

**REWARDLE HOLDINGS LIMITED**  
**(ACN 168 751 746)**  
**SECOND SUPPLEMENTARY PROSPECTUS**

**1. IMPORTANT INFORMATION**

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This Second Supplementary Prospectus is dated 30 September 2014 and is supplementary to the replacement prospectus dated 20 August 2014 (**Prospectus**) and supplementary prospectus dated 9 September 2014 (**First Supplementary Prospectus**) issued by Rewardle Holdings Limited (ACN 168 751 746) (**Company**).

This Second Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 30 September 2014. The ASIC does not take any responsibility for the contents of this Second Supplementary Prospectus.

This Second Supplementary Prospectus must be read together with the Prospectus and First Supplementary Prospectus. If there is a conflict between the Prospectus and/or the First Supplementary Prospectus and this Second Supplementary Prospectus, this Second Supplementary Prospectus will prevail. Terms defined in the Prospectus have the same meaning as in this Second Supplementary Prospectus.

This Second Supplementary Prospectus will be issued with the Prospectus and the First Supplementary Prospectus as an electronic prospectus and may be accessed on the internet at [www.rewardleholdings.com/prospectus](http://www.rewardleholdings.com/prospectus). This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged. The Directors believe that the changes in this Second Supplementary Prospectus are not materially adverse from the point of view of an investor.

Accordingly, no action needs to be taken if you have subscribed for Shares under the Prospectus. A copy of this Second Supplementary Prospectus will be available on the Company's website.

**2. AMENDMENT TO THE PROSPECTUS AND FIRST SUPPLEMENTARY PROSPECTUS**

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**2.1 Purpose of this document**

The purpose of this Second Supplementary Prospectus is to:

- (a) update certain disclosures in the Investigating Accountant's Report attached to the First Supplementary Prospectus;
- (b) provide an update of the number of Merchants and Members in the Company's Merchant and Member Network, together with other relevant metrics; and
- (c) update interests and expenses of the Offer, and the Use of Funds contained in the Prospectus.

**2.2 Updated Investigating Accountant's Report**

Since the date of the Prospectus, the Company has incurred ordinary course of business working capital outgoings such that the statement of financial position in the Investigating Accountant's Report in Section 8 of the Prospectus was updated in the First Supplementary Prospectus. In each case the Investigating Accountant's Report was prepared using the Company's unaudited financial statements as at 31 March 2014.

In the period since the First Supplementary Prospectus was issued, the Company's audited financial statements for the period ending 30 June 2014 have been completed. The Company has decided, in consultation with the ASIC, to update the Investigating Accountant's Report by presenting a report prepared using the Company's audited financial statements as at 30 June 2014.

**This is the second supplementary prospectus intended to be read with the replacement prospectus dated 20 August 2014 and the first supplementary prospectus dated 9 September 2014 issued by Rewardle Holdings Limited (ACN 168 751 746).**

Accordingly, Section 8 of the Prospectus and Annexure A of the First Supplementary Prospectus are amended by replacing the Investigating Accountant's Report with the updated Investigating Accountant's Report included as Annexure A to this Second Supplementary Prospectus.

The updated Investigating Accountant's Report contains a statement that events that occurred subsequent to the period of 30 June 2014 include the expenditure in the ordinary course of business of a total of approximately \$440,000 in the two month period from 1 July 2014 to 31 August 2014.

Since 1 April 2014, and as a result of the continued expenditure referred to above and in the First Supplementary Prospectus, the Company has continued to grow the Merchant and Member Network. The average working capital spent over the five months since 1 April 2014 to end of August 2014 is \$196,871 per month, which is consistent with the Company's increasing expenditure trend as the business has grown. The Company expects to continue this level of spending per month through September and October 2014. As noted below, the Merchant and Member Network has grown in that period and the Company has succeeded in growing the number of Merchants and Members at a rate corresponding to the growth of its expenditure. Accordingly, the Company's Board of Directors believe that the changes in the First Supplementary Prospectus and this Second Supplementary Prospectus are not materially adverse from the point of view of a reasonable investor.

BDO Corporate Finance (WA) Pty Ltd (**BDO**) has given its written consent to being named as the Company's Investigating Accountant in this Second Supplementary Prospectus and to the inclusion of the updated Investigating Accountant's Report in Annexure A and all statements referring to or based on the updated Investigating Accountant's Report in this Second Supplementary Prospectus in the form and context in which they are included. BDO has not caused or authorised the issue of this Second Supplementary Prospectus and has not withdrawn its consent prior to lodgement of this Second Supplementary Prospectus with the ASIC.

## 2.3 Growth of Merchant and Member Network

Since the date of the Prospectus, the Company's monthly reconciliation of the Merchant and Member Network as at 31 July 2014 and 31 August 2014 has been completed (given the lag associated with uploading data from off-line tablets, this is the most current month-end information available as at the date of this Second Supplementary Prospectus).

The Company's Merchant and Member Network and associated activity has grown as follows:

Metric	30 June 2014 (disclosed in the Prospectus)	31 July 2014 (disclosed in the First Supplementary Prospectus)	31 August 2014 (disclosed in this Second Supplementary Prospectus)
Merchants	1,587	1,797	1,947
Member	Approx. 300,000	339,686	386,133
Check-Ins	Approx. 3,400,000	4,148,661	4,790,694
Prepaid Credit added	\$334,301	\$423,640	\$520,726
Prepaid Credit used	\$242,005	\$316,887	\$386,374
Prepaid Credit held	\$92,296	\$106,753	\$134,352

Accordingly, the figures referring to the Merchant and Member Network, Check-ins and Prepaid Credit throughout the Prospectus are updated to include the increases set out above.

In addition to the above, since 31 August 2014 the Merchant network grew through the 2000 merchant milestone during the second week in September 2014. The growth from 1500 merchants to 2000 merchants occurred in approximately 11 weeks which maintained the trend of accelerating Merchant network growth as detailed in the Prospectus section 2.2 and 4.13(f).

## 2.4 Updated Interests and Expenses of the Offer, and Use of Funds

Since the date of the Prospectus, the Company's has incurred additional legal fees in relation to the Offer and accordingly, the figures referring to the legal fees in Section 11.6 and 11.7 of the Prospectus are updated to include an increase of \$20,000, such that the total expenses of the Offer (excluding GST) are amended to \$398,527 for minimum subscription and \$459,472 for full subscription. Additionally the expenses of the offer contained in the table in section 2.9 of the Prospectus are also updated to reflect this increase (see below).

**This is the second supplementary prospectus intended to be read with the replacement prospectus dated 20 August 2014 and the first supplementary prospectus dated 9 September 2014 issued by Rewardle Holdings Limited (ACN 168 751 746).**

Additionally, since the date of the Prospectus, the interest payable in relation to the Convertible Notes has increased and accordingly, the figures referring to the Convertible Note interest in Section 2.9 of the Prospectus are updated to include an increase of \$14,598 (being the increase during the period from 31 August 2014 to the date of conversion of the Convertible Note into Shares, being 12 September 2014).

To account for the increased legal fees and Convertible Note interest, the funds allocated to Growth of Merchant and Member Network in the use of funds table in Section 2.9 of the Prospectus have been decreased by \$10,000 each year (for minimum subscription) and \$17,299 each year (for full subscription). Accordingly, the table in Section 2.9 is replaced with the following table:

Use of funds	Year 1		Year 2	
	Minimum Subscription	Full Subscription	Minimum Subscription	Full Subscription
Growth of Merchant & Member Network & associated administration	560,176	881,094	690,229	962,930
Software development	224,194	314,194	233,751	323,751
Corporate overhead	439,872	439,872	453,251	453,251
Convertible Note interest		165,436		
Expenses of the offer	398,527	459,472	-	-
<b>Total</b>	<b>1,622,769</b>	<b>2,260,068</b>	<b>1,377,231</b>	<b>1,739,932</b>

Additionally, the Investigating Accountant's Report in Annexure A has also been amended in Section 8 to include the updated expenses of the offer and Convertible Note interest figure.

### 3. DIRECTORS' AUTHORISATION

This Secondary Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Secondary Supplementary Prospectus with the ASIC.



**Ian Hobson**  
**Company Secretary**  
**For and on behalf of**  
**Rewardle Holdings Limited**



## REWARDLE HOLDINGS LIMITED Investigating Accountant's Report

30 September 2014



This is the second supplementary prospectus intended to be read with the replacement prospectus dated 20 August 2014 and the first supplementary prospectus dated 9 September 2014 issued by Rewardle Holdings Limited (ACN 168 751 746).



30 September 2014

The Directors  
Rewardle Holdings Limited  
Level 4, 100 Flinders Street  
Melbourne VIC 3000

Dear Directors

## INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

We have been engaged by Rewardle Holdings Limited (**'Rewardle Holdings'** or **'the Company'**) to prepare this Investigating Accountant's Report (**'Report'**) on the historical financial information and pro forma historical financial information of Rewardle Holdings for inclusion in a prospectus (**'Prospectus'**) to be issued by the Company in respect of the proposed initial public offering and listing on the Australian Securities Exchange (**'ASX'**). Broadly, the Prospectus will offer 20 million New Shares at an issue price of \$0.20 each to raise \$4 million before costs (**'the Public Offer'**).

The maximum amount raised under the Prospectus is \$4 million before costs. The Public Offer is subject to a minimum subscription level of 15 million New Shares to raise \$3 million before costs.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) holds an Australian Financial Services Licence (AFS Licence Number 316158).

### 2. Scope

#### Historical financial information

You have requested BDO to review the following historical financial information of Rewardle Holdings included in the Prospectus:

- The Consolidated Statement of Profit or Loss and Other Comprehensive Income of Rewardle Holdings for the period ended 30 June 2014;
- The Consolidated Statement of Financial Position of Rewardle Holdings as at 30 June 2014; and
- The Consolidated Statement of Changes in Equity of Rewardle Holdings for the period ended 30 June 2014.

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(collectively the ‘historical financial information’).

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Rewardle Holding’s adopted accounting policies. The historical financial information has been extracted from the financial statements of Rewardle Holdings for the period ended 30 June 2014, which was audited by BDO East Coast Partnership in accordance with the Australian Auditing Standards. BDO East Coast Partnership issued an unmodified opinion on the financial information.

The historical financial information is presented in the Appendices to this report in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

#### **Pro Forma historical financial information**

You have requested BDO to review the pro forma historical consolidated statement of financial position as at 30 June 2014 for Rewardle Holdings referred to as the ‘pro forma historical financial information’.

The pro forma historical financial information has been derived from the historical financial information of Rewardle Holdings, after adjusting for the effects of any subsequent events described in section 7 and the pro forma adjustments described in section 8. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 7 and section 8, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company’s actual or prospective financial position.

### **3. Background**

Rewardle Holdings was incorporated on 25 March 2014. On 31 March 2014, Rewardle Holdings acquired Rewardle Pty Ltd with consideration being satisfied by the issue of 74.5 million Rewardle Holdings shares to the vendor and Rewardle Holdings agreeing to repay a loan totalling \$2,515,687. An amount of \$2,500,000 of the total loan amount will be repaid through conversion into a convertible note in Reward Holdings with the remaining balance to be repaid in cash (‘the Acquisition’).

Rewardle Holdings is a company that utilises mobile computing, cloud based software and big data analysis to provide small-to-medium sized merchants in Australia with digital customer engagement tools and business intelligence. The Rewardle membership, points and rewards platform is the basis for the company’s growing suite of digital customer engagement tools.

Rewardle replaces the traditional paper stamp or punch card systems that are commonly used by consumer-facing small-to-medium businesses with a digital membership, points and rewards platform. Merchants place a customer facing Rewardle tablet on their counter, and customers check-in on the tablet using their Rewardle plastic card or the Rewardle smartphone app to collect points and redeem rewards.

Typical merchants that adopt the Rewardle platform include cafes, restaurants, hair and beauty salons, pubs/bars, gyms, grocery stores, day spas, pharmacies, juice bars, burger shops and cinemas.

## 4. Director's responsibility

The directors of Rewardle Holdings are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

## 5. Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review 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 reasonable 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

## 6. Conclusion

### Historical financial information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical financial information as set out in the Appendices to this report does not present fairly, in all material aspects, the financial performance for the period ended 30 June 2014 or the financial position as at 30 June 2014 in accordance with the stated basis of preparation as described in section 2.

### Pro-forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 2.

## 7. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 30 June 2014:

- The issue of 533,335 ordinary shares in Rewardle Holdings at an issue price of \$0.15 per share to raise \$80,000;
- The issue of 1,000,000 Service Options with an exercise price of \$0.20 and an expiry date of 30 June 2017 ('Service Options'). The Service Options were issued to senior staff members of the Company in lieu of wages and have been valued at \$67,980;
- The issue of 20,000,000 Performance Options with an exercise price of \$0.20 and an expiry date which is 40 months following the Company's listing on the ASX ('Performance Options'). The Performance Options were issued to the Managing

Director and other staff members as incentives for performance and have been valued at \$1,410,000;

- The issue of convertible notes totalling \$230,000, a conversion price of \$0.20 per share and an interest rate of 12% per annum. The convertible notes also have 862,500 attaching options with an exercise price of \$0.20 and an expiry date of 30 June 2017 ('Attaching Options'). The Attaching Options have been issued in lieu of an establishment fee and have been valued at \$58,657;
- Between 1 July 2014 and 12 September 2014, an expense of \$472,310 was recorded in relation to the Attaching Options issued in lieu of an establishment fee with the convertible notes that were issued prior to 30 June 2014; and
- Interest totalling \$96,216 has been accrued on the convertible notes on issue from 1 July 2014 to 12 September 2014.

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

## **8. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position**

The pro-forma statement of financial position post issue is shown in Appendix 2. This has been prepared based on the reviewed financial information as at 30 June 2014, the subsequent events set out in section 7, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 15,000,000 Shares at an offer price of \$0.20 each to raise \$3,000,000 before costs based on the minimum subscription, or the issue of 20,000,000 Shares at an offer price of \$0.20 each to raise \$4,000,000 before costs based on the full subscription;
- Costs of the Public Offer are estimated to be \$398,527 based on the minimum subscription or \$459,472 based on the full subscription, which are to be offset against the contributed equity. As at 30 June 2014, \$27,824 of these costs had been paid by the Company. Therefore, the remaining costs of \$370,703 based on the minimum subscription and \$431,648 based on the full subscription are still to be incurred by the Company;
- The issue of 1,500,000 Broker Options with an exercise price of \$0.20 and an expiry date of 30 June 2017 ('Broker Options'). The Broker Options are to be issued in consideration for services performed in relation to the Offer and have been valued at \$101,970. As the Broker Options are considered costs of the Offer they have been offset against contributed equity; and
- The issue of 18,500,000 shares upon conversion of the \$3,700,000 convertible notes at a conversion price of \$0.20 per share. The Company is also expecting to pay a total of \$165,436 in interest accrued on the convertible notes up until 12 September 2014.

## **9. Disclosures**

BDO Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO in Perth. Without modifying our conclusions, we draw attention to the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.



Neither BDO Corporate Finance (WA) Pty Ltd nor BDO, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

**BDO Corporate Finance (WA) Pty Ltd**

BDO  


**Peter Toll**

Director

## APPENDIX 1

### REWARDLE HOLDINGS LIMITED

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the period ended 30-Jun-14 \$
Sales	19,939
Expenses:	
Depreciation	(188,769)
Directors fees and benefits expense	(203,940)
Employee benefits expense	(401,105)
Finance costs	(458,556)
Auditor's fees	(14,000)
Consulting fees	(34,544)
Legal fees	(57,062)
Merchant and member network costs	(108,545)
Other expenses	(139,681)
<b>Loss before income tax expense</b>	<b>(1,586,263)</b>
Income tax expense	-
<b>Net loss for the period</b>	<b>(1,586,263)</b>

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of the Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4. Past performance is not a guide to future performance.

**APPENDIX 2**  
**REWARDLE HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	Rewardle Holdings		Pro forma adjustments		Pro forma after Offer	
		Audited as at	Subsequent	\$3 million	\$4 million	\$3 million	\$4 million
		30-Jun-14	events	raising	raising	raising	raising
		\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	2	454,287	310,000	2,463,861	3,402,916	3,228,148	4,167,203
Trade and other receivables		34,705	-			34,705	34,705
<b>TOTAL CURRENT ASSETS</b>		<b>488,992</b>	<b>310,000</b>	<b>2,463,861</b>	<b>3,402,916</b>	<b>3,262,853</b>	<b>4,201,908</b>
<b>NON CURRENT ASSETS</b>							
Trade and other receivables		1,463	-	-	-	1,463	1,463
<b>TOTAL NON CURRENT ASSETS</b>		<b>1,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,463</b>	<b>1,463</b>
<b>TOTAL ASSETS</b>		<b>490,455</b>	<b>310,000</b>	<b>2,463,861</b>	<b>3,402,916</b>	<b>3,264,316</b>	<b>4,203,371</b>
<b>CURRENT LIABILITIES</b>							
Trade and other payables		200,948	-	-	-	200,948	200,948
Provisions		49,671	-	-	-	49,671	49,671
Loans and borrowings	3	3,066,910	798,526	(3,865,436)	(3,865,436)	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,317,529</b>	<b>798,526</b>	<b>(3,865,436)</b>	<b>(3,865,436)</b>	<b>250,619</b>	<b>250,619</b>
<b>TOTAL LIABILITIES</b>		<b>3,317,529</b>	<b>798,526</b>	<b>(3,865,436)</b>	<b>(3,865,436)</b>	<b>250,619</b>	<b>250,619</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>(2,827,074)</b>	<b>(488,526)</b>	<b>6,329,297</b>	<b>7,268,352</b>	<b>3,013,697</b>	<b>3,952,752</b>
<b>EQUITY</b>							
Contributed equity	4	220,101	80,000	6,227,327	7,166,382	6,527,428	7,466,483
Reserves	5	1,061,664	1,536,637	101,970	101,970	2,700,271	2,700,271
Accumulated losses	6	(4,108,839)	(2,105,163)	-	-	(6,214,002)	(6,214,002)
<b>TOTAL EQUITY</b>		<b>(2,827,074)</b>	<b>(488,526)</b>	<b>6,329,297</b>	<b>7,268,352</b>	<b>3,013,697</b>	<b>3,952,752</b>

*Note: Between the period 1 July 2014 and 31 August 2014 the Company has incurred net costs totalling approximately \$440,000. These costs are net of any revenues received and relate to general operating costs incurred in the ordinary course of business. The majority of these costs incurred relate to salary and wages, administration expenses and expenses incurred in growing the Merchant and Member Network over the period.*

The pro-forma consolidated statement of financial position after the Offer is as per the consolidated statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

**APPENDIX 3**  
**REWARDLE HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Notes	Rewardle Holdings		Pro forma adjustments		Pro forma after Offer	
		Audited as at 30-Jun-14	Subsequent events	\$3 million raising	\$4 million raising	\$3 million raising	\$4 million raising
		\$	\$	\$	\$	\$	\$
Balance as at 1 July 2013		(2,522,576)	-	-		(2,522,576)	(2,522,576)
<i>Comprehensive income for the period</i>							
Profit/(Loss) for the period	6	(1,586,263)	(2,105,163)	-	-	(3,691,426)	(3,691,426)
Total comprehensive income for the period		(4,108,839)	(2,105,163)	-	-	(6,214,002)	(6,214,002)
<i>Transactions with equity holders in their capacity as equity holders</i>							
Contributed equity, net of transaction costs	4	220,101	80,000	6,227,327	7,166,382	6,527,428	7,466,483
Reserves	5	1,061,664	1,536,637	101,970	101,970	2,700,271	2,700,271
Total transactions with equity holders		1,281,765	1,616,637	6,329,297	7,268,352	9,227,699	10,166,754
Balance		(2,827,074)	(488,526)	6,329,297	7,268,352	3,013,697	3,952,752

The above consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

## APPENDIX 4

### REWARDLE HOLDINGS LIMITED

#### NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

##### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

##### **Basis of preparation of historical financial information**

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

##### **Going concern**

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

##### **Reporting basis and conventions**

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.



#### **a) Principles of consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Rewardle Holdings at the end of the reporting period. A controlled entity is any entity over which Rewardle Holdings has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the period, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

#### **b) Income tax**

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### **c) Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

#### **d) Trade and other receivables**

Trade receivables are recognised as the amount receivable and are due for settlement no more than 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Loans granted are recognised at the amount of consideration given or the cost of services provided to be reimbursed.

#### **e) Revenue recognition**

Revenues are recognised at fair value of the consideration received net of the amount of GST.

#### **f) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

#### **g) Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days of recognition.

#### **h) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### **i) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## **j) Impairment of assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### *Financial Assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

### *Non-Financial Assets*

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of financial performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

## **k) Contributed equity**

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

## **l) Financial instruments**

### *Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

### *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### **m) Employee benefits**

##### *Wages and Salaries, Annual Leave and Sick Leave*

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

Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Benefit Provisions.

##### *Long Service Leave*

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected unit credit method. Consideration is given to expect future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the statement of financial position date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Share-based payments transactions*

The Company provides benefits to employees (including directors) of the Company in the form of share options. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight line basis over the period from grant date to the date on which the relevant employees become fully entitled to the award ('vesting date'). The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### **n) Accounting estimates and judgements**

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

### *Valuation of share based payment transactions*

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

### *Options*

The fair value of options issued is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

### *Taxation*

The Company is subject to income taxes in Australia. Significant judgement is required when determining the Company's provision for income taxes. The Company estimates its tax liabilities based on the Company's understanding of the tax law.

	Audited 30-Jun-14	Pro forma after Offer	
		\$3 million	\$4 million
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$	\$
Cash and cash equivalents	454,287	3,228,148	4,167,203
Audited balance of Rewardle Holdings at 30 June 2014		454,287	454,287
<i>Subsequent events:</i>			
Issue of 533,335 shares in Rewardle Holdings		80,000	80,000
Issue of \$230,000 in convertible notes		230,000	230,000
		310,000	310,000
<i>Pro-forma adjustments:</i>			
Proceeds from shares issued under the Public Offer		3,000,000	4,000,000
Capital raising costs		(370,703)	(431,648)
Repayment of interest accrued on convertible notes		(165,436)	(165,436)
		2,463,861	3,402,916
Pro-forma Balance		3,228,148	4,167,203



	Audited 30-Jun-14 \$	Pro forma after Offer \$
<b>NOTE 3. CURRENT LOANS AND BORROWINGS</b>		
Current loans and borrowings	3,066,910	-
Audited balance of Rewardle Holdings at 30 June 2014		3,066,910
<i>Subsequent events:</i>		
Issue of \$230,000 in convertible notes		230,000
Expense in relation to Attaching Options issued with convertible notes issued prior to 30 June 2014		472,310
Interest accrued on convertible notes		96,216
		798,526
<i>Pro-forma adjustments:</i>		
Conversion of \$3,700,000 convertible notes at a conversion price of \$0.20		(3,700,000)
Repayment of interest accrued on convertible notes		(165,436)
		(3,865,436)
Pro-forma Balance		-

	Audited 30-Jun-14	Pro forma after Offer		
		\$3 million	\$4 million	
NOTE 4. CONTRIBUTED EQUITY	\$	\$	\$	
Contributed equity	220,101	6,527,428	7,466,483	
	Number of shares (min)	Number of shares (full)	\$	\$
Fully paid ordinary share capital of Rewardle Holdings	76,966,665	76,966,665	220,101	220,101
<i>Subsequent events:</i>				
Issue of 533,335 shares in Rewardle Holdings	533,335	533,335	80,000	80,000
	533,335	533,335	80,000	80,000
<i>Pro-forma adjustments:</i>				
Proceeds from shares issued under the Public Offer	15,000,000	20,000,000	3,000,000	4,000,000
Capital raising costs	-	-	(370,703)	(431,648)
Conversion of \$3,700,000 convertible notes at a conversion price of \$0.20	18,500,000	18,500,000	3,700,000	3,700,000
Issue of Broker Options	-	-	(101,970)	(101,970)
	33,500,000	38,500,000	6,227,327	7,166,382
Pro-forma Balance	111,000,000	116,000,000	6,527,428	7,466,483

This is the second supplementary prospectus intended to be read with the replacement prospectus dated 20 August 2014 and the first supplementary prospectus dated 9 September 2014 issued by Rewardle Holdings Limited (ACN 168 751 746).

	Audited 30-Jun-14 \$	Pro forma after Offer \$
<b>NOTE 5. RESERVES</b>		
Reserves	1,061,664	2,700,271
Audited balance of Rewardle Holdings at 30 June 2014		1,061,664
<i>Subsequent events:</i>		
Issue of Service Options		67,980
Issue of Performance Options		1,410,000
Issue of Attaching Options with \$230,000 convertible notes		58,657
		1,536,637
<i>Pro-forma adjustments:</i>		
Issue of Broker Options		101,970
		101,970
Pro-forma Balance		2,700,271

Using the Black-Scholes option valuation methodology the fair value of the Service Options and Attaching Options has been calculated. The following inputs were used for these options issued:

<b>Service Options &amp; Attaching Options</b>	
Underlying share price	\$0.15
Exercise price	\$0.20
Issue date	30-Apr-14
Expiration date	30-Jun-17
Life of the Options	3.17
Volatility	75%
Risk-free rate	2.95%

Using the Black-Scholes option valuation methodology and probability assumptions provided by management the fair value of the Performance Options has been calculated. The following inputs were used for these options issued:

<b>Performance Options</b>	
Underlying share price	\$0.15
Exercise price	\$0.20
Issue date	01-Jul-14
Expiration date	40 months from ASX listing
Life of the Options	40 months
Volatility	75%
Risk-free rate	2.95%

	Audited 30-Jun-14 \$	Pro forma after Offer \$
<b>NOTE 6. ACCUMULATED LOSSES</b>		
Accumulated losses	(4,108,839)	(6,214,002)
Audited balance of Rewardle Holdings at 30 June 2014		(4,108,839)
<i>Subsequent events:</i>		
Interest accrued on convertible notes		(96,216)
Expense in relation to Attaching Options issued with convertible notes prior to 30 June 2014		(472,310)
Issue of Service Options		(67,980)
Issue of Performance Options		(1,410,000)
Issue of Attaching Options with \$230,000 convertible notes		(58,657)
		(2,105,163)
Pro-forma Balance		(6,214,002)

#### **NOTE 7: RELATED PARTY DISCLOSURES**

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

#### **NOTE 8: COMMITMENTS AND CONTINGENCIES**

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

#### **NOTE 9: HISTORICAL FINANCIAL INFORMATION**

Rewardle Holdings does not consider it appropriate to disclose three years historical financial information because the Company has a limited operating history and has had minimal operations prior to the year ended 30 June 2014. We have therefore included the most recent consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, audited as at 30 June 2014, as detailed at Appendix 1 and Appendix 2 respectively and consider that these provide sufficient detail of historical financial information for the Company.