

**APPENDIX 4D  
HALF-YEAR INFORMATION GIVEN TO THE ASX  
UNDER LISTING RULE 4.2A**

**RHIPE LIMITED  
(formerly Rhype Limited)  
ABN 91 112 452 436**

**HALF-YEAR ENDED  
31 DECEMBER 2014**

The information provided in this report should be read in conjunction with the most recent annual financial statements and ASX announcements.

## Results for Announcement to the Market

Key Information	Change %	Half-year Ended 31 Dec 2014 \$'000	Half-year Ended 31 Dec 2013 \$'000
Revenue from ordinary activities	44.8	48,249	33,318
Net (loss)/profit from ordinary activities after tax attributable to members	N/a	(317)	289
Net (loss)/profit attributable to members	N/a	(317)	289

## Dividends Paid and Proposed

No dividend was paid or proposed during the period.

## Net Tangible Assets per Share

Net tangible assets per ordinary share 2.26 cents (30 June 2014: 2.66 cents)

## Control Gained or Lost over Entities in the Half-year

Control gained over entities during the period	PT NewLease International Indonesia nSynergy OSC Holdings Pty Ltd nSynergy OSC Pty Ltd Online SC LLC nSynergy Shanghai	23 July 2014 15 December 2014 15 December 2014 15 December 2014 15 December 2014
Loss of control of entities during the period	Nil	

## Investments in Associates and Joint Venture Entities

Equity accounted associates and joint venture entities	Nil
Aggregate share of Profit / (losses) of associates and joint venture entities	Nil

## Brief Explanation of Results

For the half year ended 31 December 2014, Group revenue was \$48.2m, up 45% compared to the prior year comparative period. Gross margin was \$7.9m, up 48% compared to the prior year comparative period. The Gross margin % year to date to 31 December 2014 was 16%. Profit before tax of \$39,000 includes non-cash costs on account of (1) share based payments expense of \$856,000 (2013: \$Nil) and (2) acquisition and due diligence expense of \$434,000 (2013: \$Nil) relating to the acquisition of nSynergy OSC Holdings Pty Ltd ('nSynergy'). Net loss after tax attributable to members was \$317,000 (2013: profit \$289,000). The tax expense for the period is \$356,000 on a profit before tax of \$39,000. Significant non deductible expenses incurred during the period are the share based payments expense and acquisition and due diligence expense (\$856,000 and \$434,000 respectively).

During this period Rhipe has continued to deliver solid revenue growth over the same comparative period from last financial year. The significant majority of this revenue is monthly annuity based licensing revenue generated approximately 1,500 technology service providers.

The company has invested in a number of new strategic initiatives in the 6 month period to 31 December 2014 including:

1. Built a dedicated Cloud Licensing Solution Partner (LSP) team as a result of signing a new pilot cloud licensing program with Microsoft Australia (the Cloud LSP program);
2. Completed the recruitment and necessary expansion of the executive team with a new CEO, CFO, Chief Marketing Officer and VP of Strategy now in place;
3. Opened an office in Indonesia following signing a new SPLA licensing agreement with Microsoft for this region;
4. Completed the acquisition of nSynergy to form Rhipe's new Cloud Solutions business unit;
5. Completed an investment in the cloud software company, LiveTiles; and
6. Signed a new vendor licensing relationship with Zimbra.

Rhipe Limited  
(formerly Rhype Limited)

ABN 91 112 452 436

Interim Financial Report  
for the period ended 31 December 2014

## INTERIM FINANCIAL REPORT

### Contents

Directors' report	2
Auditor's independence declaration	5
Independent auditor's report	6
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flow	11
Notes to the financial statements	12
Directors' declaration	20
Corporate information	21

## RHIPE LIMITED (formerly Rhype Limited)

### Directors' report

Your directors of Rhipe Limited (formerly Rhype Limited) ("Rhipe", "Group" or "the Company") submit herewith the financial statements of the Group for the half year ended 31 December 2014.

### Directors

The names and details of the Company's directors in office during the half-year and until the date of this report are as follows:

Mike Hill	Executive Chairman	
Dawn Edmonds	Executive Director and Chief Operating Officer	
Laurence Sellers	Non Executive Director	
Mark Pierce	Non Executive Director	
Michael Everett	Non Executive Director	
Philip Kapp	Non Executive Director	(resigned 02/09/2014)

Directors were in office for this entire period unless otherwise stated.

### Review of operations

The results presented in this financial report reflect the operations of Rhipe Limited and all subsidiaries for the six months from 1 July 2014 to 31 December 2014 (together the "Group"). The results for the comparative period reflect the operations of NewLease Pty Ltd and its subsidiaries. Refer to Note 1(b) for further information.

For the half year ended 31 December 2014, Group revenue was \$48.2m, up 45% compared to the prior year comparative period. Group EBITDA prior to growth investment expenses, non-cash share based payments, non-recurring due diligence costs and non-recurring one off costs was \$2.8m, up 154% on a like for like basis compared to the prior year comparative period. Gross margin was \$7.9m, up 48% compared to the prior year comparative period. The Gross margin % year to date to 31 December 2014 was 16%. The revenue and EBITDA contribution from nSynergy, which was acquired on 15 December 2014 was \$459,000 and \$217,000 respectively.

The table below highlights the trading performance of the Group for the period to 31 December 2014.

Table 1.

Financial Summary \$'000	F'15 H1	F'14 H1	Change
Revenue	48,249	33,318	+ 45%
Gross Margin	7,867	5,308	+ 48%
Underlying EBITDA pre growth investment <sup>(1)</sup> and non cash and non recurring costs <sup>(2)</sup>	2,805	1,104	+ 154%
Underlying EBITDA pre non cash and non recurring costs <sup>(2)</sup>	1,560	445	+ 251%
(Loss)/profit after tax	(317) <sup>(3)</sup>	289	N/a

(1) Growth Investment includes gross cost of operations in South East Asia less any Gross margin contribution plus gross cost of the new Cloud LSP sales team

(2) Non cash costs are share based options expensed in the P&L in accordance with accounting standards, and non recurring costs are recruitment costs for the executive and due diligence costs on the acquisition of nSynergy

(3) Further detail of this is shown in Table 2 below

During this period Rhipe has continued to deliver solid revenue growth over the same comparative period from last year. The significant majority of this revenue is monthly annuity based licensing revenue generated approximately 1,500 technology service providers.

The company has invested in a number of new strategic initiatives in the six month period to 31 December 2014 including:

1. Built a dedicated Cloud Licensing Solution Partner (LSP) team as a result of signing a new pilot cloud licensing program with Microsoft Australia (the Cloud LSP program);
2. Completed the recruitment and necessary expansion of the executive team with a new CEO, CFO, Chief Marketing Officer and VP of Strategy now in place;
3. Opened an office in Indonesia following signing a new SPLA licensing agreement with Microsoft for this region;
4. Completed the acquisition of nSynergy to form Rhipe's new Cloud Solutions business unit;
5. Completed an investment in the cloud software company, LiveTiles; and

## RHIPE LIMITED (formerly Rhype Limited)

### 6. Signed a new vendor licensing relationship with Zimbra.

Rhipe enables service providers to adapt and thrive in the emerging cloud economy. Rhipe's operating divisions include; Cloud Licensing, Cloud Solutions and Cloud Operations. Rhipe helps multinational software vendors to migrate their traditional I.T. channel customers from on premise software implementations to cloud computing business models with subscription based software as a service (SAAS).

The Cloud Licensing division includes key software vendor relationships with Microsoft, VMWare, Citrix, Datacore, McAfee, Red Hat, Trend Micro, and Veeam. Rhipe sells and manages subscription software to Channel customers including Managed Service Providers (MSPs), Independent Software Vendors (ISVs) and System Integrators (SIs).

The Cloud Solutions division aim to support these channel customers with value-add services, specialist software vendor services and helpdesk functions.

The Cloud Operations division provides business transformation consulting, marketing and lead generation, usage processing and license optimisation and compliance consulting.

The December 2014 acquisition of nSynergy enhanced Rhipe's Cloud Solutions division with a new team of specialists with skills in Microsoft Office365 and Azure, implementation and support. It also paves the way for further licensing opportunities as nSynergy has never sold licenses to its own customers and can now do so as part of the broader Rhipe offering. As part of this transaction, Rhipe also made an investment in LiveTiles. LiveTiles is a drag and drop business application that enables rapid design of SharePoint & Microsoft Azure user interfaces. More information on LiveTiles can be found at [www.livetiles.nyc](http://www.livetiles.nyc).

Rhipe's growth continues to come from its heritage geographies of Australia and New Zealand which are now complemented with growth from Rhipe's expansion into South East Asia. Rhipe's Asia business continues to build momentum in Cloud licensing and is expanding with vendor relationships across multiple geographies. Microsoft acknowledges Rhipe as a significant and fast growing regional partner for its Cloud Subscription licensing business.

Rhipe opened an office in Indonesia in August 2014 adding to our offices in Melbourne, Sydney, Auckland, Singapore, Bangkok, Kuala Lumpur and Manila. The acquisition of nSynergy in December 2014 added new offices in New York, London, Shanghai and Xi'an.

The table below outlines the underlying EBITDA contribution from the Group for the six month period to 31 December 2014:

Table 2.

<b>Earnings reconciliation for 6 month period ending 31 December 2014</b>		<b>\$'000</b>
<b>Underlying EBITDA pre growth investment and non cash and non recurring</b>		2,805
<b>Growth Investment expensed:</b>		
<b>Investment in South East Asia <sup>(1)</sup></b>		(996)
<b>Investment in Cloud LSP Team <sup>(1)</sup></b>		(249)
<b>Underlying EBITDA pre non cash and non recurring costs</b>		1,560
<b>Non cash and Non recurring expenses:</b>		
<b>Non recurring transaction costs incurred on acquisition of nSynergy expensed</b>		(434)
<b>Non cash share based payments expensed in accordance with accounting standards</b>		(856)
<b>Non recurring recruitment costs expensed for CEO</b>		(153)
<b>EBITDA Reported</b>		117
<b>Depreciation</b>		(78)
<b>Profit before tax</b>		39
<b>Tax expense <sup>(2)</sup></b>		(356)
<b>Loss after tax</b>		(317)

(1) The directors believe that the consolidated group is in a strong and stable financial position to continue to expand and grow the business.

(2) The tax expense for period is \$356,000 on a profit before income tax of \$39,000. Significant non deductible expenses incurred during the period are share based payments expense \$856,000 and acquisition costs of \$434,000.

## RHIPE LIMITED (formerly Rhype Limited)

### **Directors' report (continued)**

#### **Subsequent events**

Subsequent to 31 December 2014, the Company issued 5,730,083 new ordinary shares at \$1.00 to raise \$5,730,083 before costs.

No other events have occurred after balance date that impacts the financial statements.

#### **Auditor independence and non-audit services**

The auditor's independence declaration under s307c of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2014.

Signed in accordance with a resolution of the directors.



Mike Hill  
Executive Chairman  
Sydney  
20 February 2015

**Auditor's Independence Declaration under Section 307C of the  
Corporations Act 2001 to the directors of Rhipe Limited (formerly Rhype Limited)**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

*ShineWing Australia*

ShineWing Australia  
Chartered Accountants

*Rami Eltchelebi*

Rami Eltchelebi  
Partner

Melbourne, 20 February 2015



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RHIPE LIMITED (FORMERLY RHYPE LIMITED)**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Rhipe Limited and controlled entities (the "consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and explanatory information and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Rhipe Limited ("the company") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not prepared, in all material aspects, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of Rhipe Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

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

*Conclusion*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Rhipe Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

*Matters Relating to the Electronic Publication of the Financial Report*

This auditor's review report relates to the financial report of Rhipe Limited and controlled entities for the period ended 31 December 2014 included on Rhipe Limited's website. The company's directors are responsible for the integrity of Rhipe Limited's website. We have not been engaged to report on the integrity of the Rhipe Limited's website. The auditor's review report refers only to the subject matter described above. It does not conclude on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

*ShineWing Australia*

ShineWing Australia  
Chartered Accountants

*Rami Eltchelebi*

Rami Eltchelebi  
Partner

Melbourne 20 February 2015

RHIPE LIMITED (formerly Rhype Limited)

**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2014**

	Note	Consolidated Group	
		31 Dec 2014 \$'000	31 Dec 2013 \$'000
Sales Revenue	3	48,249	33,318
Cost of Sales		(40,382)	(28,010)
Gross Profit		7,867	5,308
Other income		213	53
Acquisition and due diligence expense		(434)	-
Employee benefits expense		(4,625)	(3,693)
Marketing expense		(556)	(310)
Office administration expense		(847)	(530)
IT systems & communications		(125)	(102)
Travel expenses		(393)	(241)
Depreciation and amortisation		(78)	(38)
Share based payments expense		(856)	-
Finance costs		(13)	-
Other expenses		(114)	(8)
<b>Profit before income tax</b>		39	439
Tax expense	5	(356)	(150)
<b>(Loss)/profit after tax for the period attributable to owners of the parent entity</b>		<b>(317)</b>	<b>289</b>
<b>Other comprehensive income/(loss)</b>			
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Exchange differences on translating foreign operations		159	(41)
<b>Other comprehensive income/(loss) for the period</b>		<b>159</b>	<b>(41)</b>
<b>Total comprehensive income/(loss) for the period attributable to owners of the parent entity</b>		<b>(158)</b>	<b>248</b>
<b>Earnings per share</b>			
From continuing and discontinued operations:			
- Basic earnings per share (cents)	4(a)	(0.31)	0.14
- Diluted earnings per share (cents)	4(b)	(0.31)	0.14

The accompanying notes form part of these financial statements.

RHIPE LIMITED (formerly Rhype Limited)

## Consolidated statement of financial position

As at 31 December 2014

	Note	Consolidated Group	
		31 Dec 2014	30 Jun 2014
		\$'000	\$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	6,751	4,457
Trade and other receivables		21,899	15,061
Non-current assets held-for-sale		507	507
Other assets		773	281
<b>TOTAL CURRENT ASSETS</b>		<b>29,930</b>	<b>20,306</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets		2,510	10
Property, plant and equipment		222	171
Deferred tax assets		761	329
Intangible assets		30,888	5,876
<b>TOTAL NON-CURRENT ASSETS</b>		<b>34,381</b>	<b>6,386</b>
<b>TOTAL ASSETS</b>		<b>64,311</b>	<b>26,692</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		20,645	17,162
Deferred settlement liability	11(b)	4,000	-
Current tax liabilities		1,352	527
Liabilities associated with assets held for sale		158	158
<b>TOTAL CURRENT LIABILITIES</b>		<b>26,155</b>	<b>17,847</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred settlement liability	11(b)	3,908	-
Deferred tax liabilities		273	205
Other provisions		219	211
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,400</b>	<b>416</b>
<b>TOTAL LIABILITIES</b>		<b>30,555</b>	<b>18,263</b>
<b>NET ASSETS</b>		<b>33,756</b>	<b>8,429</b>
<b>EQUITY</b>			
Issued capital	7(a)	32,732	8,103
Other reserves		1,229	214
Accumulated losses		(205)	112
<b>TOTAL EQUITY</b>		<b>33,756</b>	<b>8,429</b>

The accompanying notes form part of these financial statements.

RHIPE LIMITED (formerly Rhype Limited)

# Consolidated statement of changes in equity

For the half-year ended 31 December 2014

Note	SHARE CAPITAL	RESERVES				Total Equity
	Ordinary	Retained Earnings	Foreign Currency Translation Reserve	Reserve	Option Reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2014</b>	8,103	112	(69)	(27)	310	8,429
Loss for the period	-	(317)	-	-	-	(317)
Other comprehensive income for the period						
Unrealised foreign exchange on consolidation	-	-	159	-	-	159
<b>Total comprehensive loss for the period</b>	-	(317)	159	-	-	(158)
Shares issued during the period	25,522	-	-	-	-	25,522
Transaction costs, net of tax	(893)	-	-	-	-	(893)
Share based payments	-	-	-	-	856	856
<b>Balance at 31 December 2014</b>	<b>32,732</b>	<b>(205)</b>	<b>90</b>	<b>(27)</b>	<b>1,166</b>	<b>33,756</b>
Balance at 1 July 2013	2,241	(772)	(18)	(27)	-	1,424
Profit for the period	-	289	-	-	-	289
Other comprehensive income for the period						
Unrealised foreign exchange on consolidation	-	-	(41)	-	-	(41)
Total comprehensive loss for the period	-	289	(41)	-	-	248
Balance at 31 December 2013	2,241	(483)	(59)	(27)	-	1,672

The accompanying notes form part of these financial statements.

RHIPE LIMITED (formerly Rhype Limited)

## Consolidated statement of cash flow

For the half-year ended 31 December 2014

Note	Consolidated Group	
	31 Dec 2014 \$'000	31 Dec 2013 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	46,264	35,888
Interest received	22	32
Payments to suppliers and employees	(49,203)	(34,597)
Income tax paid	79	(34)
<b>Net cash provided by/(used in) operating activities</b>	<b>(2,838)</b>	<b>1,289</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(70)	(20)
Loan to related parties:		
- proceeds from repayments	-	9
Payment for intangibles	(180)	(182)
Payment for investment	(2,500)	-
Net cash outflow on acquisition of subsidiary	(12,564)	-
<b>Net cash provided by/(used in) investing activities</b>	<b>(15,314)</b>	<b>(193)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	21,264	-
Dividends paid by parent entity	-	(126)
Costs associated with issue of shares	(983)	-
<b>Net cash provided by/(used in) financing activities</b>	<b>20,281</b>	<b>(126)</b>
Net increase in cash and cash equivalents	2,129	970
Cash and cash equivalents at beginning of period	4,457	1,997
Effect of exchange rates on cash holdings in foreign currencies	165	4
<b>Cash and cash equivalents at end of period</b>	<b>6,751</b>	<b>2,971</b>

The accompanying notes form part of these financial statements.

# RHIPE LIMITED (formerly Rhype Limited)

## Notes to the financial statements

### For the half-year ended 31 December 2014

#### 1. Summary of significant accounting policies

##### a. Basis of preparation

The interim financial report is a general purpose financial report which was prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The interim financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

##### b. Basis of accounting

On 10 April 2014, Rhipe Limited acquired 100% of the then issued shares in NewLease Pty Ltd. Under the principles 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 principles 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 Rhipe 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 Rhipe Limited.

##### c. Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

#### 2. Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (chief operating decision maker) in assessing performance and determining the allocation of resources.

The CEO manages the Group's activities as one business segment providing cloud based licencing programs for its key software vendors across the Asia Pacific region.

Revenue derived from countries in the Asia Pacific region include:

	Consolidated Group	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Australia	28,587	22,599
Singapore	10,042	7,192
New Zealand	4,422	2,342
Philippines	3,148	826
Thailand	1,291	359
Malaysia	138	-
Indonesia	364	-
United States	219	-
China	38	-
	48,249	33,318

# RHIPE LIMITED (formerly Rhype Limited)

## Notes to the financial statements (continued)

### For the half-year ended 31 December 2014

#### 3. Revenue

	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Sales revenue		
- Sale of services	48,249	33,318
Other income		
- Foreign exchange gain/(loss)	191	21
Total interest revenue on financial assets not at fair value through profit or loss	22	32

#### 4. Earnings per share

The following reflects the income used in the basic earnings per share computation.

	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Net profit attributable to ordinary equity holders of the parent:		
(a) Reconciliation of earnings to profit or loss		
(Loss)/profit	(317)	289
Earnings used to calculate basic EPS	(317)	289
Earnings used in calculation of dilutive EPS	(317)	289
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	102,994,320	206,937,104
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	102,994,320	206,937,104

In calculating 31 December 2013 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 as discussed in Note 1 (b).

#### 5. Tax expense

The tax expense for period is \$356,000 (2013: \$150,000) on a profit before income tax of \$39,000 (2013: \$439,000). Significant non deductible expenses incurred during the period are share based payments expense \$856,000 (2013: \$Nil) and acquisition costs of \$434,000 (2013: \$Nil).

#### 6. Cash and cash equivalents

	31 Dec 2014 \$'000	30 June 2014 \$'000
Cash at bank and on hand	3,203	4,324
Short-term bank deposits	3,548	133
	6,751	4,457

Subsequent to 31 December 2014, the Company issued new shares to raise \$5,730,083 before costs. Refer to Note 9 for further details.



# RHIPE LIMITED (formerly Rhype Limited)

## Notes to the financial statements (continued)

### For the half-year ended 31 December 2014

#### 7. Contributed equity

##### (a) Issued capital

	<b>RHIPE LIMITED</b>	
	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
127,069,865 (2014: 95,880,435) fully paid ordinary shares	32,732	8,103

  

	<b>RHIPE LIMITED</b>	
	<b>No.</b>	<b>Value \$'000</b>
Rhipe Limited shares as at 30 June 2014	95,880,435	8,103
Shares issued upon exercise of \$0.20 options	3,870,177	774
Shares issued during the period for cash	20,571,428	20,400
Shares issued to vendors of nSynergy	4,347,825	4,348
Unlisted escrowed shares issued to Dominic O'Hanlon	2,400,000	-
Share issue costs, net tax	-	(893)
Closing balance at 31 December 2014	127,069,865	32,732

In disclosing the share capital for the prior year the requirements of AASB 3 paragraph B21 have been applied. This paragraph specifically requires share capital to be retroactively adjusted to reflect the share capital of the legal acquirer, which in this case is Rhipe Limited.

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

##### (b) Options

As at 31 December 2014, there were 7,475,000 unissued ordinary shares under option (30 June 2014: 10,751,427). These options are exercisable as follows:

DETAILS	NO OF OPTIONS	DATE OF EXPIRY	CONVERSION PRICE (\$)
Management incentive options issued prior to completion of reverse takeover by NewLease Pty Ltd	1,187,500	12/03/2016	0.20
	1,437,500	12/03/2018	0.20
Management incentive options	2,125,000	10/04/2017	0.20
	2,125,000	10/04/2019	0.20
	300,000	11/08/2015 <sup>(i)</sup>	0.75
	300,000	11/08/2016 <sup>(ii)</sup>	0.75
	7,475,000		

- (i) These options will expire on this date if vesting conditions are not met. If vesting conditions are met, these options will expire 3 years from vesting date
- (ii) These options will expire on this date if vesting conditions are not met. If vesting conditions are met, these options will expire 5 years from vesting date

	<b>31 Dec 2014 No.</b>
Balance at beginning of the period	10,751,427
Granted during the period	600,000
Exercised during the period	(3,870,177)
Expired during the period	(6,250)
Closing balance at 31 December 2014	7,475,000

# RHIPE LIMITED (formerly Rhype Limited)

## Notes to the financial statements (continued)

### For the half-year ended 31 December 2014

#### 7. Contributed equity (continued)

##### (c) Performance Rights

As at 31 December 2014, there were 1,000,000 performance rights to acquire shares (30 June 2014: Nil). These performance rights are exercisable as follows:

DETAILS	NO OF OPTIONS	DATE OF EXPIRY	CONVERSION PRICE (\$)
Management performance rights	500,000	11/08/2017 <sup>(i)</sup>	Nil
	500,000	11/08/2019 <sup>(i)</sup>	Nil
	1,000,000		

(i) These performance rights will expire on this date if vesting conditions are not met.

	31 Dec 2014 No.
Balance at beginning of the period	-
Granted during the period	1,000,000
Exercised during the period	-
Expired during the period	-
Closing balance at 31 December 2014	1,000,000

#### 8. Share based payments

	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Expense arising from equity-settled share-based payment transactions	856	-

##### a) Options

The fair value of the options is determined using a Black Scholes model and applying the following assumptions:

No. of options	300,000	300,000
Grant date	29/07/2014	29/07/2014
Share price at grant date	\$0.82	\$0.82
Exercise price	\$0.75	\$0.75
Risk-free interest rate	2.70%	2.98%
Expiry date	11/08/2015	11/08/2016
Volatility	50%	50%
Vesting conditions	(i)	(ii)
Value per option before discounting for market based vesting conditions	0.3219	0.4039
Discount rate	40%	50%
Value per option after discounting for market based vesting conditions	0.1931	0.2020
Further discount as options unlisted and non transferable	20%	20%
Value per option	0.1545	0.1616

- (i) Vest only after the Company's share price has traded at \$1.00 or above for 20 business days (using 20 day VWAP) and one year service. If options vest, expire three years from vesting date.
- (ii) Vest only after the Company's share price has traded at \$1.20 or above for 20 business days (using 20 day VWAP) and 2 years service. If options vest, expire five years from vesting date.

# RHIPE LIMITED (formerly Rhype Limited)

## Notes to the financial statements (continued)

### For the half-year ended 31 December 2014

#### 8. Share based payments (continued)

##### b) Performance Shares

The fair value of the performance shares is determined using the following assumptions:

No. of performance shares	500,000	500,000
Grant date	29/07/2014	29/07/2014
Share price at grant date	\$0.82	\$0.82
Vesting conditions	(i)	(ii)
Risk-free interest rate	2.70%	2.98%
Value per option before discounting for market based vesting conditions	0.82	0.4039
Discount rate	50%	50%
Value per option after discounting for market based vesting conditions	0.410	0.410
Further discount as options unlisted and non transferable	20%	20%
Value per option	0.328	0.328

- (i) Vest only after the Company's share price has traded at \$1.20 or above for 20 business days (using 20 day VWAP) and three years service.
- (ii) Vest only after the Company's share price has traded at \$1.20 or above for 20 business days (using 20 day VWAP) and 5 years service.

##### c) Shares Issued to Dominic O'Hanlon with Loan

The Company issued 2,400,000 shares to Dominic O'Hanlon via a loan. The effect of this arrangement is equivalent to granting the executive with a option to purchase 2,400,000 shares at \$0.70 each. The Company has determined the fair value using the following assumptions:

No. of shares	2,400,000
Grant date	29/07/2014
Share price at grant date	\$0.82
Share price per non recourse loan	\$0.70
Risk-free interest rate	2.98%
Volatility	50%
Vesting conditions	(i)
Value per option before discounting for market based vesting conditions	0.4201
Discount rate	50%
Value per option after discounting for market based vesting conditions	0.2100
Further discount as options unlisted and non transferable	20%
Value per option	0.1680

- (i) Vest only after the Company's share price has traded at \$1.20 or above for 20 business days (using 20 day VWAP), and in three equal tranches over the escrow periods of 18, 36 & 54 months

#### 9. Subsequent events

Subsequent to 31 December 2014, the Company has issued of 5,730,083 new ordinary shares at \$1.00 to raise \$5,730,083 before costs.

No other events have occurred after balance date that impacts the financial statements.

# RHIPE LIMITED (formerly Rhype Limited)

## Notes to the financial statements (continued)

### For the half-year ended 31 December 2014

#### 10. Interest in subsidiaries

##### Information about principal subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interest held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-Controlling Interests	
		31 Dec 14	30 Jun 14	31 Dec 14	30 Jun 14
NewLease Pty Ltd	Australia	100%	100%	-	-
NewLease Software Limited	New Zealand	100%	100%	-	-
NewLease Pte Ltd	Singapore	100%	100%	-	-
NewLease Dynamics Pty Ltd	Australia	100%	100%	-	-
NewLease (Thailand) Co., Ltd	Thailand	100%	100%	-	-
NewLease G2M Pty Ltd	Australia	63%	63%	37%	37%
NewLease Philippines, Inc	Philippines	100%	100%	-	-
NewLease Malaysia Sdn. Bhd	Malaysia	100%	100%	-	-
NewLease Hong Kong Limited	Hong Kong	100%	100%	-	-
PT NewLease International Indonesia (i)	Indonesia	100%	-	-	-
FRR Services Australia Pty Ltd	Australia	100%	100%	-	-
nSynergy OSC Holdings Pty Ltd (ii)	Australia	100%	-	-	-
nSynergy OSC Pty Ltd (ii)	Australia	100%	-	-	-
Online SC LLC (ii)	United States	100%	-	-	-
nSynergy Shanghai (ii)	China	100%	-	-	-

(i) the Company incorporated PT NewLease International Indonesia on 23 July 2014.

(ii) the Company acquired nSynergy OSC Holdings Pty Ltd and its subsidiaries on 15 December 2014.

# RHIPE LIMITED (formerly Rhype Limited)

## Notes to the financial statements (continued)

### For the half-year ended 31 December 2014

#### 11. Business combinations

##### 11(a) Subsidiary acquired

	Country of incorporation	Percentage owned %
nSynergy OSC Holdings Pty Ltd	Australia	100%

On 15 December 2014, Rhype Limited wholly acquired nSynergy OSC Holdings Pty Ltd and its subsidiaries.

	31 Dec 14 \$'000
<b>11(b) Consideration transferred</b>	
Cash – initial consideration	9,609
Cash – retained sum	3,000
Shares issued	4,348
Deferred settlement liability (i)	7,908
	<u>24,865</u>

- (i) Under the share sale agreement, the company is required to pay the vendors up to \$8,000,000 via two earn out calculations as follows:

The First Earn-Out Amount for the 12 month period ended 30 December 2015

- if the First Earn-Out EBITDA as set out in the Final Earn-Out Accounts is equal to or greater than \$3.5 million but less than or equal to \$4.5 million, \$10,000; or
- determined in accordance with the following formula:

*Multiply each incremental dollar of First Earn-Out EBITDA as set out in the Final Earn-Out Accounts above \$4.5 million and up to \$5.0 million by a multiple of 8.0x, up to a maximum First Earn-Out Amount of \$4.0 million.*

The Second Earn-Out Amount for the 12 month period ended 30 December 2016

- determined in accordance with the following formula:

*Multiply each incremental dollar of First Earn-Out EBITDA as set out in the Final Earn-Out Accounts above \$4.5 million and up to \$5.5 million by a multiple of 4.0x, up to a maximum Second Earn-Out Amount of \$4.0 million.*

The Directors have assessed the probability of the deferred settlement being paid are extremely high. In coming to this decision, they have considered nSynergy's historical financial performance, historical growth, and forecasts. \$7,908,000 represents the estimated fair value of this obligation

Acquisition related costs amounting to \$434,000 have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the current year, within 'other expenses' line item.

##### 11(c) Assets acquired and liabilities assumed at date of acquisition

###### Current assets

Cash and cash equivalents	45
Trade and other receivables	1,301
Other assets	8

###### Non-current assets

Plant, property and equipment	14
Deferred tax assets	362

###### Current liabilities

Trade and other payables	(1,354)
Current tax liabilities	(388)
Net liabilities assumed	<u>(12)</u>

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

# RHIPE LIMITED (formerly Rhype Limited)

## Notes to the financial statements (continued)

### For the half-year ended 31 December 2014

#### 11. Business combinations (continued)

<b>11(d) Goodwill on acquisition</b>	<b>31 Dec 14</b>
	<b>\$'000</b>
Consideration transferred	24,865
Plus: fair value of identifiable net liabilities acquired	12
Goodwill	<u>24,877</u>

Goodwill arose in the acquisition of nSynergy OSC Holdings Pty Ltd because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of nSynergy OSC Holdings Pty Ltd. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on acquisition is not expected to be deductible for tax purposes.

#### 11(e) Net cash outflow on acquisition of subsidiaries

Consideration paid in cash	12,609
Less: Cash and cash equivalent balance acquired	(45)
	<u>12,564</u>

#### 11(f) Impact of acquisition on the results of the Group

Included in the loss for the period is a profit before tax of \$217,000 attributable to the additional business generated by nSynergy OSC Holdings Pty Ltd and its wholly owned subsidiaries. Revenue for the period included \$459,000 in respect of nSynergy OSC Holdings Pty Ltd and its wholly owned subsidiaries.

## RHIPE LIMITED (formerly Rhype Limited)

### Directors' Declaration

In accordance with a resolution of the directors of Rhipe Limited (formerly Rhype Limited), the directors of the Company declare that:

- (a) The financial statements and notes, as set out on pages 8 to 19 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*; and
  - (ii) giving a true and fair view of the financial position of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
- (b) In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

A handwritten signature in blue ink, consisting of a series of stylized, overlapping loops and curves, followed by a small dot.

Mike Hill  
Chairman  
Sydney  
20 February 2015

## RHIPE LIMITED (formerly Rhype Limited)

### Corporate Information

**ABN 91 112 452 436**

#### Directors

Mike Hill	Executive Chairman
Dawn Edmonds	Executive Director and Chief Operating Officer
Laurence Sellers	Non Executive Director
Mark Pierce	Non Executive Director
Michael Everett	Non Executive Director

#### Company Secretary

Andrew Whitten

#### Registered office & Principal place of business

Level 2, 460 Bourke Street  
Melbourne Victoria 3000  
Telephone +61 3 9642 8695

#### Share Register

Link Market Services Limited  
Level 1, 333 Collins Street  
Melbourne VIC 3000  
Tel 1300 554 474

#### Auditors

ShineWing Australia (formerly Moore Stephens)  
Level 10  
530 Collins Street  
Melbourne VIC 3000

#### Solicitors

Whittens Lawyers and Consultants  
Level 5  
137 – 139 Bathurst Street  
Sydney NSW 2000

#### Stock Exchange Listing

Securities of Rhipe Limited are listed on the Australian Securities Exchange (ASX).  
ASX Code: RHP

**Web Site:** [www.rhipe.com](http://www.rhipe.com)