



decimal

Appendix 4E

Unaudited Preliminary Final Report

30 June 2015

Decimal Software Limited

ABN 31 009 235 956



Appendix 4E Unaudited Preliminary Final Report

DECIMAL SOFTWARE LIMITED

ABN: 31 009 235 956

1. Reporting Period

Financial year ended:	Previous corresponding period:
30 June 2015	30 June 2014

2. Results for announcement to the market

Description	30 June 2015 (A\$)	30 June 2014 (A\$)	% change
Revenue from ordinary activities	530,914	175,007	+203.4%
Loss from ordinary activities	(7,613,071)	(13,185,024)	+42.3%
Loss for the period attributable to members	(7,613,071)	(13,185,024)	+42.3%

Abbreviated explanation of results

On 11 April 2014 Decimal Software Limited (“Decimal Software”), formerly Aviva Corporation Limited, completed the legal acquisition of Decimal Group Pty Ltd and its controlled subsidiaries (“Decimal Group”). Under the Australian Accounting Standards Decimal Group was deemed to be the accounting acquirer in this transaction. The acquisition was accounted for as a share based payment by which Decimal Group acquired the net assets and listing status of Decimal Software.

Accordingly the comparative information for the 12 months ended 30 June 2014 has been prepared as a continuation of the business and operations of Decimal Group. As the deemed acquirer, Decimal Group has accounted for the acquisition of Decimal Software from 11 April 2014.

In line with the Company’s Go to Market strategy, Decimal Software has achieved substantial success since market launch, with >700K Australian members signed through 2 key contracts and a US strategic partnership established which provides data aggregation and distribution potential spanning >800 companies, as at the end of 30 June 2015. Revenue from ordinary activities in the period grew as a result of increasing licensing fees and professional services income from the signing of new clients. Total revenue and other income further increased due to higher interest income and an increased R&D benefit. The loss from ordinary activities and attributable to members improved from FY2014. The key items impacting the FY2015 results are highlighted below:

- i) Decrease in one-off expenses as a result of a non-cash listing fee expense in FY2014 associated with the acquisition of Decimal Software of \$9,433,666 which represented the difference between the deemed consideration (\$21,119,261) on acquisition less the net assets of Decimal Software (\$11,685,595).
- ii) Increase in development and operational activities of Decimal Group in line with its Go to Market strategy leading to an increase in salaries, technical expenses, advertising, marketing and media expenses and other associated expenses.
- iii) Increase in office related expenses resulting from the full year impact of the Sydney headquarters lease, entered into in May 2014.



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- iv) Decrease in depreciation, amortisation and impairment expenses as a result of an intangible asset impairment of \$139,558 in FY2014, not repeated in FY2015.
- v) Decrease in share based payment expenses due to the one-off expense in FY2014 relating to options granted in respect of the acquisition on 11 April 2014. The expense in the current reporting period relates to the Company's on-going employee and executive option plan.
- vi) Increase in professional and public listing company fees vs. previous corresponding period, as the Company became listed in April 2014.

3. Dividends or dividend distribution plan

Decimal Software Limited Group did not declare a dividend during the reporting or previous corresponding period. There was no distribution reinvestment plan in operation during the years ended 30 June 2015 and 30 June 2014.

4. Earnings and Net Tangible Asset per Share

The following reflects the income used in the basic and diluted earnings and net tangible asset per share computations:

	Consolidated	
	2015 \$	2014 \$
(a) Earnings Used in Calculating Earnings and Net Tangible Asset Per Share		
Net loss for the year attributable to ordinary shareholders of the parent	(7,613,071)	(13,185,024)
Total Tangible Assets	3,636,609	12,767,539

	2015 Number	2014 Number
(b) Weighted Average Number of Shares		
For basic and diluted earnings/(loss) per share:		
Weighted average number of ordinary shares	179,498,524	120,311,048
Effect of dilution of share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	179,498,524	120,311,048

	2015 Number	2014 Number
Loss per Share (cents per share)	(4.24)	(10.96)
Net tangible Asset per share (cents per share)	2.03	10.61



5. Parent Entity and Subsidiaries

(a) *Ultimate Parent*

The ultimate Australian parent entity and the ultimate parent of the Consolidated Entity is Decimal Software Limited.

(b) *Subsidiaries*

The subsidiaries of Decimal Software Limited¹ are listed in the following table:

Name	Country of Incorporation	Functional Currency	Equity Interest	
			2015 %	2014 %
Decimal Technology and Systems Pty Ltd	Australia	AUD	100	100
Decimal Pty Ltd	Australia	AUD	100	100
Simpla Pty Ltd	Australia	AUD	100	100
Decimal Software (US) Inc	United States	AUD	100	N/A
Decimal Group Pty Ltd ⁽¹⁾	Australia	AUD	-	100
Decimal Services Pty Ltd ⁽²⁾	Australia	AUD	-	100

Notes

1. Decimal Group Pty Ltd was deregistered on 19th of February 2015
2. Decimal Services Pty Ltd was deregistered on 30th of November 2014

6. Associates and Joint Ventures

The Decimal Software Limited Group do not have any holdings in joint ventures or associates.

7. Commentary on results for the period

The Consolidated Statement of Comprehensive Income, Financial Position, Cash Flow, Changes in Equity and Notes to these Financial Statements are included on pages 6 to 12.

Decimal Group's principal activity is as a technology-focused provider of a patented cloud based software-as-a-service (SaaS) "robo" advice platform, predominantly to the financial services sector with scope to expand into other sector opportunities.

During the period the Company substantially increased its development and operational activities to ensure success as the Company transitioned from development phase to commercialisation phase, resulting in advertising, marketing and media expenses increasing from \$31,154 to \$448,034. This investment has driven a focus on enterprise customers, leading to significant contract agreements signed by Decimal during the year resulting in the increase in revenue from \$175,007 in year ending 30 June 2014 to \$530,914 in year ending 30 June 2015. The most significant anchor agreement was signed with QSuper in November 2014; the third largest industry super fund with over 530,000 members and \$54bn in assets under management. Decimal is providing automated online financial advice solutions for its members. The new agreements signed during the year are in addition to Decimal's existing agreements with key clients such as Mercer. During this commercialisation phase, investment in marketing and distribution efforts has led to the building of a large pipeline across key segments with more than 40 active opportunities currently being pursued.



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Combined with increased development activities and the Listing, Decimal strengthened its executive, sales and other support teams during the year. These developments led to an increase in salaries, consultant and public company expenses. Technical expenses increased over the year due to investment in security, hosting and website development.

The R&D benefit was higher due to increased development activities whilst interest revenue benefited from the full year impact of the acquisition of Decimal Software's cash.

The higher R&D benefit led to an increase in other receivables and current assets with the R&D receivable accounting for \$1,779,871 of the balance, up from \$1,095,155 on 30 June 2014. Employee benefits liabilities were higher due to the increase in employee numbers.

8. Unaudited report

The financial report for the year ended 30 June 2015 is in the process of being audited and the Decimal Software Limited Group will release audited financial statements on/or before 30 September 2015.



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Revenue		530,914	175,007
Finance income		237,937	117,880
R&D benefit		1,786,478	1,095,155
Total revenue and other income		2,555,329	1,388,042
Directors and employee benefits expense	1(a)	6,330,832	2,426,331
Consultant expenses		941,198	976,502
Technical expenses		777,402	248,363
Professional and public listed company fees		485,497	327,471
Travel cost and entertainment		389,514	138,949
Office related expenses		503,242	220,302
Advertising, marketing and media		448,034	31,154
Other expenses	1(b)	64,545	47,218
Depreciation, amortisation and impairment	1(c)	83,799	186,909
Share based payment expense		144,337	536,201
Listing fee expense on acquisition of Decimal Software		-	9,433,666
Total expenses		10,168,400	14,573,066
Loss before income tax		(7,613,071)	(13,185,024)
Income tax benefit		-	-
Loss for the year		(7,613,071)	(13,185,024)
Other comprehensive income		-	-
Total comprehensive loss for the year, net of tax		(7,613,071)	(13,185,024)
Basic loss per share (cents per share)		(4.24)	(10.96)
Diluted loss per share (cents per share)		(4.24)	(10.96)



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,878,306	11,009,677
Trade receivables		179,168	49,299
Prepayments		151,583	87,620
Other receivables and other current assets	2	1,839,813	1,248,490
TOTAL CURRENT ASSETS		5,048,870	12,395,086
NON-CURRENT ASSETS			
Other non-current assets	2	267,494	264,494
Property, plant and equipment		135,767	107,959
Intangible assets		153,359	72,600
TOTAL NON-CURRENT ASSETS		556,620	445,053
TOTAL ASSETS		5,605,490	12,840,139
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3	458,030	299,805
Income in advance		521,539	513,700
Employee benefit liabilities		692,360	439,247
TOTAL CURRENT LIABILITIES		1,671,929	1,252,752
NON-CURRENT LIABILITIES			
Other payables	3	120,608	184,150
Employee benefit liabilities		22,985	70,649
TOTAL NON-CURRENT LIABILITIES		143,593	254,799
TOTAL LIABILITIES		1,815,522	1,507,551
NET ASSETS		3,789,968	11,332,588
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	4	29,506,465	29,580,351
Reserves		680,538	536,201
Accumulated losses		(26,397,035)	(18,783,964)
TOTAL EQUITY		3,789,968	11,332,588



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Contributed Equity \$	Treasury Shares \$	Share Based Payment Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2013	6,075,115	-	-	(5,598,940)	476,175
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(13,185,024)	(13,185,024)
Total comprehensive loss for the year	-	-	-	(13,185,024)	(13,185,024)
Equity transactions:					
Issue of ordinary shares	2,504,224	-	-	-	2,504,224
Issue of options	-	-	536,201	-	536,201
Costs of share issue	(118,249)	-	-	-	(118,249)
Acquired on acquisition	21,119,261	-	-	-	21,119,261
As at 30 June 2014	29,580,351	-	536,201	(18,783,964)	11,332,588
Balance at 1 July 2014	29,580,351	-	536,201	(18,783,964)	11,332,588
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(7,613,071)	(7,613,071)
Total comprehensive loss for the year	-	-	-	(7,613,071)	(7,613,071)
Equity transactions:					
Issue of ordinary shares	-	-	-	-	-
Issue of options	-	-	144,337	-	144,337
Treasury shares	-	(73,886)	-	-	(73,886)
As at 30 June 2015	29,580,351	(73,886)	680,538	(26,397,035)	3,789,968



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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Payments to suppliers and employees		(9,721,131)	(4,203,109)
Rent incentive payment		-	253,420
Receipts from sales		461,975	147,842
Receipt of research and development tax rebate		1,095,155	795,219
Interest received		301,881	114,192
Net cash flows used in operating activities	5	(7,862,120)	(2,892,436)
Cash flows from investing activities			
Payments for property, plant and equipment		(93,429)	(108,413)
Payments for intangible assets		(98,936)	(72,600)
Payment for treasury shares		(73,886)	-
Net payment on security deposit		(3,000)	(228,397)
Cash acquired on acquisition of Decimal Software		-	11,723,070
Net cash flows (used in)/from investing activities		(269,251)	11,313,660
Cash flows from financing activities			
Receipts from share issues		-	2,504,224
Payments for share issue costs		-	(118,249)
Repayment of loans		-	(6,433)
Net cash flows from financing activities		-	2,379,542
Net (decrease)/increase in cash and cash equivalents		(8,131,371)	10,800,766
Cash at the beginning of the year		11,009,677	208,911
Cash at the end of the year		2,878,306	11,009,677



NOTES TO THE FINANCIAL STATEMENTS

1. Expenses

	2015 \$	2014 \$
(a) Directors and Employee Benefits Expense		
Directors fees, wages and salaries	5,893,695	2,245,034
Post-employment benefit expense	437,137	181,297
	6,330,832	2,426,331
(b) Other Expenses		
Included in other expenses is the following:		
Bad debts written off	500	1,350
	500	1,350
(c) Depreciation, Amortisation and Impairment		
Depreciation-computer equipment	55,923	28,108
Depreciation-furniture and fittings	4,089	3,665
Amortisation –leasehold improvements	130	-
Amortisation-intangible assets	18,177	-
Intangible assets impaired	-	139,558
Property, plant and equipment impaired	5,480	15,578
	83,799	186,909

2. Other Receivables and other Non-Current Assets

	Consolidated	
	2015 \$	2014 \$
Other Receivables		-
R&D receivable	1,779,871	1,095,155
Interest receivable	8,231	70,949
Net GST receivable	51,711	82,386
Total other receivables	1,839,813	1,248,490
Other non-current assets		
Security deposits	267,494	264,494
Total other non-current assets	267,494	264,494



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3. Trade and Other Payables

	Consolidated	
	2015	2014
	\$	\$
Current liabilities-Trade and other payables		
Trade payables	157,295	144,539
Accrued expenses	237,193	91,724
Rent incentive payment (current portion)	63,542	63,542
Total current liabilities-Trade and other payables	458,030	299,805
Non-current liabilities-Other payables		
Rent incentive Payment (non-current portion)	120,608	184,150
Total non-current liabilities-Other payables	120,608	184,150

i) Trade Payables

Trade payables are non-interest bearing and are normally settled on 30 day terms. Due to the short term nature of these payables, their carrying value is considered to approximate their fair value.

ii) Rent Incentive Payment

The Consolidated Entity entered into a lease agreement for a property in Sydney under which they received a rent incentive payment. On 30 June 2015 \$184,150 of the rent incentive payment was available to offset against future rent payments over the remainder of the lease term. The lease expires on 31 January 2018.

4. Contributed Equity

	Consolidated	
	2015	2014
	\$	\$
Ordinary shares fully paid ⁽ⁱ⁾	29,580,351	29,580,351
Treasury Shares	(73,886)	
	29,506,465	29,580,351

Notes

(i) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2015	2014
	Number	Number
Movement in ordinary shares on issue of the legal parent		
At the beginning of the reporting period	179,498,524	5,908,136
Shares issue - 15 November 2013		764,927
Shares issued - 28 November 2013		211,283
Shares on issue in Decimal Software on completion of acquisition		63,998,524
Conversion shares to Decimal vendors		112,500,000
Issued to advisers and facilitators on completion of acquisition		3,000,000
Decimal Group Pty Ltd shares eliminated on completion of Decimal Software acquisition		(6,884,346)
At the end of the reporting period	179,498,524	179,498,524



	2015	2014
	\$	\$
Movement in share capital		
At the beginning of the reporting period	29,580,351	6,075,115
Issue of shares for cash		2,504,224
Less cost relating to share issue		(118,249)
Deemed consideration on acquisition of Decimal Software		21,119,261
At the end of the reporting period	29,580,351	29,580,351

	2015	2014
	\$	\$
Movement in treasury shares		
At the beginning of the reporting period	-	-
Issue of treasury shares	(73,886)	-
At the end of the reporting period	(73,886)	-

5. Cash Flow Statement Reconciliation

	Consolidated	
	2015	2014
	\$	
Reconciliation of Loss after Tax to Net Cash Flows from Operations		
Loss from ordinary activities after income tax	(7,613,071)	(13,185,024)
<i>Adjustments for non-cash income and expense items:</i>		
Depreciation, amortisation and impairment	83,799	186,909
Listing expense on acquisition of Decimal Software	-	9,433,666
Share based payments	144,337	536,201
Bad debts written off	500	1,350
<i>Changes in assets and liabilities:</i>		
Increase in trade receivables	(130,369)	(27,166)
Increase in prepayments	(63,963)	(85,921)
Increase in other receivables and current assets	(591,324)	(513,275)
Increase in trade and other payables	158,225	213,767
(Decrease)/increase in rent incentive payment	(63,542)	253,420
Increase/(decrease) in income in advance	7,839	(36,300)
Increase in employment liabilities	205,449	329,937
Net cash flows used in operating activities	(7,862,120)	(2,892,436)

6. Share based payment – treasury shares

On 10 October 2014, the Company entered into an executive loan arrangement with Carolyn Colley, CEO for Australia/New Zealand, for the provision of up to \$100,000 to be used solely for the purchase of shares in Decimal Software Ltd, and to be matched by a personal contribution in the ratio of 5:1 (loan:personal contribution). A loan of \$73,886 was provided on 11 November 2014. The remainder must be used before 31 March 2015.

Interest is charged on the outstanding balance at a rate equal to the rate earned by the Group on term deposits.