



**Appendix 4D and Half Year Report**  
**Results for Announcement to Market**  
**Rubik Financial Limited (ABN 51 071 707 232)**

This interim Report is provided to the Australian Securities Exchange (ASX) under ASX listing Rule 4.3A.

## 1 Reporting Period Details

Current Reporting Period: Half Year Ended 31 December 2014 (**H1 FY15**)

Previous Corresponding Period: Half Year Ended 31 December 2013 (**H1 FY14**)

## 2 Results

Continuing operations	Percentage Change %	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Revenue	Up 33%	19,771	14,907
Segment profits (Underlying Operating EBITDA)*	Down 26%	4,061	5,496
Underlying EBITDA*	Down 46%	2,245	4,183
Net (loss)/profit after tax attributed to members	Down >100%	(5,224)	1,297
Significant items*	Up >100%	(3,243)	(656)
Earnings per share – basic (segment profits)*	Down 43%	1.2 cents	2.1 cents
Earnings per share – basic (NPAT)	Down >100%	(1.5) cents	0.5 cents
Net tangible assets per share (pre-tax)*	Down 23%	(3.2) cents	(2.6) cents

\* = Non-AIFRS Item

No interim dividend was paid or proposed for the period.

### Note:

The information contained in this Appendix, and the attached Half Year Financial Report, do not include all the notes of the type normally included in annual financial statements. Accordingly, these reports are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Rubik Financial Limited ABN 51 071 707 232

GPO Box 4808 Sydney NSW 2001

T: +61 2 9488 4000

[www.rubik.com.au](http://www.rubik.com.au)



### 3 Profit Summary

Revenues for the half year ended 31 December 2014 increased by 33% to \$19.8m (H1 FY14: \$14.9m), with recurring revenue up by 43% to \$16.0m or 81% of total revenues (H1 FY14: \$11.2m or 75%). This revenue growth was due largely to the contributions of the acquired mortgage segment and the addition of AMEE Software to the wealth segment. Revenues were also impacted positively by the growth in hosting income as compared to the prior corresponding period (**pcp**).

Segment profits for the half year ended 31 December 2014 were \$4.1m (H1 FY14: \$5.5m) primarily due to increased employment costs as a result of business acquisitions, an investment in delivery and sales staff and the build out of the senior management team. Note that hosting fees have increased during the period as Rubik has moved to cloud based delivery for the majority of its users, however this expense is more than offset by improvements in revenues.

Underlying EBITDA for the half year was down by 46% on pcp to \$2.2m, driven by the investment in additional staff to support the enlarged business, as well as the additional R&D spend. Research and Development expense was up on pcp by 38% due largely to the expanded product portfolio of the group, as well as an increased investment in product integration projects and “catch-up” investment in acquired software to improve functionality and assist with client retention (eg. the Coin Connect, Inc and SaaS projects all went live during the half year ended 31 December 2014).

The reported net loss after tax for the half year ended 31 December 2014 was \$5.2m (H1 FY 14: \$1.3m profit). In addition to the factors already mentioned above, the primary drivers of the loss were depreciation and amortisation charges, movements in earn-out provisions, interest expenses on the unwinding of earn-out discounts, and share based payment expenses (all of which are non-cash items). Other significant items impacting the result are one-off expenses, which are noted in the table below and discussed further in Section 4.

Investment amortisation jumped to \$3.1m (H1 FY14: \$1.6m) as Rubik has reduced the amortisation period of its acquired software effective 1 January 2014 from 12 years to 7 years. In addition, acquired software from business acquisitions that occurred towards the end of FY 2014 have commenced amortisation during the period. Amortisation on internally developed software also commenced with the “go-live” of the projects noted above. The increase in interest expense was driven by the unwinding of discount on the Provisio and Stargate earn-out. Share based payments expense of \$0.4m (H1 FY14: \$0.1m) relates to the new loan funded shares arrangements provided to senior management. As noted earlier, all of the above are non-cash items.

The table below outlines the Group's results in more detail than is provided in the attached Half Year Financial Report and, in doing so, reconciles the AIFRS based profit results included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income to the Group's segment profits measure.

Performance (A\$ 000's)	H1 FY15	H1 FY14	Var %
Recurring revenues	15,970	11,188	↑ 42.7%
Non-recurring revenues	3,801	3,719	↑ 2.2%
<b>Total operating revenues</b>	<b>19,771</b>	<b>14,907</b>	<b>↑ 32.6%</b>
<b>Segment profits (underlying operating EBITDA) *</b>	<b>4,061</b>	<b>5,496</b>	<b>↓ 26.1%</b>
R&D expensed *	(1,816)	(1,313)	↑ 38.3%
<b>Underlying EBITDA *</b>	<b>2,245</b>	<b>4,183</b>	<b>↓ 46.3%</b>
Investment amortisation*	(3,127)	(1,580)	↑ 97.9%
Depreciation and operating amortisation*	(518)	(293)	↑ 76.8%
Share based payment expense	(435)	(66)	↑ >100%
<b>EBIT before significant items *</b>	<b>(1,835)</b>	<b>2,244</b>	<b>↓ &gt;100%</b>
Net financing charges, excluding discount	(152)	(291)	↑ >100%
Interest expense on unwinding of discounts	(800)	-	n/a
<b>(Loss)/Profit before tax and significant items *</b>	<b>(2,787)</b>	<b>1,953</b>	<b>↓ &gt;100%</b>
Income tax benefit	806	-	n/a
<b>NPAT before significant items *</b>	<b>(1,981)</b>	<b>1,953</b>	<b>↓ &gt;100%</b>
<b>Significant items: (see section 4 below)</b>			
- Transaction costs	(681)	(149)	↑ >100%
- Restructuring costs *	(475)	(65)	↑ >100%
- Transition costs *	(423)	(442)	↓ 4.3%
- Movement in earn-out payment provisions *	(1,664)	-	n/a
<b>NPAT as reported</b>	<b>(5,224)</b>	<b>1,297</b>	<b>↓ &gt;100%</b>

\* = Non-AIFRS item

## 4 Significant items

### 4.1 Transaction Costs

Transaction costs are fees paid to third party advisors and an allocation of the group's resources that are directly related to the acquisitions undertaken by the group.

Transaction Costs (A\$ 000's)	H1 FY15	H1 FY14
Financial advice and due diligence	248	105
Legal advice and due diligence	264	13
Stamp duty paid	35	2
Other	134	29
<b>Total</b>	<b>681</b>	<b>149</b>

### 4.2 Transition Costs

Transition costs of \$0.4m (H1 FY14: \$0.4m) 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.

### 4.3 Restructuring Costs

Restructuring costs of \$0.5m (H1 FY14: \$0.1m) relate to redundancy and other costs associated with the restructuring of the business, other than as related to an acquisition.

### 4.4 Movement in Earn-Out Payment Provisions

This item represents the net movement in expected contingent earn-out payments for recent acquisitions by the company.

As noted to the market on 2 February 2015, the terms of the earn-out arrangement relating to the Provisio acquisition were amended, leading to the release of \$1.2m in profits to the group's H1 FY15 result. This was offset by an increase of \$2.8m in the group's expectations with respect to the Stargate earn-out arrangement, which has increased following stronger than forecast results and sales pipeline in that division.

## 5 Investment in Finzsoft Solutions Ltd (NZSX: FIN)

As noted in the half year financial report, the Group's investment in Finzsoft Solutions Ltd (**Finzsoft**) increased by \$5.2m during the half year to 31 December 2014 (H1 FY14: \$0.1m). This improvement in the Group's investment is not reported in net profit or loss for the half year as changes in the fair value of the Group's investment in Finzsoft are accounted for through Other Comprehensive Income.

As noted to the market previously, Finzsoft has announced that Silverlake HGH Limited intends to make a cash takeover offer of NZ\$3 per share to all Finzsoft shareholders, which would value the company's investment in Finzsoft Solutions Ltd at A\$4.8m. Management continues to assess its options to divest this investment, and it is expected that this will occur at some point in the next twelve months.

## 6 Review of Operations by Segment

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;
- Banking** Provision of software and related services to the banking sector; and
- 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.

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. The shared services team also includes the group's client facing helpdesk. 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	First Half Revenue			First Half Segment Profit (Underlying Operating EBITDA)		
	FY15	FY14	Var %	FY15	FY14	Var %
Banking	5,152	5,480	(6.0)	1,115	1,722	(35.2)
Wealth	10,995	9,427	16.6	4,358	5,287	(17.6)
Mortgages	3,624	-	n/a	1,611	-	n/a
<b>Sub Total</b>	<b>19,771</b>	<b>14,907</b>	<b>32.6</b>	<b>7,084</b>	<b>7,009</b>	<b>1.1</b>
SBU Segment Profit Margin (UNAUDITED)				35.8%	47.0%	
Corporate & Shared Services Expenses	-	-		(3,023)	(1,513)	99.8
<b>Consolidated</b>	<b>19,771</b>	<b>14,907</b>		<b>4,061</b>	<b>5,496</b>	
<b>Group Segment Profit Margin</b>				<b>20.5%</b>	<b>36.9%</b>	

Banking segment revenues were down by \$0.3m in H1 FY15 compared to pcp, due mainly to a large one-off project gain (\$0.5m) in December 2013. This revenue shortfall impacted H1 FY15 segment profits by a similar amount.

The Wealth segment saw revenues increase 17% on pcp due mainly to an increased take up of hosting services, and the impact of the AMEE acquisition. Offsetting these revenues were increased costs related to the delivery and sales functions within the Wealth segment.

The Mortgages segment was created with the acquisitions of Stargate and Infinitive in June 2014, therefore there is no comparative information for this segment. The revenue and segment profit contributions from Mortgages are in line with, or slightly ahead of, the expected business cases for these acquisitions.

The increase in Corporate and Shared Services expenses to \$3.0m (H1 FY14: \$1.5m) represents an increase in the size of the helpdesk and network operations team, given the expanded group, as well as an investment in the senior management of the business.

## 7 Cash Flow

AUD \$'000	H1 FY15	H1 FY14
<b>Operating Cash Flows (pre R&amp;D)</b>	<b>1,629</b>	<b>5,354</b>
R&D Investment expensed <sup>1</sup>	(1,816)	(1,313)
<b>Operating Cash Flows (post R&amp;D)</b>	<b>(187)</b>	<b>4,041</b>
<u>Investing Cash Flows:</u>		
-R&D Investment capitalised <sup>1</sup>	(1,312)	(1,034)
-Acquisitions (including earn-out payments)	(3,653)	(3,412)
-Other capex	(1,257)	(362)
<b>Total Investing Cash Flows</b>	<b>(6,222)</b>	<b>(4,808)</b>
<u>Financing Cash Flows</u>		
-Payment of share placement fee	(100)	-
-Proceeds from exercise of options	40	-
-Proceeds from borrowings	730	-
<b>Total Financing Cash Flows</b>	<b>670</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,739)</b>	<b>(767)</b>
<b>Opening cash balance at 1 July</b>	<b>9,471</b>	<b>3,777</b>
<b>Ending cash balance at 31 December</b>	<b>3,732</b>	<b>3,010</b>

<sup>1</sup> For H1 FY14, capitalised R&D outflows have been reallocated to investing, rather than operating, cash flows.

## 8 Balance Sheet

AUD \$'000	H1 FY15	H1 FY14
Cash	3,732	3,010
Borrowings	(7,402)	(7,180)
<b>Net Bank (Debt)</b>	<b>(3,670)</b>	<b>(4,170)</b>
Total Equity	66,317	28,874
Gearing % (UNAUDITED)	6%	14%

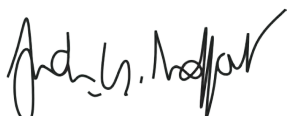
Gearing % = Net Debt / Shareholder Funds

## 9 Independent Auditor's Review

The condensed consolidated half-year financial statements for Rubik Financial Limited and its controlled entities for the half year ended 31 December 2014 have been reviewed by Rubik's independent auditors and a copy of their review report is included in the attached 31 December 2014 half-year financial report.

Signed:

Date: 26 February 2015



Andrew Moffat  
Director, Sydney

# **Rubik Financial Limited**

**ABN 51 071 707 232**

## **Half Year Financial Report - 31 December 2014**



## **Contents**

Directors' report	2
Auditor's independence declaration	3
Condensed consolidated statement of profit or loss and other comprehensive income	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of changes in equity	6
Condensed consolidated statement of cash flows	7
Notes to condensed consolidated financial statements	8
Directors' declaration	26
Independent auditor's review report to the members of Rubik Financial Limited	27

**Rubik Financial Limited**  
**Directors' report**  
**31 December 2014**

The directors present their report, together with the condensed financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') 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 half-year ended 31 December 2014.

**Directors**

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

Craig Evan Coleman - Non-Executive Chairman  
Andrew Graeme Moffat  
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.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$5,224,000 (31 December 2013: profit of \$1,297,000).

**Significant changes in the state of affairs**

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

**Rounding of amounts**

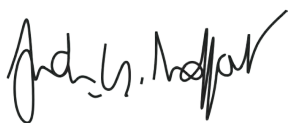
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

**Auditor's independence declaration**

The lead auditor's independence declaration is set-out on page 3 and forms part of the directors' report for the six months ended 31 December 2014.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



---

Andrew Moffat  
Director

26 February 2015  
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 review for the half-year ended 31 December 2014 there have been:

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

KPMG

John Wigglesworth  
*Partner*

Sydney

26 February 2015

**Rubik Financial Limited**
**Condensed consolidated statement of profit or loss and other comprehensive income  
For the half-year ended 31 December**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2014 \$'000</b>	<b>31 Dec 2013 \$'000</b>
<b>Revenue</b>	6	19,771	14,907
Other income/(expenses)	7	(1,438)	365
Net finance expense	8	(952)	(318)
<b>Expenses</b>			
Data subscriptions*		(566)	(468)
Product licence and hosting fees		(1,986)	(771)
Employee benefits expense*		(12,637)	(7,533)
Share-based payments expense*		(435)	(66)
Depreciation and amortisation expense		(3,645)	(1,873)
Professional fees*		(1,065)	(802)
Marketing expenses		(389)	(171)
Premises and establishment expenses		(940)	(694)
Telecommunications		(499)	(193)
Costs relating to acquisition activities*		(681)	(656)
Other expenses		(568)	(430)
<b>Profit/(loss) before income tax expense</b>		(6,030)	1,297
Income tax benefit/(expense)	17	806	-
<b>Profit/(loss) after income tax expense for the half-year attributable to the owners of Rubik Financial Limited</b>		(5,224)	1,297
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net change in fair value of investments		5,228	51
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		2	65
Other comprehensive income for the half-year		5,230	116
<b>Total comprehensive income for the half-year attributable to the owners of Rubik Financial Limited</b>		<u>6</u>	<u>1,413</u>

\*Certain prior year comparative balances have been reclassified between accounts to conform to the current year classifications. Refer to Note 23 for further information.

		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	21	(1.53)	0.50
Diluted earnings per share	21	(1.53)	0.49

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

**Rubik Financial Limited**  
**Condensed consolidated statement of financial position**

		<b>Consolidated, as at</b>	
	<b>Note</b>	<b>31 Dec 2014</b>	<b>30 June 2014</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,732	9,471
Trade and other receivables		5,954	6,420
Inventories		-	4
Other financial assets	9	6,343	-
Other		422	529
Total current assets		<u>16,451</u>	<u>16,424</u>
<b>Non-current assets</b>			
Other financial assets	10	151	1,266
Property, plant and equipment		1,968	1,810
Intangibles	11	65,998	67,940
Deferred tax asset		11,220	10,409
Total non-current assets		<u>79,337</u>	<u>81,425</u>
<b>Total assets</b>		<u>95,788</u>	<u>97,849</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		5,272	7,876
Borrowings	12	7,402	2,000
Employee benefits		1,636	1,573
Provisions	14	2,084	3,529
Income received in advance		3,111	2,894
Total current liabilities		<u>19,505</u>	<u>17,872</u>
<b>Non-current liabilities</b>			
Borrowings	13	-	4,671
Employee benefits		306	397
Provisions	14	9,460	8,509
Other		200	200
Total non-current liabilities		<u>9,966</u>	<u>13,777</u>
<b>Total liabilities</b>		<u>29,471</u>	<u>31,649</u>
<b>Net assets</b>		<u>66,317</u>	<u>66,200</u>
<b>Equity</b>			
Issued capital	15	67,735	68,046
Reserves		5,507	(145)
Accumulated losses		(6,925)	(1,701)
<b>Total equity</b>		<u>66,317</u>	<u>66,200</u>

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

**Rubik Financial Limited**  
**Condensed consolidated statement of changes in equity**  
**For the half-year ended 31 December**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2013	34,617	(953)	(7,500)	26,164
Profit after income tax expense for the half-year	-	-	1,297	1,297
Other comprehensive income for the half-year	-	116	-	116
Total comprehensive income for the half-year	-	116	1,297	1,413
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,231	-	-	1,231
Share-based payments	-	66	-	66
Balance at 31 December 2013	<u>35,848</u>	<u>(771)</u>	<u>(6,203)</u>	<u>28,874</u>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2014	68,046	(145)	(1,701)	66,200
Loss after income tax benefit for the half-year	-	-	(5,224)	(5,224)
Other comprehensive income for the half-year	-	5,230	-	5,230
Total comprehensive income for the half-year	-	5,230	(5,224)	6
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	435	-	435
Share options exercised (Note 15)	68	(13)	-	55
Unmarketable parcel share buy-back	(379)	-	-	(379)
Balance at 31 December 2014	<u>67,735</u>	<u>5,507</u>	<u>(6,925)</u>	<u>66,317</u>

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

**Rubik Financial Limited**  
**Condensed consolidated statement of cash flows**  
**For the half-year ended 31 December**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	20,871	18,003
Payments to suppliers and employees	(20,883)	(13,765)
	(12)	4,238
Interest received	43	18
Interest and other finance costs paid	(213)	(215)
Income taxes paid	(5)	-
Net cash (used in)/from operating activities	(187)	4,041
<b>Cash flows from investing activities</b>		
Payment for purchase of business, net of cash acquired	(3,653)	(3,412)
Payments for property, plant and equipment	(857)	(362)
Payments for intangibles	(1,712)	(1,034)
Net cash used in investing activities	(6,222)	(4,808)
<b>Cash flows from financing activities</b>		
Payment of share placement fee	(100)	-
Proceeds from the exercise of share options	40	-
Proceeds from borrowings	730	-
Net cash from financing activities	670	-
Net decrease in cash and cash equivalents	(5,739)	(767)
Cash and cash equivalents at the beginning of the financial half-year	9,471	3,777
Cash and cash equivalents at the end of the financial half-year	<u>3,732</u>	<u>3,010</u>

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

**Rubik Financial Limited**  
**Notes to the condensed consolidated half year financial statements**  
**31 December 2014**

**Note 1. Reporting entity**

The financial report covers Rubik Financial Limited as a consolidated entity consisting of Rubik Financial Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Rubik Financial Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Rubik Financial Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 21  
321 Kent Street  
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 26 February 2015.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2014.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

**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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted, except for AASB 9 "Financial Instruments (2009)" with an initial application date of 1 July 2010.

AASB 9 requires that the consolidated entity classify its financial assets at either amortised cost or at fair value depending on the consolidated entity's business model for managing its financial assets and contractual cashflow characteristics of the financial assets. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.



**Note 2. Significant accounting policies (continued)**

**Going concern**

Notwithstanding that current liabilities exceed current assets as of 31 December 2014, the directors consider it appropriate to prepare the financial statements on a going concern assumption on the following basis:

- \$3.1m of the current liabilities relates to revenue received in advance which is not expected to result in future cash outflow; and
- The terms of the financing facility with a carrying value of \$7.4m, expiring on 31 December 2015, were renegotiated after the balance sheet date to extend the expiry date to 30 September 2016. Refer to Note 20 for further information.

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may differ to actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014.

*Fair value measurement hierarchy*

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

*Financial assets at fair value*

The fair value of these financial assets is determined by reference to their quoted closing bid price or net asset value at the reporting date.

*Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

*Trade and other receivables*

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*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. 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 and growth rates of the estimated future cash flows.

**Note 4. Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2014.

**Note 5. 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.

*Types of products and services*

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

Wealth	Manufacture and provision of financial planning software and smart technology to the financial planning industry.
Banking	Provision of software and related services to the financial services industry
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.

**Rubik Financial Limited**  
**Notes to the condensed consolidated half year financial statements**  
**31 December 2014**

**Note 5. Operating segments (continued)**

*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*

	Wealth \$'000	Banking \$'000	Mortgages \$'000	Corporate and Shared Services \$'000	Total \$'000
<b>Consolidated – 31 Dec 2014</b>					
<b>Revenue</b>					
Sales to external customers	10,995	5,152	3,624	-	19,771
<b>Total revenue</b>	<u>10,995</u>	<u>5,152</u>	<u>3,624</u>	<u>-</u>	<u>19,771</u>
Underlying Operating EBITDA	4,358	1,115	1,611	(3,023)	4,061
R&D Expensed	(1,296)	(318)	(202)	-	(1,816)
Underlying EBITDA	<u>3,062</u>	<u>797</u>	<u>1,409</u>	<u>(3,023)</u>	<u>2,245</u>
Share-based payments expense	-	-	-	(435)	(435)
Depreciation and amortisation	(2,284)	(245)	(861)	(255)	(3,645)
Net interest income (expense)	(3)	15	(13)	(951)	(952)
Cost relating to acquisition activities	-	-	-	(681)	(681)
Transition costs	-	-	-	(423)	(423)
Restructuring costs	(134)	-	(45)	(296)	(475)
Movement in earn-out provisions	-	-	-	(1,664)	(1,664)
<b>Profit/(loss) before income tax expense</b>	<u>641</u>	<u>567</u>	<u>490</u>	<u>(7,728)</u>	<u>(6,030)</u>
Income tax benefit					806
<b>Profit after income tax expense</b>					<u>(5,224)</u>

	Wealth \$'000	Banking \$'000	Corporate and Shared Services \$'000	Total \$'000
<b>Consolidated – 31 Dec 2013*</b>				
<b>Revenue</b>				
Sales to external customers	9,427	5,480	-	14,907
<b>Total revenue</b>	<u>9,427</u>	<u>5,480</u>	<u>-</u>	<u>14,907</u>
Underlying Operating EBITDA	5,287	1,722	(1,513)	5,496
R&D Expensed	(1,148)	(165)	-	(1,313)
Underlying EBITDA	<u>4,139</u>	<u>1,557</u>	<u>(1,513)</u>	<u>4,183</u>
Share-based payments expense	-	-	(66)	(66)
Depreciation and amortisation	(1,258)	(417)	(198)	(1,873)
Net interest income (expense)	2	-	(293)	(291)
Cost relating to acquisition activities	-	-	(149)	(149)
Transition costs	-	-	(442)	(442)
Restructuring costs	-	-	(65)	(65)
<b>Profit/(loss) before income tax expense</b>	<u>2,883</u>	<u>1,140</u>	<u>(2,726)</u>	<u>1,297</u>
Income tax expense				-
<b>Profit after income tax expense</b>				<u>1,297</u>

\*Certain accounts and amounts have been reclassified to be consistent with FY2015 presentation.

**Rubik Financial Limited**  
**Notes to the condensed consolidated half year financial statements**  
**31 December 2014**

**Note 6. Revenue**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Licence and service fees	19,771	14,907

**Note 7. Other income (expense)**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Government grants	-	6
Dividend income	190	-
Movement in earn-out provisions (Stargate: (\$2.8m); Provisio: \$1.2m)	(1,664)	-
Final settlement on COIN acquisition	-	359
Other	36	-
Other income (expense)	(1,438)	365

**Note 8. Net finance expense**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income	43	18
Merchant fees and bank charges	(27)	-
Foreign exchange gain/(loss)	66	(27)
Interest expense on unwinding of discounts	(800)	-
Other interest expense	(234)	(309)
	(952)	(318)

**Rubik Financial Limited**  
**Notes to the condensed consolidated half year financial statements**  
**31 December 2014**

**Note 9. Current assets - other financial assets**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Shares in listed entity - at fair value	6,343	-

Shares in listed entity as of 31 December 2014 relate to Finzsoft Solutions Limited (NZSX: FIN) and, as required under the Accounting Standards, are valued using the closing stock price as at 31 December 2014.

For the half-year ended 31 December 2014, the investment in Finzsoft Solutions Limited has been classified as current (FY 2014 classification was non-current) based on the investee's announcement that Silverlake HGH Limited intends to make a cash takeover offer of NZ\$3 per share to all Finzsoft shareholders and management's expectation to dispose of the company's investment in Finzsoft within the next twelve months. At NZ\$3 per share, the company's investment in Finzsoft Solutions Ltd would be valued at AU\$4.8m.

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

**Note 10. Non-current assets - other financial assets**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Shares in listed entity - at fair value	-	1,115
Shares in unlisted entity - at fair value	151	151
	151	1,266

Shares in unlisted entity relate to CCK Financial Solutions Ltd. These are valued using the last trading price obtained from the ASX before it was delisted and the value is considered to be materially appropriate.

**Rubik Financial Limited**  
**Notes to the condensed consolidated half year financial statements**  
**31 December 2014**

**Note 11. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill - at cost	31,206	31,206
Customer contracts and relationships - at cost	6,864	6,864
Less: Accumulated amortisation	(3,464)	(2,967)
	3,400	3,897
Software - at cost	47,377	46,065
Less: Accumulated amortisation	(7,704)	(4,959)
Less: Impairment	(8,521)	(8,521)
	31,152	32,585
Other intangible assets - at cost	294	294
Less: Accumulated amortisation	(54)	(42)
	240	252
	<u>65,998</u>	<u>67,940</u>

*Reconciliations*

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

	Goodwill	Customer contracts and relationships	Software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
Balance at 1 July 2014	31,206	3,897	32,585	252	67,940
Additions	-	-	1,312	-	1,312
Amortisation expense	-	(497)	(2,745)	(12)	(3,254)
Balance at 31 December 2014	<u>31,206</u>	<u>3,400</u>	<u>31,152</u>	<u>240</u>	<u>65,998</u>

**Note 12. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Commercial bills	<u>7,402</u>	<u>2,000</u>

Refer to Note 18 for further information on financial instruments and Note 20 for the details of changes to the loan facility post balance sheet date.

**Note 13. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Commercial bills	-	4,671

Refer to Note 18 for further information on financial instruments.

*Assets pledged as security*

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

**Note 14. Provisions**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current Liabilities - Provisions</i>		
Deferred consideration	1,967	3,412
Warranties	117	117
	<u>2,084</u>	<u>3,529</u>
<i>Non-current Liabilities - Provisions</i>		
Contingent consideration	9,115	8,239
Lease make good	345	270
	<u>9,460</u>	<u>8,509</u>

Contingent consideration of \$9.1m relates to the net present value of expected future earn-out payments in relation to the acquisition of Stargate Information Systems Pty Ltd ('Stargate'). The amount recorded at 30 June 2014 was \$5.8m, however this has been increased during the period in line with stronger than forecast results in that business. The maximum earn-out payable for Stargate is capped at \$15m.

As at 30 June 2014 contingent consideration also included a balance of \$2.4m, being the net present value of expected future earn-out payments for Provisio Technologies Pty Ltd ('Provisio') as at 30 June 2014. As set out in Note 20, on 2 February 2015 the company agreed to a final acquisition payment for Provisio of \$1.5m. As such, this balance has been transferred to current deferred consideration during the period, and the difference (being \$1.2m after unwinding of \$0.3m in discounting) has been released to the statement of profit or loss and other comprehensive income during the half-year.

As at 31 December 2014, the deferred consideration also includes \$0.5m related to the agreed final acquisition payment for Infinitive Pty Ltd (30 June 2014: \$3.4m).

**Note 15. Equity - issued capital**

	<b>2014</b>	<b>Consolidated</b>	<b>2014</b>	<b>2013</b>
	<b>Shares</b>	<b>2013</b>	<b>\$'000</b>	<b>\$'000</b>
		<b>Shares</b>		
Ordinary shares	358,543,423	340,999,914	67,735	68,046
Less: Treasury shares	(18,650,000)	-	-	-
	<u>339,893,423</u>	<u>340,999,914</u>	<u>67,735</u>	<u>68,046</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>\$'000</b>
Balance	1 July 2014	340,999,914	68,046
Share options exercised	21 October 2014	250,000	68
Unmarketable parcel share buy-back	29 December 2014	(1,356,491)	(379)
Balance	31 December 2014	<u>339,893,423</u>	<u>67,735</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.

Treasury shares are shares issued to Rubik's Group Executive Team (GET) in relation to the loan funded share scheme. Please refer to Note 22 for further details.

**Note 16. Equity - dividends**

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



**Rubik Financial Limited**  
**Notes to the condensed consolidated half year financial statements**  
**31 December 2014**

**Note 17. Income Tax**

**Amounts recognised in profit or loss**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current tax expense / (benefit)</i>		
Current year	5	279
<i>Deferred tax expense / (benefit)</i>		
Origination and reversal of temporary differences	(811)	(621)
Recognition of previously unrecognised tax losses	-	(8,579)
Recognition of previously unrecognised temporary differences	-	(1,112)
	<u>(811)</u>	<u>(10,312)</u>
Tax benefit on continuing operations	<u>(806)</u>	<u>(10,033)</u>

**Amounts recognised directly in equity**

	<b>31 Dec 2014</b>			<b>30 June 2014</b>		
	<b>Before tax</b>	<b>Tax benefit</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Tax benefit</b>	<b>Net of tax</b>
Share issue costs	-	-	-	1,178	376	802

**Reconciliation of income tax benefit**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss before tax from continuing operations	<u>6,030</u>	<u>3,687</u>
Income tax benefit/(expense) using the Company's tax rate (30%)	1,809	1,106
Non-deductible expenses	(1,054)	(623)
Tax exempt income	56	-
Recognition of previously unrecognised temporary differences	-	1,112
Recognition of previously unrecognised tax losses	-	8,579
Effect of tax rates in foreign jurisdiction	(5)	(17)
Others	-	(124)
Income tax benefit	<u>806</u>	<u>10,033</u>

**Rubik Financial Limited**  
**Notes to the condensed consolidated half year financial statements**  
**31 December 2014**

**Note 18. 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.

**31 December 2014**

31 December 2014		Carrying Amount			Fair Value Level			
	Note	Fair value	Amortised cost	Other financial liabilities	1	2	3	Total
<i>Financial assets measured at fair value</i>								
Shares in listed entity	9	6,343			6,343			6,343
Share in unlisted entity	10	151					151	151
		<u>6,494</u>						
<i>Financial assets not measured at fair value</i>								
Cash and cash equivalents			3,732					
Trade and other receivables			<u>6,028</u>					
			<u>9,760</u>					
<i>Financial liabilities measured at fair value</i>								
Contingent consideration		<u>9,115</u>					9,115	9,115
		<u>9,115</u>						
<i>Financial liabilities not measured at fair value</i>								
Trade and other payables				5,272				
Secured bank loans	12			<u>7,402</u>				
				<u>12,674</u>				

**31 December 2013**

31 December 2013	Carrying Amount			Fair Value Level			
	Fair value	Amortised cost	Other financial liabilities	1	2	3	Total
<i>Financial assets measured at fair value</i>							
Shares in listed entity	642			642			642
Share in unlisted entity	151					151	151
	<u>793</u>						
<i>Financial assets not measured at fair value</i>							
Cash and cash equivalents		3,010					
Trade and other receivables		4,631					
		<u>7,641</u>					
<i>Financial liabilities measured at fair value</i>							
Contingent consideration	2,240					2,240	2,240
	<u>2,240</u>						
<i>Financial liabilities not measured at fair value</i>							
Trade and other payables			3,105				
Secured bank loans			7,180				
			<u>10,285</u>				

**Rubik Financial Limited**  
**Notes to the condensed consolidated half year financial statements**  
**31 December 2014**

**Note 18. Financial instruments (continued)**

*Measurement of fair values*

The following table shows 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 (CCK Financial Solutions Ltd)	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 rate of 76% in FY 2016. Risk-adjusted discount rate 13.89% (2014: 16.5%).	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>• the EBITDA growth rate were higher (lower); or</li> <li>• the risk-adjusted discount rate were lower (higher).</li> </ul>

*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 2013	151	3,848
Amounts used	-	(1,608)
Balance at 31 December 2013	151	2,240
Balance at 1 July 2014	151	8,239
Unwinding of discount	-	712
Transfer to deferred settlement liability	-	(1,500)
Earn-out true up and amendment to Provisio commercial terms	-	1,664
Balance at 31 December 2014	151	9,115

**Rubik Financial Limited**  
**Notes to the condensed consolidated half year financial statements**  
**31 December 2014**

**Note 18. Financial instruments (continued)**

*Sensitivity analysis*

For the fair values of contingent consideration, reasonably possible changes at 31 December 2014 and 30 June 2014 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
31 December 2014		
EBITDA margin (5% movement)	(2,042)	2,042
Risk-adjusted discount rate (1% movement)	151	(153)
30 June 2014		
EBITDA margin (5% movement)	(1,256)	1,256
Risk-adjusted discount rate (1% movement)	158	(155)

**Note 19. Commitments**

**Consolidated**  
**2014**      **2013**  
**\$'000**      **\$'000**

*Lease commitments - operating*

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	1,317	1,358
One to five years	2,205	2,829
	<u>3,522</u>	<u>4,187</u>

*Capital commitments - Intangible assets*

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	350	350
One to five years	350	525
	<u>700</u>	<u>875</u>

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.

**Note 20. Events after the reporting period**

On 2 February 2015, Rubik Financial Limited executed a binding Deed of Variation to amend the commercial terms on which it acquired Provisio Technologies Pty Ltd. The variation removes Rubik's obligation to pay any further potential earn-out (previously capped at \$18m) for consideration in cash and scrip totalling \$1.5m with \$375k paid in FY2015 and \$1.125m paid in FY2016. Rubik had \$2.7m provisioned (after unwinding of \$0.3m in discounts) on the balance sheet for future payments and has released \$1.2m to the statement of profit or loss and other comprehensive income for the half-year ended 31 December 2014.

Since balance sheet date, Westpac Banking Corporation has agreed in writing to extend the repayment date of Rubik Group's loan facility to 30 September 2016. Rubik is currently awaiting receipt of the amended loan documentation for execution.

No other matter or circumstance has arisen since 31 December 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.

**Note 21. Earnings per share**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
(Loss)/Profit after income tax attributable to the owners of Rubik Financial Limited	<u>(5,224)</u>	<u>1,297</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	341,081,637	262,009,402
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>894,866</u>	<u>2,000,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>341,976,503</u>	<u>264,009,402</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.53)	0.50
Diluted earnings per share	(1.53)	0.49

**Note 22. Loan funded shares and share-based payments**

As set out in the Directors' Report included in the Company's 2014 Annual Report, on 30 September 2014 the Board resolved to replace the share options being issued as long term incentives to members of the Group Executive Team with loan funded shares. Documentation for these changes was finalised and executed on 17 November 2014.

**Note 22. Loan funded shares and share-based payments (continued)**

Accordingly, on 17 November 2014, 18,650,000 shares were issued to the Group Executive Team members and are treated as treasury shares (see Note 15).

From 1 July 2014 and prior to the approval of the loan funded shares, the following share options were issued to members of the Group Executive Team. These options have now been replaced by the loan funded share arrangement as noted above.

<b>Grant date/employee entitled</b>	<b>Number of instruments in thousands</b>	<b>Vesting conditions</b>	<b>Contractual life of option</b>
<b>Options granted to David Spreadbury on 1 September 2014</b>			
Tranche 3	600	3 years' service and strike price of 0.60	4 years
Tranche 4	600	3 years' service and strike price of 0.70	4 years
Tranche 5	600	3 years' service and strike price of 0.80	4 years
<b>Options granted to Bodo Mann on 1 July 2014</b>			
Tranche 3	850	3 years' service and strike price of 0.60	4 years
Tranche 4	850	3 years' service and strike price of 0.65	4 years
Tranche 5	850	3 years' service and strike price of 0.80	4 years
<b>Options granted to Iain Dunstan on 20 October 2014</b>			
Tranche 3	600	3 years' service and strike price of 0.40	4 years
Tranche 4	600	3 years' service and strike price of 0.50	4 years
Tranche 5	600	3 years' service and strike price of 0.60	4 years
<b>Total share options granted</b>	<b>6,150</b>		

*Measurement of fair values*

The fair value of the employee share options (and subsequently the loan funded shares) 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 that the loan funded shares were structured so as to have the same fair value as the employee share options they replaced.

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

	<b>Fair value at grant date</b>	<b>Share price at grant date</b>	<b>Exercise price</b>	<b>Expected volatility</b>	<b>Expected life</b>	<b>Expected dividends</b>	<b>Risk-free interest rate</b>
<b>Options granted to David Spreadbury on 1 September 2014</b>							
Tranche 3	0.068	0.38	0.60	40%-50%	4 years	0%	2.85%
Tranche 4	0.053	0.38	0.70	40%-50%	4 years	0%	2.85%
Tranche 5	0.042	0.38	0.80	40%-50%	4 years	0%	2.85%
<b>Options granted to Bodo Mann on 1 July 2014</b>							
Tranche 3	0.115	0.47	0.60	40%-50%	4 years	0%	2.94%
Tranche 4	0.103	0.47	0.65	40%-50%	4 years	0%	2.94%
Tranche 5	0.076	0.47	0.80	40%-50%	4 years	0%	2.94%
<b>Options granted to Iain Dunstan on 20 October 2014</b>							
Tranche 3	0.071	0.30	0.40	40%-50%	4 years	0%	2.81%
Tranche 4	0.051	0.30	0.50	40%-50%	4 years	0%	2.81%
Tranche 5	0.038	0.30	0.60	40%-50%	4 years	0%	2.81%

**Note 22. Loan funded shares and share-based payments (continued)**

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.

	<b>Number of options</b>	<b>Weighted average exercise price</b>
<i>In thousands of options</i>	<b>31 Dec 2014</b>	<b>31 Dec 2014</b>
<b>Outstanding at 1 July 2014</b>	<b>14,500</b>	<b>0.445</b>
Forfeited during the year	-	-
Exercised during the year	(250)	0.162
Granted during the year	6,150	0.635
Converted to loan funded shares	(18,650)	-
Outstanding and exercisable at 31 December 2014	1,750	0.169

In April 2013, Rubik established an Employee Security Plan and has issued 2,000,000 share options under that plan. As of 31 December 2014, there are 1,750,000 share options outstanding and these will expire on 12 April 2015 (750,000) and 12 April 2016 (1,000,000). These share options are not covered by the loan funded shares changes noted above.

**Note 23. Reclassification of prior year comparatives**

A reclassification of certain expenses is required in the December 2013 half-year financial statements to conform to the current year presentation as this provides more relevant and reliable information. The impact of the reclassification is as follows:

<i>In thousands of AUD</i>	2013 Previously reported	Change	2013 Restated
Data subscriptions before reclass	-	-	-
Reclass from professional fees	-	468	468
Data subscriptions	-	468	468
Employee benefits expense before reclass	7,599	-	7,599
Reclass to share-based payments expense	-	(66)	(66)
Employee benefits expense	7,599	(66)	7,533
Share-based payments expense before reclass	-	-	-
Reclass from employee benefits expense	-	66	66
Share-based payments expense	-	66	66
Professional fees before reclass	1,270	-	1,270
Reclass to data subscriptions	-	(468)	(468)
Professional fees	1,270	(468)	802
Acquisition transition cost before reclass	507	-	507
Reclass to costs relating to acquisition activities	-	(507)	(507)
Acquisition transition cost	507	(507)	-
Costs relating to acquisition activities before reclass	149	-	149
Reclass from acquisition transition cost	-	507	507
Costs relating to acquisition activities	149	507	656

The above reclassification has no impact on the overall net consolidated profit or profit per share, the condensed consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity, or the condensed consolidated statement of cash flows for the half-year ended 31 December 2013; or the condensed consolidated statement of financial position at 31 December 2013.



**Note 24. Related parties**

**Transactions with key management personnel**

During the half-year ended 31 December 2014 the Group purchased goods and received services from Field Solutions Group Pty Ltd, a company associated with Andrew Roberts, a member of Rubik's key management personnel during the period.

	<b>Transaction value</b>		<b>Balance outstanding</b>	
	<b>For the six months ended</b>			
<i>In dollars</i>	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>	<b>31 Dec 2014</b>	<b>30 June 2014</b>
Purchases of goods and rendering of services	479,722	68,283	3,405	49,985

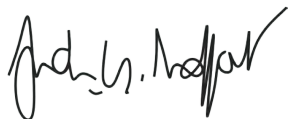
**Rubik Financial Limited**  
**Directors' declaration**  
**31 December 2014**

In the directors' opinion:

- the attached condensed consolidated financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached condensed consolidated financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



---

Andrew Moffat  
Director

26 February 2015  
Sydney



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

We have reviewed the accompanying condensed half-year financial report of Rubik Financial Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 24 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 half-year's end or from time to time during the half-year.

### *Directors' responsibility for the half-year financial report*

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

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Rubik Financial Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### *Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rubik Financial Limited is not in accordance with the *Corporations Act 2001*, including:

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



KPMG



John Wigglesworth  
*Partner*

Sydney

26 February 2015