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Decimal Software Quarterly Report and Update Ground Breaking Customer Success with World First Robo-advice platform

Highlights

- Outstanding client success with over \$1.85 billion advised on Decimal technology since launch
- Online “robo” advice for enterprise clients has exceeded \$885 million since June growing at +50% p/m
- Decimal “robo” advice software platform is operating seamlessly with customers
- Validated first in market “robo” advice capability designed to work with existing products unlocking \$2tr FUA to a new market of online advice in Australia alone
- Significantly reduced expenses expected from the December quarter following restructuring of the business to enterprise focus and distribution partnership model
- Cash at quarter end was \$0.982m, with subsequent receipt of \$1.78m R&D tax refund

Decimal Software Ltd (‘the Company’, ASX: DSX, Decimal) is pleased to report on the Company’s performance for the quarter ended 30 September 2015.

Operational Update

Decimal has delivered exceptional results with clients over the last 3 months post initial deployment of its online or “robo” advice capability for enterprises.

Since the launch in June 2015, online advice issued in real time using Decimal technology has exceeded \$885 million growing at an average of over 50% month on month. Advice issued across all client channels using the technology is now over \$1.85 billion demonstrating Decimal’s omni-channel capability for enterprises.

These results not only validate the enterprise grade scalability of the Decimal technology but also the willingness of customers of trusted and recognized organisations to engage with online financial advice when presented with a seamless fully integrated experience.



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With ongoing roll out with existing customers and anticipated conversion of a strong pipeline of blue chip enterprises looking for automated financial advice solutions, the Company is confident of strong growth going into 2016.

The Company will also realize significant cost savings from the December quarter onwards as a result of the completion of its first major deployment and organizational alignment to the enterprise market opportunity for financial advice automation technology. From 2016 core operating costs are expected to be approximately 50% or less than the cost incurred in the September 2015 quarter.

Cash Position & Convertible Note

At the end of the quarter the Company had cash reserves of \$0.982m. Excluding the receipt of the convertible note the decrease in cash was \$ 2.4m over the quarter. The cash decrease was in line with previous quarters in FY15 with the exception of the quarter ended 31 March 2015 which included the receipt of the R&D rebate for FY14.

As advised on 14 October 2015, the Company received \$1.78 million for the FY2015 R&D tax rebate. Following receipt of the R&D tax rebate the Company has fully repaid the convertible note of \$500,000 to Albion Capital Partners (**Albion**) pursuant to the convertible note agreement (**Agreement**) announced to the market on 15 September 2015.

The receipt of the R&D rebate well ahead of forecast led to the early repayment of the convertible note. Albion has therefore agreed to amend the following terms of the Agreement.

- All unlisted options granted to Albion will be cancelled.
- The right of first refusal to negotiate in good faith with the Company in relation to licensing certain application of the technology will be terminated.

What is Robo Advice and Why?

Robo advice is the next major disruptive technology application in the financial services industry. Robo advice replaces traditional methods of financial planning and management of superannuation and other financial products within Financial Services Companies.

Decimal's breakthrough technology empowers the clients of Financial Services Companies to use on line tools to adjust their portfolios or financial products in a simple, fast and cost effective manner. Decimal's cloud based platform performs the transaction instantaneously, updates the client portfolio whilst operating in a safe, secure and corporate governance compliant environment.

Ends

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About Decimal

Decimal is an Australian based company, which has developed the world's first omni-channel, cloud based automated (robo) advice platform designed to work with any existing product. The platform, which includes embedded compliance features, enables enterprises to provide consumer drive financial advice and execution to the mass consumer market with global application. Prior to now this has not been viable or technically possible, providing Decimal with a first mover advantage.

Head quartered in Sydney, DSX partners with Financial Institutions of all sizes including banks, superfunds, credit unions, insurers, mortgage brokers, dealer groups and advisors to enable the execution of Financial Service advice via a seamless omni-channel solution.

For further information www.decimal.com.au

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

DECIMAL SOFTWARE LIMITED

ABN

31 009 235 956

Quarter ended

30 SEPTEMBER 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	248	248
1.2 Payments for		
(a) staff and director costs	(1,506)	(1,506)
(b) advertising and marketing	(30)	(30)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(861)	(861)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other:		
-Payments in respect of restructuring	(251)	(251)
Net operating cash flows	(2,379)	(2,379)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,379)	(2,379)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses(see note in section 5.3)	-	-
(b) bank guarantees	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(1)	(1)
(e) other non-current assets	(18)	(18)
(f) deposit paid	-	-
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	2	2
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
	(17)	(17)
Net investing cash flows		
1.14 Total operating and investing cash flows	(2,396)	(2,396)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Reduction of capital payment	-	-
1.19 Dividends paid	-	-
1.20 Other – Convertible notes	500	500
	500	500
Net financing cash flows		
Net decrease in cash held	(1,896)	(1,896)
1.21 Cash at beginning of quarter/year to date	2,878	2,878
1.22 Exchange rate adjustments to item 1.21	-	-
1.23 Cash at end of quarter*	982	982

*- R&D Tax rebate of \$1.78m was received in October 2015

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	121
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil
1.26	Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Convertible Note Facility	750	500

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Appendix 4C
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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	895	1,541
4.2 Deposits at call	87	1,337
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)*	982	2,878

*- R&D Tax rebate of \$1.78m was received in October 2015

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Not applicable	Not applicable
5.2 Place of incorporation or registration	Not applicable	Not applicable
5.3 Consideration for acquisition or disposal	Not applicable	Not applicable
5.4 Total net assets	Not applicable	Not applicable
5.5 Nature of business	Not applicable	Not applicable

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.



Date: 30 October 2015
 Stef Weber
 Company secretary

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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