

29th August 2016

Announcement

FINZSOFT ANNOUNCES FY16 EARNINGS FOR THE 15 MONTHS ENDING 30 JUNE 2016

The Directors of Finzsoft Solutions Limited are pleased to report on the Group's performance for the 15 months ended 30 June 2016.

As Finzsoft Solutions Limited ("Finzsoft" or "the company") has previously advised the market, the company's financial year-end date has changed from 31 March to 30 June, to align with the balance date of Silverlake Axis Group (SAG), which became the majority shareholder in the company in 2015.

Finzsoft Group reports net profit after tax reduced from \$2.7m in 2015 to \$0.28m in 2016. Revenue for the 15-month period was \$21.9 million compared with \$19.6 million for the 12-month period in the prior financial year. The net profit is, as previously signalled, a reduction on 2015 largely due to longer than expected timeframes to access new business opportunities in the Asian markets and increased investment in the development of next generation financial services solutions.

During the past financial year, the company has focussed on the following:

1. Operating priorities:

- Delivery of several significant projects, on time and on budget, to customers in New Zealand and Australia.
- Automation and streamlining of internal processes and right-sizing the business to drive further efficiencies.

2. Securing new business:

- Won the contract to be the provider of choice for banking software and technology to New Zealand's largest credit Union, First Credit Union.
- Signed a new three-year deal with ASX-Listed IT managed services company, CSG that will see Finzsoft's Sovereign Global software running CSG's trans-Tasman financing and leasing operations for office IT equipment.
- Revenue from these transactions signed in 2016 will appear in the financial accounts from FY17 onwards, and reflects the significant increase in deal activity Finzsoft is experiencing, particularly in the wider credit union market and with building societies and other non-bank providers.

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“We are now through the foundation period bedding in our partnership with Silverlake and we are starting to see the benefits of new deals rolling through. As noted in our market update, we expect to see Finzsoft continue to operate profitably.

“As previously signalled, we have seen a delay in contracts and slower than expected access to new business opportunities in Asian markets following our partnership with Silverlake. Although some markets continue to be challenging, we are proactively managing our cost base to ensure that performance remains in line with management expectations.

“We remain focussed on core business capabilities and operational excellence to serve our customers and look forward to making further progress and regaining momentum as we head into our new fiscal year,” said Holliday.

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About Finzsoft: Finzsoft Group, a Silverlake Axis Group Company, creates innovative, transformational products and services designed around the people that use them. Since its launch over 25 years ago, the company has provided financial software and solutions for banks and financial institutions in Australasia. Finzsoft has offices in Singapore, Malaysia, Australia and Auckland.

About Silverlake Axis Ltd (5CP.SI): Silverlake Axis Ltd (SAL) is a leading provider of digital economy solutions and services for major organisations in Banking, Insurance, Payments, Retail and Logistics industries. The Group's Silverlake Axis Software and Services Solutions are delivering operational excellence and enabling business transformations at over 100 organisations across Asia, including 40% of the largest banks in South East Asia. SAL has a 25-year track record of successfully delivering proven Financial Institution Class Core Software and is the core system platform partner of choice for 3 of the 5 largest ASEAN super regional financial institutions. Under Axis Systems Holdings Limited, the Group was listed on the SGX-SESDAQ on 12 March 2003. It was renamed Silverlake Axis Ltd in 2006 following the acquisition of SAACIS, the company that owns the Silverlake Integrated Banking Solution (SIBS) and the listing was transferred to the Mainboard of the Singapore Exchange on 22 June 2011. SAL's Founder and Executive Chairman, Mr Goh Peng Ooi, is a highly regarded information technology visionary and entrepreneur who was recently named Ernst & Young Master Entrepreneur of the Year 2014.

FINZSOFT SOLUTIONS LIMITED

Results for announcement to the market

Reporting Period	Fifteen Month report 30 June 2016	
Previous Reporting Period	Interim 12 months to 31 March 2016 6 months to 30 September 2015	
	Amount (000s)	Percentage change
Revenue from ordinary activities	\$21,864	12%
Profit (loss) from ordinary activities after tax attributable to shareholders	\$275	(90%)
Net profit (loss) attributable to shareholders.	\$275	(90%)

Interim / Final Dividend	Gross amount per share	Imputed amount per share
No dividend is proposed to be paid	0.00 cents	0.00 cents
Record Date	N/A	
Dividend Payment Date	N/A	

Comments:	Refer to the attached for commentary from directors on the results to 30 th June 2016.
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Dividends Paid	Date paid	Cents per share (non-imputed)
Interim dividend for the year ending 31 March 2015	9/01/2015	14.0
Interim dividend for the year ending 31 March 2015	27/02/2015	8.7

Statement of Comprehensive Income

for the 15 months ended 30 June 2016

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Revenue	21,852,696	19,578,600
Other Income	11,718	14,353
Total operating revenue	<u>21,864,414</u>	<u>19,592,953</u>
Development, servicing and other direct costs	(12,981,174)	(10,432,857)
Occupancy expense	(754,565)	(359,094)
Depreciation and amortisation	(1,265,865)	(885,801)
Sales and marketing expenses	(2,701,752)	(745,163)
Finance expenses	(182,917)	(15,408)
Corporate expenses	(1,326,453)	(1,534,150)
Other operational overheads	(2,268,557)	(1,788,474)
Total operating expense	<u>(21,481,283)</u>	<u>(15,760,947)</u>
Profit before income tax expense and joint arrangements	383,131	3,832,006
Share of profit of joint venture, net of tax	-	22,855
Net Profit before tax	<u>\$383,131</u>	<u>\$3,854,861</u>
Less Income tax expense	(108,090)	(1,172,087)
Profit for the year	<u>\$275,041</u>	<u>\$2,682,774</u>
Other Comprehensive Income:		
Exchange difference on translating foreign operations	(54,764)	(28,151)
Other comprehensive income for the year, net of tax	<u>(54,764)</u>	<u>(28,151)</u>
Total Comprehensive income for the year	<u>\$220,277</u>	<u>\$2,654,623</u>
Earnings per share for profit attributable to the owners of the Company during the year.		
Basic earnings per share (cents per share)	3.12	31.32
Diluted earnings per share (cents per share)	3.15	31.94
Dividend per share (cents per share)	-	22.62

The figures for 30 June 2016 are in the process of being audited.

Statement of Changes in Equity

for the 15 months ended 30 June 2016

	Share Capital	Currency Translation reserve	Share Option reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$	\$
Balance at 31 March 2014	3,954,620	(55,801)	19,911	(510,666)	3,408,064
Comprehensive income					
Profit or loss	-	-	-	2,682,774	2,682,774
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Currency translation differences	-	(28,151)	-	-	(28,151)
Total comprehensive income	-	(28,151)	-	2,682,774	2,654,623
Transactions with owners					
Employee share option scheme:					
Options issued to employees under employee share option plan	94,888	-	(19,911)	-	74,977
Dividends Paid	-	-	-	(1,944,518)	(1,944,518)
Total transactions with owners	94,888	-	(19,911)	(1,944,518)	(1,869,541)
Balance at 31 March 2015	4,049,508	(\$83,952)	-	227,590	\$4,193,146
Comprehensive income					
Profit or loss	-	-	-	275,041	275,041
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Currency translation differences	-	(54,764)	-	-	(54,764)
Total comprehensive income	-	(54,764)	-	275,041	220,277
Transactions with owners					
Employee share option scheme:					
Purchase consideration - Sush acquisition	266,933	-	-	-	266,933
Share put option - Sush acquisition	-	-	128,495	-	128,495
Dividends Paid	-	-	-	-	-
Total transactions with owners	266,933	-	128,495	-	395,428
Balance at 30 June 2016	\$4,316,441	(\$138,716)	\$128,495	\$502,631	\$4,808,851

The figures for 30 June 2016 are in the process of being audited.

Statement of Financial Position

as at 30 June 2016

	30/06/2016	31/03/2015
	\$	\$
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	420,481	1,187,872
Trade and other receivables	3,330,599	2,810,322
Current income tax asset	7,000	-
Total Current Assets	3,758,080	3,998,194
<u>NON - CURRENT ASSETS</u>		
Property and equipment	417,138	426,561
Intangible assets and goodwill	5,201,689	4,546,578
Deferred tax benefit	191,188	165,189
Total non-current assets	5,810,015	5,138,328
TOTAL ASSETS	\$9,568,095	\$9,136,522
<u>CURRENT LIABILITIES</u>		
Trade and other payables	1,547,050	3,622,436
Unearned revenue	1,904,319	215,265
Provision for employee benefits	513,499	518,117
Finance Leases	-	15,281
Bank & Other Loans	750,000	-
Current income tax payable	-	568,318
Total current liabilities	4,714,868	4,939,417
<u>NON - CURRENT LIABILITIES</u>		
Finance Leases	-	3,959
Deferred tax liability	44,376	-
Total non-current liabilities	44,376	3,959
TOTAL LIABILITIES	\$4,759,244	\$4,943,376
NET ASSETS	\$4,808,851	\$4,193,146
<u>EQUITY</u>		
Ordinary shares	4,316,441	4,049,508
Other reserves	(10,221)	(83,952)
Retained earnings	502,631	227,590
TOTAL EQUITY	\$4,808,851	\$4,193,146

The figures for 30 June 2016 are in the process of being audited.

Statement of Cash Flows

for the 15 months ended 30 June 2016

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	22,895,993	17,643,374
Interest received	4,624	14,353
	<u>22,900,617</u>	<u>17,657,727</u>
Payments to suppliers and employees	(19,468,408)	(12,194,718)
Interest paid	(182,917)	(15,408)
Taxation paid	(665,031)	(836,991)
Goods and services tax paid	(2,172,492)	(1,107,045)
	<u>(22,488,848)</u>	<u>(14,154,162)</u>
Net cash generated from operating activities	<u>411,769</u>	<u>3,503,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of equipment	-	-
Purchase of equipment	(264,818)	(393,414)
Net proceeds received from dissolution of JV	-	329,456
Net proceeds paid for purchasing Sush Global Solutions Ltd	-	(1,066,667)
Investment in intangible assets	(1,647,274)	(180,896)
Net cash used in investing activities	<u>(1,912,092)</u>	<u>(1,311,521)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from Bank and other loans	750,000	-
Repayment of finance lease	(19,240)	(13,890)
Dividend paid	-	(1,944,518)
Proceeds from issue of shares	-	74,977
Net cash used in financing activities	<u>730,760</u>	<u>(1,883,431)</u>
NET INCREASE IN CASH and CASH EQUIVALENTS	<u>(769,563)</u>	<u>308,613</u>
Exchange gains on cash and cash equivalents	2,172	(13,359)
Cash included in purchase of Sush Global Solutions Limited	-	81,966
Cash and cash equivalents at beginning of the year	<u>1,187,872</u>	<u>810,652</u>
Cash and cash equivalents at end of the year	<u>\$420,481</u>	<u>\$1,187,872</u>

The figures for 30 June 2016 are in the process of being audited.

Statement of Cash Flows continued

for the 15 months ended 30 June 2016

Reconciliation of net operating cash flows to profit for the year

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Profit for the year	275,041	2,682,774
Adjustments for non-cash items		
Depreciation & amortisation	273,702	127,095
Amortisation of finite life intangible assets	992,163	758,706
Share options	-	-
Loss on sale of fixed asset	539	10,503
Share of profit of equity-accounted investee	-	(22,855)
Foreign currency exchange gain	(56,935)	(14,792)
Deferred tax recognised	18,377	(165,189)
Changes in assets and liabilities		
(Increase) / decrease in assets		
Trade receivable	(652,850)	(1,230,214)
Prepayments	132,573	(124,778)
Current income tax assets and liabilities	(575,318)	500,285
(Decrease) / increase in liabilities		
Trade payable	(1,679,958)	1,332,518
Unearned revenue	1,689,054	(580,234)
Provisions for employee benefits	(4,618)	229,746
Net operating cash flows	\$411,769	\$3,503,565

The figures for 30 June 2016 are in the process of being audited.

Notes to the Financial Statements

for the 15 months ended 30 June 2016

JOINT VENTURE

In November 2014 the decision was made to dissolve the joint venture, NZ Bureau Limited. The Group had a 50 per cent equity shareholding (2014: 50%) with equivalent voting power in NZ Bureau Limited, a joint venture requiring unanimous consent for strategic financial and operating decisions, established in New Zealand on the 29th March 2012. At reporting date the joint venture had no commitments for capital expenditure (2014: Nil). The entity had a March balance date.

The Group's share of profit in its equity accounted investee, NZ Bureau Limited, for the year was \$22,855 (2014: \$3,331).

During the year the Group received \$329,456 in cash relating to the dissolution of the Joint Venture.

Summary financial information for equity accounted investees is as follows:

	30/06/2016	31/03/2015
	\$	\$
Current assets	-	-
Non-Current Assets	-	-
Total Assets	<u>-</u>	<u>-</u>
Current Liabilities	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets	<u>\$-</u>	<u>\$-</u>
Income	-	1,096,305
Expenses	-	1,042,460
Profit after tax	-	45,710
Groups share of net assets	<u>\$-</u>	<u>\$-</u>
Carrying amount	<u>\$-</u>	<u>\$-</u>
Groups share of profit after tax	<u>\$-</u>	<u>\$22,855</u>

The figures for 30 June 2016 are in the process of being audited.

Notes to the Financial Statements *continued*

for the 15 months ended 30 June 2016

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.

The figures for 30 June 2016 are in the process of being audited.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

SEGMENT INFORMATION continued

The segment information for the 15 months ended 30 June 2016 is as follows:

	New Zealand	Australia	Rest of the World	Total
	Software Delivery & Support \$	Software Delivery & Support \$	Software Delivery & Support \$	\$
Segment revenue from external customers	11,365,896	10,486,800	-	21,852,696
Adjusted EBITDA	2,767,679	386,065	-	3,153,744
Depreciation and amortisation	1,255,872	9,993	-	1,265,865
Income tax expense	20,165	87,925	-	108,090
Total Assets	8,581,762	978,868	7,465	9,568,095
Additions to non-current assets (other than Financial instruments and deferred tax assets)	265,750	-	-	265,750
Total Liabilities	(4,362,644)	(390,416)	(6,184)	(4,759,244)

The segment information for the year ended 31 March 2015 is as follows:

Segment revenue from external customers	5,510,034	14,068,566	-	19,578,600
Adjusted EBITDA	5,978,863	274,420	(271)	6,253,012
Depreciation and amortisation	880,128	5,673	-	885,801
Income tax expense	1,056,290	115,797	-	1,172,087
Total Assets	7,398,342	1,738,180	-	9,136,522
Additions to non-current assets (other than Financial instruments and deferred tax assets)	2,300,163	28,777	-	2,328,940
Total Liabilities	(3,785,898)	(1,151,168)	(6,310)	(4,943,376)

The figures for 30 June 2016 are in the process of being audited.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

SEGMENT INFORMATION continued

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

	15 months to 30/06/2016	12 months to 31/03/2015
	\$	\$
Adjusted EBITDA from reportable segments	3,153,743	6,253,012
Depreciation and amortisation	(273,702)	(127,095)
Amortisation	(992,163)	(758,706)
Interest received	4,624	14,353
Interest paid	(182,917)	(15,408)
Legal expenses	(266,189)	(430,531)
Directors fees	(304,167)	(200,040)
Professional and Consultancy costs (not attributable to a segment)	(563,055)	(430,531)
Share of profit in equity-accounted investee	-	22,855
Other	(193,043)	(473,048)
Profit before income tax	\$383,131	\$3,854,861

The entity is domiciled in New Zealand. The result of its revenue from external customers in New Zealand is \$11,906,471 (2015: \$5,306,605), and the total revenue from external customers from other countries is \$10,406,800 (2015: \$14,068,566).

The total of non-current assets located in New Zealand is \$5,792,948 (2015: \$5,188,229).

Revenues of approximately \$9,911,074 and \$1,822,027 (2015: \$12,936,107 and \$1,167,439) are derived from two single external customers. The amount attributable to the Australian segment is \$9,911,074 (2015: \$12,936,107).

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 year.

	15 months to 30/06/2016	12 months to 31/03/2015
Profit attributable to owners of the company	282,041	2,682,774
Weighted average number of ordinary shares in issue	8,727,941	8,399,427
Adjusted for share options	-	-
Weighted average number of ordinary shares for diluted earnings per share	8,727,941	8,399,427
Basic earnings per share (cents per share)	3.20	31.94
Diluted earnings per share (cents per share)	3.23	22.62

The figures for 30 June 2016 are in the process of being audited.

Notes to the Financial Statements continued

for the 15 months ended 30 June 2016

EARNINGS PER SHARE continued

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.

DIVIDENDS PER SHARE

The dividend per share is calculated by multiplying the dividend declared per share attributed to owners of the company by the number of ordinary shares on issue at the record date

	15 months to 30/06/2016	12 months to 31/03/2015
Number of ordinary shares on issue	8,808,830	8,566,164
Dividend per share	Nil	22.62

No dividend was declared or paid during the 15 months ended 30 June 2016.

CONTINGENT LIABILITIES

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

EVENTS AFTER THE BALANCE DATE

There were no significant events occurring after the balance date.

The figures for 30 June 2016 are in the process of being audited.