

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

**RHIPE LIMITED  
ABN 91 112 452 436**

**HALF-YEAR ENDED  
31 DECEMBER 2015**

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		Half-year Ended 31 Dec 2015 \$'000	Half-year Ended 31 Dec 2014 \$'000
Revenue from ordinary activities	Up 44.1%	69,505	48,249
Net (loss) from ordinary activities after tax attributable to members	Up 143.5%	(772)	(317)
Net (loss) attributable to members	Up 143.5%	(772)	(317)

## Dividends Paid and Proposed

No dividend was paid or proposed during the period.

## Net Tangible Assets per Share

Net tangible assets per ordinary share 15.34 cents (30 June 2015: 11.58 cents)

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

Control gained over entities during the period	Nil
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 2015, Group revenue was \$69.5m, up 44% 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 \$3.3m, up 17% on a like for like basis compared to the prior year comparative period. Gross margin was \$13.0m, up 65% compared to the prior year comparative period. The Group Gross margin % year to date to 31 December 2015 was 18.7%.

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 from approximately 1,750+ technology service provider customers.

The company has invested in a number of new strategic initiatives in the six month period to 31 December 2015 including but not limited to:

- Was awarded and launched the 2 Tier Microsoft Cloud Solutions Provider (CSP) program in Australia in July 2015 followed by a number of South East Asia regions in October and November 2015.
- Was awarded a licensing program with IBM Softlayer to sell its public cloud products.
- Fully integrated the acquisition made in the prior financial year to create rhipe Solutions.
- Re-negotiated out certain deferred consideration and earn out calculations associated with the nSynergy acquisition;
- Implemented an improved ERP system into rhipe using Navision, a Microsoft product; and
- Signed new vendor licensing relationships with a number of smaller complementary software vendors to allow strategic bundled offers to our customer base.

**Rhipe Limited**

ABN 91 112 452 436

**Interim Financial Report  
for the period ended 31 December 2015**

# RHIPE LIMITED

## INTERIM FINANCIAL REPORT

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# RHIPE LIMITED

## Directors' report

Your directors of Rhipe Limited ("Rhipe", "Group" or "the Company") submit herewith the financial statements of the Group for the half year ended 31 December 2015.

## 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
Dominic O'Hanlon	Managing Director and Chief Executive Officer
Dawn Edmonds	Executive Director and Chief Operating Officer
Laurence Sellers	Non Executive Director
Mark Pierce	Non Executive Director
Michael Everett	Non Executive Director

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 2015 to 31 December 2015 (together the "Group"). The results for the comparative period reflect the operations of rhipe Limited and all its subsidiaries.

For the half year ended 31 December 2015, Group revenue was \$69.5m, up 44% 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 \$3.3m, up 17% on a like for like basis compared to the prior year comparative period. Gross margin was \$13.0m, up 65% compared to the prior year comparative period. The Group Gross margin % year to date to 31 December 2015 was 18.7%.

The table below highlights the trading performance of the Group for the period to 31 December 2015.

Table 1.

Financial Summary \$'000	1H FY16	1H FY15	Change
Revenue	69,505	48,249	+44%
Gross Margin	12,967	7,867	+65%
Underlying EBITDA ex Growth <sup>(1)(2)</sup>	3,274	2,805	+17%
Underlying EBITDA <sup>(2)</sup>	697	1,560	- 55%
Loss after tax	(772) <sup>(3)</sup>	(317) <sup>(3)</sup>	143.5%

(1) Growth Investment includes gross cost of operations in South East Asia less any Gross margin contribution plus gross cost of the new licensing programs including Microsoft CSP and LSP plus IBM Softlayer.

(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 acquisition projects.

(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 from approximately 1750+ technology service provider customers.

The company has invested in a number of new strategic initiatives in the six month period to 31 December 2015 including but not limited to:

- Was awarded and launched the 2 Tier Microsoft Cloud Solutions Provider (CSP) program in Australia in July 2015 followed by a number of South East Asia regions in October and November 2015.
- Was awarded a licensing program with IBM Softlayer to sell its public cloud products.
- Fully integrated the acquisition made in the prior financial year to create rhipe Solutions.
- Re-negotiated out certain deferred consideration and earn out calculations associated with the nSynergy acquisition;
- Implemented an improved ERP system into rhipe using Navision, a Microsoft product; and
- Signed new vendor licensing relationships with a number of smaller complementary software vendors to allow strategic bundled offers to our customer base.

## RHIPE LIMITED

Rhipe enables service providers to adapt and thrive in the emerging cloud economy. 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 relationship with Microsoft, VMWare, Citrix, Datacore, 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).

Importantly, Rhipe was awarded a number of new licensing programs with key vendors such as Microsoft and IBM to expand its offering into the Public Cloud market. Prior to these appointments, Rhipe largely provided licensing solutions to the Private Cloud and some Hybrid Cloud opportunities. This has significantly increased the available market size for Rhipe.

Investment into these new programs, such as CSP, through building dedicated teams of specialists to advise and sell the complex licensing solutions to customers has already shown strong take up and builds a new subscription based recurring revenue stream for the Company.

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.

The table below outlines the underlying EBITDA contribution from the Group for the six month period to 31 December 2015:

Table 2.

<b>Earnings reconciliation for 6 month period ending 31 December 2015</b>	<b>\$'000</b>
<b>Underlying EBITDA pre growth investment and non cash and non recurring</b>	3,274
<b>Growth Investment expensed:</b>	
Investment in South East Asia <sup>(1)</sup>	(1,214)
Investment in New Programs (CSP, LSP, IBM) <sup>(1)</sup>	(1,363)
<b>Underlying EBITDA pre non cash and non recurring costs</b>	697
<b>Non cash and Non recurring expenses:</b>	
Non recurring costs incurred	(382)
Non cash share based payments expensed in accordance with accounting standards	(569)
<b>EBITDA Reported</b>	(254)
<b>Interest</b>	67
<b>Depreciation</b>	(154)
<b>(Loss)/Profit before tax</b>	(341)
<b>Tax expense <sup>(2)</sup></b>	(431)
<b>Loss after tax</b>	(772)

(1) The directors believe that the consolidated group is in a strong and stable financial position to continue to expand and grow the business. The non recurring costs mainly included transaction costs incurred for due diligence, investment in human resources and accounting systems, restructuring costs and impairment for assets held for resale.

(2) The tax expense for period is \$431,000 on a loss before income tax of \$341,000. Significant non deductible expenses incurred during the period are share based payments expense \$569,000 and other transaction related costs of \$258,000

## RHIPE LIMITED

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


#### **Events after the reporting date**

No 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 2015.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'Mike Hill', is enclosed in a light blue rectangular box.

Mike Hill  
Executive Chairman  
Sydney  
18 February 2016

## RHIPE LIMITED



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### **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Rhipe Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015 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.

A handwritten signature in blue ink that reads 'ShineWing Australia'.

**ShineWing Australia**  
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Rami Eltchelebi'.

Rami Eltchelebi  
Partner

Melbourne, 18 February 2016



## RHIPE LIMITED



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### **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RHIPE 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 2015, 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*.

## RHIPE LIMITED



### *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 2015 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 2015 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.

A stylized, handwritten-style signature of "ShineWing Australia" in blue ink.

**ShineWing Australia**  
Chartered Accountants

A handwritten signature in blue ink, appearing to read "Rami Eltchelebi".

Rami Eltchelebi  
Partner

Melbourne 18 February 2016

# RHIPE LIMITED

## Consolidated statement of profit or loss and other comprehensive income For the half-year ended 31 December 2015

	Note	Consolidated Group	
		31 Dec 2015	31 Dec 2014
		\$'000	\$'000
Sales Revenue		69,505	48,249
Cost of Sales – licensing fees		(56,538)	(40,382)
Gross Profit		12,967	7,867
Interest income		93	22
Employee benefits expense		(8,638)	(4,625)
Marketing expense		(1,130)	(556)
Office administration expense		(1,726)	(847)
IT systems & communications		(234)	(125)
Travel expenses		(645)	(393)
Depreciation and amortisation		(155)	(78)
Employee share based payments expense		(569)	(856)
Finance costs		(26)	(13)
Write down of assets held for sale		(132)	-
Other expenses		(146)	(357)
<b>(Loss)/profit before income tax</b>		<b>(341)</b>	<b>39</b>
Tax expense		(431)	(356)
<b>Loss after tax for the period attributable to owners of the parent entity</b>		<b>(772)</b>	<b>(317)</b>
<b>Other comprehensive income/(loss)</b>			
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Revaluation of investment in LiveTiles Limited		2,275	-
Exchange differences on translating foreign operations		74	159
<b>Other comprehensive income for the period</b>		<b>2,349</b>	<b>159</b>
<b>Total comprehensive income/(loss) for the period attributable to owners of the parent entity</b>		<b>1,577</b>	<b>(158)</b>
<b>Earnings per share</b>			
From continuing and discontinued operations:			
- Basic earnings per share (cents)	3	(0.58)	(0.31)
- Diluted earnings per share (cents)	3	(0.58)	(0.31)

The accompanying notes form part of these financial statements.

# RHIPE LIMITED

## Consolidated statement of financial position

As at 31 December 2015

	Note	Consolidated Group	
		31 Dec 2015	30 Jun 2015
		\$'000	\$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		6,770	12,423
Trade and other receivables		31,618	27,332
Other assets		3,637	3,253
Non-current assets held-for-sale		-	350
<b>TOTAL CURRENT ASSETS</b>		<b>42,025</b>	<b>43,358</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	4	5,760	2,510
Property, plant and equipment		584	519
Deferred tax assets		1,113	770
Intangible assets		20,335	23,082
<b>TOTAL NON-CURRENT ASSETS</b>		<b>27,792</b>	<b>26,881</b>
<b>TOTAL ASSETS</b>		<b>69,817</b>	<b>70,239</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		22,732	23,860
Unearned revenue		2,714	2,715
Current tax liabilities		983	709
Provisions		841	756
Deferred consideration	6(b)	-	3,000
Liabilities associated with assets held for sale		-	158
<b>TOTAL CURRENT LIABILITIES</b>		<b>27,270</b>	<b>31,198</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		1,428	508
Provisions		93	73
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,521</b>	<b>581</b>
<b>TOTAL LIABILITIES</b>		<b>28,791</b>	<b>31,779</b>
<b>NET ASSETS</b>		<b>41,026</b>	<b>38,460</b>
<b>EQUITY</b>			
Issued capital	5(a)	39,064	38,714
Reserves		4,943	1,955
Accumulated losses		(2,981)	(2,209)
<b>TOTAL EQUITY</b>		<b>41,026</b>	<b>38,460</b>

The accompanying notes form part of these financial statements.

# RHIPE LIMITED

## Consolidated statement of changes in equity

### For the half-year ended 31 December 2015

Note	SHARE CAPITAL	RESERVES					Total \$'000
	Ordinary	Accumulated Losses	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Reserve	Equity Settled Employee Benefits 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>-</b>	<b>(27)</b>	<b>1,166</b>	<b>33,756</b>
<b>Balance at 1 July 2015</b>	38,714	(2,209)	(3)	-	(27)	1,985	38,460
Loss for the period	-	(772)	-	-	-	-	(772)
Other comprehensive income for the period							
Revaluation of investment in LiveTiles, net of tax	-	-	-	2,275	-	-	2,275
Unrealised foreign exchange on consolidation	-	-	74	-	-	-	74
<b>Total comprehensive loss for the period</b>	-	(772)	74	2,275	-	-	1,577
Shares issued during the period	355	-	-	-	-	70	425
Transaction costs, net of tax	(5)	-	-	-	-	-	(5)
Share based payments	-	-	-	-	-	569	569
<b>Balance at 31 December 2015</b>	<b>39,064</b>	<b>(2,981)</b>	<b>71</b>	<b>2,275</b>	<b>(27)</b>	<b>2,624</b>	<b>41,026</b>

The accompanying notes form part of these financial statements.

# RHIPE LIMITED

## Consolidated statement of cash flow

### For the half-year ended 31 December 2015

	Note	Consolidated Group	
		31 Dec 2015	31 Dec 2014
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		65,241	46,264
Payments to suppliers and employees		(70,269)	(49,203)
Interest received		93	22
Interest paid		(26)	-
Income tax (paid)/refunded		(538)	79
<b>Net cash used in operating activities</b>		<b>(5,499)</b>	<b>(2,838)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(156)	(70)
Proceeds from sale of asset held for sale		83	-
Payment for intangibles		(214)	(180)
Payment for LiveTiles investment		-	(2,500)
Net cash outflow on acquisition of subsidiary		(320)	(12,564)
<b>Net cash used in investing activities</b>		<b>(607)</b>	<b>(15,314)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		425	21,264
Costs associated with issue of shares		(5)	(983)
<b>Net cash provided by financing activities</b>		<b>420</b>	<b>20,281</b>
Net (decrease)/increase in cash and cash equivalents		(5,686)	2,129
Cash and cash equivalents at beginning of period		12,423	4,457
Effect of exchange rates on cash holdings in foreign currencies		33	165
<b>Cash and cash equivalents at end of period</b>		<b>6,770</b>	<b>6,751</b>

The accompanying notes form part of these financial statements.

## RHIPE LIMITED

### Notes to the financial statements

#### For the half-year ended 31 December 2015

##### 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

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

###### 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 Managing Director (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Managing Director 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 2015	31 Dec 2014
	\$'000	\$'000
Australia	41,316	28,587
Singapore	13,869	10,042
New Zealand	6,503	4,422
Philippines	4,137	3,148
Thailand	1,346	1,291
Other	2,334	759
	69,505	48,249

# RHIPE LIMITED

## Notes to the financial statements

### For the half-year ended 31 December 2015

#### 3. Earnings per share

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

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Net loss attributable to ordinary equity holders of the parent:		
(a) <b>Reconciliation of earnings to profit or loss</b>		
(Loss)	(772)	(317)
Earnings used to calculate basic EPS	(772)	(317)
Earnings used in calculation of dilutive EPS	(772)	(317)
(b) <b>Weighted average number of shares used as the denominator</b>	31 Dec 2015 Number	31 Dec 2014 Number
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	133,469,785	102,994,320
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	133,469,785	102,994,320

#### 4. Other financial assets

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
<b>At Cost</b>		
Opening balance	2,510	2,510
Transfer	(2,510)	-
Closing balance	-	2,510
<b>At Fair Value</b>		
Opening balance	-	-
Transfer	2,510	-
Fair value adjustment during the period	3,250	-
Closing balance	5,760	-

The Group acquired a 12.5% shareholding in LiveTiles Holdings Pty Ltd in December 2014 for cash consideration of \$2.5 million. All the shareholders of LiveTiles Holdings Pty Ltd exchanged their shares for shares in the ASX listed company Modun Resources, which was subsequently renamed LiveTiles Limited. In July 2015, additional capital was raised by LiveTiles and the Group's shareholding decreased to 6.52%. Due to the change of the nature of investment in LiveTiles, and availability of quoted prices in active markets, the assets has been transferred to level 1 and revalued according to their fair value at reporting date.

#### Fair Values

The Group classifies fair values of financial instruments using the fair value hierarchy in order to reflect the most significant input used in their valuation.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Institute can access at the measurement date.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All investments in listed securities are valued by reference to quoted prices in an active market for identical securities and are deemed to be level 1 fair value measurement as per AASB 7.



# RHIPE LIMITED

## Notes to the financial statements

### For the half-year ended 31 December 2015

#### 5. Contributed equity

##### (a) Issued capital

	<b>RHIPE LIMITED</b>	
	<b>31 Dec 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
134,924,948 (2015: 132,799,948) fully paid ordinary shares	39,064	38,714

	<b>RHIPE LIMITED</b>	
	<b>No.</b>	<b>Value</b>
		<b>\$'000</b>
Rhipe Limited shares as at 30 June 2015	132,799,948	38,714
Shares issued upon exercise of \$0.20 options	2,125,000	425
Transfer from equity settled employee benefits reserve upon exercise of options	-	(70)
Share issue costs, net tax	-	(5)
Closing balance at 31 December 2015	134,924,948	39,064

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 2015, there were 6,272,500 unissued ordinary shares under option (30 June 2015: 8,397,500). 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 rhipe Australia Pty Ltd	125,000	12/03/2016	0.20
	375,000	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	11/08/2018	0.75
	300,000	11/08/2020	0.75
	135,000	12/08/2017	0.75
	135,000	12/09/2017	0.75
	400,000	27/08/2017	0.75
	126,250	18/03/2017	1.25
	126,250	18/03/2018	1.25
	6,272,500		

The weighted average conversion price of the above options is \$0.3536.

	<b>31 Dec 2015</b>
	<b>No.</b>
Balance at beginning of the period	8,397,500
Granted during the period	-
Exercised during the period	(2,125,000)
Expired during the period	-
Closing balance at 31 December 2015	6,272,500

# RHIPE LIMITED

## Notes to the financial statements (continued)

### For the half-year ended 31 December 2015

#### (c) Performance Rights

As at 31 December 2015, there were 1,000,000 performance rights to acquire shares (30 June 2015: 1,000,000). These performance rights are exercisable as follows:

DETAILS	NO OF PERFORMANCE RIGHTS	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
	<u>1,000,000</u>		

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

	<b>31 Dec 2015</b>
	<b>No.</b>
Balance at beginning of the period and closing balance at 31 December 2015	<u>1,000,000</u>

#### 6. Business combinations

##### 6(a) Subsidiary acquired

	<b>Country of incorporation</b>	<b>Percentage owned %</b>
rhipe Cloud Solutions Pty Ltd	<u>Australia</u>	<u>100%</u>

On 15 December 2014, rhipe Limited wholly acquired rhipe Cloud Solutions Pty Ltd and its subsidiaries. On 20<sup>th</sup> August 2015, the acquisition agreement was modified to eliminate contingent consideration and retained cash to be paid to the vendors.

	<b>31 Dec 15</b>	<b>Provisional Accounting 30 Jun 15</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6(b) Consideration transferred</b>		
Cash – initial consideration	10,000	9,609
Cash – retained sum (i)	-	3,000
Shares issued	<u>4,348</u>	<u>4,348</u>
	<u>14,348</u>	<u>16,957</u>

(i) Retained by rhipe to meet working capital requirements.

	<b>31 Dec 15</b>	<b>Provisional Accounting 30 Jun 15</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6(c) Assets acquired and liabilities assumed at date of acquisition</b>		
<b>Current assets</b>		
Cash and cash equivalents	116	45
Trade and other receivables	1,323	1,301
Other assets	73	8
<b>Non-current assets</b>		
Plant, property and equipment	14	14
Deferred tax assets	-	362
<b>Current liabilities</b>		
Trade and other payables	(1,241)	(1,354)
Current tax liabilities	<u>(9)</u>	<u>(388)</u>
Net assets / (liabilities) assumed	<u>276</u>	<u>(12)</u>

# RHIPE LIMITED

## Notes to the financial statements (continued)

### For the half-year ended 31 December 2015

#### 6(d) Goodwill on acquisition

	<b>31 Dec 15</b>	<b>Provisional Accounting 30 Jun 15</b>
	<b>\$'000</b>	<b>\$'000</b>
Consideration transferred	14,348	16,957
Plus: fair value of identifiable net liabilities acquired	(276)	12
Goodwill	<u>14,072</u>	<u>16,969</u>

Goodwill arose on the acquisition of rhipe Cloud Solutions Pty Ltd (formerly 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 rhipe Cloud Solutions 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.

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

	<b>31 Dec 15</b>	<b>Provisional Accounting 30 Jun 15</b>
	<b>\$'000</b>	<b>\$'000</b>
Consideration paid in cash	10,000	9,609
Less: Cash and cash equivalent balance acquired	(116)	(45)
	<u>9,884</u>	<u>9,564</u>

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

Included in the loss for the period is a loss before tax of \$350,000 (2014: profit \$217,000) attributable to the additional business generated by rhipe Cloud Solutions Pty Ltd and its wholly owned subsidiaries. Revenue for the period included \$3,642,000 (2014: \$459,000) in respect of rhipe Cloud Solutions Pty Ltd and its wholly owned subsidiaries.

### 7. Events after the reporting period

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

## RHIPE LIMITED

### Directors' Declaration

In accordance with a resolution of the directors of Rhipe Limited, the directors of the Company declare that:

- (a) The financial statements and notes, as set out on pages 8 to 16 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 2015 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, appearing to read 'Mike Hill', is written over a light blue rectangular background.

Mike Hill  
Chairman  
Sydney  
18 February 2016

## RHIPE LIMITED

### Corporate Information

**ABN 91 112 452 436**

#### **Directors**

Mike Hill	Executive Chairman
Dominic O'Hanlon	Managing Director
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  
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 Rhippe Limited are listed on the Australian Securities Exchange (ASX).  
ASX Code: RHP

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