Preliminary Final Report and Appendix 4E

Rubik Financial Limited
(ABN 51 071 707 232)

Results for Announcement to the Market

This Preliminary Final Report of Rubik Financial Limited is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.3A.

1. Reporting Period Details

Current Reporting Period: Financial Year Ended 30 June 2015 (**FY2015**)

Previous Corresponding Period: Financial Year Ended 30 June 2014 (**FY2014**)

2. Results

Unaudited Results *Continuing operations*	**Percentage Change %**		**FY2015 $'000**	**FY2014 $'000**
Revenue	Up	27%	38,831	30,466
Segment Profits (Underlying Operating EBITDA)*	Up	1%	8,210	8,164
Underlying EBITDA (after R&D)*	Down	2%	4,929	5,038
Net profit after tax attributed to members	Down	>100%	(14,076)	6,346
Significant items*	Down	>100%	(12,581)	6,657
Earnings per share – basic (Segment Profits)*	Down	17%	2.41 cents	2.91 cents
Earnings per share – basic (NPAT)	Down	>100%	(4.13) cents	2.26 cents
Net tangible assets per share	Down	9%	(3.89) cents	(3.56) cents

* = Non-AIFRS measure

All results within this Preliminary Final Report and Appendix 4E are unaudited. See section 10.

3. Summary

Overall revenue for FY2015 was $38.8 million, an $8.4 million, or 27 per cent increase from FY2014. The Wealth product suite contributed 54 per cent of total revenue, the Banking product suite contributed 27 per cent and the Mortgage product suite contributed 19 per cent to total revenues.

Recurring revenue contributed 81 per cent of revenues this financial year compared to 79 per cent last financial year.

Segment profits (being the underlying operating EBITDA result of the group before reinvestment of profits into new or existing businesses) remained stable at $8.2 million (FY2014: $8.2 million) and Underlying EBITDA declined marginally to $4.9 million (FY2014: $5.0 million).

The reported net loss after tax for the year ended 30 June 2015 was $14.5 million (FY2014: $6.4 million profit), due mainly to the impairment of the banking division, increased amortisation costs following the mortgages acquisitions in June 2014 and costs incurred during the year related to the restructuring of the business.

The table below sets out the Company's results in more detail than is provided in the attached Preliminary Final Report and, in doing so, reconciles the AIFRS based profit results included in the Statement of Profit or Loss and Other Comprehensive Income to the Company's segment profits measure.

Performance ($'000)	FY2015	FY2014	Var %
Recurring revenues	31,547	24,063	↑ 31.1%
Non-recurring revenues	7,284	6,403	↑ 13.8%
Total operating revenues	**38,831**	**30,466**	↑ **27.5%**
Segment Profits (Underlying Operating EBITDA)*	**8,210**	**8,164**	↑ **0.6%**
R&D expensed *	(3,281)	(3,126)	↑ 5.0%
Underlying EBITDA (after R&D)*	**4,929**	**5,038**	↓ **2.2%**
Investment amortisation	(7,248)	(4,017)	↑ >100%
Share based payment expense	(134)	(287)	↓ 53.3%
Depreciation and operating amortisation	(789)	(529)	↑ 49.1%
Asset write-off	(89)	-	n/a
EBIT before significant items *	**(3,331)**	**206**	↓ **>100%**
Fx Gain/(Loss)	130	(35)	↑ >100%
Net interest income/(expense)	(373)	(610)	↓ 38.9%
Interest on unwinding of discount	(1,450)	(214)	↑ >100%
Profit/(Loss) before tax and significant items *	**(5,024)**	**(653)**	↑ **>100%**
Income tax benefit – current year	3,529	342	↑ >100%
NPAT before significant items *	**(1,495)**	**(311)**	↓ **>100%**
Significant items: *			
- Income tax benefit on initial recognition of DTA	-	9,691	n/a
- Impairment of Banking Division	(8,472)		>100%
- Restructuring costs	(3,296)	-	n/a
- Transaction & Integration costs	(1,379)	(3,034)	↓ 54.5%
- Movement in earn-out provisions	821	-	n/a
- Onerous contract provision	(255)	-	n/a
NPAT as reported	**(14,076)**	**6,346**	↓ **>100%**

* = Non-AIFRS measure

4. Sale of Finzsoft Ltd Holding

During the year, the Rubik Group benefited from the sale of its investment in Finzsoft Ltd. This investment yielded an overall profit of $4.7 million (including dividends received of $0.3 million). $3.7 million of the capital gain and $0.3 million in dividends were recognised during FY2015.

Note that this capital gain is accounted for in Other Comprehensive Income and therefore the gain does not appear in the Group's consolidated profits, but is recognised directly in equity.

The one-off proceeds of this sale were used to fund the significant one-off costs incurred by the business during FY2015, and to pay down a small amount of debt.

5. Review of Operations – Segment Reporting

For FY2015 company operations were reported as three operating segments, referred to internally as 'Strategic Business Units' (**SBU's**). These were:

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

Wealth Development and provision of advice software and services to the financial planning industry; 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, as well as the provision of help desk support to Rubik clients. Corporate and Shared Services costs are reported separately from each segment, as the group does not 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		
	FY15	**FY14**	**Var %**	**FY15**	**FY14**	**Var %**
Banking	10,548	9,859	7.0%	2,543	2,385	6.6%
Wealth	21,044	20,099	4.7%	9,302	9,168	1.5%
Mortgages	7,239	508	>100%	2,569	265	>100%
SBU Results	**38,831**	**30,466**	**27.5%**	**14,414**	**11,818**	**22.0%**
SBU Segment Profits/Revenue Margin %				*37.1%*	*38.8%*	
Shared Services & Other Expenses unallocated	-	-		(6,204)	(3,654)	69.8%
Consolidated Segment Results	**38,831**	**30,466**	**27.5%**	**8,210**	**8,164**	**0.6%**
Segment Profits/Revenue Margin %				**21.1%**	**26.8%**	

Banking SBU revenues increased by seven per cent to $10.5 million and segment profit contribution increased by seven per cent to $2.5 million over the period as a consequence of an increased focus on CWX and international opportunities, as well as the allocation of a number of smaller products purchased as part of the Infinitive acquisition (e.g. Drive OnLine) to the Banking segment.

The Wealth SBU contributed revenues of $21.0 million and a segment profit of $9.3 million for the year. Contributing to organic revenue growth were renewals signed with the major financial institutions that constitute the core Coin client base. Each of these contracts were renewed for a minimum two year term.

The Mortgages SBU revenue of $7.2 million and segment profit contribution of $2.6 million reflects the first full year of ownership of that segment by the Group.

As the company noted at the half year, the increase in Shared Services and Other Unallocated Expenses was driven by an increase in the Group's network operations, help desk and shared services teams, all of which provide services to the expanded overall Group. This, along with the company's investment in its senior management team, has contributed to the growth in Shared Services and Other Expenses to $6.2 million (FY2014: $3.7 million).

Change in Segment Structure from 1 July 2015

In order to realise the efficiencies of the various restructuring and integration efforts currently underway across the business, from July 2015 the Rubik Group will no longer be organised along departmental lines, but will instead report to the Board along functional lines related to common services, broadly being Sales and Product, Operations (including the development and client consulting functions) and Shared Services. These teams will sell and support all Rubik Group products and therefore for FY2016 the Group will report as only one operating segment, rather than the current three SBU structure.

Rubik will continue to report revenues by product group, but will no longer allocate sales, delivery and other costs across segments.

6. Significant Items

6.1 Impairment of the Banking Division

Under Australian Accounting Standards, the Rubik Group must assess the recoverable amount of each of its CGU's on an annual basis. This recoverable amount is determined based on a value in use calculation, where value is determined by discounting the future cash flows expected to be generated from the continuing use of the CGU, after an allocation of central costs and working capital.

Based on this analysis, an impairment loss of $8.5 million has been recognised for the Banking CGU, as the expected future cash flows from this business unit were insufficient to support the carrying values of its intangible and other assets. By booking this impairment amount, the Rubik Group is taking a conservative view of the future benefits available from this business, in its current form.

The Banking division impairment was allocated as follows:

	$'000
Plant & equipment	976
Goodwill	5,935
Software	1,561
	8,472

Note that the Goodwill and Software amounts written off relate predominantly to the Group's prior investments in Swiftcall and the historical Temenos T24 deal.

6.2 Transaction and Integration Costs

Transaction and integration costs are amounts directly related to the acquisitions undertaken during the prior financial year, and include external advisor fees and an allocation of internal staff time to assist with the transition and on-boarding of acquired businesses.

Transaction and Integration Costs ($'000)	FY2015	FY2014
Financial and Legal advice and due diligence	556	2,207
Stamp Duty paid	35	2
Integration costs	680	705
Other	108	120
Total	**1,379**	**3,034**

6.3 Restructuring Costs

Restructuring ($'000)	FY2015	FY2014
Redundancies and related costs	1,818	-
Offshore Development Centre - Restructuring provision	957	-
Offshore Development Centre - Project costs	213	-
IT and systems	112	-
Legal fees	62	-
Consulting	134	-
Total	**3,296**	**0**

Restructuring costs of $3.3 million were booked during FY2015 (FY2014: $0.0 million). These represent costs incurred in restructuring the operations of the Rubik Group, and are predominantly related to redundancy costs and amounts incurred in the creation of the Group's Off-shore Development Centre. These costs are necessary in order for the Group to realise the integration synergies of the various acquisitions undertaken over the course of the last seven years, and to allow the Group to move to a more efficient functional operating structure.

Rubik expects the restructure to continue in to 1H FY2016, with the benefits starting to be realised in 2H FY2016.

6.4 Movement in Earn-out Provisions

This item represents the net movement in expected contingent consideration for earn-out payments related to the Provisio and Stargate acquisitions.

Contingent Consideration ($'000)	Provisio	Stargate	Total
Carrying amount at the start of the year	**2,454**	**5,785**	**8,239**
Unwinding of discount	210	1,152	1,362
Transfer to deferred consideration	(1,500)		(1,500)
Amount reversed in profit or loss	(1,164)		(1,164)
Earn-out true-up		343	343
Carrying amount at the end of the year	-	**7,280**	**7,280**

Under the accounting standards, contingent consideration must be discounted to a present value figure on initial recognition of the likely future payment. As time passes between initial recognition and the actual payment date, this discount is unwound and recognised as an interest expense. During the period, $1.4 million was recognised as an interest expense related to the unwinding of discounts.

Following an agreement to revise the earn-out arrangements related to the Provisio acquisition, an amount of $1.5 million was transferred to deferred consideration and $1.2 million was released to profits during the period.

The potential future earn-out to the vendors of Stargate Information Systems Pty Ltd remained the only outstanding variable earn-out amount as at 30 June 2015. The final payment amount will be based on a multiple of FY2016 earnings, and this amount has been reassessed at balance date and adjusted by a present value amount of $0.3 million. The final earn-out amount will be payable in early FY2017.

7. Growth Investments

$'000	Total Invested	R&D Expensed	R&D Capitalised	Business Acquired	Other Capex
Software	7,958	3,281	1,836	2,841	-
Customer Contracts	(49)	-	-	(49)	-
Goodwill	(2,792)	-	-	(2,792)	-
Other Intangibles	-	-	-	-	-
Total	**5,117**	**3,281**	**1,836**	**-**	**-**

Following significant investments in growth assets during FY2014 ($38.8 million) and FY2013 ($33.3 million), the Rubik Group has focused on integrating and operationalising these investments during FY2015 and has not made further acquisitions.

Taking into account the expanded group, FY2015 R&D spend of $5.1 million was largely stable compared to FY2014 ($4.8 million), and was in keeping with market guidance of no

Rubik

more than 15 per cent of revenue. 64 per cent of R&D spend was expensed to the P&L, compared to 65 per cent in FY2014.

The amounts noted above under the heading "Business Acquired" represent movements in finalisation of the purchase price allocations for AMEE, Stargate and Infinitive. See note 23 to the accounts for further details.

8. Cash Flow

Cash Flow ($'000)	FY2015	FY2014
Operating Cash Flow (pre R&D)	**2,729**	**8,466**
R&D Investment expensed [1]	(3,281)	(3,125)
Operating Cash Flow (post R&D)	**(552)**	**5,341**
Investing Cash Flow:		
Intangibles and R&D capitalised	(2,138)	(1,717)
Acquisitions	(3,854)	(28,285)
Other capex	(950)	(1,086)
Disposal of Investments	4,847	
Total Investing Cash Flow	**(2,095)**	**(31,088)**
Financing Cash Flow:		
Debt	(2,250)	(500)
Equity	(255)	31,941
Total Financing Cash Flow	**(2,505)**	**31,441**
Change in cash & cash equivalents	**(5,152)**	**5,694**
Opening cash balance	**9,471**	**3,777**
Ending cash balance	**4,319**	**9,471**

Operating cash flows (post R&D) were down by $5.9 million in FY2015 as compared to FY2014, due mainly to the following items:

- $2.3 million in restructuring expenses for FY2015;
- $2.3 million increase in working capital requirements during the year;
- $0.6 million increase in integration and other expenses during FY2015; and
- $0.2 million increase in R&D expensed.

During FY2015, the Rubik Group used operating profits and the proceeds of the sale of its investment in Finzsoft Ltd to fund the significant restructuring and integration costs incurred during the year, as well as the early settlement of the Provisio and Infinitive earn out obligations. In addition, the Group repaid $2.3 million in borrowings and undertook an unmarketable parcel share buy-back, under which 1,356,491 shares were acquired at a cost of $0.279 and were subsequently cancelled. This buy-back was completed in February 2015 to reduce the Group's ongoing listing and compliance costs.

9. Funding

$'000	FY2015	FY2014
Cash	4,319	9,471
Borrowings	(4,421)	(6,671)
Net Bank (Debt)	**(102)**	**2,800**
Total Equity	55,646	66,200
Gearing %	0.2%	N/A

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

As at 30 June 2015, the Company also had access to undrawn credit facilities of $2.5 million.

The Company remained within its banking covenants as at 30 June 2015, maintaining a strong relationship with its bankers.

10. Audit Status or Review

The accounts are in the process of being audited. As such information set out in this Appendix 4E, and the attached Preliminary Final Report is unaudited.

Although the FY2015 audit is not yet completed, the Directors are not currently aware of any matters that may impact on the FY2015 audit opinion.

11. Attachments

The Directors attach the following documents:

- an investor and analyst presentation; and
- the Preliminary Final Report of Rubik Financial Limited for the year ended 30 June 2015.

Signed: Date: 27 August 2015

Craig Coleman

Chairman

Rubik Financial Limited

ABN 51 071 707 232

Preliminary Final Report
30 June 2015

Rubik Financial Limited
Corporate directory
30 June 2015

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 11 172 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 St 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

Rubik Financial Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Revenue		38,831	30,466
Other income	4	899	475
Net finance (expense)/income	5	(1,744)	(859)
Expenses			
Research fees		(1,113)	(1,009)
Product licence and holding fees		(3,950)	(1,842)
Employee benefits expense		(25,716)	(18,486)
Share-based payments expense		(134)	(287)
Depreciation and amortisation expense	6	(8,037)	(4,546)
Professional fees	6	(2,094)	(1,614)
Marketing expenses		(601)	(474)
Premises and establishment expenses		(1,835)	(1,380)
Telecommunications		(1,407)	(533)
Costs relating to acquisition activities		(815)	(2,329)
Impairment loss		(8,472)	-
Other expenses		(1,417)	(1,269)
Loss before income tax benefit		(17,605)	(3,687)
Income tax benefit		3,529	10,033
Profit/(loss) after income tax benefit for the year attributable to the owners of Rubik Financial Limited		(14,076)	6,346
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of investments	9	3,733	524
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		33	(3)
Other comprehensive income for the year, net of tax		3,766	521
Total comprehensive income for the year attributable to the owners of Rubik Financial Limited		(10,310)	6,867
		Cents	**Cents**
Basic earnings per share	27	(4.13)	2.26
Diluted earnings per share	27	(4.13)	2.25

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 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Assets			
Current assets			
Cash and cash equivalents	7	4,319	9,471
Trade and other receivables	8	5,411	6,420
Inventories		-	4
Other		619	529
Total current assets		10,349	16,424
Non-current assets			
Other financial assets	9	151	1,266
Property, plant and equipment	10	596	1,810
Intangibles	11	55,030	67,940
Deferred tax		13,854	10,409
Total non-current assets		69,631	81,425
Total assets		79,980	97,849
Liabilities			
Current liabilities			
Trade and other payables	12	6,081	7,205
Borrowings	15	-	2,000
Employee benefits	13	1,818	1,573
Provisions	14	1,949	4,200
Revenue received in advance		2,316	2,894
Total current liabilities		12,164	17,872
Non-current liabilities			
Borrowings	15	4,421	4,671
Employee benefits	13	179	397
Provisions	16	7,570	8,509
Others		-	200
Total non-current liabilities		12,170	13,777
Total liabilities		24,334	31,649
Net assets		55,646	66,200
Equity			
Issued capital	17	67,691	68,046
Reserves	18	3,732	(145)
Accumulated losses	19	(15,777)	(1,701)
Total equity		55,646	66,200

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 2015

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	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
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 17)	32,198	-	-	-	-	32,198
Share-based payments	-	-	-	287	-	287
Issuance of shares relative to acquisition, net of transaction cost	1,231	-	-	-	-	1,231
Balance at 30 June 2014	68,046	(396)	(47)	298	(1,701)	66,200

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 2014	68,046	(396)	(47)	298	(1,701)	66,200
Loss after income tax benefit for the year	-	-	-	-	(14,076)	(14,076)
Other comprehensive income for the year, net of tax	-	3,733	33	-	-	3,766
Total comprehensive income for the year	-	3,733	33	-	(14,076)	(10,310)
Transactions with owners in their capacity as owners:						
Share-based payments	113	-	-	111	-	224
Tax benefit on share issue cost	(89)					(89)
Share buy-back, net of transaction costs	(379)	-	-	-	-	(379)
Balance at 30 June 2015	67,691	3,337	(14)	409	(15,777)	55,646

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 2015

	Note	Consolidated 2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		40,839	34,428
Payments to suppliers and employees (inclusive of GST)		(41,346)	(28,659)
		(507)	5,769
Dividends received		302	-
Interest received		58	68
Interest and other finance costs paid		(399)	(478)
Income taxes paid		(6)	(18)
Net cash from/(used in) operating activities	25	(552)	5,341
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(2,021)	(26,410)
Payment for transaction cost relating to acquisition of business		(1,833)	(1,875)
Payments for property, plant and equipment	10	(950)	(1,086)
Payments for intangibles and development expenditure		(2,138)	(1,717)
Proceeds from disposal of investments	9	4,847	-
Net cash used in investing activities		(2,095)	(31,088)
Cash flows from financing activities			
Proceeds from issue of shares, net of share buy-backs	17	(255)	31,941
Proceeds from borrowings		(2,250)	(500)
Net cash from/(used in) financing activities		(2,505)	31,441
Net increase/(decrease) in cash and cash equivalents		(5,152)	5,694
Cash and cash equivalents at the beginning of the financial year		9,471	3,777
Cash and cash equivalents at the end of the financial year	7	4,319	9,471

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 21.

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

Note 1. Significant accounting policies (continued)

to recognise subsequent changes in fair value in other comprehensive income. For these instruments, changes 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 2015, the consolidated entity had net assets of $55,646,000 but net current liabilities of $1,815,000.

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

- $2,316,000 relates to revenue received in advance which will not crystallise as a cash outflow in the next 12 months;
- after adjusting for non-operating expenses, the consolidated entity is generating positive operating cash flow which can be used to meet future liabilities; and
- the consolidated entity has access to undrawn and available financing facilities of $2,529,000

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

Note 1. Significant accounting policies (continued)

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 22.

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 2015 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.

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.

Note 1. Significant accounting policies (continued)

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); and
(3) Software implementation and support services.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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

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.

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

Note 1. Significant accounting policies (continued)

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.

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.

Capitalised development expenditure is 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

Note 1. Significant accounting policies (continued)

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.

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

Note 1. Significant accounting policies (continued)

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.

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 21 – financial instruments.

Note 1. Significant accounting policies (continued)

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.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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 2015 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 11 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 21 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 23 – acquisition of subsidiary: fair value measured.

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 was 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. These assets were tested for impairment at 31 December 2014.

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
As at the reporting date, the consolidated entity was 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 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 - 2015	Wealth $'000	Banking $'000	Mortgages $'000	Corporate and Shared Services $'000	Total $'000
Revenue					
Sales to external customers	21,044	10,548	7,239	-	38,831
Total revenue	21,044	10,548	7,239	-	38,831
Underlying Operating EBITDA	**9,302**	**2,543**	**2,569**	**(6,204)**	**8,210**
R&D Expensed	(2,317)	(710)	(254)	-	(3,281)
Underlying EBITDA	6,985	1,833	2,315	(6,204)	4,929
Share-based payments					(134)
Depreciation and amortisation					(8,037)
Net finance expense					(1,693)
Restructuring costs					(3,296)
Transaction and integration costs					(1,379)
Movement in earn-out provision					821
Impairment loss					(8,472)
Onerous contract charge					(255)
Other					(89)
Profit/(loss) before income tax expense					(17,605)
Income tax benefit					3,529
Loss after income tax benefit					**(14,076)**

Note 3. Operating segments (continued)

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					6,346

Geographical information

	Sales to external customers		**Geographical non-current assets**	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Australia	36,555	28,298	55,626	69,911
Middle East and Rest of World	2,276	2,168	-	37
	38,831	30,466	55,626	69,948

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

Note 4. Other (expense)/income

	Consolidated	
	2015 $'000	2014 $'000
Government grants	-	94
Movement in earn-out provisions (Stargate: ($0.4m); Provisio: $1.2m)	821	-
Dividend income	302	-
Onerous contract charge	(255)	-
Others	31	381
Other income	899	475

Government grants relate to Job Action Plan rebates received from the NSW Government and Export Market Development Grant. Refer to Note 9 for dividend income.

Onerous contract charges relate to the expected future losses on one core banking contract where our customer has fallen behind in upgrades and, therefore, the revenues from the contract are insufficient to cover the extended maintenance amounts payable to our core banking software provider.

Note 5. Net finance (expense)/income

	Consolidated	
	2015 $'000	2014 $'000
Interest income	58	68
Merchant fees and bank charges	(50)	(37)
Foreign exchange gain/(loss)	130	(35)
Interest expense on unwinding of discount (Note 16)	(1,450)	(214)
Other interest expense	(432)	(641)
	(1,744)	(859)

Note 6. Expenses

	Consolidated	
	2015	2014
	$'000	$'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	786	529
Amortisation		
Customer contracts and relationships	983	802
Software	6,195	3,192
Brand name and non-compete agreement	73	23
Total amortisation	7,251	4,017
Total depreciation and amortisation	8,037	4,546
Professional fees		
Consulting fees	906	1,035
Directors' fees	289	311
Audit and accounting fees	324	153
Other	575	115
Total professional fees	2,094	1,614
Rental expense relating to operating leases		
Minimum lease payments	1,309	935
Superannuation expense		
Defined contribution superannuation expense	1,428	1,015

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2015	2014
	$'000	$'000
Cash at bank	4,319	9,471

As at 30 June 2014, cash and cash equivalents of $51,000 were held as collateral for bank guarantees.

Note 8. Current assets - trade and other receivables

	Consolidated	
	2015	2014
	$'000	$'000
Trade receivables	5,448	4,403
Less: Provision for impairment of receivables	(289)	(293)
	5,159	4,110
Other receivables	1	1,554
Accrued revenue	251	756
	5,411	6,420

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

	Consolidated	
	2015	2014
	$'000	$'000
Not yet due	106	-
Past due 0 - 30 days	106	-
Past due 61 days to one year	77	283
Past due more than one year	-	10
	289	293

Note 8. Current assets - trade and other receivables (continued)

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

	Consolidated 2015 $'000	Consolidated 2014 $'000
Opening balance	293	131
Additional provisions recognised	248	327
Additions through business combinations	-	10
Receivables written off during the year as uncollectable	(252)	(151)
Unused amounts reversed	-	(24)
Closing balance	289	293

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 $2,047,000 as at 30 June 2015 ($1,083,000 as at 30 June 2014).

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

	Consolidated 2015 $'000	Consolidated 2014 $'000
Past due 0 - 30 days	683	442
Past due 31 - 60 days	616	171
Past due 61 days to one year	748	422
Past due more than one year	-	48
	2,047	1,083

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 9. Non-current assets - other financial assets

	Consolidated 2015 $'000	Consolidated 2014 $'000
Shares in listed entity - at fair value	-	1,115
Shares in unlisted entity - at fair value	151	151
	151	1,266

In March 2015, Rubik disposed of all its shares in Finzsoft Solutions Limited (NZSX: FIN) by accepting the takeover offer from Silverlake HGH Limited to buy the FIN shares at NZ$3 per share. This transaction resulted in a credit to other comprehensive income of $3,733,000. Prior to the disposal of FIN shares, Rubik received $302,000 in dividends.

The remaining equity investment relates to CCK Financial Solutions Ltd. Fair value movements are recognised in other comprehensive income through the fair value reserve in equity.

Note 10. Non-current assets - property, plant and equipment

	Consolidated 2015 $'000	Consolidated 2014 $'000
Plant and equipment - at cost	3,020	3,690
Less: Accumulated depreciation	(1,448)	(1,880)
Less: Impairment	(976)	-
	596	1,810

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 2013	1,181
Additions	1,137
Additions through business combinations (note 23)	21
Depreciation expense	(529)
Balance at 30 June 2014	1,810
Additions	615
Impairment of assets	(976)
Write off of assets	(67)
Depreciation expense	(786)
Balance at 30 June 2015	596

Note 11. Non-current assets - intangibles

	Consolidated	
	2015	**2014**
	$'000	**$'000**
		(Restated)
Goodwill - at cost	28,414	28,414
Less: Impairment	(5,935)	-
	22,479	28,414
Customer contracts and relationships - at cost	6,815	6,815
Less: Accumulated amortisation	(3,950)	(2,967)
	2,865	3,848
Software - at cost	50,742	48,906
Less: Accumulated amortisation	(11,153)	(4,959)
Less: Impairment	(10,082)	(8,521)
	29,507	35,426
Other intangible assets - at cost	294	294
Less: Accumulated amortisation	(115)	(42)
	179	252
	55,030	67,940

Note that the 2014 figures above have been restated for finalisation of purchase price allocations, as set out in note 23.

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 2013	10,919	2,787	22,299	294	36,299
Additions	-	-	2,025	-	2,025
Additions through business combinations (note 23, restated)	17,495	1,863	14,275	-	33,633
Transfers in/(out)	-	-	19	(19)	-
Amortisation expense	-	(802)	(3,192)	(23)	(4,017)
Balance at 30 June 2014, restated	28,414	3,848	35,426	252	67,940
Additions	-	-	1,833	-	1,833
Exchange differences	-	-	4	-	4
Impairment of intangibles	(5,935)		(1,561)		(7,496)
Amortisation expense	-	(983)	(6,195)	(73)	(7,251)
Balance at 30 June 2015	22,479	2,865	29,507	179	55,030

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.

Note 11. Non-current assets - intangibles (continued)

	Consolidated	
	2015 $'000	2014 $'000
Banking	-	5,935
Wealth	5,399	5,399
Mortgages	17,080	17,080
	22,479	28,414

As at 30 June 2015, the consolidated entity measured the recoverable amount of each CGU based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. Based on this analysis, an impairment loss of $8.472m was recognised for the banking CGU. This impairment was allocated as follows:

	$'000
Plant & equipment (note 10)	976
Goodwill	5,935
Software	1,561
	8,472

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2015 $'000	2014 $'000
Trade payables	1,265	1,930
Other payables and accruals	4,816	5,275
	6,081	7,205

Refer to note 21 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 13. Employee benefits

	Consolidated 2015 $'000	Consolidated 2014 $'000
Current Liabilities		
Annual leave	1,243	1,312
Long service leave	390	261
Provision for short-term incentives	185	671
	1,818	2,244

Non-current Liabilities	2015 $'000	2014 $'000
Long service leave	179	397

Note 14. Current liabilities - provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000
Deferred consideration	1,577	3,412
Warranties	117	117
Onerous contracts (note 4)	255	-
	1,949	3,529

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:

Consolidated - 2015	Onerous contracts $'000	Deferred consideration $'000	Warranties $'000
Carrying amount at the start of the year	-	3,412	117
Recognition of provision	255	-	-
Unwinding of discount (Note 5)	-	88	-
Amounts used	-	(1,194)	-
Transfer from contingent consideration	-	1,500	-
Payments	-	(2,229)	-
Carrying amount at the end of the year	255	1,577	117

Note 15. Borrowings

	Consolidated 2015 $'000	Consolidated 2014 $'000
Commercial bills - current	-	2,000

	Consolidated 2015 $'000	Consolidated 2014 $'000
Commercial bills - noncurrent	4,421	4,671

Refer to note 21 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Commercial bills	4,421	6,671

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the consolidated entity's assets.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Total facilities		
Commercial bills	6,950	8,950
Bankers undertakings	650	647
	7,600	9,597
Used at the reporting date		
Commercial bills	4,421	6,671
Bankers undertakings	647	647
	5,068	7,318
Unused at the reporting date		
Commercial bills	2,529	2,279
Bankers undertakings	3	-
	2,532	2,279

Note 16. Non-current liabilities - provisions

	Consolidated	
	2015	2014
	$'000	$'000
Contingent consideration	7,280	8,239
Lease make good	290	270
	7,570	8,509

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

Consolidated - 2015	Contingent consideration $'000	Lease make good $'000
Carrying amount at the start of the year	8,239	270
Additional provisions recognised	-	10
Unwinding of discount (Note 5)	1,362	10
Transfer to deferred consideration	(1,500)	-
Amount reversed in profit or loss	(1,164)	-
Earn-out true-up	343	-
Carrying amount at the end of the year	7,280	290

During the period, the consolidated entity recognised a number of movements in contingent consideration. These relate to:

- The finalisation of the earn-out amount payable to the vendors of Provisio Technologies Pty Ltd led to an amount of $1,500,000 being transferred to deferred consideration and the release of $1,164,000 to profit for the period.
- Under the accounting standards, contingent consideration must be discounted to a present value figure on initial recognition of the likely future payment. As time passes between initial recognition and the actual payment date, this discount is unwound and recognised as an interest expense. During the period, $1,362,000 was recognised as an interest expense related to the unwinding of discounts.
- The potential future earn-out payment to the vendors of Stargate Information Systems Pty Ltd was reassessed as at balance date and adjusted by a present value amount of $343,000.

Note 17. Equity - issued capital

	Consolidated			
	2015 Shares	2014 Shares	2015 $'000	2014 $'000
Ordinary shares	366,217,323	340,999,914	67,691	68,046
Less: Treasury shares	(26,000,000)	-	-	-
	340,217,323	340,999,914	67,691	68,046

Note 17. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
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		-		(802)
Balance	30 Jun 2014	340,999,914		68,046
Issuance of shares on the exercise of options	various	573,900		113
Share buy-back	29 Dec 2014	(1,356,491)		(379)
Issuance of loan funded shares	various	26,000,000		-
Tax benefit on share issue cost				(89)
Balance	30 Jun 2015	366,217,323		67,691

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 arrangement.

Share buy-back
On 29 December 2014, Rubik bought back 1,356,491 ordinary shares which were unmarketable parcels at a price of $0.279 per share.

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.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as EPS accretive. 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.

Note 17. Equity - issued capital (continued)

The consolidated entity is subject to certain financing arrangement covenants, including gearing ratio and 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 2014 Annual Report.

Note 18. Equity - reserves

	Consolidated 2015 $'000	Consolidated 2014 $'000
Fair value reserve	3,337	(396)
Foreign currency reserve	(14)	(47)
Options reserve	409	298
	3,732	(145)

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 2013	(920)	(44)	11	(953)
Foreign currency translation	-	(3)	-	(3)
Options	-	-	287	287
Net change in fair value of investments	524	-	-	524
Balance at 30 June 2014	(396)	(47)	298	(145)
Foreign currency translation	-	33	-	33
Net change in fair value of investments	3,733	-	-	3,733
Share based payments	-	-	111	111
Balance at 30 June 2015	3,337	(14)	409	3,732

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.

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 19. Equity - accumulated losses

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Accumulated losses at the beginning of the financial year	(1,701)	(8,047)
Profit/(loss) after income tax benefit for the year	(14,076)	6,346
Accumulated losses at the end of the financial year	(15,777)	(1,701)

Note 20. Equity - dividends

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

Franking credits

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Franking credits available for subsequent financial years based on a tax rate of 30%	1,832	1,832

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 21. 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 2015		**Carrying Amount**			**Fair Value Level**			
	Note	**Fair value**	**Amortised cost**	**Other financial liabilities**	**1**	**2**	**3**	**Total**
Financial assets measured at fair value								
Share in unlisted entity	9	151					151	151
		151						
Financial assets not measured at fair value								
Cash and cash equivalents	7		4,319					
Trade and other receivables	8		5,700					
			10,019					
Financial liabilities measured at fair value								
Contingent consideration	16	7,280					7,280	7,280
		7,280						
Financial liabilities not measured at fair value								
Trade and other payables	12			6,081				
Secured bank loans				4,421				
				10,502				

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	9	1,115			1,115			1,115
Share in unlisted entity	9	151					151	151
		1,266						
Financial assets not measured at fair value								
Cash and cash equivalents	7		9,471					
Trade and other receivables	8		6,713					
			16,184					
Financial liabilities measured at fair value								
Contingent consideration	16	8,239					8,239	8,239
		8,239						
Financial liabilities not measured at fair value								
Trade and other payables	12			7,205				
Secured bank loans				6,671				
				13,876				

Note 21. 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	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 management's view of the most likely level of forecast EBITDA, and the amount to be paid under that scenario.	• Risk-adjusted discount rate of 13.9% (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).

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
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
Unwinding of discount	-	1,362
Transfer to deferred consideration	-	(1,500)
Amounts reversed in profit or loss	-	(1,164)
Earn-out true-up	-	343
Balance at 30 June 2015	151	7,280

Note 21. Financial instruments (continued)

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 21. 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 2015 $'000	Assets 2014 $'000	Liabilities 2015 $'000	Liabilities 2014 $'000
US dollars	712	254	11	29
Pound Sterling	47	16	3	3
New Zealand dollars	27	216	-	-
Singapore dollars	18	17	22	33
	804	503	36	65

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

Base Currency (AU$1)	Average Rate 2015	Average Rate 2014	Year-end spot rate 2015	Year-end spot rate 2014
US$	0.829	0.914	0.765	0.942
NZ$	1.079	1.102	1.119	1.072
SG$	1.091	1.152	1.034	1.177

The consolidated entity had net assets denominated in foreign currencies of $768,000 (assets $804,000 less liabilities $36,000) as at 30 June 2015 (2014: $438,000 (assets $503,000 less liabilities $65,000)).

Consolidated - 2015	AUD strengthened % change	AUD strengthened Effect on profit before tax $'000	AUD strengthened Effect on equity $'000	AUD weakened % change	AUD weakened Effect on profit before tax $'000	AUD weakened Effect on equity $'000
US dollars	10%	(64)	(45)	10%	78	55
Pounds Sterling	10%	(4)	(3)	10%	5	4
New Zealand dollars	10%	(2)	(1)	10%	3	2
Singapore dollars	10%	-	-	10%	-	-
		(70)	(49)		86	61

Consolidated - 2014	AUD strengthened % change	AUD strengthened Effect on profit before tax $'000	AUD strengthened Effect on equity $'000	AUD weakened % change	AUD weakened Effect on profit before tax $'000	AUD weakened 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%	2	1	10%	(2)	(1)
		(43)	(30)		43	30

Note 21. Financial instruments (continued)

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

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

	2015		2014	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Cash at bank and on deposit	1.88%	1,249	2.85%	5,457
Commercial bills	5.56%	(4,421)	5.64%	(1,691)

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

	Basis points increase			Basis points decrease		
Consolidated - 2015	**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**
Cash and cash equivalents	100	12	8	100	(12)	(8)
Commercial bills	100	(44)	(31)	100	44	31
		(32)	(23)		32	23

	Basis points increase			Basis points decrease		
Consolidated - 2014	**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**
Cash and cash equivalents	100	55	39	100	(55)	(39)
Commercial bills	100	(17)	(12)	100	17	12
		38	27		(38)	(27)

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.

Note 21. Financial instruments (continued)

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	
	2015	**2014**
	$'000	**$'000**
Cash and cash equivalents	4,319	9,471
Trade and receivables	5,411	6,713
Other financial assets	151	1,266
	9,881	17,450

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	
	2015	**2014**
	$'000	**$'000**
Commercial bills	2,529	2,250
Bankers undertakings	3	-
Equipment finance	-	-
	2,532	2,250

Note 21. Financial instruments (continued)

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 and 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 - 2015	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						
Non-interest bearing						
Trade and other payables	-%	6,081	-	-	-	6,081
Interest-bearing - variable						
Commercial bills*	5.56%	-	4,812	-	-	4,812
Interest-bearing - fixed rate						
Commercial bills*	-	-	-	-	-	-
Total non-derivatives		6,081	4,812	-	-	10,893

* Includes interest of $312,000

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						
Non-interest bearing						
Trade and other payables	-%	7,876	-	-	-	7,876
Interest-bearing - variable						
Commercial bills*	5.64%	1,056	759	-	-	1,815
Interest-bearing - fixed rate						
Commercial bills*	6.05%	1,060	4,363	-	-	5,423
Total non-derivatives		9,992	5,122	-	-	15,114

* Includes interest of $567,000

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 22. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2015 $'000	Parent 2014 $'000
Profit/(loss) after income tax	(3,821)	4,344
Total comprehensive income	(3,821)	4,868

Statement of financial position

	Parent 2015 $'000	Parent 2014 $'000
Total current assets	36,349	37,932
Total assets	90,147	91,675
Total current liabilities	1,913	4,019
Total liabilities	18,435	19,720
Equity		
Issued capital	67,780	68,046
Reserves	3,746	(98)
Retained profits/(accumulated losses)	186	4,007
Total equity	71,712	71,955

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 2015 as the probability of an outflow of resources is remote.

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

Note 22. Parent entity information (continued)

	Parent	
	2015	**2014**
	$'000	**$'000**
Bank guarantees	647	647

Capital commitments
The parent entity had no capital commitments as at 30 June 2015 or 30 June 2014.

	2015	**2014**
Lease commitments – operating	**$'000**	**$'000**
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,303	1,178
One to five years	1,585	1,549
	2,888	2,727

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 23. Business combinations

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 provided 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 were final as at 30 June 2015.

Details of the acquisition are as follows:

	Final 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 23. 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 FY2015 and FY2016, 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.

During FY2015, Rubik reviewed the provisional purchase price allocation as provided for under the Australian Accounting Standards. The adjustments made following this review are set out below and have been included in the FY2014 numbers presented throughout this report. The adjusted values identified in relation to the acquisition of Stargate were final as at 30 June 2015.

Details of the acquisition are as follows:

	Provisional Fair Value $'000	Adjustments $'000	Final Fair Value $'000
Other current assets	56		56
Customer contracts	1,300		1,300
Software	7,800	2,200	10,000
Other payables*	(1,911)		(1,911)
Employee benefits	(525)		(525)
Revenue received in advance	(235)		(235)
Net assets acquired	6,485		8,865
Goodwill	16,200	(2,200)	14,000
Acquisition date fair value of the total consideration transferred	22,685		22,685
Representing:			
Cash paid or payable to vendor	19,375		19,375
Less: Liabilities assumed*	(1,911)		(1,911)
Cash paid to vendor at completion	17,464		17,464
Contingent consideration – Earn-out	5,785		5,785
Net working capital adjustment received or receivable from vendor	(564)		(564)
	22,685		22,685

* *Debt repaid immediately following completion*

Note 23. 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 FY2015 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.

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.

During FY2015, Rubik reviewed the provisional purchase price allocation as provided for under the Australian Accounting Standards. The adjustments made following this review are set out below and have been included in the FY2014 numbers presented throughout this report. The adjusted values identified in relation to the acquisition of Infinitive were final as at 30 June 2015.

Details of the acquisition are as follows:

	Provisional Fair Value $'000	Adjustments $'000	Final Fair Value $'000
Cash and cash equivalents	566		566
Trade receivables	268		268
Other receivables	28		28
Other current assets	4		4
Plant and equipment	18		18
Customer contracts	335	(49)	286
Software	1,560	641	2,201
Trade payables	(255)		(255)
Other payables*	(2,738)		(2,738)
Employee benefits	(499)		(499)
Net liabilities acquired	(713)		(713)
Goodwill	3,672	(592)	3,080
Acquisition date fair value of the total consideration transferred	2,959		2,959
Representing:			
Cash paid or payable to vendor	2,400		2,400
Less: Liabilities assumed – Convertible note*	(1,387)		(1,387)
Less: Identified liabilities deducted from purchase price	(508)		(508)
Cash paid to vendors at completion	505		505
Net working capital amount received or receivable from vendors	(958)		(958)
Deferred consideration	3,412		3,412
	2,959		2,959

* *Other payables includes debt repaid immediately following completion*

Note 23. Business combinations (continued)

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 24. 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 2015 %	2014 %
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%
Rubik Australia Pty Ltd (formerly 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%	100.00%
AMEE IP Holdings Pty Ltd	Australia	100.00%	100.00%
Rubik Mortgages Pty Ltd	Australia	100.00%	100.00%
Stargate Information Systems Pty Ltd	Australia	100.00%	100.00%
Infinitive Pty Ltd	Australia	100.00%	100.00%
Rubik IP Holdings Pty Ltd	Australia	100.00%	100.00%
Rubik Group Services Pty Ltd	Australia	100.00%	100.00%

Note 25. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2015 $'000	Consolidated 2014 $'000
Profit after income tax expense for the year	(14,076)	6,346
Adjustments for:		
Depreciation and amortisation	8,037	4,546
Interest on unwinding of interest on deferred consideration	1,450	-
Share-based payments	134	287
Other expense/(income) (includes impairment and deferred consideration adjustment)	7,915	(381)
Costs relating to acquisition activities	815	2,329
Income tax benefit recognised	(3,534)	(10,033)
Foreign exchange differences		(2)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,262)	1,498
Decrease/(increase) in inventories	4	10
Decrease/(increase) in accrued revenue	504	373
Increase in prepayments	(45)	(125)
Decrease in other operating assets	(45)	99
Decrease/(increase) in trade and other payables	(793)	324
Increase/(decrease) in employee benefits	(158)	345
Increase/(decrease) in other provisions	1,078	161
(Decrease)/Increase in other operating liabilities	(576)	(436)
Net cash from operating activities	(552)	5,341

Note 26. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 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 27. Earnings per share

	Consolidated	
	2015 Number	**2014 Number**
Issued ordinary shares at 1 July	340,999,914	268,233,065
Effect of share issue relating to acquisition	-	2,797,263
Effect of share issue relating to capital raising	-	9,527,632
Effect of share issue on the exercise of options	270,697	-
Effect of cancellation of shares relating to share buy-back	(680,104)	
Weighted average number of ordinary shares at 30 June	340,590,507	280,557,960

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	340,590,507	280,557,960
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	942,222
Weighted average number of ordinary shares used in calculating diluted earnings per share	340,590,507	281,500,182

Earnings per share for profit	**$'000**	**$'000**
Profit after income tax attributable to the owners of Rubik Financial Limited	(14,076)	6,346

	Cents	**Cents**
Basic earnings per share	(4.13)	2.26
Diluted earnings per share	(4.13)	2.25