Rubik

Smart, connected technology

Positioning for future growth

2015 Annual Report

Rubik Financial Limited (Rubik) is a leading ASX listed technology company that delivers innovative wealth, banking and mortgage solutions across Australia, Asia and the Middle East.

Rubik is committed to developing and implementing smart, connected technology that enables our clients to deliver efficient and profitable outcomes to their customers, every day. Unique in terms of its integrated product set, Rubik allows end users to service their clients' current and future needs across the entire financial spectrum.

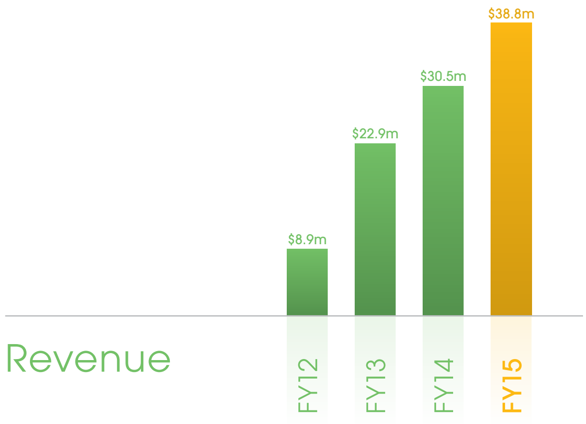
Contents

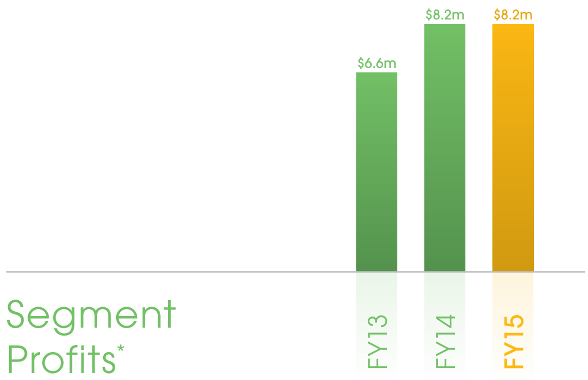
NOTICE OF AGM

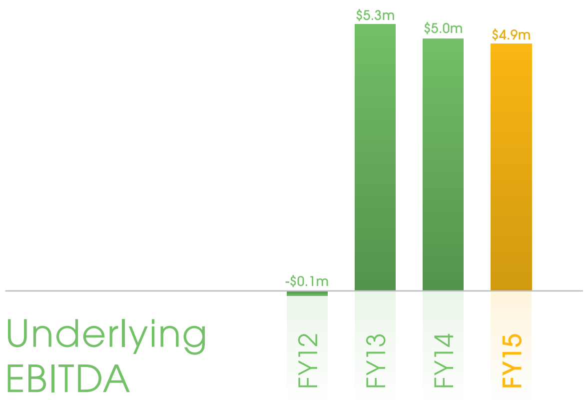
The Annual General Meeting of Rubik Financial Limited will be held on Wednesday, 25 November 2015 at 2.30pm in the KPMG Auditorium, Ground Floor, 10 Shelley Street, Sydney NSW 2000.

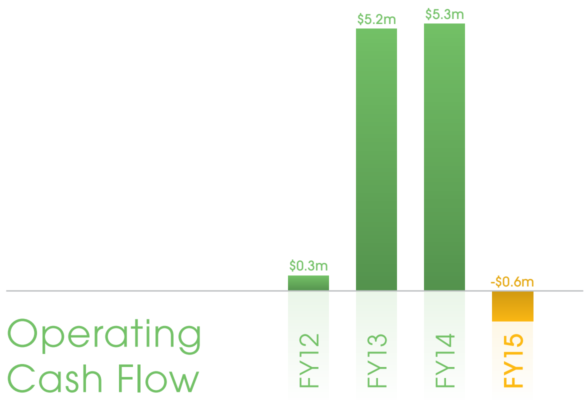
Rubik Financial Limited ABN 51 071 707 232

Key financial metrics









** Not measured in FY2012*

Key operational points

Appointed a number of key roles to the organisation, including new CEO and COO

Commenced corporate restructure and data centre infrastructure consolidation

Renewed contracts with top six wealth clients

Provisio won Investment Trends 2014 Financial Planning Software Report Award for Scaled Advice Application

Established off-shore development and testing capabilities in the Philippines

Product review

Rubik solutions are used by more than 22,000 users around the world, and can be delivered on an installed basis or as a managed service. There are three categories of software solutions – Wealth, Banking and Mortgages.

Wealth

- **Coin** is a comprehensive financial planning software platform with an integrated suite of products for client engagement, reporting, research and modelling of strategies for insurance, investments, superannuation and retirement.
- **Provisio** is a scaled advice application that combines illustration point of sales tools and SoA capability for optimised strategies in superannuation, retirement, investments and insurance.
- **Easy Revenue** is revenue-statement management and analysis software that quickly and easily allows a dollar value to be placed on relationships with clients, team members and referrers.
- **Easy Dealer** is a revenue and commission management system for licensees and mortgage aggregators to manage payment arrangements to advisers and brokers.
- **Easy Payment** provides advisers, licensees, mortgage brokers and aggregators with the ability to set up invoicing options for clients using credit cards, direct debit and BPAY.

Banking

- **Core Banking** is a hosted, integrated, modular banking system built off the class leading Temenos T24 backbone. It provides critical functionality for retail banking including Internet Banking, Mobile Banking, Mobile App, Card Management System, Origination Platform, CRM and Collections and Recoveries.
- **Digital Platform** encompasses a fourth generation Internet Banking solution and Mobile Banking application.
- **CWX** is a collections and recoveries software platform. Highly flexible, it improves credit collections and recovery rates by managing the primary aspects of the end-to-end process.
- The **SPX** Secure Payment Exchange processing system processes high volume bulk payments (such as ACH payments) in a bank or payments clearing-house.
- Rubik **Card Management** provides a platform for the management of electronic credit or debit cards, including monitoring of usage, and provides a bridge between a host system and a switch where appropriate.
- **DriveOnline** is an asset finance origination platform with intuitive point of sale capabilities, designed to increase sale conversions across lender distribution channels, as well as facilitate straight through processing.
- Rubik's **Messaging** solution ensures effective, multi-channel (SMS, email, fax) distribution of information, facilitated via an intuitive web-portal, as well as via automated and integrated enterprise capabilities.
- **Phone Banking** allows customers to perform banking activities over the phone. It can be based on either VOIP or analogue technology.

Mortgages

- **SymmetryCRM** is an end-to-end loan management tool designed for Australian mortgage professionals including aggregators, brokers, mortgage managers and originators.
- **WorldOriginate** is an automated origination platform and electronic applications processing system for Australian lending organisations.
- **Spectrum** is a Microsoft Dynamics based CRM, tailored to suit the needs of Australian mortgage professionals.
- **eLodge+** is an integrated mortgage sales process module, enabling the submission of electronic loan applications to over 15 lenders in the Australian marketplace. eLodge+ facilitates a seamless connection between lenders and their distribution channels, supporting straight through processing, reducing re-work and improving the holistic customer experience.
- **eFind** is an online software solution for iPad's and tablets that captures customer information. Data can then be exported to any other system.
- **ePass Store** is the partner application store that connects seamlessly to all third party suppliers and supports credit reports, valuations or e-lodgement to get loans processed faster, or referrals to insurance providers or financial planners.

Chairman's introduction

Dear Shareholders,

On behalf of the Board of Directors of Rubik Financial Limited (Rubik or the Company), I present our 2015 Annual Report.

The 2015 financial year can be summarised as a year of consolidation. Total revenues increased by 27 per cent, primarily as a consequence of our prior period acquisition of mortgage software businesses, although underlying and segment earnings were flat year on year. This financial outcome was impacted by a number of largely one-off integration and restructuring initiatives. These initiatives have short-term cost implications, however once completed, better position the Company to achieve sustainable revenue and margin growth.

Prior to this reporting period, Rubik had undertaken nine separate acquisitions of fintech software businesses or assets, typically with attractive client incumbency and known contracted revenues. During this past year, we have focused our effort and investment into fully integrating and restructuring these acquisitions into one company with a sound and scalable operational footing.

Importantly, during this period of internal restructure we retained and extended all of our key client contracts.

To undertake these necessary operational initiatives, and to fully realise the growth potential of our past acquisitions, we have significantly improved the executive and management talent in the Company, including new appointments in two of our key leadership roles.

In January this year we appointed a new Chief Executive Officer, Iain Dunstan. Iain has more than 30 years of experience in fintech and ASX listed companies, as well as deep market knowledge of the financial services industry. We also appointed David Spreadbury as Chief Operating Officer, who too brings more than 30 years of financial services industry experience in technology and operational roles both in Australia and overseas.

A more detailed financial and operational overview of the 2015 financial year is provided in Iain Dunstan's CEO report.

Looking forward, we believe our innovative wealth management, mortgage and banking software solutions are all capable of meeting the growing demand for technology in financial services. This demand is multi-faceted, driven by the need for improved client engagement, greater efficiency and compliance enabled by increased mobility, and software as a service. Market demand and our existing client relationships, combined with a far stronger leadership and operational capability, positions Rubik to grow revenues and margins over the coming years.

Finally, on behalf of the Board, I would like to thank our shareholders for their support, our clients for trusting us with their business and our people for their contribution and motivation towards our goal of building an Australian based fintech company we can be proud of.

Craig Coleman
Chairman

CEO's report and operating and financial review

Dear Shareholders,

As your new CEO, I am pleased to report to you on Rubik's results for the past financial year and what the Company is focusing on to position for future growth. As I meet with existing clients and engage with new ones, I am excited by how our software solutions improve the overall efficiency and profitability for the financial services community.

As I look back over the last year, I acknowledge that it has been one of material change for Rubik, and I look forward to cementing our company, product and people strategies to better focus the organisation and provide greater value for shareholders.

Over the past financial year, we have moved from a product to a client focus, integrated acquisitions undertaken – including consolidating our corporate structure and data centre infrastructure, and established an off-shore development and testing centre in the Philippines to further support our clients and operations.

Furthermore, we have retained strong long-term client relationships with key players, having signed 45 new clients and renewed contracts for six wealth clients, all with a minimum two year term. Emphasis of the team is on a greater customer focused approach with customer led development, and on improving client consultation and engagement.

Financial results overview

Revenue

Overall revenue for FY2015 was $38.8 million, an $8.3 million, or 27 per cent increase from FY2014.

Recurring revenues contributed 81 per cent this financial year compared to 79 per cent last financial year, with the corresponding non-recurring revenues at 19 per cent for this financial year, compared to 21 per cent last financial year. This slight increase in recurring revenues was due to stable recurring revenue streams from the acquisitions.

EBITDA

Segment profits for FY2015 (being the underlying operating EBITDA result of the Company before reinvestment of profits into new or existing businesses) remained stable at $8.2 million.

After deducting expensed R&D, underlying EBITDA declined marginally from $5.0 million in FY2014 to $4.9 million in FY2015.

Net loss after tax

The reported net loss after tax for FY2015 was $14.5 million, compared to a net profit after tax in FY2014 of $6.4 million. This was mainly due to the one-off impact of the impairment of the banking division, increased amortisation costs following the mortgages acquisitions in June 2014, and one-off costs incurred during the year related to the restructuring of the business.

Operating cash flow

Operating cash flows went from a positive $5.3 million in FY2014 to a negative operating cash flow of $0.6 million in FY2015. This was mainly due to one-off impacts, such as $2.3 million in restructuring expenses for FY2015, a $0.6 million increase in integration and other expenses, a $0.2 million increase in R&D expenses and a $2.3 million increase in working capital requirements during the year.

Rubik 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 per share and were subsequently cancelled. The buy-back was completed in February 2015 to reduce the Company's ongoing listing and compliance costs.

During FY2015, Rubik also used operating profits and the proceeds of the sale of its investment in Finzsoft Solutions Ltd to fund restructuring and integration costs incurred during the year, as well as early settlement of the Provisio and Infinitive earn-out obligations.

Transaction, integration and restructuring costs

One-off FY2015 transaction and integration costs were $1.4 million, compared with FY2014 costs of $3.0 million. These amounts are directly related to the acquisitions undertaken during the prior financial year. Costs included external advisor fees, and an allocation of internal staff time to assist with the transition and on-boarding of acquired businesses.

$3.3 million of restructuring costs were incurred in FY2015. $1.8 million of this was related to redundancy costs, and $1.2 million was related to the creation of Rubik's off-shore development and testing capabilities. Of these amounts $1.0 million relates to a provision for restructuring costs expected to be paid out in FY2016. The total cost of the current restructuring program are expected to be approximately $5.0 million.

These costs are necessary in order for Rubik to realise integration synergies from the various acquisitions undertaken over the course of the last seven years, and to allow the Company to move to a more efficient functional operating structure. Rubik expects the restructure to continue into the first half of FY2016, with the benefits expected to be realised from the second half of FY2016. Once completed, Rubik expects total annual benefits to be in the order of $2.5 million.

Research and development

We have continued to invest in our Research and Development (R&D) program to produce market leading products and services, and progress our offerings. FY2015 R&D spend of $5.1 million ($3.3 million was expensed) was largely stable compared to the FY2014 R&D spend of $4.8 million ($3.1 million was expensed), and in keeping with market guidance of around 15 per cent of revenue.

Impairment

In FY2015, an impairment loss of $8.5 million was recognised for the banking division, as expected future cash flows are insufficient to support the carrying values of its intangible and other assets. This is a one-off impact and, by recognising this impairment, Rubik is taking a conservative view of the future benefits available. $7.5 million of this impairment is Goodwill and Software amounts written off that relate to prior investments in Swiftcall and the historical Temenos T24 deal.

Debt management and banking covenants

Rubik's debt management profile continues to support the ongoing operations of the Company in an effective manner. As at 30 June 2015, the Company had $7.6 million in bank facilities, which were drawn to $5.1 million leaving $2.5 million in undrawn credit facilities as at balance sheet date.

Rubik monitors its compliance with banking covenants regularly, and throughout FY2015 has remained within all banking covenants. Rubik maintains a strong relationship with its bankers.

Operating review

In FY2015 Company operations were reported as three operating segments or SBUs. These included (i) Wealth, (ii) Banking and (iii) Mortgages (which was created with the acquisitions of Stargate and Infinitive in June 2014).

Supporting these three SBU's was the Corporate and Shared Services team, which included 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.

Wealth

Development and provision of advice software and services to the financial planning industry

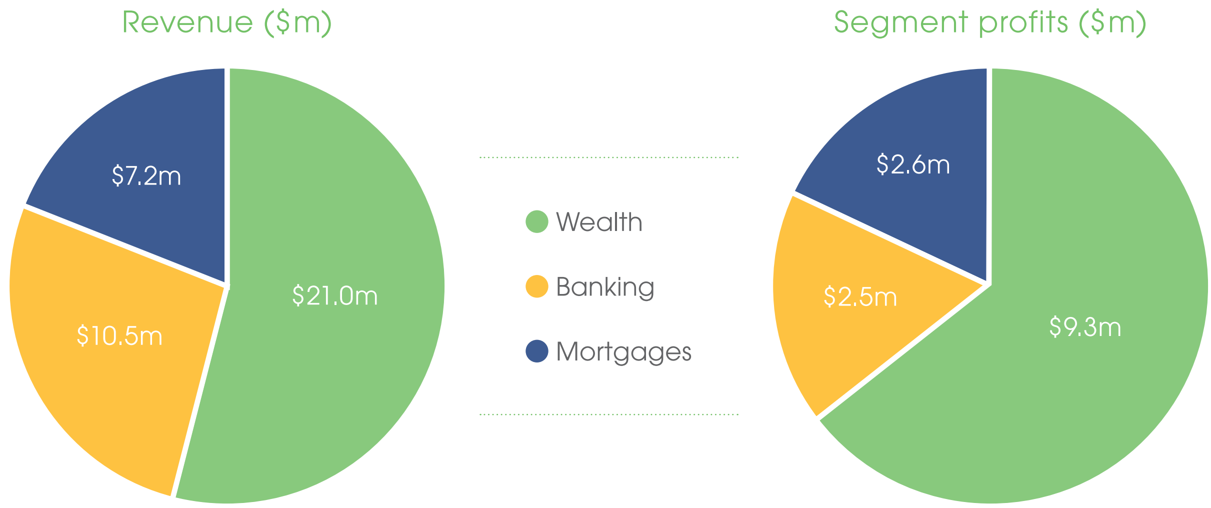
Banking

Provision of software and related services to the banking sector

Mortgages

Development and provision of software solutions to the Australian mortgage broking industry

Rubik derived revenue from all its SBU's. Wealth contributed 54 per cent to overall revenue, Banking contributed 27 per cent to overall revenue and Mortgages contributed 19 per cent to overall revenue.



Revenue for the Banking SBU increased by $0.6 million, or seven per cent, from $9.9 million in FY2014 to $10.5 million in FY2015. 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. DriveOnLine) to the Banking segment.

Revenue for the Wealth SBU increased by $0.9 million, or five per cent, from $20.1 million in FY2014 to $21.0 million in FY2015. Segment profit contribution increased by two per cent to $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.

Revenue for the Mortgages SBU was $7.2 million in FY2015, reflecting the first full year of ownership of that segment by Rubik, and segment profit contributed $2.6 million. As noted at the half year, the increase in Corporate and Shared Services expenses was driven by an increase in the Company's network operations, help desk and shared services teams, all of which provide services to the expanded Company. This, along with the Company's investment in its senior management team, has contributed to the growth in Shared Services expenses to $6.2 million in FY2015, compared to $3.7 million in FY2014.

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 Rubik is no longer organised along departmental lines, but instead reports 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 sell and support all Rubik products and therefore for FY2016 the Company 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.

Strategic initiatives

Of the significant events occurring since last year, there are five particular key strategic initiatives to outline.

Acquisitions

Leading up to FY2015, nine acquisitions were undertaken by Rubik. These included the FY2014 acquisitions of AMEE, Stargate and Infinitive. Functional integration of these acquisitions commenced during FY2015 with consolidation of corporate structure and data centre infrastructure occurring – integration will continue and is expected to finalise in the coming financial year. Rubik continues with its current strategy to review suitable acquisition targets as they arise.

Software development

As a result of the acquisitions, Rubik significantly increased its level of software development investment to integrate the acquired products into the Rubik product set. Redevelopment of the Coin Connect user interface was completed, allowing end customers access to additional information, as well as facilitating online access. Redevelopment of the Coin Insurance Advice Module was also completed, including an extensive list of new features, and the number of data feeds available in Coin software were also increased. Integration of the Stargate mortgage system continues, and is expected to complete in the first quarter of FY2016.

Data centre consolidation

As part of the integration, data centre infrastructure consolidation took place. The key drivers of this initiative were to keep data in Australia, increase operational efficiency, establish a standardised support model, standardise application deployment, simplify infrastructure services, and allow Rubik to benefit from economies of scale.

Corporate structure consolidation

Additional corporate structure consolidation has also occurred, including moving employees and intellectual property into a single entity, the creation of one standard invoice for all clients across all product sets and standardisation of employee contracts.

Off-shore development and testing capabilities

Both the Infinitive and AMEE acquisitions provided Rubik with access to off-shore resources in the Philippines and Thailand. Rubik's operating model has been expanded with additional resources sourced from the Philippines, and the existing off-shore centres consolidated. All client facing architecture, technical design, technical lead and analysis functions remain on-shore to service our clients.

The changes that have taken place over the past year, and the initiatives we have commenced are ongoing, and will continue on into the second half of this calendar year. Benefits that Rubik expects to realise by the second half of FY2016 include increased operational and cost efficiencies, a greater ability to scale, a deeper client engagement and a leadership team well focused on Company growth.

Corporate governance and risk management

Rubik's Board remains strongly committed to sound corporate governance practices and is committed to managing risk to protect its shareholders, the environment, Company assets and its reputation.

The Board sets the risk appetite of the business to ensure that the business direction is consistent with the goals of the Company. For more information on our corporate governance, and specifically, our risk management principles, please refer to the corporate governance statement starting on page 16.

People

Rubik now employs more than 150 staff. It is the dedication and hard work of our staff around the world, that produce the class leading products and client service that underpin what we do.

Over the past 12 months, our people focus has been on strengthening the team. We have hired a number of key individuals to continue to meet the growth and development objectives of the business. Some of the key changes within the Executive team include a new CEO and COO as outlined in the Chairman's report. Together with Chief Financial Officer, Darius Coveney, who has now been with Rubik for just over 12 months, we have a strong and experienced leadership team at the helm of the Company.

There were a number of other strategic senior hires over the course of the year, including EGM Product, GM Architecture and Infrastructure, GM Delivery, GM Sales and internal Legal Counsel, to further strengthen the Rubik team and support its corporate strategy.

Environmental sustainability

Rubik remains committed to operating as a sustainable enterprise. We regard environmental responsibility as being a fundamental aspect of sound business practice.

Rubik is certified NoCO2 and is carbon neutral. All greenhouse gas emissions produced from running Rubik are calculated and have been offset by the Carbon Reduction Institute.

Outlook

I am positive about the future outlook for Rubik. As a result of our investment in restructuring the Company we are moving forward with a single focused entity on a solid footing, a product suite that has native underlying functionality that our competitors don't have, a strong and experienced leadership team – and a clear focus of where we want to go and how to get there.

Rubik is proud to be one of the 'software engines' at the core of some of the largest financial organisations in the Asia Pacific region. We have strong, long-term relationships with key clients and intend to place a greater focus on partnering with our client base, rather than just being their software vendor.

We are investing in our people as well, and in October 2015 we were able to offer our staff the opportunity to be part of an Employee Share Plan, providing closer alignment between employees and shareholders.

Additional focus for the coming year will be on the development of an expanded professional services capability to create additional revenue streams and better service client needs. We are also focused on further expansion of Rubik's off-shore development and testing capability to reduce costs and better support our Australian operations.

We will also expand our capabilities in the Asian and Middle East regions to allow us to capitalise from the growing new business pipelines in these regions.

Rubik will continue to further consolidate and integrate acquisitions to benefit from synergies. We look forward to the cross-sell opportunities that they will create, as well as increased access to alternate distribution channels.

Iain Dunstan
Chief Executive Officer

Technology key to financial planning success

Continuing to serve and retain an existing client base, while at the same time finding ways to attract new and younger clients, is an ongoing challenge for financial advisers. So is increasing efficiency. One way to address these challenges is through greater and improved use of technology, something that Rubik knows well.

Technology that delivers online and scaled advice is providing opportunities for advisers to reach Australians who currently do not receive financial advice, but who represent a huge potential market for the industry.

We are faced with a post FoFA environment where planners are being given greater freedom to choose technology providers. We know that when given a choice, planners seek solutions that are easy to use, and increase their operational efficiency while decreasing costs to service clients.

The 2015 Investment Trends Report outlines that financial planning efficiency remains elusive. New account processes have reappeared as a key challenge for efficiency, and planners are willing to bear the cost of integration improvements that help solve this.

Lowering costs and increasing practice efficiency continue to be significant drivers of platform success – delivering value to clients is increasingly important.

Planners are also using technology to engage and retain clients. They are enthusiastic about utilising online offerings for initial meetings, communication, document delivery and electronic signatures.

Whatever the challenge, it seems all roads lead back to Rubik – smart, connected technology.

Executive team

Iain Dunstan
Chief Executive Officer

Iain Dunstan has over 30 years of experience in the fintech industry, including an extensive M&A and ASX background. In addition to financial software, he has also worked with providers of HR software and ERP systems.

As the CEO of Rubik, he is responsible for the overall strategic direction of the group, including the products, employees and shareholders. Iain also takes a hands on approach to clients and the Rubik product function.

Iain was previously the Founder and CEO of ASX listed company Bravura Solutions Limited. Iain grew the company from its foundations in his 'garage' to an enterprise with over 700 employees operating in nine countries around the world, and an annual turnover in excess of $125 million.

In 2007, Iain won the Ernst & Young Entrepreneur of the Year, in the Technology, Communications, e-Commerce and Life Sciences category.

Darius Coveney
Chief Financial Officer

Darius Coveney has over 20 years of experience across technology and financial services organisations, and has worked across Australia, Asia, the US and the UK.

As the CFO of Rubik, he is responsible for all finance, legal, M&A and HR functions across the group.

Darius previously worked in the Entrepreneurial Services Team at Ernst & Young, where he supported a number of IT and biotech start-ups to raise capital and create sustainable growth plans. Darius then joined one of these technology companies, working as the CFO and COO to raise capital from Asia and relocate the business to Kuala Lumpur.

Darius also spent nearly ten years at the Macquarie Group where he held various roles running projects and building finance teams in Sydney, Hong Kong, New York and London, as well as undertaking a number of M&A due diligence and integration projects for the group.

David Spreadbury
Chief Operating Officer

David Spreadbury has over 30 years of experience in both technology and business operational roles within financial services, with extensive experience in wealth management and insurance, both life and general.

As the COO of Rubik, he is responsible for all delivery, support and IT functions across the group.

David has worked at ING Australia, ANZ Investments and Bankers Trust in senior executive capacities in both operations and technology, as well as undertaking senior consulting assignments in banking and insurance in Australia. David has extensive overseas experience in financial markets gained in the US and Europe.

Rubik Financial Limited

Corporate governance statement

30 June 2015

The Board is responsible for the corporate governance of the Company and consolidated entity ("Rubik"), and must ensure that Rubik is managed appropriately. Rubik's directors are committed to maintaining accountability and to ensuring that control systems appropriate for the risks involved are implemented across the Rubik group. This enables Rubik to create value for its shareholders and optimise its long-term performance.

The table below summarises Rubik's compliance with the third edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council ("the principles"). Rubik's corporate governance practices were in place for the financial year ended 30 June 2015 and to the date of signing the Directors' report. For further information on Rubik's corporate governance practices and polices please refer to Rubik's website at www.rubik.com.au ("Website").

Principles	Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight		
1.1 Disclose the respective roles and responsibilities of the Board and management and the matters reserved for the Board and those delegated to management	The Board has formalised its role and its relationship with management in a Board Charter. The chief role of the Board is to advance the business of the Company and protect the interests of shareholders. Its responsibilities include the overall strategic direction of the consolidated entity, establishing goals for management and monitoring the attainment of those goals within its risk appetite. A copy of the Board Charter is available on the Website. On appointment of a director, Rubik issues a letter of appointment setting out the terms and conditions of appointment to the Board. The Board has delegated responsibility for the implementation of its strategic objectives and day-to-day operation and administration of Rubik to the senior executive team, led by the Chief Executive Officer. The senior executive team are responsible for reporting to the Board and providing them with relevant information to perform their objectives. The Board has also adopted a Delegation of Authority Policy that sets the limits of authority for management and staff.	Complies

Principles	Compliance	Comply
1.2 (a) Undertake checks before appointing or proposing a director, and (b) Provide security holders with all relevant information prior to voting on whether or not to elect or re-elect a director	There is a formal and transparent procedure for the appointment of new directors to the Board. The Board is responsible for establishing criteria for Board membership and identifying and nominating directors. Board membership is reviewed annually to ensure the Board has an appropriate mix of qualifications, skills and experience. External advisors may be used to assist in this process. Directors confirm each year that they are not disqualified from acting. Candidates are appointed by the Board and must stand for election at the next general meeting of shareholders. Details of the Board and Committee membership as at 30 June 2015 are set out below:	Complies

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

**Not independent*

Craig Coleman is not considered to be independent by virtue of his role as a non-executive director of Rubik's largest shareholder. However the Board believes that, as Mr Coleman represents a major shareholder, his interests are aligned with shareholders and his role as chair is appropriate given the size and history of Rubik.

Each director is required to provide all information relevant to the assessment of any interest that could conflict with those of Rubik.

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

A Share Trading Policy has been adopted and binds all directors, officers and employees of Rubik not to deal in Rubik shares while in possession of 'inside information'.

Certain individuals – directors, senior executives and employees with a staff function – may not deal in Rubik shares and options for the period from balance date until one day after Rubik's Preliminary Final full-year and half-year results have been released to the market. In addition, in order to trade outside this 'black-out period', these individuals must seek approval from the Chair or their delegate prior to any dealing.

A copy of the Share Trading Policy is posted on the Website.

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

Principles	Compliance	Comply
1.3 Written agreements with all directors and senior staff	The terms and conditions of appointment and retirement of non-executive directors are set out in a letter of appointment that includes: • Term of appointment; • The determination of remuneration; • The expectation of the Board in relation to attendance at and preparation for Board meetings; and • Procedures for dealing with conflicts of interest. Details of director-related entity transactions with Rubik are set out in the related party transactions note in the attached consolidated financial statements. There are no director related-party transactions in place in relation to Rubik and its directors at present. All of the senior executive team are listed on the corporate Website and the terms of their employment are summarised in the Directors' report – remuneration report. All senior executives have service agreements including the above where applicable and: • Description of their position; • The person or body to whom they report; • The circumstances in which their service can be terminated; and • Any entitlements on termination.	Complies
1.4 Company Secretary accountable directly to the Board	The Company Secretary reports directly to the Board and advises the Board in relation to various matters. Each director can communicate directly with the Company Secretary and vice versa.	Complies
1.5 (a) Have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them.	The Equal Employment Opportunities Policy forms part of the Rubik Employee Handbook which clearly states Rubik's commitment to a consistent and non-discriminatory approach to selection and recruitment, and promotion and advancement based on merit. The Board is committed to providing a diverse work environment in which everyone is treated fairly and with respect. The Board has determined that given Rubik's size and structure, it is not appropriate or possible to mandate a fixed number of women at any given level within the organisation, so no measurable objectives are included.	Partially complies (No formal gender diversity objectives due to size)
(b) Disclose the Gender Diversity Policy, or a summary of it	See above	Does not comply

<table>
<tr><th>Principles</th><th>Compliance</th><th>Comply</th></tr>
<tr><td>(c) Disclose annually the measurable objectives set by the Board and the proportion of men and women employees in the whole organisation, in senior executive positons and on the Board</td><td><table>
<tr><th></th><th>Total number of females*</th><th>% female*</th></tr>
<tr><td>Board</td><td>-</td><td>-</td></tr>
<tr><td>Senior executives **</td><td>2</td><td>13%</td></tr>
<tr><td>Organisation</td><td>42</td><td>29%</td></tr>
</table>
* As at 31 August 2015, excludes contract staff
** Senior executive is defined as General Manager or above</td><td>Complies</td></tr>
<tr><td>1.6 (a) Have and disclose a process for periodically evaluating performance of the Board, its committees and individual directors, and
(b) Disclose whether a performance evaluation was undertaken during the period</td><td>The Board encourages its directors and senior executives to ensure they understand Rubik's financial position, strategies, operations and policies and their own individual rights, duties and responsibilities.

Details of the current directors, their qualifications, skills and experience and their attendance at Board and committee meetings during FY2015 are detailed in the Directors' report. The Board periodically evaluates their performance and have done so in FY2015.</td><td>Complies</td></tr>
<tr><td>1.7 (a) Have and disclose a process for periodically evaluating performance of senior executives and
(b) Disclose whether a performance evaluation was undertaken during the period</td><td>A performance evaluation process for senior executives and other staff operates to assess progress against agreed tasks and responsibilities.

Rubik operates a continuous review and coaching process for all staff, including senior executives, and this was in place during FY2015.</td><td>Complies</td></tr>
</table>

Principles	Compliance	Comply

Principle 2 – Structure the Board to add value

Principles	Compliance	Comply
2.1 (a) Have a Nominations Committee of at least three members (a majority of which should be independent directors) and chaired by an independent director, or (b) If no Nominations Committee, disclose that along with the process employed to address Board composition and succession issues	Due to the current size of both Rubik and the Board, a Nominations Committee is not considered necessary at this point in time. There is however, a formal and transparent procedure for the appointment of new directors to the Board. The Board is responsible for establishing criteria for Board membership and identifying and nominating directors. Board membership is reviewed annually to ensure the Board has an appropriate mix of qualifications, skills and experience. The Board also considers whether candidates will have sufficient time to meet Rubik's expectations of them and the workload associated with the proper discharge of the role. External advisors may be used to assist in this process. **Retirement and election of directors** Each appointment is for three years, although interim appointments by the Board are subject to re-election at the general meeting following such appointment. Retiring directors are eligible for re-election, but their nomination by the Board is subject to the considerations of Board composition noted above. All directors were re-elected at the 2007 Annual General Meeting (AGM). Andrew Moffat and Craig Coleman respectively retired by rotation at the 2008 and 2010 Annual General Meetings and were re-elected. John Wilson retired at the 2012 AGM being the first AGM since appointment and was re-elected by ordinary resolution. Craig Coleman stood for re-election at the 2013 AGM and was re-elected by ordinary resolution. At the 2014 AGM Andrew Moffat retired by rotation in accordance with Board policy. He was re-elected to the Board by ordinary resolution at that meeting.	Complies by disclosing that there is no formal Nominations Committee
2.2 Have and disclose a skills and diversity matrix	Each director brings an appropriate range of skills and background to the Board. The skills, experience and expertise of the directors are set out in more detail in 'Information on directors' on pages 30 and 31 of the Directors' report. The Board considers that the current mix of skills and experience of members of the Board and its senior management is sufficient to meet Rubik's requirements. Rubik does not have a formal skills matrix.	Partially complies (No formal skills matrix is disclosed)

Principles	Compliance	Comply
2.3 Rubik should list the names of independent directors any interests and their length of service	<table><tr><th></th><th>Full Board</th><th>Length of service</th></tr><tr><td>C Coleman</td><td>Chair</td><td>7 years</td></tr><tr><td>A Moffat</td><td>Member</td><td>7 years</td></tr><tr><td>J Wilson</td><td>Member</td><td>3 years</td></tr></table> Both Craig Coleman and Andrew Moffat became non-executive directors on 1 July 2008. John Wilson was appointed as a director on 21 August 2012 and is both non-executive and independent. Mr. Moffat is an independent director. Craig Coleman is not considered to be independent by virtue of his role as a non-executive director of Rubik's largest shareholder. However the Board believes that, as Mr. Coleman represents a major shareholder, his interests are aligned with shareholders and his role as chair is appropriate given the size and history of Rubik. The individual members of the Board's interests are set out in the directors' report on pages 30 and 31.	Complies
2.4 A majority of the Board should be independent	The Board is in favour of the principle that a majority of the Board should be independent. It believes that each director should bring an independent judgment to bear in making decisions. The majority of the Board are independent.	Complies
2.5 The chair of the Board should be independent and should not be the same person as the CEO	Craig Coleman is the Chairman and Iain Dunstan is the Chief Executive Officer. As set out above, Mr. Coleman is not considered independent. However, the Board believes that, as Mr. Coleman represents a major shareholder, his interests are aligned with shareholders and his role as chair is appropriate given the size and history of Rubik.	Partially complies (Chair is not independent due to his alignment to Rubik's largest shareholder)

Principles	Compliance	Comply
2.6 Have a program for inducting new directors and provide appropriate training	The induction program for new directors includes site visits and meetings with management, and is designed to enable new appointees to participate fully in Board decision-making as soon as possible. All current directors have been with Rubik for some time. Each director has the right of access to all relevant Rubik information and to Rubik executives and, subject to prior consultation with the chairperson, may seek independent professional advice from a suitably qualified adviser at Rubik's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the Board. In addition, by virtue of their memberships of various professional bodies each director undertakes a level of continuous professional development relevant to their role.	Complies

Principle 3 – Act ethically and responsibly

Principles	Compliance	Comply
3.1 Establish a Code of Conduct and disclose the Code or a summary of the Code	The Board has established a Code of Conduct. The purpose of the Code of Conduct is to assist everyone involved in Rubik's business to maintain the highest level of service to its clients and to maintain honesty and integrity in all its dealings, including its dealings with key stakeholders and the broader community. The overriding principle is that all business affairs of Rubik must be conducted legally, ethically, safely and with strict observance of the highest standards of propriety and business ethics. Individuals who are in doubt about the application of the Code, or who have reasonable grounds for believing a breach has occurred, or might occur, are encouraged to consult their supervisor, or in the case of the CEO or a director, the Board. Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of Rubik. The Board has developed procedures to assist directors to disclose potential conflicts of interest. Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Any conflict of interest or potential conflict of interest should be reported to the individual's supervisor or manager, and in the case of directors or the CEO, to the Board. The matter will then be investigated by an appointed investigator. A copy of the Code of Conduct is posted on the Website.	Complies

Principles	Compliance	Comply

Principle 4 – Safeguard integrity in financial reporting

4.1 Establish an Audit Committee	The Board has established an Audit, Risk and Compliance Committee ("ARCC") with its own Charter, which is chaired by Andrew Moffat (an independent director who is not the chair of the Board). The ARCC consists of two members, both of whom are independent directors, however it does not meet the formal recommendation of the governance principal to have at least three members. The Board believes that this is appropriate for a company of Rubik's size, and will revisit the composition of the committee should additional directors be appointed at a later date. A summary of the Committee's Charter setting out its responsibilities is posted on the Website. The Committee monitors the internal control policies and procedures designed to safeguard Rubik's assets and to ensure the integrity of the financial reporting. During the year the Committee met to review the half year and full year results and to review, among other things, insurance, compliance and risks affecting Rubik. See page 31 of the Directors' report for details of the number of meetings held and attended by each member of the ARCC. Among its specific responsibilities, the ARCC reviews and advises the Board on the appointment and remuneration of external auditors and the adequacy of existing external audit arrangements including the scope and quality of audits. The Committee must ensure the independence of the external auditor. In discharging this responsibility, the Committee assesses any non-audit services being performed by the auditors to ensure that these non-audit services are not such as might impair the impartial judgement of the auditor and that circumstances do not arise of actual or perceived loss of objectivity or independence. Directors who are not members of the Committee may attend Committee meetings. Rubik's auditors, members of the senior executive team and other third parties are invited to attend Committee meetings at the Committee's discretion. The Committee may meet with the auditors without management being present. The Committee also has access to management to seek explanations and additional information as required. The external auditor is also provided with the opportunity, at their request, to meet with the Board of Directors without management being present. During the year, Rubik used other service providers for transactional support services and accounting support. To ensure the independence of the auditor, the auditor is required to make an independence declaration each half year and ensures that the signing partner on the audit does not perform this role for more than five full-year audits. The Board, on the recommendation of the Committee, is satisfied that Rubik's auditor is independent.	Partially complies (Committee consists of two members)

Principles	Compliance	Comply
4.2 Receive from the CEO and CFO a declaration in accordance with section 295A of the Corporations Act, and that their opinion has been formed on the basis of a sound system of risk management and internal control that is operating effectively. This should be provided for each financial period reported.	Each half-year, the CEO and the CFO provide written assurance to the Board in line with section 295A of the Corporations Act, including a statement that all internal reporting systems established by the Board are complied with and that the reports accurately and fairly represent the financial condition and results of Rubik. The CEO and the CFO have declared in writing to the Board that Rubik's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.	Complies
4.3 Attendance of auditors at AGM	The signing audit partner from Rubik's auditors attends the AGM and is available to answer any questions arising about the audit and the preparation and content of the Auditor's report.	Complies

Principle 5 – Make timely and balanced disclosure

5.1 Establish written policies designed to ensure compliance with ASX Listing Rules continuous disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those polices or a summary of those polices	Rubik is committed to providing timely, balanced and accessible information to its shareholders, the relevant regulators, other key stakeholders, and the investing community generally, and to open and transparent communication with its shareholders and stakeholders facilitated through its consistent disclosure practice. Rubik has adopted a Continuous Disclosure Policy to ensure compliance with its disclosure obligations under the Corporations Act 2001(Cth) and ASX Listing Rules. The policy outlines the authorisation process for disclosure of information to the market. Depending on the nature of the release, authority to approve the release is required from the Board, Chairman of the Board, or CEO. The Company Secretary coordinates disclosure to the ASX once a decision has been made that disclosure is required. Rubik's continuous disclosure communications with the media must be conducted by the CEO, CFO or a person authorised by them, and only to the extent of that authorisation. A communications policy is also clearly set out in Rubik's Delegation of Authority Policy. The Continuous Disclosure Policy is located on the Website.	Complies

Principles	Compliance	Comply
Principle 6 – Respect the rights of security holders		
6.1 Provide information about itself and its governance to its investors via its website	Rubik has adopted several means of promoting effective communication with shareholders. These include placing on the Website relevant information, including ASX announcements, annual and half-year reports, copies of notices of meetings, analyst briefings and presentations given by the Chair or the CEO.	Complies
6.2 Design and implement an investor relations program to facilitate effective two way communication with investors 6.3 Disclose the polices and processes in place to facilitate and encourage participation at meetings of security holders	Rubik has established policies regarding the timely provision of information to its shareholders and other stakeholders, including posting information to the Website. It has processes to ensure that the accounts and financial information it provides represent a true and fair view of the financial performance and position of Rubik. Rubik endeavours to keep its shareholders fully informed of matters likely to be of interest to them. It does this through: • Reports to the ASX and the press; • Half-year / full-year results announcements; • Annual Reports; and • Monitoring information provided by analysts. All of the above are available on the Website, other than analyst reports. Rubik provides a forum at the AGM for all security holders to ask questions of directors, senior management or the auditor. In addition, shareholders are able to email or post questions or comments to the Company Secretary ahead of the AGM, which are then read out and answered at the AGM.	Complies
6.4 Give security holders the option to receive communications electronically	Shareholders are encouraged to contact Rubik to provide their email addresses to enable them to receive reports and announcements without delay. Rubik welcomes questions from shareholders at any time and these will be answered within the confines of information that is not market sensitive or is already in the public domain. Currently, annual and half-year reports are distributed electronically to those shareholders who have specifically requested to receive these documents, and these documents are placed on the Website. For those shareholders who have so elected, emails are used to update shareholders on key announcements. Shareholders not already receiving information electronically can elect to do so through the share registry by contacting Computershare.	Complies

Principles	Compliance	Comply

Principle 7 – Recognise and manage risk

Principles	Compliance	Comply
7.1 and 7.2 Establish a committee to oversee risk	The Board seeks to establish a sound system of risk oversight and management, and internal control, by adopting a formal Risk Management Policy under which the ARCC has the primary role. The Committee oversees a process of identifying and dealing with risks in Rubik's business, working with management to ensure compliance with statutory requirements and to establish the adequacy of the risk management programs and systems in place, including Rubik's insurance program. See 4.2 for details of ARCC and its membership. The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board regularly monitors the operational and financial performance of Rubik against budget and other key performance measures. The Board also reviews and receives advice on areas of operational and financial risks. Appropriate risk management strategies are developed to mitigate all identified risks of the business.	Partially complies (Committee consists of two members)
7.3 Disclose if an internal audit function to assess the effectiveness of risk framework is in place, and if not how internal control processes are managed and improved	Due to its size Rubik does not have an established internal audit function. The ARCC reviews with the CEO and the CFO the internal control systems and any system weaknesses identified by the auditors.	Complies by disclosing that there is no internal audit function, but managed via ARCC
7.4 The Board should disclose whether it has any material exposure to economic, environmental or social sustainability risks	The Board does not believe that it has any material exposure to such risks.	Complies

Principles	Compliance	Comply

Principle 8 – Remunerate fairly and responsibly

Principles	Compliance	Comply
8.1 Establish a Remuneration Committee, or disclose if no Remuneration Committee and how remuneration for directors and senior executives is managed	Rubik has established a Remuneration Committee with its own charter, designed to fairly review and actively encourage enhanced Board and management effectiveness. A summary of the Committee's Charter setting out its responsibilities is posted on the Website. Given the size of Rubik, and as the Committee comprises all current directors, remuneration issues will often be discussed at the full Board. Where this is not the case, the Committee is also responsible for reporting to the Board on the review and monitoring of the remuneration framework for each of the categories of non-executive director, executive director and senior executive and the policies to be applied, including for base pay, incentives, equity based awards, superannuation and other retirement rights and the terms of employment contracts. It also reviews the performance of the CEO and senior management. Membership of this Committee is noted in the table on page 31 of the Directors' report. The CEO and other senior executives may be invited to the meetings. The Board notes that the Remuneration Committee is chaired by Craig Coleman, who is not an independent director. However, the Board believes that his position as a non-executive director of Rubik's largest shareholder assists in aligning the Remuneration Policy with the interests of shareholders. The Remuneration Committee is responsible for ensuring that, where not considered by the full Board, the recruitment and remuneration policies and practices of Rubik support Rubik's aim of attracting, retaining and motivating directors, executives and other employees who create value for shareholders, while being fair, effective and legal. The Committee may consult with remuneration advisers to assist in its role.	Partially complies (Chair is not independent due to his role with Rubik's largest shareholder)
8.2 Separately disclose policies and practices regarding the remuneration of non-executive directors from that of executive directors and senior executives	Details of the directors' and key senior executives' remuneration are set out in the remuneration report, along with a discussion on Rubik's remuneration framework. No senior executive is involved directly in deciding their own remuneration.	Complies
8.3 Have and disclose a policy on employee's limiting risk if they participate in equity-based remuneration schemes	Participants in any equity based remuneration scheme are prohibited from dealing with their shares or options in a way that has the effect of limiting the economic risks of vested entitlements under any of Rubik's long-term incentive plans. This is disclosed in the remuneration report.	Complies

Financial report

for the year ended 30 June 2015

Directors' report

30 June 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Rubik') consisting of Rubik Financial Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2015.

Directors

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

- Craig Evan Coleman – Non-executive Chairman
- Andrew Graeme Moffat
- John Clark Wilson

Principal activities

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $14,076,000 (30 June 2014: profit of $6,346,000).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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.

Likely developments and expected results of operations

The consolidated entity's focus is the development of mission critical software systems. The consolidated entity's philosophy is to maximise shareholder returns and sustainable growth within a framework of an appropriate capital risk management strategy and ethical organisational culture.

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

Environmental regulation

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

Directors' report

30 June 2015

Information on directors

Name:	**Craig Evan Coleman**
Title:	Non-executive Chairman
Qualifications:	B.Com
Experience and expertise:	Craig is Executive Chairman of Viburnum Funds Pty Ltd, a boutique Private Equity fund manager. He is a former Managing Director of Home Building Society Limited and prior to this held a number of senior executive positions with ANZ Banking Group Ltd including Managing Director Banking Products, Managing Director Wealth Management and non-executive director of E*Trade Australia Limited.
Other current directorships:	Non-executive director of Viburnum Funds Pty Ltd@, Wyllie Group Pty Ltd@, Bell Financial Group Limited, Pulse Health Group Limited, Keybridge Capital Ltd and Amcom Telecommunications Limited (ceased 8 July 2015).
Former directorships (last 3 years):	Lonestar Resources Ltd (ceased 15 August 2014)
Special responsibilities:	Chairman of the Remuneration Committee
Interests in shares:	8,700,000 ordinary shares
Interests in options:	None
Date of appointment:	1 December 2006

Name:	**Andrew Graeme Moffat**
Title:	Non-executive director
Qualifications:	B.Bus
Experience and expertise:	Andrew has in excess of 20 years of corporate and investment banking experience and is the principal of Cowoso Capital Pty Ltd, a company providing strategic corporate advisory services. Prior to establishing Cowoso Capital Pty Ltd, Andrew was a director of Equity Capital Markets and Advisory for BNP Paribas Equities (Australia) Limited where he took principal responsibility for mergers and acquisition advisory services and a range of equity capital raising mandates.
Other current directorships:	Chairman of Pacific Star Network Limited and Keybridge Capital Ltd (appointed 7 March 2014). Non-executive director of 360 Capital Group Pty Ltd@ and CCK Financial Solutions Ltd@.
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit, Risk and Compliance Committee and Member of the Remuneration Committee
Interests in shares:	8,058,653 ordinary shares
Interests in options:	None
Date of appointment:	1 December 2006

Name:	**John Clark Wilson**
Title:	Non-executive director
Qualifications:	B.Bus, MAppFin, FCPA
Experience and expertise:	John has over 25 years experience in financial markets and technology. He is presently an Executive General Manager at information services company Veda Group Ltd, and was previously Asia Pacific President for SunGard. Prior to joining SunGard in 2000 John was a partner at KPMG.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit, Risk and Compliance Committee and the Remuneration Committee, Oversight of the Project Management Committee
Interests in shares:	1,648,512 ordinary shares
Interests in options:	None
Date of appointment:	21 August 2012

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

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

Entities marked with @ are not listed.

Company Secretary

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

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

Meetings of directors

	Full Board		Audit, Risk and Compliance Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Craig Coleman	11	11	-	-	3	3
Andrew Moffat	10	11	2	2	3	3
John Wilson	11	11	2	2	3	3

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

Directors' report – remuneration report

Remuneration report (audited)

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

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

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

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

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

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

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

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

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

Compensation packages include some fixed compensation and performance based incentives.

Fixed compensation

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

Performance related compensation

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

Directors' report – remuneration report

Short-term incentive (STI)

The STI performance target is a board approved scheme in which executives are incentivised to increase revenue and decrease cost to maximise Rubik's earnings. Hurdles are set in order to incentivise improved business performance. Individuals have STI targets, as set out in their contracts, with final payment amounts subject to individual, divisional and group KPIs as well as Board review and approval. In some cases, guaranteed STI amounts are approved on the initial hiring of key executives. Bonuses paid or payable to key executives of $125,000 (2014: $185,000) were related solely to guaranteed incentives and were approved by the Board and accrued for the financial year ended 30 June 2015.

Long-term incentive (LTI)

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

In 2014, 12,500,000 options were granted to key management personnel by the Board. The fair value of options is calculated at the date of grant using either the Black-Scholes or a Monte Carlo Option Pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. In 2015, 12,500,000 options were converted to shares as a result of the Loan Funded Share arrangement.

In 2015, the Board of Rubik agreed to replace the share options with the Loan Funded Share arrangements. During the financial year, 26,000,000 shares were issued to Rubik's C level executives. This included shares issued as part of the conversion of options to LFS, as noted above. Refer to share-based compensation for further details.

Voting and comments made at the company's 2014 Annual General Meeting ('AGM')

At the 2014 AGM, the remuneration report for the year ended 30 June 2014 was adopted on a unanimous show of hands. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Non-executive directors remuneration

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

- $50,000 – Non-executive directors (except Chairman)
- $70,000 – Chairman
- $50,000 – Chair Audit, Risk and Compliance
- $30,000 – Chair Remuneration
- $20,000 – Oversight of Project Management Committee

All the above are plus statutory superannuation amounts.

Non-executive directors do not receive performance related compensation.

B. Details of remuneration

Amounts of remuneration

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

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

- Craig Coleman – Non-executive Chairman
- Andrew Moffat – Non-executive director
- John Wilson – Non-executive director

And the following persons:

- Iain Dunstan – Chief Executive Officer (appointed on 22 January 2015)
- Niek Hoogenhout – Chief Executive Officer (resigned on 21 January 2015)
- David Spreadbury – Chief Operating Officer (appointed on 1 September 2014)
- Darius Coveney – Chief Financial Officer and Company Secretary
- Brett Spencer – Group Executive – Mortgages
- Ken Carr – Managing Director – Banking (resigned on 25 July 2014)
- Wayne Wilson – Managing Director – Wealth (resigned on 20 October 2014)
- Andrew Roberts – Chief Information Officer (ceased to be KMP on 1 September 2014)

	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payments	
2015	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Termination benefits $	Equity-settled $	Total $
Non-executive directors:								
C Coleman	100,000	-		9,500	-	-	-	109,500
A Moffat	100,000	-		9,500	-	-	-	109,500
J Wilson	63,333	-		6,017	-	-	-	69,350
Other key management personnel:								
I Dunstan*	158,183	62,500	2,170	8,344	-	-	38,191	269,388
N Hoogenhout**	225,014	-	1,940	11,730	-	401,347	(191,269)	448,762
D Spreadbury*	234,572	62,500	4,110	16,265	-	-	37,460	354,907
D Coveney	261,766	-	3,855	18,783	-	-	232,015	516,419
B Spencer	289,995	-		18,783	4,830	-	-	313,608
K Carr**	30,000	-	-	-	-	-	-	30,000
W Wilson**	180,920	-	-	9,392	-	-	17,469	207,781
A Roberts**	41,666	-	-	-	-	-	-	41,666
	1,685,449	125,000	12,075	108,314	4,830	401,347	133,866	2,470,881

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

*** Remuneration disclosed is up to the period of resignation as a key management personnel and includes deferred settlement arrangement. The negative amount of share-based payments represents reversal of share options.*

Directors' report – remuneration report

30 June 2015

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

** Remuneration disclosed is from period from appointment as a key management personnel.*
*** Remuneration disclosed is to the period of resignation as a key management personnel.*

Directors' report – remuneration report

30 June 2015

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

	Fixed remuneration		At risk – STI		At risk – LTI	
Name	2015	2014	2015	2014	2015	2014
Non-executive directors:						
C Coleman	100%	100%	-%	-%	-%	-%
A Moffat	100%	100%	-%	-%	-%	-%
I Hunter	-%	100%	-%	-%	-%	-%
J Wilson	100%	100%	-%	-%	-%	-%
Other key management personnel:						
I Dunstan	86%	-%	-%	-%	14%	-%
D Spreadbury	89%	-%	-%	-%	11%	-%
D Coveney	55%	43%	-%	-%	45%	57%
B Spencer	100%	100%	-%	-%	-%	-%
N Hoogenhout	100%	43%	-%	-%	-%	57%
W Wilson	92%	64%	-%	18%	8%	17%
K Carr	100%	100%	-%	-%	-%	-%
P Kensington	-%	100%	-%	-%	-%	-%
A Roberts	100%	54%	-%	46%	-%	-%

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

	Cash bonus paid/payable		Cash bonus forfeited	
Name	2015	2014	2015	2014
Other key management personnel:				
I Dunstan^	39%	n/a	61%	n/a
D Spreadbury^	50%	n/a	50%	n/a
W Wilson	-	66%	-	34%
P Kensington	n/a	-	-	100%
A Roberts	-	90%	-	10%

^ Cash bonus paid/payable represents sign-on guaranteed STI amounts.

C. Service agreements

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

Name: **Iain Dunstan**
Title: Chief Executive Officer
Agreement commenced: 22 January 2015
Term of agreement: Open-ended
Details: **Termination of employment:**

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

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

Equity compensation: 10,000,000 loan funded shares

Name: **David Spreadbury**
Title: Chief Operating Officer
Agreement commenced: 1 September 2015
Term of agreement: Open-ended
Details: **Termination of employment:**

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

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

Equity compensation: 6,500,000 loan funded shares

Name: **Darius Coveney**
Title: Chief Financial Officer and Company Secretary
Agreement commenced: 20 June 2014
Term of agreement: Open-ended
Details: **Termination of employment:**

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

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

Equity compensation: 6,500,000 loan funded shares

Name:	**Brett Spencer**
Title:	Group Executive – Mortgages
Agreement commenced:	4 June 2014 (as part of the acquisition of Stargate Information Systems Pty Ltd)
Term of agreement:	Open-ended
Details:	**Termination of employment:** • Neither party may terminate the employment agreement before 30 June 2016 (the Minimum Term); • After the Minimum Term, by either party on giving six months' notice; and • Immediately by the consolidated entity on payment in lieu of notice or if any of the conditions for summary termination are met (including during the Minimum Term) including serious misconduct, gross negligence, breach of contract, bankruptcy, crime or repeated absence without explanation. Excluding payment in lieu of notice, the contract does not specify any termination payment. **Equity compensation:** Nil

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

D. Share-based compensation

Loan Funded Shares

There were 26,000,000 shares issued to key management personnel as part of Loan Funded Share (LFS) arrangements.

As disclosed in the FY2014 annual report, the Board of Rubik agreed to replace the share options issued to the CEO and the CFO with loan funded shares. The economics of the initial issuance of loan funded shares was structured so as to ensure the value of the loan funded shares was equal to the value of the options packages previously agreed to be issued, thereby ensuring no change in the economics of the incentives or the accounting outcomes for the consolidated entity following the amendments. These initial LFS were issued on 17 November 2014.

On 1 May 2015, the Board approved an amendment to the LFS arrangement of Rubik's three C level executives. The amendment included the issue of additional loan funded shares, the transfer of loan funded shares from departed executives, and an amendment to the vesting and release conditions of all loan funded shares previously issued to the executives to align with the revised arrangements.

The terms of the amended LFS arrangements can be summarised as follows:

1. Rubik provides its three C level executives, or their nominee, ('the executive') with a loan to purchase an agreed number of Rubik shares at or slightly above current market value;
2. the loan provided is limited recourse, such that the executive has the option to either repay the loan or return the shares at the loan repayment date, and interest is payable on the loan unless the Board approves otherwise;
3. any dividends declared by Rubik during the life of the loan will be applied against the outstanding balance of the loan rather than being paid in cash to the executive, with an offsetting interest charge rate adjustment;
4. certain vesting conditions apply to each executive's shares, being related to time, share price and earnings performance hurdles; and
5. prior to the shares becoming unencumbered, the executive is required to make a 'release payment', equal to the difference between the loan balance and the share price vesting hurdle.

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

The shares issued under the LFS arrangements are treated as treasury shares.

Details of shares issued to key management personnel as part of compensation during the year and their terms as at 30 June 2015 are set out below:

Name	Date issued	No. of shares	Share price vesting hurdle
Iain Dunstan	1 May 2015	8,200,000	$0.25
David Spreadbury	1 May 2015	4,700,000	$0.25
Darius Coveney	1 May 2015	4,000,000	$0.25
Iain Dunstan	17 November 2014	1,800,000	$0.25
David Spreadbury	17 November 2014	1,800,000	$0.25
Darius Coveney	17 November 2014	2,500,000	$0.25
Niek Hoogenhout*	17 November 2014	1,500,000	$0.345
Niek Hoogenhout*	17 November 2014	1,500,000	$0.350
		26,000,000	

**Note that on 23 September 2015 an agreement was reached for Mr. Hoogenhout's remaining 3,000,000 loan funded shares to be returned to Rubik. These shares are intended to be used to fund the Group's broad based Employee Share Ownership Plan.*

Options

As noted above, the options previously granted to executives were replaced by the LFS arrangements.

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

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Niek Hoogenhout				
26 February 2014	27 February 2015	12 February 2016	$0.345	$0.130
26 February 2014	27 February 2016	12 February 2017	$0.35	$0.142
26 February 2014	27 February 2017	12 February 2018	$0.40	$0.134
26 February 2014	27 February 2017	12 February 2018	$0.45	$0.122
26 February 2014	27 February 2017	12 February 2018	$0.55	$0.101
Darius Coveney				
19 May 2014	10 June 2015	10 June 2016	$0.52	$0.182
19 May 2014	10 June 2016	10 June 2017	$0.55	$0.198
19 May 2014	10 June 2017	10 June 2018	$0.60	$0.199
19 May 2014	10 June 2017	10 June 2018	$0.70	$0.174
19 May 2014	10 June 2017	10 June 2018	$0.80	$0.144

Options granted carry no dividend or voting rights.

All of the above options were converted to LFS during the year. See section F.

Directors' report – remuneration report

30 June 2015

The number of options over ordinary shares granted and/or vested to directors and other key management personnel as part of compensation during the year ended 30 June 2015 are set out below:

Name	Number of options granted during the year 2015	Number of options granted during the year 2014	Number of options vested during the year 2015	Number of options vested during the year 2014
N Hoogenhout	-	10,000,000	-	-
D Coveney	-	2,500,000	-	-
W Wilson	-	-	1,000,000	1,000,000

See section F for further details regarding the conversion of options to LFS and the number of options outstanding as at year-end.

E. Additional information

The earnings of the consolidated entity for the four years to 30 June 2015 are summarised below:

	2011 $'000	2012 $'000	2013 $'000	2014* $'000	2015** $'000
Profit/(loss) after income tax	(1,367)	(788)	310	6,346	(14,076)

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

	2011	2012	2013	2014*	2015**
Basic earnings per share (cents per share)	(0.60)	(0.34)	0.13	2.26	(4.13)
Diluted earnings per share (cents per share)	(0.60)	(0.34)	0.13	2.25	(4.13)
Share price at financial year end ($)	0.05	0.07	0.17	0.48	0.16

** Included deferred tax asset recognition of $10,033,000.*
*** Included impairment loss $8,472,000, restructuring cost $3,296,000 and onerous contract charge $255,000.*

F. Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration*	Additions	LFS forfeited during the year	Others	Balance at the end of the year
Ordinary shares						
C Coleman	6,377,661	-	2,322,339	-		8,700,000
A Moffat	7,058,653	-	1,000,000	-		8,058,653
J Wilson	148,152	-	1,500,000	-		1,648,152
N Hoogenhout**	377,272	10,000,000	-	(7,000,000)	(3,377,272)	-
D Coveney	-	6,500,000	50,000	-		6,550,000
D Spreadbury	-	6,500,000	52,800	-		6,552,800
I Dunstan	-	10,000,000	83,300	-		10,083,300
B Spencer	-	-	62,200	-		62,200
	13,961,738	33,000,000	5,070,639	(7,000,000)	(3,377,272)	41,655,105

** Includes options converted to LFS during the year.*
***Other represents shares held at date of ceasing to be KMP.*

Option holding

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
Options over ordinary shares					
W Wilson*	2,000,000	-	(573,900)	(1,426,100)	-
N Hoogenhout**	10,000,000	-	-	(10,000,000)	-
D Coveney**	2,500,000		-	(2,500,000)	-
	14,500,000		(573,900)	(12,926,100)	-

** Other includes 1,000,000 options held when W Wilson ceased to be KMP. The options remain on issue as at 30 June 2015.*
***Other represents options converted to LFS as per the shareholding table above.*

This concludes the remuneration report, which has been audited.

Directors' report

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
12 April 2013	12 April 2016	$0.17	1,000,000
			1,000,000

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

Shares issued on the exercise of options

The following ordinary shares of Rubik Financial Limited were issued during the year ended 30 June 2015 and up to the date of this report on the exercise of options, conversion of options.

Date options	Exercise price	Number of shares issued
12 April 2013	$0.16	573,900

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Non-audit services

KPMG also provided services in respect to Rubik's R&D Tax Incentive claim and tax compliance obligations.

Directors' report

30 June 2015

Officers of the company who are former partners of KPMG

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

Rounding of amounts

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 45.

Auditor

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

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

On behalf of the directors

Andrew Moffat
Director

25 September 2015
Sydney

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

To: the directors of Rubik Financial Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

John Wigglesworth
Partner

Sydney

25 September 2015

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	7	3,529	10,033
Profit/(loss) after income tax benefit for the year attributable to the owners of Rubik Financial Limited	27	(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	10	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	33	(4.13)	2.26
Diluted earnings per share	33	(4.13)	2.25

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

Statement of financial position

as at 30 June 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Assets			
Current assets			
Cash and cash equivalents	8	4,319	9,471
Trade and other receivables	9	5,411	6,420
Inventories		-	4
Other		619	529
Total current assets		10,349	16,424
Non-current assets			
Other financial assets	10	151	1,266
Property, plant and equipment	11	596	1,810
Intangibles	12	55,030	67,940
Deferred tax	7	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	13	6,081	7,205
Borrowings	16	-	2,000
Employee benefits	14	1,818	2,244
Provisions	15	1,949	3,529
Revenue received in advance		2,316	2,894
Total current liabilities		12,164	17,872
Non-current liabilities			
Borrowings	16	4,421	4,671
Employee benefits	14	179	397
Provisions	17	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	18	67,691	68,046
Reserves	19	3,732	(145)
Accumulated losses	20	(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	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	31	(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	11	(950)	(1,086)
Payments for intangibles and development expenditure		(2,138)	(1,717)
Proceeds from disposal of investments	10	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	18	(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	8	4,319	9,471

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

Notes to the financial statements

30 June 2015

Notes to the financial statements

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers

The Group does not plan to adopt these standards early and the extent of their impact has yet to be determined.

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 (see Note 16).

Note 1. Significant accounting policies (continued)

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

iii. Parent entity information

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

iv. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rubik Financial Limited ('company' or 'parent entity') as at 30 June 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.

Note 1. Significant accounting policies (continued)

vi. Foreign currency translation

The financial statements are presented in Australian dollars, which is Rubik'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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

Note 1. Significant accounting policies (continued)

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

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

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

xvii. Intangible assets

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

Goodwill

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

Customer contracts

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

Software

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

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

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.

Note 1. Significant accounting policies (continued)

Developed software assets are amortised on a straight-line basis over the period of their expected life, being five years.

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

xviii. Impairment of non-financial assets

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

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

xix. Trade and other payables

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

xx. Borrowings

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

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

xxi. Finance costs

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

xxii. Provisions

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

Note 1. Significant accounting policies (continued)

xxiii. Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

xxiv. Fair value measurement

Measurement of fair values

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

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

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 34 – Share-based payments;
- Note 22 – Financial instruments.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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

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.

Notes to the financial statements

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

xxvii. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Rubik, 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. Financial assets

The consolidated entity has 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.

Note 1. Significant accounting policies (continued)

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

(ii) Non-derivative financial assets

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

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

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

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

Financial assets subsequently measured at amortised cost

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

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

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

Financial assets subsequently measured at fair value

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

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

xxx. 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 2016 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 12 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 22 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 28 – acquisition of subsidiary: fair value measured.

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.

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.

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 30 June 2015.

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

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.

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.

Note 3. Operating segments (continued)

Intersegment receivables, payables and loans

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

Operating segment information

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)	(134)
Depreciation and amortisation	(4,895)	(929)	(2,126)	(87)	(8,037)
Net finance expense	-	-	-	(1,693)	(1,693)
Restructuring costs	-	-	-	(3,296)	(3,296)
Transaction and integration costs	-	-	-	(1,379)	(1,379)
Movement in earn-out provision	-	-	-	821	821
Impairment loss	-	(8,472)	-	-	(8,472)
Onerous contract charge	-	(255)	-	-	(255)
Other	-	-	-	(89)	(89)
Profit/(loss) before income tax expense	2,090	(7,823)	189	(12,061)	(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
Loss 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	69,713
Middle East and Rest of World	2,276	2,168	-	37
	38,831	30,466	55,626	69,750

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 (Note 17)	821	-
Dividend income (Note 10)	302	-
Onerous contract charge (Note 15)	(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.

Onerous contract charge 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	(1,450)	(214)
Other interest expense	(432)	(641)
	(1,744)	(859)

Note 6. Expenses

	Consolidated	
	2015 $'000	2014 $'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. Income tax benefit

Amounts recognised in profit or loss

	Consolidated 2015 $'000	Consolidated 2014 $'000
Current tax expense / (benefit)		
Current year	(1,280)	279
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	(1,957)	(621)
Recognition of previously unrecognised tax losses	-	(8,579)
Recognition of previously unrecognised temporary differences	-	(1,112)
R&D claim	(292)	-
	(2,249)	(10,312)
Tax benefit on continuing operations	(3,529)	(10,033)

Amounts recognised directly in equity

	2015			2014		
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
Share issue costs	-	89	89	1,178	376	802

Reconciliation of income tax benefit

	Consolidated 2015 $'000	Consolidated 2014 $'000
Loss before tax from continuing operations	17,605	3,687
Income tax benefit/(expense) using the company's tax rate at 30%	5,281	1,106
Non-deductible expenses	(2,213)	(623)
Recognition of previously unrecognised temporary differences		1,112
Recognition of previously unrecognised tax losses	-	8,579
Effect of tax rates in foreign jurisdiction	-	(17)
Current year temporary differences not recognised	-	-
R&D claim	292	-
Others	169	(124)
Income tax benefit	3,529	10,033

Note 7. Income tax benefit (continued)

Movement in deferred tax balances ($'000)

	Net balance at 1 July 2014	Recognised in profit or loss	Recognised directly in equity	Balance at 30 June 2015		
				Net	Deferred tax assets	Deferred tax liabilities
Provisions	203	6	–	209	209	–
Inventories	13	(13)	–	–	–	–
Property, plant and equipment	-	292	–	292	292	–
Intangible assets	(384)	1,984	–	1,600	2,456	(856)
Accruals	214	230	–	444	444	–
Employee benefits	977	(330)	–	647	647	–
Income in advance	868	(173)	–	695	695	–
Business related capital costs	306	1	(89)	218	218	–
Carry forward tax losses	8,121	1,280	–	9,401	9,401	–
R&D claim	196	292	–	488	488	–
Others	(105)	(35)	–	(140)	–	(140)
Total	10,409	3,534	(89)	13,854	14,850	(996)

Unrecognised deferred tax assets

The consolidated entity had approximately $22.8 million of transferred tax losses and $3.7 million of transferred capital losses related to the 2002 and prior financial years. These amounts are only available to the consolidated entity to the extent that they pass certain transfer tests under the ITAA 1997. As at 30 June 2015, the Directors did not consider these amounts to be sufficiently certain of recognition and therefore they are not included in the above.

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

	Consolidated	
	2015 $'000	2014 $'000
Deferred tax asset in relation to:		
Tax losses	6,849	6,849
Capital losses	5,178	6,488
	12,027	13,337

Notes to the financial statements

30 June 2015

Note 8. Current assets – cash and cash equivalents

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

Note 9. Current assets – trade and other receivables

	Consolidated 2015 $'000	Consolidated 2014 $'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 $'000	Consolidated 2014 $'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

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.

Note 9. Current assets – trade and other receivables (continued)

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	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 10. Non-current assets – other financial assets

	Consolidated	
	2015 $'000	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 11. Non-current assets – property, plant and equipment

	Consolidated	
	2015 $'000	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 28)	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 12. Non-current assets – intangibles

	Consolidated 2015 $'000	2014 $'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 28.

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 28, 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	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

Note 12. Non-current assets – intangibles (continued)

Impairment testing for cash-generating units containing goodwill

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

	Consolidated	
	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 $8.472 million was recognised for the banking CGU. This impairment was allocated as follows:

	$'000
Plant & equipment (Note 11)	976
Goodwill	5,935
Software	1,561
	8,472

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

	2015	2014
Banking		
Discount rate	14.0%	17.9%
Terminal value growth rate	3.0%	3.0%
Budgeted EBITDA growth rate (average of next 5 years)	31.9%	20.4%
Wealth		
Discount rate	17.9%	18.0%
Terminal value growth rate	3.0%	3.0%
Budgeted EBITDA growth rate (average of next 5 years)	17.3%	29.6%
Mortgages		
Discount rate	17.9%	15.5%
Terminal value growth rate	3.0%	3.0%
Budgeted EBITDA growth rate (average of next 5 years)	20.2%	20.0%

Note 12. Non-current assets – intangibles (continued)

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

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

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

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

	Consolidated	
	2015 $'000	2014 $'000
Banking	-	2,681
Wealth	14,584	41,865
Mortgages	2,975	4,666

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

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

	Change required for carrying amount to equal recoverable amount	
	2015	2014*
Discount rate increase	1.1%	N/A
Budgeted EBITDA growth rate (decrease)	(1.2%)	N/A

** In 2014, Management believed there were no reasonably possible changes in the key assumptions affecting the Mortgages CGU which will result in impairment.*

Note 13. 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 22 for further information on financial instruments.

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

Note 14. Employee benefits

	Consolidated	
	2015 $'000	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

**Reclassified from FY2014 presentation.*

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

Note 15. Current liabilities – provisions

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

Note 15. Current liabilities – provisions (continued)

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 16. Borrowings

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

	Consolidated	
	2015 $'000	2014 $'000
Commercial bills – non-current	4,421	4,671

Refer to Note 22 for further information on financial instruments.

Total secured liabilities

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

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

Note 16. Borrowings (continued)

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	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

The commercial bill facility amortises by $500,000 per quarter and the balance is repayable on 30 September 2016.

Note 17. Non-current liabilities – provisions

	Consolidated	
	2015 $'000	2014 $'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, $1,450,000 (being $1,362,000 related to non-current provisions and $88,000 related to current provisions (see Note 15)) was recognised as an interest expense related to the unwinding of discounts. This is a non-cash item during the period.
- 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 18. 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

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	03 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	04 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 senior management in relation to the loan funded share arrangement. Refer to Note 34 for further details.

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.

Note 18. Equity – issued capital (continued)

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 subject to certain financing arrangements 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 19. Equity – reserves

	Consolidated	
	2015 $'000	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)
OShare based payments	-	-	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

Note 19. Equity – reserves (continued)

Fair value reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets that are not accounted for via profit or loss.

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 and other share based structures provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 20. Equity – accumulated losses

	Consolidated	
	2015 $'000	2014 $'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 21. Equity – dividends

Dividends

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

Franking credits

	Consolidated	
	2015 $'000	2014 $'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 22. Financial instruments

Accounting classifications and fair values

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

		Carrying amount			Fair value level			
30 June 2015	Note	Fair value	Amortised cost	Other financial liabilities	1	2	3	Total
Financial assets measured at fair value								
Share in unlisted entity	10	151					151	151
		151						
Financial assets not measured at fair value								
Cash and cash equivalents	8		4,319					
Trade and other receivables	9		5,700					
			10,019					
Financial liabilities measured at fair value								
Contingent consideration	17	7,280					7,280	7,280
		7,280						
Financial liabilities not measured at fair value								
Trade and other payables	13			6,081				
Secured bank loans				4,421				
				10,502				

		Carrying amount			Fair value level			
30 June 2014	Note	Fair value	Amortised cost	Other financial liabilities	1	2	3	Total
Financial assets measured at fair value								
Shares in listed entity	10	1,115			1,115			1,115
Share in unlisted entity	10	151					151	151
		1,266						
Financial assets not measured at fair value								
Cash and cash equivalents	8		9,471					
Trade and other receivables	9		6,713					
			16,184					
Financial liabilities measured at fair value								
Contingent consideration	17	8,239					8,239	8,239
		8,239						
Financial liabilities not measured at fair value								
Trade and other payables	13			7,205				
Secured bank loans				6,671				
				13,876				

Note 22. Financial instruments (continued)

Measurement of fair values

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Shares in unlisted entity	Based on the last ASX trading price of the delisted entity (December 2012). This amount is then compared to the book value of the shares from the latest available audited financial statements of the investee.	Not applicable	
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payments are determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	Risk-adjusted discount rate of 17.9% (2014: 16.5%).	The estimated fair value would increase (decrease) if: • the risk-adjusted discount rate were lower (higher). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.

Reconciliation of level 3 fair values

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

Consolidated	Shares in unlisted entities $'000	Contingent consideration $'000
Balance at 1 July 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 22. Financial instruments (continued)

Sensitivity analysis

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

	Profit or loss	
Effect in thousands AU$	Increase	Decrease
30 June 2015		
Risk-adjusted discount rate (1% movement)	85	(85)

Financial risk management

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

- Market risk
- Credit risk
- Liquidity risk

i. Risk management framework

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

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

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

ii. Market risk

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

Foreign currency risk

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

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

Note 22. Financial instruments (continued)

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

Consolidated	Assets 2015 $'000	Assets 2014 $'000	Liabilities 2015 $'000	Liabilities 2014 $'000
US dollars	1,248	254	11	29
Pounds Sterling	47	16	3	3
New Zealand dollars	27	216	-	-
Singapore dollars	18	17	22	33
	1,340	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%	(124)	(87)	10%	124	87
Pounds Sterling	10%	(5)	(3)	10%	5	3
New Zealand dollars	10%	(3)	(2)	10%	3	2
Singapore dollars	10%	-	-	10%	-	-
		(132)	(92)		132	92

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

Notes to the financial statements

Note 22. Financial instruments (continued)

Price risk

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

Interest rate risk

The consolidated entity has $4,421,000 of commercial bills as at 30 June 2015 at a variable interest rate.

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

Consolidated	2015 Weighted average interest rate %	2015 Balance $'000	2014 Weighted average interest rate %	2014 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)

Note 22. Financial instruments (continued)

iii. Credit risk

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

Trade and other receivables

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

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

Other financial assets

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

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

	Consolidated	
	2015 $'000	2014 $'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.

Note 22. Financial instruments (continued)

Financing arrangements

Unused borrowing facilities at the reporting date:

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

Remaining contractual maturities

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

Consolidated - 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*

Note 22. Financial instruments (continued)

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

Assets pledged as security

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

Fair value of financial instruments

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

Note 23. Remuneration of auditors

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

	Consolidated	
	2015 $	2014 $
Professional services – KPMG		
R&D incentive	16,000	-
Audit or review of the financial statements	198,030	135,630
	214,030	135,630
Audit services – network firms		
Audit or review of the financial statements	18,027	18,232
Other services – network firms		
Taxation services – KPMG Singapore	5,097	5,405
	23,124	23,637

Note 24. Contingent liabilities

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

	Consolidated	
	2015 $'000	2014 $'000
Bank guarantees	647	647

Note 25. Commitments

	Consolidated	
	2015 $'000	2014 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Intangible assets	525	875
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,303	1,358
One to five years	1,585	2,829
	3,413	4,187

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

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

Note 26. Related party transactions

Parent entity

Rubik Financial Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 29.

Receivable from and payable to related parties

During the year, the Group purchased and sold goods and received services from Field Solutions Group Pty Ltd and Stargate Technologies Pty Ltd. These companies are associated with Andrew Roberts and Brett Spencer, respectively, who were members of Rubik's key management personnel at some point during FY2015.

	Transaction value for the 12 months ended		Balance outstanding	
In dollars	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Sale of goods and rendering of services	160,998	-	160,998	-
Purchases of goods and rendering of services	(1,313,789)	(174,628)	(145,718)	49,985

Note 26. Related party transactions (continued)

Loans to/from related parties

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

Terms and conditions

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

Key management personnel compensation

The key management personnel compensation comprised of the following:

	2015 $'000	2014 $'000
Short-term employee benefits	1,823	1,597
Post-employment benefits	113	74
Termination benefits	401	-
Share-based payments	134	287
	2,471	1,958

Note 27. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2015 $'000	2014 $'000
Profit/(loss) after income tax	(3,825)	4,344
Total comprehensive income	(93)	4,868

Statement of financial position

	Parent	
	2015 $'000	2014 $'000
Total current assets	36,349	37,932
Total assets	90,053	91,675
Total current liabilities	1,913	4,019
Total liabilities	18,435	19,720
Equity		
Issued capital	67,691	68,046
Reserves	3,746	(98)
Retained profits/(accumulated losses)	181	4,007
Total equity	71,618	71,955

Note 27. Parent entity information (continued)

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

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

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

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

Capital commitments

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

Lease commitments – operating	2015 $'000	2014 $'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 28. 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 provides Rubik with greater exposure to financial planners that are not currently Rubik customers. 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 28. Business combinations (continued)

Stargate Information Systems Pty Ltd

On 4 June 2014, Rubik acquired Stargate Information Systems Pty Ltd "Stargate" for a consideration of $22,685,000 (including contingent consideration with a net present value of $5,785,000). Contingent consideration is calculated as a multiple of contributed EBITDA in 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.

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 28. Business combinations (continued)

Infinitive Pty Ltd

On 24 June 2014, Rubik completed its acquisition of Infinitive Pty Ltd for a consideration of $2,959,000 (including deferred consideration with a net present value of $3,412,000). Deferred consideration was initially the subject of an earn-out, however on 1 September 2014 Rubik agreed with the vendors of Infinitive to make a one-off payment of $3.5 million during FY2015 in order to remove this earn-out obligation. As per the Sale and Purchase Agreement, the previous earn-out amount was capped at $14.1 million. Infinitive is a leading provider of e-commerce solutions to the Australian mortgage industry and is one of only two mortgage gateways.

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 28. 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 29. Interests in subsidiaries

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

Name	Principal place of business/country of incorporation	Ownership interest 2015 %	Ownership interest 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%	-%
Rubik Group Services Pty Ltd**	Australia	100.00%	-%

**incorporated on 28 July 2014*
***incorporated on 19 November 2014*

Note 30. Deed of cross guarantee

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

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

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

Rubik Financial Limited

Rubik Financial Technology Pty Ltd

Rubik IP Holdings Pty Ltd

Rubik Mortgages Pty Ltd

Rubik Group Services Pty Ltd

Stargate Information Systems Pty Ltd

AMEE IP Holdings Pty Ltd

AMEE Easy Software Solutions Pty Ltd

Core in a Box Pty Ltd

COIN Software Pty Ltd

Provisio Technologies Pty Ltd

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the company and controlled entities which are a party to the Deed (the "Closed Group"), after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2015 is set out as follows.

Note 30. Deed of cross guarantee (continued)

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

Statement of profit or loss and other comprehensive income	2015 $'000	2014 $'000
Revenue	34,710	28,804
Other income	899	475
Net finance (expense)/income	(1,753)	(851)
Research fees	(1,113)	(1,009)
Product licence and holding fees	(3,276)	(1,707)
Employee benefits expense	(23,916)	(17,826)
Share-based payments expense	(134)	(287)
Depreciation and amortisation expense	(7,622)	(4,347)
Professional fees	(2,008)	(1,545)
Marketing expenses	(568)	(459)
Premises and establishment expenses	(1,643)	(1,342)
Telecommunications	(1,261)	(504)
Costs relating to acquisition activities	(814)	(2,329)
Impairment loss	(8,472)	-
Other expenses	(1,363)	(1,094)
Loss before income tax benefit	(18,334)	(4,021)
Income tax benefit	3,533	10,050
Profit after income tax benefit	(14,801)	6,029
Other comprehensive income	3,733	524
Other comprehensive income for the year, net of tax	3,733	524
Total comprehensive income for the year	(11,068)	6,553

Equity – retained profits	2015 $'000	2014 $'000
Accumulated losses at the beginning of the financial year	(1,695)	(7,724)
Profit after income tax benefit	(14,801)	6,029
Accumulated losses at the end of the financial year	(16,496)	(1,695)

Note 30. Deed of cross guarantee (continued)

Statement of financial position	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	3,623	8,251
Trade and other receivables	4,053	3,467
Receivables from related parties	3,472	22,798
Inventories	-	4
Other	523	406
	11,671	34,926
Non-current assets		
Investment in subsidiary	2,959	3,233
Other financial assets	151	1,266
Property, plant and equipment	568	1,782
Intangibles	49,813	34,467
Deferred tax	13,854	10,409
	67,345	51,157
Total assets	79,016	86,083
Current liabilities		
Trade and other payables	4,985	5,906
Payables to related parties	1,070	1,173
Borrowings	-	2,000
Employee benefits	1,794	952
Provisions	1,948	117
Revenue received in advance	2,108	1,809
	11,905	11,957
Non-current liabilities		
Borrowings	4,421	4,671
Employee benefits	179	277
Provisions	7,570	2,724
Other	-	200
	12,170	7,872
Total liabilities	24,075	19,829
Net assets	54,941	66,254
Equity		
Issued capital	67,691	68,046
Reserves	3,746	(97)
Accumulated losses	(16,496)	(1,695)
Total equity	54,941	66,254

Notes to the financial statements

30 June 2015

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

	Consolidated	
	2015 $'000	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
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 32. 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 33. 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	329,880	942,222
Weighted average number of ordinary shares used in calculating diluted earnings per share	340,920,387	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

Note 34. Share-based payments

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

Note 34. Share-based payments (continued)

Description of the share-based payment arrangements

Options

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

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

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

Note that the above options granted to Niek Hoogenhout and Darius Coveney were converted to Loan Funded Shares on 17 November 2014. Also note that Wayne Wilson ceased to be a key management personnel on 20 October 2014, which was after the vesting date of the above options.

Note 34. Share-based payments (continued)

Measurement of fair values

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

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

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

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

Note 34. Share-based payments (continued)

Reconciliation of outstanding share options

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

In thousands of options	Number of options 2015	Weighted average exercise price 2015	Number of options 2014	Weighted average exercise price 2014
Outstanding at 1 July	**14,500**	**0.445**	**2,000**	**0.168**
Exercised during the year	(574)	0.162	-	-
Forfeited during the year	(426)	-	-	-
Converted to LFS	(12,500)	-	–	-
Granted during the year	-	-	12,500	0.489
Outstanding at 30 June	**1,000**	**0.174**	**14,500**	**0.445**
Exercisable at 30 June	**1,000**	**0.174**	**1,000**	**0.16**

The options outstanding at 30 June 2015 had an exercise price of $0.17 (2014: $0.16 to $0.80) and a weighted-average contractual life of 0.79 year (2014: 2.94 years).

Loan Funded Share arrangement

As noted in Rubik's 2014 Annual Report, the Board has moved to the use of loan funded shares as its preferred method of long-term incentive for key executives.

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

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

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

On 17 November 2014, shares were issued to each of Niek Hoogenhout and Darius Coveney on the conversion of their options to LFS. Options were converted to LFS on a 1:1 basis.

Note 34. Share-based payments (continued)

Following recent consolidation of senior management team responsibilities at Rubik and the replacement of Niek Hoogenhout with Iain Dunstan as Group CEO, the Board on 1 May 2015 agreed to amend the long-term incentive arrangements of Rubik's three C level executives. The amendment included:

- the issue of additional loan funded shares;
- the transfer of loan funded shares from departed executives; and
- an amendment to the vesting and release conditions of all loan funded shares issued to the executives.

A summary of the amended loan funded share holdings of the CEO, COO and the CFO as of 30 June 2015 is set out below.

	No. of shares	Valuation date	Vesting date	Strike price
CEO	10,000,000	1 May 2015	30 September 2018	$0.25
COO	6,500,000	1 May 2015	30 September 2018	$0.25
CFO*	6,500,000	1 May 2015	30 September 2018	$0.25
Total	**23,000,000**			

**2,500,000 of these loan funded shares were conversion from share options.*
The above table excludes 3,000,000 loan funded shares issued to former CEO.

The loan funded shares are accounted for as options to reflect the substance of the transaction. The valuation was determined by using the Black-Scholes model and have the following valuation summary.

Spot price:	$0.14
Days to expiry:	1,248
Volatility:	50% to 60%
Interest rate:	1.93%
Value per Executive Loan Share:	$0.029 to $0.039

Note that all LFS also contain EBITDA related hurdles, which have been treated as non-market conditions that are 100% expected to be met for the purposes of the above valuation.

Rubik Financial Limited

Directors' declaration

30 June 2015

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 38 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Andrew Moffat
Director

25 September 2015
Sydney

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

Report on the financial report

We have audited the accompanying financial report of Rubik Financial Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

Report on the remuneration report

We have audited the Remuneration Report included in pages 32 to 42 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Rubik Financial Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

John Wigglesworth
Partner

Sydney

25 September 2015

Rubik Financial Limited

ASX additional information

as at 30 September 2015

Distribution of equitable securities

Analysis of the number of equitable security holders by size of holding:

Range	Total holders	Units
1 to 1,000	170	52,628
1,001 to 5,000	771	2,245,038
5,001 to 10,000	340	2,589,106
10,001 to 100,000	846	31,645,024
100,001 and over	258	329,685,527
Total	2,385	366,217,323

Unmarketable parcels

	Minimum parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 0.15 per unit	3,334	691	1,220,133

Equity security holders

Top 20 holders of issued ordinary shares

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

	Ordinary shares	
	Number held	% issued capital
Viburnum Funds Pty Ltd (VF Strategic Equities FD A/C)	63,583,091	17.36%
UBS Nominees Pty Ltd	61,110,784	16.69%
JP Morgan Nominees Australia Limited	24,548,732	6.70%
Citicorp Nominees Pty Limited	16,276,433	4.40%
National Nominees Limited	11,814,981	3.23%
Gardun Pty Ltd (Chihi A/C)	10,083,300	2.75%
Mr. David Spreadbury	6,552,800	1.79%
Mr. Darius Coveney	6,550,000	1.79%
Fatty Holdings Pty Ltd (Coleman Family A/C)	6,500,000	1.77%
Brispot Nominees Pty Ltd (House Head Nominee No 1 A/C)	6,461,376	1.76%
Cowoso Capital Pty Ltd (The Cowoso S/F A/C)	6,138,653	1.68%
Mr. Brent Jackson + Mrs. Tanya Jackson (Jackson Family S/F A/C)	5,937,706	1.62%
RBC Investor Services Australia Nominees Pty Limited (Bkcust A/C)	5,315,564	1.45%
Equitas Nominees Pty Limited (2874398 A/C)	5,297,462	1.45%
Pershing Australia Nominees Pty Ltd (Argonaut Account)	4,500,000	1.23%
Avanteos Investments Limited (5084998 General A/C)	4,086,201	1.12%
Hunters Hill Counselling and Consulting Pty Ltd	3,000,000	0.82%
Mr. Craig Coleman + Mrs. Phyllis Coleman (Coleman Super Fund A/C)	2,200,000	0.60%
CMOS Enterprises Pty Ltd (The CMAP Family A/C)	2,081,539	0.57%
Culars No 25 Pty Ltd (Mowat Super Fund A/C)	2,034,375	0.56%
	254,072,997	

ASX additional information

as at 30 September 2015

Substantial security holders

Substantial holders in the company are listed below:

	Ordinary/fully paid ordinary shares	
Shareholder	Units	% issued capital
Viburnum Funds Pty Ltd (VF Strategic Equities FD A/C)	63,583,091	17.0%
LHC Capital Partners Pty Ltd	50,010,000	14.0%

Voting rights

The voting rights attached to ordinary shares are:

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

There are no other classes of equity securities.

Notes

Notes

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 Street Sydney NSW 2000
Bankers	Westpac Banking Corporation 109 St George's Terrace Perth WA 6000
Stock exchange listing	Rubik Financial Limited shares are listed on the Australian Securities Exchange (ASX code: RFL)
Website	www.rubik.com.au

Rubik

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