31 March 2017

Market Release, Auckland, New Zealand

Finzsoft Solutions Limited (NZX:FIN) Reports Interim Financial Results for Half Year Ended 31 December 2016

CONTINUED STRONG MOMENTUM LEVERAGING LOCAL OPPORTUNITIES

Finzsoft is pleased to provide its half-year report for the 6 month period ended 31 December 2016 and announces its performance highlights for the half year ended 31 December 2016:

- Six month operating revenue of $10.38 million, which is consistent with the same six month period in the previous year (FY16 $10.37 million).
- Strong customer base supporting underlying licence and services revenue.
- EBITDA result of $3.3 million driven by timing of annual licence and initial licence fees from existing and new clients, and reduction in costs.
- Continued profitability, no debt and positive cash flow.
- Net profit after tax has increased to $1.9 million, up from $208,000 for the same period last year (6 month period ended 31 December 2015), again largely due to timing of annual licence and initial licence fees from existing and new clients, and reduction in costs.
- Continued investment in sales and marketing to leverage and convert the opportunities in Asean brought about by the Silverlake investment.

Finzsoft is pleased to report its half-yearly earnings to 31 December 2016, continuing the company's strong performance with continued investment in the company to set it up for long term sustainable growth in New Zealand, Australia and the wider Asean region.

Finzsoft Managing Director, Andrew Holliday said the continued expansion into the credit union market is exciting and builds on Finzsoft's strong history of working with New Zealand's credit unions and building societies. The proven track record of Finzsoft's core banking software, Sovereign, which will run First Credit Union's operations from customer service in the front end to all of the bank end operations, was critical to Finzsoft being chosen as the new partner for First Credit Union and Westforce Credit Union.

Based on current contracted revenue, along with our pipeline opportunities for our financial year ending 30 June 2017, we will expect to see Finzsoft continuing to operate profitably with no debt and positive cash flow. We have ongoing delivery to our key client work orders both in Australia and New Zealand”.

Authorised for issue on the 31 March 2017

Brent Impey
Chairman

Andrew Holliday
Managing Director

www.finzsoft.com info@finzsoft.com

AUSTRALIA
Phone: 1800 728 035
Level 1, 1 Jamison Street
Sydney, NSW 2000
Australia

MALAYSIA
Phone: +64 9 571 6800
Level 11, 1 Sentral Jalan Travers
Kuala Lumpur Sentral
50470 Kuala Lumpur

NEW ZEALAND
Phone: +64 9 571 6800
Australis Nathan Building, Level 4
37 Galway Street, Britomart
Auckland 1010
New Zealand

SINGAPORE
Phone: +64 9 571 6800
8 Cross Street
#10 - 00 PWC Building
Singapore 048424

Finzsoft Solutions Limited
Financial statements
for the period ended 31 December 2016

Statement of comprehensive income

For the period ended 31 December 2016

	Note	**Unaudited 6 months to 31/12/2016 $'000**	Unaudited 6 months to 31/12/2015 $'000	Audited 15 months to 30/06/2016 $'000
Revenue		**10,384**	10,362	21,854
Interest income		**2**	4	4
Other income		**1**	2	2
Total operating revenue		**10,387**	10,368	21,860
Development, servicing and other direct costs		**(4,847)**	(6,021)	(12,981)
Occupancy expense		**(441)**	(320)	(755)
Depreciation and amortisation expense		**(554)**	(456)	(1,266)
Marketing and sales		**(304)**	(1,721)	(2,701)
Finance expense		**(26)**	(49)	(183)
Corporate expenses		**(708)**	(452)	(1,326)
Other expenses		**(780)**	(1,018)	(2,264)
Total expenses		**(7,660)**	(10,037)	(21,476)
Profit before income tax		**2,727**	331	384
Income tax		**(750)**	(123)	(157)
Profit from continuing operations		**1,977**	208	227
Profit for the period		**1,977**	208	227
Other comprehensive income:				
Currency translation differences		**21**	9	(55)
Other comprehensive income for the year, net of tax		**21**	9	(55)
Total comprehensive income for the year		**1,998**	217	172
Earnings per share attributable to the ordinary equity holders of the company during the year:				
Attributable to continuing operations:				
Basic earnings per share	4	**22.44**	2.42	2.59
Diluted earnings per share	4	**22.12**	2.38	2.56

Statement of changes in equity

For the period ended 31 December 2016

	Share Capital $'000	Currency translation reserve $'000	Share option reserve $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 July 2015	4,316	(125)	128	(201)	4,118
Comprehensive income					
Profit or loss for the year	-	-	-	208	208
Other comprehensive income					
Currency translation differences	-	9	-	-	9
Total comprehensive income	-	9	-	208	217
Balance as at 31 December 2015	4,316	(116)	128	7	4,335

	Share Capital $'000	Currency translation reserve $'000	Share option reserve $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 April 2015	4,049	(84)	-	228	4,193
Comprehensive income					
Profit or loss for the year	-	-	-	227	227
Other comprehensive income					
Currency translation difference	-	(55)	-	-	(55)
Total comprehensive income	-	(55)	-	227	172
Transactions with owners					
Purchase consideration	267	-	-	-	267
Share option	-	-	128	-	128
Total transactions with owners	267	-	128	-	395
Balance as at 30 June 2016	4,316	(139)	128	455	4,760

	Share Capital $'000	Currency translation reserve $'000	Share option reserve $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 July 2016	4,316	(139)	128	455	4,760
Comprehensive income					
Profit or loss for the year	-	-	-	1,977	1,977
Other comprehensive income					
Currency translation differences	-	21	-	-	21
Total comprehensive income	-	21	-	1,977	1,998
Balance as at 31 December 2016	4,316	(118)	128	2,432	6,758

Statement of financial position

As at 31 December 2016

	Unaudited 6 months to 31/12/2016 $'000	Unaudited 6 months to 31/12/2015 $'000	Audited 15 months to 30/06/2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	**3,189**	270	420
Trade and other receivables	**1,571**	2,498	3,330
Current tax receivables	**-**	469	-
	4,760	3,237	3,750
Non-current assets			
Property, plant and equipment	**596**	357	417
Intangible assets	**4,829**	4,144	5,235
Deferred tax assets	**164**	229	152
Total non-current assets	**5,589**	4,730	5,804
Total assets	**10,349**	7,967	9,554
LIABILITIES			
Current liabilities			
Trade and other payables	**1,098**	1,217	1,580
Interest bearing liabilities	**-**	350	750
Current tax liabilities	**284**	-	47
Provision for employee benefits	**573**	1,113	513
Unearned revenue	**1,636**	952	1,904
	3,591	3,632	4,794
Total liabilities	**3,591**	3,632	4,794
Net assets	**6,758**	4,335	4,760
EQUITY			
Contributed equity	**4,316**	4,316	4,316
Reserves	**10**	12	(11)
Retained earnings	**2,432**	7	455
	6,758	4,335	4,760

Statement of cash flows

For the period ended 31 December 2016

	Unaudited 6 months to 31/12/2016 $'000	Unaudited 6 months to 31/12/2015 $'000	Audited 15 months to 30/06/2016 $'000
Cash flows from operating activities			
Inflows			
Receipts from customers	**12,032**	11,029	22,896
Dividends received	**1**	2	-
Interest received	**-**	-	5
Total cash inflow from operating activities	**12,033**	11,031	22,901
Outflows			
Payments to suppliers and employees	**(7,397)**	(9,865)	(19,434)
Interest paid	**(26)**	(49)	(183)
Income tax paid	**(524)**	(544)	(665)
Goods and services tax net paid	**(241)**	(93)	(2,172)
Total cash outflow from operating activities	**(8,188)**	(10,551)	(22,454)
Net cash inflow (outflow) from operating activities	**3,845**	480	447
Cash flows from investing activities			
Outflows			
Payments for property, plant and equipment	**(296)**	(36)	(265)
Payments for intangible assets	**(30)**	(119)	(1,680)
Total cash outflow from investing activities	**(326)**	(155)	(1,945)
Cash flows from financing activities			
Inflows			
Proceeds from borrowings	**-**	50	750
Outflows			
Payments for shares bought back	**-**	(33)	-
Repayment of borrowings	**(750)**	(250)	(20)
Total cash outflow from financing activities	**(750)**	(283)	(20)
Net cash inflow (outflow) from financing activities	**(750)**	(233)	730
Net increase (decrease) in cash and cash equivalents	**2,769**	92	(768)
Cash and cash equivalents at the beginning of the period	**420**	178	1,188
Cash and cash equivalents at end of the period	**3,189**	270	420

Notes to the financial statements

For the period ended 31 December 2016

1 Summary of significant accounting policies

Reporting Entity

Finzsoft Solutions Limited is a limited liability company, incorporated and domiciled in New Zealand, registered under the Companies Act 1993, and listed on the New Zealand Stock Exchange (NZX).

Finzsoft Solutions Limited and its subsidiaries (together "the Group") is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The financial statements have been prepared in accordance with the Financial Markets Conduct Act 2013 and the Companies Act 1993.

The Group's principal activity is that of computer software development, sale and support which is undertaken in New Zealand and Australia.

There have been no changes to the Group's principal activities during the period.

Measurement Base

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities.

Basis of Preparation

The unaudited interim financial statements comply with the New Zealand equivalent to International Standard IAS 34 Interim Financial Reporting.

The unaudited interim financial statements are not required to and do not include all of the information required for full annual statements and should be read in conjunction with the Finzsoft Solutions Limited 2016 Annual Report. For this purpose the Group is designated as a for-profit entity.

The functional and presentation currency of the Group is New Zealand dollars and the financial statements are rounded to the nearest thousand dollar.

The same significant judgements, estimates and assumptions included in the notes to the financial statements in the Group's Annual Report for the year ended 30 June 2016 have been applied to these interim financial statements.

The accounting policies applied in these unaudited interim financial statements are the same as those applied in the general purpose financial statements for the year ended 30 June 2016.

The group changed their balance date from 31 March to 30 June in the 2016 year. This resulted in the period 1 April 2015 to 30 June 2016 being 15 months. It also results in the six monthly balance date changing from 30 September to 31 December.

Notes to the financial statements (continued)

For the period ended 31 December 2016

2 Reconciliation of profit after income tax to net cash inflow from operating activities

	Unaudited 6 months to 31/12/2016 $'000	Unaudited 6 months to 31/12/2015 $'000	Audited 15 months to 30/06/2016 $'000
Profit (Loss) for the period	**1,977**	208	227
Adjustments for non-cash items			
Depreciation	**118**	111	274
Amortisation of finite life intangible assets	**436**	345	992
Loss on sale of fixed asset	**-**	-	2
Foreign currency exchange gain	**19**	43	(58)
Deferred tax recognised	**(11)**	98	14
Changes in assets and liabilities			
(Increase) decrease in assets			
Trade receivable	**1,673**	(48)	(653)
Prepayments	**4**	90	133
(Decrease) increase in liabilities			
Trade payable	**92**	(636)	(1,647)
Unearned revenue	**(268)**	619	1,689
Current income tax liabilities	**237**	(520)	(521)
Provisions for employee benefits	**(432)**	170	(5)
Net operating cash flows	**3,845**	480	447

3 Segment information

Management has determined the operating segments based on the reports reviewed by the Board.

The Board considers the business from both a geographic and product perspective. Geographically, management considers the performance of sales and services in New Zealand, Australia and the rest of the world.

The reportable operating segments derive their revenue primarily from software delivery and support with the exception of New Zealand which is further segregated into revenue from transactional banking.

The Board assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA). This measurement basis excludes the effects of non-recurring expenditure from operating segments. Interest income and expenditure are not allocated to segments, as this type of activity is considered to be a central treasury function.

There are no sales between segments. The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of comprehensive income.

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Notes to the financial statements (continued)

For the period ended 31 December 2016

3 Segment information (continued)

	New Zealand Software Delivery & Support $'000	Australia Software Delivery & Support $'000	Rest of the World Software Delivery & Support $'000	Total $'000
The unaudited segment information for the period ended 31 December 2016 is as follows:				
Segment revenue from external customers	7,703	2,681	**-**	10,384
Adjusted EBITDA	3,925	88	**-**	4,013
Depreciation and amortisation	551	3	**-**	554
Income tax expense	749	1	**-**	750
Total Assets	9,087	1,249	**12**	10,348
Additions to non-current assets (other than Financial instruments and deferred tax assets)	326	-	**-**	326
Total Liabilities	(3,176)	(413)	**(2)**	(3,591)
The unaudited segment information for the period ended 31 December 2015 is as follows:				
Segment revenue from external customers	5,482	4,880	**-**	10,362
Adjusted EBITDA	1,095	189	**(1)**	1,283
Depreciation and amortisation	452	4	**-**	456
Income tax expense	93	30	**-**	123
Total Assets	6,124	1,835	**8**	7,967
Additions to non-current assets (other than Financial instruments and deferred tax assets)	155	-	**-**	155
Total Liabilities	(2,548)	(1,076)	**(8)**	(3,632)
The audited segment information for the year ended 30 June 2016 is as follows:				
Segment revenue from external customers	11,367	10,487	**-**	21,854
Adjusted EBITDA	**2,768**	386	**-**	3,154
Depreciation and amortisation	**1,256**	10	**-**	1,266
Income tax expense	**69**	88	**-**	157
Total Assets	**8,568**	979	**7**	9,554
Additions to non-current assets (other than Financial instruments and deferred tax assets)	**1,945**	-	**-**	1,945
Total Liabilities	**(4,398)**	(390)	**(6)**	(4,794)

Notes to the financial statements (continued)

For the period ended 31 December 2016

3 Segment information (continued)

A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	Unaudited 6 months to 31/12/2016 $'000	Unaudited 6 months to 31/12/2015 $'000	Audited 15 months to 30/06/2016 $'000
Adjusted EBITDA from reportable segments	**4,013**	1,283	3,154
Depreciation	**(118)**	(111)	(274)
Amortisation	**(436)**	(345)	(992)
Interest received	**2**	4	5
Interest paid	**(26)**	(49)	(183)
Legal expenses	**(250)**	(99)	(266)
Directors fees	**(88)**	(154)	(304)
Professional and Consultancy costs (not attributable to a segment)	**(272)**	(133)	(563)
Other	**(98)**	(65)	(193)
Profit (Loss) before income tax	**2,727**	331	384

4 Earnings per share

The basic earnings per share is calculated by dividing the profit attributed to owners of the company by the weighted average number of ordinary shares in issue during the period.

	Unaudited 6 months to 31/12/2016 $'000	Unaudited 6 months to 31/12/2015 $'000	Audited 15 months to 30/06/2016 $'000
Profit (loss) attributable to owners of the company	**1,977**	208	226
Weighted average number of ordinary shares in issue	**8,809**	8,595	8,728
Adjusted for share options	**129**	129	129
Weighted average number of ordinary shares for diluted earnings per share	**8,938**	8,724	8,857
Basic earnings per share (cents per share)	**22.44**	2.42	2.59
Diluted earnings per share (cents per share)	**22.12**	2.38	2.56

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

5 Contingent Liabilities

The Group is contingently liable in respect of an all obligations guarantee and indemnity provided over all monies due to the ANZ National Bank Limited.

A deed of security dated 16 November 2000 is held by ANZ National Bank Ltd on behalf of New Zealand Stock Exchange.

Finzsoft Solution Limited, the parent, and Finzsoft Settlements Limited, a subsidiary, granted a General Security Agreement dated 27 March 2009 in favour of ANZ National Bank Ltd to cover the existing overdraft facility, flexible credit facility and the flexible rate term loan.

A Cross Guarantee and Indemnity for the benefit of ANZ National Bank Ltd was signed, in March 2009, between Finzsoft Solutions (Australia) Pty Ltd and Finzsoft Solutions Ltd, Finzsoft Solutions (New Zealand) Ltd and Finzsoft Settlements Ltd.

The Group has an overdraft facility of $40,000 with ANZ National Bank Ltd. Interest on the overdraft facility is charged on a daily basis and payable monthly in arrears. Interest is charged at the applicable rate as determined by the bank from time to time. At the date of the agreement the overdraft interest rate was 11.7%. At balance date none of the facility (31 December 2015: Nil; 30 June 2016: Nil) had been drawn down.

The Group has a flexible credit facility of $1,000,000 with ANZ National Bank Ltd. The facility may be drawn down in tranches up to the agreed limit for a monthly period as determined. Interest is charged on the daily balance of each tranche drawn at a fixed rate quoted and advised by the Bank on the interest determination date as being the Bank's cost of funding that tranche plus a margin of 2% (31 December 2015: 2% above the Bank's cost of funding; 30 June 2016: 2% above the Bank's cost of funding). Interest is payable monthly in arrears on the last day of each month. The facility is repaid at the end of each determined funding period. At balance date none of the facility (31 December 2015: $350,000; 30 June 2016 :$750,000) had been drawn down.

6 Commitments

The Group is not committed to incur any capital expenditure as at reporting date (31 December 2015: Nil; 31 March 2016: Nil).

7 Events after the balance date

There were no significant events occurring after balance date (31 December 2015: Nil; 30 June 2016: Nil).

8 Key indicators

Management measures the performance of the Group on EBITDA. The International Financial Reporting Standards do not provide a definition for EBITDA. Consequently, this information should be viewed as a supplemental disclosure provided for the purpose of measuring more effectively the actual result from regular operations.

EBITDA (earnings before interest, taxes, depreciation and amortisation) are indicators of operating performance. They are computed as follows:

Profit(Loss) before tax
\+ Financial expenses
\- Financial income
\- Depreciation and amortisation
= EBITDA

	Unaudited 6 months to 31/12/2016 $'000	Unaudited 6 months to 31/12/2015 $'000	Audited 15 months to 30/06/2016 $'000
Net Profit before tax	**2,727**	331	384
EBITDA	**3,305**	832	1,827

A reconciliation of EBITDA to profit before tax is provided as follows :

EBITDA	**3,305**	832	1,827
Depreciation and amortisation	**(554)**	(456)	(1,265)
Interest received	**2**	4	5
Interest paid	**(26)**	(49)	(183)
Net Profit (Loss) before tax	**2,727**	331	384