

15 October 2014

The Manager
Company Announcements Office
Australian Stock Exchange
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Electronic Lodgment

Dear Sir or Madam

Rubik Financial Limited 2014 Amended Full Year Audited Financial Report

There were typographical errors, rounding differences and header inconsistency on pages 66, 76, and 98 to 101 of the Annual Report released to the market on 30 September 2014.

Attached to this lodgment is an amended Annual Report reflecting corrections to the above.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Darius Coveney".

Darius Coveney
Company Secretary



Rubik Financial Ltd ABN 51 071 707 232

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Rubik Financial Limited

ABN 51 071 707 232

30 June 2014

ANNUAL REPORT

2014

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Rubik Financial Limited
Corporate directory
30 June 2014

Directors	Craig Evan Coleman - Non-Executive Chairman Andrew Graeme Moffat - Non-Executive Director John Clark Wilson - Non-Executive Director
Company secretary	Darius Paul Coveney
Registered office	Level 21 321 Kent Street Sydney NSW 2000
Principal place of business	Level 21 321 Kent Street Sydney NSW 2000 Telephone: +61 2 9488 4000 Facsimile: +61 2 9449 1116
Share register	Computershare Registry Services Pty Ltd Level 2 45 St George's Terrace Perth WA 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
Auditor	KPMG 10 Shelley Street Sydney NSW 2000
Solicitors	Gilbert + Tobin 2 Park Street Sydney NSW 2000
Bankers	Westpac Banking Corporation 109 St George's Terrace Perth WA 6000
Stock exchange listing	Rubik Financial Limited shares are listed on the Australian Securities Exchange (ASX code: RFL)
Website	www.rubik.com.au

Dear Shareholders,

Over the last twelve months, we have continued our journey of building an Australian FINTECH company of relevance.

In the 2014 financial year, we have made substantial investments in products, tenders and people. We invested \$4.8m in development of COIN, core banking products, and integration of recently acquired software, Stargate Symmetry, Provisio and AMEE. We have participated in a number of core banking and financial planning software tenders, a number of which are still in play. We have also invested in people, recruiting a new Group CEO and Group CFO, and built an in-house Mergers & Acquisitions capability.

In addition to strong organic growth from our core Wealth and Banking franchise, we have also materially grown and diversified our business by acquiring complementary mortgage broking and mortgage transactional gateway software businesses, Stargate and Infinitive. As a result of these acquisitions we now have strong market positions across wealth, mortgage broking and banking segments, with our products installed in over 100 financial services institutions.

We have an ambitious yet focused growth strategy and it is pleasing to see this taking shape. The ability to grow yearly revenues and underlying earnings whilst at the same time undertake significant investments in existing products and in carefully selected new acquisitions requires strong management capability to execute. For this reason the investment we have made in strengthening our executive management is also worthy of attention.

Acquisitions

The Company has purchased three businesses during the 2014 financial year, being Stargate, Infinitive and AMEE.

AMEE is a revenue commission management system, whilst Stargate and Infinitive are two leading mortgage industry software companies, which together handle around 25% of all Australian intermediated (broker) mortgage settlements through the provision of cloud-based desktop applications and gateway software. As a result of these latest two acquisitions, Rubik becomes Australia's largest independent supplier of mortgage desktop applications and second largest supplier of mortgage transactional gateway software. The Mortgage business (comprising Stargate and Infinitive) constitutes the 'third leg' for future business growth, complementing the existing Banking and Wealth businesses.

The acquisitions of Stargate and Infinitive were funded via an institutional equity placement in two tranches, raising \$25m (56.8m shares sold at \$0.44 per share), and a share placement plan offering to existing shareholders, which raised a further \$8m (18.2m shares sold at \$0.44 per share). After payment of expenses, total equity raised of \$31.9m was used to invest in the Stargate and Infinitive businesses, pay down a small amount of outstanding debt, and improve working capital.

Mortgage business contribution to revenues and operating profits for the year ended 30 June 2014 was limited due to the timing of acquisitions (completed in June 2014). The full revenue and earnings run rate potential of these acquisitions is expected to be realised in FY2015, with further substantial synergies expected from Stargate's distribution flow through into Infinitive's mortgage gateway (eLodge+).

Operating results and outlook

In the 2014 financial year the company has again reported material increases in revenues and underlying segment profits. We have delivered strong growth in revenues, up 33% to \$30.5m, with recurring revenues up a solid 46%. We have also delivered a 24% growth in segment profit (pre R&D investment and significant items) to \$8.2m for the year. The reported net profit after tax for the year was \$6.35m, aided by the recognition of our income tax benefit on our deferred tax asset.

A detailed review of company operating results is provided in the CEO's report and throughout the annual report. The company's operations are now reported as three operating segments; the wealth segment (financial advice software and services), the mortgage segment (mortgage broking software and the

mortgage transactional gateway) and the banking segment (core banking, channels, origination systems, cards and collections software), with corporate and shared services (hosting infrastructure and corporate costs) supporting these three segments.

The company expects to achieve another material increase in revenues and underlying profits in the 2015 financial year. We are entering FY2015 with \$34m in contracted revenues, which is approximately 50% up on the same time last year. We expect our Banking division performance to improve on FY2014, on the back of a solid pipeline of core banking, channel and origination platform software tenders. Our Wealth division is also growing its product and client revenue base, whilst we will benefit from a full year from the acquired Mortgage division, along with the revenues from the recently signed Mortgage Choice agreement and synergies resulting from the flow through expected to our transactional mortgage gateway.

The Board continues to believe that dividends should be considered when the consolidated entities tax losses have been exhausted, tax payments commence and franking credits become available.

People

During the 2014 financial year, the company recruited Niek Hoogenhout to the role of the Group CEO, reporting directly to the Board, and Darius Coveney to take over as Group CFO. Since year end we have also added David Spreadbury as Group COO, to consolidate Rubik's development function across the three business lines, and Bodo Mann as the new Managing Director, Banking.

As a result of our acquisitions a number of new employees have also joined Rubik during the year. On behalf of the Board we welcome them to the company and along with all our employees thank them for their contribution during the year.

We believe the opportunity to work for a growing Australian based FINTECH company provides a challenging and rewarding career opportunity for our people. It is our intention to continue to recruit and retain high performing managers and professionals as a means of ensuring we capture our full growth potential.

A blue ink signature, appearing to read "Craig Coleman", with a long horizontal line extending to the right.

Craig Coleman
Chairman

Dear Shareholders,

It has been another successful year for Rubik. Following our recent acquisitions, we are now the largest independent supplier of mortgage desktop applications and second largest supplier of mortgage transactional gateway software in Australia. Together with our leading position in the wealth adviser space with COIN and Provisio, coupled with a suite of banking products, Rubik is well positioned to deliver on our ambition of becoming an ASX300 company.

Key developments during the year were:

- **Cloud Delivery** – Rubik has migrated its largest customer to the cloud, meaning that we now organise the secure hosting of the software via the internet. This is a superior way to deliver software and we expect our business model to continue to migrate into the cloud.
- **Acquisitions** – Rubik purchased three businesses during the year, being AMEE, Stargate and Infinitive, and acquired an option to purchase the business of Revex Solutions Pty Ltd. The Mortgage business (comprising Stargate and Infinitive) constitutes the 'third leg' for future business growth, complementing existing Banking and Wealth businesses. Mortgage business contribution to revenues and operating profits for the year ended 30 June 2014 was limited due to the timing of acquisitions (completed in June 2014). Full revenue and earnings run rate potential of the acquisitions is expected to be realised in FY2015, with further substantial synergies expected from Stargate distribution's flow through into Infinitive's Mortgage Gateway (eLodge+).
- **Software Development Investment** – Rubik significantly increased its level of investment into software development, including investments to integrate the products of acquired businesses into the Rubik software portfolio. All integration costs have been expensed in FY2014. In addition to this, the Directors have considered the appropriate level of software capitalisation for internally developed software assets, and have sought to apply conservative assumptions regarding such capitalisation. As a result, of the \$4.8m investment in software R&D during FY2014, \$3.1m was expensed (FY2013: \$2.1m of which \$1.3m was expensed). Some of the key projects funded during the year included:
 - **Coin Connect** – Redevelopment of the COIN user interface to allow end customer access to specific portions of the product, and facilitate future online access.
 - **Inc** – Redevelopment of the COIN insurance advice module, including an extensive list of new features.
 - **SaaS** – Providing a more flexible and dynamic access model, allowing COIN clients to dial up or down the various components they wish to use, without the restrictions of set user license types.
 - **Data feeds** – Increasing the number of data feeds available within the COIN software.
 - **Stargate Integration** – Integration of the Stargate mortgage broking system into COIN.
- **People** – We invested into our human capital at Rubik, with the appointment of Darius Coveney as Group CFO, and Jacek Noga as Head of Mergers & Acquisitions. More recently, we've also added David Spreadbury as Group COO and Bodo Mann as MD, Banking. I am very excited about these appointments, as these bring a new depth and breadth of experience to our management team, putting us in a very strong position to drive further growth over the coming years.

Group Financial Highlights

Rubik revenues have increased by 33% to \$30.5m for the financial year, with recurring revenues up 46%. Segment profits increased by 24% to \$8.2m, with operating cash flow increasing by 30% pre-R&D or 2% on a post-R&D expenses basis.

Wealth business was the main driver of revenue and underlying EBITDA growth, contributing \$20.1m in revenues, and \$9.2m in segment profits for the year. The revenue growth of 59% was achieved through a combination of client acquisitions, increased sales to existing clients and full year ownership of the COIN Software business.

Banking business revenues decreased by 4% to \$9.9m and segment profits decreased by 26% to \$2.4m over the period as a consequence of significant investment into core banking tenders, and no new implementation projects in the second half of the year.

Mortgage business revenue of \$0.5m and segment profit contribution of \$0.3m reflect one month of trading.

The reported revenues and segment profit contributions for year ended 30 June 2014 reflect an uplift resulting from COIN acquisition in FY2013, but are yet to fully reflect the uplift from recent growth investments, and migration of key accounts to a hosted solution for COIN.

During the financial year, Rubik established a Portfolio Management Committee to oversee and review the company's investments in R&D projects across the group. In creating this committee, the company moved a level of responsibility regarding R&D investment away from divisional MD's and in to this central committee. In line with this change, the company's financial segment reporting has been amended to consider divisional results before R&D investment. This is a non-AIFRS measure, however the Directors believe the disclosing of this measure is useful to readers of the company's financial results as it assists with their understanding of the underlying business of the company, is better aligned with peer disclosures, and is consistent with equity valuation and investment research methodologies generally adopted in Australia.

The following table reconciles the non-AIFRS financial information in this document to the AIFRS based Statement of profit or loss and other comprehensive income included in the company's 2014 Annual Financial Report.

Performance (A\$ 000's)	FY14	FY13 (restated) ¹	Var %
Recurring revenues	24,063	16,501	↑ 45.8%
Non-recurring revenues	6,403	6,397	↑ 0.1%
Total operating revenues	30,466	22,898	↑ 33.1%
Segment profits (underlying EBITDA) *	8,164	6,567	↑ 24.3%
R&D expensed *	(3,125)	(1,281)	↑ >100%
Investment amortisation	(4,017)	(2,089)	↑ 92.3%
Share based payment expense	(287)	(11)	↑ >100%
Depreciation and operating amortisation	(529)	(348)	↑ 51.7%
EBIT before significant items *	206	2,838	↓ 92.7%
Net interest income/(expense)	(859)	(358)	↑ >100%
Profit/(Loss) before tax and significant items *	(653)	2,480	↓ >100%
Income tax benefit – current year	342	1	↑ >100%
NPAT before significant items *	(311)	2,481	↓ 59.9%
Significant items:			
- Income tax benefit on initial recognition of DTA	9,691	-	n/a
- Transaction costs	(2,329)	(1,887)	↑ 23.4%
- Transition costs *	(705)	(787)	↓ 10.4%
- Profit on disposal of Shelf business	-	503	n/a
NPAT as reported	6,346	310	↑ >100%

* = Non-AIFRS item

Notes:

1. FY2013 results have been restated for the treatment of bonus expenses as well as the finalisation of provisional purchase price allocations. See note 34 to the accounts.

Segment Performance

Company operations are reported as three operating segments, referred to internally as 'Strategic Business Units' (SBU's). These are:

- Wealth** Development and provision of advice software and services to the financial planning industry including related software like CRM and commission tracking software.
- Banking** Provision of core banking software plus a range of related channel software including internet banking and IVRs. Also, we deliver collection software helping institutions collect their overdue debtors.
- Mortgages** Development and provision of software solutions to the Australian mortgage broking industry. This segment was created with the acquisitions of Stargate and Infinitive in June 2014. We offer front-end software (ie CRM applications) plus a mortgage gateway linking the front-end with the lenders.

Abovementioned offerings will continue to become more attractive as we integrate them.

Supporting these three SBU's is the corporate and shared services team, which includes the provision of hosting infrastructure and corporate support to the SBU's. Corporate and shared services costs are reported separate from each segment, and the group does not currently charge SBU's for the use of these central services.

The segment results for the Rubik Group were as set out below.

Review of Operations - Segment Analysis	Full Year Revenue			Segment Profits (Underlying EBITDA)		
	FY14	FY13	Var %	FY14	FY13	Var %
Banking	9,859	10,258	-3.9%	2,385	3,218	-25.9%
Wealth	20,099	12,640	59.0%	9,168	7,047	30.1%
Mortgages	508	-	-	265	-	-
SBU Results	30,466	22,898	33.1%	11,818	10,265	15.1%
SBU Segment Profits/Revenue Margin %				38.8%	44.8%	
Corporate & Shared Services Expenses	-	-		(3,654)	(3,698)	-1.2%
Consolidated Segment Results	30,466	22,898	33.1%	8,164	6,567	24.3%
Segment Profits/Revenue Margin %				26.8%	28.7%	

The Wealth SBU contributed revenues of \$20.1m and a segment profit of \$9.2m for the year. The revenue growth of 59% was achieved through a combination of client acquisitions, increased sales to existing clients and full year ownership of the COIN and Provisio businesses.

Banking SBU revenues decreased by 4% to \$9.9m and segment profit contribution decreased by 26% to \$2.4m over the period as a consequence of significant investment into core banking tenders, and no new implementation projects in the second half of the year.

The Mortgage SBU revenue of \$0.5m and segment profit contribution of \$0.3m reflects one month of trading.

FY2014 Significant Items

Transaction Costs

Transaction costs are fees paid to third party advisors and are directly related to the acquisitions undertaken during the financial year.

Transaction Costs (A\$ 000's)	FY14	FY13
Financial advice and due diligence	1,328	1,104
Legal advice and due diligence	879	548
Stamp duty paid	2	159
Other	120	76
Total	2,329	1,887

Transition Costs

Transition costs of \$0.7m (FY2013: \$0.8m) are one off costs associated with the integration of new businesses acquired, and include the costs of external integration consultants, as well as an allocation of internal staff time to assist with transition and integration.

Transition Costs (A\$ 000's)	FY14	FY13
Salaries of integration teams and redundancies	523	329
Rent - transitional premises	-	204
IT and systems integration	5	127
Other	177	127
Total	705	787

Initial Recognition of Deferred Tax Asset

Given the improving profit position of Rubik, the Directors are now confident that the business will make future taxable profits sufficient to utilise the group's carry forward tax losses from FY2013 and prior. As such, a Deferred Tax Asset has been recognised in the FY2014 accounts, creating a \$9.7m one-off item.

Growth Investments

Rubik has made \$38.8m in growth investments during the year to 30 June 2014, an 18% increase on prior 12 months (FY2013: \$32.9m). This has been invested in the following items.

AUD \$000	R&D Expensed	R&D Capitalised	Businesses Acquired	Other Capex	Total Growth Investments FY2014
Software	3,125	1,717	11,434	327	16,603
Customer Contracts	-	-	1,912	-	1,912
Goodwill	-	-	20,287	-	20,287
Other Intangibles	-	-	-	(19)	(19)
Total	3,125	1,717	33,633	308	38,783

Research & Development Investment – Rubik has invested \$4.8m in software R&D during FY2014, of which \$3.1m was expensed (FY2013: \$2.1m of which \$1.3m was expensed).

Acquisitions – The acquisitions were funded via an institutional equity placement and share purchase plan. After payment of expenses, total equity raised of \$31.9m was used to invest in the Stargate and Infinitive businesses, pay down a small amount of outstanding debt, and improve working capital.

These investments have translated in to the following profit and balance sheet impacts:

AUD \$000	Amortised Balance June 2013	Total Growth Investments FY2014	R&D Expensed	Investment Amortisation	Amortised Balance June 2014
Software	22,299	16,603	(3,125)	(3,192)	32,585
Customer Contracts	2,787	1,912	-	(802)	3,897
Goodwill	10,919	20,287	-	-	31,206
Other Intangibles	294	(19)	-	(23)	252
Total	36,299	38,783	(3,125)	(4,017)	67,940

Whilst these growth investment costs have been incurred during the year ended 30 June 2014, the associated benefits to revenues and earnings will be realised in subsequent years.

Funding

Funding Summary (A\$ 000's)	FY14	FY13
Cash	9,471	3,777
Borrowings	(6,671)	(7,180)
Net Cash/(Debt)	2,800	(3,403)
Total Equity	66,200	25,617
Gearing %	N/A	12%

Gearing = Net Debt / (Net Debt + Shareholder Funds)

During FY2014 the Directors significantly improved Rubik's balance sheet position through the issue of additional equity. This was achieved through an institutional equity placement in two tranches, raising \$25m (56.8m shares sold at \$0.44 per share), and a share placement plan offering to existing shareholders, which raised a further \$8m (18.2m shares sold at \$0.44 per share). After payment of expenses, total equity raised of \$31.9m was used to invest in the Stargate and Infinitive businesses, pay down a small amount of outstanding debt, and improve working capital.

Cash Flow

During the year Rubik improved operating cash flow by \$2.0m (30%) before expensed R&D investments, and by \$0.1m (2%) post expensed R&D investments. Rubik also invested significantly in the Group's future growth, with the acquisitions of AMEE, Stargate and Infinitive. The initial investments in these businesses were predominantly funded via the issue of additional equity during the year.

At 30 June 2014 the Rubik group's cash position had improved by \$5.7m as compared to the same time last year.

Cash Flow (A\$ 000's)	FY14	FY13
Operating Cash Flow (pre R&D)	8,466	6,508
R&D Investment expensed ¹	(3,125)	(1,281)
Operating Cash Flow (post R&D)	5,341	5,227
<u>Investing Cash Flow:</u>		
R&D Investment capitalised ¹	(1,717)	(856)
Acquisitions	(28,285)	(25,892)
Disposal of business	-	830
Other capex	(1,086)	(1,879)
Total Investing Cash Flow	(31,088)	(27,797)
<u>Financing Cash Flow:</u>		
Debt	(500)	7,180
Equity	31,941	2,990
Distributions	-	-
Total Financing Cash Flow	31,441	10,170
Change in cash & cash equivalents	5,694	(12,400)
Opening cash balance	3,777	16,177
Ending cash balance	9,471	3,777

Notes:

1. Capitalised R&D outflows have been reallocated to investing, rather than operating, cash flows.

Outlook and Strategy FY2015

The full benefits of the strengthened management team, the enhanced M&A Function and the efficient pooling of operational resources across the group will become increasingly apparent during FY2015 and beyond.

Rubik enters FY2015 with contracted revenues of \$34m, enjoying a full year impact of the recent growth in run-rate of recurring revenues.

We continue to deliver on our ambition to be included in the ASX300 and have a growth trajectory in mind to achieve this over the coming years.



Niek Hoogenhout
Group CEO

Rubik Financial Limited
Directors' report
30 June 2014

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Rubik') consisting of Rubik Financial Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

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

Craig Evan Coleman - Non-Executive Chairman
Andrew Graeme Moffat
Ian James Hunter (resigned 27 February 2014)
John Clark Wilson

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of delivering mission critical systems to Financial Services organisations that are deployed in-house or through multi-tenanted, pay-as-you-go services, that can be securely accessed online or via a mobile interface. Rubik delivers trusted, reliable systems through a focus on quality, reliability and security.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$6,346,000 (30 June 2013: \$310,000 (restated)).

Refer to the operating and financial review on pages 5 to 10 for further information.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 1 September 2014 Rubik agreed an amendment to the contingent consideration agreement with the vendors of Infinitive. Under the revised arrangements the previously agreed earn-out payment (which was based on a multiple of revenues for the business and capped at \$14.1 million) has been replaced with a one-off additional payment of \$3.5 million, adjusted for pre-completion liabilities of the business. A portion of this amount has been placed in escrow for a period of up to twelve months, and can be claimed back by Rubik should certain liabilities arise in relation to the warranties provided by the vendors of Infinitive.

As disclosed in the Directors' report, changes to the long-term incentives of key executives have occurred between the end of the financial year and the date of this report. These changes are not expected to have a material impact on the accounting value of long-term incentives provided to executives or on the profit or loss or the financial position of the consolidated entity.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity's focus is the development of mission critical software systems. The consolidated entity's philosophy is to maximise shareholder returns and sustainable growth within a framework of an appropriate capital risk management strategy and ethical organisational culture. Refer to outlook in the operating and financial review on page 10 for further information.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it to be commercial in confidence and therefore likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Craig Evan Coleman
Title:	Non-Executive Chairman
Qualifications:	BCom
Experience and expertise:	Craig is Executive Chairman of Viburnum Funds Pty Ltd, a boutique Private Equity fund manager. He is a former Managing Director of Home Building Society Limited and prior to this held a number of senior executive positions with ANZ Banking Group Ltd including Managing Director Banking Products, Managing Director Wealth Management and Non-Executive Director of E*Trade Australia Limited.
Other current directorships:	Non-Executive Director of Viburnum Funds Pty Ltd, Wyllie Group Pty Ltd, Bell Financial Group Limited, Pulse Health Group Limited, Keybridge Capital Ltd and Amcom Telecommunications Limited.
Former directorships (last 3 years):	Lonestar Resources Ltd (ceased 15 August 2014)
Special responsibilities:	Chairman of the Remuneration Committee
Interests in shares:	6,377,661 ordinary shares
Interests in options:	None

Rubik Financial Limited
Directors' report
30 June 2014

Name:	Andrew Graeme Moffat
Title:	Non-Executive Director
Qualifications:	BBus
Experience and expertise:	Andrew has in excess of 20 years of corporate and investment banking experience and is the principal of Cowoso Capital Pty Ltd, a company providing strategic corporate advisory services. Prior to establishing Cowoso Capital Pty Ltd, Andrew was a Director of Equity Capital Markets and Advisory for BNP Paribas Equities (Australia) Limited where he took principal responsibility for mergers and acquisition advisory services and a range of equity capital raising mandates.
Other current directorships:	Chairman of Pacific Star Network Limited and Keybridge Capital Ltd (appointed 7 March 2014). Non-Executive Director of 360 Capital Group Pty Ltd and CCK Financial Solutions Ltd.
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit, Risk and Compliance Committee and Member of the Remuneration Committee
Interests in shares:	7,058,653 ordinary shares
Interests in options:	None

Name:	Ian James Hunter (resigned 27 February 2014)
Title:	Non-Executive Director
Qualifications:	BA, LLB, MBA
Experience and expertise:	Ian has over 25 years banking experience including being a director and executive vice-president of Bankers Trust Australia and a founding director of E*Trade Australia Limited. Ian has Bachelor of Arts and Bachelor of Law degrees from the University of Sydney and a Master of Business Administration from Macquarie University and is admitted as a solicitor in NSW.
Other current directorships:	Non-Executive Director of Ironbark Capital Limited (since 2002), a listed funds management company.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit, Risk and Compliance Committee and the Remuneration Committee, until date of resignation.
Interests in shares:	2,600,000 ordinary shares (as of resignation date)
Interests in options:	None

Name:	John Clark Wilson
Title:	Non-Executive Director
Qualifications:	BBus, MAppFin, CPA
Experience and expertise:	John has over 25 years experience in financial markets and technology. He is presently an Executive General Manager at information services company Veda, and was previously Asia Pacific President for SunGard. Prior to joining SunGard in 2000 John was a partner at KPMG.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit, Risk and Compliance Committee and the Remuneration Committee
Interests in shares:	148,152 ordinary shares
Interests in options:	None

Rubik Financial Limited
Directors' report
30 June 2014

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Darius Coveney (BCom, MAppFin, ACA, F Fin) was appointed Company Secretary on 20 June 2014.

Darius' finance career spans more than 20 years. Darius started working in the Entrepreneurial Services team at Ernst & Young, where he supported a number of IT and biotech start-ups to raise capital and create sustainable growth plans. Darius then joined one of these technology companies, working as the CFO and COO to help them raise capital from Asia and relocate the business to Kuala Lumpur. In 2004, Darius joined the Macquarie Group where he held various senior roles running projects and building Finance teams in Sydney, Hong Kong, New York and London, as well as undertaking a number of M&A Due Diligence and integration projects for the group.

Meetings of directors

	Full Board		Audit, Risk and Compliance Committee	
	Attended	Held	Attended	Held
Craig Coleman	12	12	-	-
Andrew Moffat	12	12	3	3
Ian Hunter	6	6	2	2
John Wilson	12	12	3	3

Held: Represents the number of meetings held during the time the director held office or was a member of the relevant committee.

During FY2014 the Remuneration Committee met as required, as part of the full Board agenda. The Committee formally considers remuneration and incentives at least twice a year, being at the start and end of each financial year.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A.** Principles used to determine the nature and amount of remuneration
- B.** Details of remuneration
- C.** Service agreements
- D.** Share-based compensation
- E.** Additional information
- F.** Additional disclosures relating to key management personnel
- G.** Restatement of 2013 remuneration details

A. Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

As explained below, the compensation structures for key management personnel are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control performance
- the consolidated entity's financial performance and business growth
- Market rates for similar roles and responsibilities

Compensation packages include some fixed compensation and performance based incentives.

Fixed compensation

Fixed compensation consists of base compensation, which is calculated on a total costs basis, as well as employer contributions to superannuation funds, leave entitlements and non-cash benefits.

Performance related compensation

Performance related compensation includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash and its calculation is based on underlying EBITDA, while the long-term incentive (LTI) is provided as exposure to the price performance of ordinary shares of the consolidated entity.

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Short-term incentive (STI)

The STI performance target is a board approved scheme in which business units are incentivised to increase revenue and decrease cost to maximise both divisional and Rubik Group earnings. Hurdles are set in each line of business in order to incentivise improved individual business performance. Individuals have STI targets, as set out in their contracts, with final payment amounts subject to individual, divisional and group KPIs as well as Board review and approval. Bonuses paid or payable to key executives of \$185,000 (2013: \$344,141 (restated)) were approved by the Board in recognition of business unit performance and are accrued for the financial year ended 30 June 2014.

Long-term incentive (LTI)

Long-term incentives are linked to share price performance and provided to certain senior executives as part of their remuneration package, at the discretion of the Board. These LTI arrangements include both time based vesting arrangements and hurdle rates set at or above the share price on the date of issuance and thereby assist in the alignment of management and shareholders.

During the financial year, 12,500,000 options (2013: 2,000,000) were granted to key management personnel by the Board. The fair value of options is calculated at the date of grant using either the Black Scholes or a Monte Carlo Option Pricing model and allocated to each reporting period evenly over the period from grant date to vesting date.

Voting and comments made at the company's 2013 Annual General Meeting ('AGM')

At the 2013 AGM, the remuneration report for the year ended 30 June 2013 was adopted on a unanimous show of hands. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Non-executive directors remuneration

All directors are non-executive and do not have service contracts. The annual board remuneration is as follows and covers all main board activities:

- \$50,000 - Non-executive directors (except Chairman)
- \$70,000 - Chairman
- \$50,000 - Chair Audit, Risk and Compliance
- \$30,000 - Chair Remuneration

All of the above are plus statutory superannuation amounts.

Non-executive directors do not receive performance related compensation.

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Rubik Financial Limited:

- Craig Coleman - Non-Executive Chairman
- Andrew Moffat - Non-Executive Director
- Ian Hunter - Non-Executive Director (resigned on 27 February 2014)
- John Wilson - Non-Executive Director

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And the following persons:

- Niek Hoogenhout - Chief Executive Officer (appointed 27 February 2014)
- Wayne Wilson - Managing Director, Wealth
- Ken Carr - Managing Director, Banking (resigned on 25 July 2014)
- Brett Spencer - Managing Director, Mortgages (appointed on 4 June 2014)
- Darius Coveney - Chief Financial Officer and Company Secretary (appointed 20 June 2014)
- Paula Kensington - Chief Financial Officer and Company Secretary (resigned 20 June 2014)
- Andrew Roberts - Chief Information Officer (appointed on 1 February 2014)

Note that Stephen Kunkler and Edwin Tucker were not considered Key Management Personnel during the 2014 financial year.

	Short-term benefits		Post-employment benefits	Long-term benefits		Share-based payments	
	Cash salary and fees	Bonus	Super-annuation	Long service leave	Termination benefits	Equity-settled	Total
2014	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
C Coleman	100,000	-	9,313	-	-	-	109,313
A Moffat	100,000	-	9,313	-	-	-	109,313
I Hunter **	33,333	-	3,083	-	-	-	36,416
J Wilson	50,000	-	4,656	-	-	-	54,656
Other Key Management Personnel:							
N Hoogenhout*	136,410	-	7,812	-	-	191,269	335,491
W Wilson	293,107	95,000	17,802	-	-	82,953	488,862
K Carr	360,000	-	-	-	-	-	360,000
B Spencer*	21,192	-	1,960	-	-	-	23,152
D Coveney*	8,654	-	800	-	-	12,412	21,866
P Kensington**	204,900	-	19,306	-	-	-	224,206
A Roberts*	104,165	90,000	-	-	-	-	194,165
	1,411,761	185,000	74,045	-	-	286,634	1,957,440

* Remuneration disclosed is from date of appointment as a key management personnel.

** Remuneration disclosed is to the date of resignation as a key management personnel.

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	Short-term benefits		Post-employment benefits	Long-term benefits		Share-based payments	
	Cash salary and fees	Bonus	Super-annuation	Long service Leave	Termination benefits	Equity-settled	Total
2013 Restated ^{1/}	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
C Coleman	100,000	-	9,000	-	-	-	109,000
A Moffat	100,000	-	9,000	-	-	-	109,000
I Hunter	50,000	-	4,500	-	-	-	54,500
J Wilson *	43,397	-	3,906	-	-	-	47,303
Other Key Management Personnel:							
W Wilson *	225,185	150,000	32,056	-	-	11,252	418,493
K Carr *	157,800	50,000	-	-	-	-	207,800
S Kunkler	204,857	76,988	21,431	-	-	-	303,276
P Kensington	185,000	8,000	17,390	-	-	-	210,390
E Tucker *	54,769	9,153	5,776	-	-	-	69,698
B Jackson **	229,196	-	18,138	26,961	-	-	274,295
R Lindsay **	273,919	-	-	-	50,619	-	324,538
J Duggan **	105,748	50,000	13,683	-	-	-	169,431
	1,729,871	344,141	134,880	26,961	50,619	11,252	2,297,724

* Remuneration disclosed is from date of appointment as a key management personnel.

** Remuneration disclosed is to the date of resignation as a key management personnel.

^{1/} 2013 Remuneration numbers have been restated to adjust for a bonus related to 2013 that was paid in 2014. See section G of this Remuneration Report for further details.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2014	2013 ^{1/}	2014	2013 ^{1/}	2014	2013 ^{1/}
Non-Executive Directors:						
C Coleman	100%	100%	-%	-%	-%	-%
A Moffat	100%	100%	-%	-%	-%	-%
I Hunter	100%	100%	-%	-%	-%	-%
J Wilson	100%	100%	-%	-%	-%	-%
Other Key Management Personnel:						
N Hoogenhout	43%	-%	-%	-%	57%	-%
W Wilson	64%	61%	19%	36%	17%	3%
K Carr	100%	76%	-%	24%	-%	-%
B Spencer	100%	-%	-%	-%	-%	-%
D Coveney	43%	-%	-%	-%	57%	-%
P Kensington	100%	96%	-%	4%	-%	-%
A Roberts	54%	-%	46%	-%	-%	-%
S Kunkler	-%	75%	-%	25%	-%	-%
B Jackson	-%	100%	-%	-%	-%	-%
R Lindsay	-%	100%	-%	-%	-%	-%

^{1/} 2013 Remuneration numbers have been restated to adjust for a bonus related to 2013 that was paid in 2014. See section G of this Remuneration Report for further details.

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The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2014	2013 ^{1/}	2014	2013 ^{1/}
<i>Other Key Management Personnel:</i>				
W Wilson	66%	*	34%	*
K Carr	*	*	*	*
P Kensington	-%	*	100%	*
A Roberts	90%	*	10%	*
S Kunkler **	n/a	*	n/a	*
J Duggan **	n/a	*	n/a	*
E Tucker **	n/a	*	n/a	*

* The cash bonuses for these key management personnel were at the discretion of the Board of Directors.

** 2014 cash bonuses are not shown as individuals were not key management personnel in 2014.

^{1/} 2013 Remuneration numbers have been restated to adjust for a bonus related to 2013 that was paid in 2014.
See section G of this Remuneration Report for further details.

C. Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Key details of these agreements are as follows:

Name: **Niek Hoogenhout**
Title: Group Chief Executive Officer (CEO)
Agreement commenced: 27 February 2014
Term of agreement: Open-ended
Key Details: **Termination of employment:**

- By either party on giving 12 months' notice; or
- Immediately by the consolidated entity on payment in lieu of notice or if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Excluding payment in lieu of notice, the contract does not specify any termination payment.

Equity compensation:- 10,000,000 share options issued over five tranches, as follows:

	No of options	Strike price per option	Vesting period	Expiry period
Tranche 1	1,500,000	\$0.345	12 months	24 months
Tranche 2	1,500,000	\$0.350	24 months	36 months
Tranche 3	1,500,000	\$0.400	36 months	48 months
Tranche 4	1,500,000	\$0.450	36 months	48 months
Tranche 5	4,000,000	\$0.550	36 months	48 months

Note that all options include a vesting condition requiring the 30 day VWAP prior to the relevant vesting date to be greater than the strike price of the options in that tranche. Options also vest on a change of control, and tranche 1 and 2 options can automatically roll in to later tranche options if the relevant vesting conditions are not met on the vesting date.

Also see subsequent events details, as noted on page 26 of this report.

Name: **Wayne Wilson**
Title: Managing Director, Wealth
Agreement commenced: 20 August 2012
Term of agreement: Open-ended
Details: **Termination of employment:**

- By either party on giving 3 months' notice; or
- Immediately by the consolidated entity on payment in lieu of notice or if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Excluding payment in lieu of notice, the contract does not specify any termination payment.

Equity compensation:- 2,000,000 share options issued over two tranches, as follows:

	No of options	Strike price per option	Vesting period	Expiry period
Tranche 1	1,000,000	\$0.162	7.5 months	24 months
Tranche 2	1,000,000	\$0.174	19.5 months	36 months

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Name:

Ken Carr

Title:

Managing Director, Banking

Agreement commenced:

24 January 2013

Term of agreement:

Open-ended

Details:

Termination of contract:

- By either party on giving 1 month's notice; or
- Immediately by the consolidated entity on payment in lieu of notice or if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Excluding payment in lieu of notice, the contract does not specify any termination payment.

Equity compensation:- Nil.

Note that Ken Carr left Rubik on 25 July 2014.

Name:

Brett Spencer

Title:

Managing Director, Mortgages

Agreement commenced:

4 June 2014 (as part of the acquisition of Stargate Information Systems Pty Ltd)

Term of agreement:

Open-ended

Details:

Termination of employment:

- Neither party may terminate the employment agreement before 30 June 2016 (the Minimum Term);
- After the Minimum Term, by either party on giving 6 months' notice; and
- Immediately by the consolidated entity on payment in lieu of notice or if any of the conditions for summary termination are met (including during the Minimum Term) including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Excluding payment in lieu of notice, the contract does not specify any termination payment.

Equity compensation:- Nil.

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Name:

Title:

Agreement commenced:

Term of agreement:

Details:

Darius Coveney

Chief Financial Officer (CFO) and Company Secretary

20 June 2014

Open-ended

Termination of employment:

- By either party on giving 3 months' notice; or
- Immediately by the consolidated entity on payment in lieu of notice or if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Excluding payment in lieu of notice, the contract does not specify any termination payment.

Equity compensation:- 2,500,000 share options issued over five tranches, as follows:

	No of options	Strike price per option	Vesting period	Expiry period
Tranche 1	500,000	\$0.52	12 months	24 months
Tranche 2	500,000	\$0.55	24 months	36 months
Tranche 3	500,000	\$0.60	36 months	48 months
Tranche 4	500,000	\$0.70	36 months	48 months
Tranche 5	500,000	\$0.80	36 months	48 months

Note that all options include a vesting condition requiring the 30 day VWAP prior to the relevant vesting date to be greater than the strike price of the options in that tranche. Options also vest on a change of control, and tranche 1 and 2 options can automatically roll in to later tranche options if the relevant vesting conditions are not met on the vesting date.

Also see subsequent events details, as noted on page 26 of this report.

Name:

Title:

Agreement commenced:

Term of agreement:

Details:

Andrew Roberts

Chief Information Officer (CIO)

1 February 2014

Open-ended

Termination of contract:

- By either party on giving 3 months' notice; or
- Immediately by the consolidated entity on payment in lieu of notice or if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Excluding payment in lieu of notice, the contract does not specify any termination payment.

Equity compensation:- Nil.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D. Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014. Refer to the recent changes in long-term incentives set out under 'Subsequent Events' later in this report for details of changes made since 30 June 2014.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
<i>Wayne Wilson</i>				
12 April 2013	30 November 2013	12 April 2015	\$0.162	\$0.052
12 April 2013	30 November 2014	12 April 2016	\$0.174	\$0.061
<i>Niek Hoogenhout</i>				
26 February 2014	27 February 2015	12 February 2016	\$0.345	\$0.130
26 February 2014	27 February 2016	12 February 2017	\$0.35	\$0.142
26 February 2014	27 February 2017	12 February 2018	\$0.40	\$0.134
26 February 2014	27 February 2017	12 February 2018	\$0.45	\$0.122
26 February 2014	27 February 2017	12 February 2018	\$0.55	\$0.101
<i>Darius Coveney</i>				
19 May 2014	10 June 2015	10 June 2016	\$0.52	\$0.182
19 May 2014	10 June 2016	10 June 2017	\$0.55	\$0.198
19 May 2014	10 June 2017	10 June 2018	\$0.60	\$0.199
19 May 2014	10 June 2017	10 June 2018	\$0.70	\$0.174
19 May 2014	10 June 2017	10 June 2018	\$0.80	\$0.144

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

Name	Number of options granted during the year 2014	Number of options granted during the year 2013	Number of options vested during the year 2014	Number of options vested during the year 2013
W Wilson	-	2,000,000	1,000,000	-
N Hoogenhout	10,000,000	-	-	-
D Coveney	2,500,000	-	-	-

E. Additional information

The earnings of the consolidated entity for the five years to 30 June 2014 are summarised below:

	2010 * \$'000	2011 \$'000	2012 \$'000	2013 \$'000	2014 ** \$'000
Profit/(loss) after income tax	(16,353)	(1,367)	(788)	310	6,346

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2010 *	2011	2012	2013	2014 **
Basic earnings per share (cents per share)	(6.67)	(0.60)	(0.34)	0.13	2.26
Diluted earnings per share (cents per share)	(6.67)	(0.60)	(0.34)	0.13	2.25
Share price at financial year end (\$A)	0.06	0.05	0.07	0.17	0.48

* Included impairment of intangible assets (\$8,521,000) and deferred tax asset write-off (\$7,867,000)

** Included deferred tax asset recognition of \$10,033,000

F. Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Sales	Balance at the end of the year
<i>Ordinary shares</i>					
C Coleman	9,877,661	-	-	(3,500,000)	6,377,661
A Moffat	10,558,653	-	-	(3,500,000)	7,058,653
I Hunter	2,600,000	-	-	-	^{2/}
J Wilson	124,166	-	23,986	-	148,152
N Hoogenhout	-	-	377,272	-	377,272
	23,160,480	-	401,258	(7,000,000)	13,961,738

^{2/} I Hunter resigned on 27 February 2014 and is no longer a key management personnel as at 30 June 2014.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
W Wilson	2,000,000	-	-	-	2,000,000
N Hoogenhout	-	10,000,000	-	-	10,000,000
D Coveney	-	2,500,000	-	-	2,500,000
	2,000,000	12,500,000	-	-	14,500,000

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G. Restatement of 2013 remuneration details

During the preparation of the June 2014 full year result it was discovered that \$547,000 in bonus payments made in August and September 2013 should have been recorded as an expense in the consolidated entity's FY 2013 results. These amounts mainly related to the newly created bonus pool in the wealth divisions, which was established in FY 2013 as part of the consolidated entity's acquisition of COIN from Macquarie Group Ltd.

Although these bonuses were not finalised at balance sheet date (30 June 2013), they were finalised at the time of approving the FY 2013 Annual Report. Shown below is a table which reconciles the remuneration report as disclosed in the FY 2013 annual report and as restated in this report.

	Short-term benefits		Post-employment benefits	Long-term benefits		Share-based payments	Total
	Cash salary and fees	Bonus	Super-annuation	Long service Leave	Termination benefits	Equity-settled	
2013	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
C Coleman [^]	100,000	-	9,000	-	-	-	109,000
A Moffat [^]	100,000	-	9,000	-	-	-	109,000
I Hunter [^]	50,000	-	4,500	-	-	-	54,500
J Wilson [^]	43,397	-	3,906	-	-	-	47,303
Other Key Management Personnel:							
W Wilson ⁺	225,185	-	18,181	-	-	11,252	254,618
Adjustment	-	150,000	13,875	-	-	-	163,875
W Wilson ^Ω	225,185	150,000	32,056	-	-	11,252	418,493
K Carr ⁺	157,800	-	-	-	-	-	157,800
Adjustment	-	50,000	-	-	-	-	50,000
K Carr ^Ω	157,800	50,000	-	-	-	-	207,800
S Kunkler ⁺	204,857	16,988	20,134	-	-	-	241,979
Adjustment	-	60,000	1,297	-	-	-	61,297
S Kunkler ^Ω	204,857	76,988	21,431	-	-	-	303,276
P Kensington ⁺	185,000	-	16,650	-	-	-	201,650
Adjustment	-	8,000	740	-	-	-	8,740
P Kensington ^Ω	185,000	8,000	17,390	-	-	-	210,390
E Tucker ⁺	54,769	-	4,929	-	-	-	59,698
Adjustment	-	9,153	847	-	-	-	10,000
E Tucker ^Ω	54,769	9,153	5,776	-	-	-	69,698
B Jackson [^]	229,196	-	18,138	26,961	-	-	274,295
R Lindsay [^]	273,919	-	-	-	50,619	-	324,538
J Duggan [^]	105,748	50,000	13,683	-	-	-	169,431
TOTALS(restated)	1,729,871	344,141	134,880	26,961	50,619	11,252	2,297,724

[^]As previously reported, no adjustment required.

⁺As previously reported, requiring adjustment.

^ΩAdjusted balance, as restated in this report.

This concludes the remuneration report, which has been audited.

Subsequent events related to key management personnel

Although the above sets out the details of service agreements in place as at 30 June 2014, a number of additional changes to key management personnel and their incentives have occurred between the end of the financial year and the date of this report. These changes are set out in more detail below.

Amendments to equity based incentives issued to senior management

On 27 August 2014, the Board of Rubik Financial Ltd agreed to replace the share options to be issued to the CEO and the CFO with loan funded shares. The economics of the loan funded shares have been structured so as to ensure the value of the loan funded shares is equal to the value of the options packages previously agreed to be issued, thereby ensuring no change in the economics of the incentives or the accounting outcomes for the consolidated entity following the amendments.

The terms of the new loan funded share arrangements can be summarised as follows:

1. the company provides each eligible executive, or their nominee, ('the executive') with a loan to purchase an agreed number of Rubik shares at or slightly above current market value;
2. the loan provided is limited recourse, such that the executive has the option to either repay the loan or return the shares at the loan repayment date, and interest is payable on the loan at the Board's discretion;
3. any dividends declared by Rubik during the life of the loan will be applied against the outstanding balance of the loan rather than being paid in cash to the executive, with an offsetting interest charge rate;
4. certain vesting conditions apply to each executive's shares, being both time based and share price hurdle related, and these have been set so as to mirror the economics of any previous options agreement; and
5. prior to the shares becoming unencumbered, the executive is required to make a 'release payment', equal to the difference between the price initially paid for the shares and the share price vesting hurdle.

The Board notes that variations of this type of plan are broadly used by companies listed on the ASX, although the 'release payment' requirement is considered an additional shareholder protection not normally seen in other loan funded share plans.

A summary of the loan funded share issuances made to the CEO and the CFO under the revised agreement, as compared to the prior option agreement, is set out below.

CEO LTI Package	No of options no longer being issued	No of loan funded shares issued	Previously agreed strike price (per option)	Purchase Price * (per share)	Vesting Date **
Tranche 1	1,500,000	1,500,000	\$0.345	\$0.345	12 Feb 2015
Tranche 2	1,500,000	1,500,000	\$0.35	\$0.35	12 Feb 2016
Tranche 3	1,500,000	1,500,000	\$0.40	\$0.40	12 Feb 2017
Tranche 4	1,500,000	1,500,000	\$0.45	\$0.45	12 Feb 2017
Tranche 5	4,000,000	4,000,000	\$0.55	\$0.55	12 Feb 2017

CFO LTI Package	No of options no longer being issued	No of loan funded shares issued	Previously agreed strike price (per option)	Purchase Price * (per share)	Vesting Date **
Tranche 1	500,000	500,000	\$0.52	\$0.52	10 Jun 2015
Tranche 2	500,000	500,000	\$0.55	\$0.55	10 Jun 2016
Tranche 3	500,000	500,000	\$0.60	\$0.60	10 Jun 2017
Tranche 4	500,000	500,000	\$0.70	\$0.70	10 Jun 2017
Tranche 5	500,000	500,000	\$0.80	\$0.80	10 Jun 2017

* Under the loan funded share plan, the executive pays market price on the initial purchase of the shares, plus a further 'release payment' equal to the difference between the price initially paid for the shares and the Purchase Price. The release payment must be paid before disposal restrictions are lifted from the shares.

** Under both the previous option agreement and the new loan funded share arrangements, the vesting dates are unchanged. Vesting continues to only occur if the 30 day VWAP of RFL shares is greater than the purchase/strike price of the relevant equity tranche or if a change of control event occurs. These conditions have been carried over from the previously agreed option arrangements.

Leadership team changes

On 14 July 2014 Bodo Mann replaced Ken Carr as the Managing Director, Banking at Rubik. Bodo is a senior executive, consultant and business builder with international management and professional services experience across technology, operations and finance in Europe and Australasia. He has previously been a Director/Principal with Booz & Company, Spencer Stuart, White Room Associates and GE Capital Europe.

On 1 September, 2014 David Spreadbury joined Rubik as Group COO. David's experience includes roles as Executive Director and CIO at ING Australia, General Manager Operations and Technology at ANZ Investments, SVP Operations and Technology at Bankers Trust; and more recently David has led a number of transformation programs in banking and general insurance.

Key Details of Mr Mann's and Mr Spreadbury's service agreements are as follows:

Name:	Bodo Mann
Title:	Managing Director, Banking
Agreement commenced:	14 July 2014
Term of agreement:	Open-ended
Key Details:	Termination of employment: - by either party on giving 3 months' notice. - Immediately by the consolidated entity on payment in lieu of notice or if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation. Excluding payment in lieu of notice, the contract does not specify any termination payment.

Equity compensation:- 2,550,000 loan funded shares issued over three (3) tranches, as follows:

	No of shares	Purchase price and vesting hurdle (per share)	Vesting period
Tranche 1	850,000	\$0.60	36 months
Tranche 2	850,000	\$0.65	36 months
Tranche 3	850,000	\$0.80	36 months

Note that all tranches include a vesting condition requiring the 30 day VWAP prior to the relevant vesting date to be greater than the ultimate purchase price of the shares in that tranche.

Under the loan funded share plan, the executive pays market price on the initial purchase of the shares, plus a further 'release payment' equal to the difference between the price initially paid for the shares and the share price vesting hurdle. The release payment must be paid before the disposal restrictions are lifted from the shares.

Shares also vest on a change of control.

Name:

Title:

Agreement commenced:

Term of agreement:

Key Details:

David Spreadbury

Group Chief Operating Officer (COO)

1 September 2014

Open-ended

Termination of employment:

- by either party on giving 3 months' notice.
- Immediately by the consolidated entity on payment in lieu of notice or if any of the conditions for summary termination are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation.

Excluding payment in lieu of notice, the contract does not specify any termination payment.

Equity compensation:- 1,800,000 loan funded shares issued over three (3) tranches, as follows:

	No of shares	Purchase price and vesting hurdle (per share)	Vesting period
Tranche 1	600,000	\$0.60	36 months
Tranche 2	600,000	\$0.70	36 months
Tranche 3	600,000	\$0.80	36 months

Note that all tranches include a vesting condition requiring the 30 day VWAP prior to the relevant vesting date to be greater than the ultimate purchase price of the shares in that tranche.

Under the loan funded share plan, the executive pays market price on the initial purchase of the shares, plus a further 'release payment' equal to the difference between the price initially paid for the shares and the share price vesting hurdle. The release payment must be paid before the disposal restrictions are lifted from the shares.

Shares also vest on a change of control.

Shares under option

Unissued ordinary shares of Rubik Financial Limited under option at the date of this report are noted above.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Rubik Financial Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Non-audit services provided by KPMG Singapore amount to AU\$5,405 relating to tax compliance work for the Company's Singaporean subsidiary.

Officers of the company who are former partners of KPMG

Mr John Wilson was an officer of the company during the financial year and was previously a partner of the current audit firm, KPMG, at a time when KPMG undertook an audit of the consolidated entity.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 31.

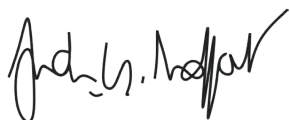
Rubik Financial Limited
Directors' report
30 June 2014

Auditor

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Andrew Moffat', written over a horizontal line.

Andrew Moffat
Director

30 September 2014
Sydney



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Rubik Financial Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

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

KPMG

John Wigglesworth
Partner

Sydney

30 September 2014

The Board is responsible for the corporate governance of the company and consolidated entity and to ensure that the consolidated entity is managed appropriately. It is committed to maintaining accountability and to ensuring that control systems are implemented that are appropriate for the risks involved to enable the consolidated entity to create value for its shareholders and optimise its long term performance.

To discharge its responsibilities the Board has adopted the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (the principles).

This statement summarises the corporate governance practices and policies now in place. The Board has adopted formal statements in relation to all the principles, with the exception of a Nominations Committee due to the size of the board. The statements depart from the principles only where practical considerations, mainly relating to the resources available to the company at Board level, dictate.

The company's corporate governance practices and policies and other key documents can be found on the consolidated entity's website at www.rubik.com.au.

Details of Committee membership as at 30 June 2014 are set out below:

	Full Board	Audit, Risk and Compliance	Remuneration
C Coleman	Chair	-	Chair
A Moffat	Member	Chair	Member
J Wilson	Member	Member	Member

ASX Principle 1 - Lay solid foundations for management and oversight

The Board has formalised its role and its relationship with management in a Board Charter. The chief role of the Board is to advance the business of the company and protect the interests of shareholders. Its responsibilities include the overall strategic direction of the consolidated entity, establishing goals for management and monitoring the attainment of those goals.

The functions and responsibilities of the Board and management are consistent with ASX Principle 1.

The Board's responsibilities and duties include the following:

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring and implementation of corporate performance, and overseeing major capital expenditures, acquisitions and divestitures;
- Reviewing key executive and Board remuneration and ensuring a formal and transparent Board nomination process;
- Selecting, compensating, monitoring and where necessary replacing key executives;
- Monitoring and managing potential conflicts of interest of management, Board members and shareholders;
- Ensuring the integrity of the company's accounting and financial reporting systems, including independent audit and that appropriate systems of control are in place, in particular systems for monitoring risk, financial control and compliance with the law;
- Monitoring the effectiveness of the governance practices under which it operates and making changes as needed; and
- Overseeing the process of disclosure and communications.

A summary of the matters reserved for the Board can be found in the corporate governance section of the consolidated entity's website.

The Board has delegated responsibility for the day-to-day operation and administration of the company to the senior executive team, led by the Chief Executive Officer.

The Board encourages its Directors and senior executives to ensure they understand the company's financial position, strategies, operations and policies and their own individual rights, duties and responsibilities. A performance evaluation process for senior executives and other staff operates to assess progress against agreed tasks and responsibilities was conducted during FY2014 and is conducted at least semi-annually.

ASX Principle 2 - Structure the Board to add value

The Board comprises three Directors. All three Directors are non-executive and the majority of Directors are independent.

Each Director brings an appropriate range of skills and background to the Board. The skills, experience and expertise of the Directors are set out in more detail in 'Information on Directors' on pages 12 and 13 of the directors' report.

The Board has established two Committees: an Audit, Risk and Compliance Committee and a Remuneration Committee. Their membership is set out above.

The Audit, Risk and Compliance Committee has a written mandate and operating procedures, which are reviewed on a regular basis. The Board has also established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

Director independence

The Board is in favour of the principle that a majority of the Board should be independent. It believes that each Director should bring an independent judgment to bear in making decisions.

As outlined in the principles, an independent Director is a non-executive Director who is, and is perceived to be, free of any contractual or other relationship that could materially interfere with the exercise of an unfettered and independent judgement.

A material contractual relationship is one in respect of which the consideration payable under the contract exceeds \$250,000.

Both Craig Coleman and Andrew Moffat became non-executive Directors on 1 July 2008. Andrew is an independent Director, however Craig is not considered to be independent by virtue of his role as a Non-Executive Director of Rubik's largest shareholder. As such, Rubik does not currently comply with recommendation 2.2, however the Board believes that this is appropriate given the size and history of the company.

John Wilson was appointed as a Director on 21 August 2012 and is both non-executive and independent.

Independent professional advice and access to company information

Each Director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the chairperson, may seek independent professional advice from a suitably qualified adviser at the consolidated entity's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the Board.

Conflicts of interest

Each Director is required to provide all information relevant to the assessment of any interest that could conflict with those of the consolidated entity.

Details of Director-related entity transactions with the consolidated entity are set out in the related party transactions note in the attached consolidated financial statements. There are no Director related-party transactions in place in relation to the consolidated entity and its Directors at present.

Each Director must act in the interests of the consolidated entity as a whole and at no time allow any of his or her own interests to come before those of the shareholders generally. If a conflict does arise, the Director must declare that interest and consider whether to simply refrain from participating in the matter, be absent from the meeting or resign from the Board.

Nomination and appointment of new Directors

The Board is responsible for establishing criteria for Board membership and identifying and nominating directors. Board membership is reviewed annually to ensure the Board has an appropriate mix of qualifications, skills and experience. External advisors may be used to assist in this process. Candidates are appointed by the Board and must stand for election at the next general meeting of shareholders.

There is a formal and transparent procedure for the appointment of new Directors to the Board. The terms and conditions of appointment and retirement of non-executive directors are set out in a letter of appointment that includes:

- Term of appointment;
- The determination of remuneration;
- The expectation of the Board in relation to attendance at and preparation for Board meetings; and
- Procedures for dealing with conflicts of interest.

Due to the current composition of the Board, there is no Nominations Committee to conduct the process of Board nominations. An informal process takes place appropriate to the circumstances, with regard to the skill, experience and expertise currently represented on the Board and any need for aspects to be better represented. The Board also considers whether candidates will have sufficient time to meet the company's expectations of them and the workload associated with the proper discharge of the role.

Meetings of Directors

The full Board currently holds a minimum of six scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise. The Chairman hosts a weekly phone linkup with the CEO that other Directors attend as required.

The agenda for meetings is prepared in conjunction with the chairperson, the Chief Executive Officer and the Company Secretary. Standing items include the Chief Executive Officer's report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance.

The Board meets on a regular scheduled basis and on other occasions as required.

Retirement and election of Directors

Each appointment is for three years, although interim appointments by the Board are subject to re-election at the general meeting following such appointment.

Retiring Directors are eligible for re-election, but their nomination by the Board is subject to considerations of Board composition noted above.

All Directors were re-elected at the 2007 Annual General Meeting. Andrew Moffat and Craig Coleman respectively retired by rotation at the 2008 and 2010 Annual General Meeting and were re-elected. At the 2011 AGM Andrew Moffat retired by rotation in accordance with Board policy. He was re-elected to the Board by ordinary resolution at that meeting. John Wilson retired at the 2012 AGM being the first AGM since appointment and was re-elected by ordinary resolution. Craig Coleman stood for re-election at the 2013 AGM and was re-elected by ordinary resolution.

The induction programme for new Directors includes site visits and meetings with management and is designed to enable new appointees to participate fully in Board decision-making as soon as possible.

All Directors have access to the resources of the Company Secretary.

The Board is responsible for appointment and removal of the Company Secretary.

ASX Principle 3 – Promote ethical and responsible decision making

The Board has established a Code of Conduct and a Share Trading Policy.

Code of Conduct

The purpose of the Code of Conduct is to assist everyone involved in the business of the consolidated entity to maintain the highest level of service to its clients and to maintain honesty and integrity in all its dealings, including its dealings with key stakeholders and the broader community.

The overriding principle is that all business affairs of the consolidated entity must be conducted legally, ethically, safely and with strict observance of the highest standards of propriety and business ethics.

Individuals who are in doubt about the application of the Code, or who have reasonable grounds for believing a breach has occurred or might occur are encouraged to consult their supervisor, or in the case of a Director, the Board.

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Any conflict of interest or potential conflict of interest should be reported to the individual's supervisor or manager, and in the case of Directors or the Chief Executive Officer, to the Board. The matter will then be investigated by an appointed investigator.

A copy of the Code of Conduct is posted on the consolidated entity's website.

Share Trading Policy

A share trading policy has been adopted and binds all Directors, officers and employees of the consolidated entity not to deal in the consolidated entity shares while in possession of 'inside information'.

Certain individuals – Directors, senior executives and employees with a staff function – may not deal in the consolidated entity shares and options for the period from balance date until one day after the consolidated entity's Preliminary Final full-year and half-year results have been released to the market. In addition, in order to trade during this 'window', these individuals must seek the approval from the Chair or their delegate prior to any dealing, and must confirm in writing that they do not hold any inside information. Any approvals to trade are for a period of up to 10 business days and will lapse immediately if the individual comes in possession of inside information.

These individuals are also prohibited from dealing with their shares or options in a way that has the effect of limiting the economic risks of vested entitlements under any of the company's long-term incentive plans.

A copy of the Share Trading Policy is posted on the consolidated entity website.

Directors must promptly advise the consolidated entity of any dealing in the consolidated entity shares to allow the consolidated entity to make the necessary disclosures to the ASX.

Diversity

Given its size, the company does not currently have a formal diversity policy. However, the Board is committed to providing a diverse work environment in which everyone is treated fairly and with respect.

	Total number of females*	% female*
Board	-	-
Senior Executives & Management	3	27%
Organisation	52	25%
* as at 31 August 2014, includes contract staff		

Corporate social responsibility

As a small, growing company, the consolidated entity needs to balance its social responsibilities against the need to protect shareholder funds. However, the Board is taking small practical steps towards the policies that make us a preferred employer for staff and an ethical investment for shareholders.

Environmental practices

Environmental responsibility rests with the Board and includes responsibility for ensuring awareness of major issues relating to environmental compliance risk and liability at all sites, monitoring the implementation of the company's environmental management policy and providing guidance in the management of key strategic environmental issues.

The Carbon Reduction Institute undertakes an annual carbon footprint audit of the business to recommend actions that can be taken to reduce the impact of the consolidated entity's operations. The audit includes emissions from electricity usage, flights taken by the consolidated entity staff; fuel usage and waste; staff work travel and staff commuting to and from work; and embodied emissions in the consolidated entity's assets and expense items.

The consolidated entity then purchases carbon credits to offset its emissions. These carbon offsets are accredited under the Voluntary Carbon Standard and have been third-party audited by Det Norske Veritas ("DNV").

The Board views this as not only a responsible environmental practice, but also as a tool to assist in the monitoring and management of waste and expense in the business.

People policies

The consolidated entity seeks to be a preferred employer of talented people. To assist in recruiting the best people and retaining their commitment, the consolidated entity has a range of policies to ensure we are providing the right incentives to staff.

Community activities

At this time, the consolidated entity only sponsors industry related mutual associations. The Board will review this position as the company grows.

ASX Principle 4 -Safeguard integrity in financial reporting

The Board believes its practices are in accordance with this principle.

Each division within the consolidated entity reports no less frequently than quarterly to the Board on its financial performance and other key business-related matters. Each half-year, the Chief Executive Officer in addition to the Chief Financial Officer provide written assurance to the Board that all internal reporting systems established by the Board are complied with and that the reports accurately and fairly represent the financial condition and results of the consolidated entity.

The Chair of the Audit, Risk and Compliance Committee and the Chief Financial Officer have declared in

writing to the Board that the consolidated entity's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

The Chair of the Audit, Risk and Compliance Committee and the Chief Financial Officer have also declared in writing to the Board that the financial records of the consolidated entity for the financial year have been properly maintained, the consolidated entity's financial reports for the financial year ended 30 June 2014 comply with accounting standards and present a true and fair view of the consolidated entity's financial condition and operational results. This statement is required annually.

Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

Compliance and audit

The Board has established an Audit, Risk and Compliance Committee with its own charter. Following the resignation of Ian Hunter from the Board, the ARCC has only two members and therefore does not meet the formal recommendation of the governance principal to have at least three members. The Board believes that this is appropriate for a company of Rubik's size, and will revisit the composition of the committee should additional Directors be appointed at a later date. A summary of the Committee's Charter setting out its responsibilities is posted on the consolidated entity website.

The Committee meets at least twice during the year to review the half-yearly and annual financial reports.

The Committee monitors the internal control policies and procedures designed to safeguard consolidated entity assets and to ensure the integrity of the financial reporting.

Among its specific responsibilities, the Committee reviews and advises the Board on the nomination and remuneration of external auditors and the adequacy of existing external audit arrangements including the scope and quality of audits.

Directors who are not members of the Committee may attend Committee meetings. The consolidated entity's auditors, members of the senior executive team and other third parties are invited to attend Committee meetings at the Committee's discretion. The Committee may meet with the auditors without management being present. The Committee also has access to management to seek explanations and additional information as required.

The external auditor is also provided with the opportunity, at their request, to meet with the Board of Directors without management being present.

During the year the Committee met to review the half year and full year results and to review, among other things, insurance, compliance, the risk register and risks affecting the consolidated entity.

Auditor and independence

The Committee is responsible to recommend to the Board and shareholders the appointment of an external auditor, to approve audit fees and ensure the independence of the external auditor. In discharging this responsibility, the Committee assesses any non-audit services being performed by the auditors to ensure that these non-audit services are not such as might impair the impartial judgement of the auditor and that circumstances do not arise of actual or perceived loss of objectivity or independence.

The Board, on the recommendation of the Committee, is satisfied that the consolidated entity's auditor is independent.

During the year, the consolidated entity used other service providers for transactional support services and accounting support. To ensure the independence of the auditor, the auditor is required to make an independence declaration each half year and ensures that the signing partner on the audit does not perform this role for more than five full-year audits.

ASX Principle 5 - Make timely and balanced disclosure

The company has adopted a Communications Policy reflecting the principles set out in ASX Principle 5.

The consolidated entity is committed to the priority of enhancing shareholder value while complying with all lawful requirements and recognising the legitimate interests of other stakeholders.

The consolidated entity is committed to providing timely, balanced and accessible information to its shareholders, the relevant regulators, other key stakeholders, and the investing community generally, and to open and transparent communication with its shareholders and stakeholders facilitated through its consistent disclosure practices.

The consolidated entity has established policies regarding the timely provision of information to its shareholders and other stakeholders, including posting information to its website. It has processes to ensure that the accounts and financial information it provides represent a true and fair view of the financial performance and position of the company. The company endeavours to keep its shareholders fully informed of matters likely to be of interest to them. It does this through:

- Reports to the ASX and the press;
- Half-yearly and yearly results announcements;
- Annual Reports; and
- Information provided to analysts.

All of the above are available on the website and shareholders are encouraged to contact the consolidated entity to provide their email addresses to enable them to receive reports and announcements without delay. The company welcomes questions from shareholders at any time and these will be answered within the confines of information that is not market sensitive or already is in the public domain.

The Board has endorsed a Sales Disclosure policy to define when a signed customer contract should be disclosed to the market as a material item. All contracts worth more than \$1m in year 1 income will be disclosed to market on signing. Contracts between \$250k and \$1m will be reviewed against the following criteria:

- First sale of a new product
- Sale to a significant (i.e. Top 100 ASX or equivalent) company
- Sale that is a precursor to a significant second sale
- Strategically important

The disclosure policy has been placed on the consolidated entity website.

ASX Principle 6 - Respect the rights of shareholders

The consolidated entity has adopted several means of promoting effective communication with shareholders. These include placing on the consolidated entity website relevant information, including ASX announcements, annual and half-year reports, copies of notices of meetings, analyst briefings and presentations given by the Chair or the Chief Executive Officer.

Currently, annual and half-year reports are distributed to those shareholders who have specifically requested to receive these documents, and these documents are placed on the consolidated entity website for access. For those shareholders who have so elected, emails are used to update shareholders on key announcements.

The auditor has been asked to attend this year's Annual General Meeting. They will be available to answer shareholder questions about the audit and the preparation and content of the auditor's report.

A representative from the auditors of the consolidated entity may also attend any other meeting as required by the Board.

ASX Principle 7 - Recognise and manage risk

The Board seeks to establish a sound system of risk oversight and management and internal control by adopting a formal Risk Management Policy under which the Audit, Risk and Compliance Committee has the primary role. The Committee oversees a process of identifying and dealing with risks in the company's business, working with management to ensure compliance with statutory requirements and to establish the adequacy of the risk management programs and systems in place, including the consolidated entity's insurance program.

The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board regularly monitors the operational and financial performance of the company and the consolidated entity against budget and other key performance measures. The Board also reviews and receives advice on areas of operational and financial risks. Appropriate risk management strategies are developed to mitigate all identified risks of the business.

The consolidated entity has adopted the policy requiring the Chief Executive Officer and the Chief Financial Officer to confirm in writing that, to the best of their knowledge, the integrity of the financial statements is based on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

Internal audit

The consolidated entity does not have an established internal audit function. The Audit, Risk and Compliance Committee reviews with the Chief Executive Officer and the Chief Financial Officer the internal control systems and any system weaknesses identified by the auditors.

ASX Principle 8 - Remunerate fairly and responsibly

The consolidated entity has established a Remuneration Committee with its own charter, designed to fairly review and actively encourage enhanced board and management effectiveness. A summary of the Committee's Charter setting out its responsibilities is posted on the consolidated entity website.

Given the size of the consolidated entity, and as the Committee comprises all current Directors, remuneration issues will often be discussed at the full Board. Where this is not the case, the Committee is also responsible for reporting to the Board on the review and monitoring of the remuneration framework for each of the categories of non-executive Director, executive Director and senior executive and the policies to be applied, including for base pay, incentives, equity based awards, superannuation and other retirement rights and the terms of employment contracts. It also reviews the performance of the Chief Executive Officer and senior executive management.

Membership of this Committee is noted in the table above. Directors of the Board who are not members of the Committee may be invited to attend Committee meetings. In addition, the Chief Executive Officer and other senior executives may be invited to the meetings. The Board notes that the Remuneration Committee is chaired by Craig Coleman, who is not an independent Director. However, the Board believes that his position as a Non-Executive Director of the company's largest shareholder assists in aligning the remuneration policy with the interests of shareholders.

The Remuneration Committee is responsible for ensuring that, where not considered by the full Board, the recruitment and remuneration policies and practices of the consolidated entity support the company's aim of attracting, retaining and motivating Directors, executives and other employees who create value for shareholders, while being fair, effective and legal. The Committee may consult with remuneration advisers to the consolidated entity to assist in its role.

Details of the Directors' and key senior executives' remuneration are set out in the Remuneration report, along with a discussion on the company's remuneration framework.

Summary of governance practices

This statement, which has been approved by the Board, outlines the main corporate governance practices in place throughout the year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

Rubik Financial Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated 2014 \$'000	2013 \$'000 (Restated)*
Revenue from continuing operations		30,466	22,898
Other income	4	475	4
Net finance (expense)	5	(859)	(358)
Expenses			
Data subscriptions		(1,009)	(519)
Product licence and holding fees		(1,842)	(1,225)
Employee benefits expense		(18,486)	(13,271)
Share-based payments expense	33	(287)	(11)
Depreciation and amortisation expense	6	(4,546)	(2,437)
Professional fees	6	(1,614)	(1,218)
Marketing expenses		(474)	(281)
Premises and establishment expenses		(1,380)	(1,105)
Telecommunications		(533)	(533)
Costs relating to acquisition activities		(2,329)	(1,887)
Other expenses		(1,269)	(251)
Loss before income tax benefit from continuing operations		(3,687)	(194)
Income tax benefit	7	10,033	1
Profit/(loss) after income tax benefit from continuing operations		6,346	(193)
Profit after income tax (expense)/benefit from discontinued operations	8	-	503
Profit after income tax benefit for the year attributable to the owners of Rubik Financial Limited		6,346	310
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net change in fair value of investments		524	112
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(3)	(50)
Other comprehensive income for the year, net of tax		521	62
Total comprehensive income for the year attributable to the owners of Rubik Financial Limited		6,867	372
Total comprehensive income for the year is attributable to:			
Continuing operations		6,867	(131)
Discontinuing operations		-	503
		6,867	372

* Refer to note 34

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Rubik Financial Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated 2014 \$'000	2013 \$'000 (Restated)*
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Rubik Financial Limited			
Basic earnings per share	32	2.26	(0.08)
Diluted earnings per share	32	2.25	(0.08)
Earnings per share for profit from discontinued operations attributable to the owners of Rubik Financial Limited			
Basic earnings per share	32	-	0.20
Diluted earnings per share	32	-	0.20
Earnings per share for profit attributable to the owners of Rubik Financial Limited			
Basic earnings per share	32	2.26	0.13
Diluted earnings per share	32	2.25	0.13

* Refer to note 34

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Rubik Financial Limited
Statement of financial position
As at 30 June 2014

	Note	Consolidated 2014 \$'000	2013 \$'000 (Restated)*
Assets			
Current assets			
Cash and cash equivalents	9	9,471	3,777
Trade and other receivables	10	6,420	5,743
Inventories		4	15
Other		529	605
Total current assets		<u>16,424</u>	<u>10,140</u>
Non-current assets			
Other financial assets	11	1,266	742
Property, plant and equipment	12	1,810	1,181
Intangibles	13	67,940	36,299
Deferred tax	7	10,409	-
Total non-current assets		<u>81,425</u>	<u>38,222</u>
Total assets		<u>97,849</u>	<u>48,362</u>
Liabilities			
Current liabilities			
Trade and other payables	14	7,876	5,299
Borrowings	22	2,000	7,180
Employee benefits	15	1,573	766
Provisions	16	3,529	2,812
Revenue received in advance		2,894	2,458
Total current liabilities		<u>17,872</u>	<u>18,515</u>
Non-current liabilities			
Borrowings	22	4,671	-
Employee benefits	15	397	122
Provisions	17	8,509	4,108
Other		200	-
Total non-current liabilities		<u>13,777</u>	<u>4,230</u>
Total liabilities		<u>31,649</u>	<u>22,745</u>
Net assets		<u>66,200</u>	<u>25,617</u>
Equity			
Issued capital	18	68,046	34,617
Reserves	19	(145)	(953)
Accumulated losses	20	<u>(1,701)</u>	<u>(8,047)</u>
Total equity		<u>66,200</u>	<u>25,617</u>

* Refer to note 34

The above statement of financial position should be read in conjunction with the accompanying notes

Rubik Financial Limited
Statement of changes in equity
For the year ended 30 June 2014

Consolidated	Issued capital \$'000	Fair value reserve \$'000	Foreign currency reserve \$'000	Options reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2012	99,474	(1,032)	6	2,423	(79,000)	21,871
Profit after income tax benefit for the year (as previously disclosed)	-	-	-	-	857	857
Adjustment (refer note 34)	-	-	-	-	(547)	(547)
Profit after income tax benefit for the year (restated)	-	-	-	-	310	310
Other comprehensive income for the year, net of tax	-	112	(50)	-	-	62
Total comprehensive income for the year	-	112	(50)	-	310	372
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 18)	3,363	-	-	-	-	3,363
Share-based payments (note 33)	-	-	-	11	-	11
Cancellation of old share options scheme	-	-	-	(2,423)	2,423	-
Cancellation of accumulated losses (note 20)	(68,220)	-	-	-	68,220	-
Balance at 30 June 2013 (restated)*	<u>34,617</u>	<u>(920)</u>	<u>(44)</u>	<u>11</u>	<u>(8,047)</u>	<u>25,617</u>

* Refer to note 34

The above statement of changes in equity should be read in conjunction with the accompanying notes

Rubik Financial Limited
Statement of changes in equity
For the year ended 30 June 2014

Consolidated	Issued capital \$'000	Fair value reserve \$'000	Foreign currency reserve \$'000	Options reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2013 (restated)*	34,617	(920)	(44)	11	(8,047)	25,617
Profit after income tax benefit for the year	-	-	-	-	6,346	6,346
Other comprehensive income for the year, net of tax	-	524	(3)	-	-	521
Total comprehensive income for the year	-	524	(3)	-	6,346	6,867
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs and tax (note 18)	32,198	-	-	-	-	32,198
Share-based payments (note 33)	-	-	-	287	-	287
Issuance of shares relating to acquisition	1,231	-	-	-	-	1,231
Balance at 30 June 2014	<u>68,046</u>	<u>(396)</u>	<u>(47)</u>	<u>298</u>	<u>(1,701)</u>	<u>66,200</u>

* Refer to note 34

The above statement of changes in equity should be read in conjunction with the accompanying notes

Rubik Financial Limited
Statement of cash flows
For the year ended 30 June 2014

	Note	Consolidated 2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		34,428	27,267
Payments to suppliers and employees (inclusive of GST)		(28,659)	(21,437)
		5,769	5,830
Interest received		68	175
Interest and other finance costs paid		(478)	(778)
Income taxes paid		(18)	-
Net cash from operating activities	31	5,341	5,227
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired	28	(26,410)	(24,254)
Payments for transaction cost relating to acquisition of business		(1,875)	(1,638)
Payments for property, plant and equipment	12	(1,086)	(1,010)
Payments for intangibles and development expenditure	13	(1,717)	(1,725)
Proceeds from sale of business		-	830
Net cash used in investing activities		(31,088)	(27,797)
Cash flows from financing activities			
Proceeds from issue of shares	18	31,941	2,990
Net (repayments)/proceeds from borrowings		(500)	7,180
Net cash from financing activities		31,441	10,170
Net increase/(decrease) in cash and cash equivalents		5,694	(12,400)
Cash and cash equivalents at the beginning of the financial year		3,777	16,177
Cash and cash equivalents at the end of the financial year	9	9,471	3,777

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

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

i. New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Subsidiaries

The consolidated entity has adopted AASB 10 Consolidated Financial Statements (2011) with a date of initial application of 1 July 2013.

As a result of AASB 10 (2011), the consolidated entity has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that focuses on whether the consolidated entity has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of AASB 10 (2011), the consolidated entity reassessed the control conclusion for its investees at 1 July 2013 and noted it to have no impact to the consolidated entity's consolidated financial statements.

Fair value measurement

The consolidated entity has adopted AASB 13 Fair Value Measurement with a date of initial application of 1 July 2013.

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the consolidated entity has included additional disclosures in this regard. See note 22.

In accordance with the transitional provisions of AASB 13, the consolidated entity has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The change had no significant impact on the measurements of the consolidated entity's assets and liabilities.

Short-term employee benefits

The consolidated entity has adopted AASB 119 Employee Benefits (2011) with a date of initial application of 1 July 2013.

As a result of AASB 119 (2011), the consolidated entity has changed its accounting policy for short-term employee benefits. The amended AASB 119 (2011) defines the short-term benefits as benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. It was previously defined as those due to be settled within 12 months after the end of the period in which employees render the related service. This change may result in benefits previously classified as short-term being treated as other long-term employee benefits and measured on a discounted basis.

The consolidated entity assessed short-term employee benefits on adoption of the revised standard and noted it to have no impact to the consolidated entity's financial statements.

During the 30 June 2014 financial year the consolidated entity adopted AASB 11 Joint arrangements and AASB 12 Disclosure of interests in other entities as well. There was no material impact to the consolidated entity upon adoption of these new standards

Note 1. Significant accounting policies (continued)

Financial assets

The consolidated entity has also early adopted AASB 9 Financial Instruments (2009) with a date of initial application of 7 December 2009. AASB 9 requires that the consolidated entity classifies its financial assets at either amortised cost or fair value depending on the consolidated entity's business model for managing its financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the consolidated entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The consolidated entity has no derivative financial assets or liabilities.

(i) Non-derivative financial liabilities

The consolidated entity initially recognises financial liabilities on the date at which it becomes a party to the contractual provisions of the instrument. The consolidated entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The consolidated entity has the following non-derivative financial liabilities: trade and other payables. These financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(ii) Non-derivative financial assets

The consolidated entity initially recognises financial assets on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. The consolidated entity subsequently measures financial assets at either fair value or amortised cost.

The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the consolidated entity is recognised as a separate asset or liability.

On initial recognition, the consolidated entity classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets subsequently measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets subsequently measured at amortised cost comprise cash and cash equivalents and trade and other receivables. All changes in value are recognised in profit or loss.

Financial assets subsequently measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in fair value recognised in profit or loss, except in the case of some investments, as indicated in the following paragraph.

For investments in equity instruments not held for trading, the consolidated entity may elect at initial recognition to recognise subsequent changes in fair value in other comprehensive income. For these instruments, changes

Note 1. Significant accounting policies (continued)

in fair value, including realised gains and losses are never reclassified to profit or loss. Dividends earned from these investments are recognised in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the consolidated entity. The consolidated entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments (2013) and AASB 9 Financial Instruments (2010) (together AASB 9)

AASB 9 (2010) introduces additional changes relating to financial liabilities. AASB 9 (2013) introduces new requirements for hedge accounting.

The AASB has yet to approve the latest version of IFRS 9 which was issued by the IASB in July 2014. This version includes limited amendments to the classification and measurement requirements and the new requirements for impairment of financial assets.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The consolidated entity is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.

ii. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, financial assets at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

As at 30 June 2014, the consolidated entity had net assets of \$66,200,000 but net current liabilities of \$1,448,000.

The following matters have been considered by the directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

- \$2,894,000 relates to revenue received in advance which will not crystallise as a cash outflow in the next 12 months, giving an adjusted net current assets of \$1,446,000;
- the consolidated entity has access to undrawn and available financing facilities of \$2,250,000; and
- the consolidated entity generated net operating cash inflows of \$5,341,000 for the financial year ended 30 June 2014.

Note 1. Significant accounting policies (continued)

As a consequence of the above, the directors believe that the consolidated entity will be able to continue as a going concern and, accordingly, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments relating to recoverability and classification of recorded assets or amounts or the amount and classification of liabilities that might not be necessary should the consolidated entity not continue as a going concern.

iii. Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

iv. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rubik Financial Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Rubik Financial Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

v. Operating segments

Segment results that are reported to the consolidated entity's Board (the chief operating decision makers) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses, and income tax assets and liabilities.

vi. Foreign currency translation

The financial statements are presented in Australian dollars, which is Rubik Financial Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

vii. Revenue recognition

The consolidated entity only recognises revenue when it has a legally binding agreement between itself and the client. It does not include revenue collected on behalf of third parties such as sales taxes, goods and services taxes or revenues generated from an agency relationship. Revenue is recognised when there are no significant uncertainties regarding the recovery of the consideration due and the amount of the revenue can be measured reliably.

Licence, service and maintenance fees

The consolidated entity derives revenues from the following sources:

- (1) Software licences and the provision of software development services specifically requested by customers;
- (2) Software maintenance (help desk services and rights to future product enhancements);
- (3) Software implementation and support services; and
- (4) Corporate services fees.

Software licensing

Software licence revenues represent all fees earned from granting customers licences to use Rubik's software applications. Software licence revenue is recognised when persuasive evidence exist, normally in the form of a legally binding licence agreement and when the licence key has been delivered, that the significant risks and rewards of ownership have been transferred to the customer.

If the software licence arrangement requires significant modification or customisation of the underlying software, the initial licence revenue is recognised together with the modification or customisation service revenue in the profit and loss in proportion to the stage of completion of the modification or customisation at the reporting date. The state of completion is assessed by reference to underlying time records and project plans.

Maintenance

Software maintenance is included in some software licence arrangements and is generally priced as a percentage of the initial software licence fees. Maintenance provides customers with rights to unspecified software product upgrades, maintenance enhancements and access to the help desk during the term of the support period and is recognised on a straight-line basis over the contractual period.

Services and Hosting

Software implementation and support services represent income from consulting, hosting and implementation services. Consulting and implementation service revenues are accounted for on a percentage-of-completion basis in accordance with the rules applicable to long-term contract revenue recognition as defined in AASB 111, whereby revenue and profit recognised during the year is based on project hours incurred as a proportion of total projected hours to complete. Hosting revenue is recognised on an accruals basis over the period of the hosting contract. Generally the contracts will be of a three year term and the revenue will be recognised on a straight line basis across the period of contract.

Note 1. Significant accounting policies (continued)

Corporate service fees

Corporate service fees were earned by the subsidiary Shelf Companies Australia Pty Ltd up until the date of disposal of that business (see note 8). These fees primarily represented revenues from company incorporation, trust and self managed superannuation fund set up services. Revenue earned from these services was recognised when the service delivery was complete.

Licensing, service and maintenance fee revenues that have been invoiced but have not been recognised as revenue are reported on the statement of financial position under "revenue received in advance" while fees which have been earned but have not been invoiced are reported under "trade and other receivables".

Finance income

Finance income comprises interest income, dividend income and reversal of impairment loss on trade receivables. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the consolidated entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

viii. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the consolidated entity is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Note 1. Significant accounting policies (continued)

Tax consolidation

Rubik Financial Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the Company are assumed by the head entity of the tax-consolidated group and are recognised as amounts payable (receivable) to other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the Company as an equity contribution from or distribution to the head entity.

The Company recognises deferred tax assets arising from unused tax losses to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised. The Company assesses the recovery of its unused tax losses and tax credits only in the period in which they arise, and before assumption by the head entity, in accordance with AASB 112 applied in the context of the tax-consolidated group. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

ix. Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

x. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

xi. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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.

Note 1. Significant accounting policies (continued)

xii. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. Trade receivables are generally due for settlement within 30 days. Due to their short-term nature they are measured at amortised cost and are not discounted.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

xiii. Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

xiv. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

xv. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2.5 - 10 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the consolidated entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment, ongoing repairs and maintenance are expensed in profit or loss as incurred.

xvi. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

xvii. Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being 5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit.

Note 1. Significant accounting policies (continued)

Research and Development Expenses

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the consolidated entity intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Software assets are amortised on a straight-line basis over the period of their expected life, being 5 to 7 years.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

xviii. Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

xix. Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

xx. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

xxi. Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

xxii. Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 1. Significant accounting policies (continued)

xxiii. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The consolidated entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to certain employees.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Monte Carlo or Black-Scholes option pricing model, both of which take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If a non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 1. Significant accounting policies (continued)

xxiv. Fair value measurement

Measurement of fair values

A number of the consolidated entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the consolidated entity uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in 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*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The consolidated entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 33 – share-based payment arrangements;
- Note 22 – financial instruments.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

xxv. Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 1. Significant accounting policies (continued)

xxvi. Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

xxvii. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Rubik Financial Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1. Significant accounting policies (continued)

xxviii. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

xxix. Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Critical accounting judgements, estimates and assumptions

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the consolidated entity's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 1 (vii) – Revenue recognition

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2014 are included in the following notes:

- Note 1 (viii) – recognition of deferred tax assets: availability of future taxable profit against which carryforward tax losses can be used;
- Note 13 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 22 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 28 – acquisition of subsidiary: fair value measured on a provisional basis.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

During FY 2014, Rubik changed its assessment of the useful lives of acquired software. The new useful life assessment has been based on a review of the expected technical and commercial life of the acquired software assets, and reflects a more detailed analysis which was possible now that Rubik has owned these assets for more than 18 months. The new useful life estimate has been applied prospectively from 1 January 2014. Accordingly, the change has no effect on prior years. The effect on the current year is to increase amortisation expense by \$750,000 and decrease carrying amount of intangibles as of 30 June 2014 by the same amount.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital, forecasts and long-term growth rates of estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments: Wealth, Banking and Mortgages. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors, which has been identified as the Chief Operating Decision Maker ('CODM'), in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews segments profits (underlying operating EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

Note 3. Operating segments (continued)

Types of products and services

The principal products and services of each of these operating segments are as follows:

Wealth	Development and provision of advice software and services to the Australian financial planning industry
Banking	Provision of software and related services to the banking sector
Mortgages	Development and provision of software solutions to the Australian mortgage broking industry

Intersegment transactions

Intersegment transactions related to the recharge of costs between segments are recorded in the statement of profit or loss and other comprehensive income at cost and are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated - 2014	Wealth \$'000	Banking \$'000	Mortgages \$'000	Corporate and Other Segments/ Unallocated \$'000	Total \$'000
Revenue					
Sales to external customers	20,099	9,859	508	-	30,466
Total revenue	20,099	9,859	508	-	30,466
Underlying Operating EBITDA	9,168	2,385	265	(3,654)	8,164
R&D expensed	(2,522)	(568)	(35)	-	(3,125)
Underlying EBITDA	6,646	1,817	230	(3,654)	5,039
Share-based payments				(287)	(287)
Depreciation and amortisation	(3,358)	(697)	(102)	(389)	(4,546)
Net finance expense	-	-	-	(859)	(859)
Costs relating to acquisition activities	-	-	-	(2,329)	(2,329)
Transition costs*	-	-	-	(705)	(705)
Profit/(loss) before income tax expense	3,288	1,120	128	(8,223)	(3,687)
Income tax benefit					10,033
Profit after income tax benefit					<u>6,346</u>

Note 3. Operating segments (continued)

Consolidated – 2013 (Restated)	Wealth \$'000	Banking \$'000	Shelf Company ** (discontinued) \$'000	Corporate and Other Segments/ Unallocated \$'000	Total \$'000
Revenue					
Sales to external customers	12,640	10,258	1,893	-	24,791
Total revenue	12,640	10,258	1,893	-	24,791
Underlying Operating EBITDA	7,047	3,218	12	(3,698)	6,579
R&D expensed	(860)	(421)	-	-	(1,281)
Underlying EBITDA	6,187	2,797	12	(3,698)	5,298
Share-based payments				(11)	(11)
Depreciation and amortisation	(1,687)	(433)	(25)	(317)	(2,462)
Net finance expense	-	-	(69)	(358)	(427)
Costs relating to acquisition activities	-	-	-	(1,887)	(1,887)
Transition costs*	-	-	-	(787)	(787)
Discontinued operations	-	-	585	-	585
Profit/(loss) before income tax benefit	4,500	2,364	503	(7,058)	309
Income tax benefit					1
Profit after income tax benefit					310

* Transition costs are one off costs associated with integration of the new acquisitions made during the year.

**Refer to note 8 for further information on discontinued operations.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Australia	28,298	23,434	69,713	37,471
Rest of the World	2,168	1,357	37	9
	30,466	24,791	69,750	37,480

The geographical non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets.

Note 4. Other income

	Consolidated	
	2014	2013
	\$'000	\$'000
Government grants	94	4
Others	381	-
Other income	475	4

Government grants relate to Job Action Plan rebates received from the NSW Government and Export Market Development Grant.

Others includes a gain recognised on the final settlement of COIN Software Pty Ltd contingent consideration.

Note 5. Net finance (expense)/income

	Consolidated	
	2014	2013
	\$'000	\$'000
Interest income	68	175
Merchant fees and bank charges	(37)	(31)
Foreign exchange gain/(loss)	(35)	108
Interest expense	(855)	(709)
Other financing income/(expense)	-	99
	(859)	(358)

Note 6. Expenses

	Consolidated	
	2014	2013
	\$'000	\$'000
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	529	348
<i>Amortisation</i>		
Customer contracts and relationships	802	739
Software	3,192	1,350
Other intangibles	23	-
Total amortisation	4,017	2,089
Total depreciation and amortisation	4,546	2,437
<i>Professional fees</i>		
Consulting fees	1,035	557
Directors' fees	310	320
Audit and accounting fees (see note 23)	153	177
Other	116	165
Total professional fees	1,614	1,219
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	935	697
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,015	652

Note 7. Income tax benefit

Amounts recognised in profit or loss

	Consolidated	
	2014	2013
	\$'000	\$'000
<i>Current tax expense / (benefit)</i>		
Current year	279	(1)
<i>Deferred tax expense / (benefit)</i>		
Origination and reversal of temporary differences	(621)	-
Recognition of previously unrecognised tax losses	(8,579)	-
Recognition of previously unrecognised temporary differences	(1,112)	-
	<u>(10,312)</u>	<u>-</u>
Tax benefit on continuing operations	<u>(10,033)</u>	<u>(1)</u>

Amounts recognised directly in equity

	2014			2013		
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
Share issue costs	1,178	376	802	-	-	-

Reconciliation of income tax benefit

	Consolidated	
	2014	2013
	\$'000	\$'000
		(Restated)
Loss before tax from continuing operations	3,687	194
Profit before tax from discontinued operations	-	(503)
	<u>3,687</u>	<u>(309)</u>
Income tax benefit/(expense) using the Company's tax rate (30%; 2013: 30%)	1,106	(93)
Non-deductible expenses	(623)	(173)
Recognition of previously unrecognised temporary differences	1,112	-
Recognition of previously unrecognised tax losses	8,579	-
Effect of tax rates in foreign jurisdiction	(17)	1
Current year temporary differences not recognised	-	(37)
Prior years' tax losses not recognised now used	-	303
Others	<u>(124)</u>	<u>-</u>
Income tax benefit	<u>10,033</u>	<u>1</u>

Note 7. Income tax benefit (continued)

Movement in deferred tax balances (\$'000)

					Balance at 30 June 2014		
	Net balance at 1 July 2013	Prior year temporary differences recognised in profit or loss	Recognised in profit or loss	Recognised directly in equity	Net	Deferred Tax Assets	Deferred Tax Liabilities
Provisions	-	72	131	-	203	203	-
Inventories	-	13	-	-	13	13	-
Intangible assets	-	(140)	(244)	-	(384)	823	(1,207)
Accruals	-	288	(74)	-	214	214	-
Employee benefits	-	289	688	-	977	977	-
Income in advance	-	593	275	-	868	868	-
Business related capital costs	-	29	(10)	287	306	306	-
Carry forward tax losses	-	-	8,121	-	8,121	8,121	-
Carry forward tax offsets	-	-	196	-	196	196	-
Others	-	(32)	(162)	89	(105)	9	(114)
Total	-	1,112	8,921	376	10,409	11,730	(1,321)

Unrecognised deferred tax assets

The consolidated entity had approximately \$22.8m of transferred tax losses and \$3.7m of transferred capital losses related to the 2002 and prior financial years. These amounts are only available to the consolidated entity to the extent that they pass certain transfer tests under the ITAA 1997. As at 30 June 2014, the Directors did not consider these amounts to be sufficiently certain of recognition and therefore they are not included in the above.

Deferred tax assets have also not been recognised in respect of capital losses incurred since the 2002 financial year, because the Directors consider it uncertain that sufficient future capital profits will be available against which the consolidated entity can use the benefits therefrom.

	Consolidated	
	2014	2013
Deferred tax asset in relation to:	\$'000	\$'000
Tax losses	6,849	15,296
Capital losses	6,488	6,488
Deductible temporary differences	-	1,112
	<u>13,337</u>	<u>22,896</u>

Note 8. Discontinued operations

Description

On 30 April 2013, Rubik Financial Limited disposed of its subsidiary Shelf Companies Australia Pty Limited for consideration of \$830,000 resulting in a gain on sale of \$585,000. The directors determined that it did not fit into the consolidated entity's long term strategy and resolved to dispose of it.

Financial performance information

	Consolidated	
	2014	2013
	\$'000	\$'000
Revenue - service fees	-	1,893
Total revenue	-	1,893
Net finance (expense)/income	-	(69)
Total other income	-	(69)
Regulatory fees	-	(1,141)
Employee benefits expense	-	(408)
Depreciation and amortisation expense	-	(25)
Professional fees	-	(15)
Marketing expenses	-	(34)
Premises and establishment expenses	-	(105)
Telecommunications	-	(14)
Other expenses	-	(164)
Total expenses	-	(1,906)
Loss before income tax expense	-	(82)
Income tax expense	-	-
Loss after income tax expense	-	(82)
Gain on disposal before income tax	-	585
Income tax expense	-	-
Gain on disposal after income tax expense	-	585
Profit after income tax (expense)/benefit from discontinued operations	-	503
<i>Cash flow information</i>		
Net cash used in operating activities	-	(57)
Net cash from investing activities	-	830
Net increase in cash and cash equivalents from discontinued operations	-	773

Rubik Financial Limited
Notes to the financial statements
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Note 8. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2014	2013
	\$'000	\$'000
Trade and other receivables	-	140
Other current assets	-	7
Property, plant and equipment	-	18
Intangibles	-	160
Total assets	-	325
Trade and other payables	-	34
Employee benefits	-	34
Other liabilities	-	12
Total liabilities	-	80
Net assets	-	245

Details of the disposal

	Consolidated	
	2014	2013
	\$'000	\$'000
Total sale consideration, received in cash	-	830
Carrying amount of net assets disposed	-	(245)
Gain on disposal before tax income	-	585
Income tax expense	-	-
Gain on disposal after income tax	-	585

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2014	2013
	\$'000	\$'000
Cash at bank	9,471	3,777

As at 30 June 2014, cash and cash equivalents of \$51,000 were held as collateral for bank guarantees (30 June 2013: \$NIL).

Note 10. Current assets - trade and other receivables

	Consolidated	
	2014	2013
	\$'000	\$'000
		(Restated)
Trade receivables	4,403	4,779
Less: Provision for impairment of receivables	<u>(293)</u>	<u>(131)</u>
	<u>4,110</u>	<u>4,648</u>
Other receivables	1,554	(47)
Accrued revenue	<u>756</u>	<u>1,142</u>
	<u><u>6,420</u></u>	<u><u>5,743</u></u>

The ageing of the impaired receivables provided for above are as follows:

Past due 61 days to one year	283	32
Past due more than one year	<u>10</u>	<u>99</u>
	<u><u>293</u></u>	<u><u>131</u></u>

Movements in the provision for impairment of receivables are as follows:

Opening balance	131	878
Additional provisions recognised	327	18
Additions through business combinations	10	24
Reversal due to disposal of a business	-	(35)
Receivables written off during the year as uncollectable	(151)	(691)
Unused amounts reversed	<u>(24)</u>	<u>(63)</u>
Closing balance	<u><u>293</u></u>	<u><u>131</u></u>

Additional provisions were recognised during the year relating to specific disputes with customers where the collectability is uncertain.

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$1,083,000 as at 30 June 2014 (\$1,249,000 as at 30 June 2013).

Note 10. Current assets - trade and other receivables (continued)

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2014	2013
	\$'000	\$'000
Past due 0 - 30 days	442	661
Past due 31 - 60 days	171	362
Past due 61 days to one year	422	226
Past due more than one year	48	-
	<u>1,083</u>	<u>1,249</u>

The consolidated entity believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on amounts received since balance date and historic payment behaviour.

Note 11. Non-current assets - other financial assets

	Consolidated	
	2014	2013
	\$'000	\$'000
Shares in listed entity - at fair value	1,115	591
Shares in unlisted entity - at fair value	151	151
	<u>1,266</u>	<u>742</u>

For the above financial assets, fair value movements are recognised in other comprehensive income through the fair value reserve in equity.

Shares in listed entity at 30 June 2014 relate to Finzsoft Solutions Limited (NZSX: FIN). The remaining equity investment relates to CCK Financial Solutions Ltd.

For shares in listed entity at fair value, an increase of 1 percent in the share price as at the reporting date would have increased other comprehensive income by \$11,000 (2013: \$6,000). A decrease of 1 percent in the share price would have decreased other comprehensive income by the same amount.

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2014	2013
	\$'000	\$'000
Plant and equipment - at cost	3,690	2,509
Less: Accumulated depreciation	<u>(1,880)</u>	<u>(1,328)</u>
	<u>1,810</u>	<u>1,181</u>

Note 12. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment \$'000
Balance at 1 July 2012	247
Additions	1,270
Additions through business combinations (note 28)	39
Disposals	(25)
Exchange differences	(2)
Depreciation expense	(348)
Balance at 30 June 2013	1,181
Additions	1,137
Additions through business combinations (note 28)	21
Depreciation expense	(529)
Balance at 30 June 2014	<u>1,810</u>

Note 13. Non-current assets - intangibles

	Consolidated	
	2014 \$'000	2013 \$'000 (Restated)
Goodwill - at cost	31,206	10,919
Customer contracts and relationships - at cost	6,864	4,952
Less: Accumulated amortisation	(2,967)	(2,165)
	<u>3,897</u>	<u>2,787</u>
Software - at cost	46,065	32,606
Less: Accumulated amortisation	(4,959)	(1,786)
Less: Impairment	(8,521)	(8,521)
	<u>32,585</u>	<u>22,299</u>
Other intangible assets - at cost	294	294
Less: Accumulated amortisation	(42)	-
	<u>252</u>	<u>294</u>
	<u>67,940</u>	<u>36,299</u>

Note 13. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Customer contracts and relationships \$'000	Software \$'000	Other intangibles \$'000	Total \$'000
Balance at 1 July 2012	5,935	654	194	-	6,783
Additions	-	-	2,625	-	2,625
Additions through business combinations (note 28)	4,984	3,052	20,830	294	29,160
Disposals	-	(180)	-	-	(180)
Amortisation expense	-	(739)	(1,350)	-	(2,089)
Balance at 30 June 2013	10,919	2,787	22,299	294	36,299
Additions	-	-	2,025	-	2,025
Additions through business combinations (note 28)	20,287	1,912	11,434	-	33,633
Transfers in/(out)	-	-	19	(19)	-
Amortisation expense	-	(802)	(3,192)	(23)	(4,017)
Balance at 30 June 2014	<u>31,206</u>	<u>3,897</u>	<u>32,585</u>	<u>252</u>	<u>67,940</u>

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the consolidated entity's CGUs (operating divisions) as follows:

	Consolidated	
	2014 \$'000	2013 \$'000
Banking	5,935	5,935
Wealth	5,399	4,984
Mortgages	<u>19,872</u>	<u>-</u>
	<u>31,206</u>	<u>10,919</u>

Note 13. Non-current assets - intangibles (continued)

The recoverable amount of each CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

Key assumptions used in the calculation of value in use were as follows.

	2014	2013
<i>Banking</i>		
Discount rate	17.9%	19.5%
Terminal value growth rate	3.0%	3.0%
Budgeted EBITDA growth rate (average of next 5 years)	20.4%	*
<i>Wealth</i>		
Discount rate	18.0%	19.3%
Terminal value growth rate	3.0%	3.0%
Budgeted EBITDA growth rate (average of next 5 years)	29.6%	*
<i>Mortgages</i>		
Discount rate	15.5%	n/a
Terminal value growth rate	3.0%	n/a
Budgeted EBITDA growth rate (average of next 5 years)	20.0%	n/a

* In 2013, the key assumption used in the impairment testing was the revenue growth rate over a four-year forecast period. Cash flows beyond this period were extrapolated using a constant growth rate of 3%:

- Banking revenue growth rate: 31% in FY14, 14% in FY15, 5% in FY16 and FY17
- Wealth revenue growth rate: 43% in FY14, 25% in FY15, 5% in FY16 and FY17

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal Australian inflation rate and the long-term compound annual EBITDA growth rate estimated by management.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth and cost savings. Revenue growth was projected taking into account the average growth levels experienced and industry and business specific factors. Cost savings are those expected to be realised through integration of the back office function across CGUs.

The estimated recoverable amount each CGU exceeded its carrying amount by approximately:

	Consolidated	
	2014	2013
	\$'000	\$'000
Banking	2,681	6,896
Wealth	41,865	16,409
Mortgages	4,666	n/a

Note 13. Non-current assets - intangibles (continued)

Management believes that there are no reasonably possible changes in the key assumptions on which the recoverable amount of goodwill is based that would cause the Wealth or Mortgages CGU's carrying amount to exceed its recoverable amount.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount for the Banking CGU. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	2014	2013
Discount rate increase	4.6%	n/a*
Budgeted EBITDA growth rate (decrease)	(4.0%)	n/a*

*In 2013, Management believed there were no reasonably possible changes in the key assumptions affecting the Banking CGU which would result in impairment

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2014	2013
	\$'000	\$'000
		(Restated)
Trade payables	1,930	1,604
Other payables and accruals	5,946	3,695
	<u>7,876</u>	<u>5,299</u>

Refer to note 22 for further information on financial instruments.

Trade payables are recognised when incurred, are non-interest bearing and generally subject to 30 day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Note 15. Employee benefits

	Consolidated	
	2014	2013
	\$'000	\$'000
<i>Current liabilities</i>		
Annual leave	1,312	641
Long service leave	261	125
	<u>1,573</u>	<u>766</u>
<i>Non-current liabilities</i>		
Long service leave	<u>397</u>	<u>122</u>

Note 16. Current liabilities - provisions

	Consolidated	
	2014	2013
	\$'000	\$'000
Deferred consideration (refer to note 28)	3,412	2,702
Warranties	117	110
	<u>3,529</u>	<u>2,812</u>

Warranties

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Deferred consideration	Warranties
	\$'000	\$'000
Consolidated - 2014		
Carrying amount at the start of the year	2,702	110
Additional provisions recognised	3,412	7
Amounts used	(2,346)	-
Amount reversed in profit or loss	(356)	-
	<u>3,412</u>	<u>117</u>
Carrying amount at the end of the year		

Note 17. Non-current liabilities - provisions

	Consolidated	
	2014	2013
	\$'000	\$'000
Contingent consideration	8,239	3,848
Lease make good	270	260
	<u>8,509</u>	<u>4,108</u>

Note 17. Non-current liabilities - provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Contingent consideration \$'000	Lease make good \$'000
Consolidated - 2014		
Carrying amount at the start of the year	3,848	260
Additions through business combinations (note 28)	5,785	-
Amounts used	(847)	-
Unwinding of discount	214	10
Net change in fair value	(761)	-
Carrying amount at the end of the year	8,239	270

Note 18. Equity - issued capital

	2014	Consolidated	2014	2013
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>340,999,914</u>	<u>261,263,035</u>	<u>68,046</u>	<u>34,617</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 Jul 2012	229,129,415		99,474
Cancellation of accumulated losses	27 Nov 2012	-		(68,220)
Issuance of shares	22 Feb 2013	30,000,000	\$0.10	2,990
Issuance of shares relating to business acquisitions	28 Jun 2013	<u>2,133,620</u>	<u>\$0.17</u>	<u>373</u>
Balance	30 Jun 2013	261,263,035		34,617
Issuance of shares relating to business acquisitions	3 Dec 2013	4,735,572	\$0.26	1,231
Issuance of shares relating to capital raising - 1st Tranche	17 Apr 2014	24,400,000	\$0.44	10,736
Issuance of shares relating to capital raising - SPP	22 May 2014	18,183,125	\$0.44	8,000
Issuance of shares relating to capital raising - 2nd Tranche	4 Jun 2014	32,418,182	\$0.44	14,264
Share issue transaction costs, net of tax		<u>-</u>		<u>(802)</u>
Balance	30 Jun 2014	<u>340,999,914</u>		<u>68,046</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On 3 December 2013, 4,735,572 shares were issued as part consideration for the acquisition of Provisio Software which was announced on 17 June 2013.

On 10 April 2014, Rubik announced a capital raising comprising of an institutional placement in two tranches and a Share Placement Plan. Total funds raised under the capital raising will be used to fund current and future acquisition opportunities. Total number of shares issued were 75,001,307.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 18. Equity - issued capital (continued)

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants, including EBITDA target, gearing ratio, interest and debt service cover. Meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2013 Annual Report.

Note 19. Equity - reserves

	Consolidated	
	2014	2013
	\$'000	\$'000
Fair value reserve	(396)	(920)
Foreign currency reserve	(47)	(44)
Options reserve	298	11
	<u>(145)</u>	<u>(953)</u>

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Fair value \$'000	Foreign currency \$'000	Options \$'000	Total \$'000
Balance at 1 July 2012	(1,032)	6	2,423	1,397
Foreign currency translation	-	(50)	-	(50)
Net change in fair value of investments	112	-	-	112
Transfer to accumulated losses	-	-	(2,423)	(2,423)
Share based payments	-	-	11	11
Balance at 30 June 2013	(920)	(44)	11	(953)
Foreign currency translation	-	(3)	-	(3)
Share based payments	-	-	287	287
Net change in fair value of investments	524	-	-	524
Balance at 30 June 2014	<u>(396)</u>	<u>(47)</u>	<u>298</u>	<u>(145)</u>

Fair value reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Note 19. Equity - reserves (continued)

Options reserve

The reserve is used to recognise the value of options provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 20. Equity - accumulated losses

	Consolidated	
	2014	2013
	\$'000	\$'000
		(Restated)
Accumulated losses at the beginning of the financial year	(8,047)	(79,000)
Profit after income tax expense for the year	6,346	310
Transfer to accumulated losses	-	2,423
Cancellation of accumulated losses	-	68,220
	<u>-</u>	<u>68,220</u>
Accumulated losses at the end of the financial year	<u>(1,701)</u>	<u>(8,047)</u>

Note 21. Equity – dividends

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2014	2013
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>1,832</u>	<u>1,832</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Note 22. Financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2014		Carrying Amount			Fair Value Level			
	Note	Fair value	Amortised cost	Other financial liabilities	1	2	3	Total
Financial assets measured at fair value								
Shares in listed entity	11	1,115			1,115			1,115
Share in unlisted entity	11	151					151	151
		1,266						
Financial assets not measured at fair value								
Cash and cash equivalents	9		9,471					
Trade and other receivables	10		6,713					
			16,184					
Financial liabilities measured at fair value								
Contingent consideration	17	8,239					8,239	8,239
		8,239						
Financial liabilities not measured at fair value								
Trade and other payables	14			7,876				
Secured bank loans				6,671				
				14,547				

30 June 2013		Carrying Amount			Fair Value Level			
	Note	Fair value	Amortised cost	Other financial liabilities	1	2	3	Total
Financial assets measured at fair value								
Shares in listed entity	11	591			591			591
Share in unlisted entity	11	151					151	151
		742						
Financial assets not measured at fair value								
Cash and cash equivalents	9		3,777					
Trade and other receivables	10		5,874					
			9,651					
Financial liabilities measured at fair value								
Contingent consideration	17	3,848					3,848	
		3,848						
Financial liabilities not measured at fair value								
Trade and other payables	14			5,299				
Secured bank loans				7,180				
				12,479				

Note 22. Financial instruments (continued)

Measurement of fair values

The following table show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Shares in unlisted entity	Based on the last trading price of the delisted entity (December 2012). This amount is then compared to the book value of the shares from the latest available audited financial statements of the investee.	Not applicable	
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payments are determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	• Forecast EBITDA growth (37% average over the next five years). • Risk-adjusted discount rate (2014: 16.5%).	The estimated fair value would increase (decrease) if: • the EBITDA growth rate were higher (lower); or • the risk-adjusted discount rate were lower (higher). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin

Reconciliation of Level 3 fair values

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Shares in unlisted entities \$'000	Contingent Consideration \$'000
Balance at 1 July 2012	-	-
Transfers into level 3	151	-
Assumed in business combination	-	3,848
Balance at 30 June 2013	151	3,848
Assumed in business combination	-	5,785
Amounts used	-	(847)
Unwinding of discount	-	214
Net change in fair value	-	(761)
Balance at 30 June 2014	151	8,239

Note 22. Financial instruments (continued)

Sensitivity analysis

For the fair values of contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Effect in thousands AU\$	Profit or Loss	
	Increase	Decrease
30 June 2014		
EBITDA margin (5% movement)	(1,256)	1,256
Risk-adjusted discount rate (1% movement)	158	(155)

Financial risk management

The consolidated entity has exposure to the following risks arising from the financial instruments:

- Market risk
- Credit risk
- Liquidity risk

i. Risk management framework

The company's board of directors has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The board of directors has established the Audit, Risk and Compliance Committee, which is responsible for developing and monitoring the consolidated entity's risk management policies. The committee reports regularly to the board of directors on its activities.

The consolidated entity's risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through its training and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit, Risk and Compliance Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

ii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 22. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

Consolidated	Assets		Liabilities	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
US dollars	254	499	29	-
Pound Sterling	16	-	3	-
New Zealand dollars	216	294	-	-
Singapore dollars	17	-	33	57
United Arab Emirates Dirham	-	2	-	-
Pakistan Rupee	-	10	-	-
	<u>503</u>	<u>805</u>	<u>65</u>	<u>57</u>

The following significant exchange rates have been applied during the year:

<i>Base Currency (AU\$1)</i>	Average Rate		Year-end spot rate	
	2014	2013	2014	2013
US\$	0.914	1.021	0.942	0.913
NZ\$	1.102	1.245	1.072	1.180
SG\$	1.152	1.265	1.177	1.157

The consolidated entity had net assets denominated in foreign currencies of \$438,000 (assets \$503,000 less liabilities \$65,000) as at 30 June 2014 (2013: \$748,000 (assets \$805,000 less liabilities \$57,000)).

Consolidated - 2014	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
US dollars	10%	(22)	(15)	10%	22	15
Pounds Sterling	10%	(1)	(1)	10%	1	1
New Zealand dollars	10%	(22)	(15)	10%	22	15
Singapore dollars	10%	<u>2</u>	<u>1</u>	10%	<u>(2)</u>	<u>1</u>
		<u>(43)</u>	<u>(30)</u>		<u>43</u>	<u>30</u>

Note 22. Financial instruments (continued)

Consolidated - 2013	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
US dollars	10%	(50)	(35)	10%	50	35
New Zealand dollars	10%	(29)	(20)	10%	29	20
Singapore dollars	10%	6	4	10%	(6)	(4)
UAE Dirham	10%	(1)	(1)	10%	1	1
Pakistan Rupee	10%	(1)	(1)	10%	1	1
		<u>(75)</u>	<u>(53)</u>		<u>75</u>	<u>53</u>

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity has \$6,671,000 of commercial bills as at 30 June 2014, with \$4,980,000 at a fixed interest rate and \$1,691,000 at a variable interest rate.□

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

Consolidated	2014		2013	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Cash at bank and on deposit	2.85%	5,457	5.22%	3,563
Commercial bills	5.64%	(1,691)	5.95%	(2,180)

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Consolidated - 2014	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
Cash and cash equivalents	100	55	39	100	(55)	(39)
Commercial bills	100	<u>(17)</u>	<u>(12)</u>	100	<u>17</u>	<u>12</u>
		<u>38</u>	<u>27</u>		<u>(38)</u>	<u>(27)</u>

Note 22. Financial instruments (continued)

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000
Consolidated - 2013						
Cash and cash equivalents	100	36	25	100	(36)	(25)
Commercial bills	100	(72)	(50)	100	72	50
		<u>(36)</u>	<u>(25)</u>		<u>36</u>	<u>25</u>

iii. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity's customers are primarily authorised deposit taking institutions. The consolidated entity does not hold any collateral.

Trade and other receivables

The consolidated entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the consolidated entity's customer base, including the default risk of the industry and country in which customers operate, has some influence on credit risk.

The consolidated entity has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Given the history of minimal losses from bad debts, the main component of this allowance is a specific loss component that relates to individually significant exposures provisioned as these are identified.

Other financial assets

The consolidated entity limits its exposure to credit risk on deposits by only investing in independently credit rated Australian Authorised Financial Institutions' call and term deposits. These are generally held on short terms to ensure funds are available for identified funding requirements.

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2014	2013
	\$'000	\$'000
		(Restated)
Cash and cash equivalents	9,471	3,777
Trade and receivables	6,713	5,874
Other financial assets	1,266	742
	<u>17,450</u>	<u>10,393</u>

Note 22. Financial instruments (continued)

iv. Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2014	2013
	\$'000	\$'000
Commercial bills	2,250	2,570
Bankers undertakings	-	246
Equipment finance	-	350
	<u>2,250</u>	<u>3,166</u>

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2014	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-%	7,876	-	-	-	7,876
<i>Interest-bearing - variable</i>						
Commercial bills*	5.64%	1,056	759	-	-	1,815
<i>Interest-bearing - fixed rate</i>						
Commercial bills*	6.05%	1,060	4,363	-	-	5,423
Total non-derivatives		<u>9,992</u>	<u>5,122</u>	<u>-</u>	<u>-</u>	<u>15,114</u>

* Includes interest of \$567,000

Note 22. Financial instruments (continued)

Consolidated – 2013 (restated)	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-%	5,299	-	-	-	5,299
<i>Interest-bearing - variable</i>						
Commercial bills*	5.95%	2,310	-	-	-	2,310
<i>Interest-bearing - fixed rate</i>						
Commercial bills*	5.14%	5,257	-	-	-	5,257
Total non-derivatives		<u>12,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,866</u>

* Includes interest of \$387,000

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Assets pledged as security

The commercial bills are secured by a first mortgage over the consolidated entity's assets.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the company, and its network firms:

	Consolidated 2014 \$	2013 \$
<i>Audit services – KPMG</i>		
Audit or review of the financial statements	<u>135,630</u>	<u>155,950</u>
<i>Audit services - network firms</i>		
Audit or review of the financial statements	<u>18,232</u>	<u>16,342</u>
<i>Other services - network firms</i>		
Taxation services - KPMG Singapore	<u>5,405</u>	<u>4,928</u>
	<u>23,637</u>	<u>21,270</u>

Note 24. Contingent liabilities

The consolidated entity granted certain securities in favour of Westpac Banking Corporation as part of entering into the Facility Agreement.

	Consolidated	
	2014	2013
	\$'000	\$'000
Bank guarantees	647	754

Note 25. Commitments

	Consolidated	
	2014	2013
	\$'000	\$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Intangible assets	875	400
<i>Lease commitments – operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,358	1,178
One to five years	2,829	3,889
	4,187	5,067

Operating lease commitments includes contracted amounts for various office and plant and equipment under non-cancellable operating leases expiring within 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Capital commitments includes contracted amounts under the software licence agreement for Temenos T24. The consolidated entity is required to make certain payments in relation to maintenance. Under the terms of the licence agreement, the first payment was due 30 June 2014 and thereafter until final contracted payment due 31 December 2016.

Note 26. Related party transactions

Parent entity

Rubik Financial Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 26. Related party transactions (continued)

Key management personnel compensation

The key management personnel compensation comprised of the following:

	2014 \$'000	2013 \$'000
Short-term employee benefits	1,597	2,074
Post-employment benefits	74	135
Long service leave	-	27
Termination benefits	-	51
Share-based payments	287	11
	<u>1,958</u>	<u>2,298</u>

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2014 \$'000	2013 \$'000
Profit/(loss) after income tax	<u>4,344</u>	<u>(2,761)</u>
Total comprehensive income	<u>4,868</u>	<u>(2,873)</u>

Statement of financial position

	Parent 2014 \$'000	2013 \$'000
Total current assets	<u>37,932</u>	<u>13,594</u>
Total assets	<u>91,675</u>	<u>53,005</u>
Total current liabilities	<u>4,019</u>	<u>11,189</u>
Total liabilities	<u>19,720</u>	<u>19,635</u>
Equity		
Issued capital	68,046	34,617
Reserves	(98)	(909)
Retained profits/(accumulated losses)	<u>4,007</u>	<u>(338)</u>
Total equity	<u>71,955</u>	<u>33,370</u>

Note 27. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The company entered into a performance guarantee dated 9 May 2012 on behalf of its subsidiary Core In A Box Pty Ltd in accordance with its execution of a new SaaS Master Agreement. The agreement is for the provision of software as a service for a financial institution with an initial term of five years.

The company has entered into a Deed of Cross Guarantee with certain subsidiaries. Under the terms of the Deed, the company has guaranteed the repayment of all current and future creditors in the event of any of the entities party to the Deed are wound up. No provision is considered necessary in relation to the guarantee given under the Deed of Cross Guarantee as at 30 June 2014 as the probability of an outflow of resources is remote. See note 30.

Contingent liabilities

The company granted certain securities in favour of Westpac Banking Corporation as part of entering into the Facility Agreement.

	Parent	
	2014	2013
	\$'000	\$'000
Bank guarantees	647	754

Capital commitments

The parent entity had no capital commitments as at 30 June 2014 or 30 June 2013.

	2014	2013
	\$'000	\$'000
<i>Lease commitments – operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,178	1,070
One to five years	1,549	3,850
	<u>2,727</u>	<u>4,920</u>

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 28. Business combinations

COIN Software Pty Limited

On 8 August 2012, Rubik Financial Limited acquired 100% of the share capital of COIN Software Pty Limited for total consideration transferred of \$26,452,000. Deferred consideration of \$2,702,000 represents the completion net assets which was payable 12 months after the acquisition in accordance with the executed sale agreement. The acquisition expanded Rubik's product offering in wealth management. The acquired business contributed revenues of \$12,371,000 and profit after tax of \$4,745,000 to the consolidated entity for the period from 8 August 2012 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of \$13,837,000 and profit after tax of \$5,501,000. The values identified in relation to the acquisition of COIN Software Pty Limited were final as at 30 June 2013.

On 8 October 2013, Rubik settled the above deferred consideration for less than originally expected and a gain has been recognised in other income in the current year. Refer to note 4.

Details of the acquisition are as follows:

	Final Fair value \$'000
Trade receivables	2,629
Accrued revenue	650
Customer contracts and relationships	2,540
Software	17,493
Other intangibles	294
Other payables	(157)
Other provisions	(437)
Accrued expenses	(99)
Revenue received in advance	(22)
Net assets acquired	22,891
Goodwill	3,561
Acquisition-date fair value of the total consideration transferred	<u>26,452</u>
Representing:	
Cash paid or payable to vendor	23,750
Deferred consideration	2,702
	<u>26,452</u>

Note 28. Business combinations (continued)

COIN (Independent Financial Advisors, IFA)

On 31 May 2013, Rubik Financial Limited acquired COIN IFA financial planning software from Macquarie's Banking and Financial Services Group for total consideration of \$217,000. The acquired business contributed revenues of \$269,000 and profit after tax of \$120,000 to the consolidated entity for the period from 31 May 2013 to 30 June 2013. The values identified in relation to the acquisition of COIN IFA were final as at 30 June 2013.

Details of the acquisition are as follows:

	Final Fair value \$'000
Trade receivables	340
Employee benefits	(164)
Revenue received in advance	<u>(7)</u>
Net assets acquired	169
Goodwill	<u>48</u>
Acquisition-date fair value of the total consideration transferred	<u><u>217</u></u>
Representing:	
Cash paid or payable to vendor	<u><u>217</u></u>

Note 28. Business combinations (continued)

Provisio Technologies Pty Limited (Provisio)

On 28 June 2013, Rubik Financial Limited acquired 100% of the share capital of Provisio Technologies Pty Limited for total consideration of \$4,463,000 (including contingent consideration with a net present value at acquisition date of \$3,848,000). Contingent consideration is calculated as three times the best estimate of final year FY15 EBITDA, adjusted for specific contracts as set out in the Sale and Purchase Agreement, discounted to acquisition date. Contingent consideration is capped at \$20 million. Provisio is a market leader in the scaled and online advice markets. This acquisition expanded Rubik's product suite in the growing scaled advice market and broadened our leadership position in the institutional wealth market. The acquired business did not contribute any revenue or profit to the consolidated entity for the period from 28 June 2013 to 30 June 2013. If the acquisition occurred on 1 July 2012, the full year contributions would have been revenues of \$1,508,000 and profit after tax of \$55,000.

During FY 2014, Rubik reviewed the provisional purchase price allocation as provided for under the Australian Accounting Standard. The adjustments made following this review are set out below and have been included in the FY 2013 numbers presented throughout this report. The adjusted values identified in relation to the acquisition of Provisio are final as at 30 June 2014.

Details of the acquisition are as follows:

	Provisional Fair Value \$'000	Adjustments \$'000	Final Fair Value \$'000
Trade receivables	32	(8)	24
Other receivables	176	(52)	124
Plant and equipment	39		39
Customer contracts	512		512
Software	3,337		3,337
Other payables	(221)	(221)	(442)
Employee benefits	(26)		(26)
Revenue received in advance	(360)	(120)	(480)
Net assets acquired	3,489	(401)	3,088
Goodwill	974	401	1,375
Acquisition date fair value of the total consideration transferred	4,463	-	4,463
Representing:			
Cash paid or payable to vendor	287		287
Rubik Financial Limited shares issued to vendor	373		373
Contingent consideration	3,848		3,848
Receivable from Trustee	(45)		(45)
	4,463	-	4,463

Note 28. Business combinations (continued)

AMEE Easy Software Solutions Pty Limited & AMEE IP Holdings Pty Limited

On 28 March 2014, Rubik completed its acquisition of AMEE Easy Software Solutions Pty Ltd and AMEE IP Holdings Pty Ltd (and all of the units in the AMEE IP Unit Trust) for a consideration of \$3,233,000. AMEE provides revenue and commission software for Australian Financial Services Licensees and financial planning practices. This acquisition provides Rubik with greater exposure to financial planners that are not currently Rubik customers. The acquired business contributed revenues of \$289,000 and profit before tax of \$163,000 to the consolidated entity for the period 28 March 2014 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contributions would have been revenues of \$1,103,000 and profit after tax of \$410,000. The values identified in relation to the acquisition of AMEE are provisional as at 30 June 2014.

Details of the acquisition are as follows:

	Provisional Fair value \$'000
Cash and cash equivalents	101
Trade receivables	384
Other receivables	645
Plant and equipment	3
Customer contracts and relationships	277
Software	2,074
Trade payables	(13)
Other payables	(160)
Employee benefits	(17)
Revenue received in advance	(476)
Net assets acquired	2,818
Goodwill	415
Acquisition date fair value of the total consideration transferred	3,233
Representing:	
Cash paid or payable to vendor	3,233

Note 28. Business combinations (continued)

Stargate Information Systems Pty Ltd

On 4 June 2014, Rubik acquired Stargate Information Systems Pty Ltd "Stargate" for a consideration of \$22,685,000 (including contingent consideration with a net present value of \$5,785,000). Contingent consideration is calculated as a multiple of contributed EBITDA in FY 2015 and FY 2016, adjusted for certain items as per the Sale and Purchase Agreement. Contingent consideration is capped at a maximum of \$15 million. Stargate is amongst the largest independent mortgage technology service providers in the Australian mortgage broking market. The acquired business contributed revenues of \$419,000 and profit after tax of \$128,000 to the consolidated entity for the period 4 June 2014 to 30 June 2014. There are no reliable estimates of a full year contribution given the short period of ownership. The values identified in relation to the acquisition of Stargate are provisional as at 30 June 2014.

Details of the acquisition are as follows:

	Provisional Fair Value \$'000
Other current assets	56
Customer contracts	1,300
Software	7,800
Other payables*	(1,911)
Employee benefits	(525)
Revenue received in advance	(235)
Net assets acquired	6,485
Goodwill	16,200
Acquisition date fair value of the total consideration transferred	<u>22,685</u>
Representing:	
Cash paid or payable to vendor	19,375
Less: Liabilities assumed*	(1,911)
Cash paid to vendor at completion	17,464
Contingent consideration – Earn-out	5,785
Net working capital adjustment received or receivable from vendor	(564)
	<u>22,685</u>

* Debt repaid immediately following completion

Note 28. Business combinations (continued)

Infinitive Pty Ltd

On 24 June 2014, Rubik completed its acquisition of Infinitive Pty Ltd for a consideration of \$2,959,000 (including deferred consideration with a net present value of \$3,412,000). Deferred consideration was initially the subject of an earn-out, however on 1 September 2014 Rubik agreed with the vendors of Infinitive to make a one-off payment of \$3.5 million during FY 2015 in order to remove this earn-out obligation. As per the Sale and Purchase Agreement, the previous earn-out amount was capped at \$14.1million. See subsequent events below. Infinitive is a leading provider of e-commerce solutions to the Australian mortgage industry and is one of only two mortgage gateways. The acquired business contributed revenues of \$89,000 and profit after tax of \$NIL for the period 24 June 2014 to 30 June 2014. There are no reliable estimates of a full year contribution given the short period of ownership. The values identified in relation to the acquisition of Infinitive are provisional as at 30 June 2014.

Details of the acquisition are as follows:

	Provisional Fair Value \$'000
Cash and cash equivalents	566
Trade receivables	268
Other receivables	28
Other current assets	4
Plant and equipment	18
Customer contracts	335
Software	1,560
Trade payables	(255)
Other payables*	(2,738)
Employee benefits	(499)
Net liabilities acquired	(713)
Goodwill	3,672
Acquisition date fair value of the total consideration transferred	<u>2,959</u>
Representing:	
Cash paid or payable to vendor	2,400
Less: Liabilities assumed – Convertible note*	(1,387)
Less: Identified liabilities deducted from purchase price	(508)
Cash paid to vendors at completion	505
Net working capital amount received or receivable from vendors	(958)
Deferred consideration	3,412
	<u>2,959</u>

* Other payables includes debt repaid immediately following completion

The acquisition of Stargate and Infinitive expands Rubik's product portfolio to include mortgage desktop applications (including CRM) and transactional gateway platforms. These mortgage platforms complement Rubik's existing Wealth and Banking platforms, especially after the systems are integrated.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2014 %	2013 %
Rubik Financial Technology Pty Ltd	Australia	100.00%	100.00%
Swift El-Ten Services Pty Ltd	Australia	100.00%	100.00%
Rubik Financial Technology (Asia) Pte Ltd	Singapore	100.00%	100.00%
Core in a Box Pty Ltd	Australia	100.00%	100.00%
Australian Blue Gum Management Ltd * **	Australia	-%	100.00%
Plantagenet Managers Trust No.1 *	Australia	100.00%	100.00%
COIN Software Pty Ltd	Australia	100.00%	100.00%
Provisio Technologies Pty Ltd	Australia	100.00%	100.00%
AMEE Easy Software Solutions Pty Ltd	Australia	100.00%	-%
AMEE IP Holdings Pty Ltd	Australia	100.00%	-%
Rubik Mortgages Pty Ltd	Australia	100.00%	-%
Stargate Information Systems Pty Ltd	Australia	100.00%	-%
Infinitive Pty Ltd	Australia	100.00%	-%

* Plantagenet Managers Trust No.1 is a 100% owned subsidiary of Australian Blue Gum Management

** Australian Blue Gum Management Ltd was deregistered on 21 August 2013

Note 30. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The directors consider that the following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Rubik Financial Limited
Rubik Financial Technology Pty Ltd
Core in a Box Pty Ltd
COIN Software Pty Ltd
Provisio Technologies Pty Ltd

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2014 is set out as follows.

Note 30. Deed of cross guarantee (continued)

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

	2014 \$'000	2013 \$'000 (Restated)
Statement of profit or loss and other comprehensive income and retained profits		
Revenue	28,804	21,537
Other income	475	1,253
Net finance (expense)/income	(851)	(421)
Data subscriptions	(1,009)	-
Product licence and holding fees	(1,707)	(1,242)
Employee benefits expense	(17,826)	(12,436)
Share-based payments expense	(287)	(11)
Depreciation and amortisation expense	(4,347)	(2,432)
Professional fees	(1,545)	(1,704)
Marketing expenses	(459)	(260)
Premises and establishment expenses	(1,342)	(934)
Telecommunications	(504)	(509)
Costs relating to acquisition activities	(2,329)	(1,887)
Other expenses	(1,094)	(247)
Profit/(loss) before income tax (expense)/benefit	(4,021)	707
Income tax (expense)/benefit	10,050	(136)
Profit after income tax (expense)/benefit	6,029	571
Other comprehensive income		
	524	112
Other comprehensive income for the year, net of tax		
	524	112
Total comprehensive income for the year		
	6,553	683
Equity - retained profits	2014 \$'000	2013 \$'000 (Restated)
Accumulated losses at the beginning of the financial year	(7,724)	(78,938)
Profit after income tax (expense)/benefit	6,029	571
Cancellation of old share option scheme	-	2,423
Cancellation of accumulated losses	-	68,220
Accumulated losses at the end of the financial year	<u>(1,695)</u>	<u>(7,724)</u>

Rubik Financial Limited
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Note 30. Deed of cross guarantee (continued)

Statement of financial position	2014 \$'000	2013 \$'000 (Restated)
Current assets		
Cash and cash equivalents	8,251	3,770
Trade and other receivables	3,467	4,819
Receivables from related parties	22,798	1,266
Inventories	4	15
Other	406	532
	<u>34,926</u>	<u>10,402</u>
Non-current assets		
Investment in subsidiary	3,233	-
Other financial assets	1,266	742
Property, plant and equipment	1,782	1,172
Intangibles	34,467	36,299
Deferred tax	10,409	-
	<u>51,157</u>	<u>38,213</u>
Total assets	<u>86,083</u>	<u>48,615</u>
Current liabilities		
Trade and other payables	5,906	5,233
Payables to related parties	1,173	230
Borrowings	2,000	7,180
Employee benefits	952	745
Provisions	117	2,812
Revenue received in advance	1,809	2,200
	<u>11,957</u>	<u>18,400</u>
Non-current liabilities		
Borrowings	4,671	-
Employee benefits	277	122
Provisions	2,724	4,108
Other	200	-
	<u>7,872</u>	<u>4,230</u>
Total liabilities	<u>19,829</u>	<u>22,630</u>
Net assets	<u>66,254</u>	<u>25,985</u>
Equity		
Issued capital	68,046	34,617
Reserves	(97)	(908)
Accumulated losses	(1,695)	(7,724)
Total equity	<u>66,254</u>	<u>25,985</u>

Note 30. Deed of cross guarantee (continued)

During the preparation of the June 2014 full year results it was discovered that certain administrative steps required in order to allow COIN Software Pty Ltd and Provisio Technologies Pty Ltd to take advantage of ASIC Class Order 98/1418 (as amended) had not been fully completed. Rubik has submitted documentary requirements to ASIC to retrospectively include these entities in the Class Order relief from their respective acquisition dates. However, as of the date of signing of this report, no response has been received from ASIC.

Should ASIC not allow the inclusion of COIN Software Pty Ltd and Provisio Technologies Pty Ltd under the Class Order, these entities will need to be excluded from the 'Closed Group'. In this case, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the 'Closed Group' would be as set out below.

	2014	2013
	\$'000	\$'000
Statement of profit or loss and other comprehensive income		(Restated)
Revenue	9,003	8,679
Other income	113	1,253
Net finance (expense)/income	(851)	(216)
Data subscriptions	-	-
Product licence and holding fees	(1,061)	(949)
Employee benefits expense	(6,971)	(6,654)
Share-based payments expense	(287)	(11)
Depreciation and amortisation expense	(1,077)	(744)
Professional fees	(1,218)	(966)
Marketing expenses	(130)	(139)
Premises and establishment expenses	(570)	(534)
Telecommunications	(384)	(509)
Costs relating to acquisition activities	(2,321)	(1,887)
Other expenses/(income)	(807)	403
Profit/(loss) before income tax (expense)/benefit	(6,561)	(2,274)
Income tax (expense)/benefit	10,050	(136)
Profit after income tax (expense)/benefit	3,489	(2,410)
Other comprehensive income	524	112
Other comprehensive income for the year, net of tax	524	112
Total comprehensive income for the year	4,013	(2,298)
	2014	2013
	\$'000	\$'000
Equity - retained profits		(Restated)
Accumulated losses at the beginning of the financial year	(11,002)	(79,235)
Profit after income tax (expense)/benefit	3,489	(2,410)
Cancellation of old share option scheme	-	2,423
Cancellation of accumulated losses	-	68,220
Accumulated losses at the end of the financial year	(7,513)	(11,002)

Rubik Financial Limited
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Note 30. Deed of cross guarantee (continued)

	2014	2013
	\$'000	\$'000
Statement of financial position		
Current assets		
Cash and cash equivalents	6,206	3,454
Trade and other receivables	907	1,970
Receivables from related parties	23,275	1,213
Inventories	4	15
Other	303	479
	<u>30,695</u>	<u>7,131</u>
Non-current assets		
Investment in subsidiaries	34,417	30,915
Other financial assets	1,266	742
Property, plant and equipment	1,421	959
Intangibles	7,942	8,305
Deferred tax assets	10,409	-
	<u>55,455</u>	<u>40,921</u>
Total assets	<u>86,150</u>	<u>48,052</u>
Current liabilities		
Trade and other payables	4,418	3,410
Payables to related parties	9,636	5,896
Borrowings	2,000	7,180
Employee benefits	412	319
Provisions	-	2,702
Revenue received in advance	1,355	1,693
	<u>17,821</u>	<u>21,200</u>
Non-current liabilities		
Borrowings	4,671	-
Employee benefits	99	37
Provisions	2,924	4,108
Other	200	-
	<u>7,894</u>	<u>4,145</u>
Total liabilities	<u>25,715</u>	<u>25,345</u>
Net assets	<u>60,435</u>	<u>22,707</u>
Equity		
Issued capital	68,046	34,617
Reserves	(98)	(908)
Accumulated losses	<u>(7,513)</u>	<u>(11,002)</u>
Total equity	<u>60,435</u>	<u>22,707</u>

Note 31. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2014	2013
	\$'000	\$'000
		(Restated)
Profit after income tax expense for the year	6,346	310
Adjustments for:		
Depreciation and amortisation	4,546	2,462
Net gain on disposal of discontinued operations	-	(585)
Share-based payments	287	11
Other income from settlement of deferred consideration	(381)	-
Costs relating to acquisition activities	2,329	1,638
Income tax benefit recognised	(10,033)	-
Foreign exchange differences	(2)	(46)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,498	263
Decrease/(increase) in inventories	10	(10)
Decrease/(increase) in accrued revenue	373	(25)
Increase in prepayments	(125)	(205)
Decrease in other operating assets	99	84
Increase in trade and other payables	324	1,275
Increase/(decrease) in employee benefits	345	(16)
Increase/(decrease) in other provisions	161	(7)
(Decrease)/Increase in other operating liabilities	(436)	78
Net cash from operating activities	<u>5,341</u>	<u>5,227</u>

Rubik Financial Limited
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Note 32. Earnings per share

	Consolidated	
	2014	2013
	Number	Number
Issued ordinary shares at 1 July	268,233,065	148,149,430
Effect of share issue relating to acquisition	2,797,263	2,147,367
Effect of share issue relating to capital raising	<u>9,527,632</u>	<u>95,848,987</u>
Weighted average number of ordinary shares at 30 June	<u>280,557,960</u>	<u>246,145,784</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	280,557,960	246,145,784
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>942,222</u>	<u>450,050</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>281,500,182</u>	<u>246,595,834</u>
	\$'000	\$'000
<i>Earnings per share for profit/(loss) from continuing operations</i>		
Profit/(loss) after income tax attributable to the owners of Rubik Financial Limited	<u>6,346</u>	<u>(193)</u>
	Cents	Cents
Basic earnings per share	2.26	(0.08)
Diluted earnings per share	2.25	(0.08)
	\$'000	\$'000
<i>Earnings per share for profit from discontinued operations</i>		
Profit after income tax attributable to the owners of Rubik Financial Limited	<u>-</u>	<u>503</u>
	Cents	Cents
Basic earnings per share	-	0.20
Diluted earnings per share	-	0.20
	\$'000	\$'000
<i>Earnings per share for profit</i>		
Profit after income tax attributable to the owners of Rubik Financial Limited	<u>6,346</u>	<u>310</u>
	Cents	Cents
Basic earnings per share	2.26	0.13
Diluted earnings per share	2.25	0.13

Note 33. Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Description of the share-based payment arrangements

On 12 April 2013, 26 February 2014 and 19 May 2014 Rubik issued share options that entitle certain key management personnel to purchase shares in the company. Under these issuances, holders of vested options are entitled to purchase shares at agreed strike prices set at the grant date.

The key terms and conditions related to options issued are as follows. All options are to be settled by physical delivery of shares.

Grant date/employee entitled	Number of instruments in thousands	Vesting conditions	Contractual life of option
Options granted to Wayne Wilson on 12 April 2013			
Tranche 1	1,000	7.5 months' service and strike price of 0.162	2 years
Tranche 2	1,000	19.5 months' service and strike price of 0.174	3 years
Options granted to Niek Hoogenhout on 26 February 2014			
Tranche 1	1,500	1 year's service and strike price of 0.345	2 years
Tranche 2	1,500	2 years' service and strike price of 0.35	3 years
Tranche 3	1,500	3 years' service and strike price of 0.40	4 years
Tranche 4	1,500	3 years' service and strike price of 0.45	4 years
Tranche 5	4,000	3 years' service and strike price of 0.55	4 years
Options granted to Darius Coveney on 19 May 2014			
Tranche 1	500	1 year's service and strike price of 0.52	2 years
Tranche 2	500	2 years' service and strike price of 0.55	3 years
Tranche 3	500	3 years' service and strike price of 0.60	4 years
Tranche 4	500	3 years' service and strike price of 0.70	4 years
Tranche 5	500	3 years' service and strike price of 0.80	4 years
Total share options granted	14,500		

Measurement of fair values

The fair value of the employee share options has been measured using the Black-Scholes or Monte Carlo models. Service and non-market performance conditions attached to the transactions were not taken into account in measuring fair value.

Note 33. Share-based payments (continued)

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment issuances were as follows.

	Fair value at grant date	Share price at grant date	Exercise price	Expected volatility	Expected life	Expected dividends	Risk-free interest rate
Options granted to Wayne Wilson on 12 April 2013							
Tranche 1	0.052	0.155	0.162	61%	2 years	0%	2.81%
Tranche 2	0.061	0.155	0.174	61%	3 years	0%	2.81%
Options granted to Niek Hoogenhout on 26 February 2014							
Tranche 1	0.130	0.35	0.345	55%	2 years	0%	2.95%
Tranche 2	0.142	0.35	0.35	55%	3 years	0%	2.95%
Tranche 3	0.134	0.35	0.40	55%	4 years	0%	2.95%
Tranche 4	0.122	0.35	0.45	55%	4 years	0%	2.95%
Tranche 5	0.101	0.35	0.55	55%	4 years	0%	2.95%
Options granted to Darius Coveney on 19 May 2014							
Tranche 1	0.182	0.52	0.52	55%	2 years	0%	2.85%
Tranche 2	0.198	0.52	0.55	55%	3 years	0%	2.85%
Tranche 3	0.199	0.52	0.60	55%	4 years	0%	2.85%
Tranche 4	0.174	0.52	0.70	55%	4 years	0%	2.85%
Tranche 5	0.144	0.52	0.80	55%	4 years	0%	2.85%

Expected volatility has been based on an evaluation of the historical volatility of the company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options issued were as follows.

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
<i>In thousands of options</i>	2014	2014	2013	2013
Outstanding at 1 July 2013	2,000	0.168	-	0
Forfeited during the year	-	0	-	0
Exercised during the year	-	0	-	0
Granted during the year	12,500	0.489	2,000	0.168
Outstanding at 30 June 2014	14,500	0.445	2,000	0.168
Exercisable at 30 June 2014	1,000	0.16	-	0

The options outstanding at 30 June 2014 had an exercise price in the range of \$0.16 to \$0.80 (2013: \$0.16 to \$0.17) and a weighted-average contractual life of 2.94 years (2013: 3.12 years).

The weighted-average share price at the date of exercise for share options exercised in 2014 was \$0 as no shares were exercised (2013: no options exercised).

Note 34. Restatement of June 2013 Full Year Result and Prior Comparatives

2013 bonus payments

During the preparation of the June 2014 full year result it was discovered that \$547,000 in bonus payments made in August and September 2013 should have been recorded as an expense in the consolidated entity's FY 2013 results. These amounts mainly related to the newly created bonus pool in the wealth division, which was established in FY 2013 as part of the consolidated entity's acquisition of COIN from Macquarie Group Ltd.

Although these bonuses were not finalised at balance sheet date (30 June 2013), they were finalised at the time of approving the FY 2013 Annual Report. Therefore, under Australian Accounting Standards, the amounts should have been included in the FY 2013 full year results. The impact of this adjustment on the FY 2013 results is presented below.

There was no impact on opening retained earnings at 1 July 2012 as the adjustments only impact FY 2013 results.

Throughout the financial statements, the consolidated entity has restated its FY 2013 results and financial position in line with the above summary.

Finalisation of provisional purchase price allocations

Note that, as required in the ordinary course of finalising business combinations under Australian Accounting Standards, the FY 2013 balances have also been updated to take account of the finalisation of purchase price allocations for business combinations completed during FY 2013. For details, please refer to note 28.

Reclassification of data subscription expenses

The consolidated entity has also restated the 2013 comparative information in this report to reclassify a portion of professional fees expense to data subscriptions to conform to the current year classification, as this provides more relevant and reliable information. The reclassification of these expenses has no impact on the overall net consolidated loss and loss per share for the 2013 year, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity or the consolidated statement of cash flows for the year ended 30 June 2013; or the consolidated statement of financial position as at 30 June 2013.

Additional disclosures regarding Deed of Cross Guarantee

During the preparation of the June 2014 full year results it was discovered that certain administrative steps required in order to allow COIN Software Pty Ltd and Provisio Technologies Pty Ltd to take advantage of ASIC Class Order 98/1418 (as amended) had not been fully completed. Rubik has submitted documentary requirements to ASIC to retrospectively include these entities in the Class Order relief from their respective acquisition dates. However, as of the date of signing of this report, no response has been received from ASIC.

Should ASIC not allow the inclusion of COIN Software Pty Ltd and Provisio Technologies Pty Ltd under the Class Order, these entities will need to be excluded from the 'Closed Group'. Refer to note 30 for further details.

Note 34. Restatement of June 2013 Full Year Result and Prior Comparatives (continued)

The tables below set out the impacts of the above restatements of comparative information.

	2013 Previously reported \$'000	Change \$'000	2013 Restated \$'000
Revenue from continuing operations	22,898		22,898
Other Income	4		4
Net finance (expense)	(358)		(358)
Expenses			
Data subscriptions	-	(519)	(519)
Product licence and holding fees	(1,225)		(1,225)
Employee benefits expense	(12,724)	(547)	(13,271)
Share-based payments expense	(11)		(11)
Depreciation and amortisation expense	(2,437)		(2,437)
Professional fees	(1,737)	519	(1,218)
Marketing expenses	(281)		(281)
Premises and establishment expenses	(1,105)		(1,105)
Telecommunications	(533)		(533)
Costs relating to acquisition activities	(1,887)		(1,887)
Other expenses	(251)		(251)
Profit/(loss) before income tax (expense)/benefit from continuing operations	353	(547)	(194)
Income tax (expense)/benefit	1	-	1
Profit/(loss) after income tax (expense)/benefit from continuing operations	354	(547)	(193)
Profit after income tax expense from discontinued operations	503	-	503
Profit/(loss) after income tax (expense)/benefit from the year attributable to the owners or Rubik Financial Limited	857	(547)	310
	Cents		Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Rubik Financial Limited			
Basic earnings per share	0.15	(0.23)	(0.08)
Diluted earnings per share	0.15	(0.23)	(0.08)
Earnings per share for profit/(loss) attributable to the owners of Rubik Financial Limited			
Basic earnings per share	0.36	(0.23)	0.13
Diluted earnings per share	0.36	(0.23)	0.13

Note 34. Restatement of June 2013 Full Year Result and Prior Comparatives (continued)

Assets	2013 Previously reported \$'000	Change \$'000	2013 Restated \$'000
Current assets			
Cash and cash equivalents	3,777		3,777
Trade and other receivables	5,803	(60)	5,743
Inventories	15		15
Other	605		605
Total current assets	10,200	(60)	10,140
Non-current assets			
Other financial assets	742		742
Property, plant and equipment	1,181		1,181
Intangibles	35,898	401	36,299
Total non-current assets	37,821	401	38,222
Total assets	48,021	341	48,362
Liabilities			
Current liabilities			
Trade and other payables	4,531	768	5,299
Borrowings	7,180		7,180
Employee benefits	766		766
Provisions	2,812		2,812
Revenue received in advance	2,338	120	2,458
Total current liabilities	17,627	888	18,515
Non-current liabilities			
Employee benefits	122		122
Provisions	4,108		4,108
Total non-current liabilities	4,230		4,230
Total liabilities	21,857	888	22,745
Net Assets	26,164	(547)	25,617
Equity			
Issued capital	34,617		34,617
Reserves	(953)		(953)
Accumulated losses	(7,500)	(547)	(8,047)
Total equity	26,164	(547)	25,617

Note 35. Events after the reporting period

On 1 September 2014 Rubik agreed an amendment to the consideration to be paid to the vendors of Infinitive. Under the revised arrangements the previously agreed earn-out payment (which was based on a multiple of revenues for the business and capped at \$14.1 million) has been replaced with a one-off additional payment of \$3.5 million, adjusted for pre-completion liabilities of the business. A portion of this amount has been placed in escrow for a period of up to twelve months, and can be claimed back by Rubik should certain liabilities arise in relation to the warranties provided by the vendors of Infinitive.

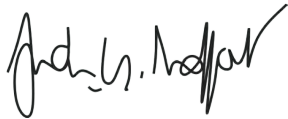
As disclosed in the Directors' report, changes to the long-term incentives of key executives have occurred between the end of the financial year and the date of this report. These changes are not expected to have a material impact on the accounting value of long-term incentives provided to executives or on the profit or loss or the financial position of the consolidated entity.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rubik Financial Limited
Directors' declaration
30 June 2014

- 1 In the opinion of the directors of Rubik Financial Ltd ('the Company'):
 - (a) the consolidated financial statements and notes that are set out on pages 40 to 109 and the Remuneration report on pages 15 to 25 of the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 There are reasonable grounds to believe that the Company and the consolidated entities identified in Note 30 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.
- 3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2014.
4. The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Andrew Moffat
Director

30 September 2014
Sydney



Independent auditor's report to the members of Rubik Financial Limited

Report on the financial report

We have audited the accompanying financial report of Rubik Financial Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 35 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the consolidated entity comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the consolidated entity's financial position and of its performance.

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

Independence

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



Auditor's opinion

In our opinion:

(a) the financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Restatement of comparative balances

Without modification to the opinion expressed above, we draw attention to note 34 to the financial report, which states that amounts reported in the issued 30 June 2013 financial report have been restated and disclosed as comparatives in this financial report.

Report on the remuneration report

We have audited the Remuneration report included in pages 15 to 25 of the Directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration report of Rubik Financial Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

Restatement of comparative balances

Without modification to the opinion expressed above, we draw attention to page 25, section G, of the Remuneration report contained in the Directors' report, which states that amounts reported in the issued 30 June 2013 Remuneration report have been restated and disclosed as comparatives in this Remuneration report.

KPMG

John Wigglesworth
Partner

Sydney

30 September 2014

Rubik Financial Limited
Shareholder information
30 June 2014

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings (as at 25 September 2014)

Distribution of equity security holders

Analysis of number of shareholders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	1,392
1,001 to 5,000	1,267
5,001 to 10,000	372
10,001 to 100,000	976
100,001 and over	293
	4,300
Holding less than a marketable parcel	1,798

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	% of total
	Number held	shares issued
WYLLIE FUNDS MANAGEMENT PTY LTD	47,272,727	13.86
NATIONAL NOMINEES LIMITED	46,507,421	13.64
UBS NOMINEES PTY LTD	38,709,588	11.35
SANDHURST TRUSTEES LTD <TBF SMALL CAP VAL GRWTH A/C>	8,701,514	2.55
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,232,616	2.41
EQUITAS NOMINEES PTY LIMITED <2874398 A/C>	7,565,130	2.22
MR IVAN TANNER & MRS FELICITY TANNER <THE SUPERNATURAL S/F A/C>	7,000,000	2.05
MR BRENT JACKSON & MRS TANYA JACKSON <JACKSON FAMILY S/F A/C>	5,937,706	1.74
MR DAVID EDGLEY & MRS LOUISE EDGLEY	5,558,675	1.63
COWOSO CAPITAL PTY LTD <THE COWOSO S/F A/C>	5,138,653	1.51
FATTY HOLDINGS PTY LTD <COLEMAN FAMILY A/C>	4,750,000	1.39
CITICORP NOMINEES PTY LIMITED	4,400,140	1.29
GUMBALIE PTY LTD <SHORT TERM TRADING A/C>	4,393,986	1.29
GENERAL TECHNOLOGY PTY LTD <EMPLOYERS SUPER FUND A/C>	4,086,201	1.20
GUMBALIE PTY LTD <SHORT TERM TRADING A/C>	3,450,000	1.01
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,581,600	0.76
TRUWIND PTY LTD <SUPERWIND S/F A/C>	2,269,994	0.67
FIRIKAMI PTY LTD	2,111,818	0.62
CMOS ENTERPRISES PTY LTD <THE CMAP FAMILY A/C>	2,081,539	0.61
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	2,073,183	0.61
	212,822,491	62.41

Rubik Financial Limited
Shareholder information
30 June 2014

Substantial holders

The number of shares held by substantial shareholders and their associates is set out below:

Shareholder	Number of shares held
Wyllie Funds Management Pty Ltd	42,272,727
Watermark Fund Management	17,387,419
LHC Capital Partners Pty Ltd	17,236,872
Gumbalie Pty Ltd	13,884,363

Voting rights

The voting rights attached to ordinary shares are:

- On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities with voting rights.



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