

# Appendix 4E

## Preliminary Final Report – Results for Announcement to the Market

### Name of entity

NOVATTI GROUP Limited

ABN: 98 606 556 183

### 1. Reporting period:

Report for the financial year ended: 30 June 2016

Previous corresponding period is the financial year ended: 30 June 2015

### 2. Results for announcement to the market, (Item 2):

Revenue from ordinary activities (item 2.1) up 56% to	\$4,871,209
Net Loss before income tax expense down 458% to	(\$4,871,366)
Loss from ordinary activities after tax attributable to members (item 2.2) down 426% to	(\$4,967,720)
Net Loss for the period attributable to members (item 2.3)	(\$4,967,720)

Dividends (item 2.4)	Amount per security	Franked amount per security
Interim dividend	- cents	- cents
Final dividend	- cents	- cents
Record date for determining entitlements to the dividend (item 2.5)		

There have been no dividends paid nor provided for as at 30 June 2016 (item 2.6).

### 3. Statement of Comprehensive Income

Refer attached Appendix A

### 4. Statement of Financial Position

Refer attached Appendix A

### 5. Statement of Changes in Equity

Refer attached Appendix A

### 6. Statement of Cash Flows

Refer attached Appendix A

## 7. Dividends (item 7):

	Date of payment	Total amount of dividend	
Interim dividend-year ended 30 June 2016	N/A		\$0.00
Final dividend-year ended 30 June 2016	N/A		\$0.00

## Amount per security

	Amount per security	Franked amount per security	Amount per security of foreign sourced dividend	
Total dividend: Current Year	- cents	- cents		- cents
Total dividend: Previous Year	- cents	- cents		- cents

## 8. Details of dividend or distribution reinvestment plans in operation are described below (item 8):

Not applicable.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan Not applicable.

## 9. Statement of retained earnings (item 9)

Consolidated Entity	2016	2015
Balance at the beginning of the year	(\$3,423,436)	(\$2,235,160)
<b>Net profit (loss) attributable to members of the parent entity</b>	(\$4,967,720)	(\$944,173)
Loss on Flexewallet from acquisition date	-	(\$135,794)
Retained losses on Flexewallet at the date of acquisition	-	(\$108,309)
Adjustment on introduction to Australian Equivalent to IFRS	-	-
Total available for appropriation	-	-
Dividends paid	-	-
Lapsing of Options	-	-
<b>Balance at end of year</b>	(\$8,391,156)	(\$3,423,436)

## 10. Net tangible assets per security (item10)

	2016	2015
Net tangible asset backing per ordinary security	\$0.05	\$0.01

## 11. Details of entities over which control has been gained or lost during the period: (item11)

### Control gained over entities/acquisitions

Name of entities	Date(s) of gain of control
Not applicable	

### Loss of control of entities/Disposals

Name of entities	Date(s) of gain of control
Not applicable	

## 12. Details of associates and joint venture entities (item 12)

Name of associate or joint venture entity (item 12.1)	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	%	%	Reporting Period	Previous Period
			\$	\$
High Impact	50%	50%	(\$197,426)	-
ATX Malaysia	50%	50%	(\$1,912)	-
<b>Group's aggregate share of associates and joint venture entities' loss where material – (Item 12.2)</b>			(\$199,338)	-
Income tax on operating activities			-	-

The directors are unable to accurately ascertain the likely returns for the High Impact investment and have resolved to write-off this investment as at 30 June 2016.

#### Results:

The consolidated Net Loss After Tax (NLAT) attributable to members of the company was (\$4,967,720). The prior year NLAT was (\$944,173)

The Group's net asset position was \$4,263,762, (30 June 2015, \$34,686). Novatti Group had \$4,725,649 held in cash, of which \$396,305 is held on trust for clients, (30 June 2015, \$279,284 of which \$95,432 was held on trust for clients). The Group is debt free.

#### Significant Change in the State of Affairs:

There are no significant changes in the state of affairs of the Company.

#### After Balance Date Events:

No matters or circumstances have arisen since end of the financial year which significantly affect or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

#### Dividend Recommended, Declared or Paid:

The Company has not recommended, declared or paid a dividend in respect of the financial year.

Details significant information relating to the entity's financial performance and financial position.

13. This item relates to foreign entities and is not applicable to the company (item 13)

14. Commentary on the results for the period (item 14).

The Company and its controlled entities made a full year net loss of \$4,967,720 after tax. Total consolidated revenue and other income for this period is \$4,871,209.

Basic earnings/(loss) per share for this period is (9.06) and diluted earnings/(loss) (6.95).

This is the Group's first ASX report subsequent to listing on 18 January 2016.

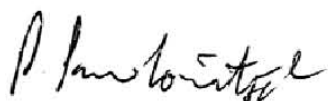
15. Audit of the financial report (item 15)

This preliminary report is based on the accounts which are in the process of being audited and have been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

16. Are the audited accounts subject to review and are subject to dispute or qualification? (Item 16)

The Annual Financial Report is not likely to contain an independent audit report that is subject to modified opinion, emphasis of matter or other matter paragraph.

Sign here:      Date: 31 August 2016



Print name:    Peter Pawlowitsch  
Chairman

## Contents

Preliminary Statement of profit & loss and other comprehensive income	8
Preliminary Statement of financial position	9
Preliminary Statement of changes in equity	10
Preliminary Statement of cash flows	12
Operating segments	13

## Preliminary Statement of profit & loss and other comprehensive income

For the year ended 30 June 2016

	Consolidated 2016 \$	Consolidated 2015 \$
Revenue	3,873,835	2,398,022
Other income	997,374	722,072
<b>Total Revenue</b>	<b>4,871,209</b>	<b>3,120,094</b>
<b>Expenses</b>		
Cost of Sales	(2,140,404)	(393,802)
Employee benefits	(5,587,115)	(2,976,068)
Depreciation and Amortization expense	(19,449)	(79,757)
Occupancy	(100,190)	(99,192)
Finance charges	(34,297)	(4,388)
Foreign currency translation (losses)/gains	22,791	102,828
Travel expenses	(275,352)	(113,023)
Marketing expenses	(148,035)	(83,595)
Data management expenses	(145,666)	(103,398)
Share of net profit of joint ventures accounted for using the equity method	(199,338)	(20,594)
Deemed equity consideration on Reverse Acquisition that is not a Business	(224,875)	-
Other expenses	(890,645)	(221,752)
<b>Loss before income tax expense</b>	<b>(4,871,366)</b>	<b>(872,647)</b>
Income tax expense	(96,354)	(71,526)
<b>Loss after income tax expense for the year</b>	<b>(4,967,720)</b>	<b>(944,173)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>(4,967,720)</b>	<b>(944,173)</b>
Loss for the year is attributable to:		
Owners of Novatti Group Limited	(4,967,720)	(944,173)
Total comprehensive income for the year is attributable to:		
Non-controlling interest	(4,967,720)	(944,173)
Owners of Novatti Group Limited	(4,967,720)	(944,173)
	<b>2016 Cents</b>	<b>2015 Cents</b>
Basic earnings per share	(9.06)	(2.36)
Diluted earnings per share	(6.95)	(2.36)

## Preliminary Statement of financial position

As at 30 June 2016

	Consolidated 2016 \$	Consolidated 2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,725,649	279,284
Trade and other receivables	1,541,958	1,065,167
Financial Assets	31,837	30,925
Other	52,580	264,619
Total current assets	6,352,024	1,639,995
<b>Non-current assets</b>		
Investments accounted for using the equity method	14,901	24,331
Property, plant and equipment	46,357	9,293
Other non-current assets	-	116,211
Total non-current assets	61,258	149,835
<b>Total assets</b>	6,413,282	1,789,830
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	1,878,719	972,548
Employee benefits	152,232	164,505
Borrowings	-	359,707
Total current liabilities	2,030,951	1,496,760
<b>Non-current liabilities</b>		
Employee benefits	118,569	8,384
Other non-current liabilities	-	250,000
Total non-current liabilities	118,569	258,384
<b>Total liabilities</b>	2,149,520	1,755,144
<b>Net assets</b>	4,263,762	34,686
<b>Equity</b>		
Issued capital	11,940,604	3,458,122
Reserves - other	714,314	-
Retained profits	(8,391,156)	(3,423,436)
<b>Total equity</b>	4,263,762	34,686

## Preliminary Statement of changes in equity

For the year ended 30 June 2016

Consolidated	Issued Capital \$	Option Reserves \$	Foreign Currency Translation Reserve \$	Retained Profits \$	Total Equity \$
<b>Balance at 1 July 2015</b>	3,458,122	-	-	(3,423,436)	34,686
Deemed Consideration on reverse acquisition that is not a Business	225,000	-	-		225,000
Loss after income tax expense for the year	-	-	-	(4,967,720)	(4,742,845)
	3,683,122	-	-	(8,391,156)	(4,708,159)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	3,683,122	-	-	(8,391,156)	(4,708,159)
Transactions with owners in their capacity as owners:					
Shares issued during the period	8,257,482	-	-	-	8,257,607
Options issued	-	713,465	-	-	713,465
Foreign Currency Translation Reserve	-	-	849	-	849
<b>Balance at 30 June 2016</b>	<b>11,940,604</b>	<b>713,465</b>	<b>849</b>	<b>(8,391,156)</b>	<b>4,263,762</b>

## Preliminary Statement of changes in equity

For the year ended 30 June 2015

Consolidated	Issued Capital \$	Retained Profits \$	Total Equity \$
<b>Balance at 1 July 2014</b>	3,458,122	(2,235,160)	1,222,962
Comprehensive Income			
Loss for the year	-	(944,173)	(944,173)
	3,458,122	(3,179,333)	278,789
Loss on Flexewallet from acquisition date	-	(135,794)	(135,794)
Retained losses on Flexewallet at the date of acquisition	-	(108,309)	(108,309)
Other comprehensive income	-	-	-
Total comprehensive income	3,458,122	(3,423,436)	34,686
<b>Balance at 30 June 2015</b>	<u>3,458,122</u>	<u>(3,423,436)</u>	<u>34,686</u>

Novatti Group Limited was incorporated on June 6 2015. On September 28 2015 Novatti Group Limited entered into a Share Purchase Agreement with the equity holders of Novatti Pty Ltd to acquire, via a share for share scrip rollover, all the shares in Novatti Pty Ltd.

For accounting purposes this transaction is a reverse acquisition that is not a business. Novatti Group's listed equity value at the time of incorporation has been eliminated on consolidation.



## Preliminary Statement of cash flows

For the year ended 30 June 2016

	2016 \$	2015 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	4,085,663	2,144,037
Payments to suppliers and employees (inclusive of GST)	(7,692,426)	(3,294,045)
Interest received	60,695	11,054
Receipt of Research and Development rebate	936,679	701,361
Interest and other finance costs paid	(34,297)	(4,388)
Income taxes paid	(96,354)	(71,526)
<b>Net cash from operating activities</b>	<b>(2,740,040)</b>	<b>(513,507)</b>
<b>Cash flows from investing activities</b>		
Joint Venture High Impact Corp. - Loan	(16,457)	-
Joint Venture Novatti (Malaysia) Sdn Bhd - Investment	(27,571)	-
Payments for property, plant and equipment	(56,513)	(7,542)
<b>Net cash used in investing activities</b>	<b>(100,541)</b>	<b>(7,542)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares – Pre Initial Public Offering	1,219,126	-
Proceeds from issue of shares – Initial Public Offering	7,000,000	-
Share issue transaction costs	(595,264)	-
Proceeds from borrowings	-	359,707
Repayment of borrowings	(359,707)	-
<b>Net cash used in financing activities</b>	<b>7,264,155</b>	<b>359,707</b>
Net increase/(decrease) in cash and cash equivalents	4,423,574	(161,342)
Cash and cash equivalents at the beginning of the financial year	279,284	440,626
Effects of exchange rate changes on cash and cash equivalents	22,791	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>4,725,649</b>	<b>279,284</b>

## Operating segments

### *Identification of reportable operating segments*

The consolidated entity is organised into two operating business segments: Novatti Platform, incorporating enterprise sales and Maintenance & Support via the Novatti Platform and Transactional Services incorporating Flexewallet, TransferBridge and Flexe Payments Limited. These operating business segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). 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:

#### *Novatti Platform*

develops, deploys and supports specialised mobile and Alternate Payment technology, primarily through the deployment of the Novatti Platform.

#### *Transactional Services*

TransferBridge: provides a comprehensive global network that interconnects emerging payment platforms, remittance operators, financial institutions, retailers, utilities and all types of telecommunication operators.

Flexewallet and Flexe Payments: Offers customers an alternative payment method in the form of a prepaid voucher. Vouchers can be used for a multitude of payment methods such as prepaid account top-ups and for secure online payment of goods and services. Vouchers are available in a variety of currencies and locations globally.

### *Intersegment transactions*

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

### *Intersegment receivables, payables and loans*

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

## Appendix A

### Operating segment information

	Novatti Platform \$	Transactional Services \$	Novatti Group Limited \$	Intersegment eliminations /unallocated \$	Total \$
<b>Consolidated – 30 June 2016</b>					
Revenue					
Sales to external customers	3,736,608	137,227	-	-	3,873,835
Intersegment sales	-	-	-	-	-
Total sales revenue	3,736,608	137,227	-	-	3,873,835
Other revenue	938,931	-	58,443	-	997,374
Total revenue	4,675,539	137,227	58,443	-	4,871,209
EBITDA	(2,968,657)	(716,235)	(968,548)	(224,875)	(4,878,315)
Depreciation and amortisation					(19,449)
Interest revenue					60,695
Finance costs					(34,297)
Profit before income tax expense					(4,871,366)
Income tax expense					(96,354)
Profit after income tax expense					(4,967,720)
Segment Assets	1,934,738	473,835	4,006,106	(1,397)	6,413,282
Segment Liabilities	1,552,800	535,240	61,480	-	2,149,520
Employee Benefits	4,698,976	506,145	381,994	-	5,587,115
Additions to non-current assets (other than financial assets, deferred tax, post employment benefits assets, rights under insurance contracts)	-	-	-	-	-
	Novatti Platform \$	Transactional Services \$	Intersegment eliminations /unallocated \$	Total \$	
<b>Consolidated – 30 June 2015</b>					
Revenue					
Sales to external customers	2,392,278	5,744	-	-	2,398,022
Intersegment sales					
Total sales revenue	2,392,278	5,744	-	-	2,398,022
Other revenue	722,072	-	-	-	722,072
Total revenue	3,144,350	5,744			3,120,094
EBITDA	(797,476)	(2,080)	-	-	(799,556)
Depreciation and amortisation					(79,757)
Interest revenue					11,054
Finance costs					(4,388)
Profit before income tax expense					(872,647)
Income tax expense					(71,526)
Profit after income tax expense					(944,173)
Segment Assets	1,674,697	115,133	-	-	1,789,830
Segment Liabilities	1,650,826	104,318	-	-	1,755,144
Employee Benefits	2,969,090	6,978			2,976,068
Additions to non-current assets (other than financial assets, deferred tax, post employment benefits assets, rights under insurance contracts)	-	-	-	-	-