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financial future, today.*

**d.**

**Decimal**

**Appendix 4E**

**Unaudited Preliminary Final Report**

**30 June 2016**

## Appendix 4E 30 June 2016

### DECIMAL SOFTWARE LIMITED (Decimal or the Company)

ABN: 31 009 235 956

#### 1. Reporting Period

<b>Financial year ended:</b>	<b>Previous corresponding period:</b>
<b>30 June 2016</b>	<b>30 June 2015</b>

#### 2. Results for announcement to the market

Description	30 June 2016 (A\$)	30 June 2015 (A\$)	% change
Revenue from ordinary activities	1,149,586	530,914	+117%
Loss from ordinary activities	(4,039,070)	(7,613,071)	+47%
Loss for the period attributable to members	(4,039,070)	(7,613,071)	+47%

#### 3. 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 5 to 11.

Decimal is an Australian company which has developed the world's first enterprise-focused automated financial advice and execution platform for the mass consumer market. The omni-channel, cloud based platform is designed to operate with any existing product and includes embedded compliance features. The consumer-driven software has global application.

During the period under review Decimal continued to grow its client base and customer reach. The Company increased its sales revenue 117% from \$530,914 in 2015 to \$1,149,586 in 2016. The significant increase can be attributed to the following factors:

- Energy Super (a platinum rated superannuation fund) became the first client to sign up for Equilize in April 2016
- Mercer entered into a new contract leading to an extension of services
- Continued growth from QSuper contract
- Completion of a consultancy agreement

Decimal's pipeline of prospects also continues to grow. Decimal's operating loss decreased 47% from \$7,613,071 in 2015 to \$4,039,070. This was driven by the higher sales revenue and lower operating cost. In August 2015 the Company completed a strategic and operational review to reduce its operating costs. This was made possible by the fact that Decimal's platform has matured to such an extent that it requires lower maintenance and implementation costs. The R&D benefit is still substantial at \$1,482,542.

Decimal successfully completed a capital placement in January 2016 to raise \$3,500,000 gross before costs. The placement was for 50,000,000 shares at 7 cents per share. The placement and R&D benefit means that Decimal remains strongly positioned to achieve its objectives.

#### 4. Dividends or dividend distribution plan

Decimal Software Limited 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 2016 and 30 June 2015.

## 5. 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	
	2016 \$	2015 \$
<b>(a) Earnings Used in Calculating Earnings and Net Tangible Asset Per Share</b>		
Net loss for the year attributable to ordinary shareholders of the parent	(4,039,070)	(7,613,071)
Total Tangible Assets	3,185,958	3,636,609

	2016 Number	2015 Number
<b>(b) Weighted Average Number of Shares</b>		
For basic and diluted earnings/(loss) per share:		
Weighted average number of ordinary shares	204,649,209	179,498,524
Effect of dilution of share options	-	-
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>204,649,209</b>	<b>179,498,524</b>

	2016 Number	2015 Number
Loss per Share (cents per share)	(1.97)	(4.24)
Net tangible Asset per share (cents per share)	1.56	2.03

## 6. 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 Limited are listed in the following table:

Name	Country of Incorporation	Functional Currency	Equity Interest	
			2016 %	2015 %
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	100

## **7. Associates and Joint Ventures**

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

## **8. Unaudited report**

The financial report for the year ended 30 June 2016 is in the process of being audited and Decimal will release audited financial statements on/or before 30 September 2016.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Revenue		1,149,586	530,914
Finance income		57,558	237,937
R&D benefit		1,482,542	1,786,478
<b>Total revenue and other income</b>		<b>2,689,686</b>	<b>2,555,329</b>
<b>Total expenses</b>		<b>6,728,756</b>	<b>10,168,400</b>
Directors and employee benefits expense	1(a)	4,319,770	6,330,832
Consultant expenses		237,660	941,198
Technical expenses		390,290	777,402
Professional and public listed company fees		479,994	485,497
Travel cost and entertainment		185,199	389,514
Office related expenses		495,711	503,242
Advertising, marketing and media		211,002	448,034
Other expenses	1(b)	102,523	64,545
Depreciation, amortisation and impairment	1(c)	147,577	83,799
Share based payment expense		159,030	144,337
<b>Loss before income tax</b>		<b>(4,039,070)</b>	<b>(7,613,071)</b>
Income tax benefit		-	-
<b>Loss for the year</b>		<b>(4,039,070)</b>	<b>(7,613,071)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year, net of tax</b>		<b>(4,039,070)</b>	<b>(7,613,071)</b>
Basic loss per share (cents per share)		(1.97)	(4.24)
Diluted loss per share (cents per share)		(1.97)	(4.24)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,005,388	2,878,306
Trade receivables		79,716	179,168
Prepayments		171,286	151,583
Other receivables and other current assets	2	1,518,757	1,839,813
<b>TOTAL CURRENT ASSETS</b>		<b>3,775,147</b>	<b>5,048,870</b>
<b>NON-CURRENT ASSETS</b>			
Other non-current assets	2	264,494	267,494
Property, plant and equipment		61,769	135,767
Intangible assets		78,915	153,359
<b>TOTAL NON-CURRENT ASSETS</b>		<b>405,178</b>	<b>556,620</b>
<b>TOTAL ASSETS</b>		<b>4,180,325</b>	<b>5,605,490</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3	376,684	458,030
Income in advance		-	521,539
Employee benefit liabilities		509,514	692,360
<b>TOTAL CURRENT LIABILITIES</b>		<b>886,198</b>	<b>1,671,929</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	3	-	120,608
Employee benefit liabilities		29,254	22,985
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>29,254</b>	<b>143,593</b>
<b>TOTAL LIABILITIES</b>		<b>915,452</b>	<b>1,815,522</b>
<b>NET ASSETS</b>		<b>3,264,873</b>	<b>3,789,968</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Contributed equity	4	32,861,410	29,506,465
Reserves		839,568	680,538
Accumulated losses		(30,436,105)	(26,397,035)
<b>TOTAL EQUITY</b>		<b>3,264,873</b>	<b>3,789,968</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Contributed Equity \$	Treasury Shares \$	Share Based Payment Reserves \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2014</b>	<b>29,580,351</b>	-	<b>536,201</b>	<b>(18,783,964)</b>	<b>11,332,588</b>
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	<b>(7,613,071)</b>	<b>(7,613,071)</b>
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)
<b>As at 30 June 2015</b>	<b>29,580,351</b>	<b>(73,886)</b>	<b>680,538</b>	<b>(26,397,035)</b>	<b>3,789,968</b>
<b>Balance at 1 July 2015</b>	<b>29,580,351</b>	<b>(73,886)</b>	<b>680,538</b>	<b>(26,397,035)</b>	<b>3,789,968</b>
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	<b>(4,039,070)</b>	<b>(4,039,070)</b>
Total comprehensive loss for the year	-	-	-	(4,039,070)	(4,039,070)
Equity transactions:					
Issue of ordinary shares	3,500,000	-	-	-	3,500,000
Cost of share issue	(181,972)	-	-	-	(181,972)
Issue of options	-	-	159,030	-	159,030
Repayment of Treasury shares	-	36,917	-	-	36,917
<b>As at 30 June 2016</b>	<b>32,898,379</b>	<b>(36,969)</b>	<b>839,568</b>	<b>(30,436,105)</b>	<b>3,264,873</b>

## CONSOLIDATED STATEMENT of CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(6,860,546)	(9,721,131)
Receipts from sales		796,249	461,975
Receipt of research and development tax rebate		1,779,871	1,095,155
Interest received		61,483	301,881
<b>Net cash flows used in operating activities</b>	5	<b>(4,222,943)</b>	<b>(7,862,120)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,906)	(93,429)
Proceeds from disposal of property, plant and equipment		13,168	-
Payments for intangible assets		(18,182)	(98,936)
Repayment/(Payment for treasury shares)		36,917	(73,886)
Repayment/(Payment) of security deposit		3,000	(3,000)
<b>Net cash flows from/(used in) investing activities</b>		<b>31,997</b>	<b>(269,251)</b>
<b>Cash flows from financing activities</b>			
Receipts from share issues		3,500,000	-
Payments for share issue costs		(181,972)	-
<b>Net cash flows from financing activities</b>		<b>3,318,028</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(872,918)</b>	<b>(8,131,371)</b>
Cash at the beginning of the year		2,878,306	11,009,677
<b>Cash at the end of the year</b>		<b>2,005,388</b>	<b>2,878,306</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Expenses

	2016	2015
	\$	\$
<b>(a) Directors and Employee Benefits Expense</b>		
Directors fees, wages and salaries	4,006,355	5,893,695
Post-employment benefit expense	313,415	437,137
	<b>4,319,770</b>	<b>6,330,832</b>
<b>(b) Other Expenses</b>		
Included in other expenses is the following:		
Bad debts written off	85	500
	<b>85</b>	<b>500</b>
<b>(c) Depreciation, Amortisation and Impairment</b>		
Depreciation-computer equipment	51,450	55,923
Depreciation-furniture and fittings	2,724	4,089
Amortisation-leasehold improvements	780	130
Amortisation-intangible assets	33,386	18,177
Intangible assets impaired	59,237	-
Property, plant and equipment impaired	-	5,480
	<b>147,577</b>	<b>83,799</b>

### 2. Other Receivables and other Non-Current Assets

	Consolidated	
	2016	2015
	\$	\$
<b>Other Receivables</b>		
R&D receivable	1,482,542	1,779,871
Interest receivable	4,306	8,231
Net GST receivable	31,909	51,711
Total other receivables	<b>1,518,757</b>	<b>1,839,813</b>
<b>Other non-current assets</b>		
Security deposits	264,494	267,494
<b>Total other non-current assets</b>	<b>264,494</b>	<b>267,494</b>

#### i) Security Deposits

Following the assignment of the Sydney lease effective 1 July 2016 the relevant security deposit was returned to Decimal leading to a cash inflow of \$256,762 subsequent to year end.

### 3. Trade and Other Payables

	Consolidated	
	2016	2015
	\$	\$
<b>Current liabilities-Trade and other payables</b>		
Trade payables	213,184	157,295
Accrued expenses	163,500	237,193
Rent incentive payment (current portion)	-	63,542
<b>Total current liabilities-Trade and other payables</b>	<b>376,684</b>	<b>458,030</b>
<b>Non-current liabilities-Other payables</b>		
Rent incentive Payment (non-current portion)	-	120,608
<b>Total non-current liabilities-Other payables</b>	<b>-</b>	<b>120,608</b>

#### 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 Company assigned their Sydney office lease effective 1 July 2016. As a result of the assignment of the lease the Company recognized the remainder of the rent incentive through the Statement of Comprehensive Income for the year ended 30 June 2016.

### 4. Contributed Equity

	Consolidated	
	2015	2015
	\$	\$
Ordinary shares fully paid <sup>(i)</sup>	32,898,379	29,580,351
Treasury Shares	(36,969)	(73,886)
	<b>32,861,410</b>	<b>29,506,465</b>

#### Notes

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

	2016	2015
	Number	Number
<b>Movement in ordinary shares on issue of the legal parent</b>		
At the beginning of the reporting period	179,498,524	179,498,524
Shares issue – 3 December 2015	26,000,000	-
Shares issued – 27 January 2016	24,000,000	-
<b>At the end of the reporting period</b>	<b>229,498,524</b>	<b>179,498,524</b>

	2016	2015
	\$	\$
<b>Movement in share capital</b>		
At the beginning of the reporting period	29,580,351	29,580,351
Issue of shares for cash	3,500,000	-
Less cost relating to share issue	(181,972)	-
<b>At the end of the reporting period</b>	<b>32,898,379</b>	<b>29,580,351</b>

	2016	2015
	\$	\$
<b>Movement in treasury shares</b>		
At the beginning of the reporting period	(73,886)	-
Issue of treasury shares		(73,886)
Less treasury shares repayment received	36,917	-
<b>At the end of the reporting period</b>	<b>(36,969)</b>	<b>(73,886)</b>

## 5. Cash Flow Statement Reconciliation

	Consolidated	
	2016	2015
	\$	\$
<b>Reconciliation of Loss after Tax to Net Cash Flows from Operations</b>		
Loss from ordinary activities after income tax	(4,039,070)	(7,613,071)
<i>Adjustments for non-cash income and expense items:</i>		
Depreciation, amortisation and impairment	147,577	83,799
Loss on disposal of fixed assets	8,512	-
Share based payments	159,030	144,337
Bad debts written off	85	500
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in trade receivables	99,452	(130,369)
Increase in prepayments	(19,705)	(63,963)
Decrease/(Increase) in other receivables and current assets	321,056	(591,324)
(Decrease)/Increase in trade and other payables	(17,615)	158,225
Decrease in rent incentive payment	(184,150)	(63,542)
(Decrease)/Increase in income in advance	(521,539)	7,839
(Decrease)/Increase in employment liabilities	(176,576)	205,449
<b>Net cash flows used in operating activities</b>	<b>(4,222,943)</b>	<b>(7,862,120)</b>