.

Additional Spike revenue is expected to be generated from the sale of replacement warranties and accessories.

7.2.3 Other sources of income

ike also anticipates other sources of income during the Prospective Period:

- OEM Spike-derived product(s) are forecast to be sold in FY16F, although these have not yet been developed. OEM revenue will be determined by the volume of OEM units sold and the price ike receives for each unit, plus any related development and services revenue which may be derived (which will depend on the terms of any agreement ike concludes with an OEM).
- Contract revenue from discrete services contracts for the development of particular solutions. Historically, these contracts have been at the request of US defence and intelligence customers. This revenue is dependent on ike's ability to deliver as contracted, and maintain business relationships with contract customers.
- Grants are received from NZTE to aid growth of ike's export markets and Callaghan Innovation to incentivise ike's research. Grant revenue is expected to continue over the Prospective Period and is subject to ike continuing to meet existing qualification criteria.

7.2.4 Costs

ike's overall profitability is influenced by direct costs (i.e. cost of goods sold) and indirect costs (i.e. all other costs of the business).

Direct costs include the costs to procure components, assemble solutions, after-sales service and shipping.

Indirect costs include research expenses, sales and marketing costs, operations costs and corporate expenses. Research expenses are incurred in creating new solutions and software and are project dependent. Sales and marketing costs include staff costs, commissions paid to sales staff, overall marketing activity and trademark license fees. Operational costs include the costs ike incurs to manage its IT systems, facilities and procurement. Corporate expenses include the costs of management, head office support staff, the cost of professional advice and costs associated with ike's proposed listing on the NZX Main Board.

ike's significant increase in costs over the Prospective Period are primarily driven by increased investment in sales and marketing and R&D, which is anticipated to directly drive increased revenue. The increase in sales and marketing and R&D costs, as well as the increased operational and corporate expenses forecast over the Prospective Period, is intended to provide a cost platform for growth in, and following, the Prospective Period.

7.2.5 Foreign Exchange

ike's costs are projected to be incurred in a mixture of NZ\$ and US\$. All of ike's revenue from the sale of solutions is projected to be received in US\$. Because of this, movements in the exchange rate between the US\$ and NZ\$ may influence ike's overall financial performance. ike's financial performance will generally benefit from a stronger US\$ relative to the NZ\$. ike's forecast performance makes assumptions about the US\$/NZ\$ exchange rate across the Prospective Period. ike does not forecast incurring any costs or receiving any revenue denominated in other currencies.

7.3 Explanation of Trends in Historical Financial Performance

7.3.1 Trends in FY12A financial performance

In FY12A revenue was \$2.4 million. 64% of this was of ike units (the predecessor to GE MapSight) and a significant proportion of these were sold to a single defence engineering customer. The sales of the ike units up to and including FY12A were of a hardware-led proposition (which lacked the specialist electric utilities software solution now offered by GE MapSight) which was priced at a lower cost per unit than sold from FY13A. The other material

source of revenue in FY12A was from contract services engagements with development partners, primarily In-Q-Tel. Costs in FY12A primarily related to product development and corporate expenses.

7.3.2 Trends in FY13A financial performance

In FY13A revenue was \$2.7 million. 71% of this was of ike units with a change in customer focus to electric utilities operators. During FY13A, the ike unit was strategically re-positioned as a comprehensive solution incorporating software and hardware with the ability to integrate into industry specific software products common in the electric utility sector. Average pricing for sales to these customers was higher than previously experienced. Material revenue continued to be received from contract services engagements (including In-Q-Tel). Grants were received from NZTE. Costs in FY13A continued to primarily relate to product development and corporate expenses.

7.3.3 Trends in FY14A financial performance

During FY14A, revenue was \$1.9 million. Revenue from ike was reduced when compared with FY13A primarily because of management's focus on the negotiation of the global trademark license agreement with GE and managing the research, development and pre-launch of Spike. This resulted in less emphasis being placed on sales and promotion of the ike solution due to its imminent relaunch as "GE MapSight". There was also a smaller proportion of contract services revenue and grants than in previous Financial Years (88% of revenue related to the sale of ike/GE MapSight units). Additionally, revenue that ike might otherwise have expected to receive in FY14A is now forecast to be received in FY15F. For example, FY14A saw \$0.9 million of Spike pre-orders that are projected to ship during FY15F and will be recognised as revenue in FY15F. Costs in FY14A increased due primarily to investment in sales and marketing in anticipation of the relaunch of ike as GE MapSight and the launch of Spike.

7.4 Prospective Financial Information

Introduction and basis of preparation

This section contains the consolidated prospective financial statements of ikeGPS Group Limited and its subsidiaries, ikeGPS Limited and ikeGPS, Inc. (the ike Group), including prospective consolidated statements of comprehensive income, balance sheets, statements of movements in equity and statements of cash flows, prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS-42). Also included are the general and specific assumptions on which the prospective financial statements are based and an analysis of the sensitivity of those prospective financial statements to changes in specific key assumptions.

The prospective financial statements, including the assumptions on which they are based, have been prepared by management and approved by the Directors. They are based on the Directors' assessment of events and conditions existing as at the date of the Investment Statement and this Prospectus, and the assumptions set out below. The Directors believe they have given due care and attention to the preparation of the prospective financial statements, including the underlying assumptions, and believe those assumptions to be reasonable at the time of preparation of the Investment Statement and this Prospectus.

However, prospective financial information by its nature is inherently uncertain, involving risks and uncertainties, many of which are beyond the control of the ike Group. Actual results are likely to vary from the information presented, as anticipated events and results may not occur as expected – including as a result of risk factors referenced elsewhere in the Investment Statement or this Prospectus - and the variations could be material. Accordingly, neither the Directors nor any other person can or does provide any assurance that the results reflected in the prospective financial statements will be achieved, and investors are cautioned not to place undue reliance on those statements.

The prospective financial statements were prepared and authorised by the Directors as at the date of this Prospectus solely for use in the Investment Statement and this Prospectus, and may not be suitable for any other purpose. They relate to the period from 1 April 2014 to 31 March 2016. They do not include any actual results. However, the Directors consider unaudited actual results for the period to 30 May 2014 to be in line with the prospective financial statements.

The Auditor's report in relation to the prospective financial information, as required by clause 28 of Schedule 1 to the Securities Regulations, is included in this Prospectus at *Section 7.6 Auditor's Report*.

There is no intention to update the prospective financial statements or to publish prospective financial statements in the future, except to any extent required by law. The ike Group will report actual financial results against the prospective financial statements in accordance with generally accepted accounting practice in its 31 March 2015 and 31 March 2016 financial statements and will provide that information to Shareholders on request under section 54B of the Securities Act and regulation 44 of the Securities Regulations.

For comparative purposes this section also includes the ike Group's statement of comprehensive income for the financial year ended 31 March 2014, which is taken from the ike Group's audited financial statements in *Section 7.5 Historical Financial Information*.

Prospective consolidated statement of profit or loss and comprehensive income for the ike Group

(\$000s)	Note(s)	Financial Year ended 31 March		
		FY14A Audited accounts	FY15F Prospective	FY16F Prospective
Continuing Operations				
Revenue and other income	4	1,884	6,460	14,325
Expenditure	6-11	(3,600)	(11,450)	(19,590)
Loss before depreciation, amortisation, financing and tax		(1,716)	(4,990)	(5,265)
Depreciation and amortisation	17	(363)	(782)	(1,230)
Foreign exchange gains / (losses)		(158)	-	-
Other expenses from IPO		-	(250)	-
Loss before financing and tax		(2,237)	(6,022)	(6,495)
Net finance income / (expense)	13	(49)	692	649
Loss before income tax		(2,286)	(5,330)	(5,846)
Income tax credit / (expense)	18	24	-	-
Loss attributable to owners of ikeGPS Group		(2,262)	(5,330)	(5,846)
Other comprehensive income				
Exchange differences on translation of foreign operations	2 (c)	132	-	-
Total comprehensive income attributable to owners of ikeGPS Group		(2,130)	(5,330)	(5,846)

Prospective consolidated statement of changes in equity for the ike Group

(\$000s)	Financial Year ended 31 March		
	FY14A Audited accounts	FY15F Prospective	FY16F Prospective
Opening balance at 1 April	1,025	3,948	22,783
Comprehensive income	(2,130)	(5,330)	(5,846)
Issue of preference shares and ordinary shares	5,022	24,105	-
Share based payment reserve movement	31	60	61
Total transactions with owners	2,923	18,835	(5,785)
Balance at 31 March	3,948	22,783	16,998

Prospective consolidated balance sheet for the ike Group

(\$000s)	Note(s)	Financial Year ended 31 March		
		FY14A Audited accounts	FY15F Prospective	FY16F Prospective
ASSETS				
Cash and cash equivalents	13	1,623	18,344	10,479
Trade and other receivables	14	403	641	1,382
Inventory	15	148	323	708
Other current assets		35	-	-
Total current assets		2,209	19,308	12,569
Non-current assets				
Property, plant and equipment	16	99	609	1,377
Intangible assets	17	3,673	4,473	6,061
Deferred tax benefit	18	24	-	-
Total non-current assets		3,796	5,082	7,438
Total assets		6,005	24,390	20,007
LIABILITIES				
Current liabilities				
Trade and other payables	19	554	1,133	1,956
Deferred revenue current	21	395	193	491
Convertible preference shares	2(b)	1,000	-	-
Employee benefits	20	101	153	242
Total current liabilities		2,050	1,479	2,689
Non-current liabilities				
Deferred revenue non-current	21	7	128	320
Total non-current liabilities		7	128	320
Total liabilities		2,057	1,607	3,009
Total net assets		3,948	22,783	16,998
EQUITY				
Ordinary share capital	2 (a)	13,165	37,270	37,270
Share based payment reserve	2 (d)	241	301	362
Foreign currency translation reserve	2 (c)	661	661	661
Accumulated losses		(10,119)	(15,449)	(21,295)
Total shareholders' equity		3,948	22,783	16,998

Prospective statement of consolidated cash flows for the ike Group

(\$000s)	Financial Year ended 31 March		
	FY14A Audited accounts	FY15F Prospective	FY16F Prospective
Cash flows from operating activities			
Cash receipts from customers	2,080	6,050	14,034
Cash paid to suppliers and employees	(3,493)	(11,033)	(18,961)
Interest paid	(49)	-	-
Net cash generated from operating activities	(1,462)	(4,983)	(4,927)
Cash flows from investing activities			
Purchases of property, plant and equipment	(76)	(610)	(1,011)
Capitalised development cost	(742)	(1,483)	(2,576)
Interest received	-	692	649
Net cash used in investing activities	(818)	(1,401)	(2,938)
Cash flows from financing activities			
Proceeds from issuance of convertible preference shares and ordinary shares (net of issue costs)	4,070	23,105	-
Net proceeds from related party loans	(22)	-	-
Net cash from financing activities	4,048	23,105	-
Net (decrease)/increase in cash and cash equivalents	1,768	16,721	(7,865)
Cash and cash equivalents at 1 April	(120)	1,623	18,344
Effect of exchange rate fluctuations on cash held	(25)	-	-
Cash and cash equivalents at 31 March	1,623	18,344	10,479

Notes to the prospective financial information

The principal assumptions on which the prospective financial statements have been prepared are set out below. These assumptions should be read in conjunction with the risk factors set out in *Section 6 What are my Risks?* and the sensitivity analysis below.

General Assumptions

Economic environment

There will be no material change in the general economic environments in which the ike Group operates or sells its products.

Political, legislative and regulatory environment

There will be no material change to the political, legal or regulatory environments in which the ike Group operates or sells its products.

Competitive environment

There will be no material change to the competitive dynamics of the markets in which the ike Group operates or sells its products, including any material change in competitor activity. No new entrants will materially change the competitive environment. The nature and extent of competition in any new markets which the ike Group enters will be comparable to that currently exhibited in its existing markets.

Taxation

There will be no material change to the income tax, excise tax or goods and services tax (or any other form of value-added tax) regime in any country or state where the ike Group operates or sells its products, including no change to the corporate tax rates in those countries.

Management of ikeGPS Group

There will be no Board or management changes which have an adverse impact on the business. The ike Group will be able to recruit sufficient personnel and management resources for the ike Group's requirements, including the execution of growth initiatives.

Operating environment

There will be no material costs incurred through either industrial or contractual disputes.

Disruption to operations

There will be no material disruption to operations, including through natural disasters, fires or explosions, contention around intellectual property, information systems failure, data corruption, software defects or errors, product quality issues, security or privacy breaches or through normal hazards associated with the ike Group's activities (including disruptions to or affecting any of the ike Group's key customers).

Specific Assumptions

1. Accounting Policies

Except for revenue recognition and share capital policies, the ike Group's accounting policies will be the same as the existing accounting policies for the ike Group, which are set out in the historical financial statements for the year to 31 March 2014 and included in this Prospectus. The revenue recognition policy will be expanded to include new products sold on subscription and extended warranty services. It is assumed that these accounting policies (including the amended revenue recognition and share capital policy) remain consistent throughout the periods addressed by the prospective financial statements. It is also assumed there will be no material change in New Zealand Generally Accepted Accounting Practice during this period.

2. Share Capital and reserves

Ordinary share capital is recognised at the fair value of the consideration received by the ike Group.

(a) Capital

Transaction costs relating to the issue of new share capital are recognised directly in equity as a reduction of the share proceeds received. Transaction costs in relation to the listing of existing shares are recognised directly in the profit or loss statement. Transaction costs directly relating to the sale of existing shares will be borne directly by the relevant shareholders and not the ike Group.

It is assumed \$25 million of new equity is raised, from which \$1.9 million transaction costs are paid, resulting in a net \$23.1 million of new capital.

(b) Convertible preference shares

\$1,000,000 convertible preference shares issued during FY14A are reclassified as ordinary shares (from liabilities) upon the listing of new share capital. Refer to

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financial statements for the year to 31 March 2014 for more detail.

(c) Foreign currency translation reserve

Foreign currency translation reserves relate to the translation of US subsidiary financial results and position to NZ\$ - see assumption 3, below.

(d) Share based payment reserve

The ike Group operates a share option plan (equity-settled) under which certain employees receive options to acquire shares at predetermined exercise prices. The options are issued to retain key staff and are fair valued at grant date using the Black Scholes model. The fair value is amortised to profit or loss over the vesting period. You can find more information on the ike Group's share option plan under the heading "Share Option Plan" in *Section 5 Directors, Management and Governance*.

The ike Group has a number of warrants which will have net settled prior to allotment of Shares under the Offer.

3. Exchange rates

Only the NZ\$/US\$ foreign exchange rate is used in the Prospective Period. Assumed rates are forward rates for the mid-point during each Prospective Period, taken at 6 May 2014.

1 April 2014 to 31 March 2015	\$0.8415
1 April 2015 to 31 March 2016	\$0.8100

4. Revenue

The ike Group derives revenue from the sales of two product families: the GE MapSight solutions and the smartphone/tablet solution, Spike. In addition, the ike Group is assumed to derive revenue from contract services provided to clients, a new OEM product and government grants. In summary, it is assumed that revenue will be derived from the following areas:

Revenue	Year 1		Year 2
\$000s	FY14A	FY15F	FY16F
GE MapSight	1,659	4,145	9,200
Spike	-	1,987	2,918
OEM	-	-	1,470
Contract Services	107	-	617
Product and Services Revenue	1,766	6,132	14,205
Other	118	328	120

income from government grants			
Total Revenue	1,884	6,460	14,325

The growth of GE MapSight and Spike is assumed to be driven by the recent launch of new products, an expansion of the partner and reseller channels and an increase in direct sales and marketing resources.

The ike Group's prospective revenue has been determined based on:

- FY15F: a conversion assessment of the current sales pipeline opportunities into sales orders of products and services and the recognition of pre-sold product.
- FY16F: an assessment of expected run-rate growth from each channel to market.

Prices are based on current selling prices.

(a) GE MapSight

GE MAPSIGHT	Year 1		Year 2
\$000s	FY14A	FY15F	FY16F
Revenue	1,659	4,145	9,200
Year-on-Year growth		150%	122%
Units Shipped			
GE MapSight 5		265	594
Units Shipped			
GE MapSight 3		24	32
Units shipped	156	289	626
Growth		85%	117%

The GE MapSight solution is sold with a 12 month warranty included in the purchase price with an option to purchase an extended warranty for an additional 12 months. It is assumed 80% of customers will acquire an extended warranty beyond the initial 12-month period. Whilst the extended maintenance is invoiced immediately, the prospective financial statements assume revenue is recognised in twelve months' time, over the following twelve month period that the extended warranty period covers.

During the Prospective Period, GE MapSight is predominately assumed to be sold only into the US electric utility market.

There are other vertical market opportunities for GE MapSight that have not been incorporated in the Prospective Period.

However, based on historical sales, small numbers of GE MapSight 3 are forecast to be sold into other industries such as telecommunications and oil and gas.

(b) Spike

SPIKE	Year 1	Year 2
\$000s	FY15F	FY16F
Revenue	1,987	2,918
Year-on-Year growth	N/A	47%
Spike Units sold upfront	2,152	1,356
Spike Units sold on subscription (SHIPPED)	381	1,356
Subscriptions not renewed	0	(95)
Spike new subscribers	381	1,261
Total subscriptions	381	1,642
Total Units Shipped	2,533	2,712

Spike is being initially sold as an up-front purchase which the customer owns from the outset. The ike Group is assumed to also offer Spike on a 12 month rolling subscription basis from January 2015. It is assumed that 50% of Spike sales will be on a subscription basis by 31 March 2015. It is assumed that 75% of subscription customers in the Prospective Period renew after the first year of subscription.

Spike is sold with an option to purchase a replacement warranty for a period of 12 months. It is assumed 40% of Spike customers will opt for the warranty. The revenue for the full warranty protection cover, based on the ike Group's revenue recognition policy, is recognised over the 12 months that the extended warranty covers.

It is assumed that some customers will purchase additional value-added software developed by the ike Group as they increasingly seek a level of functionality and integration with existing systems that is not provided in the basic solution. Revenue from such end-to-end solutions is forecast to commence from the time the Spike subscription model is launched in January 2015.

The end-to-end packages are assumed to be sold with 15% of Spike units shipped each month. It is further assumed that 75% of such customers in the Prospective Period renew after the first year of subscription. Revenues from sale of these end-to-end packs grow to 31% of Spike

revenue by the end of the Prospective Period in the prospective financial statements.

(c) OEM

The prospective financial statements include a new OEM Spike-derived solution to be developed and launched during the Prospective Period. It is assumed such Spike-derived OEM units will be shipped from May 2015. Revenues from the OEM product are approximately 10% of total revenues in FY16F in the prospective financial statements.

(d) Contract Services

Historically, the ike Group has performed contract services for customers. The prospective financial statements include US\$500,000 of contract services revenue in FY16F, based on historical demand from the US military and intelligence sector.

(e) Government Grants

The ike Group has received contract revenue from government agencies: (1) NZTE for growth of export markets and (2) Callaghan Innovation for incentives on research and development. Based on meeting criteria of contracts in place, a total of \$0.44 million revenue from government grants has been included in the Prospective Period.

5. Channels to market

The ike Group's products are projected to sell through two channels:

- a) Resellers, and
- b) Direct sales (ike's own sales force).

During FY14A, 72% of the ike Group's sales were made by the ike Group's direct sales force. In FY15F, it is expected that 60% of GE MapSight sales will be through the ike Group's direct sales force and 40% through resellers. By the second year of the Prospective Period, it is envisaged the reseller channel will grow the market and account for 43% of sales revenue.

Commission is payable on direct sales. The ike Group sales force is incentivised to develop the reseller channel and still receive a commission on reseller sales.

6. Employee related expenses

Employee related costs are forecast to increase from \$2 million FY14A to \$5.3 million FY15F and \$8.7 million FY16F as the ike Group expands its sales presence,

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continues to invest in product development and as sales volumes increase.

Employee headcount	FY14A	FY15F	FY16F
Sales & marketing	6	19	32
<i>% increase</i>		<i>217%</i>	<i>68%</i>
Research and development	7	15	20
<i>% increase</i>		<i>114%</i>	<i>33%</i>
Operations	4	14	20
<i>% increase</i>		<i>250%</i>	<i>43%</i>
Corporate	4	11	12
<i>% increase</i>		<i>175%</i>	<i>9%</i>
Total	21	59	84
<i>NZ based</i>	<i>16</i>	<i>40</i>	<i>52</i>
<i>US based</i>	<i>5</i>	<i>19</i>	<i>32</i>

7. Gross margin

Gross margin assumptions:

- Revenue is recognised when goods are delivered in line with our understanding of the terms of trade.
- There is no stock held for sale in the US and therefore no inter-company stock transfers.
- The invoiced value is net of reseller discounts.
- Cost of goods sold is based on the standard costs of GE MapSight and Spike multiplied by the number of units shipped.
- The standard cost of sales include direct labour for assembly and final quality inspection, shipping from New Zealand to the USA, and a provision for product returns and repairs.
- Final assembly of all product will continue to be in New Zealand.
- The cost of Spike units shipped on subscription sales is recognised in the month the goods are shipped and invoiced to third parties.
- All GE MapSight product costs are based on current pricing, which is 58% in NZ\$ and 42% in US\$. There is an allowance for material cost increases of 2% during FY16F.
- Spike costs are assumed to be 100% in NZ\$.

Gross margin	Year 1	Year 2
	FY15F	FY16F
GE MapSight	67.6%	67.2%
Spike	42.6%	53.1%
OEM	0%	59.5%
Gross Profit Margin	59.5%	65.0%

Factors affecting Gross Margins:

(a) All sales of products and services are in US\$

The US\$/NZ\$ moves in the ike Group's favour from \$0.8415c to \$0.8100c in the period.

(b) GE MapSight

Product mix: volumes grow in favour of higher margin GE MapSight 5.

(c) Spike

Product mix: higher margin, Spike end-to-end solutions are introduced in Q4 FY15F and there is a full year impact in FY16F.

8. Operations

The operations function of the business is responsible for all the ike Group's systems, facilities management, procurement management, product assembly and quality assurance. This function is anticipated to undergo staffing increases driven from the increase in sales volume. An allowance is also made for additional costs associated with increased headcount.

Operations \$000s	Year 1	Year 2
	FY15F	FY16F
Costs		
Staffing	666.2	1,097.5
Recoveries	(188.7)	(379.2)
Other costs	890.0	1,355.1
Net cost	1,367.5	2,073.4
Staffing costs % sales	11%	8%
Operations % sales	15%	10%

9. Sales and marketing

Sales and marketing expenses are forecast to increase from \$0.98 million in FY14A to \$4.2 million in FY15F and \$7.8 million in FY16F.

Sales and marketing forecast expenses consist of:

- Direct selling costs
- Marketing costs
- Staffing costs

Sales and marketing expenses \$000s	Year 1	Year 2
Expenses	FY15F	FY16F
Direct selling and marketing costs	2,067.4	3,825.5
Staffing	2,115.3	4,031.6
Total	4,182.7	7,857.1
Sales & Marketing costs % sales	68%	55%

Direct selling costs consist of commission structures for employee sales representatives and resellers and other existing arrangements, such as the GE trademark license fee. More detail on the risks associated with the GE trademark license fee is contained in *Section 6.1 ike's Principal Risks* under the heading "Reliance on key partners".

Marketing costs relate to inbound and outbound marketing activity, including online and web development and attendance at trade shows and travel.

Staffing costs reflect anticipated increases in the areas of direct sales team, product marketing, product management and partnering resources.

10. Research and development

The principal research and development activity has been in the development of an integrated data capture and measurement technology platform and related measurement and workflow software.

Research and development expenses for new products and software platforms (before capitalised development recoveries) are forecast to increase.

Research and development	\$000s		
Expenses	FY14A	FY15F	FY16F
Other costs	687.3	946.5	2,112.5
Staffing costs	615.9	1,207.4	1,778.9
Total Costs	1,303.2	2,153.9	3,891.4
Capitalised	(709.8)	(1,363.1)	(2,456.4)
Net expense	593.4	790.8	1,435.0

Development expenses for FY15F are assumed from the current product development roadmap, timelines and budgets.

Expenses in FY16F are based on historical expenditure, experience in product development costs, timelines and

assumptions of a continuance of the ike Group's level of innovation.

Capitalisation of internally developed assets
The ike Group's intellectual property policy assumes a remaining useful life of 10 years for the development costs of the core technology platform, and five years for development costs of new development assets. Intangible assets are tested for impairment annually or immediately if events or changes in circumstances indicate that it might be impaired. It is assumed that there is no impairment of these assets in the Prospective Period.

11. Corporate expenses

Corporate \$000s	Year 1	Year 2
Expenses	FY15F	FY16F
Other expenses	1,226.0	1,354.2
Staffing	1,336.7	1,831.3
Total	2,562.7	3,185.5
Total corporate expenses % of sales	42%	22%

Corporate costs are forecast to increase, reflecting the expanding employee numbers and costs associated with ikeGPS Group being publicly listed. As sales revenues grow, corporate costs are expected to decline as a proportion of sales from 42% FY15F to 22% in FY16F.

The non-capitalised portion of the listing costs, for listing existing Shares, of \$0.250 million in FY15F is expensed to the profit or loss statement.

12. Dividends

It is assumed that no dividends will be paid in the Prospective Period.

13. Cash and cash equivalents

It is assumed that there will be no material change in conditions relating to banking arrangements. Interest income is assumed to be earned on bank balances on deposit at rates based on the BNZ quoted rate on 5 May 2014 of 4.43%.

14. Trade and other receivables

Receivables are forecast to grow in line with revenue growth and remain on average 34 days' sales outstanding throughout the Prospective Period. The improvement in FY16F is driven by the assumed uptake of Spike subscriptions and warranty revenue received in advance.

Days sales outstanding \$000s	Year 1	Year 2
	FY15F	FY16F
Receivables	641	1,382
Days sales outstanding	35	33

15. Inventory

The ike Group has a "just-in-time" supply chain which enables it to ensure inventories are maintained at low levels, representing an average of 49 days' stock. Final assembly and all quality control inspection are performed by ike Group staff at the Wellington facility. The ike Group assumes no change to the current supply chain for the manufacture and assembly of inventory and the standard costs are assumed for the Prospective Period.

Inventory \$000s	Year 1	Year 2
	FY15F	FY16F
Inventory	323	708
Days inventory based on next 90 days sales	31	33
Days inventory based on previous years sales	47	52

16. Property plant and equipment

New capital expenditure relates primarily to the expansion of the ike Group's new product development capacity, systems capacity and assembly capacity. Forecast capital expenditure is based on known costs of hardware, third party estimates for new systems, and the ike Group's previous experience in capacity increases. In summary, property, plant and equipment consists of:

- Infrastructure and systems from growth of operations,
- Development tools and equipment driven by an increase in development activity each year, and
- Production, assembly and quality assurance equipment.

17. Intangible assets

The ike Group has four categories of intangible asset:

(a) Internally developed assets

Investment in internally developed software and product development (see assumption 10, above).

(b) Patents

The cost of patents is based on the ike Group's new product roadmap of intended development and historical costs for patent protection.

(c) Software

There are no additional software intangible assets forecast in the Prospective Period.

(d) Trademarks

Trademark costs are amortised over a period of five years, to match the anticipated benefits.

18. Taxation

It is assumed there are no losses arising prior to allotment of Shares under the Offer which are carried forward following allotment of Shares under the Offer, as the amount of losses (if any) able to be carried forward is uncertain. Given the net loss forecast of the ike Group in the Prospective Period, it is not expected that the ike Group will pay tax in the Prospective Period. This deferred tax asset for tax losses is not recognised.

19. Trade and other payables

Unless otherwise agreed, the ike Group anticipates settling all non-salary and wage payables in the month following invoice. Therefore, payables are forecast to grow proportionately with monthly purchases, including invoices for capital expenditure progress payments.

Trade and other Payables \$000s	Year 1	Year 2
	FY15F	FY16F
Trade and other Payables	1,133	1,956
Days payables outstanding	50	48

20. Employee entitlements

The ike Group has employee entitlements which comprise of accrued leave balances. These are forecast to grow, reflecting increased staff numbers.

21. Deferred revenue

The ike Group invoices in advance for extended warranties – see assumption 4, above.

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Deferred Revenue \$000s	Year 1	Year 2
	FY15F	FY26F
Current	193	491
Non-Current	128	320
Total	321	811

over three years. On the basis of the Black Scholes methodology, the prospective financial statements accordingly recognise a cost of \$0.061 million each year as an expense and increase to the share based payment reserve.

22. Share based payment reserve

It is assumed that existing options vest as granted and that ikeGPS Group issues an additional 1,200,000 options under the employee share option plan, which vest

Share based payment reserve \$000s		
	Year 1	Year 2
FY14A	FY15F	FY16F
241	301	362

Sensitivity analysis

The PFI is sensitive to a number of variables, including various assumptions relating to ike and the economic environment. Given the potential complexity of these variables and their relationships, care should be taken in interpreting the sensitivity information set out below. In particular, in that sensitivity information each movement in a variable is treated in isolation from possible movements in other assumptions. In practice, of course, this will not necessarily be the case – changes in one assumption may well give rise to or be accompanied by changes in another assumption, which could have either an offsetting or a compounding effect on the outcome. However, no “second order” effects are reflected in the PFI or in the sensitivity information below. In addition, it is possible that more than one assumption might change at any point, again giving rise to either cumulative or offsetting effects, but neither the PFI nor the sensitivity information below reflects any such occurrence.

ike has identified six key assumptions for the Prospective Period in respect of which changes in assumptions may have a material effect on revenue and/or net loss before tax (NLBT):

- Sales volume for GE MapSight,
- Sales volume for Spike,
- Sales volume for Spike end-to-end products,
- Pricing for GE MapSight,
- Pricing for Spike, and
- NZD/USD exchange rate.

A summary of the likely effect which certain changes in each of these assumptions would have on ike’s revenue and NLBT (on the basis noted above) is shown below.

These sensitivities are provided for information purposes, to enable potential investors to gain an understanding of the potential sensitivity of changes in ike’s financial outcomes to these six assumptions. They are not intended to be indicative or predictive of the possible range of outcomes.

Figures shown in the tables below are in NZ\$000’s. Figures in red indicate a reduction in revenue or an increase in NLBT (as the case may be).

(a) Volume sensitivity

The following table shows the NZD impact on the ike Group’s prospective revenues and NLBT if shipped volumes of either GE MapSight or Spike were 30% or 10% above or below the volumes assumed for the purposes of the PFI. Minor differences in relative gains or losses are due to revenue recognition of deferred income and costs of warranty provisions.

VOLUME SENSITIVITY FY15F AND FY16F										
	- 30%	- 10%	FY15F	+ 10%	+ 30%	- 30%	- 10%	FY16F	+ 10%	+ 30%
GE MapSight										
Revenue	(1,130.4)	(376.8)	6,460.1	376.8	1,130.4	(2,673.7)	(872.6)	14,325.0	937.1	2,676.9
NLBT	(616.1)	(202.7)	(5,329.9)	199.2	592.1	(1,552.8)	(503.9)	(5,846.0)	529.8	1,526.1
Spike										
Revenue	(593.7)	(197.3)	6,460.1	200.3	595.5	(683.8)	(238.2)	14,325.0	234.7	675.4
NLBT	(242.3)	(80.4)	(5,329.9)	82.5	243.9	(305.0)	(107.4)	(5,846.0)	104.2	299.0

Volume Sensitivity on Spike end-to-end

The following table shows the impact if the take-up of the “end-to-end” Spike products is for only 5% of Spike sales, or is 25% of Spike sales. The base PFI assumes the sales volumes of the end-to-end products occur for 15% of the Spike sales.

VOLUME SENSITIVITY ON SPIKE END-TO-END FY15F AND FY16F						
	5%	FY15F	25%	5%	FY16F	25%
Revenue	(50.5)	6,460.1	50.5	(610.1)	14,325.0	610.1
NLBT	(38.6)	(5,329.9)	38.6	(478.3)	(5,846.0)	478.3

(b) Price sensitivity

The following table shows the impact if prices achieved for GE MapSight or Spike were 20% or 10% more or less than the prices assumed for the purposes of the PFI. Minor differences in relative gains or losses are due to revenue recognition of deferred income and costs of warranty provisions.

PRICE SENSITIVITY FY15F AND FY16F										
	-20%	- 10%	FY15F	+ 10%	+ 20%	-20%	- 10%	FY16F	+ 10%	+ 20%
GE MapSight										
Revenue	(798.5)	(399.2)	6,460.1	399.2	798.5	(1,815.5)	(907.7)	14,325.0	907.7	1,815.5
NLBT	(672.0)	(334.3)	(5,329.9)	332.8	662.3	(1,594.0)	(796.0)	(5,846.0)	796.0	1,592.0
Spike										
Revenue	(397.4)	(198.7)	6,460.1	198.7	397.4	(499.2)	(249.6)	14,325.0	249.6	499.2
NLBT	(376.9)	(188.4)	(5,329.9)	188.4	376.9	(478.1)	(239.1)	(5,846.0)	239.1	478.1

(c) NZD/USD foreign exchange sensitivity

Each increase or decrease of 1% in the value of the NZD against the USD will:

- decrease or increase (respectively) PFI revenue by approximately \$60,000 in FY15F and \$140,000 in FY16F, and
- increase or decrease (respectively) PFI NLBT by approximately \$14,000 in FY15 and \$51,000 in FY16F.

The following table shows the NZD impact on ike’s prospective revenues and NLBT for a \$0.05 and \$0.10 increase or decrease in the assumed NZD/USD rates.

NZD/USD FX SENSITIVITY FY15F AND FY16F										
	+\$0.10	+\$0.05	FY15F base FX rate	-\$0.05	-\$0.10	+\$0.10	+\$0.05	FY16F base FX rate	-\$0.05	-\$0.10
	\$0.9415	\$0.8915	\$0.8415	\$0.7915	\$0.7415	\$0.9100	\$0.8600	\$0.8100	\$0.7600	\$0.7100
Revenue	(635.1)	(335.4)	6,460.1	377.7	806.4	(1,547.6)	(818.8)	14,325.0	926.5	1,983.5
NLBT	(150.4)	(79.4)	(5,329.9)	89.5	191.0	(564.0)	(298.4)	(5,846.0)	337.7	722.9

7.5 Historical Financial Information

Introduction

This section contains:

- five year summary financial statements for the ike Group,
- audited financial statements for ikeGPS Group for the year ended 31 March 2014 and PricewaterhouseCoopers auditor's report in respect of those financial statements, and
- PricewaterhouseCoopers' auditor's report required by clause 28 of Schedule 1 to the Securities Regulations.

Five year summary financial statements for ikeGPS Group

Introduction

The summary financial statements are those of the ike Group.

Historical financial information is presented for ikeGPS Group and its subsidiaries, ikeGPS Limited and ikeGPS Inc., together referred to as the ike Group.

The ike Group is primarily involved in the development, marketing and sales of measurement solutions for different industries.

The ike Group has designated itself as a profit-oriented entity for the purposes of NZ GAAP.

Basis of preparation

The summary financial statements have been prepared in accordance with New Zealand Financial Reporting Standard No. 43, subject to the Securities Regulations. The summary financial statements have been extracted from the full financial statements.

The financial statements for the Financial Years ended 31 March 2014 and 31 March 2013 are in compliance with full NZ IFRS. These financial statements also comply with IFRS.

The summary financial statements were authorised for issue on 2 May 2014 by the Board.

The audit opinions of the financial statements for the historical periods were unqualified and authorised for issue on the following dates:

Financial year ended 31 March	Financial statement authorised for issue	Auditor
2010	10 June 2010	Deloitte
2011	19 August 2011	Deloitte
2012	19 July 2012	Deloitte
2013	20 December 2013	PricewaterhouseCoopers
2014	2 May 2014	PricewaterhouseCoopers

The summary financial statements cannot be expected to provide as complete an understanding as provided by the financial statements.

The financial statements for the year ended 31 March 2014 are included in *Section 7.5 Historical Financial Information*. The financial statements for the year ended 31 March 2014 are also available from ike.

The financial statements for the year ended 31 March 2014, including the comparatives for the year ended 31 March 2013, have been audited by PricewaterhouseCoopers. The audit opinion was unqualified.

The summary financial statements are presented in NZ\$000s.

Consolidated statement of profit or loss and comprehensive income

(NZ\$000s)	Audited accounts Year ended 31 March				
	FY10A ¹	FY11A ¹	FY12A ^{1,2}	FY13A	FY14A
Continuing Operations					
Revenue	2,566	2,080	2,409	2,729	1,884
Expenditure	(2,809)	(2,898)	(3,732)	(3,483)	(3,600)
Loss before depreciation, amortisation, financing and tax	(243)	(818)	(1,323)	(754)	(1,716)
Depreciation and amortisation	(91)	(146)	(145)	(156)	(363)
Foreign exchange losses	(564)	(134)	(21)	(27)	(158)
Loss before financing and tax	(898)	(1,098)	(1,489)	(937)	(2,237)
Net finance income / (expense)	(23)	(56)	(113)	(66)	(49)
Loss before income tax	(921)	(1,154)	(1,602)	(1,003)	(2,286)
Income tax credit / (expense)	-	-	-	-	24
Loss attributable to owners of ikeGPS Group	(921)	(1,154)	(1,602)	(1,003)	(2,262)
Other comprehensive income					
Exchange differences on translation of foreign operations	595	149	157	42	132
Total comprehensive income attributable to owners of ikeGPS Group	(326)	(1,005)	(1,445)	(961)	(2,130)

Consolidated statement of changes in equity

(NZ\$000s)	Audited accounts Year ended 31 March				
	FY10A ¹	FY11A ¹	FY12A ^{1,2}	FY13A	FY14A
Opening balance at 1 April	1,038	1,489	485	412	1,025
Comprehensive income	(326)	(1,005)	(1,445)	(961)	(2,130)
Issue of preference shares	750	-	1,350	1,419	5,022
Share based payment reserve	27	1	22	155	31
Total transactions with owners	451	(1,004)	(73)	613	2,923
Balance at 31 March	1,489	485	412	1,025	3,948

Consolidated balance sheet

(NZ\$000s)	Audited accounts Year ended 31 March				
	FY10A ¹	FY11A ¹	FY12A ^{1,2}	FY13A	FY14A
ASSETS					
Cash and cash equivalents	102	437	211	-	1,623
Trade and other receivables	486	179	218	196	403
Inventory	377	458	367	150	148
Other current assets	-	1	-	-	35
Total current assets	965	1,075	796	346	2,209
Non-current assets					
Property, plant and equipment	94	101	84	64	99
Intangible assets	1,373	1,548	1,778	2,048	3,673
Deferred tax benefit	-	-	-	-	24
Total non-current assets	1,466	1,650	1,862	2,112	3,796
Total assets	2,432	2,724	2,658	2,458	6,005
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-	120	-
Trade and other payables	394	721	648	540	554
Deferred revenue current	303	256	18	-	395
Convertible preference shares	-	1,250	1,569	769	1,000
Other current liabilities	246	12	11	4	101
Total current liabilities	943	2,239	2,246	1,433	2,050
Non-current liabilities					
Deferred revenue non-current	-	-	-	-	7
Total non-current liabilities	-	-	-	-	7
Total liabilities	943	2,239	2,246	1,433	2,057
Total net assets	1,489	485	412	1,025	3,948
EQUITY					
Ordinary share capital	5,373	5,373	6,723	8,142	13,165
Share based payment reserve	47	48	70	223	241
Foreign currency translation reserve	170	318	488	531	661
Retained earnings	(4,101)	(5,254)	(6,869)	(7,871)	(10,119)
Total shareholders' equity	1,489	485	412	1,025	3,948

Statement of consolidated cash flows*(NZ\$000s)*

Year ended 31 March

	Unaudited accounts ³			Audited accounts	
	FY10A	FY11A	FY12A	FY13A	FY14A
Cash flows from operating activities					
Cash receipts from customers	2,479	2,339	2,135	2,731	2,080
Cash paid to suppliers and employees	(2,865)	(2,884)	(3,537)	(3,225)	(3,493)
Interest paid	(23)	(56)	(127)	(66)	(50)
Interest received	-	-	15	-	1
Net cash generated from operating activities	(409)	(601)	(1,514)	(560)	(1,462)
Cash flows from investing activities					
Purchases of property, plant and equipment	(16)	(51)	(17)	(15)	(76)
Purchase of intangible assets	(403)	(278)	(342)	(390)	(742)
Net cash used in investing activities	(419)	(329)	(359)	(405)	(818)
Cash flows from financing activities					
Proceeds from issuance of convertible preference shares	750	-	100	-	4,070
Net proceeds from related party loans	-	1,250	1,569	619	(22)
Net cash from financing activities	750	1,250	1,669	619	4,048
Net (decrease)/increase in cash and cash equivalents	(78)	320	(204)	(346)	1,768
Cash and cash equivalents at 1 April	149	102	437	211	(120)
Effect of exchange rate fluctuations on cash held	31	15	(22)	15	(25)
Cash and cash equivalents at 31 March	102	437	211	(120)	1,623

¹ For the years ended 31 March 2010, 2011, and 2012, the ike Group prepared financial statements taking advantage of differential reporting exemptions. The figures stated above for these years have been extracted from the respective years audited financial statements. There are no material differences between measurement of these balances applying differential reporting and those that would be disclosed applying full NZ IFRS.

² The balances and performance for the ike Group for the year ended 31 March 2012 were restated. The figures stated above for this period have been extracted from the restated comparative positions included in the audited 31 March 2013 financial statements.

³ As noted in above the ike Group took advantage of differential reporting exemptions for the 31 March 2010, 2011 and 2012 Financial Years. The ike Group was not required to prepare and present a statement of cash flow. The above statement of cash flows for the years ended 31 March 2010, 31 March 2011 and 31 March 2012 have been derived from audited financial statements in the respective years but have not been audited in their own right.

Audited financial statements for the year ended 31 March 2014

Directory

The directors of ikeGPS Group Limited (the Company) present their report on the consolidated entity (the Group), consisting of ikeGPS Group Limited and the entities it controlled during the year ended 31 March 2014.

General Information

Directors

The following persons were directors of ikeGPS Group Limited during the whole financial year and up to the date of this report, unless otherwise stated:

Names	Other Committee responsibilities
Jenny Morel (Chairman until 30 April 2014)	Audit Committee Chair
	Nominations and Remuneration Committee Chair
Leon Toorenborg	-
Peter Britnell	Audit Committee
Alex Knowles	-
Bruce Harker (Appointed on 12 September 2013)	Nominations and Remuneration Committee
Glenn Milnes (Managing Director Appointed on 29 August 2013)	Nominations and Remuneration Committee
Rick Christie (Appointed Chairman from 1 May 2014)	-

Auditors

PricewaterhouseCoopers

Bankers

Bank of New Zealand

Solicitors

Quigg Partners

Registered Office

L1, 42 Adelaide Rd, Newtown, Wellington

Company Number

1292732

Group

ikeGPS Group Limited Owns 100% of:

- ikeGPS Limited
- ikeGPS Incorporated

Annual Report

The Directors are pleased to present the financial statements of ikeGPS Group for the financial year ended 31 March 2014.

The directors are responsible for the preparation, in accordance with New Zealand law and Generally Accepted Accounting Practice, of financial statements which give a true and fair view of the financial position of ikeGPS Group Limited and the Group as at 31 March 2014 and the results of their operations for the year then ended. The directors consider that the financial statements of the Group have been prepared using accounting policies appropriate to the Group's circumstances, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable New Zealand equivalents to International Financial Reporting Standards have been followed.

The directors have responsibility for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Financial Reporting Act 1993.

This annual report and the financial statements are dated 2 May 2014 and signed in accordance with a resolution of the directors made pursuant to section 211 (1) (k) of the Companies Act 1993.

Principal activities

The principal activities of the Group during the financial year ended 31 March 2014 were the design, marketing and sales of the ikeGPS measurement system, an integrated GPS data capture device and related software.

The nature of the Group's activities has not changed during the year.

Review of Operations

A summary of the Group's operating results are:

	2014	2013
Total revenue and other income	1,884,083	2,729,061
Net loss before other comprehensive income	(2,261,214)	(1,003,850)
Net assets	3,947,838	1,024,592

Other items

Significant changes in the state of affairs

There was no significant change in the nature of these activities during the current financial year.

Audit report

The financial statements for the current year have been audited by PricewaterhouseCoopers and a copy of their audit report is included with the financial statements.

In accordance with Section 200(1) of the Companies Act 1993, PricewaterhouseCoopers will continue to act as auditors of the Group.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceeding to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Directors' remuneration

No remuneration was paid to directors in their capacity as directors of the Company and subsidiaries during the year.

Other Disclosures

The Group and the parent company made no significant donations during the year, but undertake regular promotional sponsorship activity through a variety of channels.

For and on behalf of the Board:



Jenny Morel
Director
2 May 2014



Peter Britnell
Director
2 May 2014



Independent Auditors' Report to the shareholders of ikeGPS Group Limited

Report on the Financial Statements

We have audited the financial statements of ikeGPS Group Limited (“the Company”) on pages 73 to 93, which comprise the balance sheets as at 31 March 2014, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 March 2014 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

We have no relationship with, or interests in, ikeGPS Group Limited or any of its subsidiaries other than in our capacities as auditors, providers of other assurance services and tax advisors. These services have not impaired our independence as auditors of the Company and the Group.





Independent Auditors' Report

ikeGPS Group Limited

Opinion

In our opinion, the financial statements on pages 73 to 93:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Company and the Group as at 31 March 2014, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2014:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants
5 May 2014

Wellington

Statements of profit or loss and other comprehensive income

	Note	Year ended 31 March			
		Group		Parent	
		2014	2013	2014	2013
Continuing operations					
Revenue	2(a)	1,765,606	2,402,965	-	-
Cost of sales		(775,543)	(761,398)	-	-
Gross profit		990,063	1,641,567	-	-
Operations cost	2(c)	(214,662)	(176,273)	-	-
Sales and marketing expenses	2(c)	(980,273)	(995,026)	-	-
Research expenses	2(c)	(915,555)	(554,268)	(322,139)	(119,270)
Corporate costs	2(c)	(1,077,112)	(1,152,989)	(30,615)	-
Foreign exchange losses		(157,555)	(26,966)	-	-
Other income	2(a)	118,477	326,096	-	-
Operating loss		(2,236,617)	(937,859)	(352,754)	(119,270)
Net interest income / (expenses)	2(b)	(48,627)	(65,991)	-	-
Loan impairment	23	-	-	(3,306,599)	(384,472)
Net (loss) before income tax		(2,285,244)	(1,003,850)	(3,659,353)	(503,742)
Income tax benefit / (expense)	10	24,030	-	-	-
Loss for the year		(2,261,214)	(1,003,850)	(3,659,353)	(503,742)
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Currency translation difference		131,505	41,913	-	-
Total comprehensive loss for the year attributable to the owners of the parent		(2,129,709)	(961,937)	(3,659,353)	(503,742)
Basic earnings / (Loss) per share	21	(\$ 0.36)	(\$ 0.16)		
Diluted Earnings / (Loss) per share	21	(\$ 0.36)	(\$ 0.16)		

The notes on pages 78 to 93 are an integral part of these consolidated financial statements.

Statements of changes in equity

<i>Group</i>	Share capital	Accumulated losses	Share based payment reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 April 2012	6,723,295	(6,869,325)	69,892	488,364	412,226
Loss for the year	-	(1,003,850)	-	-	(1,003,850)
Other comprehensive income					
Currency translation differences	-	-	-	41,913	41,913
Total comprehensive income/(loss)	-	(1,003,850)	-	41,913	(961,937)
Issue of preference shares	1,419,070	-	-	-	1,419,070
Recognition of share-based options	-	-	155,233	-	155,233
Expired options	-	2,113	(2,113)	-	-
Total transactions with owners	1,419,070	(1,001,737)	153,120	41,913	612,366
Balance at 31 March 2013	8,142,365	(7,871,062)	223,012	530,277	1,024,592
Balance at 1 April 2013	8,142,365	(7,871,062)	223,012	530,277	1,024,592
Loss for the year	-	(2,261,214)	-	-	(2,261,214)
Other comprehensive income					
Currency translation differences	-	-	-	131,505	131,505
Total comprehensive income/(loss)	-	(2,261,214)	-	131,505	(2,129,709)
Issue of preference shares	5,022,340	-	-	-	5,022,340
Recognition of share-based options	-	-	30,615	-	30,615
Expired options	-	12,828	(12,828)	-	-
Total transactions with owners	5,022,340	(2,248,386)	17,787	131,505	2,923,246
Balance at 31 March 2014	13,164,705	(10,119,448)	240,799	661,782	3,947,838
 <i>Parent</i>					
	Share capital	Accumulated losses	Share based payment reserve		Total
	\$	\$	\$		\$
Balance at 1 April 2012	6,723,295	(6,582,757)	69,892		210,430
Loss for the year	-	(503,742)	-		(503,742)
Total comprehensive loss	-	(503,742)	-		(503,742)
Issue of preference shares	1,419,070	-	-		1,419,070
Recognition of share-based options	-	-	155,233		155,233
Expired options	-	2,113	(2,113)		-
Total transactions with owners	1,419,070	(501,629)	153,120		1,070,561
Balance at 31 March 2013	8,142,365	(7,084,386)	223,012		1,280,991
Balance at 1 April 2013	8,142,365	(7,084,386)	223,012		1,280,991
Loss for the year	-	(3,659,353)	-		(3,659,353)
Total comprehensive income loss	-	(3,659,353)	-		(3,659,353)
Issue of preference shares	5,022,340	-	-		5,022,340

<i>Parent</i>	Share capital	Accumulated losses	Share based payment reserve	Total
	\$	\$	\$	\$
Recognition of share-based options	-	-	30,615	30,615
Expired options	-	12,828	(12,828)	-
Total transactions with owners	5,022,340	(3,646,525)	17,787	1,393,602
Balance at 31 March 2014	13,164,705	(10,730,911)	240,799	2,674,593

The notes on pages 78 to 93 are an integral part of these consolidated financial statements.

Balance sheets

	Note	As at 31 March			
		Group 2014	2013	Parent 2014	2013
Assets					
Current assets					
Cash and cash equivalents	3	1,622,845	-	-	-
Trade and other receivables	6	402,807	196,268	-	-
Prepayment		36,236	-	-	-
Inventory	4	147,972	149,504	-	-
Total current assets		2,209,860	345,772	-	-
Non-current assets					
Property, plant and equipment	13	98,780	63,948	-	-
Intangible assets	14	3,672,593	2,048,360	3,672,593	2,048,360
Deferred tax asset	10	24,030	-	-	-
Investment in Subsidiaries	9	-	-	2,000	2,000
Total non-current assets		3,795,403	2,112,308	3,674,593	2,050,360
Total assets		6,005,263	2,458,080	3,674,593	2,050,360
Equity and Liabilities					
Equity					
Share capital ¹	12	13,164,705	8,142,365	13,164,705	8,142,365
Share based payment reserve	22	240,799	223,012	240,799	223,012
Foreign currency translation reserve		661,782	530,277	-	-
Accumulated Losses		(10,119,448)	(7,871,062)	(10,730,911)	(7,084,386)
Total Equity		3,947,838	1,024,592	2,674,593	1,280,991
Liabilities					
Current liabilities					
Bank overdraft	7	-	119,765	-	-
Provisions		-	4,174	-	-
Trade and other payables	8	554,288	454,371	-	-
Employee entitlements	5	100,567	85,809	-	-
Deferred revenue current	11	394,773	-	-	-
Convertible preference shares ¹	12	1,000,000	-	1,000,000	-
Convertible Loans	12	-	769,369	-	769,369
Total current liabilities		2,049,628	1,433,488	1,000,000	769,369
Non-current liabilities					
Deferred revenue non-current	11	7,797	-	-	-
Total non-current liabilities		7,797	-	-	-
Total liabilities		2,057,425	1,433,488	1,000,000	769,369
Total equity and liabilities		6,005,263	2,458,080	3,674,593	2,050,360

¹ The Group has an issued share capital of \$14,164,705 (25,406,886 shares). \$1,000,000 has been classified as a financial instrument, convertible preference shares, under liabilities above. Refer to Note 12 for detail.

The notes on pages 78 to 93 are an integral part of these consolidated financial statements.

Statements of cash flows

	Year ended 31 March			
	Group		Parent	
	2014	2013	2014	2013
Cash flows from operating activities				
Cash receipts from customers	2,080,114	2,731,086	-	-
Cash paid to suppliers and employees	(3,493,479)	(3,225,399)	-	-
Interest paid	(49,879)	(65,991)	-	-
Interest received	1,252	-	-	-
Net cash generated used in activities	(1,461,992)	(560,304)	-	-
Cash flows from investing activities				
Purchases of property, plant and equipment	(75,947)	(15,031)	-	-
Additions to intangible assets (including capitalised salaries and external contractors expenses)	(741,553)	(390,133)	(741,553)	(390,133)
Loans granted to subsidiaries	-	-	(3,306,599)	(229,237)
Net cash used in investing activities	(817,500)	(405,164)	(4,048,152)	(619,370)
Cash flows from financing activities				
Proceeds from issuance of convertible preference shares	4,070,000	-	4,070,000	-
Repayments of related party loans	(129,252)	(150,000)	(129,252)	(150,000)
Proceeds from related party loans	107,404	769,370	107,404	769,370
Net cash from financing activities	4,048,152	619,370	4,048,152	619,370
Net increase/(decrease) in cash and cash equivalents	1,768,660	(346,098)	-	-
Cash and cash equivalents at 1 April	(119,765)	211,386	-	-
Effect of exchange rate fluctuations on cash held	(26,050)	14,947	-	-
Cash and cash equivalents at 31 March	1,622,845	(119,765)	-	-

The notes on pages 78 to 93 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Financial statements are presented for ikeGPS Group limited ("the Company") and its subsidiaries, ikeGPS Limited and ikeGPS Inc., together referred to as the "Group". The financial statements were authorised for issue by the Directors on 2 May 2014.

1. Summary of significant accounting policies

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

(a) Basis of preparation

(i) Statement of compliance

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

The Company and Group are profit oriented. The consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and Financial Reporting Act 1993.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. These financial statements also comply with International Financial Reporting Standards.

The Group has adopted External Reporting Board Standard A1, Accounting Standards Framework (For-profit Entities) ("XRB A1") that established a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. For the purpose of complying with NZ GAAP the Company applies Tier 1 For-profit Accounting Standards ("NZ IFRS") on the basis it has public accountability as defined by the standard.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis with the exception of certain financial instruments which are measured in

accordance with the specific relevant accounting policy.

(iii) Transition to full NZ IFRS

The financial statements of the Group until 31 March 2013 had been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities that qualify for and apply differential reporting concessions. The Company's financial statements for the year ended 31 March 2014 are the first financial statements that comply with NZ IFRS ('full NZ IFRS') and no longer apply the differential reporting concessions available under NZ IFRS.

NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements. The Group has changed the taxation accounting policy and depreciation method of property, plant and equipment to comply with NZ IFRS and IFRS. However, the transition has had no material impact on equity as at 1 April 2012 or 31 March 2013 and the loss for the year ended 31 March 2013. There has been an adjustment to the loss for the year ended 31 March 2014 relating to the movement in the deferred tax asset of \$24,030.

The main impact of the transition for the Company and Group is presentation of a cash flow statement and the additional disclosures required within the notes to the financial statements.

(iv) Changes in accounting policy and disclosures

a. New and amended standards adopted by the Group

NZ IAS 1 Amendment – Presentation of Items in Other Comprehensive Income amendment to NZ IAS 1 required that items of other comprehensive income that would be reclassified to profit or loss in future if certain conditions were met be presented separately from those that would never be reclassified to profit or loss. This resulted in a change in the presentation of the Group's statement of other comprehensive income accordingly.

NZ IFRS 13 - Fair Value Measurement, aims to improve consistency and reduce complexity by

providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. This has not materially impacted the financial statements of the Group.

- b. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

NZ IFRS 9 Financial Instruments. This standard replaces the measurement rules for financial assets found in NZ IAS 39 Financial Instruments, introduces new criteria for amortised cost measurement and removes the classification loans and receivables. It is effective for accounting periods beginning on or after 1 January 2017 and will apply to the 31 March 2018 financial statements of the Group. This standard will impact the classification of the Group's financial instruments.

- c. NZ IAS 32 – Financial Instruments Offsetting Financial Assets and Financial Liabilities. The amendment provides application guidance to addressing inconsistencies applied to offsetting criteria provided in NZ IAS 32, including clarifying the meaning of current legal enforceable right of set-off and that some gross settlement systems may be considered as the equivalent to net settlement. The amendment is not expected to have a material impact on the Group. The amendment is applicable for financial periods beginning on or after 1 January 2014.

(v) *Use of estimates and judgments*

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

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Measurement and Impairment of intangible assets

- Capitalised development of the core ikeGPS product is amortised up to a period of 10 years.
- Capitalised development of the Spike product is amortised up to a period of five years.
- Patents are amortised up to a period of 20 years.

The directors have made this judgment based on the fact these intangible assets provide the core technology for all current and future product development and therefore have a life which goes beyond the life of any one product. The core product platform has been developed over a period of 10 years and is considered to have least 10 years of life remaining. Annually the Directors are required to assess the appropriateness of the assets amortization period. For the current year the Directors have assessed that it is appropriate to reduce the remaining amortization period on the core ikeGPS product to 10 years to better align with the remaining period of core patent protections. The impact is an increased amortisation charge of \$74,885.

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

<i>Reduction in years</i>	<i>Increase in amortisation expense</i>
1	\$21,361
2	\$48,561
3	\$83,529

(b) Basis of consolidation*(i) Subsidiaries*

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

(ii) Transactions eliminated on consolidation

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The ikeGPS products are managed and reported to the chief operating decision maker on an integrated basis and therefore constitute a single reportable segment. The chief operating decision maker has been identified as the Board of Directors.

(d) Foreign currency translation*a. Functional and presentation currency*

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

b. Transactions and balances

Foreign currency transactions initially translated to functional currencies at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary

assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

c. Group companies

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

- 1) assets and liabilities are translated at the closing rate at the date of the balance sheet,
- 2) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- 3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the statement of profit or loss as part of the gain or loss on sale.

(e) Goods and Services Tax

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

(f) Financial instruments

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

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash

and cash equivalents, trade and other payables and compound financial instruments.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

(iii) Trade and other receivables

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

(g) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Depreciation

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

depreciated over the term of the lease.

Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date. The impact of the change is not material to the financial statements.

31 March 2014

Development equipment	14.0%
Office furniture and equipment	13.0%-48.0%
Plant and equipment	14.0%-30.0%
Leasehold improvements	9.5%-30.0%

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

(h) Intangible assets

(i) Research and development

All research and development costs, with the exception of product and software development costs, are recognised as an expense when they are occurred.

(ii) Capitalised product and software development

Costs that are directly associated with the production of identifiable products available for resale and controlled by the Group that will probably generate economic benefits exceeding costs beyond one year, are capitalised as product and software development. These costs include employee's direct costs and an appropriate portion of relevant direct overheads.

Capitalised development of the Company's core technology which goes beyond the life of any one product is amortised up to a maximum period of 10 years. Other internally generated intangible assets specific to a product is amortised over the life of that product.

(iii) Software

Software acquired or developed by the Group, has finite useful lives, and are measured at cost less accumulated amortisation and accumulated impairment losses. Software intangible assets are fully

written down. Amortisation is charged on a straight line basis over their estimated useful lives of 5 years.

(iv) Patent costs

Patents are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of up to 20 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

(v) Trademark and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 5 years.

(i) Leased assets

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

(j) Inventory

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

(k) Government grants

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

Government grants relating to assets are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

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

(l) Impairment of non-financial assets

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

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Impairment of receivables

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets).

Receivables with a short duration are not discounted.

(n) Employee benefits

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

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

(o) Share-based payment

The Group operates an employee option scheme (equity-settled) under which employees receive the option to acquire shares at a predetermined exercise price. The options are fair valued at grant date using the Black Scholes model with the fair value amortised to profit or loss over the vesting period.

The Group has issued a number of share options, (called warrants because it is a US entity) under which the Group receives marketing services from a certain entity as consideration for equity instruments (options) of the group. The fair value of the marketing services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions (for example, the entity's share price).

The Group has issued a number of shares to an entity in exchange for the right to use the entity's trade mark for a period of time. The fair value of the trade mark license is recognised as an intangible asset and determined by reference to the contract agreed by both entities.

(p) Revenue

a. Sale of product

Revenue from the sale of product is the sale of measuring device product and associated software, equipment and accessories. Revenue is recognised when the products are shipped and significant risks and rewards of ownership have been transferred to the buyer, and recovery of the consideration is probable.

b. Sale of services

Sale of services include handling fees, warranty service revenue and other design fees. Revenue is recognised in the accounting period in which the service is rendered. Consideration received prior to the service being rendered is recognised in the balance sheet as deferred revenue.

(q) Finance income and expenses

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

Finance expenses comprise interest expense on borrowings, and foreign currency losses. All borrowing costs are recognised in profit or loss using the effective interest method.

(r) Current and deferred income tax

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

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

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

(s) Earnings per share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the

weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average

number of ordinary shares on issue for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and convertible preference shares.

2. Revenue and expenses

(a) Revenue

	Group	
	2014	2013
Sale of product	1,636,416	1,940,320
Contracted services	129,190	462,645
Operating revenue	1,765,606	2,402,965
Government grants	118,477	326,096
Total revenue and other income	1,884,083	2,729,061

No revenues from transactions with a single external customer amount to 10% or more of the Group's revenues.

(b) Net interest expense

	Group		Parent	
	2014	2013	2014	2013
Interest income	1,252	-	-	-
Interest expense	(49,879)	(65,991)	-	-
Net interest income/(expense)	(48,627)	(65,991)	-	-

(c) Operating expenses

	Group		Parent	
	2014	2013	2014	2013
Fees paid to auditors (audit fees)	60,000	26,968	-	-
Fees paid to auditors (tax services)*	10,000	-	-	-
Total fees paid to auditors	70,000	26,968	-	-
Amortisation of development asset	232,049	115,727	232,049	115,727
Amortisation of patents and software	21,374	4,221	21,374	4,221
Amortisation of trademark	68,716	-	68,716	-
Depreciation	41,115	35,558	-	-
Total amortisation and depreciation	363,254	155,506	322,139	119,948
Employee benefit expense	2,073,942	1,604,041	-	-
External contractors and consultants	626,215	64,414	-	-
Employee benefit expense and external contractors capitalised	(709,816)	(390,133)	-	-
Operating leases	129,055	132,798	-	-
Other operating expenses	634,952	1,284,962	30,615	(22,058)
Total operating expenses	3,187,602	2,878,556	352,754	119,270

* Fee for services include taxation advice on the application of shareholder continuity requirements in respect of carry forward tax losses.

3. Cash and cash equivalents

	Group	
	2014	2013
Bank balances	221,584	-
Call deposits	1,401,261	-
Total cash and cash equivalents	1,622,845	-

- a) \$1,000,000 is on term deposit with a maturity date of 17 June 2014. Interest earned is at a rate of 3.25% p.a.
- b) \$401,261 is held in an on-call deposit account and interest earned is at a rate of 2.6% p.a.

4. Inventory

	Group	
	2014	2013
Finished Goods	51,829	22,867
Components	96,143	126,637
Total inventory	147,972	149,504

5. Employee entitlements

The Group had employee entitlements consisting of accrued leave balances of \$ 100,567 (2013: \$85,809).

6. Trade and other receivables

	Group	
	2014	2013
Trade receivables	186,329	196,268
Other receivables	216,478	-
Total trade and other receivables	402,807	196,268

The Company has no overdue trade receivables.

Other receivables relate to:

- a) Government grant claim with NZTE for \$118,477, and
- b) GST tax refund in April of \$98,001.

7. Bank overdraft

The Group did not have an overdraft at 31 March 2014 (2013: \$ 119,765).

8. Trade and other payables

	Group	
	2014	2013
Trade payables	436,120	445,621
Accrued expenses	118,168	8,750
Total trade and other payables	554,288	454,371

9. Subsidiaries

Name of entity	Country incorporation	of Principal activity	Investment	
			2014	2013
ikeGPS Limited	New Zealand	Product development and operations business	1,000	1,000
ikeGPS Inc.	USA	Business operations	1,000	1,000
			<u>2,000</u>	<u>2,000</u>

ikeGPS Limited and ikeGPS Inc. are 100% (2013: 100%) owned by the Company.

10. Current and deferred tax

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

	Group		Parent	
	2014	2013	2014	2013
Net losses before income tax	(2,285,244)	(1,003,850)	(3,659,353)	(503,742)
Prima facie income tax credit at 28%	(639,868)	(281,078)	(1,024,619)	(141,048)
Non-deductible expenses	-	80,799	925,848	107,652
Unrecorded tax losses	615,838	200,279	98,771	33,396
Income tax benefit	(24,030)	-	-	-
Tax losses to carry forward				
	Group		Parent	
	2014	2013	2014	2013
Opening loss brought forward	3,087,913	2,372,631	675,584	556,314
Current year's losses	2,199,423	715,282	352,754	119,270
Loss to carry forward	5,287,336	3,087,913	1,028,338	675,584

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

Deferred tax : Employee entitlement	Group		Parent	
	2014	2013	2014	2013
Opening balance	-	-	-	-
Recognised through profit or loss	24,030	-	-	-
Closing balance	24,030	-	-	-

Deferred tax is expected to be settled within 12 months.

11. Deferred revenue

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

	Group	2013
	2014	
Warranty deferred revenue	40,507	-
Other income received in advance	362,063	-
Total deferred revenue	402,570	-

12. Share capital and reserves

	Group and Parent	
	2014	2013
Share capital		
On issue at 1 April	8,142,365	6,723,295
Issued for cash	4,070,000	-
Issued to General Electric Company (Note 14)	1,204,819	-
Shareholder loan converted to convertible preference shares	747,521	1,419,070
On issue at 31 March	14,164,705	8,142,365
Less reclassification to financial instruments	1,000,000	-
Share Capital at 31 March	13,164,705	8,142,365
Fully paid ordinary shares		
2014: 6,341,719 (2013: 6,341,719)	1,623,660	1,623,660
Fully paid preference shares		
2014: 19,065,167 (2013: 12,046,429)	12,541,045	6,518,705
Share Capital on issue at 31 March	14,164,705	8,142,365
(total shares: 25,406,886) (2013: 18,388,148)		

Each convertible preference share entitles the holder to the right to cast one vote. In the terms of liquidation, preference shares have first right to the net assets of ikeGPS Limited. Preference shares will not participate in any distribution surplus of the Group. The convertible preference shares are convertible into ordinary shares immediately prior to the closing of a qualify IPO or on the passing of resolution by the holders of at least 75% of the convertible preference shares to convert the outstanding convertible preference shares at a one for one ratio.

During the year the Company issued 7,018,738 preference shares. All agreements contain an anti-dilution clause requiring the Company to issue further preference shares if additional equity is issued within two years of the subscription date at a price lower than the subscription price. The investment agreement for 1,250,000 shares amounting to \$1,000,000 issued in August 2013 contained an additional clause covering a situation if 50% of the shares sold to a third party on or after 31 March 2014 were sold for a value of less than \$1.60, or if an initial public offering price of the shares was less than \$1.60, then the additional shares would be issued. In compliance with NZ IAS 32 where the sale of 50% of the shares is deemed to be beyond the control of the Company, those shares are classified as a financial instrument until such time as the clause has no effect. Upon a successful IPO, such convertible shares would convert to ordinary equity with no additional conditions attached.

Convertible loan for the amount of \$769,369 were recognised in prior year. \$747,521 converted to convertible preference shares within the period at a share price of \$0.65 per share. The remaining \$21,848 was repaid to the related parties.

13. Property, plant and equipment

Group	Plant & equipment	Leasehold improvements	Office furniture	Development equipment	Total
Cost					
Balance at 1 April 2012	119,522	30,608	165,542	66,330	382,002
Additions	9,402	-	2,616	3,013	15,031
Disposals	(4,514)	(2,772)	(102,887)	(34,695)	(144,868)
Balance at 31 March 2013	124,410	27,836	65,271	34,648	252,165
Balance at 1 April 2013	124,410	27,836	65,271	34,648	252,165
Additions	52,384	-	16,349	7,214	75,947
Balance at 31 March 2014	176,794	27,836	81,620	41,862	328,112
Depreciation					
Balance at 1 April 2012	84,933	15,100	141,872	55,622	297,527
Depreciation for the year	13,301	2,371	15,694	4,192	35,558
Disposals	(4,514)	(2,772)	(102,887)	(34,695)	(144,868)
Balance at 31 March 2013	93,720	14,699	54,679	25,119	188,217
Balance at 1 April 2013	93,720	14,699	54,679	25,119	188,217
Depreciation for the year	24,795	3,702	7,198	5,420	41,115
Balance at 31 March 2014	118,515	18,401	61,877	30,539	229,332
Carrying amounts					
At 31 March 2013	30,690	13,137	10,592	9,529	63,948
At 31 March 2014	58,279	9,435	19,743	11,323	98,780

Property, plant and equipment are all located under ikeGPS Limited incorporated in New Zealand.

14. Intangible assets

Group and parent	Development assets	Patents and software	Trademark license	Total
Cost				
Balance at 1 April 2012	2,100,237	113,976	-	2,214,213
Additions	390,133	-	-	390,133
Balance at 31 March 2013	2,490,370	113,976	-	2,604,346
Balance at 1 April 2013	2,490,370	113,976	-	2,604,346
Additions	709,816	31,737	1,204,819	1,946,372
Balance at 31 March 2014	3,200,186	145,713	1,204,819	4,550,718
Amortisation and impairment losses				
Balance at 1 April 2012	393,718	42,320	-	436,038
Amortisation for the year	115,727	4,221	-	119,948
Balance at 31 March 2013	509,445	46,541	-	555,986
Balance at 1 April 2013	509,445	46,541	-	555,986
Amortisation for the year	232,049	21,374	68,716	322,139
Balance at 31 March 2014	741,494	67,915	68,716	878,125
Carrying amounts				
At 1 April 2013	1,980,925	67,435	-	2,048,360
At 31 March 2014	2,458,692	77,798	1,136,103	3,672,593

Intangible assets are all located under ikeGPS Group Limited incorporated in New Zealand.

Development Assets

The Group took the decision to reduce the remaining amortisation period to 10 years as it considers this period to better reflect the period in which the capitalised development costs will generate future economic benefits and to align with the period of patent protection. The impact of the change in the useful life of development assets is an increase in the amortisation costs for the year of \$74,885.

Trademark License

On 16 December 2013 the Company was granted exclusive license rights which entitles the Group to use the GE trademark for a period of five years.

The exclusive license rights fee was \$1,000,000 USD (\$1,204,819 NZD). The fee was paid by the issuance of an equivalent value of convertible preference shares. (1,506,024 shares) – refer Note 12.

15. Financial instruments and financial risk management

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

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

	Group					
	Loans and receivables	2014 Financial liabilities at amortised cost	Total carrying value	Loans and receivables	2013 Financial liabilities at amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	1,622,845	-	1,622,845	-	-	-
Trade receivables	402,807	-	402,807	196,268	-	196,268
Total financial assets	2,025,652	-	2,025,652	196,268	-	196,268
Financial liabilities						
Bank overdraft	-	-	-	-	119,765	119,765
Employee entitlements	-	100,567	100,567	-	85,809	85,809
Trade and other payables	-	436,120	436,120	-	445,621	445,621
Accrued expenses	-	118,168	118,168	-	8,750	8,750
Convertible loan	-	-	-	-	769,369	769,369
Convertible preference shares	-	1,000,000	1,000,000	-	-	-
Total financial liabilities	-	1,654,855	1,654,855	-	1,429,314	1,429,314

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

(a) Credit risk

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

Maximum exposure to credit risk at balance date:

	Group	
	2014	2013
Cash at bank	1,622,845	-
Receivables	402,807	196,268
Total	2,025,652	196,268

(b) Liquidity risk

Liquidity risk is the risk that the Group cannot pay contractual liabilities as they fall due. During the year the Company raised cash of \$4,070,000 by way of private placement. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's forward financing plans and commitments.

The Group has a cash balance as of 31 March 2014 of \$1,622,845 and operating cash flows including capitalised salary costs of \$1,730,021. These cash flows include cost associated with the development of the Spike product that would not be expected to be incurred in the

subsequent financial year. Based on these cash flows and the Company's position, together with:

- an expectation of increased sales in the 31 March 2015 year as a result of committed orders and a number of well advanced contract negotiations,
- the ability and intention to raise additional funding, and
- the ability of the Group to manage its growth activities and hence associated costs,

the Group believes that it has sufficient liquidity to meet its obligations as they fall due.

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

	Group					
	Contractual cash flows	2014 6 months or less	6-12 months	Contractual cash flows	2013 6 months or less	6-12 months
Bank overdraft	-	-	-	119,765	119,765	-
Employee entitlements	100,567	-	100,567	85,809	-	85,809
Trade payables	436,120	436,120	-	445,621	445,621	-
Accrued expenses	118,168	118,168	-	8,750	8,750	-
Convertible loan	-	-	-	813,936	813,936	-
Total financial liabilities	654,855	554,288	100,567	1,473,881	1,388,072	85,809

(c) Foreign currency risk management

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

At 31 March 2014, had the local currency strengthened / weakened by 10% the pretax profit would have been higher / (lower)

Group	+ 10%	-10%
US Dollar		
Cash and cash equivalents	(24,887)	30,417
Trade and other receivables	(62,096)	75,895
Trade and other payables	4,232	(5,172)
Intercompany balance foreign exchange rate movement	(245,715)	300,318

(d) Interest rate risk management

The Groups interest rate risk arises from its cash balances. The Group currently has no significant exposure to interest rate risk other than the amount held at the bank.

16. Capital management

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

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

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

17. Fair value estimation

The carrying value of the parent's and Group's financial instruments approximates their fair value. The fair value of the Group's financial assets and liabilities does not materially differ from their carrying value.

The Company and Group have no financial instrument measured at fair value.

18. Commitments

	Group	
	2014	2013
Non-cancellable operating lease and branding fee payments		
Less than one year	350,095	129,055
Between one and five years	778,247	263,834
More than five years	-	-
	1,128,342	392,889

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

19. Contingencies

The Company advises a contingent liability for inter company GST has arisen since balance date, which could be in the range of \$40,000 to \$50,000(2013: nil). Apart from as noted, the Company has no other contingencies.

20. Cash generated from operations

	Year ended 31 March			
	Group		Parent	
	2014	2013	2014	2013
Loss for the year	(2,261,214)	(1,003,850)	(3,659,353)	(503,742)
Non-cash items included in net loss				
Depreciation	41,115	35,558	-	-
Loan impairment	-	-	3,306,599	384,472
Amortisation of intangible assets	322,139	119,948	322,139	119,270
Deferred tax expense	(24,030)	-	-	-
Share option expense	30,615	155,233	30,615	-
Foreign exchange gains/(losses)	157,555	26,966	-	-
	527,394	337,705	-	-
Add/(less) movement in working capital items				
Decrease/(Increase) trade and other receivables	(206,539)	20,050	-	-
Decrease/(Increase) in inventories	1,532	217,673	-	-
Decrease/(Increase) in prepayments	(36,236)	-	-	-
Increase/(Decrease) in trade and other payables	99,917	(194,113)	-	-
Increase/(Decrease) in deferred revenue	402,570	(18,025)	-	-
Increase/(Decrease) in employee entitlements	14,758	85,809	-	-
Increase/(Decrease) in provisions	(4,174)	(5,553)	-	-
	271,828	105,841	-	-
Net cash used in operating activities	(1,461,992)	(560,304)	-	-

21. Basic and diluted earnings per share**(a) Basic**

	2014	2013
Total profit /(loss) for the year attributable to the owners of the parent	(2,261,214)	(1,003,850)
Ordinary shares issued	6,341,719	6,341,719
Earnings / (Loss) per share	\$(0.36)	\$(0.16)

(b) Diluted

	2014	2013
Total loss for the year attributable to the owners of the parent	(2,261,214)	(1,003,850)
Weighted average shares issued	14,418,371	9,674,833
Adjusted for Share options	1,617,397	1,774,534
Adjusted for warrants	230,292	230,292
Shares for diluted earnings per share	16,266,060	11,679,659
Earnings / (Loss) per shares	\$(0.14)	\$(0.09)

The potential shares are anti-dilutive in nature. The loss per share is therefore the same as the undiluted EPS at (\$0.36) and (\$0.16) for the respective periods.

22. Share based payments**(a) Employee share options**

Employee share options are granted to selected employees. The ikeGPS Limited Employee Share Option Plan ("ESOP") was introduced. The ESOP options outstanding at 31 March 2014 have a weighted exercise price of \$0.65 and a contractual life of four to seven years. Options can be exercised at any time after vested and unexercised ESOP options would expire if the employee leaves the Group. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

At 31 March 2014, the Company determined that, based on the Black Scholes valuation model; assuming actual low volatility over time and a stock volatility ranging between 10% to 30% depending on time of grant that the weighted average fair value of share options granted was \$0.065 each (2013: \$0.065 each).

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

	Weighted Exercise Price	2014		2013	
		Number of options	Value of options	Number of options	Value of options
Vested at the beginning of the year		1,373,542	89,280	1,075,000	69,892
Vested during the year	\$0.65	267,500	17,408	331,042	21,501
Cancelled during the year	\$0.65	(197,292)	(12,828)	(32,500)	(2,113)
Vested at the end of the year		1,443,750	93,860	1,373,542	89,280

Options	Number of options granted	Fair value of each option	Total fair value	Share price	Risk free interest rate
Employees	1,443,750	\$ 0.065	93,860	\$ 0.65	3.26%

(b) Other share options

230,292 warrants were granted in 2013 for the marketing services received from a service provider party (changed to shareholder in current year), which permits the third party to purchase shares for \$0.01 each.

	Number of options granted	Fair value of each warrant	Total fair value	Exercise price
Related Parties	230,292	\$ 0.64	146,939	\$ 0.65

20,726 (2013: 27,635) options amounting to \$13,207 (2013: \$133,732) have vested during the current financial year at a fair value of \$0.64 each and has been recognised in profit or loss. All the options have not exercised yet at the end of the year.

In the 31 March 2013 year the Group issued 951,131 of options to certain employees and shareholders as part of a convertible preference share issue. These options are exercisable at any time of a price at \$0.65 and have not exercised yet at the end of the year.

23. Related parties

Inter-company loan

The Company has a loan with its subsidiary, ikeGPS Limited, to fund the cost of research and development in relation to the Group's products. During the year, the Company made additional loans of \$3,306,599 (2013: 384,472) to ikeGPS Limited. At 31 March 2014, the intercompany loan receivable due from ikeGPS Limited is \$9,503,352 (2013: \$6,196,753). The loan is payable on demand and interest bearing. Due to the uncertainty of future cash flows from the loan, the loan is fully impaired. The impairment loss recognised in the Parent Company's accounts for the year is \$3,306,599 (2013: \$384,472). This has no effect on the consolidated accounts.

Trademark license

During the year, the Company entered into a licensing and trademark agreement with GE Trademark Licensing, Inc. in exchange for the issue of 1.5m of convertible preference shares (refer Note 14) to General Electric Company. No transactions have taken place during the 31 March 2014 year under this agreement.

Related party convertible loan

The Company had convertible loans from certain shareholders and key management. During the year, convertible loans totalling \$107,404 were advanced to the Group at an interest rate of 15% pa. and have been repaid to the related parties or converted into shares.

Key management compensation

	Group	
	2014	2013
Remuneration paid to directors during the year	NIL	4,342
Remuneration paid to senior management- short term	997,746	820,000
Share option paid to senior management	16,575	153,563

Key management are identified as the Chief executive officer, Chief technology officer, Chief financial officer, Chief marketing officer, Chief operating officer, VP product management, VP sales, Development manager, and the Directors.

24. Subsequent events

(a) Appointment of new chairman

The Company is pleased to announce the appointment of a new chairman, Rick Christie, as chairman.



7.6 Auditor's Report

The Directors
ikeGPS Group Limited
Level 1, 42 Adelaide Rd,
Newtown
WELLINGTON 6011

Dear Directors

Report of the Independent Auditors for inclusion in the Prospectus

As auditors of ikeGPS Group Limited (the “Company”) and its subsidiaries (together the “Group”) we have prepared this report pursuant to clause 28 of Schedule 1 of the Securities Regulations 2009 (the “Regulations”) for inclusion in the Prospectus to be dated 23 June 2014 (the “Prospectus”).

The Prospectus includes:

- (a) the financial statements of the Group, comprising the consolidated balance sheet as at 31 March 2014, the consolidated statement of profit or loss and comprehensive income, consolidated statement of movements in equity and statement of consolidated cash flows for the period ended on that date and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for the Group, as required by clause 23(3) of Schedule 1 of the Securities Regulations 2009;
- (b) summary financial statements of the Group, which comprise summary consolidated balance sheets as at 31 March 2010, 2011, 2012, 2013 and 2014, and summary consolidated statements of profit or loss and comprehensive income, summary consolidated statements of changes in equity and summary statements of consolidated cash flows for the years then ended, as required by clause 9(1) of Schedule 1 of the Securities Regulations 2009; and
- (c) the prospective financial statements of the Group, comprising a prospective consolidated balance sheet as at 31 March 2015 and 2016, a prospective consolidated statement of profit or loss and comprehensive income, a prospective statement of changes in equity and a prospective statement of consolidated cash flows, for the years then ending, including the assumptions on which they are based, as required by clause 11(1)(c) of Schedule 1 of the Securities Regulations 2009.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements therefore is not a substitute for reading the audited financial statements of the Group.

This report is made solely to the Directors, for the purpose of clause 28 of Schedule 1 of the Securities Regulations 2009. Our work has been undertaken so that we might state those matters we are required to state to the Directors in a report from the auditor and for no other purpose. To the fullest extent permitted by law and subject to the Securities Act 1978 and Securities Regulations 2009, we do not accept or assume responsibility to anyone other than the Directors for this report. In addition, we take



no responsibility for, nor do we report on, any part of the prospectus not specifically mentioned in this report.

Directors' Responsibilities

The Directors are responsible for the preparation and presentation of:

- (a) the financial statements referred to under clause 23(3) of Schedule 1 of the Securities Regulations 2009, that comply with the Financial Reporting Act 1993, and which comply with generally accepted accounting practice in New Zealand and which give a true and fair view of the matters to which they relate and for such internal controls as the Directors determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- (b) the summary financial statements of the Group for the years ended 31 March 2010, 2011, 2012, 2013 and 2014 as required under clause 9(1) of Schedule 1 of the Securities Regulations 2009; and
- (c) the prospective financial statements of the Group for the years ending 31 March 2015 and 2016, including the assumptions on which they are based, as required by clause 11(1)(c) of Schedule 1 of the Securities Regulations 2009.

Auditors' Responsibilities

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

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

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

In addition, we are responsible for providing a report on the summary financial statements of the Group under clause 28(1)(h) of Schedule 1 of the Securities Regulations 2009. Our engagement was conducted to obtain reasonable assurance that the amounts included in the summary financial statements for the years ended 31 March 2010, 2011, 2012, 2013 and 2014 and presented in



accordance with clause 9(1) of Schedule 1 of the Securities Regulations 2009 have been correctly taken from the audited financial statements of the Group, in all material respects.

In respect of the prospective financial statements of the Group for the years ending 31 March 2015 and 31 March 2016 we have undertaken procedures pursuant to clause 28(2) of Schedule 1 of the Securities Regulations 2009. Our engagement was conducted in accordance with International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued in New Zealand. The standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance that, in all material respects, so far as the accounting policies and calculations are concerned, the prospective financial statements have been properly compiled on the footing of the assumptions made or adopted by the Directors and are presented on a basis consistent with the accounting policies normally adopted or which are intended to be adopted by the Group.

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the prospective financial information for the Group, whether due to fraud or error.

In making those risks assessments, we have considered internal controls relevant to the preparation and presentation of the prospective financial information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the company's internal control over the preparation and presentation of the prospective financial information.

We have no relationship with, or interests in, the Company, or any of its subsidiaries, other than in our capacity as auditors and providers of other assurance services and tax advisors. These services have not impaired our independence as auditors of the Company and the Group.

Opinion on the Company and Group's Financial Statements

Our opinion on the financial statements for the year ended 31 March 2014 was issued on 5 May 2014 and included in section 7 on pages 71 to 72.

Opinion on the Group's Summary Financial Statements

In our opinion, and pursuant to clause 28(1)(h) of Schedule 1 of the Securities Regulations 2009, the summary financial statements and applicable disclosures in section 7.5 of the Prospectus and taken from the audited financial statements of the Group for the years ended 31 March 2010, 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014:

- are consistent, in all material respects, with those audited financial statements; and
- have been correctly taken from the audited financial statements of the Group for those years from which they were extracted.

Opinion on the Group's Prospective Financial Statements

In our opinion, the prospective financial statements for the years ending 31 March 2015 and 31 March 2016, so far as the accounting policies and calculations are concerned, have been properly compiled on the footing of the assumptions made or adopted by the Directors of the Company as set out in section



7.4 of this Prospectus and are presented on a basis consistent with the accounting policies normally adopted by the Group.

Actual results are likely to be different from the prospective financial statements since anticipated events frequently do not occur as expected and the variation could be material. Accordingly, we express no opinion as to whether the results reported in the prospective financial statements will be achieved.

Other Matters

The financial statements of the Company and the Group for the years ended 31 March 2010, 2011, and 2012 were audited by another auditor who expressed unmodified opinions on those financial statements.

As disclosed in footnote (1) on page 67 of section 7.5 of the Prospectus, the financial statements were prepared under differential reporting exemptions for the years ended 31 March 2010, 31 March 2011 and 31 March 2012. We have not audited or considered any differences which would arise by restating the financial statements for these periods under NZ IFRS.

As disclosed in footnote (2) on page 67 of section 7.5 of the Prospectus the summary financial statements for the years ended 31 March 2012 have been extracted from financial statements that had been restated. For this year the summary financial statements have been extracted from restated comparative figures from financial statements for the year ended 31 March 2013.

As disclosed in footnote (3) on page 67 of section 7.5 of the Prospectus the summary statement of consolidated cash flows has been prepared by Management and was not extracted from audited financial statements for the years ended 31 March 2010, 31 March 2011 and 31 March 2012.

Restriction on Use

This report has been prepared for inclusion in the Prospectus for the purpose of clause 28 of Schedule 1 to the Securities Regulations 2009. We disclaim any responsibility for reliance on this report or the amounts included in the financial statements, the summary financial statements or the prospective financial statements for any purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the prospectus not specifically mentioned in this report.

Yours faithfully

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants
23 June 2014

Wellington

SECTION 8 TERMS OF THE OFFER

8.1 Details of the Offer

The Offer

The Offer is an offer of fully paid ordinary shares in ikeGPS Group.

ikeGPS Group is offering to issue 22,727,272 new Shares for subscription, representing 45.4% of the Shares on issue.

All Shares offered are the same and will rank equally in all respects including in relation to voting and dividends.

The price for the Shares under the Offer is the Offer Price.

The Offer comprises the Broker Firm Offer and the Institutional Offer. There is no public pool of Shares available.

Purpose of the Offer

The purpose of the Offer is to:

- provide ike with capital to fund its growth plans,
- enable ike to list on the NZX Main Board, which will provide ike with an enhanced profile and greater access to capital markets, and
- provide a market for the Shares.

Use of Proceeds

ike intends to use the proceeds of the Offer to fund its growth plans, as set out in further detail in *Section 4 Business Overview*, less the costs and expenses of the Offer.

Capital restructuring

Immediately prior to allotment of Shares under the Offer, ikeGPS Group will undertake a capital restructure involving existing securities such that, on allotment of Shares under the Offer, ikeGPS Group will have ordinary shares (i.e. the Shares) and options to subscribe for Shares. ikeGPS Group has at the date of this Prospectus, ordinary shares, convertible preference shares, warrants and options on issue. Prior to allotment of Shares under the Offer, all warrants will convert to convertible preference shares, some options will convert to ordinary shares and all convertible preference shares will be converted to ordinary shares. The result of this restructuring will be that, on allotment of Shares under the Offer, ikeGPS Group will only have ordinary shares (i.e. the Shares) and options to subscribe for Shares. More detail on the options that will remain and their effect on ikeGPS Group's shareholding structure can be found in *Section 5 Directors, Management and Governance* and *Section 8.2 Statutory Information*.

Shareholding Structure

On allotment of Shares under the Offer, assuming the maximum Offer size and the completion of the capital restructure described above, and assuming existing Shareholders do not subscribe for Shares under the Offer, the shareholding structure of ikeGPS Group will be:

Shareholders	No. of Shares in ike pre-Offer	% pre Offer	No. of Shares in ike post-Offer	% post-Offer
Current Shareholders	25,406,886	100	27,355,090	54.6
New Shareholders	-	-	22,727,272	45.4

In addition, ikeGPS Group currently has options that have been granted, each exercisable for one Share. Details of ikeGPS Group's share schemes are set out under the heading "Share Option Plan" in *Section 5 Directors, Management and Governance* as is further detail on the options granted by ikeGPS Group.

Allocations

As at the date of this Prospectus, ike GPS Group has finalised allocations between the Broker Firm Offer and the Institutional Offer, to NZX Firms in the Broker Firm Offer and to participants in the Institutional Offer. Further information on allocations to Applicants within the Broker Firm Offer and to participants in the Institutional Offer is set out below.

Discretion regarding the Offer

ikeGPS Group reserves the right to refuse any Application or to accept an Application in part only, without providing a reason. If ikeGPS Group refuses an Application or accepts an Application in part, all or the relevant balance of the Application amount will be refunded no later than five Business Days after the Allotment Date. No interest will be paid on any Application amount that is refunded to the Applicant. Any such refund will be made in the manner in which you elect any future dividend payments to be paid.

ikeGPS Group reserves the right to withdraw all or part of the Offer at any time prior to the allotment of Shares to Applicants. If the Offer or any part of it is withdrawn then all Application amounts, or the relevant Application amounts, will be refunded without interest no later than five Business Days after the announcement of the decision to withdraw the Offer. Any such refund will be made in the manner in which you elect any future dividend payments to be paid.

ikeGPS Group also reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application or allocate to any Applicant fewer Shares than applied for.

If ikeGPS Group amends the Broker Firm Offer Closing Date any such amendment will be announced through NZX.

Questions about the Offer

If you have any queries about the risk or suitability of an investment in the Shares, or how to apply under the Offer, you should consult your financial adviser or an NZX Firm.

The Broker Firm Offer

The Broker Firm Offer is open to any Applicant who is offered a firm allocation by an NZX Firm.

Summary of the Broker Firm Offer

Who can apply for Shares in the Broker Firm Offer?	How many Shares can you apply for?	Will you be allocated all the Shares for which you apply?	How do you apply?
Applicants who are offered a firm allocation by an NZX Firm.	The minimum number of Shares you may apply for is 2,500 Shares. Your NZX Firm will inform you of your firm allocation.	The allocation of Shares to NZX Firms has been determined by ikeGPS Group, in consultation with its advisers. It will be a matter for the NZX Firm to decide how they make allocations amongst their eligible retail clients and whether your Application will be scaled back.	Contact your NZX Firm that notified you of your allocation and they will provide you with Application instructions.

Minimum Investment

The minimum number of Shares for which you can apply is 2,500 Shares. ikeGPS Group reserves the right to accept Applications for fewer than 2,500 Shares. There is no limit on the number of Shares you may apply for.

Number of Shares and Price

Applicants in the Broker Firm Offer will pay the Offer Price per Share multiplied by the number of Shares they are allocated. You will be asked to apply for a number of Shares multiplied by the Offer Price, which will give a total Application amount.

Application Information

An investor who has been offered an allocation by an NZX Firm that has a firm allocation will be treated as an Applicant under the Broker Firm Offer in respect of that Application. All Broker Firm Offer Applications must be returned to your NZX Firm that notified you of your allocation in time for them to send your Application to the Share Registrar by 5.00pm on Broker Firm Offer Closing Date 2014.

Allocations under the Broker Firm Offer

Allocations by NZX Firms under the Broker Firm Offer to their Applicant clients will be determined by those NZX Firms. It will be a matter for the NZX Firms to ensure that Applicant clients who have received an allocation from them receive their Shares. There is no minimum guaranteed allocation under the Broker Firm Offer. Accordingly, final individual allocations to Applicants under the Broker Firm Offer may be lower than the minimum number of Shares applied for.

Institutional Offer

The Institutional Offer is an invitation to participate in the Offer made to selected Institutional Investors in New Zealand and Australia.

Participation in the Institutional Offer

Full details of how to participate have been provided by the Joint Lead Managers to invited participants.

All successful participants will pay the Offer Price for each Share allocated to them.

Payment and Allotments

Payment

Applications must be accompanied by payment in full for the number of Shares applied for. Payment may be made to ikeGPS Group by direct debit or cheque or (for authorised Institutional Investors only) NZClear and will be held by ikeGPS Group in trust until Shares are allotted to successful Applicants or Application monies are refunded.

Applications under the Broker Firm Offer, together with payment for the number of Shares for which you have applied, must be forwarded to your broker or NZX Firm in time for them to send your Application to the Share Registrar 5.00pm on Broker Firm Offer Closing Date 2014. If you do not return your Application and payment by this time, you may not receive any Shares.

Brokerage, Commission and Stamp Duty

No brokerage, commission or stamp duty is payable by Applicants on subscribing for Shares.

Allotments

Any New Zealand resident with a Common Shareholder Number (CSN) will have their Shares allotted under their CSN.

Applicants who do not have a CSN will be allocated a CSN and the associated Authorisation Code (FIN) when you set up an account with an NZX Firm.

Shares allocated under the Offer are expected to be allotted on 23 July 2014.

Confirming Allocations

Successful Applicants in the Broker Firm Offer should contact the NZX Firm from whom they received their allocation to find out if their Application was successful.

Holding statements are expected to be sent to all successful Applicants on or before 30 July 2014.

None of ikeGPS Group, the Joint Lead Managers, the Share Registrar or any of their respective directors, officers or employees accepts any liability or responsibility should any person attempt to sell or otherwise deal with the Shares before a statement confirming allotments of Shares is received by the Applicants or the successful bidders under the Institutional Offer (as applicable).

Listing and Quotation of Shares

NZX – Application for Listing and Quotation

Application has been made to NZX for permission to list ikeGPS Group, and to quote the Shares, on the NZX Main Board and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus. The NZX Main Board is a registered market operated by NZX, which is a registered exchange regulated under the Securities Markets Act. ikeGPS Group's NZX stock code is 'IKE'.

Quotation and Trading

Initial quotation of the Shares on the NZX Main Board is expected to occur on or about 23 July 2014. If you wish to sell your Shares on the NZX Main Board after confirming your allocation, you must contact an NZX Firm.

To be eligible to trade Shares on the NZX Main Board you must have an account with an NZX Firm, a CSN and an Authorisation Code (FIN). If you do not currently have an account with a broker you should be aware that opening an account can take a number of days depending on the NZX Firm's new client procedures. If you do not have a CSN and the associated FIN, you will be assigned one when you set up an account with an NZX Firm.

Failure to Achieve Listing and Quotation

In the event that admission to list the Shares on the NZX Main Board is denied or the Offer does not proceed for any other reason (including because ike has not realised gross proceeds from the Offer of at least \$20 million), all Application amounts will be refunded in full without interest no later than five Business Days after the announcement of the decision not to proceed.

Selling Restrictions

The Offer is being made only to Applicants and to selected Institutional Investors in New Zealand and Australia.

No person may offer, sell (including resell) or deliver or invite any other person to so offer, sell (including resell) or deliver any Shares or distribute any documents (including this Prospectus) in relation to the Shares to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

Unless otherwise agreed with ikeGPS Group, any person or entity subscribing for Shares shall, by virtue of such subscription, be deemed to represent, warrant and agree that he, she or it is not in a jurisdiction which does not permit the making to him, her or it of an offer or invitation of the kind described in this Prospectus, and is not acting for the account or benefit of a person within such jurisdiction.

None of ikeGPS Group, the Joint Lead Managers, the Share Registrar or any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the US and may not be offered or sold in the US except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws.

Each Applicant in the Broker Firm Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the US and may not be offered, sold or resold in the US, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws,
- it is not in the US and is not acting for the account or benefit of a person in the US,
- it has not and will not send the Prospectus, the Investment Statement or any other material relating to the Offer to any person in the US, and
- it will not offer or sell the Shares in the US or in any other jurisdiction outside New Zealand and Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

Each successful bidder under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

Transfer restrictions applicable to Shares

All Directors and ike management who hold existing Shares have agreed with ikeGPS Group that, for the period from the date the Shares are accepted for quotation on the NZX Main Board until the date of the announcement of ikeGPS Group's financial results for the period ending 31 March 2016 they will not dispose of any of their existing Shares, other than:

- pursuant to the grant of a security interest in favour of a bona fide lender to the registered security holder,
- with the prior written consent of the non-interested Directors (as that term is defined in the Companies Act), ikeGPS Group and the NZX,
- any disposal to an affiliate, provided the affiliate enters into a similar agreement with ikeGPS Group, or
- in connection with a takeover offer under the Takeovers Code.

All other existing Shareholders will be subject to the same restrictions on the disposal of their Shares, except that these arrangements are set out in the Constitution and the restrictions apply until the date of the announcement of ikeGPS Group's financial results for the period ending 31 March 2015.

Overall, 54.6% of Shares are expected to be subject to transfer restrictions immediately following the Offer.

Takeovers Code

The Takeovers Code prohibits, amongst other things, any person (together with its "associates" (as defined in the Takeovers Code)) from becoming the holder or controller of 20% or more of the voting rights in ikeGPS Group other than in compliance with the requirements of the Takeovers Code. Investors are advised to seek legal advice in relation to any act, omission or circumstance which may result in that investor breaching any provision of the Takeovers Code.

8.2 Statutory Information

1. Main Terms of the Offer

The issuer of the Shares is ikeGPS Group Limited, which has its registered office at Level One, 42 Adelaide Road, Mount Cook, Wellington, New Zealand.

The securities being offered are new fully paid ordinary shares in ikeGPS Group. A fuller description of the Shares being offered is set out in *Section 8.1 Details of the Offer*.

The maximum number of Shares being offered under the Offer is 22,727,272 based on ikeGPS Group issuing new Shares to the greatest extent indicated in *Section 8.1 Details of the Offer*.

The consideration to be paid for each Share is the Offer Price.

2. Name and Address of Offeror

Not applicable.

3. Details of Incorporation of the Issuer

ikeGPS Group was incorporated in New Zealand on 17 April 2003 under the Companies Act. ikeGPS Group's registration number is 1292732.

The public register relating to ikeGPS Group is available for inspection on the Companies Office website at <http://www.business.govt.nz/companies>.

4. Principal Subsidiaries of Issuer

As at the date of this Prospectus, the only principal subsidiary of ikeGPS Group (being a subsidiary whose total tangible assets exceeds 5% of the total tangible assets of the ikeGroup) is ikeGPS Limited, which is 100% owned by the ike Group.

5. Names, Addresses, and Other Information

Directorate

The Directors and their principal residence as at the date of this Prospectus are Richard Gordon Maxwell Christie (Wellington, New Zealand), Peter John Britnell (Wellington, New Zealand), Bruce Harker (Wellington, New Zealand), Alex Knowles (Los Angeles, USA), Leon Mathieu Lammers van Toorenborg (Wellington, New Zealand) and Glenn Milnes (Wellington, New Zealand).

You can contact the Directors at the registered office of ikeGPS Group at Level One, 42 Adelaide Road, Mount Cook, Wellington, New Zealand.

Employee Directors

In addition to being Directors, Glenn Milnes (Chief Executive Officer) and Leon Mathieu Lammers van Toorenborg (Chief Technology Officer) are both employees of ikeGPS Group.

Secretary

ikeGPS Group's secretary is Gael Hargreaves, who is also ike's Chief Financial Officer.

Auditor

The auditor of ikeGPS Group is PricewaterhouseCoopers. The contact address of the Auditor is set out in the Directory.

Share Registrar

ikeGPS Group's share registrar is Link Market Services Limited. The contact address of the Share Registrar is set out in the Directory.

Advisers

The names and addresses of the solicitors and other professional advisers to ikeGPS Group who have been involved in the preparation of this Prospectus are set out in the Directory.

6. Restrictions on Directors' Powers

The Constitution incorporates by reference the requirements of the NZX Listing Rules and the Constitution requires ikeGPS Group to comply with the NZX Listing Rules for so long as the Shares are quoted on the NZX Main Board. The principal restrictions on the powers of the Board imposed by the Constitution (including the requirements of the NZX Listing Rules incorporated into the Constitution), and the NZX Listing Rules (which will apply once the Shares are quoted on the NZX Main Board) are as follows:

- the Board may not issue or acquire any equity securities except in accordance with the provisions of the Companies Act, Constitution and the NZX Listing Rules,
- the Board may not give financial assistance for the purpose of, or in connection with, the acquisition of equity securities issued or to be issued by ikeGPS Group, except in limited circumstances and in accordance with the provisions of the Companies Act, the Constitution and the NZX Listing Rules,
- the Board may not cause ikeGPS Group to enter into any transaction or series of linked or related transactions to acquire, sell, lease, exchange or otherwise dispose of (otherwise than by way of charge) assets of ikeGPS Group which would change the essential nature of the business of ikeGPS Group, or in respect of which the gross value is in excess of 50% of the average market capitalisation of ikeGPS Group, without the prior approval of Shareholders in accordance with the Constitution and the NZX Listing Rules, and
- the Board may not allow ikeGPS Group to enter into certain material transactions if a related party is, or is likely to become, a direct or indirect party to that material transaction (or one of a related series of transactions) without the prior approval of Shareholders in accordance with the Constitution and the NZX Listing Rules.

In addition, a Director may not vote on any matter in which he or she is interested unless permitted by the Companies Act and the NZX Listing Rules where he or she has complied with the relevant provisions and signed a certificate in respect of the matter.

The Companies Act contains a number of other provisions that could have the effect, in certain circumstances, of imposing restrictions on the powers of the Board. For example, Directors cannot allow ikeGPS Group to:

- enter into any major transaction (as that term is defined in the Companies Act) without the prior approval of a special resolution of Shareholders, or
- take any action which affects the rights attaching to the Shares without the prior approval of a special resolution of each interest group (as that term is defined in the Companies Act).

These provisions apply to any company registered under the Companies Act.

7. Substantial Equity Security Holders of Issuer

The following table sets out the names of the 10 largest registered holders of equity securities as at the date of this Prospectus:

Shareholder	Number of equity securities ²⁸	%
No 8 Ventures Nominees Limited	7,047,395	28
Alex Knowles	2,961,737	12
Hector Rex Nicholls and Kerry Leigh Prendergast	2,657,812	10
Leon Mathieu Lammers van Toorenborg and Fanny Emmanuelle Lammers van Toorenborg	1,513,733	6
General Electric Company	1,506,024	6
Forsyth Barr Custodians Limited ²⁹	1,394,231	5
48 Investments Limited	885,217	3
Nikau Nominees Limited	808,294	3
Jarden Custodians Limited	625,000	2
Venture Lighthouse Iorns	579,928	2

The persons named above do not guarantee, or undertake any liability in respect of, the Shares.

As at the date of this Prospectus, the chart below reflects any relevant interests of substantial security holders (as defined in the Securities Markets Act) disclosed to ikeGPS Group, the nature of the relevant interest held by them and the consideration and other terms and conditions of any transaction under which they acquired their equity securities. None of these persons guarantees, or undertakes any liability in respect of, the Shares.

Relevant interest holder	Number of equity securities ³⁰	Nature of relevant interest	Consideration and other terms
No 8 Ventures Nominees Limited	7,125,520	Registered holder of 7,047,395 ordinary shares and related body corporate of No 8 Ventures Management Limited, which is the registered holder of 78,125 convertible preference shares.	No 8 Ventures Nominees Limited acquired its equity securities between 2006 and 2012 at a cost of between 40c per equity security and 54c per equity security. No 8 Ventures Management Limited acquired its equity securities at a cost of 64c per equity security after converting a loan to ikeGPS Group in 2014.

²⁸ Being ordinary shares and convertible preference shares.

²⁹ This figure represents the aggregate shareholdings of a number of Forsyth Barr executives and directors who have previously invested in ikeGPS Group. These shareholdings are subject to the transfer restrictions set out under the "Transfer Restrictions applicable to Shares" heading in *Section 8.1 Details of the Offer*. Forsyth Barr is a Joint Lead Manager for the Offer

³⁰ Being ordinary shares and convertible preference shares.

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No 8 Ventures Management Limited	7,125,520	Registered holder of 78,125 convertible preference shares and related body corporate of No 8 Ventures Nominees Limited, which is the registered holder of 7,047,395 convertible preference shares.	No 8 Ventures Management Limited acquired its equity securities at a cost of 64c per equity security after converting a loan to ikeGPS Group in 2014. No 8 Ventures Nominees Limited acquired its equity securities between 2006 and 2012 at a cost of between 40c per equity security and 54c per equity security.
Alex Knowles ³¹	2,961,737	Registered holder of ordinary shares.	Alex Knowles acquired his equity securities between 2012 and 2014 at a cost of between 40c and 64c per equity security.
Hector Rex Nicholls and Kerry Leigh Prendergast	2,657,812	Registered holder of convertible preference shares.	Hector Rex Nicholls and Kerry Leigh Prendergast acquired their equity securities as founders in 2003 at a cost of 28c per equity security.
Accident Compensation Corporation	1,840,757	Registered holder of 480,769 convertible preference shares and power to acquire or dispose of, or to control the acquisition or disposal of 1,359,988 convertible preference shares of which No 8 Ventures Nominees Limited is the registered holder.	Accident Compensation Corporation acquired its 480,769 equity securities in January 2014 at a cost of \$1.04 per equity security. No 8 Ventures Nominees Limited acquired its equity securities between 2006 and 2012 at a cost of between 40c per equity security and 54c per equity security.
Leon Mathieu Lammers van Toorenborg and Fanny Emmanuelle Lammers van Toorenborg ³²	1,513,733	Registered holder of ordinary shares and convertible preference shares.	Leon Mathieu Lammers van Toorenborg and Fanny Emmanuelle Lammers van Toorenborg acquired their equity securities as founders in 2003 at a cost of 28c per equity security.
General Electric Company	1,506,024	Registered holder of convertible preference shares.	General Electric Company subscribed for its equity securities at 80c per equity security as consideration for ike's right to use the GE trademark under the GE global trademark license agreement.
Forsyth Barr Custodians Limited ³³	1,394,231	Registered holder of convertible preference shares.	Forsyth Barr Custodians Limited acquired its equity securities in January 2014 at a cost of \$1.04 per equity security.

³¹ Alex Knowles also holds warrants, which will convert into Shares on allotment under the Offer, and options. Details of Alex Knowles' expected Share and option holdings immediately following the Offer can be found in the "Expected Share and option holdings of the Directors" table in *Section 5 Directors, Management and Governance*.

³² Leon Toorenborg also holds warrants, which will convert into Shares on allotment under the Offer, and options. Details of Leon Toorenborg's expected Share and option holdings immediately following the Offer can be found in the "Expected Share and option holdings of the Directors" table in *Section 5 Directors, Management and Governance*.

³³ This figure represents the aggregate shareholdings of a number of Forsyth Barr executives and directors who have previously invested in ikeGPS Group. These shareholdings are subject to the transfer restrictions set out under the "Transfer Restrictions applicable to Shares" heading in *Section 8.1 Details of the Offer*. Forsyth Barr is a Joint Lead Manager for the Offer

8. Description of Activities of Issuing Group

The activities of the ike Group during the 5 years preceding the date of this Prospectus have been the development and sales of solutions to enable users to measure and geolocate remote assets. These activities are described in further detail in *Section 4 Business Overview*.

The principal assets of the ike Group are its intangible assets, comprising development assets, patents and software, the ike Group's license to use the "GE" trademark and the ike Group's property, plant and equipment, which are used for the purposes described in *Section 4 Business Overview*. The ike Group owns or leases its principal assets. The principal assets of ike Group are not, as at the date of this Prospectus, subject to obligations in favour of another person that modify or restrict its ability to deal with these assets except for restrictions provided for in ikeGPS Limited's global trademark license agreement with GE. You can find out more information about the assets of the ike Group in *Section 4 Business Overview*.

9. Summary Financial Statements

Summary financial statements for each of the five consecutive accounting periods preceding 31 March 2014 are set out in *Section 7.5 Historical Financial Information*.

10. Prospects and Forecasts

A statement as to the trading prospects of the ike Group, together with any material information that may be relevant to those prospects, is set out in *Section 4 Business Overview* and *Section 7.4 Prospective Financial Information*.

Any special trade factors and risks which could materially affect the prospects of the ike Group and which are not likely to be known or anticipated by the general public are set out in *Section 6 What are my Risks?*.

11. Provisions Relating to Initial Flotations and Minimum Subscription

The plans of the Directors in respect of the ike Group during the 12 month period commencing on the date of this Prospectus are described in *Section 4 Business Overview*. The sources of finance required for these plans will be ikeGPS Group's operating cashflow, the proceeds of the Offer and any other sources approved by the Directors. Notwithstanding the plans of the Directors, the proceeds of the Offer may be applied towards any other purpose.

A prospective statement of financial position, a prospective statement of comprehensive income, a prospective statement of changes in equity, and a prospective statement of cash flows of the ike Group for the accounting period ending 31 March 2015, and the accounting period ending 31 March 2016, are set out in *Section 7.4 Prospective Financial Information*.

For the purposes of section 37(2) of the Securities Act, the minimum amount that, in the opinion of the Directors, must be raised in order to provide the sums required to be provided in respect of:

- the purchase price of any property to be purchased which is to be defrayed in whole or in part out of the proceeds of the Offer,
- any preliminary expenses payable by ikeGPS Group, and any commission payable to any person in consideration of his or her agreeing to subscribe for, or of his or her procuring or agreeing to procure subscriptions for, Shares,
- working capital, and
- the repayment of any money borrowed by ikeGPS Group in respect of any of the foregoing matters,

is \$13.4 million.

12. Acquisition of Business or Subsidiary

Not applicable.

13. Securities Paid up Otherwise than in Cash

Under a Subscription Agreement between General Electric Company and ikeGPS Group dated on or around 8 January 2014, ikeGPS Group issued General Electric Company 1,506,024 convertible preference shares in lieu of and as settlement of a fee under the GE global trademark license agreement of US\$1,000,000.

14. Options to Subscribe for Securities of Issuing Group

As at the date of this Prospectus ikeGPS Group has granted, or has agreed to grant, 2,725,000 options to subscribe for Shares under the share option plan. No consideration was paid for the grant of the options. Details of ikeGPS Group's share schemes are set out under the heading "Share Option Plan" in *Section 5 Directors, Management and Governance* as is further detail on the options granted by ikeGPS Group. Details of the total number of each class of option granted to Directors (being the only principal officers as defined in the Securities Act) are set out in the same section. The expiry date for each grant of option is set out in Appendix A to this Prospectus. All other options have been granted for the benefit of employees of the ike Group.

15. Appointment and Removal of Directors

ikeGPS Group is or will be a party to a listing agreement with NZX Limited (a registered exchange) and the method by which Directors may be appointed to or may be removed from, or otherwise vacate, office is the same as that contained in the NZX Listing Rules.

16. Interested Persons

For the purposes of the information set out under this heading, "specified person" means:

- a director or proposed director of ikeGPS Group, and
- an associated person of any of the foregoing.

Other than set out below, no specified person will be entitled to any remuneration from the ike Group other than by way of directors' fees and reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as directors. ike's Shareholders have, prior to the Offer, approved an annual total pool for Directors' remuneration of \$320,000. Directors will, under ike's constitution, be separately entitled to be reimbursed for reasonable travelling, accommodation and other expenses incurred in performing their role as a Director. ike has granted its Directors an indemnity to the maximum extent permitted by law and the Constitution. ike maintains insurance for its Directors.

Glenn Milnes is an Executive Director and the Chief Executive Officer of ike and Leon Toorenburg is an Executive Director and the Chief Technology Officer of ike as referred to in *Section 5 Directors, Management and Governance*. The amount of remuneration under Glenn Milnes' contract of employment is limited in the current year to a salary of \$210,000 per annum plus any bonus. The amount of remuneration under Leon Toorenburg's contract of employment is limited in the current year to a salary of \$150,000 per annum plus any bonus. The Board may approve increases to Glenn Milnes' or Leon Toorenburg's remuneration. The Board has approved the grant of 120,000 share option plan options to Leon with an exercise price of the Offer Price and 750,000 share option plan options to Glenn with an exercise price of the Offer Price. Further information on ike's share option plan can be found under the heading "Share Option Plan" in *Section 5 Directors, Management and Governance*.

Except as set out below, no specified person has, or has had at any time during the five years preceding the date of this Prospectus, any direct or indirect material interest in the ike Group, or in any contract or arrangement entered into on behalf or in respect of the ike Group, that is material to either or both of the person who has the interest and the ike Group.

Details of the Shares and options issued by ike and held by Directors are set out in *Section 5 Directors, Management and Governance*.

Some Directors also hold warrants issued by ikeGPS Group which are to be net settled prior to allotment of Shares under the Offer in exchange for the issue of 112,549 Shares.

ikeGPS Group, Hector Rex Nicholls and Kerry Leigh Prendergast, Emma Patricia Lammers van Toorenburg and Leon Mathieu Lammers van Toorenburg, and No 8 Ventures Management Limited are each party to a Shareholders' Agreement dated 10 February 2003, which sets out various rights and agreements as between those parties in respect of interests in ikeGPS Group. From allotment of Shares under the Offer, the parties have agreed that the Shareholders' Agreement will no longer have any effect.

17. Material Contracts

Other than as set out below, the ike Group has not entered into any material contracts in the two years preceding the date of this Prospectus.

On or around the date of this Prospectus, all Directors and ike management who hold existing Shares have entered into restricted security agreements with ikeGPS Group that provide that, for the period from the date the Shares are accepted for quotation on the NZX Main Board until the date of the announcement of ikeGPS Group's financial results for the period ending 31 March 2016, they will not dispose of any of their existing Shares, other than:

- pursuant to the grant of a security interest in favour of a bona fide lender to the registered security holder,
- with the prior written consent of the non-interested Directors (as that term is defined in the Companies Act), ikeGPS Group and the NZX,
- any disposal to an affiliate, provided the affiliate enters into a similar agreement with ikeGPS Group, or
- in connection with a takeover offer under the Takeovers Code.

18. Pending Proceedings

There are no legal proceedings or arbitrations pending as at the date of registration of this Prospectus that may have a material adverse effect on the ike Group.

19. Preliminary and Issue Expenses

Issue expenses (including NZX firm brokerage and commission fees, NZX Listing fees, share registry costs, legal fees, accounting fees, Joint Lead Manager fees, advertising costs, Investment Statement and Prospectus design costs, printing costs and postage and courier costs relating to the Offer) are estimated to amount to an aggregate of \$2,145,000. ikeGPS Group will pay all costs associated with the Offer.

From the joint lead management fee the Joint Lead Managers will pay firm allocation commissions and retail brokerage of at least 1.50% on retail applications bearing brokers' stamps pursuant to a firm allocation under the Broker Firm Offer.

20. Restrictions on Issuing Group

The restrictions on the ike Group making a distribution or borrowing that result from any undertaking given, or contract or deed entered into, by a member of the ike Group, are described in this section.

Under ikeGPS Group's General Security Agreement with Bank of New Zealand dated on or around 6 July 2010, ikeGPS Group may not without the Bank of New Zealand's consent make any "Distribution" other than a "Dividend", where:

- "Distribution" means: the direct or indirect transfer of money or property, other than ikeGPS Group's own shares, or the incurring of a debt, to or for the benefit of a shareholder, in either case in relation to shares held by that shareholder, and whether by means of a purchase of property, the redemption or other acquisition of shares, a distribution of indebtedness, or by some other means, and

- “Dividend” means a Distribution (as defined above) that is part of a pattern of annual profit distribution, based on the actual or anticipated profits for the then current, or the immediately preceding, financial year.

21. Other Terms of Offer and Securities

All of the terms of the Offer, and all the terms of the Shares, are set out in this Prospectus, other than any terms implied by law or any terms set out in a document that has been registered with a public official, is available for public inspection and is referred to in this Prospectus.

22-23. Financial Statements

The audited financial statements for ikeGPS Group and the ike Group for the accounting period ended 31 March 2014 are set out in *Section 7.5 Historical Financial Information*.

24. Additional interim financial statements

Not applicable.

25. Places of inspection of documents

The Constitution of ikeGPS Group, copies of the material contracts referred to above under the heading “Material Contracts” and a copy of the financial statements referred to above under the heading “Financial Statements” may be inspected (without charge) during normal business hours at the registered office of ikeGPS Group at Level One, 42 Adelaide Road, Mount Cook, Wellington, New Zealand. Copies of these documents are also available for public inspection on the Companies Office website at <http://www.business.govt.nz/companies>.

26. Other material matters

NZX has granted an approval under NZX Listing Rule 11.1.5 to allow ikeGPS Group to include in its Constitution restrictions on the transfer of securities. The effect of this approval is that the Constitution can contain the escrow arrangements referred to in *Section 8.1 Details of the Offer* under the heading “Transfer Restrictions applicable to Shares”. As a condition of this approval ikeGPS Group will bear a “non-standard” designation on the NZX Main Board.

There are no other material matters relating to the Offer, other than those set out in this Prospectus, the financial statements or in contracts entered into in the ordinary course of business of the ike Group.

27. Directors’ Statement

The Directors, after due inquiry by them, are of the opinion that none of the following have materially and adversely changed during the period between 31 March 2014 and the date of registration of this Prospectus:

- the trading or profitability of the ike Group,
- the value of the assets of the ike Group, or
- the ability of the ike Group to pay its liabilities due within the next 12 months.

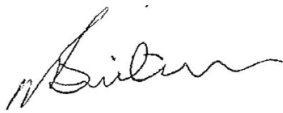
28. Auditor’s report

The Auditor’s report required by clause 28 of Schedule 1 to the Securities Regulations is set out in *Section 7.6 Auditor’s Report*. The Auditor’s report does not contain the information required by clauses 28(1) to (g) of Schedule 1 to the Securities Regulations, as such information is contained in the Auditor’s report dated 5 May 2014 in respect of the ike Group’s financial statements for the year ending 31 March 2014 (a copy is contained in *Section 7.5 Historical Financial Information*). The 5 May 2014 Auditor’s report was not qualified and did not refer to any fundamental uncertainty in any respect. As at the date of this Prospectus, the Auditor has a current registration and all its audit partners have obtained full licences under the Auditor Regulation Act 2011. There are no restrictions or limitations on the Auditor’s registration.

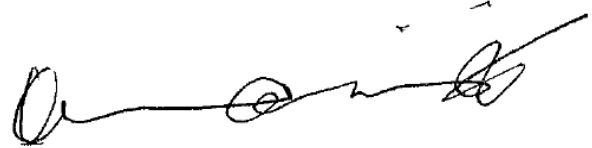
29. Signatures required under the Securities Act

A copy of this Prospectus has been signed by each Director of ikeGPS Group (or his or her agent authorised in writing) as issuer.

Directors of **ikeGPS Group Limited**:



Peter John Britnell



Richard Gordon Maxwell Christie



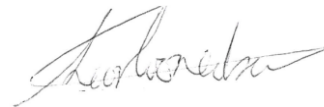
Bruce Harker



Alex Knowles



Glenn Milnes



Leon Mathieu Lammers van Toorenburg

8.3 New Zealand Taxation Implications

In this section, 'you' refers to the person who acquires the Shares.

Tax will affect your return from the Shares.

The following comments are of a general nature. They are based on the law at the date of this Prospectus and do not deal with your specific circumstances.

You should seek your own tax advice in relation to your Shares.

Are You Tax Resident in New Zealand?

Your tax residence status will affect how New Zealand taxes apply to your return on the Shares. If you are a natural person and you:

- have a permanent place of abode in New Zealand, and/or
- have been present in New Zealand for more than 183 days in a 12-month period, and not subsequently absent from New Zealand for more than 325 days in a 12-month period,

you will be a New Zealand tax resident.

A company is tax resident in New Zealand if it is incorporated in New Zealand, if it has its head office or centre of management in New Zealand or if its directors exercise control of ikeGPS Group in New Zealand.

Generally, Shares held by a trust will be treated as held by a New Zealand tax resident if a New Zealand tax resident has contributed to the trust.

If you are a New Zealand tax resident and are also tax resident in another country, the following summary applying to New Zealand tax residents may not apply to you, and you should seek your own tax advice.

ikeGPS Group will assume you are a New Zealand tax resident unless you notify ikeGPS Group otherwise.

New Zealand Tax Implications for New Zealand Tax Resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are tax resident in New Zealand.

Distributions you receive from ikeGPS Group

Distributions you receive from ikeGPS Group will generally be taxable dividends for New Zealand tax purposes. Some distributions you receive from ikeGPS Group may not be taxable dividends (for example, non-taxable bonus issues and certain returns of capital).

New Zealand operates an imputation regime under which income tax paid by ikeGPS Group gives rise to credits, known as imputation credits, which may be attached to dividends it pays. Imputation credits attached to dividends may be used by New Zealand tax-resident shareholders to offset their tax liability in respect of the dividends. The maximum ratio at which ikeGPS Group can attach imputation credits to dividends is 28:72 (\$28 of imputation credits to \$72 of cash dividend).

ikeGPS Group will generally be required to deduct resident withholding tax (RWT) from dividends it pays to you. Currently, the rate of RWT on dividends is 33%, less the amount of imputation credits attached to the dividend. Accordingly, where imputation credits are attached to dividends at the maximum permitted ratio (that is, the dividends are fully imputed), RWT equal to 5% of the gross dividend (that is, cash plus imputation credits) will be deducted. Where dividends are partially imputed, the amount of RWT deducted will be greater than 5% of the gross dividend. You will be entitled to a credit against your income tax liability for the amount of RWT deducted. ikeGPS Group will not deduct RWT from

dividends you receive if you hold a current RWT exemption certificate and have provided a copy of that certificate to ikeGPS Group before the dividend is paid to you.

Example of a Fully Imputed Taxable Dividend

The following is an illustrative example of a fully imputed cash dividend of \$72 paid to a New Zealand tax-resident shareholder that does not have an RWT exemption certificate:

	Cash dividend	\$72	A fully imputed cash dividend of \$72 will have \$28 of imputation credits attached, giving a gross dividend of \$100. The gross dividend is taxable income to the recipient.
Plus	Imputation credits attached	\$28	
	Gross dividend	\$100	
	RWT at 33%	\$33	The RWT deducted by ikeGPS Group will be 33% of the gross dividend less the amount of imputation credits attached.
Less	Imputation credits attached	(\$28)	
	RWT deducted	\$5	
	Cash dividend	\$72	After RWT is deducted, the recipient will receive a net cash dividend of \$67. The recipient will be entitled to a credit against their personal income tax liability for the imputation credits attached to the dividend and the RWT deducted. Therefore, a recipient on a 33% marginal tax rate will not have any further tax to pay in respect of the dividend. A recipient on a marginal tax rate lower than 33% may be able to use excess tax credits to satisfy a tax liability on other income, or obtain a refund of tax.
Less	RWT deducted	(\$5)	
	Net cash dividend received	\$67	

Filing an income tax return

If you are not otherwise required to file an income tax return, receiving dividends from ikeGPS Group will not change that generally. If you are on a tax rate of less than 33% you may be able to reduce your other tax liabilities, or receive a refund of some or all of the RWT deducted from dividends paid to you, by filing a tax return.

If you file a tax return, you must include in your taxable income not only the cash dividend you receive, but also the imputation credits attached to, and RWT deducted from, your ike dividend. The total amount included in your taxable income is referred to as the gross dividend. You will be able to use attached imputation credits and a credit for RWT deducted to satisfy (or partially satisfy) your tax liability on the gross dividend. If the attached imputation credits and RWT deducted exceed the amount of tax on the gross dividend, your tax liability on other income you earn may be reduced as a result of receiving the ike dividend.

Tax on sale or disposal of Shares

Although New Zealand does not have a general capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares or be allowed a deduction for any loss you make. You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable (or loss deductible).

Generally, you will be subject to tax on any gain (or allowed to deduct any loss) arising from the sale or disposal of your Shares if you:

- are in the business of dealing in shares,
- acquire your Shares as part of a profit-making undertaking or scheme, or
- acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax-deductible loss) will be the difference between the cost of your Shares and the amount received for their sale or disposal. If you have a taxable gain, you will likely be required to include that gain in a tax return for the tax year in which the sale occurs. You will need to pay any tax owing in respect of that gain at your marginal tax rate.

New Zealand Tax Implications for Non-Resident Shareholders

The following is a summary of the New Zealand tax implications of investing in the Shares if you are not tax resident in New Zealand and hold less than 10% of the voting interests in ikeGPS Group.

Distributions you receive on your Shares

ikeGPS Group will deduct non-resident withholding tax (NRWT) from taxable dividends paid to you. Most distributions by ikeGPS Group will be taxable dividends, but non-taxable bonus issues and certain returns of capital will not be taxable dividends. A 15% rate of NRWT will apply:

- to the extent the dividend is fully imputed, or
- if you are resident in a country with which New Zealand has a double taxation agreement that provides for such a rate,

otherwise a 30% rate of NRWT will apply.

If ikeGPS Group pays a fully imputed dividend, then ikeGPS Group may pay you an additional supplementary dividend which effectively offsets the NRWT on the dividend. If ikeGPS Group pays a partially imputed dividend, the amount of supplementary dividend will be reduced on a pro rata basis so that it will effectively offset the NRWT on part of the dividend only.

Sale or disposal of Shares

Although New Zealand does not have a general capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Shares (or allowed a deduction for any loss you make). You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Shares will be taxable (or loss deductible).

Generally, you will be subject to tax on any gain (or be allowed to deduct any loss) arising from the sale or disposal of your Shares where you:

- are in the business of dealing in shares, or
- acquire your Shares as part of a profit-making undertaking or scheme, or
- acquire your Shares with the dominant purpose of selling them.

Your taxable gain (or tax-deductible loss) will be the difference between the cost of your Shares and the amount received for their sale or disposal.

If you are a resident of a country which has a double taxation agreement with New Zealand, subject to the particular provisions of the relevant double taxation agreement, any New Zealand tax liability on any income you derive from the sale of shares in New Zealand companies generally may be relieved under the terms of the relevant double taxation agreement unless you have a 'permanent establishment' in New Zealand through which the Shares are held.

If you derive a taxable gain on the sale or disposal of your Shares and the New Zealand tax liability is not relieved under a double taxation agreement you will be required to include that gain in a New Zealand tax return for the tax year in which the sale occurred and pay tax on the gain in New Zealand at your applicable rate.

No Stamp Duty or GST

New Zealand does not have stamp duty. New Zealand GST should not apply to your investment in the Shares.

GLOSSARY

Advisory Board	ikeGPS Group’s advisory board, as described in <i>Section 5 Directors, Management and Governance</i>
AEC	The architecture, engineering and construction sector
Allotment Date	The date on which Shares are allotted to successful Applicants, which is expected to be 23 July 2014, unless varied by ikeGPS Group
Applicant	Any person named as an applicant on an Application Form
Application	An application to subscribe for Shares offered pursuant to the Investment Statement and this Prospectus made on the Application Form and accompanied by the application amount
Application Form	An application form attached to, or accompanying, the Investment Statement
Auditor	PricewaterhouseCoopers (PwC)
Board	The board of directors of ikeGPS Group
Broker Firm Offer	The portion of the Offer that is open to Applicant clients of NZX Firms, who have received an allocation from their NZX Firm
Broker Firm Offer Closing Date	The last day on which Applications will be accepted under the Broker Firm Offer, which is expected to be at 5.00pm on 21 July 2014, unless varied by ikeGPS Group
Business Day	A day on which the NZX Main Board is open for trading
Companies Act	Companies Act 1993
Constitution	The constitution of ikeGPS Group, as amended from time to time
CSN	Common Shareholder Number
Director	A director of ikeGPS Group, and, as the context requires, a director of a member of the ike Group
Enterprise Mobility	The trend towards increased mobility in the workforce, and in particular the growth of smart phone and mobile computing for enterprise
Financial Reporting Act	Financial Reporting Act 1993
FY or Financial Year	Financial year ended, or ending, 31 March
FY[x]A	Indicates actual (i.e. non-prospective) financial information for a past Financial Year
FY[x]F	Indicates prospective (i.e. non-actual) financial information for a future Financial Year

GE	General Electric
Geographical Information Systems (GIS)	Systems which involve the capture, integration, storage, editing, analysis, sharing, and display of geospatial information
GE Smallworld Electric Office	GE's back-end GIS software system for utilities
Geospatial	Relating to data that is associated with a particular location
IFRS	International Financial Reporting Standards
ike	The business carried on by the ike Group
ike Group	ikeGPS Group and its subsidiaries as at the date of this Prospectus
ikeGPS Group	ikeGPS Group Limited
Institutional Investor	An investor outside the United States to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality with which ikeGPS Group is willing to comply), including, in New Zealand, persons to whom offers or invitations can be made without the need for a registered prospectus under the Securities Act
Institutional Offer	The invitation to Institutional Investors as described in the Prospectus
Investment Statement	The investment statement in respect of this Offer
IRD	New Zealand Inland Revenue Department
Joint Lead Managers	Forsyth Barr Limited and Deutsche Craigs Limited
NLBT	Net loss before tax
NRWT	Non-resident withholding tax
NZD or NZ\$ or \$	New Zealand dollars
NZ GAAP or GAAP	New Zealand Generally Accepted Accounting Practice
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZX	NZX Limited, also known as the New Zealand Stock Exchange
NZX Firm	An entity designated as an NZX Firm under the Participant Rules of NZX
NZX Listing Rules	The listing rules applying to the NZX Main Board as amended from time to time
NZX Main Board	The main board equity security market, operated by NZX
OEM	Original equipment manufacturer

Offer	The offer of Shares pursuant to the Investment Statement and this Prospectus
Offer Price	\$1.10, being the price per Share at which the Shares will be allotted
PFI	The prospective financial information set out in <i>Section 7.4 Prospective Financial Information</i>
Prospective Period	The Financial Years ending 31 March 2015 and 31 March 2016
Prospectus	This document
Relevant Interest	A relevant interest has the meaning given to it by sections 5 to 6 of the Securities Markets Act. In broad terms, a person has a “relevant interest” in a Share if the person (a) is the registered holder or beneficial owner of the Share; or (b) has the power to exercise, or control the exercise of, a right to vote attached to the Share or has the power to acquire or dispose of, or to control the acquisition or disposition of, that Share. A person may also have a relevant interest in a Share in which another person has a relevant interest depending on the nature of the relationship between them
RWT	Resident withholding tax
Securities Act	Securities Act 1978
Securities Markets Act	Securities Markets Act 1988
Securities Regulations	Securities Regulations 2009
Share	A fully paid ordinary share in ikeGPS Group and, as the context requires, the shares being offered under the Offer
Shareholder	A holder of one or more Shares in ikeGPS Group
Share Registrar	Link Market Services Limited
Takeovers Code	The Takeovers Code Approval Order 2000 (SR 2000/210) as amended from time to time
USACE	US Army Corps of Engineers
USD or US\$	United States dollars
We or us or our	ikeGPS Group

DIRECTORY

ikeGPS Group Limited

Level One, 42 Adelaide Road
Mount Cook
Wellington 6021
Telephone: +64 4 382 8064

Directors of ikeGPS Group Limited

Peter John Britnell
Richard Gordon Maxwell Christie
Bruce Harker
Alex Knowles
Leon Mathieu Lammers van Toorenborg
Glenn Milnes

Joint Lead Managers and Organising Participants

Forsyth Barr Limited
Level 9, Forsyth Barr House
The Octagon
Dunedin 9016
Telephone: 0800 367 227

Deutsche Craigs Limited
Level 36, Vero Centre
48 Shortland Street
Auckland 1010
Telephone: +64 9 351 1000

Legal Advisers

Chapman Tripp
10 Customhouse Quay
PO Box 993
Wellington 6140
Telephone: +64 4 499 5999

Auditor

PricewaterhouseCoopers
113 – 119 The Terrace
PO Box 243
Wellington 6140
Telephone: +64 4 462 7000

Share Registrar

Link Market Services Limited
PO Box 91973
Auckland 1142
Telephone: +64 9 375 5998

APPENDIX A – DETAILS OF SHARE OPTIONS*(Assumes all existing option grants at the Offer Price are accepted by grantees as offered by ikeGPS Group.)*

Options	Exercise Price	Vesting date	Expiry Date
150,000	\$0.65	01.04.09	31.12.14
25,000	\$0.65	01.07.09	31.12.14
25,000	\$0.65	01.10.09	31.12.14
25,000	\$0.65	01.01.10	31.12.14
25,000	\$0.65	01.04.10	31.12.14
20,000	\$0.65	01.01.13	31.12.15
45,000	\$0.65	01.04.13	31.12.15
45,000	\$0.65	01.07.13	31.12.15
45,000	\$0.65	01.10.13	31.12.15
45,000	\$0.65	01.01.14	31.12.15
6,250	\$0.65	01.10.11	31.12.15
6,250	\$0.65	01.01.12	31.12.15
6,250	\$0.65	01.04.12	31.12.15
6,250	\$0.65	01.07.12	31.12.15
6,250	\$0.65	01.10.12	31.12.15
6,250	\$0.65	01.01.13	31.12.15
6,250	\$0.65	01.04.13	31.12.15
6,250	\$0.65	01.07.13	31.12.15
6,250	\$0.65	01.10.13	31.12.15
6,250	\$0.65	01.01.14	31.12.15
6,250	\$0.65	01.04.14	31.12.15
6,250	\$0.65	01.07.14	31.12.15
6,250	\$0.65	01.10.14	31.12.15
6,250	\$0.65	01.01.15	31.12.15
6,250	\$0.65	01.04.15	31.12.15
6,250	\$0.65	01.07.15	31.12.15
2,500	\$0.65	01.07.12	31.12.15
2,500	\$0.65	01.10.12	31.12.15
2,500	\$0.65	01.01.13	31.12.15
2,500	\$0.65	01.04.13	31.12.15
2,500	\$0.65	01.07.13	31.12.15
2,500	\$0.65	01.10.13	31.12.15
2,500	\$0.65	01.01.14	31.12.15
2,500	\$0.65	01.04.14	31.12.15
2,500	\$0.65	01.07.12	31.12.15
2,500	\$0.65	01.10.12	31.12.15
2,500	\$0.65	01.01.13	31.12.15
2,500	\$0.65	01.04.13	31.12.15
2,500	\$0.65	01.07.13	31.12.15
2,500	\$0.65	01.10.13	31.12.15
2,500	\$0.65	01.01.14	31.12.15
2,500	\$0.65	01.04.14	31.12.15

2,500	\$0.65	01.07.12	31.12.15
2,500	\$0.65	01.10.12	31.12.15
2,500	\$0.65	01.01.13	31.12.15
2,500	\$0.65	01.04.13	31.12.15
2,500	\$0.65	01.07.13	31.12.15
2,500	\$0.65	01.10.13	31.12.15
2,500	\$0.65	01.01.14	31.12.15
2,500	\$0.65	01.04.14	31.12.15
6,250	\$0.65	01.07.12	31.12.16
6,250	\$0.65	01.10.12	31.12.16
6,250	\$0.65	01.01.13	31.12.16
6,250	\$0.65	01.04.13	31.12.16
6,250	\$0.65	01.07.13	31.12.16
6,250	\$0.65	01.10.13	31.12.16
6,250	\$0.65	01.01.14	31.12.16
6,250	\$0.65	01.04.14	31.12.16
6,250	\$0.65	01.07.14	31.12.16
6,250	\$0.65	01.10.14	31.12.16
6,250	\$0.65	01.01.15	31.12.16
6,250	\$0.65	01.04.15	31.12.16
6,250	\$0.65	01.07.15	31.12.16
6,250	\$0.65	01.10.15	31.12.16
6,250	\$0.65	01.01.16	31.12.16
6,250	\$0.65	01.04.16	31.12.16
6,250	\$0.65	01.10.12	31.12.16
6,250	\$0.65	01.01.13	31.12.16
6,250	\$0.65	01.04.13	31.12.16
6,250	\$0.65	01.07.13	31.12.16
6,250	\$0.65	01.10.13	31.12.16
6,250	\$0.65	01.01.14	31.12.16
6,250	\$0.65	01.04.14	31.12.16
6,250	\$0.65	01.07.14	31.12.16
6,250	\$0.65	01.10.14	31.12.16
6,250	\$0.65	01.01.15	31.12.16
6,250	\$0.65	01.04.15	31.12.16
6,250	\$0.65	01.07.15	31.12.16
6,250	\$0.65	01.10.15	31.12.16
6,250	\$0.65	01.01.16	31.12.16
6,250	\$0.65	01.04.16	31.12.16
6,250	\$0.65	01.07.16	31.12.16
2,500	\$0.80	01.10.13	31.12.17
2,500	\$0.80	01.01.14	31.12.17
2,500	\$0.80	01.04.14	31.12.17
2,500	\$0.80	01.07.14	31.12.17
2,500	\$0.80	01.10.14	31.12.17
2,500	\$0.80	01.01.15	31.12.17

2,500	\$0.80	01.04.15	31.12.17
2,500	\$0.80	01.07.15	31.12.17
2,500	\$0.80	01.10.15	31.12.17
2,500	\$0.80	01.01.16	31.12.17
125,000	Offer Price	01.10.14	31.12.17
62,500	Offer Price	01.01.15	31.12.17
62,500	Offer Price	01.04.15	31.12.17
62,500	Offer Price	01.07.15	31.12.17
62,500	Offer Price	01.10.15	31.12.17
62,500	Offer Price	01.01.16	31.12.17
62,500	Offer Price	01.04.16	31.12.17
62,500	Offer Price	01.07.16	31.12.17
62,500	Offer Price	01.10.16	31.12.17
62,500	Offer Price	01.01.17	31.12.17
62,500	Offer Price	01.04.17	31.12.17
45,000	Offer Price	01.10.14	31.12.17
15,000	Offer Price	01.01.15	31.12.17
15,000	Offer Price	01.04.15	31.12.17
15,000	Offer Price	01.07.15	31.12.17
15,000	Offer Price	01.10.15	31.12.17
15,000	Offer Price	01.01.16	31.12.17
15,000	Offer Price	01.04.16	31.12.17
15,000	Offer Price	01.07.16	31.12.17
15,000	Offer Price	01.10.16	31.12.17
15,000	Offer Price	01.01.17	31.12.17
45,000	Offer Price	01.10.14	31.12.17
15,000	Offer Price	01.01.15	31.12.17
15,000	Offer Price	01.04.15	31.12.17
15,000	Offer Price	01.07.15	31.12.17
15,000	Offer Price	01.10.15	31.12.17
15,000	Offer Price	01.01.16	31.12.17
15,000	Offer Price	01.04.16	31.12.17
15,000	Offer Price	01.07.16	31.12.17
15,000	Offer Price	01.10.16	31.12.17
15,000	Offer Price	01.01.17	31.12.17
12,500	Offer Price	01.07.14	31.12.17
12,500	Offer Price	01.10.14	31.12.17
12,500	Offer Price	01.01.15	31.12.17
12,500	Offer Price	01.04.15	31.12.17
12,500	Offer Price	01.07.15	31.12.17
12,500	Offer Price	01.10.15	31.12.17
12,500	Offer Price	01.01.16	31.12.17
12,500	Offer Price	01.04.16	31.12.17
12,500	Offer Price	01.07.16	31.12.17
12,500	Offer Price	01.10.16	31.12.17
12,500	Offer Price	01.01.17	31.12.17

12,500	Offer Price	01.04.17	31.12.17
12,500	Offer Price	01.07.14	31.12.17
12,500	Offer Price	01.10.14	31.12.17
12,500	Offer Price	01.01.15	31.12.17
12,500	Offer Price	01.04.15	31.12.17
12,500	Offer Price	01.07.15	31.12.17
12,500	Offer Price	01.10.15	31.12.17
12,500	Offer Price	01.01.16	31.12.17
12,500	Offer Price	01.04.16	31.12.17
12,500	Offer Price	01.07.16	31.12.17
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12,500	Offer Price	01.07.14	31.12.17
12,500	Offer Price	01.10.14	31.12.17
12,500	Offer Price	01.01.15	31.12.17
12,500	Offer Price	01.04.15	31.12.17
12,500	Offer Price	01.07.15	31.12.17
12,500	Offer Price	01.10.15	31.12.17
12,500	Offer Price	01.01.16	31.12.17
12,500	Offer Price	01.04.16	31.12.17
12,500	Offer Price	01.07.16	31.12.17
12,500	Offer Price	01.10.16	31.12.17
12,500	Offer Price	01.01.17	31.12.17
12,500	Offer Price	01.04.17	31.12.17
12,500	Offer Price	01.07.14	31.12.17
12,500	Offer Price	01.10.14	31.12.17
12,500	Offer Price	01.01.15	31.12.17
12,500	Offer Price	01.04.15	31.12.17
12,500	Offer Price	01.07.15	31.12.17
12,500	Offer Price	01.10.15	31.12.17
12,500	Offer Price	01.01.16	31.12.17
12,500	Offer Price	01.04.16	31.12.17
12,500	Offer Price	01.07.16	31.12.17
12,500	Offer Price	01.10.16	31.12.17
12,500	Offer Price	01.01.17	31.12.17
12,500	Offer Price	01.04.17	31.12.17
20,000	Offer Price	01.10.14	31.12.17
10,000	Offer Price	01.01.15	31.12.17
10,000	Offer Price	01.04.15	31.12.17
10,000	Offer Price	01.07.15	31.12.17
10,000	Offer Price	01.10.15	31.12.17
10,000	Offer Price	01.01.16	31.12.17
10,000	Offer Price	01.04.16	31.12.17
10,000	Offer Price	01.07.16	31.12.17
10,000	Offer Price	01.10.16	31.12.17

10,000	Offer Price	01.01.17	31.12.17
10,000	Offer Price	01.04.17	31.12.17
10,000	Offer Price	01.10.14	31.12.17
5,000	Offer Price	01.01.15	31.12.17
5,000	Offer Price	01.04.15	31.12.17
5,000	Offer Price	01.07.15	31.12.17
5,000	Offer Price	01.10.15	31.12.17
5,000	Offer Price	01.01.16	31.12.17
5,000	Offer Price	01.04.16	31.12.17
5,000	Offer Price	01.07.16	31.12.17
5,000	Offer Price	01.10.16	31.12.17
5,000	Offer Price	01.01.17	31.12.17
5,000	Offer Price	01.04.17	31.12.17