

RESULTS FOR ANNOUNCEMENT TO MARKET

Key Information

				2014 A \$000's	2013 A \$000's
Revenues from ordinary activities	up	45.2%	to	74,548	51,343
Net Profit before tax attributable to members	up	64.1%	to	1,370	835
Net Profit after tax attributable to members	up	19.8%	to	884	738

DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed during the year by Rhye Limited.

DIVIDEND REINVESTMENT PLAN

There was no dividend reinvestment plan in operation which occurred during the financial year.

EARNINGS PER SHARE (EPS)

	2014	2013
Basic EPS	0.51 cents	0.36 cents
Diluted EPS	0.50 cents	0.36 cents

NTA BACKING

Net tangible asset backing per ordinary security	\$0.0266	\$0.0209
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DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

On 10 April 2014, Rhye Limited (formerly FRR Corporation Limited) acquired 100% of the then issued shares in NewLease Pty Ltd. Under the principals in AASB 3: Business Combinations, NewLease Pty Ltd was deemed to be the acquirer for accounting purposes. Therefore, the reorganisation has been accounted for in the consolidated financial statements consistent with the principals applicable to a reverse acquisition under AASB 3. Accordingly, the consolidated financial statements have been prepared as a continuation of the financial statements of NewLease Pty Ltd, including comparative financial information.

Name of entity over which control was gained	NewLease Pty Ltd NewLease Software Limited NewLease Pte Ltd NewLease Dynamics Pty Ltd NewLease (Thailand) Co., Ltd NewLease G2M Pty Ltd NewLease Philippines, Inc NewLease Malaysia Sdn. Ghd NewLease Hong Kong Limited
Date control gained	10 April 2014

The Company did not lose control over any entities during the period

STATUS OF THE AUDIT

The accounts are currently in the process of being audited.

COMMENTARY ON THE RESULTS FOR THE PERIOD

Operating Results and Review of Operations for the Year

The results presented in this preliminary financial report reflect the operations of NewLease Pty Ltd from 1 July 2013 to 30 June 2014 and Rhye Limited from 10 April 2014 to 30 June 2014. The results presented for the prior corresponding period reflect the operations of NewLease Pty Ltd from 1 July 2012 to 30 June 2013. The consolidated profit of the consolidated group for the financial year before income tax amounted to \$1,370,000 (2013: \$835,000). This year's profit includes Rhye Limited and its subsidiary FRR Services Australia Pty Ltd's combined loss of \$530,000. The consolidated profit after providing for income tax amounted to \$884,000 (2013: \$738,000).

Tax expense for the year ended 30 June 2013 of 11% of profit before income tax reflected the effect of an over-provision in the prior year's income tax (relating largely to a subsequent research and development tax allowance) and the effect of differential tax rates in non-Australian jurisdictions. Tax expense for the year ended 30 June 2014 of 35% largely reflects the effect of certain non-deductible items (principally the non-deductibility of accounting expenses relating to share-based payments). The audited financial statements of Rhye Limited and its subsidiaries will be released in September 2014 with further detailed notes to the accounts.

A review of the operations of the consolidated group during the financial year and the results of those operations found that the changes in market demand and competition have seen an increase in sales of 45% to \$74,548,000 (2013: \$51,343,000). The increase in sales has contributed to an increase in the consolidated group's gross profit of 44% to \$11,991,000 (2013: \$8,317,000).

Review of Operations

NewLease

NewLease is a market leading aggregator of cloud and service provider software licenses in Australia and New Zealand and has commenced opening offices in South East Asia to meet both software vendor and customer demand.

Established in 2003, NewLease's key software vendors include Microsoft, Citrix, Datacore, McAfee, Red Hat, Trend Micro, Veeam and VMare. NewLease also assists customers to transition towards cloud computing business models by offering its expertise in service provider licensing to provide value added cloud solutions to meet software vendors, service providers, and end user demands.

NewLease has offices in Melbourne, Sydney, Auckland, Singapore, Bangkok, Manila, Kuala Lumpur and Jakarta.

NewLease currently has two main business streams - license sales and license optimisation. In the license sales stream, NewLease facilitates cloud based and other software licensing programs for its key software vendors across the Asia Pacific region. It provides its customers with relevant licensing advice in terms of license use rights and scalability to meet end user demand; and also aggregates orders and facilitates the monthly billing process. In the license optimisation stream, NewLease provides consulting services as an extension to its license sales program. This service provides customers with advanced licensing advice, structured license reviews and optimisation programs and technical implementation services in complex situations for service providers.

The below table shows the underlying EBITDA contribution by the NewLease business:

	2014	2013
	A \$000's	A \$000's
Profit before income tax	1,370	835
Loss before income tax from Rhye Limited and FRR Services Australia Pty Ltd	530	-
Depreciation and amortisation	98	46
EBITDA from NewLease business	1,998	881
Add back growth expenditure	1,507	762
Underlying EBITDA from NewLease business	3,505	1,643

Underlying EBITDA from the NewLease business has increased 113% during the year to \$3,505,000. Growth expenditure relates to the losses incurred in newly created subsidiaries and set up costs to expand in new markets.

Rhype Limited and its Controlled Entities

ABN 91 112 452 436

Preliminary Final Report

for the year ended 30 June 2014

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$'000	2013 \$'000
Sales Revenue		74,548	51,343
Cost of Sales		(62,557)	(43,026)
Gross Profit		11,991	8,317
Other income		(10)	170
Employee benefits expense		(7,259)	(5,608)
Marketing expenses		(713)	(304)
Office administration expenses		(1,228)	(814)
IT systems & communications		(242)	(189)
Travel expenses		(650)	(685)
Depreciation and amortisation		(98)	(46)
Share based payments expense		(310)	-
Finance costs		-	(3)
Other expenses		(111)	(3)
Profit before income tax		1,370	835
Tax expense		(486)	(97)
Profit after tax for the year attributable to owners of the parent entity		884	738
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		(51)	(14)
Other comprehensive income for the year		(51)	(14)
Total comprehensive profit for the year attributable to owners of the parent entity		833	724
Earnings per share			
From continuing and discontinuing operations			
Basic earnings per share (cents)	3	0.51	0.36
Diluted earnings per share (cents)	3	0.50	0.36

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Preliminary Final Report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	2014 \$'000	2013 \$'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4,457	1,997
Trade and other receivables	15,061	11,588
Non-current assets held for sale	507	-
Other assets	281	104
TOTAL CURRENT ASSETS	20,306	13,689
NON-CURRENT ASSETS		
Other financial assets	10	10
Property, plant and equipment	171	197
Deferred tax assets	329	1,177
Intangible assets	5,876	10
TOTAL NON-CURRENT ASSETS	6,386	1,394
TOTAL ASSETS	26,692	15,083
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	17,162	12,231
Current tax liabilities	527	(101)
Liabilities associated with assets held for sale	158	-
TOTAL CURRENT LIABILITIES	17,847	12,130
NON-CURRENT LIABILITIES		
Deferred tax liabilities	205	1,362
Other provisions	211	167
TOTAL NON-CURRENT LIABILITIES	416	1,529
TOTAL LIABILITIES	18,263	13,659
NET ASSETS	8,429	1,424
EQUITY		
Issued capital	8,103	2,241
Reserves	214	(45)
Retained earnings	112	(772)
TOTAL EQUITY	8,429	1,424

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital		Reserves			Total Equity \$'000
	Ordinary \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve \$'000	Reserve \$'000	Option Reserve \$'000	
Balance at 1 July 2012	2,241	(1,007)	(4)	(27)	-	1,203
Comprehensive income						
Profit for the year	-	738	-	-	-	738
Other comprehensive income for the year						
Unrealised foreign exchange on consolidation	-	-	(14)	-	-	(14)
Total comprehensive income for the year	-	738	(14)	-	-	724
Transactions with owners, in their capacity as owners and other transfers						
Dividends recognised for the year	-	(503)	-	-	-	(503)
Total transactions with owners and other transfers	-	(503)	-	-	-	(503)
At 30 June 2013	2,241	(772)	(18)	(27)	-	1,424
Balance at 1 July 2013	2,241	(772)	(18)	(27)	-	1,424
Comprehensive income						
Profit for the year	-	884	-	-	-	884
Other comprehensive income for the year						
Unrealised foreign exchange on consolidation	-	-	(51)	-	-	(51)
Total comprehensive income for the year	-	884	(51)	-	-	833
Transactions with owners, in their capacity as owners and other transfers						
Shares issued during the year	1,070	-	-	-	-	1,070
Transaction costs, net of tax	(64)	-	-	-	-	(64)
Deemed cost of reverse acquisition	6,360	-	-	-	-	6,360
Shares bought back during the year	(1,504)	-	-	-	-	(1,504)
Options issued during the year	-	-	-	-	310	310
Total transactions with owners and other transfers	5,862	-	-	-	310	6,172
At 30 June 2014	8,103	112	(69)	(27)	310	8,429

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	76,300	49,756
Interest received	76	99
Payments to suppliers and employees	(73,889)	(49,585)
Finance costs paid	-	(3)
Income tax paid	(140)	(138)
Net cash provided by operating activities	2,347	129
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(31)	(156)
Purchase of investments	-	2
Loans to related parties:		
- Proceeds from repayments	195	-
Cash held by subsidiary at acquisition	959	-
Payment for intangibles	(358)	-
Net cash flows provided by/(used in) investing activities	765	(154)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net	979	-
Payment for Share buy-back	(1,504)	-
Dividend paid	(126)	(503)
Net cash flows (used in) financing activities	(651)	(503)
Net increase/(decrease) in cash and cash equivalents	2,461	(528)
Cash and cash equivalents at beginning of year	1,997	2,492
Effect of exchange rate fluctuations on cash held	(1)	33
Cash and cash equivalents at end of year	4,457	1,997

NOTES TO THE PRELIMINARY FINAL REPORT

1. DIVIDENDS PAID OR PROVIDED FOR AN ORDINARY SHARES

	2014 \$'000	2013 \$'000
Distributions paid		
Interim ordinary dividend of Nil (2013: 0.6444) cents per share franked at the tax rate of Nil% (2013: Nil)	-	125
Interim ordinary dividend of Nil (2013: 0.6444) cents per share franked at the tax rate of Nil% (2013: Nil)	-	126
Interim ordinary dividend of Nil (2013: 0.6444) cents per share franked at the tax rate of Nil% (2013: Nil)	-	126
Final ordinary dividend of Nil (2013: 0.6444) cents per share franked at the tax rate of Nil% (2013: Nil)	-	126
	-	503

Total dividends per share for the period

- (a) Proposed final 2014 ordinary dividend of Nil (2013: 0.6444) cents per share franked at the tax rate of Nil% (2013: Nil%)

The above dividends relate to the accounting acquirer, NewLease Pty Ltd.

2. EVENTS AFTER BALANCE SHEET DATE

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

The Company appointed Mr Dominic O'Hanlon as CEO from 5 August 2014 with the following equity incentive package:

- invest a minimum of \$400,000 directly in the Company and in consideration for doing so and as part of the equity incentive plan, he will be provided with a loan facility to acquire a further 2,400,000 fully paid ordinary shares at \$0.70 (\$1,680,000 ("Loan Stock"). The Loan Stock is all subject to escrow in 3 equal tranches with escrow provisions being a share price of \$1.20 and vesting over 18, 36 and 54 months service;
- 1m Performance Rights split in two equal tranches with vesting conditions after 3 and 5 years respectively after the 20 day Volume Weighted Average Price (VWAP) exceeds \$1.20 per share
- 600,000 Options split in two equal tranches as follows (as part of a broader executive company's employee share option plan), which are exercisable at \$0.75 per option and vesting after one and two years of employment with the company respectively and when the 20 day VWAP exceeds \$1.00 and \$1.20 per share respectively.

The company has issued 1,841,229 new ordinary shares upon the exercise of 1,841,229 options to raise \$368,246.

A subsidiary of the company has been appointed as a Microsoft SPLA in Indonesia. This appointment will allow the subsidiary to sell Microsoft software licences under Service Provider Licencing Agreements (SPLA) in this market.

3. EARNINGS PER SHARE

	2014 \$'000	2013 \$'000
(a) Reconciliation of earnings to profit or loss		
Profit	884	738
Earnings used to calculate basic EPS	884	738
Earnings used in the calculation of dilutive EPS	884	738
	2014 No	2013 No
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	174,694,609	206,937,104
Weighted average number of dilutive options outstanding	1,727,379	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	176,421,988	206,937,104

In calculating earnings per share, the company has applied the methodology set out in AASB 3 to take account of the reverse acquisition of NewLease Pty Ltd to apply a comparable earnings per share for the comparative 2013 figures presented.

COMPLIANCE STATEMENT

This preliminary final report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The preliminary final report covers the economic entity of Rhype Limited and Controlled Entities, and Rhype Limited as an individual parent entity. Rhype Limited is a listed public company, incorporated and domiciled in Australia.

On 10 April 2014, Rhype Limited (formerly FRR Corporation Limited) acquired 100% of the then issued shares in NewLease Pty Ltd. Under the principals in AASB 3: Business Combinations, NewLease Pty Ltd was deemed to be the acquirer for accounting purposes. Therefore, the reorganisation has been accounted for in the consolidated financial statements consistent with the principals applicable to a reverse acquisition under AASB 3. Accordingly, the consolidated financial statements have been prepared as a continuation of the financial statements of NewLease Pty Ltd, subject to the adjustments described below:

- the assets and liabilities of Rhype Limited (formerly FRR Corporation Limited) have been recognised and measured at their pre-reorganisation carrying amounts;
- Goodwill has been recognised in respect of the combination; and
- the consolidated financial statements reflect:
 - the assets and liabilities of the legal subsidiary were recognised at the time of the reorganisation and measured at their pre-combination amounts;
 - the retained earnings and other equity balances of the legal subsidiary subsidiary before the combination;
 - the issued equity structure reflects the structure of Rhype Limited (formerly FRR Corporation Limited).

The preliminary final report of Rhype Limited and Controlled Entities, and Rhype Limited as an individual parent entity have been prepared in accordance with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. This report, and the accounts on which it is based, use the same accounting policies.

This report gives a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

Rhype Limited has formally constituted an audit committee.

Dawn Edmonds (Chief Operating Officer)

29 August 2014