

*Empowering your customers'
financial future, today.*

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Decimal Software Limited

Appendix 4E

Unaudited Preliminary Final Report

30 June 2018

Appendix 4E 30 June 2018

DECIMAL SOFTWARE LIMITED (Decimal or the Company)

ABN: 31 009 235 956

1. Reporting Period

Financial year ended:	Previous corresponding period:
30 June 2018	30 June 2017

2. Results for announcement to the market

Description	30 June 2018 (A\$)	30 June 2017 (A\$)	% change
Revenue	1,073,050	1,029,750	+4%
Loss from ordinary activities	(2,288,463)	(3,595,489)	+36%
Loss for the period attributable to members	(2,288,463)	(3,595,489)	+36%

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 6 to 12.

Decimal is an Australian technology 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 by 4% from \$1,029,750 in 2017 to \$1,073,050 in 2018. At the same time the Company reduced expenses, total expenses reduced by 29% from \$5,855,474 in 2017 to \$4,151,639 in 2018.

As previously announced, the Board of Decimal is undertaking a Strategic Review, with the assistance of its financial and legal advisors, to assess the most appropriate commercial and financial arrangements for the Company going forward.

The Company expects to conclude its Strategic Review during the September quarter with a view to providing Shareholders with a recommendation regarding the future direction of the Company. There can be no assurance that the Strategic Review, or any discussions which the Company may have with any interested party, will result in a definitive proposal or transaction that may be recommended by the Decimal Board to shareholders.

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 2018 and 30 June 2017.

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	
	2018	2017
	\$	\$
(a) Earnings Used in Calculating Earnings and Net Tangible Asset Per Share		
Net loss for the year attributable to ordinary shareholders of the parent	(2,288,463)	(3,595,489)
Total Tangible Assets	543,191	1,878,774

	2018	2017
	Number	Number
(b) Weighted Average Number of Shares		
For basic and diluted earnings/(loss) per share:		
Weighted average number of ordinary shares	298,122,270	253,391,521
Effect of dilution of share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	298,122,270	253,391,521

	2018	2017
	Number	Number
Loss per Share (cents per share)	(0.77)	(1.42)
Net tangible Asset per share (cents per share)	0.18	0.74

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	
			2018 %	2017 %
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 2018 is in the process of being audited and Decimal will release audited financial statements on/or before 30 September 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
Revenue		1,073,050	1,029,750
Finance income		10,023	43,373
R&D benefit		780,103	1,186,862
Total revenue and other income		1,863,176	2,259,985
Total expenses		4,151,639	5,855,474
Directors and employee benefits expense	1(a)	2,598,684	3,799,955
Consultant expenses		175,545	146,305
Technical expenses		240,269	416,918
Professional and public listed company fees		303,003	359,840
Travel cost and entertainment		160,886	276,969
Office related expenses		191,122	213,847
Advertising, marketing and media		281,104	386,713
Other expenses	1(b)	94,733	86,534
Depreciation, amortisation and impairment	1(c)	61,075	72,639
Share based payment expense		45,218	95,754
Loss before income tax		(2,288,463)	(3,595,489)
Income tax benefit		-	-
Loss for the year		(2,288,463)	(3,595,489)
Other comprehensive income		-	-
Total comprehensive loss for the year, net of tax		(2,288,463)	(3,595,489)
Basic loss per share (cents per share)		(0.77)	(1.42)
Diluted loss per share (cents per share)		(0.77)	(1.42)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		67,494	1,186,358
Trade receivables		41,848	27,943
Prepayments		79,544	165,042
Other receivables and other current assets	2	832,891	1,287,434
TOTAL CURRENT ASSETS		1,021,777	2,666,777
NON-CURRENT ASSETS			
Other non-current assets	2	9,333	11,133
Property, plant and equipment		12,182	27,707
Intangible assets		507	46,215
TOTAL NON-CURRENT ASSETS		22,022	85,055
TOTAL ASSETS		1,043,799	2,751,832
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3	117,919	197,439
Income in advance		20,362	1,487
Employee benefit liabilities		311,858	563,631
TOTAL CURRENT LIABILITIES		450,139	762,557
NON-CURRENT LIABILITIES			
Employee benefit liabilities		49,962	64,286
TOTAL NON-CURRENT LIABILITIES		49,962	64,286
TOTAL LIABILITIES		500,101	826,843
NET ASSETS		543,698	1,924,989
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	4	35,883,215	35,021,261
Reserves		980,540	935,322
Accumulated losses		(36,320,057)	(34,031,594)
TOTAL EQUITY		543,698	1,924,989

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Contributed Equity \$	Treasury Shares \$	Share Based Payment Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2016	32,898,379	(36,969)	839,568	(30,436,105)	3,264,873
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(3,595,489)	(3,595,489)
Total comprehensive loss for the year	-	-	-	(3,595,489)	(3,595,489)
Equity transactions:					
Issue of ordinary shares	2,294,985	-	-	-	2,294,985
Cost of share issue	(135,134)	-	-	-	(135,134)
Issue of options	-	-	95,754	-	95,754
As at 30 June 2017	35,058,230	(36,969)	935,322	(34,031,594)	1,924,989
Balance at 1 July 2017	35,058,230	(36,969)	935,322	(34,031,594)	1,924,989
Other comprehensive income	-	-	-	-	-
Loss for the year	-	-	-	(2,288,463)	(2,288,463)
Total comprehensive loss for the year	-	-	-	(2,288,463)	(2,288,463)
Equity transactions:					
Issue of ordinary shares	867,000	-	-	-	867,000
Cost of share issue	(5,046)	-	-	-	(5,046)
Issue of options	-	-	45,218	-	45,218
As at 30 June 2018	35,920,184	(36,969)	980,540	(36,320,057)	(543,698)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Payments to suppliers and employees		(4,377,989)	(5,958,218)
Receipts from sales		1,185,325	1,185,985
Receipt of research and development tax rebate		1,186,863	1,498,767
Interest received		12,197	45,504
Net cash flows used in operating activities	5	(1,993,604)	(3,227,962)
Cash flows from investing activities			
Payments for property, plant and equipment		-	-
Proceeds from disposal of property, plant and equipment		100	(9,249)
Payments for intangible assets		-	-
Repayment/(Payment) of security deposit		-	213,362
Net cash flows from/(used in) investing activities		100	204,113
Cash flows from financing activities			
Receipts from share issues		867,000	2,294,985
Payments for share issue costs		(5,046)	(135,134)
Proceeds from premium funding		12,686	44,968
Net cash flows from financing activities		874,640	2,204,819
Net decrease in cash and cash equivalents		(1,118,864)	(819,030)
Cash at the beginning of the year		1,186,358	2,005,388
Cash at the end of the year		67,494	1,186,358

NOTES TO THE FINANCIAL STATEMENTS

1. Expenses

	2018 \$	2017 \$
(a) Directors and Employee Benefits Expense		
Directors fees, wages and salaries	2,396,717	3,524,192
Post-employment benefit expense	201,967	275,763
	2,598,684	3,799,955
(b) Other Expenses		
Included in other expenses is the following:		
Bad debts written off	-	350
	-	350
(c) Depreciation, Amortisation and Impairment		
Depreciation-computer equipment	12,323	36,727
Depreciation-furniture and fittings	2,265	2,433
Amortisation-leasehold improvements	779	779
Amortisation-intangible assets	45,708	32,700
Intangible assets impaired	-	-
Property, plant and equipment impaired	-	-
	61,075	72,639

2. Other Receivables and other Non-Current Assets

	Consolidated	
	2018 \$	2017 \$
Other Receivables		
R&D receivable	780,103	1,170,637
Interest receivable	-	2,174
Other debtors	5,550	49,787
Net GST receivable	7,238	24,836
Term deposits	40,000	40,000
Total other receivables	832,891	1,287,434
Other non-current assets		
Security deposits	9,333	11,133
Total other non-current assets	9,333	11,133

3. Trade and Other Payables

	Consolidated	
	2018	2017
	\$	\$
Current liabilities-Trade and other payables		
Trade payables	42,946	89,866
Accrued expenses	17,319	62,605
Premium funding	57,654	44,968
Total current liabilities-Trade and other payables	117,919	197,439

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.

4. Contributed Equity

	Consolidated	
	2018	2017
	\$	\$
Ordinary shares fully paid ⁽ⁱ⁾	35,920,184	35,058,230
Treasury Shares	(36,969)	(36,969)
	35,883,215	35,021,261

Notes

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

	2018	2017
	Number	Number
Movement in ordinary shares on issue of the legal parent		
At the beginning of the reporting period	286,873,155	229,498,524
Shares issued – 25 January 2017	-	57,374,631
Shares issued – 31 January 2018	28,900,000	-
At the end of the reporting period	315,773,155	286,873,155

	2018	2017
	\$	\$
Movement in share capital		
At the beginning of the reporting period	35,058,230	32,898,379
Issue of shares for cash	867,000	2,294,985
Less cost relating to share issue	(5,046)	(135,134)
At the end of the reporting period	35,920,184	35,058,230

	2018	2017
	\$	\$
Movement in treasury shares		
At the beginning of the reporting period	(36,969)	(36,969)
Issue of treasury shares		
Less treasury shares repayment received	-	-
At the end of the reporting period	(36,969)	(36,969)

5. Cash Flow Statement Reconciliation

	Consolidated	
	2018	2017
	\$	\$
Reconciliation of Loss after Tax to Net Cash Flows from Operations		
Loss from ordinary activities after income tax	(2,288,463)	(3,595,489)
<i>Adjustments for non-cash income and expense items:</i>		
Depreciation, amortisation and impairment	61,075	72,639
Loss on disposal of fixed assets	58	3,019
Share based payments	45,218	95,754
Bad debts written off	-	350
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in trade receivables	(13,905)	51,773
Decrease/(Increase) in prepayments	85,498	6,244
Decrease/(Increase) in other receivables and current assets	443,657	226,357
(Decrease)/Increase in trade and other payables	(79,520)	(179,245)
(Decrease)/Increase in rent incentive payment	-	-
(Decrease)/Increase in income in advance	18,875	1,487
(Decrease)/Increase in employment liabilities	(266,097)	89,149
Net cash flows used in operating activities	(1,993,604)	(3,227,962)